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THESIS

HOW IS THE FEDERAL ACQUISITION REGULATION
GOING TO AFFECT FUTURE ACQUISITION MANAGERS

by

Alfons Carl Marczynski

September 1980

Thesis Advisor: M.L. Sneiderman

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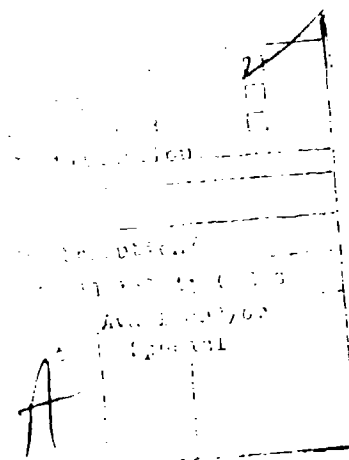
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How is the Federal Acquisition Regulation
Going to Affect Future Acquisition Managers

by

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Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

The objectives of this research are: (1) to review the initial development and drafting process of the Federal Acquisition Regulation (FAR), (2) to determine the extent of progress that has been achieved thus far, (3) to identify some of the handicaps now being encountered in the drafting of the FAR, (4) to evaluate and compare the FAR coverage in light of what it will supersede and (5) to evaluate the impact of these elements on future acquisition managers.

The result of this research indicates that the impact on acquisition managers in the way they conduct business will be minor to moderate at most. The FAR will not radically change the way procurement is being done, it will provide those involved with a better regulation with which to do their job. Those that are familiar with the current acquisition regulations will have no problems in transitioning to the FAR since the basic procedures and policies have not been changed, only improved and made more comprehensible.

TABLE OF CONTENTS

I.	INTRODUCTION-----	7
	A. OBJECTIVES OF RESEARCH-----	7
	B. RESEARCH METHODOLOGY-----	7
	D. SCOPE OF STUDY-----	8
	E. ORGANIZATION OF THE STUDY-----	9
II.	BACKGROUND-----	10
	A. CREATION AND FUNCTION OF THE OFFICE OF FEDERAL PROCUREMENT POLICY-----	10
	1. OFPP Functions-----	11
	B. THE PURPOSE OF THE FEDERAL ACQUISITION REGULATION (FAR)-----	13
	C. OFPP TASK GROUP ON ACQUISITION - FINDINGS ON THE FAR-----	14
	D. THE FEDERAL ACQUISITION REGULATION PROJECT OFFICE (FARPO)-----	17
	E. THE FEDERAL ACQUISITION REGULATION SYSTEM (FARS)-----	22
	F. PROBLEMS ENCOUNTERED IN DRAFTING THE FAR-----	25
III.	SELECTED COMPARISONS AND EXAMPLES OF FAR COVERAGE---	28
	A. COMPARISON OF FAR COVERAGE TO THE DAR AND FPR---	28
	1. FAR 15.4 - Solicitations and Receipt of Proposals and Quotations-----	28
	2. FAR 3.4 - Contingent Fees-----	34
	B. NEW COVERAGE ADDED BY THE FAR-----	35
	1. Coverage Not in the DAR or FPR-----	35
	2. Coverage in the DAR but not in the FPR-----	38

C.	FAR COVERAGE THAT IS MORE EXTENSIVE-----	42
D.	COVERAGE NOT INCLUDED IN THE FAR-----	42
IV.	CONCLUSIONS-----	60
A.	PREFACE-----	60
B.	RESEARCH QUESTION 1-----	60
C.	RESEARCH QUESTION 2-----	61
D.	RESEARCH QUESTION 3-----	62
E.	RESEARCH QUESTION 4-----	64
F.	RESEARCH QUESTION 5-----	65
G.	SUMMARY-----	67
	LIST OF REFERENCES-----	69
	INITIAL DISTRIBUTION LIST-----	71

I. INTRODUCTION

A. OBJECTIVES OF RESEARCH

The objectives of this research were: (1) to review the initial development and drafting process of the Federal Acquisition Regulation (FAR), (2) to determine the extent of progress that has been achieved thus far, (3) to identify some of the handicaps now being encountered in the drafting of the FAR, and (4) to evaluate and compare some of the FAR coverage in light of what it will supersede.

B. RESEARCH QUESTIONS

In conducting this project the following questions were addressed:

1. How did the FAR come about?; how is it being drafted?; and how is it apt to affect future acquisition managers?
2. What are some of the handicaps encountered in the drafting of the FAR?
3. What will and will not be included in the FAR and what the agency implementing and supplementing regulations will be?
4. Is the FAR making acquisition policy?
5. How successful is the FAR in complying with the recommendations of the Commission on Government Procurement and will it halt the proliferation of agency acquisition regulations?

C. RESEARCH METHODOLOGY

The information presented in this paper was obtained from the currently available literature on the subject of the FAR. This literature base includes Office of Federal Procurement Policy (OFPP) and Office of the Secretary of Defense (OSD) directives, texts of Congressional hearings [19,20], one study performed by the Logistics Management Institute (LMI) [11] and reports of the General Accounting Office (GAO). Additional information was obtained through interviews with key personnel at OFPP, the Federal Acquisition Regulation Project Office (FARPO) and the General Services Administration (GSA). Further information, peripheral data and insight was gained by the writer through assignment to the FARPO for approximately one year.

