Acquisition Glossary

July 2012

A

AbilityOne—(Previously named Javits-Wagner-O'Day Act (JWOD Act))—An act, codified at 41 United States Code (U.S.C) § § 46–48c, that requires Government entities to purchase certain supplies and services from workshops for the blind and other severely disabled people ("sheltered workshops"), if the supplies or services are available when required. Federal Acquisition Regulation (FAR) subpart 8.7 prescribes policies and procedures for implementing the act and the rules of the Committee for the Purchase from People Who Are Blind or Severely Disabled.

Acceleration—Speeding up work to complete performance earlier than anticipated. Compensable execution occurs when the Government orders accelerated performance that is not required to meet the current contract schedule.

Acceptance—The act of an authorized representative of the Government assuming ownership of existing supplies tendered or approving specific services rendered as partial or complete performance of a contract.

Acceptance of Offer—The formal act of the recipient of an offer, typically the Government, that results in a legally binding contract. The standard forms (SF) for issuing solicitations, SF 33 and SF 1442, contain a block for the signature of the contracting officer signifying acceptance. Sending a notice of award may also make acceptance.

Acceptance of Work—The act of an authorized representative of the Government by which the Government, for itself or as an agent of another, (1) assumes ownership of existing identified supplies tendered, or (2) approves specific services rendered as partial or complete performance of a contract. (FAR 46.101)

Acquisition—The acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. The acquisition process begins at the point when Agency needs are established, and proceeds with: solicitation and selection of sources; award of contracts; contract financing; contract performance; contract administration; and those technical and management functions directly related to the process of fulfilling Agency needs by contract.

Acquisition Advice Code (AAC)—A code that reflects how and under what restrictions an item will be acquired. This code is related to the Supply Status Code (SSC) and is used to provide information to the customer.

Acquisition Identification Data (AID)—Formerly Procurement Identification Data (PID), AID reflects descriptive and technical data derived from the Contracting Technical Data File (CTDF) and the TIR. AID is used to provide a description of an item being procured and is included in the Purchase Requisition trailer file.

Acquisition Management Code (AMC)/Acquisition Management Suffix Code (AMSC)—A combination of two codes is required: The AMC describes the competitive status of the item as determined by the Primary Inventory Control Activity (PICA). The AMSC is a supplementary code, which indicates the adequacy of the available technical data. Both codes can be found in the TIR, CTDF, or the AID.

Acquisition Plan—A formal written document reflecting the specific actions necessary to execute the approach established in the approved acquisition strategy and guiding contractual implementation. The acquisition plan serves as the basis for initiating the individual contracting actions necessary to acquire a system or support equipment.

Acquisition Planning—The process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling an Agency need in a timely manner and at a reasonable cost.

Acquisition Reform—An ongoing series of initiatives sponsored by Office of the Secretary of Defense (OSD) to streamline and tailor the acquisition process. Initiatives include statutory and regulatory reform, reform of specifications and standards policy, preference for commercial items, and electronic data interchange.

Acquisition Review—The process by which Agency procurement executives oversee development of procurement systems, evaluate systems' performance in accordance with approved criteria, enhance career management of the procurement workforce, and certify to the Agency heads that procurement systems met approved criteria. Acquisition reviews cannot be performed by officials from within the reviewed Agency, but rather must be performed by outside officials.

Acquisition Streamlining—Any effort that results in a more efficient and effective use of resources to design, develop, or produce quality systems. This includes ensuring that only necessary and cost-effective requirements are included, at the most appropriate time in the acquisition cycle, in solicitations and resulting contracts for the design, development, and production of new systems, or for modifications to existing systems that involve redesign of systems or subsystems.

Adequate Price Competition—A condition that serves as an exemption from the requirement for submission of cost or pricing data and a basis for price analysis. This condition exists when two or more responsible offerors, competing independently, have submitted responsive proposals for a contract to be awarded to the responsible offeror with the lowest evaluated price. However, price competition is not adequate if any of the following are true:

- The solicitation was made under conditions that unreasonably denied one or more known and qualified offerors an opportunity to compete.
- The low offeror has such a decided advantage that it is practically immune from competition.
- Other price comparisons (of cost realism analysis) show that the low offeror is unreasonable.

Administrative Contracting Officer (ACO)—The Government contracting officer who is responsible for Government contract administration. An ACO functions at and through a contract administration office and performs/engages in functions, such as: post award orientation, price rate agreements, disputes, progress payments, allowable costs, quality assurance, property administration, modifications, engineering surveillance, waivers and deviations, and small business subcontracting plan compliance.

Advance Payments—An advance of money made by the Government to a contractor before costs have been incurred on a contract. Such payments are expected to be liquidated from payments due on the contract or contracts for which they are made. (FAR 32.102)

Agreement—A written instrument of understanding, negotiated between an agency or contracting activity and a contractor, containing contract clauses that will apply to future contracts. (FAR subpart 16.7) Agreements are not contracts that are legally binding on the parties because the Government makes no promise to purchase any supplies or services. See "Basic Agreement" and "Basic Ordering Agreement."

Allocable Cost—A cost that is assignable or chargeable to one or more cost objectives in accordance with the relative benefits received or other equitable relationships defined or agreed upon by contractual parties. FAR 31.201–4 provides that a cost is allocable to a Government contract if it (1) is incurred specifically for the contract, (2) benefits both the contract and other work and can be distributed in reasonable proportion to the benefits received, or (3) is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Allocation of Funds—In Department of Defense (DOD), the process by which the assistant secretary of defense (Comptroller) subdivides apportionments among the secretaries of the Military departments, by which the secretaries further subdivide the funds among their heads of operating agencies, and by which the heads of operating agencies in turn subdivide (suballocate) the funds among their subordinate commanders.

Allotment—In DOD, the process by which commanders, major commanders, or special operating agencies distribute their allocated funds (see "Allocation of Funds") to themselves, to installation commanders, or to other subordinate organizations.

Alpha Contracting Process—A process that is described by the following actions:

- Uses a team approach to prepare, evaluate, and award proposals in substantially less time than the traditional approach.

- Involves working with the contractor, Defense Contract Audit Agency (DCAA), Defense Contract Management Agency (DCMA), and the contracting and pricing personnel to develop, evaluate, and negotiate in a more concurrent manner.

- Relies on a team approach to concurrently develop a scope of work, price the scope, and prepare the contract to execute the scope, which results in a reduction in time to award and improved communication.

Alternate Item—Any product tendered that does not meet the original required criteria, even though it may be manufactured in accordance with the drawings and/or specifications of the manufacturer cited in the acquisition identification data (AID). The alternate item can be evaluated and approved if it meets the requirements of the drawings/specification, then added to the AID.

Amendment—A change (correction, deletion, or addition) to any information contained in an invitation for bid (IFB), request for quotation (RFQ), request for proposal (RFP) (or previous amendment thereto). The amendment becomes a part of the solicitation and any resultant contract.

Anti-Deficiency Act—A statute prohibiting Government agencies from obligating the Government, by contract or otherwise, in excess or in advance of appropriations, unless authorized by some specific statute.

Antitrust Violation—A violation of a U.S. law intended to ensure that markets operate competitively. 10 USC § 2305(b)(9) and 41 USC § 253 b(l) require such violations be reported to the attorney general. Any agreement or mutual understanding among competing firms that restrains the natural operation of market forces is suspect.

Apparent Authority—Obvious, evident, or manifest authority that a reasonable, prudent person, using diligence and discretion, would, in view of a principal's conduct, naturally suppose the principal's agent to possess. (*Black's Law Dictionary* 96 (6th ed. 1990)). The Federal Government is not bound by unauthorized agents with apparent authority; only properly designated contracting officers or their representatives, acting within the limits of their designated authority, can obligate the Government. Therefore, anyone dealing with the Government should ascertain whether a person who purports to act for the Government has the authority to do so and not rely on a mere appearance of authority. However, boards of contract appeals and courts have frequently found that Government employees have implied authority.

Apportionment—A periodic distribution made by the Office of Management and Budget of amounts available for obligation in an appropriation or fund account. Apportionments divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or by a combination of these.

Appropriation—An act of Congress permitting Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Appropriation acts make funds available for obligation for one fiscal year (annual appropriations), for a specified number of years (multiyear appropriations), or for an unlimited period (no-year appropriations).

Assignment of Claims—A contractor's transfer or making over to a bank, trust company, or other financing institution, as security for a loan to the contractor, of the contractor's right to be paid by the Government for contract performance. (FAR 32.802)

Auction—A buying or selling technique whereby open bidding is continued until no competitor is willing to submit a better bid. Prior to Federal Acquisition Circulars (FAC) 97–02, September 30, 1997, FAR part 15 prohibited such auction techniques as (1) indicating to an offeror a cost or price that is "must meet" to obtain further consideration, or (2) advising an offeror of its price standing relative to another offeror. FAR 15.306(e) now provides only that the Government may not reveal an offeror's price without that offeror's permission. However, the contracting officer may inform an offeror that its price is too high or too low and reveal the results of the analysis supporting that conclusion.

Audit—A systematic examination of records and documents to determine adequacy and effectiveness of: budgeting, accounting, finances, and related policies and procedures; compliance with applicable statutes, regulations, policies, and prescribed procedures; reliability, accuracy, and completeness of financial and administrative records and reports; the extent to which funds and other resources are properly protected and effectively used.

Authorization—The legal authority to carry out a program.

Automated Best Value System (ABVS)—A Defense Logistics Agency (DLA)-computerized system (formerly called the Automated Best Value Model (ABVM)) that collects a vendor's existing past performance data and translates it into a numeric score. ABVS is used as an additional evaluation factor when making award decisions.

Automated Information System (AIS)—A combination of computer hardware and software, data, or telecommunications that performs functions such as collecting, processing, transmitting, and displaying information. Excluded are computer resources, both hardware and software, that are physically part of, dedicated to, or essential in real time to the mission performance of weapon systems.

Award—Notification to bidder of acceptance of bid. Occurs when the contracting officer has signed and distributed the contract to the contractor.

Award without Discussions—Award of competitively negotiated contract on the basis of the initial proposals received, without conducting discussions with the offerors in the competitive range. Award without discussions is permitted whenever the contracting officer determines that discussions are not necessary and the solicitation contains a clause stating that the Agency intends to award without discussions. (FAR 15.306(a)(2))

B

Baseline—Defined quantity of quality used as starting point for subsequent efforts and progress measurement that can be a technical cost or schedule baseline.

Basic Agreement (BA)—A written instrument of understanding (not a contract) negotiated between a procuring activity and a contractor (FAR 16.702). It sets forth the contract clauses that will apply to future procurements. Basic agreements are used to expedite future procurements when there is a likelihood that a substantial number of future contracts will be issued.