D. SCOPE OF THE STUDY

The scope of this study is limited to the Federal sector with emphasis on DOD. All literature, statements, opinions and comments with very minor exception were either obtained from Federal agencies' documents or made by Federal employees'. Comments from the private sector were not included since phase two of the drafting process, where industry comments will be reviewed and considered for inclusion in the final FAR coverage, has not yet started. This area could possibly be considered in future follow-on studies.

E. ORGANIZATION OF THE STUDY

This thesis contains four chapters. Chapter One has stated the objectives of the thesis, presented research questions that were addressed and provided the methodology that was employed in performing the research. It further outlined the scope and described the organization of the thesis.

Chapter Two presents the background and development of the FAR. It defines what the FAR is and is not, what it will and will not contain and what it will replace. It traces the FAR's development from the Commission's on Government Procurement recommendations (COGP) to its present status, and reviews the significant problems encountered in the drafting process.

Chapter Three assesses the impact on acquisition policy that the FAR may project and presents some examples of FAR coverage for comparison with the current regulations, the Defense Acquisition Regulation (DAR) and the Federal Procurement Regulation (FPR).

Chapter Four evaluates the probable success of the FAR and outlines the conclusions drawn from the material presented.

II. BACKGROUND

A. CREATION AND FUNCTIONS OF THE OFFICE OF FEDERAL PROCUREMENT POLICY

The Commission on Government Procurement in its report to Congress of December 31, 1972 characterized the Federal procurement regulatory framework as a "burdensome mass and maze of procurement and procurement-related regulations, including numerous levels of supplementing and implementing regulations, too many primary sources of regulations and numerous collateral procurement-related regulations, issued independently of, but nevertheless affecting the procurement process and organization." Additionally, the report criticized the existing procurement system as having no effective overall procedures for coordinating, controlling and standardizing regulations. There appeared to be no one in charge of government wide management of procurement regulations. The Commission's recommendation (A-10) dealing specifically with this issue was to "establish a system of Government-wide coordinated, and to the extent feasible, uniform procurement regulations under the direction of the Office of Federal Procurement Policy (OFPP), which will have the overall responsibility for development, coordination and control of procurement regulations." [1:38]

Congress responded to the commission's first (A-1) recommendations and passed Public Law 93-400, the OFPP Act, in

September 1974 which created OFPP and required it to establish a system of coordinated and, to the extent feasible, uniform procurement regulations for the executive agencies in accordance with applicable laws. Congress also amended Public Law 95-507, the Small Business Act and the Small Business Investment Act so that it authorized and directed the Administrator for Federal Procurement Policy "to promulgate a single, simplified, uniform Federal procurement regulation and to establish procedures for insuring compliance with such provisions by all Federal agencies." Further impetus to regulatory reform was added by the Federal Acquisition Act Bill (S-5) introduced in the 96th Congress by Senator Chiles [9]. If enacted, the Bill will provide authority and direction for the issuance of a single, simplified and uniform regulation [8]. Additionally, President Carter in his overall program for regulation reform has directed easing the burden of Federal regulations, simplifying them, writing in plain English, consolidating and reducing their number. The obvious intent is to reduce the paperwork burden and the associated costs. Similar recommendations have been expressed by the Federal Paperwork Commission and other Congressional interests.

1. OFPP Functions

Section 6(d) of P.L. 93-400 as amended in October of 1979 lists the functions of the Administrator of OFPP [17]. These are:

1. reviewing the recommendations of the Commission on Government Procurement to determine those recommendations that should be completed, amended or rejected, and to propose the priority and schedules for completing the remaining recommendations.

2. developing a system of simplified and uniform procurement policies, regulations, procedures, and forms;

3. establishing criteria and procedures for an effective and timely method of soliciting the viewpoints of interested parties in the development of procurement policies, regulations, procedures, and forms;

4. promoting and conducting research in procurement policies, regulations, procedures and forms, through the Federal Acquisition Institute which shall be located within the Office and directed by the Administrator;

5. establish through the Federal Procurement Data Center, which shall be located in the General Services Administration and acting as executive agent for the Administration, a computer based information system for collecting, developing, and disseminating procurement data which takes into account the needs of the Congress, the executive branch and the private sector;

6. recommending and promoting, through the Federal Acquisition Institute, programs of the Office of Personnel Management and executive agencies for recruitment, training, career development and performance evaluation of procurement personnel;

7. developing for the inclusion in the uniform procurement system to be submitted under section 8(a), standard contracts and contract language in order to reduce the Government's costs of procuring goods and services, as well as the private sector's cost of doing business with the Government; and

8. providing leadership and coordination in the formulation of executive branch positions on legislation relating to procurement. [16]

To comply with the above direction the OFPP undertook in January 1978 a most ambitious project of acquisition regulatory reform ever undertaken within the Federal Government [12]. This project supports President Carter's demands

for regulatory reform and the Office of Management and Budget's (OMB) emphasis on streamlining management, as related to Federal procurement.

The product of this effort will be a new Federal Acquisition Regulation System applicable to all Federal executive agencies. The foundation for this new system will be the Federal Acquisition Regulation (FAR), presently in the final drafting stages.