Basic Contract—The basic contract is the initial award; a 1-year contract, which may have up to four 1-year options, is written against a delivery order stating terms and conditions as written in the initial contract. A basic contract must contain four elements to be a contract: Signature, Date, Unit Price, and Delivery. A basic contract is a "binding" agreement, written or otherwise (in the U.S. Government, it's written), obligating the parties to perform for a certain fee/price. The performance depends on the type of contract, i.e., services or materials/goods. The document must also set forth the terms of the agreement/contract.

Basic Ordering Agreement (BOA)—An instrument of understanding (not a contract) executed between a procuring activity and a contractor, which sets forth negotiated contract clauses that will be applicable to future procurements entered into between the parties during the term of the agreement. It includes as specific a description as possible of the supplies or services and a description of the method for determining pricing, issuing, and delivery of future procurements. The BOA

- contains contract clauses applying to future contracts between the parties during its term, and
- contemplates separate future contracts that will incorporate by reference or attachment, the required and applicable clauses agreed upon in the basic agreement (FAR 16.702(a)).

Best Value—The most advantageous trade-off between price and performance for the Government. Best value is determined through a process that compares strengths, weaknesses, risk, price, and performance, in accordance with selection criteria, to select the most advantageous value to the Government.

Best Value Procurement—Any competitive procurement conducted in accordance with the procedures in FAR part 15. FAR 15.101 describes the "best value continuum" as any one or a combination of source selection approaches that are used to obtain best value. Two specific techniques are (1) the tradeoff process, and (2) the lowest price technically acceptable source selection process. **Note that the goal of all Government procurements is "best value."**

Bid—An offer to pay a specified price to the Government in response to an invitation for bid.

Bid Guarantee—A form of security assuring that the bidder (1) will not withdraw a bid within the period specified for acceptance, and (2) will execute a written contract and furnish required bonds, including any necessary coinsurance or reinsurance agreements, within the time specified in the bid. (FAR 28.001)

Bilateral Contract—A contract in which parties exchange promises to perform reciprocal obligations in the future, except for contracts using Simplified Acquisition Procedures (SAP), wherein the contracting officer must decide whether to use a bilateral Purchase Order.

Bill of Material (BOM)—A listing of all material, including the part numbers and quantities of all the parts necessary for the project.

Blanket Purchase Agreement (BPA)—A simplified method of filling anticipated repetitive needs for supplies or services by establishing charge accounts with qualified sources of supply. (FAR 13.303–1(a))

Board of Contract Appeals (BCA)—An administrative board established in a procuring agency to hear and decide disputes under the Contract Disputes Act of 1978. There are currently 11 BCAs.

Bond—A written instrument executed by an offeror or contractor (the principal) and a second party (the surety or sureties) to ensure fulfillment of the principal's obligations to a third party (the obligee or Government) identified in the bond. If the principal's obligations are not met, the bond ensures payment, to the extent stipulated, of any loss sustained by the obligee. (FAR 28.001)

Breakout—Execution of acquisition strategy to convert some parts or system components from contractor-furnished to Government-furnished. Rather than having the prime contractor provide from its sources, the Government procures items directly, and provides them to the prime.

Business Case Analysis (BCA)—A comparative analysis that presents facts and supporting details of competing business alternatives (e.g., stocking material versus direct vendor delivery). There are two types, abbreviated and full-scale BCAs.

- An abbreviated BCA is the type that must gain initial support for a proposed idea or concept, and tends to exclude cost data.
- A full-scale BCA is an expansion of the abbreviated BCA, with all applicable cost data included.

Buy American Act—An act, 41 USC §§ 10a–10d, originally enacted in 1933, that generally requires only domestic end products may be procured in purchasing supplies and construction materials for public use, unless the items (1) are for use outside the United States, (2) would be unreasonable in cost, or (3) are not mined, produced, or manufactured domestically in sufficient and reasonably available commercial quantities of a satisfactory quality. (FAR 25.103) Also exempt are items purchased for commissary resale and items for which the head of the Agency determines that domestic preference would be inconsistent with the public interest. (FAR 25.102(a))

C

Call Order—A four-digit number for delivery orders written against the basic contract number assigned to an indefinite quantity contract (IQC), indefinite delivery purchase order (IDPO), or long-term contract (LTC).

Certificate of Current Cost and Price Data—A signed certificate verifying that a contractor's cost and pricing estimates are based on complete, accurate, and current data.

Change Order (CO)—A unilateral order, signed by the Government contracting officer, directing the contractor to make a change that the Changes Clause authorizes without the contractor's consent.

Civilian Agency Acquisition Council (CAAC)—The Government body that, with the Defense Acquisition Regulatory Council, prepares and issues revisions to the FAR through coordinated action. (FAR 1.201–1) Each council maintains cognizance over specified portions of the FAR and is responsible for (1) agreeing with the other council on all revisions, (2) submitting to the FAR Secretariat information for publishing a *Federal Register* notice soliciting comments, (3) considering all comments received, (4) arranging for public meetings, (5) preparing any final revision in the appropriate FAR format and language, and (6) submitting any final revision to the FAR Secretariat for publication in the *Federal Register* and printing.

Claim—A written demand or assertion by one of the contracting parties seeking as a matter of right, the payment of money, the adjustment or interpretation of the contract terms, or other relief arising under, or relating to, the contract.

Clarifications—Limited exchanges between the Government and offerors that may occur when award without discussions is contemplated. (FAR 15.306(a)) Offerors may be given the opportunity to clarify certain aspects of proposals or to resolve minor clerical errors.

Clause—A term used in contracts, or in both solicitations and contracts, that applies after the contract is awarded, or both before and after contract award. A term used only in solicitations is called a provision.

Closeout—The process of settling all outstanding contractual issues to ensure that each party has met all of its obligations, and documenting the contract file accordingly. The primary objectives of contract closeout are to

- identify, before memories fade, any uncompleted obligations or pending liabilities on the part of the Government or the contractor to be resolved; and
- ensure that contract-related decisions and actions have been properly documented.

Code of Federal Regulations (CFR)—A Government codification of the general and permanent rules published in the *Federal Register* by the executive departments and agencies of the Federal Government. The CFR is divided into 50 titles, each representing a broad area subject to Federal regulation. Each title is subdivided into chapters, which usually bear the name of the issuing agency. Each chapter is further subdivided into parts covering specific regulatory areas. For example, Title 48 contains the Federal Acquisition Regulations System (chapter 1 contains the FAR, chapter 2 contains the Defense Federal Acquisition Regulation Supplement (DFARS), and following chapters include other supplemental regulations.).

Collusive Bidding—A fraudulent agreement between offerors to eliminate competition or restrain trade. (FAR 3.301(a)) Generally, such bidding involves exchanging information before bidding or agreeing which offeror will submit the low bid. Collusive bidding violates antitrust laws and must be reported to the attorney general by the procuring agency.

Commercial Item—A commercial item is any item, other than real property, that is customarily used for non-Governmental purposes and that has been sold, leased, or licensed to the general public; or has been offered for sale, lease, or license to the general public; or is evolved through advances in technology or performance that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation. Also included in this definition are services in support of a commercial item, of a type offered.

Commercial Item Description (CID)—A type of purchase description prepared by private industry to describe commercial items that are available in the commercial marketplace. DOD policy contains a preference for CIDs over Military specifications and standards.

Commercial Off-The-Shelf (COTS)—A commercial item that requires no unique Government modifications or maintenance over the lifecycle of the product to meet the needs of the procuring agency.

Commitment—An administrative reservation of funds by the comptroller in anticipation of their obligation, based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests.

Commodities—A group or range of items, which possess similar characteristics, have similar applications, or are controlled by similar supply management methods.

Communications—Exchanges between the Government and offerors, after receipt of proposals, leading to the establishment of the competitive range. (FAR 15.306(b)) Communications are for the purpose of addressing issues that must be explored to determine if a proposal should be placed in the competitive range without providing an opportunity for the offeror to revise its proposal.

Comparative Assessment—The source selection authority's decision based on a comparative assessment of proposals against the source selection factors and subfactors set forth in the solicitation. While this authority may use reports and analyses prepared by others, the final decision must represent an independent judgment. This decision must be documented, including the rationale for any business judgments and tradeoffs that have been made or relied on. This mandatory documentation need not, however, specifically quantify the tradeoffs that underlie the selection decision. (FAR 15.308)

Competition—An environment of varying dimensions relating to buy-sell relationships in which a buyer induces, stimulates, or relies on conditions in the marketplace that cause independent sellers to confidently contend for the award of a contract by proposing the most attractive contract terms. Selection of a winner is determined by criteria established in a solicitation issued by the purchasing activity.

Competitive Acquisition—A situation in which two or more qualified sources are available to compete on a Government solicitation.

Competitive Proposals—A procedure used in negotiated procurement, which concludes with awarding of a contract to the offeror whose offer is most advantageous to the Government.

Competitive Range—The range of proposals that are most highly rated, unless the range is further reduced for purposes of efficiency. (FAR 15.306(c)) FAR 15.306 requires that this range be determined by the contracting officer on the basis of the ratings of each proposal against all evaluation criteria.

Completion Form Contract—A cost-plus-fixed-fee contract that describes the work by stating a definite goal or target and specifying an end product. (FAR 16.306(d)) This is contrasted with a term contract in which the contractor's obligation is stated in terms of a specified level of effort for a stated period of time. In the completion form contract, the contractor does not earn the full fixed fee until the work, as specified, has been satisfactorily completed.

Congressional—A formal inquiry by a member of Congress on behalf of a contractor, activity, or person.

Consideration—Consideration generally requires two elements: (1) Something must be given that the law regards as of sufficient legal value for the purpose—either a benefit to the seller or a detriment to the buyer, and (2) That benefit or detriment of legal value must be dealt with by the parties as the agreed-upon price of exchange for the promise—there must be a "bargained-for exchange." The requirement for consideration does not require that what is relied upon for consideration be equivalent in value to the promise; the consideration need only have "some value."

Contingency—A possible future event or condition arising from presently known or unknown causes, for which the cost is indeterminable at present time.

Contingent Fee—Any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract. (FAR 3.401) Such fees are prohibited by 10 USC § 2306(b) and 41 USC § 254(a).

Contract—A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements.

Contract Administration—All the activities associated with the performance of a contract from contract award to closeout; undertaken to protect the Government's interest, avoid or eliminate overlapping or duplication of Government contract administration efforts, and provide consistent treatment of contractors in the administration of Government contracts.

Contract Administration Office (CAO)—The activity identified in the DOD Directory of Contract Administration Services Components assigned to perform contract administration responsibilities.