B. THE PURPOSE OF THE FEDERAL ACQUISITION REGULATION

The FAR will replace the Federal Procurement Regulations (FPR) and major portions of the Defense Acquisition Regulation [3] to become the sole regulation governing Federal acquisition. To the extent feasible the FAR will bring about uniformity in all regulatory coverage except that made inconsistent by the existing statutes. When published the FAR will be the single uniform regulation applicable to all executive agencies governing the acquisition of; (a) property (supplies) except real property, (b) services, (c) research and development, and (d) construction, alteration, repair, and maintenance of real property. The FAR will not regulate grants and cooperative agreements, or contracts using only nonappropriated funds. "The FAR provides coordination, simplicity and uniformity in the Federal acquisition process. It arrests and reduces the proliferation of acquisition regulations." [14,15]

The uniform regulation will specify for all executive agencies those policies, procedures, solicitation provisions, contract clauses, and contracting forms that can and should be the same for all agencies. Compared to the DAR and FPR the current primary acquisition regulations, the FAR will contain some policy changes and some new policies. Even though, making or changing acquisition policies is not the intent of the FAR, some changes will inevitably result as a by product. These changes result from: (a) resolving differences between current regulations, (b) implementing some COGP recommendations, and (c) simplifying and updating DAR and FPR coverage [14].

C. OFPP TASK GROUP ON ACQUISITION-FINDINGS ON THE FAR

A recent task group study reported the following about the FAR: [14:39]

Adoption of the FAR will eliminate the FPR, because the FAR will fulfill for all agencies the functions currently performed by the FPR for agencies other than DOD and NASA. It will also change the nature of the DAR and the NASA Procurement Regulations from free-standing, complete regulations to greatly reduced agency acquisition regulations implementing and supplementing the FAR. Other agency regulations that supplement the FPR will also be reduced, since the FAR will be more comprehensive than the current FPR.

A major source of increased uniformity is that the FAR will include many subjects now covered by the DAR, but not by the FPR. Examples include options, multi-year contracting, organizational conflicts of interest, value engineering, contractor purchasing systems reviews, expert and consultant services, duty and customs and production surveillance and reporting. In other cases, such as Government property and quality assurance, the FAR will provide more comprehensive coverage of subjects for which the FPR provides limited coverage. The FAR will also cover some subjects such as acquisition and distribution of commercial products and major system acquisitions, not previously covered, as such, in either the DAR or FPR.

For most subjects on which both the FAR and FPR already provide comprehensive coverage, the DAR and FPR are identical or very similar. There are some differences resulting from statutes. In some cases, such as the differences between negotiation authorities under 10 U.S.C. 2304 and under 41 U.S.C. 253, the FAR will cover both statutes and specify the differences. In others, such as cost accounting standards, the FAR will extend by policy to civil agencies, sometimes in modified form, statutory requirements that apply to Defense contracts. Similar policy extensions have been previously used in the FPR.

An area of considerable potential affect on contracting officers is presented by the following finding of the Task Group.

The FAR will cover delegation or withholding of contract administration functions and responsibilities. In areas that cut across contractor organizations and multiple contracts, the FAR will provide for the cognizant contract administration agency to act under a uniform rule structure for all agencies. Examples include settlement of indirect costs (overhead), contractor purchasing system reviews, and waiver of Government surveillance requirements.

The FAR will include fewer contract clauses than the DAR but more than the FPR. Some DAR clauses are peculiar to DOD. Others are being combined or made alternates to basic clauses. The FAR will provide uniform solicitation provisions and contract clauses for common contract types and purposes. It will prescribe clearly defined alternates when necessary to accommodate varying situations. The FAR will prescribe a uniform method of incorporating solicitation provisions and contract clauses by reference that applies not only to those prescribed in the FAR, but also to any prescribed by agency level acquisition regulations. It will also prescribe a uniform contract format for use in most solicitations and contracts. In addition, selected DOD forms, such as those for documenting pre-award surveys, are being revised and converted to standard forms, and existing standard forms for solicitations and contracts are being reviewed and updated.

D. THE FEDERAL ACQUISITION REGULATION PROJECT OFFICE

The Federal Acquisition Regulation Project Office (FARPO) was created in January 1978 under the direction and guidance of OFPP [5]. Since the new Federal Acquisition Regulation covers both civilian and DOD procurements it was only natural that both sides have a part in this undertaking. The Office of Management and Budget tasked OSD and GSA to take leading roles in the preparation of the regulation. Because GSA already had a Federal procurement regulations staff, it was decided to merely add on the additional workload to the existing staff and hope for the best. On the DOD side there was no existing office that could easily absorb the new task, except perhaps the ASPR committee (now DAR), instead FARPO was established by OSD as a focal point for all action required to accomplish the task. OSD then directed each of the services and Defense Logistics Agency (DLA) to provide senior procurement personnel on a loan basis for a period from one to two years [4]. As a result the project office is staffed by procurement, legal and editorial experts from all services and DLA. Counting all personnel the office originally consisted of 40 personnel ranging in grade from GS-3 to GS-15 and from 0-3 to 0-6. Figure 2.1 is an organization chart that will aid in clarifying the organization structure and figure 2.2 the work flow.