Contract Administration Services (CAS)—All actions accomplished in or near a contractor's plant for the benefit of the Government, which are necessary to the performance of a contract or in support of the buying offices, system/project managers, and other organizations.

Contract Authority—A type of budget authority that permits a Federal agency to incur obligations before appropriations have been passed or in excess of the amount of money in a revolving fund. Contract authority must be funded subsequently by an appropriation so that the commitments entered into can be paid.

Contract Award—Occurs when the contracting officer has signed and distributed the contract to the contractor.

Contract Budget Base—The negotiated contract cost plus the estimated cost of authorized unpriced work.

Contract Categories—The three categories of contracts:

- Supplies—delivery of manufactured items (physical).
- Services—performance of identifiable tasks or work.
- Construction—alteration or repair, including buildings, roads, etc.

Contract Clause—A term or condition used in contracts or in solicitations and contracts, which applies after contract award or both before and after contract award.

Contract, Cost-Plus-Fixed-Fee (CPFF)—A cost reimbursement type contract that provides for the payment of a fixed fee to the contractor. The fixed fee, once negotiated, does not vary with actual cost, but may be adjusted as a result of any subsequent change in the scope of work or services to be performed under the contract.

Contract, Cost-Plus-Incentive-Fee (CPIF)—A cost-reimbursement type contract with provision for a fee that is adjusted by formula in accordance with the relationship which total allowable costs bear to target costs. The provision for increase or decrease in the fee, depending upon allowable costs of contract performance, is designed as an incentive to the contractor to increase the efficiency of performance.

Contract, Cost-Plus-Percentage-of-Cost (CPOC)—A form of contract formerly used, but now illegal for use by DOD, which provided for a fee or profit as a specified percentage of the contractor's actual cost of accomplishing the work to be performed. Sometimes referred to as a "cost-plus" or "percentage-of-cost" contract.

Contract, Cost-Reimbursement Type—A type of contract that provides for payment to the contractor of allowable costs incurred in the performance of the contract, to the extent prescribed in the contract. This type of contract establishes an estimate of total cost for the purpose of obligation of funds and establishing a ceiling that the contractor may not exceed (except at his own risk) without prior approval or subsequent ratification by the contracting officers. (See **Contract, Cost-Plus-Fixed-Fee (CPFF)** and **Contract, Cost-Plus-Incentive-Fee (CPIF).**)

Contract, Firm-Fixed Price (FFP)—A type of contract that provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This type of contract places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. Provides maximum incentive for the contractor to control costs, and imposes a minimum administrative burden on the Government.

Contract, Fixed-Price-Incentive-Firm (FPIF)—A type of contract that uses an incentive whereby the contractor's profit is increased or decreased by a predetermined share of an overrun or underrun. A firm target is established from which to later compute the overrun or underrun. A ceiling price is set as the maximum amount the Government will pay. Necessary elements for this type of contract are: (1) target cost—best estimate of expected cost; (2) target profit—fair profit at target cost; (3) share ratio(s)—to adjust profit after actual costs are documented; and (4) ceiling price—limit the Government will pay.

Contract, Fixed-Price Type—A type of contract that provides for a firm price to the Government, or in appropriate cases, an adjustable price. (See **Contract, Firm-Fixed Price (FFP)** and **Contract, Fixed-Price-Incentive-Firm (FPIF)**.)

Contract, Fixed Price with Economic Price Adjustment (FPEPA)—A type of contract that provides for upward or downward revision of the stated contract price upon the occurrence of a specified contingency. Adjustments may reflect increases/decreases in actual costs of labor or material, or in specific indices of labor or material costs.

Contract Pricing—The function that gathers, assimilates, evaluates, and, in establishing objectives, brings to bear all the skills and techniques needed to shape a specific pricing arrangement. Those skills and techniques include price analysis, cost analysis, and use of accounting and technical evaluations and systems analysis techniques to facilitate the negotiation of realistic pricing arrangements. (Federal Acquisition Institute (FAI) and Air Force Institute of Technology (AFIT), *Price Analysis, Contract Pricing Reference Guide,* volume 1 (Dec. 1996))

Contract Quality Requirements—The technical requirements in a contract relating to the quality of the product or service and those contract clauses prescribing inspection, and other quality controls incumbent on the contractor, to assure that the product or service conforms to the requirements of the contract.

Contract Renewal—The exercise of an option to extend the life of an existing contract.

Contract Types—The two basic types, sometimes called families:

- Fixed price—A firm price or, in appropriate cases, an adjustable fixed price. The contractor guarantees performance for a specified price. The contractor also has the maximum risk and responsibility for the cost of performance.

- Cost-reimbursement—Provides for the payment of allowable costs the contractor incurs up to a cost ceiling. They may also provide for the payment of a fee to the contractor in addition to his costs. The contractor agrees to apply his best efforts to complete the contract work within the cost ceiling.

Contracting—The purchasing, renting, leasing, or otherwise obtaining supplies or services from non-Federal sources. Contracting includes description (but not determination) of required supplies and services, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration. It does not include making grants or cooperative agreements.

Contracting Activity—An element of an agency so designated by the agency head and delegated broad authority for acquisition functions. (FAR 2.101)

Contracting Modification—Any written change in the terms of a contract. Only the contracting officer signs unilateral modifications; both parties sign bilateral modifications.

Contracting Officer (CO)—A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings on behalf of the Government. A contracting officer is appointed in writing through a warrant (SF 1402) by the Head of the Contracting Activity (HCA) or the Principal Assistant Responsible for Contracting (PARC).

Contracting Officer's Representative (COR)—A Federal employee to whom a contracting officer has delegated limited authority in writing to act as the contracting officer's authorized representative in administrative duties.

Contracting Officer's Technical Representative (COTR)—An individual appointed by the contracting officer, in writing, to act as the contracting officer's authorized representative for technical aspects of the contract.

Contractor—An entity in private industry that enters into a contract with the Government to provide goods or services. In this glossary, the word also applies to Government-operated activities that perform work on acquisition defense programs.

Contractor Performance History (CPH)—A review of a contractor's past and current performance. The CPH will be used to determine a prospective contractor's responsibility. A CPH request is mandatory on all buys $150,000 (the simplified acquisition threshold) and up, surplus offers, and when the contract specialist deems necessary. CPH is sent prior to award for contractor's status and restrictions. The industrial specialist will make recommendations to the contract specialist regarding contractor performance.

Corporate Contracts (CC)—A long-term contract with a specific vendor for use by all DLA centers and the Services. CCs are written by one DLA center that acts as the DLA Lead, bundling a group of National Stock Number (NSN) that are from a sole-source supplier, or for a certain commodity. They can be written as Indefinite Quantity Contracts (IQC), Definite Quantity Contracts (DQC), or Requirements Type Contracts (RTC), but constitute a single vendor providing a variety of parts. Material management and stock distribution responsibilities may be transferred to the vendor.

Cost—The sum or equivalent expended, paid, or charged for something. (*Black's Law Dictionary* 345 (6th ed. 1990)) The total cost of an acquisition includes (1) the dollar amount paid to the contractor under the terms and conditions of the contract, (2) any direct costs for acquiring the supplies or services not covered in the contract price, (3) any cost of ownership not covered in the contract price, and (4) the Government's overhead for awarding and administering the contract.

Cost Accounting—The area of accounting that focuses on the method and system used to compile and analyze the costs of selling and manufacturing products and services. It includes the methods for classifying, summarizing, recording, and allocating the actual costs incurred and comparing them with the estimated or standard costs that have been established by a contractor. (*Black's Law Dictionary* 345 (6th ed. 1990))

Cost Accounting Standards (CAS)—A series of accounting standards originally issued by the Cost Accounting Standards Board under Public Law No. 91–379, 50 USC app. § 2168, to achieve uniformity and consistency in measuring, assigning, and allocating costs to contracts with the Federal Government. The 19 standards issued between 1970 and 1980 are now incorporated in FAR appendix B, 48 CFR part 9904. The standards do not apply to sealed bid contracts or contracts with small business concerns. (FAR 30.000)

Cost Analysis—The review, analysis, and evaluation of each element of cost in a contractor's proposal to determine reasonableness that includes (a) an offeror's or contractor's cost or pricing data, and (b) the judgmental factors applied in projecting.

Cost and Pricing Data—The data used by a contractor to respond to a Government RFP. The Truth-in-Negotiations Act requires that the bidding contractors certify the data is complete, current, and accurate as of the date the contractor and the Government agree on a price. This data includes all facts as of the date of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations significantly.

Cost or pricing data is factual, not judgmental, and is, therefore, verifiable. While it does not indicate the accuracy of the prospective contractor's judgment about estimated future costs or projections, it does include the data forming the basis for that judgment. Cost and pricing data are more than historical accounting data—they are all the facts that can be reasonably expected to contribute to the soundness of the estimates of future costs and to the validity of determinations of costs already incurred. Examples of cost and pricing data include:

- **Cost Avoidance**—An action taken in the immediate time frame that will decrease costs in the future. For example, an engineering improvement that increases the mean time between failures, and thereby decreases operating support costs, can be described as a cost avoidance action. It is possible for the engineering change to incur higher costs in the immediate time frame; however, if the net total life-cycle costs are less, it is a cost avoidance action. The amount of the cost avoidance is determined as the difference between two estimated cost patterns—the one before the change and the one after.

- **Cost-Reimbursement (CR) Contract**—A contract that provides for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the Contracting Officer. Normally, only "best efforts" of the contractor are involved, such as cost, cost sharing, cost-plus-fixed-fee (CPFF), cost-plus-incentive-fee (CPIF), and cost-plus-award-fee (CPAF) contracts.

- **Cost Savings**—An action that will result in a smaller than projected level of costs to achieve a specific objective. Incentive contracts whereby the contractor and Government share in any difference in cost below the estimated target cost incurred by the contractor to achieve the objective of the contract is a cost savings. It differs from a cost avoidance in that a cost target has been set from which the amount of savings can be measured. In a cost avoidance, the amount is determined as the difference between two estimated cost patterns.

Court of Appeals for the Federal Circuit—The appellate (reviewing) court for both the U.S. Court of Federal Claims and the various agency boards of contract appeals (28 USC § 1295(a)(3), (a)(10); 41 USC § 607(g)). Because the U.S. Supreme Court rarely considers decisions regarding Government contract disputes, the Court of Appeals for the Federal Circuit typically provides the last opportunity for their review.

Cradle-to-Grave—The total lifecycle of a given system, from concept through development, acquisition, operations phases, and final disposition.

Critical Application Item—An item which is essential to the preservation of life in emergencies (e.g., parachutes, marine life preservers) or essential to end item or system performance, the failure of which would adversely affect the accomplishment of a military operation.

Cure Notice—A delinquency notice that the Government must address prior to termination for default of a supply or service contract before the contract's delivery or performance completion date.

Customer Direct Deliveries—Requisitions that are satisfied via direct shipment to the customer.

D

Dealer/Vendor—An individual, partnership, corporation, or other activity that sells property to the Military establishment. A vendor may supply a Government contractor. Vendor is any contractor's company. Usually a dealer is a small business concern (but can be a large business) supplying an item manufactured by a large or small business manufacturer.

Debriefing—An explanation by a procuring agency of why an offeror did not win a competition for a negotiated contract. Offerors excluded from the competitive range or otherwise excluded from the competition before award may request a debriefing. (FAR 15.505) At a minimum, the debriefing information must include (1) the Government's evaluation of the significant weaknesses or deficiencies in the offeror's proposal; (2) the overall evaluated cost or price and technical ratings of successful and debriefed offerors; (3) the overall ranking of all offerors; (4) a summary of the rationale for award; (5) for acquisitions of commercial end items, the make and model of the selected item; and (6) reasonable responses to relevant questions about whether source selection procedures, regulations, and authorities were followed.

Default—The omission or failure to perform legal or contractual duty, to observe a promise or discharge an obligation, or to perform an agreement.

Defective Cost or Pricing Data—Cost or pricing data subsequently found to have been inaccurate, incomplete, or noncurrent. Under the Truth in Negotiations Act, the Government is entitled to an adjustment of the negotiated price, including profit or fee, to exclude any significant sum by which the price was increased because of defective data, provided the Government had relied on the data.

Defense Acquisition Regulatory Council (DARC)—The organization in DOD responsible for issuing procurement regulations. The DARC and the Civilian Agency Acquisition Council prepare and issue revisions to the FAR through coordinated action. (FAR 1.201–1) The council's membership includes representatives of the military departments, the Defense Logistics Agency (DLA), and National Aeronautics Space and Administration (NASA).

Defense Contract Management Agency (DCMA) (City/Area)—A contract administration office located in a city or area having cognizance over all Government contractors in that city or area, unless they are covered by a team located at a specified contractor's plant. Formerly called a DCMC Area Office (DCMAO).

Defense Contract Management Agency (DCMA) (Company Name)—A contract administration team located at a contractor's plant full-time. Formerly called Defense Plant Representative Office (DPRO).

Defense Contract Review List (DCRL)—An electronic program in the DLA Preaward Contracting System (DPACS) that provides a list of contractors who have been poor performers, debarred, suspended, or have defaulted on a Government contract.

Defense Operations Research Tool—An automated tool that assists in comparing cost and other benefits when making a decision whether to provide customer support through the commercial sector (Customer Direct) or through traditional stock inventories.

Defense Planning Guidance (DPG)—Document issued annually by the Secretary of Defense (SECDEF) to DOD components providing strategic framework for developing the Services program objective memorandums (POM). It is the result of planning efforts by the Joint Staff, Office of the Secretary of Defense (OSD), and the Services.

Deficiency—A material failure of a proposal to meet a Government requirement or a combination of significant weaknesses in a proposal that increases the risk of unsuccessful contract performance to an unacceptable level. When an agency conducts discussions after establishing a competitive range in a competitively negotiated procurement, all deficiencies must be identified. (FAR 15.306(d)(3)) This permits each offeror to submit final proposal revisions that maximize the Government's ability to obtain the best value.

Definite Quantity Contracts (DQC)—A type of contract providing for delivery of a definite quantity of specific supplies or services for a fixed period, with deliveries at designated locations to be scheduled upon order. At this time, definite quantity contracts are not available in DPACS as a separate option. A crucial difference between definite quantity contracts and other types of LTCs is the commitment, which is created by the definite quantity contract. The Government is contractually bound to acquire the "definite quantity" specified in the contract. In other words, the Government must purchase the quantity on the contract (unless pursuing a termination). This creates a financial obligation that must be covered by an obligation of funds at the time the basic contract is awarded. This can be accomplished through the guaranteed minimum order file in the financial subsystem.

Delivery Order (DO)—An order for supplies placed against an established contract or with Government sources. (FAR 2.101)

Design Control Activity—A contractor or Government activity having responsibility for design of a given part and for the preparation and currency of engineering drawings and other technical data for that part.

Design Specifications—Specifications that set forth precise measurements, tolerances, materials, in-process and finished-product tests, quality control measures, inspection requirements, and other specific information. The Government uses design specification in solicitations when the technical requirements are definite and can be communicated clearly to potential offerors.

Determination and Findings (D&F)—A special form of written approval by authorized officials required by statute or regulation as prerequisite to taking certain contracting actions.

Deviation—A written authorization, granted prior to the manufacture of an item, to depart from a particular performance or design requirement of a specification, drawing, or other document for a specific number of units or a specified period of time.

Discussions—Any oral or written communication between the Government and an offeror, (other than communications conducted for the purpose of minor clarification) whether or not initiated by the Government, that (a) involves information, or (b) provides the offeror with an opportunity to revise or modify its proposal.

Distribution and Pricing Agreement (DAPA)—An understanding between the Government and the DAPA holder as to what prices the DAPA holder will charge the Government or a contractor performing a Government contract, as well as delivery time frames it agrees to meet.

DOD Regulation 5000.2–R—Mandatory procedures for Major Defense Acquisition Programs (MDAP) and Major Automated Information System (MAIS) Acquisition Programs. The regulation that sets forth mandatory procedures for MDAPs and MAISs and, where specifically stated, for other than MDAPs or MAISs. Authorizes Milestone Decision Authorities (MDA) to tailor procedures as they see fit, consistent with statutory requirements.

DPACS Graphical User Interface (DPACS GUI)—A computer support system that provides the contracting personnel with an electronic image of a Purchase Requisition (PR). This system allows the PR to be mechanically tracked, controlled, managed, referred to other functional specialists, solicited, and awarded. PR cancellations and amendments can also be accomplished online in a Windows environment.

Draw Down—The process of issuing on-hand stocks down to a zero balance.

E

8(A) Program—A program, established by section 8(a) of the Small Business Act, 15 USC § 637(a), authorizing the Small Business Administration to enter into contracts with procuring agencies and award subcontracts for performing those contracts to firms eligible for program participation.

Economic Order Quantity (EOQ)—The most economical quantity of parts to order at one time, considering the applicable procurement and inventory costs. This amount of materiel does not exceed the quantity, which is reasonably expected to be required by the Agency.

Economic Price Adjustment (EPA)—See **Contract, Fixed Price with Economic Price Adjustment (FP/EPA).**

Economies of Scale—Reductions in unit cost of output resulting from the production of additional units, due to increased specialization of labor as volume of output increases; decreased unit costs of materials; better utilization of management; acquisition of more efficient equipment; and greater use of by-products.

Electronic Commerce/Electronic Data Interchange (EC/EDI)—The automated transmission of business documents from application to application using a standardized format based on the American National Standards Institute (ANSI) protocol.

Electronic Funds Transfer (EFT)—The direct payment to contractors by the Government through electronic transfer of funds (as opposed to payment by check). Payment by EFT is the Government's preferred method of payment in normal contracting situations.

End Item—The final production product when assembled, or completed, and ready for issue/deployment.

Engineering Change Proposal (ECP)—A proposal to the responsible authority recommending that a change to an original item of equipment be considered, and the design or engineering change be incorporated into the article to modify, add to, delete, or supersede original parts.

Enterprise Business System (EBS)—DLA's primary information technology solution. EBS was designed to simplify business processes, reduce or eliminate redundancies, and generate money-saving efficiencies.

Eprocurement—Provides integrated procurement functional capabilities to the SAP Enterprise Resource Planning (ERP) system and adds DLA organizations not originally intended to be addressed by the Business Systems Modernization (BSM) program. The result will be an enterprisewide contracting system.

Estimating System—The system used by a contractor to estimate the cost of performance of work under a contract or contract modification. The accuracy and reliability of proposals are increased through the use of an acceptable estimating system and the Government's policy is to review a contractor's estimating system to verify its reliability. (FAR 15.407–5)

Evaluation Factors—The factors used by the Government in a competitive proposals procurement to determine the winning contractor. (FAR 15.304) 10 USC § 2305(a)(2)(A) and 41 USC § 253a(b)(1) require that the Government's solicitation clearly state the factors and significant subfactors that will be considered in evaluating proposals and selecting a source and also state their relative importance. (See also **Price-Related Factors and Technical Factors.**) Evaluation factors should be tailored to each acquisition and should include only the factors that will affect the source selection decision.

Evaluation Standards—Evaluation standards provide guidelines to help evaluators measure how well a proposal addresses each factor and subfactor identified in the solicitation. Standards permit the evaluation of proposals against a uniform objective baseline rather than against each other, and minimize bias that can result from an initial direct comparison of proposals.

Exclusive License—A license covering a patent(s), technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a U.S. firm to a foreign firm or Government, to produce, co-produce, or sell within a given sales territory without competition from any other licenses or from the licenser. A non-exclusive license is a license as described above, except that competition may be permitted with other licensees and/or the licenser.

Excusable Delay—A delay in the performance of a contract caused by an event beyond the control of, and without the fault or negligence of, the contractor or its subcontractors at any tier. (FAR 52.249–14)

F

Fabrication—The construction of a part from raw material; the development of software code.

Facilities—The permanent, semi-permanent, or temporary real property assets required to operate and support the materiel system, including conducting studies to define types of facilities or facility improvements, locations, space needs, utilities, environmental requirements, real estate requirements, and equipment. One of the traditional elements of logistics support.

Fair and Reasonable Price—A price that is fair to both parties, reasonable under market conditions, and reasonable considering the total cost of the acquisition.

Federal Acquisition Circulars (FAC)—Publications of the Government that revise, amend, and update the Federal Acquisition Regulation.

Federal Acquisition Regulation (FAR)—The regulation for use by Federal executive agencies for acquisition of supplies and services with appropriated funds. It is issued and maintained jointly under the statutory authorities granted to the Secretary of Defense, administrator of General Services, and the Administrator, National Aeronautics Space and Administration (NASA). Statutory authorities to issue and revise the FAR have been delegated to the Procurement executives in Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics Space and Administration (NASA).

Federal Acquisition Regulatory Council—The Government organization, established by 41 USC § 421, that is charged with assisting in the direction and coordination of Government-wide procurement policy and regulatory activities. It is made up of the administrator of the Office of Federal Procurement Policy, the Secretary of Defense, the administrator of GSA, and the administrator of NASA.