Current as of June 1979

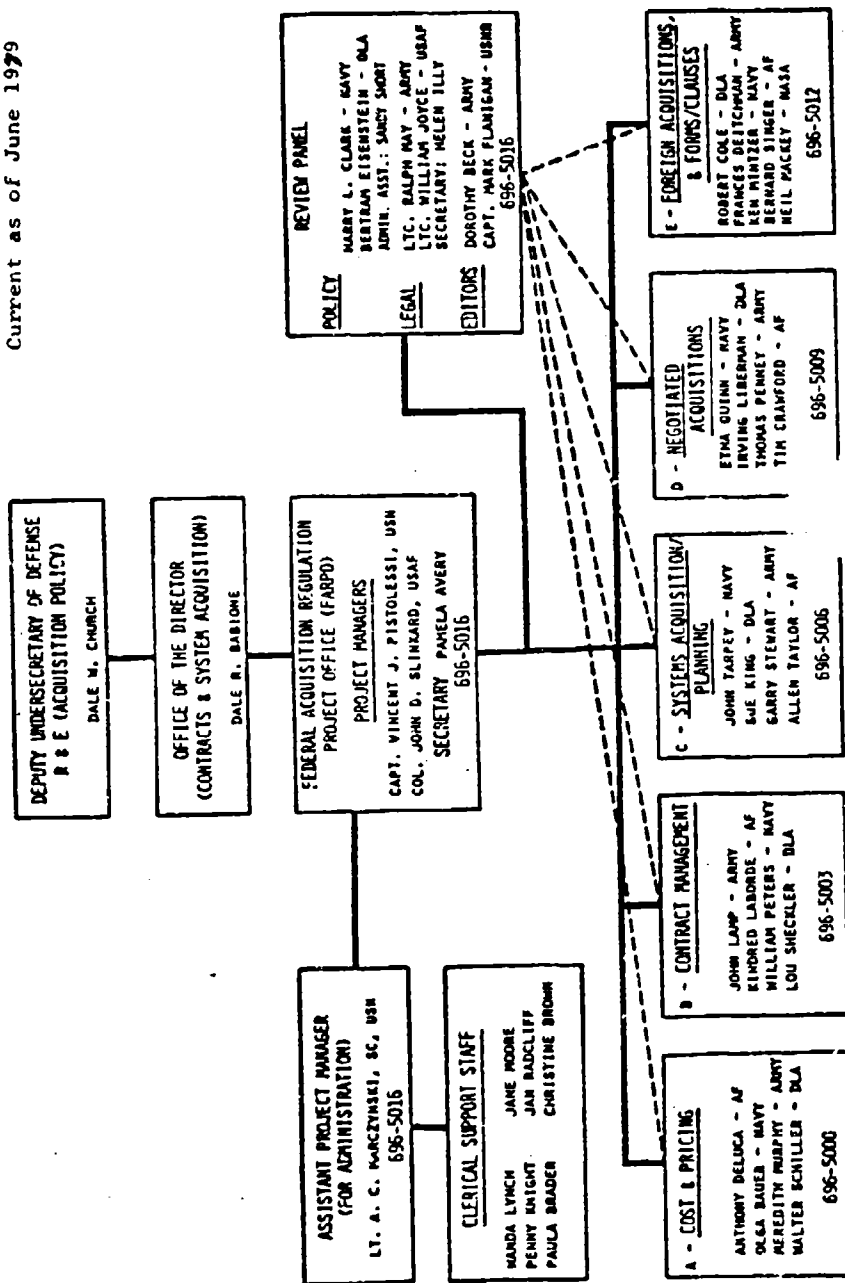


FIGURE 2-1

A general overview of the work flow is as follows; the five drafting panels write the DOD FAR material which is then reviewed by a panel consisting of high level policy members, legal and editorial specialists to insure technical, legal and editorial adequacy [6]. After each DOD section of the regulation is drafted, reviewed internally and coordinated with GSA, the proposed FAR material is submitted to OFPP, which after further review sends it out for public comment and official agency input. As can be imagined, this is a sizable undertaking and has taken more time than initially predicted [7].

From the inception of the project, it was envisioned that a sizable clerical support staff would be required to keep up with the voluminous amounts of draft material needing typing and retyping throughout the various review and comment phases of a draft. Initially each drafting panel was assigned a secretary to take care of their respective clerical needs. This arrangement worked until the workload of each panel exceeded the capabilities of the typist. Prior to reaching this point an effort was started to investigate the availability of word processing systems that could be used by the office and that would require the minimum time to install and operate [21]. Several systems were available and appeared to offer promises of faster processing and the ability to deal with vast amounts of input data. However, before a decision was reached on this task, it was learned that OFPP, had a small contract for word processing and preferred that the FAR

project offices add their requirements to its contract. Thus it was most expedient to add other customers to the current contract and lease the additional required equipment. By looking at the work flow chart, figure 2.2, and figure 2.1, the organization chart, it is not self evident that the word processing staff was a vital link in the workflow of the project office. Normally the bulk of the work was generated by the five drafting panels who submitted in hand written roughs to the word processing center for initial input. Special input forms were used to insure proper storage and later retrieval of material. After input a copy would be printed and returned to the drafting panel which would review and revise it until a satisfactory draft was ready for the review panel. The review panel would revise and, in some cases, rewrite the original version and have it stored in the system. After several reiterations of this process through the editors and finally the project managers a final official version of the draft would emerge.

As can be expected each time the document came to word processing for revision, it was on an urgent job order with required due time/date that probably had passed or couldn't be attained. This was especially true the closer the specific project was to getting reviewed by the project managers.

Because of the size, complexity and urgency of the project the computer based word processing system was used by DOD, GSA and OFPP. Once the initial operator and equipment problems

were resolved the system proved to be a valuable asset to the efficient operation of the project offices. The word processing system facilitates draft revisions, search, storage for historical purposes, variable formatting and composition for final printing by the Government Printing Office (GPO). [23]

E. THE FEDERAL ACQUISITION REGULATION SYSTEM

The Federal Acquisition Regulation will be the first single uniform acquisition regulation to be developed and used by the Federal Government. It applies to all Federal acquisitions of property and services with appropriated funds.

The FAR is designed to bring greater coordination, simplicity and uniformity into the Federal acquisition process and to reduce proliferation of diverse and inconsistent acquisition regulations. It is expected that through its use millions of dollars will be saved and doing business with the Government will be easier. The FAR will be published as Chapter 1 of Title 48 of the Code of Federal Regulations. The remaining chapter of Title 48 will be assigned to agency implementing and supplementing regulations.

Provisions in the FAR (Subpart 1.3) have been established to both control the issuance of agency regulations and limit their number. Specific guidelines are provided as to the type of regulations that agencies cannot issue. However, one weakness in this area that was pointed out in the latest GAO report on the recommendations of the Commission on Government

Procurement is that the FAR does not clearly state the kinds of regulations that may be issued. Thus there remains some doubt as to the effectiveness in controlling future regulation proliferation. [2:10]

An OFPP survey and study of Executive Agency procurement regulations further verified the commission's conclusions as well as further quantified the extent of the procurement regulation proliferation problem. [13] This study located 877 different sets of procurement related regulations totaling 64,570 pages currently being used by executive agencies, departments and bureaus. The OFPP survey reflected a total absence of regulatory management of lower level procurement regulations throughout the Executive Branch. The intent of the FAR system is to consolidate, rewrite and substantially reduce or replace these lower level regulations. The system will allow a limited number of regulations issued by the agencies to implement the FAR where implementation is essential to agency operations. There is a general prohibition throughout the regulation system against changing, restatement or paraphrasing of higher level regulatory coverage. Additionally, all lower level regulations within the FAR system will be reviewed and approved at a higher level and published in Code of Federal Regulations. They will parallel the FAR in format and numbering system and will be subject to the same public participation rules as the FAR itself.

The OFPP Survey and Study proposed seven recommendations to provide an effective mechanism to control and limit acquisition regulation proliferation. These recommendations provided the foundation for Part 1 of the FAR-Federal Acquisition Regulation System.

According to the study an effective control mechanism should include the following elements: [13]

1. A single government wide system of acquisition regulations encompassing all policies and procedures necessary for Federal officials to perform their acquisition functions, without reference to any other regulatory documents outside of the system;
2. A single format, arrangement and numbering system for all acquisition regulations with implementing and supplementing regulations numbered to correspond with the coverage being implemented and supplemented;
3. A general prohibition throughout the regulation system against changing, restatement or paraphrasing of higher level regulatory covering;
4. An ongoing system of active oversight over implementing and supplementing regulations including specific higher level authorization for the issuance of such regulations and higher level review and approval of proposed regulations prior to issuance;
5. Publication of all acquisition regulations in the Code of Federal Regulations under a single Title, to facilitate oversight and public accessibility;
6. Implementation within the acquisition regulations of those particular socio-economic and other collateral requirements which have the effect of regulating the acquisition process; and
7. Consolidation and standardization of common regulatory coverage at the highest practicable level within the regulation system.

Compliance with the FAR and conversion of the FAR system will entail an extensive amount of work and will take a long

time. Major executive departments and agencies will have to start from the outset in determining unique regulatory requirements, authorizing the issuance of essential implementing regulations, developing those regulations within the FAR structure and issuing them through the Federal Register. The final product should be a coordinated and rational government-wide system of acquisition regulations in keeping with the Commission on Government Procurement recommendations.

F. PROBLEMS IN DRAFTING THE FAR

One of the difficulties in producing a single uniform regulation is that two statutes have to be accommodated. Acquisitions for DOD and NASA are carried out under the Armed Services Procurement Act 10 U.S.C. 2304(a) while the civilian agencies are governed by the Federal Property and Administrative Service Act, 41 U.S.C. 252(c). The Chiles Bill (S-5) which is still pending in Congress would establish a single statute for all of the Federal Government. Until the bill is passed those provisions not constrained by current law in S-5 are being incorporated in the FAR [24,25].

The COGP in its report noted that it had found more than 30 troublesome inconsistencies between the two Acts and cited that fact among the reasons supporting enactment of a new consolidated acquisition statute such as S-5 [1]. Many of the statutory differences have been resolved in the DAR and FPR through adoption of common regulatory policy. For example,

the FPR adopted requirements governing Truth in Negotiations (PL 87-653), the requirements for Cost and Pricing Data, even though that Act applies only to defense agencies.