Federal Acquisition Streamlining Act (FASA) of 1994—An act, Public Law No. 103–355, that substantially revised Federal procurement law. The act serves to reduce paperwork, encourage the acquisition of commercial items, raise the threshold for simplified acquisition procedures (previously called small purchases) to $150,000, promote electronic commerce, and achieve greater efficiency and uniformity among the agencies in their procurement practices.

Federal Business Opportunities (Fed Biz Ops)—A publication of the U.S. Department of Commerce in which Government agencies are required to announce procurement initiatives (IFBs and RFQs), contract awards, and sales of surplus property. The primary purpose of the Fed Biz Ops is to improve small business access to acquisition information and enhance competition.

***Federal Register* (FR)**—A daily publication of the Office of the Federal Register, established in 1935 by the Federal Register Act, 44 USC § 1501, as part of a central publications system for promulgating the detailed regulations issued by Federal agencies. The FR is the medium for notifying the public of official agency actions. The FR is available on the Internet at a variety of sites, including the Government Printing Office at http://www.access.gpo.gov.

Federal Specifications and Standards—Specifications and standards issued or controlled by the General Services Administration (GSA) and listed in the GSA Index of Federal Specifications, Standards, and Commercial Item Descriptions, which is issued annually.

Federal Supply Schedule (FSS)—The result of GSA, under the Federal Supply Schedules Program, entering into Government-wide contracts with commercial firms to provide over 4 million high-quality commercial products and related services. The products and services include computer and communications equipment, vehicles, furniture, hardware, office equipment, office supplies, paints and chemicals, alarm and facility management systems, scientific equipment, financial management services, and more. All customers choosing to order against the various Basic Purchase Agreements (BPA) under the Federal Supply Schedule receive the same level of service, convenience, pricing, and flexibility in selecting the items that best meet their needs. GSA issues publications containing information necessary for placing orders with Schedule contractors.

Fee—The amount paid to a contractor beyond allowable costs under a cost-reimbursement contract. In Government contracting, <u>fee</u> is the term for the profit the Government agrees to pay on a cost-reimbursement contract. (<u>Profit</u> is used when the contract is a fixed-price type.)

Final Proposal Revision (FPR)—An offer submitted to the Government in competitive, negotiated procurements after written or oral discussions have been conducted. FAC 97–02, September 30, 1997, changed the term Best and Final Offer (BAFO) to FPR.

First Article Test (FAT)—A <u>planned and monitored</u> test and evaluation of the first article for conformance with specified contract requirements before or in the initial stage of production.

Fixed-Price Contract—See **Contract, Fixed-Price**.

Focused Logistics—A Joint Chiefs of Staff (JCS) initiative that seeks the fusion of information, logistics, and transportation technologies to provide rapid crisis response. It involves allowing the tracking and shifting of assets, and the delivery of tailored logistics and sustainment packages directly to the strategic, operational, or tactical level of operations.

Force Structure—The composition of a Service, or all Services together, in terms of the number of major combat and support units, and their relationship to each other.

Forces—Broadly, the fighting elements (combatant) of the overall defense structure; units, equipment, etc., shown in the future year's defense program (FYDP).

Foreign Military Sales (FMS)—The portion of U.S. security assistance authorized by the Foreign Assistance Act of 1961 and the Arms Export Control Act. The recipient provides reimbursement for defense articles and services transferred from the U.S. This includes cash sales from stocks (inventories, services, and training) by the DOD.

Form, Fit, and Function Data—Technical data pertaining to items, components, or processes for the purpose of identifying source, size, configuration, mating and attachment characteristics, functional characteristics, and performance requirements.

Formal Agreement—A memorandum of understanding (MOU), a memorandum of agreement (MOA), or the equivalent, as defined in DOD 5530.3.

Free On Board (f.o.b.)—The term used in designating a physical point to determine the responsibility and basis for payment of freight charges, and, unless otherwise agreed, the point at which title for supplies passes to the buyer or consignee.

Free on Board (f.o.b.) Destination—The term for shipping when the seller or consignor delivers the supplies on the seller's or consignor's conveyance to a specified delivery point. Unless the contract specifies otherwise, the cost of shipping and the risk of loss are borne by the seller or consignor.

Full and Open Competition—A procurement in which all responsible sources are eligible to compete for the contract. Full and open competition is the standard in Government contracting unless statutory limitations permit other than full and open competition.

Functional Analysis/Allocation (FA/A)—The examination of a function to identify all the sub-functions necessary to the accomplishment of that function, the identification of functional relationships and interfaces, and the capturing of those relationships in a functional architecture. The subsequent flow down of upper-level performance requirements to lower-level subfunctions.

Functional Specifications—Specifications that describe work to be performed in terms of the end purpose or the Government's ultimate objective, rather than in terms of the way in which the work is to be performed. Functional specifications are broader descriptions of the work than performance specifications and are aimed at permitting more open competition on the ways of accomplishing the Government's purpose.

G

General Accountability Office (GAO)—A Government agency that is part of the legislative branch and that investigates matters relating to the receipt, disbursement, and application of public funds. Headed by the Comptroller General, GAO evaluates the performance of Government programs (typically issues reports when the assessment is negative) and issues decisions concerning protests against award. (FAR subpart 33.1)

General Services Administration Board of Contract Appeals (GSBCA)—The board of contract appeals for the GSA and certain other Federal agencies. As the second largest board, the GSBCA has 12 administrative judges. The GSBCA resolves disputes involving the GSA as well as the Departments of the Treasury, Commerce, and Education, the Federal Communications Commission and Nuclear Regulatory Commission, and the Small Business Administration.

Government Property (GP)—All property owned by or leased to the Government or acquired by the Government under the terms of the contract. (FAR 45.101) It includes both Government-furnished property and contractor-acquired property, e.g., tools, equipment, and space. FAR part 45 contains detailed guidance on the policies and procedures relating to Government property.

Government-Direct Orders—Requisitions shipped directly to the Government.

Governmentwide Agency Contract (GWAC)—Multi-agency contracts typically for various information technology resources that other specified Federal agencies can use. The host agency normally adds a small administrative fee. Because of savings attributable to not having to incur major procurement costs when using GWACs, other agencies are often willing to pay the fee. Pursuant to § 5124 of the Clinger-Cohen Act of 1996, an agency may "enter into a contract that provides for multi-agency acquisitions of information technology in accordance with guidance issued by the director (of the Office of Management and Budget)."

Governmentwide Purchase Card (GPC)—A purchase card similar to a commercial credit card, issued to authorized Agency personnel to use to acquire and pay for supplies and services. Formerly, this was called an International Merchant Purchase Authorization Card (IMPAC).

I

Implied Authority—Contracting officer authority that is implied from the facts of the transaction rather than delegated in writing in accordance with FAR subpart 1.6. Implied authority is found by the courts and boards when they determine that the Government should be bound by the acts of agency employees who do not have formal contracting officer authority. It generally flows from acts of which a contracting officer was, or should have been, aware. Implied authority is actual authority.

Imprest Fund—A cash fund of a fixed amount established by an advance of funds, without charge to appropriation, from an agency finance or disbursing officer to a duly appointed cashier, for disbursement as needed from time to time in making payment in cash for a relatively small amount.

Incentive—Motivating a contractor in calculable monetary terms to turn out a product that meets significantly advanced performance goals, improves on the contract schedule up to and including final delivery, substantially reduces the costs of the work, or completes a project under a weighted combination of some or all of these objectives.

Indefinite Delivery Contracts (IDC)—A type of contract established to cover all or a portion of projected requirements for a specified period of time. There are three types of IDCs: definite quantity, requirements, and indefinite quantity. In an IDC arrangement, the Government establishes a contract for estimated requirements for one item or for a group of similar items. When requirements develop, delivery orders are issued against the IDC in accordance with the price and delivery schedule agreed upon when the contract was established.

Indefinite Delivery Purchase Orders (IDPO)—A simplified acquisition procedure that utilizes indefinite delivery contract concepts. An IDPO can be established as either unilateral or bilateral.

Indefinite Quantity Contracts (IQC)—A type of contract that provides for an indefinite quantity, within stated limits, of supplies or services to be furnished during a fixed period, with deliveries or performance to be scheduled by placing orders with the contractor. (FAR 16.504(1)) This is currently the preferred type of LTC, as it does not require the Government to procure all requirements from one contractor. The Government is only obligated to purchase the stated minimums. The contract term can be up to 10 years including options years. IQCs are established for Customer Direct and/or stock procurements.

Industrial Specialist—A specialist at a DLA supply center responsible for conducting Contractor Performance History (CPH) evaluations; participating in selected preaward surveys, source procurement requests, and First Article Testing (FAT); providing cost support for selected procurements; managing the Defense Priorities and Allocations System (DPAS) as it pertains to a DLA supply center; and performing various other functions relating to the acquisition of items.

Information Technology (IT)—Any equipment or any interconnected system or subsystem of equipment that is used in the automated acquisition, storage, manipulation, management, movement control, display, switching, interchange, transmission, or reception of data or information by an agency.

Inspection—The examination and test of supplies or services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to contract requirements. (FAR 46.202–2)

Invitation for Bid (IFB)—The solicitation method used in sealed bidding in which the contracting officer issues an IFB to the public and the bidders submit sealed bids that are opened publicly on a specified date. Award is based on the sole criterion of lowest price.

J

Javits-Wagner-O'Day (JWOD) Act—The act, codified at 41 USC § § 46–48c, that requires Government entities to purchase certain supplies and services from workshops for the blind and other severely disabled people (sheltered workshops), if the supplies or services are available when required. FAR subpart 8.7 prescribes policies and procedures for implementing the act and the rules of the Committee for the Purchase From People Who Are Blind or Severely Disabled. Now named AbilityOne.

Justification & Approval (J&A)—A document required by the FAR that justifies and obtains approval for contract solicitations that use other than full and open competition.

L

Labor-Hour Contract—A type of time-and-materials contract under which the Government pays a fixed amount for each hour of work performed by specific classes of labor. The hourly rate includes wages, overhead, general and administrative expense, and profit.

Letter Contract—A written preliminary contractual instrument that authorizes the contractor to begin immediately manufacturing supplies or performing services. Used when the Government's interests demand that the contractor be given a binding commitment so that work can start immediately and negotiating a definitive contract is not possible in time to meet the requirement. A letter contract is suitable for use in emergency situations when time is of the essence, and is subject to the competition requirements in FAR part 6.

Logistics Response Time (LRT)—Measure of the date of birth (DOB) of the requisition at DLA to the date the requisition was shipped.

Long-Term Contracting (LTC)—Any contractual instrument that provides the ability to order supplies or services at established prices for an extended period of time. There are various types of LTCs that differ in performance, quantity, and support.

Lowest Price Technically Acceptable Process (LPTA)—A competitive negotiation source selection process in which the nonprice factors of a proposal are evaluated to determine which proposals are "technically acceptable," and award is made to the offeror of the technically acceptable proposal with the lowest price. FAR 15.101–2(a) states this process is appropriate when best value is expected to result from the use of this process. Thus, the "best value" decision is made in planning the procurement, not in evaluating the proposals (as in the tradeoff process).

M

Market Research—A process for gathering data on product characteristics, suppliers' capabilities, and the business practices that surround them, plus the analysis of that data to make acquisition decisions. Market research has two phases: market surveillance and market investigation.

Market Survey—An attempt by a contracting agency to ascertain whether there are unknown qualified sources capable of satisfying the Government's requirements.

Methods of Procurement—A broad term describing the way the Government procures supplies and services, including construction. The Government uses two basic methods of procurement: sealed bidding (FAR part 14) and negotiation (FAR part 15). Any contract awarded without using sealed bidding procedures is a negotiated contract. The simplified acquisition procedures of FAR part 13 are a subset of negotiation.

Micro-purchase—An acquisition of supplies or services (except construction), the aggregate amount of which does not exceed $3,000 for supplies, $2,500 for services. Micro-purchases for construction are limited to $2,000. (FAR 2.101)

Military Specifications (MILSPECS) and Standards—Specifications and standards unique to DOD that are prepared, maintained, and controlled by the Secretary of Defense. In 1994, the Secretary of Defense issued a new DOD policy advocating greater use of performance and commercial specifications in lieu of military specifications.

Minimum Buy—The contractor's required quantity of purchase, even though the contract requirement is less than the contractor's standard quantity. The price will be standard for any quantity below the required minimum. This is done when price does not increase proportionately for quantities less than the standard quantity.

Multiple-Year Contract—A contract for work to be performed over more than one fiscal year. This can be accomplished by the use of options for additional years, multi-year contracts, or multiple-year indefinite delivery quantity contracts.

N

Negligence—The failure to use such care as a reasonably prudent and careful person would use under similar circumstances. Generally, all persons, including contractors and the Government, are liable for personal injury or property damage that occurs because of the negligence of their employees.

Negotiation—A method of contracting that uses either competitive or other-than-competitive procedures that permits bargaining with the offerors after receipt of proposals. Contracting by negotiation is a flexible process that includes the receipt of proposals from offerors, discussion of deficiencies or weaknesses with the offeror, and usually affords offerors the opportunity to revise their offers before award of the contract.

Nonpersonal Services Contract—A contract under which the personnel rendering the services are not subject, either by the contract's terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between the Government and its employees. (FAR 37.101)

O

Obligation—A definite commitment by the Government to spend appropriated funds.

Offer—A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract.

Offeror—The party that makes an offer and looks for acceptance from the offeree.

Responses to . . .	**are . . .**	**referred to as . . .**
invitations for bids (sealed bidding)	offers	bids, or sealed bids.
requests for proposals (negotiation)	offers	proposals.
requests for quotations (negotiation)	**not** offers	quotes.

Office of Federal Procurement Policy (OFPP)—A Government organization, located in the Executive Office of the President (in the Office of Management and Budget (OMB)), that is responsible for providing overall executive branch guidance and direction of Government procurement policy and prescribes policies and regulations to be followed by executive agencies in acquiring goods, services, and facilities. (41 USC § 405)

Office of Management and Budget (OMB)—A Government agency, in the Executive Office of the President, that serves as the president's principal arm for exercising the managerial functions of the presidency (31 USC § 501). OMB strives to improve Government organization, information, and management systems and devises programs for developing career executive talent throughout the Government.

Option—A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies or services called for by the contract, or extend the term of the contract.

Oral Presentation—A presentation by an offeror during source selection, usually in lieu of submission of a written technical proposal, to demonstrate its capability to perform a proposed contract. (FAR 15.102) The most common use of oral presentations is to present a summary of the methods the offeror will use to perform the contract, followed by questions and answers or the solution of a sample task. Some agencies have also used oral presentations to supplement written proposals. The advantage of the oral presentation is that it permits the agency evaluators to speak directly with the key personnel who will perform the contract if it is awarded to the offeror.

Outsourcing—The transfer of activities that are being performed by Federal employees at Federal facilities to private contractor employees at Federal or private facilities. OMB Circular A–76 requires Federal agencies to compare the cost of contracting out to the cost of in-house performance, to determine whether commercial activities should be outsourced.

P

Partial Payments—A payment made, as authorized by the contract, upon delivery and Government acceptance of one or more complete units (or one or more distinct items of service) and called for by the Government under the contract, even though other quantities remain to be delivered. Partial payments are permitted on any contract in which the unit of work is priced in a separate contract line item. (FAR 32.102(d))

Pass/Fail Factor—The establishment of the minimum level of acceptable compliance with a Government requirement that must be offered for a proposal to be considered. If a proposal fails to meet minimum requirements, it will not be given further consideration.

Past Performance Information Retrieval System (PPIRS)—PPIRS is a Web-enabled, enterprise application that provides timely and pertinent contractor past performance information to Department of Defense and the Federal acquisition community for use in making source selection decisions. PPIRS assists acquisition officials by serving as the single source for contractor past performance data.

Payment Bond—A promise of surety ensuring payment to all persons supplying labor or materials in the work provided for in a contract. (FAR 28.001(5)) A prospective contractor purchases this bond in accordance with the Government's requirement.

Performance Bond—A promise of surety, sometimes referred to as a completion bond, assuring the Government that after the contract is awarded, the contractor will perform its obligations under the contract. (FAR 28.001(6)) A prospective contractor purchases this bond in accordance with the Government's requirement.

Performance Specifications—Technical requirements that set forth the operational characteristics desired for an item. They indicate what the final product must be capable of accomplishing rather than how the product is to be built or what its measurements, tolerances, or other design characteristics must be. Performance specifications are preferred over design specifications. (FAR 11.101(a))

Personal Services Contract—A contract that, by its express terms or as administered, makes the contractor personnel appear to be, in effect, Government employees. (FAR 37.101)

Phased Deliveries—An incremental shipment of contracted supplies according to a delivery schedule, over time, until the total contract quantity has been satisfied. It allows contractors to better manage resources such as production capability, finances, manpower, and time. In some cases, customers require phased deliveries to accommodate maintenance planning requirements, deployment schedules, or funding and storage limitations.

Plan of Action and Milestones (POAM)—A plan of action established by the buyer/contracting officers during the solicitation process that predicts dates for a solicitation to be issued, closed, and possible amendments before award. These dates are referred to as milestones. The events are documented in the Acquisition Procurement Plan (APP).

Preaward Survey (PAS)—A study of a prospective contractor's financial, organizational, and operational status made prior to contract award to determine its responsibility and eligibility for Government contract procurement.

Prebid Conference—A meeting of the contracting officer with prospective bidders during the solicitation period of a sealed bidding procurement. FAR 14.207 provides that such conferences may be used, usually in complex acquisitions, as a means of briefing prospective bidders and explaining complicated specifications and requirements to them as early as possible after the invitation for bids has been issued and before bids are submitted. They are not to be used, however, as a substitute for amending a defective or ambiguous invitation for bid.

Preproposal Conference—A meeting of the contracting officer with prospective bidders during the solicitation period of a procurement by negotiation. Such conferences may be held, generally in complex acquisitions, to brief prospective offerors and to explain or clarify complicated specifications and requirements. (FAR 15.201)

Price—A monetary amount paid, received or asked for in exchange for supplies or services, expressed in terms of a single item or unit of measure for the supplies or services.

Price Analysis—The process of examining and evaluating a prospective price without performing cost analysis; that is, without evaluating the separate cost elements and profit of the offeror included in that price. (FAR 15.404–1(b))

Price Evaluation—An evaluation of the price prior to source selection and award based upon specific evaluation factors and subfactors.

Price Justification—The method used in determining a price to be fair and reasonable to the Government.

Price Negotiation Memorandum (PNM)—The document that tells the story of negotiation. This document establishes the reasonableness of the agreement reached with the successful offeror. It is also the permanent record of the decisions the negotiator made in establishing that the price was fair and reasonable.

Price-Related Factors—Evaluation factors other than the price that affect a contract's overall cost to the Government and can be quantified in dollars. The term is used mainly in the context of sealed bidding procurements, which must be awarded solely on the basis of price and the price-related factors included in the solicitation. (FAR 14.101(e))

Prime Contract—A contract entered into directly between the Government and a contractor (the Prime Vendor). "Prime" is used to distinguish that contract from any other contract and a supplier or vendor called a subcontractor, or between such a subcontractor and another, lower-level subcontractor.

Prime Vendor (PV)—A type of LTC arrangement for which the Prime Vendor buys inventories from a variety of suppliers, and stores and maintains the inventory in his own warehouse. Prime Vendor contracts are commodity specific, supplies are ordered using electronic ordering systems, and orders are filled from the vendor's stock.

Procurement Automated Contract Evaluation (PACE) System—A DPACS program that attempts to make automatic awards.

Procurement Contracting Officer (PCO)—A contracting officer in a Government buying office who is warranted to review, sign, change, and execute a contract; and obligate funds on behalf of the Government.

Procurement Identification Data—See **Acquisition Identification Data.**

Procurement Item Identification Number (PIIN)—A system of identifying numbers that are assigned to DOD solicitations, contracts, and related instruments. The basic PIIN remains unchanged throughout the life of the instrument and consists of 13 characters. The PIIN is also referred to as the award or contract number.

Program Manager (PM)—An individual who manages a system acquisition (typically a Major System Acquisition) program. PMs are tasked with developing acquisition strategies, promoting full and open competition, and sustaining effective communication among alternative major system concepts and sources.

Progress Payment—A payment made as costs are incurred by the contractor while work progresses under the contract. (FAR 32.102(b))

Prompt Payment Act (PPA)—A 1983 act, 31 USC § 3901 *et seq.*, requiring solicitations and contracts to specify payment procedures, payment due dates, and interest penalties for late invoice payments. The act is implemented by FAR subpart 32.9 and OMB Circular No. A–125, *Prompt Payment*, December 12, 1989. The Government must make invoice payments and contract financing payments as close as possible to, but not later than, the due dates specified in the contract (generally no longer than 30 days after receipt of a proper invoice). The detailed procedures followed are set forth in the prompt payment clause in FAR 52.232–25, the prompt payment for fixed-price architect-engineer contract clause in FAR 52.232–26, and the prompt payment for construction contracts clause in FAR 52.232–27. Determination of the date of payment is based on receipt of a proper invoice or contract financing request and satisfactory contract performance. Checks are mailed and electronic funds transfers are made on or about the same day the payment action is dated. Agencies pay an interest penalty for late invoice payments or improperly take discounts for prompt payment. See Cibinic & Nash, *Administration of Government Contracts* 1147–59, 1192–95 (3d ed. 1995); Schimpf, *Understanding the Prompt Payment Act,* 32 Cont. Mgmt. 40 (Aug. 1992); Renner, *Prompt Payment Act: An Interest(ing) Remedy for Government Late Payment*, 21 Pub. Con. L.J. 177 (1992); Nash, chapter 12, *Construction Contracting* 912–14 (1991); Rosen et al., *Prompt Payment Act Amendments of 1988*, 90–4 Briefing Papers (1990).