Different statutory requirements add to the problems of drafting the FAR and have to be recognized. A good example of this is found in the authority to negotiate contracts. Agencies operating under 10 U.S.C. have authority to negotiate in the interest of national defense or industrial mobilization, or for technical or specialized supplies requiring substantial initial investment or an extended period of preparation for manufacture. Agencies under 41 U.S.C. do not have this authority. In addition the COGP pointed out in its report that there were several differences between 10 U.S.C. and 41 U.S.C. involving circumstances under which determinations and findings were required when formal advertising was not used. These differences have since been resolved through adoption of common regulatory policy and reflect this in the FAR. It is realized that when S-5 or a similar bill passes portions of the FAR already drafted will have to be revised to conform to the new statute [22].

Extensive research was done to evaluate the possibility of adopting commercial practices in the FAR. The services of Professor John Whelan of the Hastings College of Law were used to assist in analyzing the feasibility of adopting portions of the Uniform Commercial Code (UCC). It is clear that the UCC cannot be incorporated into the FAR in any wholesale

fashion; application will have to be made on a selective basis. Much of the UCC is not directly applicable to Government contracting, however, some possibilities have been identified. For example, possible changes to clauses covering inspection and acceptance and warranties. These changes would have significant effects including assigning more risk to the contractor than under existing clauses [18]. The potential result of such changes requires careful evaluation and an impact study before they are introduced in the FAR.

The drafters of the FAR are using zero base analysis and writing which has contributed to the slow progress the FAR has achieved thus far [6]. This zero basing concept will result in a regulation that is simple, clear and understandable.

Basic questions asked for this task include:

Is the material necessary? Is it stated clearly? Is it required by law? Can it be stated in fewer words? Is it organized properly? If a complete rewrite is constrained by statute or otherwise an attempt is made to improve the coverage by better organization and clearer writing. Whether the material is completely rewritten or improved by better organization and editing, it is further analyzed to see if it can be combined or relocated in a way that will be more helpful to the user of the FAR. [18]

III. SELECTED COMPARISONS AND EXAMPLES OF FAR COVERAGE

A. COMPARISON OF FAR COVERAGE TO THE DAR AND FPR

This section looks at two subparts of the FAR, 15.4 - Solicitation and Receipt of Proposals and Quotations and 3.4 Contingent Fees. Each of these subparts has been chosen as representative of the extensive rewriting, zero basing and organizing of material that is involved in the drafting of the FAR. The final product being much easier to understand and follow. Improvements in brevity, organization and clarity are achieved through the rigorous process of reviewing and revising. Improvements in currency and internal consistency as well as citations to external documents are also made.

In writing the FAR, the project offices rigorously examine, compare, and account for all coverage contained in the DAR and FPR, preserve the historical basis for the FAR represented by the DAR and FPR and document the source and rationale for any changes. Other agency regulations, such as the NASA PR and DOE PR, statutes, executive orders, Comptroller General decisions and policy letters are fully considered to insure compatibility. [14]

1. FAR 15.4 - Solicitation and Receipt of Proposals and Quotations

By reviewing the proposed FAR 15.4 table of contents, it becomes evident that a new uniform contract format is being presented (Exhibit 3-1). Standard Form 33 Table of Contents has been revised to correspond to the new format (Exhibit 3-2).

de

FEDERAL ACQUISITION REGULATION (FAR)

BA
(1)
(2)

SOLICITATION, OFFER AND AWARD

3 CERTIFIED FOR NATIONAL DEFENSE UNDER DD FORM 101-2 AND LTR 001-2 REG 1

4 PAGE 1 OF 1

1 CONTRACT NO	2 SOLICITATION NO	3 DATE ISSUED	4 ALLOCATION/PURCHASE REQUEST NO
<input type="checkbox"/> ADVERTISED OFFER <input type="checkbox"/> NEGOTIATED OFFER			
7 ISSUED BY		8 ADDRESS OFFER TO (If other than mail)	

In advertised solicitations "offer" and "offeror" shall be construed to mean bid and bidder

SOLICITATION

9. Sealed offers in original and _____ copies for furnishing the supplies or services in the Schedule and be received at the place specified in block 8, or if none specified, at the depository located in _____ until _____ local time _____

If this is an advertised solicitation, offers will be publicly opened at that time.

CAUTION - LATE OFFERS: See Section L, Provision No. 52.214-XX or 52.215-9.

All offers are subject to all terms and conditions contained in this solicitation.