Proposal—An offer in a negotiated procurement. Proposals for new contracts are submitted in response to a request for proposals (RFP) or a broad agency announcement. The term proposal is generally used in FAR part 15 to mean the offer submitted by an offeror in a negotiated procurement plus all the information that the RFP requires to be submitted with the offer. Proposal is also defined in FAR 31.001 as any offer or other submission used as a basis for pricing a contract, contract modification, or termination settlement (see "Termination for Convenience") or for securing payment there under. Proposals for contract modifications or termination settlements are submitted pursuant to clauses of the contract. When proposals are submitted without prior request from a Government agency, they are called unsolicited proposals. See Nash, *The Technical Proposal: Is It Fish or Fowl?*, 11 N&CR § 22 (May 1997); Cibinic, *Oral Communications: Interviews, Presentations, or Discussions but Not Proposals*, 10 N&CR § 63 (Dec. 1996).

Proprietary Information—Information contained in a bid or proposal, cost or pricing data, or any other information submitted to the Government by a contractor and designated as proprietary. The term is used to describe information that cannot be disclosed.

Protest—A written objection/concern by an interested party submitted to GAO or Procuring Contracting Officer (PCO) for the following: a solicitation or other request by an agency for offers for a contract for the procurement of property or services, the cancellation of the solicitation or other request, or termination or cancellation of and award of the contract.

Provision—A written term or condition used only in solicitations and applying only before contract award. (FAR 52.101)

Purchase Description—A description of the essential physical characteristics and functions required to meet the Government's requirements. Purchase descriptions must describe the supplies or services to be acquired in a manner designed to permit full and open competition.

Purchase Order (PO)—A contractual procurement document used primarily to procure supplies and nonpersonal services when the aggregate amount involved in any one transaction is below the simplified threshold, (e.g., not exceeding $150,000).

Purchase Requisition (PR)—A preaward document prepared by the requiring activity that describes the supplies or services to be acquired, certifies the availability of funds for the acquisition, and includes other information necessary for the contracting officer to initiate and approve the acquisition.

Q

Qualified Manufacturers List (QML)—A list of manufacturers who have had their products examined and tested, and who have satisfied all applicable qualification requirements for those products or have otherwise satisfied all applicable qualification requirements.

Qualified Products List (QPL)—A list of products that have been examined and tested and have satisfied all applicable qualification requirements. These lists are used on procurements to restrict offerors on procurements to those products that appear on the list.

Quality Assurance (QA)—Tasks performed by persons outside an organization to monitor or improve the quality of the organization's output. In Government contracting, QA refers to the various functions, including inspection, performed by the Government to determine whether a contractor has fulfilled its contract obligations pertaining to quality and quantity.

Quality Control (QC)—Tasks performed by persons within an organization to improve the quality of the organization's output. FAR 46.105 states the Government policy that contractors have the fundamental responsibility for control of the quality of the work they perform.

Quantity Price Break—Represents price discounts offered by a contractor for ordering increased quantities of material. The premise of a quantity price break is that the contractor charges the Government less as a result of economies of scale and other cost savings that are achieved through producing more material than that which was originally ordered.

R

Reasonable Price—A business decision reached jointly by a buyer and seller, which indicates that a product has been determined to be reasonable based upon economic realities dictated by the marketplace.

Remedy—The right of a contracting party to relief, when the other party does not fulfill its contractual obligations. Generally, there are remedies for breach of contract by either party. However, in a Government contract, the remedies available to each party are spelled out in contract clauses.

Request for Information (RFI)—A document used to obtain price, delivery, other market information, or capabilities for planning purposes when the Government does not presently intend to issue a solicitation. (FAR 15.201(e))

Request for Proposal (RFP)—A solicitation used in negotiated acquisition to communicate Government requirements to prospective contractors and to solicit proposals.

Request for Quotation (RFQ)—A solicitation used in simplified negotiated acquisitions to communicate Government requirements to prospective contractors and to solicit a quotation. A response to an RFQ is not an offer; however, it is informational in character.

Request for Technical Proposal (RFTP)—The solicitation document used in two-step sealed bids. Normally in letter form, it asks only for technical information—price and cost breakdowns are forbidden in this instance only.

Requirements Type Contracts (RTC)—A type of contract that provides for filling all actual purchase requirements of designated Government activities for supplies or services during a specified contract period, with deliveries or performance to be scheduled by placing orders with the contractor (FAR 16.503 (a)). In this case, the Government must order all of its requirements for supplies/services from the contractor within stated quantity and time limitations.

Responsibility—The status of a prospective contractor determining that it has the capability, tenacity, and perseverance to perform a contract. 10 USC § 2305(b) and 41 USC § 253(b) require that contracts be awarded to responsible contractors only. FAR 9.103(b) implements this requirement by stating contracting officers should make an "affirmative determination' of responsibility before making an award. FAR 9.104–1 lists the general standards a contractor must meet to be considered responsible: (1) have or be able to obtain adequate financial resources to perform the contract; (2) be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and Government business commitments; (3) have a satisfactory performance record; (4) have a satisfactory record of integrity and business ethics; (5) have or be able to obtain the necessary organization, experience, accounting and operational controls, and technical skills; (6) have or be able to obtain the necessary production, construction, and technical equipment and facilities; and (7) be otherwise qualified and eligible to receive an award under applicable laws and regulations.

Responsiveness—An objective, nondiscretionary determination by the contracting officer, at the time of opening of sealed bids, that a bid conforms to the invitation for bids (IFB). 10 USC § 2305(b)(3) and 41 USC § 253(b)(c) require a bid to conform in all material respects to the IFB in order to be considered for award.

Risk—The assumption of possible monetary loss or gain in view of the job or work to be done. FAR 16.104 requires that risk be one of the elements to be considered in negotiating a fair and reasonable price, as well as in determining the type of contract under which performance will occur.

S

Scope of the Contract—All work that was fairly and reasonably within the contemplation of the parties at the time the contract was made.

Sealed Bidding—A method of contracting that employs competitive bids, public opening of bids, and awards.

Sensitive Information—Any information that, in the event of loss, misuse, or unauthorized access or modification, could adversely affect the national interest, the conduct of Federal programs, or the privacy to which individuals are entitled under the Privacy Act. It has not, however, been specifically authorized, under criteria established by an executive order (EO) or act of Congress, to be kept secret in the interest of national defense or foreign policy.

Service Contract—A contract that directly engages the time and effort of a contractor to perform an identifiable task rather than to furnish an end item of supply. (FAR 37.101)

Set-Aside—The reservation of an acquisition exclusively or partially for participation of a special class of contractors (e.g., small business).

Show-Cause Notice—A preliminary written notice given to the contractor by the contracting officer when termination for default appears to be appropriate (FAR 49.402–3(e)(1)). It (1) notifies the contractor of the possibility of termination, (2) indicates the contractual liabilities of default termination, and (3) asks the contractor to show why the contract should not be terminated for default.

Simplified Acquisition Procedures—The methods used for making purchases of supplies not exceeding the simplified acquisition threshold using the procedure prescribed in FAR part 13. These simplified procedures are intended to (1) reduce administrative costs, (2) improve opportunities for small business concerns and small/disadvantaged business concerns, (3) promote efficiency and economy in contracting, and (4) avoid unnecessary burdens for agencies and contractors. (FAR 13.003) These procedures must be used to the maximum extent practicable for all purchases not exceeding the simplified acquisition threshold ($150,000), unless requirements can be met by using required sources of supply. (FAR 13.003)

Simplified Acquisition Threshold—The maximum dollar value of an acquisition that may use simplified acquisition procedures. The threshold was established at $150,000 ($6.5 million for commercial acquisitions) by the Federal Acquisition Streamlining Act of 1994, Public Law No. 103–355.

Small Business Act—An act, 15 USC § 631 *et seq.*, that in 1963 created the Small Business Administration (SBA). The SBA is jointly responsible with the Federal procuring agencies for promoting policies and taking actions to ensure that small business concerns and small/disadvantaged business concerns obtain their fair share of Government procurements.

Small Business Concern—A concern, under the Small Business Act (15 USC § 632), that is independently owned and operated and not dominant in its field of operation. The Small Business Administration (SBA) is responsible for further definition of the term and does this through its Small Business Size Standards Regulations (13 CFR part 121, incorporated in FAR 19.102). The definition of a small business varies by industry.

Socioeconomic Programs—Programs that are incorporated into the procurement process to foster the achievement of national goals. Although Federal procurement policy endeavors to obtain supplies and services economically, efficiently, and in a timely manner, the Government also utilizes its purchasing power as a means of promoting public policies. Government contracts attempt to further such national goals as fostering small business, overcoming regional unemployment, assisting minority workers, giving preference to domestic and other special sources, ensuring fair treatment of employees, maintaining integrity and competitive practices, and protecting the environment. (FAR parts 19, 22, 23, 24, and 25)

Sole Source—The only known source to be able to perform a contract, or the one source among others that, for justifiable reason, is found to be the most advantageous for the purpose of contract award.

Solicitation—A document sent to prospective contractors by a Government agency, requesting the submission of offers or of information. This generic term includes invitations for bids, requests for proposals, and requests for quotations.

Solicitation Close Date—The date the solicitation closes and the contract specialist expects to have offers for review.

Solicitation Package—A document/package requesting or inviting offerors to submit offers. Solicitations basically consist of a draft contract, and provisions on preparing and submitting offers.

Source Selection—The process of selecting a contractor through competitive negotiation. Source selection procedures are designed to (1) maximize competition; (2) minimize the complexity of the solicitation, evaluation, and selection process; (3) ensure the impartial and comprehensive evaluation of proposals; and (4) ensure selection of the source whose proposal is most advantageous and realistic and whose performance is expected to best meet stated Government requirements.

Source Selection Authority (SSA)—The Government official in charge of selecting a source or sources in a competitive negotiated acquisition. The title is most often used in the formal source selection process, when the official is someone other than the contracting officer. (FAR 15.303)

Source Selection Advisory Council (SSAC)—A panel of senior Government personnel appointed by a source selection authority to advise on the conduct of the source selection process and prepare a comparative analysis of the evaluation results on a competitively negotiated procurement.

Source Selection Evaluation Board (SSEB)—A panel of agency officials that oversees the evaluation of proposals submitted on competitively negotiated procurements. SSEBs are generally responsible for ensuring that the evaluations submitted to the SSA are consistent and represent a fair evaluation of the proposals submitted.

Source Selection Plan—A plan formulated by an agency to specify the key elements of a proposed source selection. The source selection plan must identify those milestones at which a decision should be made. The plan should address all technical, business management, and other significant considerations that will control the procurement. (FAR 7.105)

Specification—A description of the technical requirements for a material, product, or service that includes the criteria for determining whether the requirements are met. The three types of specifications used are:

- Design—Specifications that set forth precise measurements, tolerances, materials, in-process and finished-product tests, quality control measures, inspection requirements, and other specific information.

- Functional—Specifications that describe work to be performed in terms of the end purpose rather than in terms of the way in which the work is to be performed.

- Performance—Technical requirements that set forth operational characteristics desired for an item.

Standard—A document that establishes engineering and technical limitations and applications of items, materials, processes, methods, designs, and engineering practices. It includes any related criteria deemed essential to achieve the highest practical degree of uniformity in materials or products or the interchangeability of parts used in those products.

Statement of Objective (SOO)—A Government-prepared document incorporated into the solicitation in either Section L or J (attachments) that establishes a broad description of the Government's required performance objectives and used only in the solicitation.

Statement of Work (SOW)—The complete description of work to be performed under the contract, encompassing all specifications and standards established or referenced in the contract.

Stop-Work Order—A unilateral order of the contracting officer requiring the contractor to stop all or any part of the work called for under the contract. Stop-work orders may be issued if the contract contains the suspension of work clause in FAR 52.242–14 or the stop-work order clause in FAR 52.242–15.

Subcontract—A contract or contractual action entered into by a prime contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services under a prime contract. (FAR 3.502–1) Subcontracts include purchase orders as well as changes and modifications to purchase orders.

Subcontractor—Any person:

- Other than the prime contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such a prime contract.

- Who offers to furnish or furnishes general supplies to the prime contractor or a higher tier subcontractor.

Successor Contract—A follow-on contract in which all previous options have been exercised and a new LTC will be solicited.

Supplies—All property except land or interest in land. Supplies include, but are not limited to, public works, buildings, and facilities; ships, floating equipment, and vessels of every character, type, and description, together with parts and accessories; aircraft and aircraft parts, accessories, and equipment; machine tools; and the alteration or installation of any of the foregoing. (FAR 2.101)

Supply Chain Alliance (SCA)—An agreement to establish a basic understanding and mutual agreement on future interaction with suppliers under Long-Term Contracts (LTC). The intent of the SCA is to establish a long-term working partnership with existing sources of supply, which incorporates both pricing and delivery terms of their existing LTCs, and an agreement to partner in supporting new initiatives designed to improve support to any customer.

Supply Chain Management—The coordination of integrated enterprises that must share information and coordinate physical execution to ensure a smooth, integrated flow of goods, services, information, and cash through the supply pipeline.

Synopsis—(1) A notice of a proposed contract action exceeding $25,000 furnished by an agency for publication in the *Commerce Business Daily* as required by the Small Business Act (15 USC 637(e)) and the Office of Federal Procurement Policy Act. (41 USC 416) (FAR 5.201) (2) A notice furnished by an agency for publication in the *Commerce Business Daily* of a contract action exceeding $25,000 (the dollar threshold is not a prohibition against publicizing an award of a similar amount when publicizing would be advantageous to industry or to the Government) that is subject to the Trade Agreements Act, or likely to result in the award of any subcontracts. (FAR 5.301)

T

Task Order—An order for services issued under a task order contract. When such orders are issued under multiple-award contracts, each awardee must be given a fair opportunity to be considered. (FAR 16.505(b)) However, the failure to receive such fair consideration is not subject to protest but may be referred to the agency ombudsman. (10 USC § 2304c and 41 USC § 253j)

Task Order Contract—A contract for services that does not procure or specify a firm quantity but provides for the issuance of orders for the performance of tasks during the period of the contract. (FAR 16.501–1) 10 USC § 2304a and 41 USC § 253h contain special rules for task order contracts requiring that they include (1) the period of the contract, including options; (2) the maximum quantity or dollar value of the services that may be procured; and (3) a statement of work that reasonably describes the general scope, nature, complexity, and purposes of the services to be procured under the contract. 10 USC § 2304a(d) and 41 USC § 253j(d) establish a preference for multiple-award contracts. These requirements are implemented in FAR 16.504.

Technical Evaluation—The evaluation of the technical aspects of a proposal submitted in a competitive proposals procurement or a two-step sealed bidding procurement. Such evaluation is conducted by Government employees (or occasionally by contractor employees) skilled in the fields of technology addressed in the proposal.

Termination for Cause—The exercise of the Government's contractual right to terminate for default because of the contractor's performance, such as nonconforming supplies, delinquent deliveries, etc., for contracts written in accordance with FAR Part 12—Commercial Procedures.

Termination for Convenience (T4C)—The exercise of the Government's contractual right to completely or partially terminate a contract for the convenience of the Government.

Termination for Default (T4D)—The exercise of the Government's contractual right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations.

Terms and Conditions—All the provisions of a contract. FAR 14.201–1 and FAR 15.204–1 require that the terms and conditions follow the uniform contract format.

Third Party Logistics (3PL)—A firm that performs multiple logistics functions for another firm. The 3^{rd} party (logistics provider) is usually contracted by the 1^{st} party (seller) to provide services to the 2^{nd} party (buyer).

Time and Materials (T&M) Contract—A type of contract providing for the acquisition of supplies or services on the basis of (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit and (2) materials at cost including, if appropriate, material handling costs. (FAR 16.601)

Tradeoff Process—The competitive negotiation process in which the Government evaluates both price and nonprice factors and awards the contract to the offeror proposing the combination of factors that offers the best value to the Government. FAR 15.101–1(a) states that this process is appropriate when it is in the best interest of the Government to consider award to other than the lowest price offeror or the highest technically rated offeror. In making the award decision under this process, the Government makes a tradeoff analysis of the proposals, ascertaining which offers the best overall value.

Two-Step Sealed Bidding—A method of procurement that combines competitive procedures in order to obtain the benefits of sealed bidding when adequate specifications are not available. (FAR 14.501) One objective of this process is to permit the development of a sufficiently descriptive and not unduly restrictive statement of the Government's requirements, including an adequate technical data package, so that subsequent acquisitions can be made by conventional sealed bidding. Step one consists of the request for and submission, evaluation, and discussion of technical proposals; no pricing is involved. Step two involves the submission of sealed bids by offerors who submitted acceptable technical proposals in step one.

Type of Contract—Categories of contracts that are differentiated according to the time the price is arrived at and the firmness of the price. FAR part 16 describes and states the policies governing the various types of contracts. Contracts are of two basic types: fixed-price contracts and cost-reimbursement contracts. Within these two basic families are a sizable number of specific types, such as firm-fixed-price contracts, fixed-price-incentive contracts, cost-plus-incentive contracts, and cost-plus-fixed-fee contracts.

U

Unallowable Cost—A cost incurred by a contractor that is not chargeable to Government contracts. Unallowable costs must be identified and excluded from any billing, claim, or proposal applicable to a Government contract. (FAR 31.201–6)

Unfair Competitive Advantage—An advantage of one competitor over another that is derived from improper Government action or is created by the Government.

Uniform Contract Format (UCF)—A standardized format for structuring all DOD Government solicitations and contracts. (FAR 14.201–1 and 15.204–1) Its use facilitates preparation of the solicitation and contract, as well as reference to and use of the documents in the solicitation and contract. Found on SF 26, Award and Contract, and SF 33, Solicitation, Offer, and Award, the UCF is simply a table of contents for organizing contractual documents into 4 parts and 13 sections. Construction contracts are exempt from this requirement.

Unilateral Contract—A binding contractual agreement in which the offer specifies that the acceptance can be effective only if it is in the form of performance. In such instances, an attempted acceptance by communication or promise will be ineffective to form a contract. This is called a unilateral contract because the offeror is bound while the other party is not. A contracting officer can issue a Purchase Requisition (PR) as a unilateral or bilateral contract.

Unsolicited Proposal—A written proposal that is submitted to a Government agency on the initiative of the submitter for the purpose of obtaining a contract with the Government and that is not in response to a request for proposals or a broad agency announcement. (FAR 15.601) A valid unsolicited proposal must contain a unique and innovative concept, must be independently originated and developed, prepared without Government supervision, and sufficiently detained for Government review, but must not be an advance proposal for a known agency requirement.

V

Vendor—See **Dealer** for definition.

Virtual Prime Vendor (VPV) Contracts—The contractor is more truly a third-party logistics provider. Contractors normally do not make the parts or provide the parts as their main business. Their expertise is in developing a network of suppliers who can provide the parts across commodity lines. VPV is a term applied to some EC/EDI vendors who provide material and support functions to the customer. The goal of the VPV program is to capture innovative logistical practices in the private sector and tailor them to provide solutions for Government logistics. The intent is to improve weapon system readiness and customer satisfaction by dramatically improving responsiveness and quality at a reduced overall cost. VPV contracts will also reduce redundancies and simplify logistic support procedures.

W

Waiver—(1) A written authorization to accept a configuration item (CI) or other designated item, which, during production, or after having been submitted for inspection, is found to depart from specified requirements, but nevertheless is considered suitable "as is" or after rework by an approved method. (2) Decision to not require certain criteria to be met for certain reasons, such as national security.

Warrant—(1) An official document issued by the Secretary of the Treasury and countersigned by the Comptroller General of the United States by which monies are authorized to be withdrawn from the Treasury. Warrants are issued after appropriations and similar Congressional authority has been enacted. (2) An official document that designates an individual as a contracting officer. The warrant will state as reference the limits of the contracting officer's authority.

Warranty—A promise or affirmation given by a contractor to the Government regarding the nature, usefulness, or condition of the supplies or performance of services furnished under a contract.

Weakness—A flaw in an offeror's proposal that increases the risk of unsuccessful contract performance (FAR 15.306(d)(3)). Some agencies now make a distinction between a weakness and a deficiency, but the Comptroller General has held that this distinction is not valid.

Work Breakdown Structure (WBS)—A graphic display of a contract's SOW or an organizational chart depicting the necessary hardware, software, and services required in contract performance, and their relationship to each other. A WBS subdivides the work to be performed under a contract into logical segments to help track progress and performance cost.