FOR INFORMATION CALL (Name & telephone no) (No contracts call)

10.		TABLE OF CONTENTS			
11.1	SEC	PAGE(S)	11.2	SEC	PAGE(S)
PART I - THE SCHEDULE			PART II - CONTRACT CLAUSES		
A	Solicitation/Contract Form		I	Contract Clauses	
B	Supplies or Services and Prices		PART III - LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS		
C	Quantities or Performance		J	List of Documents, Exhibits, and other Attachments	
D	Packaging and Marking		PART IV - REPRESENTATIONS AND INSTRUCTIONS		
E	Inspection and Acceptance		K	Representations, Conditions and other Instructions of Offeror or Quotations	
F	Delivery or Performance		L	Instructions, Conditions, and Notices to Offerors or Quotations	
G	Contract Administration Data		M	Evaluation Factors for Award	
H	Some of Contract Requirements				

OFFER (must be fully completed by offeror)

In compliance with the solicitation, the offeror agrees, if this offer is accepted within _____ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified in the solicitation, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

12. DISCOUNT FOR PROMPT PAYMENT (See Section K, Provision No. 52.200-1)

13. OFFEROR		14. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER	
CODE _____ FACILITY CODE _____ NAME AND ADDRESS (Street, city, county, State and ZIP code) AREA CODE AND TELEPHONE NO (If) _____		SIGNATURE _____ OFFER DATE _____	

AWARD (To be completed by Government)			
15. AMOUNT	16. ACCOUNTING AND APPROPRIATION DATA		
20. SUBMIT INVOICES (If copies, specify number to submit)	21. NEGOTIATED PURSUANT TO		
TO ADDRESS SHOWN IN BLOCK _____	16 USC 2501-11 _____		
22. ADMINISTERED BY (If other than block 13)	23. PAYMENT WILL BE MADE BY		
CODE _____	CODE _____		
24. NAME OF CONTRACTING OFFICER (Type or print)	25. UNITED STATES OF AMERICA	26. AWARD DATE	
	BY (Signature of contracting officer)		

Standard Form 33-1 Edition Prescribed by GPO, FAR (48 CFR 53.200-1)

EXHIBIT 3-2

The description of a uniform contract format in FAR 15.406-1 as well as the general instructions for the content of each part and section of the new format will provide increased Government-wide standardization in solicitations and contracts. Part IV of the uniform contract format groups solicitation representations and instructions and provides for removal of this part at the time of contract award and incorporating by reference its salient features in the distributed copies of the contract, thus saving both reproduction and mailing costs. (Exhibit 3.3)

To add further uniformity and clarity to the procurement process FAR 15.407 does not provide for an alternate procedure for consideration of late proposals as allowed in FPR 1-3.802-2. FAR coverage provides only for the basic provision currently in both the DAR and FPR regarding late proposals. OFPP's rationale for this treatment is twofold, first by stipulating one treatment of late proposals it will insure consistent Government wide application. In addition, by eliminating the alternative method of considering late proposals the risks of protests or unfair treatment is substantially reduced.

Another significant proposed change in the FAR coverage is in dealing with Standard Form (SF) 33 and 33A. The FAR coverage will eliminate solicitation provisions from SF 33 and eliminate SF 33A completely. This is in keeping with the general attempt to eliminate provisions and clauses from

<p>1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)</p> <p>TABLE OF CONTENTS</p> <table border="1"> <thead> <tr> <th>Section</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td colspan="2">Part I--The Schedule</td> </tr> <tr> <td>A</td> <td>Solicitation/contract form</td> </tr> <tr> <td>B</td> <td>Supplies or services and prices</td> </tr> <tr> <td>C</td> <td>Description/specifications</td> </tr> <tr> <td>D</td> <td>Packaging and marking</td> </tr> <tr> <td>E</td> <td>Inspection and acceptance</td> </tr> <tr> <td>F</td> <td>Deliveries or performance</td> </tr> <tr> <td>G</td> <td>Contract administration data</td> </tr> <tr> <td>H</td> <td>Special contract requirements</td> </tr> <tr> <td colspan="2">Part II--Contract Clauses</td> </tr> <tr> <td>I</td> <td>Contract clauses</td> </tr> <tr> <td colspan="2">Part III--List of Documents, Exhibits, and Other Attachments</td> </tr> <tr> <td>J</td> <td>List of documents, exhibits, and other attachments</td> </tr> <tr> <td colspan="2">Part IV--Representations and Instructions</td> </tr> <tr> <td>K</td> <td>Representations, certifications, and other statements of offerors or quoters</td> </tr> <tr> <td>L</td> <td>Instructions, conditions, and notices to offerors or quoters</td> </tr> <tr> <td>M</td> <td>Evaluation factors for award</td> </tr> </tbody> </table>	Section	Title	Part I--The Schedule		A	Solicitation/contract form	B	Supplies or services and prices	C	Description/specifications	D	Packaging and marking	E	Inspection and acceptance	F	Deliveries or performance	G	Contract administration data	H	Special contract requirements	Part II--Contract Clauses		I	Contract clauses	Part III--List of Documents, Exhibits, and Other Attachments		J	List of documents, exhibits, and other attachments	Part IV--Representations and Instructions		K	Representations, certifications, and other statements of offerors or quoters	L	Instructions, conditions, and notices to offerors or quoters	M	Evaluation factors for award	<p>2. Code (1) R</p> <p>FEDERAL ACQUISITION REGULATION (FAR)</p> <p>TABLE 15-2</p> <p>Uniform Contract Format</p>	<p>3. Code (1) R</p> <p>FEDERAL ACQUISITION REGULATION (FAR)</p> <p>TABLE 15-2</p> <p>Uniform Contract Format</p>	<p>4. Code (1) R</p> <p>FEDERAL ACQUISITION REGULATION (FAR)</p> <p>TABLE 15-2</p> <p>Uniform Contract Format</p>
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1. Table 15.2 is based on the DAR table of contents for the uniform contract format (UCF) approved for DOD's use on the SP33. Part IV of the UCF is located as the final part to reduce paperwork in the preparation of a resulting contract through incorporating Part IV into the contract by reference.

EXHIBIT 3-3 (continued)

standard forms except those for small business. The rationale as stated in FAR 15.4 commentary is: [10]

The practice of printing provisions and clauses on standard forms has resulted in the obsolescence of portions of the forms and the need for corrective alterations and additions in solicitations and contracts for long periods while the forms were revised, printed and distributed. In some cases solicitation provisions and contract clauses printed on the forms are not prescribed and set forth elsewhere in the DAR and FPR or are prescribed in the regulation in a longer version than the condensed version printed on the form. The FAR will enhance incorporation of solicitation provisions and contract clauses by reference. Its uniform contract format will tend to standardize the general location of material in solicitations and contracts. In addition, advances in reproduction and computer technology are increasing the availability, and lowering the costs of alternative means of preparing solicitations and contracts. Since most acquisitions, other than small purchases, require at least some provisions or clauses in addition to those now preprinted on standard forms, we consider that those provisions and clauses that need to be printed in full text can be more efficiently printed, along with those peculiar to the acquisition or organization involved, by automated means or by reproduction at the contracting office or other appropriate level within the agencies.

2. FAR 3.4 Contingent Fees

Subpart 3.4 of the FAR deals with contingent fees. It prescribes policies and procedures that restrict contingent fee arrangements for soliciting or obtaining Government contracts to those authorized by 10 U.S.C. 2306(b) and 41 U.S.C. 254(a). These laws further provide that in case of breach or violation of the warranty by the contractor the Government may annul the contract without liability or deduct from the contract price the full amount of the contingent fee. This subpart has had a major rewrite and its final product

represents a successful effort in achieving better organization of material, clearer and more understandable coverage, as well as concise guidance for the contracting officer in how to evaluate and review contingent fee representations and arguments submitted by the contractors (Exhibit 3-4). [10]

B. COVERAGE ADDED BY THE FAR

1. Coverage not in the DAR or FPR

The primary examples of totally new coverage that is not in either the DAR or the FPR is the inclusion of coverage on Major System Acquisitions (FAR 34) and the Acquisition and Distribution of Commercial Products (ADCOP) (FAR 11). Since the coverage on major systems acquisition has not yet been published, only the coverage on ADCOP is presented as an example of new material.

The OFPP first issued the policy on the ADCOP in May of 1976. This resulted from one of the recommendations of the Commission on Government Procurement (D-6) which stated that OFPP should be assigned responsibility "for policies to achieve greater economy in the procurement, storage and distribution of commercial products used by the Federal agencies."

This part sets forth policies and procedures to allow agencies to take advantage of the efficiencies of the commercial market place and to prevent the development of duplicative and overlapping Government systems for the procurement and supply of common commercial products. Specific objectives of this part are to: [10]

1. DEFENSE ACQUISITION REGULATION (DAR/ASDR)

3. 1.408-1-101 has been added to state clearly the contracting officer's responsibilities for evaluating SF 119 and determining whether a contingent fee arrangement meets the statutory exceptions. Review above the contracting officer's signature and the 1.408-101 because difficult judgments may be required in determining if improper influences are directed.

(DAR 1-505.3(c), pg 22 and 1-50.4(c), pg 24)

(DAR 1-505.3, pg 22)

3. FEDERAL PROCUREMENT REGULATIONS (FPR)

3. 1.408-1-101 has been added to state clearly the contracting officer's responsibilities for evaluating SF 119 and determining whether a contingent fee arrangement meets the statutory exceptions. Review above the contracting officer's signature and the 1.408-101 because difficult judgments may be required in determining if improper influences are directed.

(FPR 1-504-4(c), pg 22 and 1-504-5(c), pg 23)

(FPR 1-504-4, pg 22)

COMMENTARY: 3. FPR 1.408-101 has been added to state clearly the contracting officer's responsibilities for evaluating SF 119 and determining whether a contingent fee arrangement meets the statutory exceptions. Review above the contracting officer's signature and the 1.408-101 because difficult judgments may be required in determining if improper influences are directed.

3. FEDERAL ACQUISITION REGULATION (FAR)

3.406 Award before receipt of SF 119.

Contracting Officers may award formally advertised negotiated contracts may not be awarded before receipt and evaluation of the SF 119 or statement, unless specifically approved by the chief of the contracting office.

3.407 Failure or refusal to furnish SF 119.

If the prospective contractor fails or refuses to furnish SF 119 or the statement in response to the contracting officer's request, the chief of the contracting office shall determine whether to make further efforts to secure the SF 119 or statement or to initiate appropriate actions under 3.409.

3.408 Evaluation of SF 119.

3.408-1 Responsibilities.

(a) The contracting officer shall evaluate the SF 119 and all related information to determine--

(1) Whether a contingent fee arrangement exists between the prospective contractor and a person or company other than a full-time bona fide employee working solely for the prospective contractor; and

(2) When such a contingent fee arrangement does exist, whether it meets the statutory exception permitting contingent fee arrangements with bona fide employees or agencies.

(b) The contracting officer's evaluation, conclusion, and any proposed actions shall be reviewed at a level above the contracting officer.

3.408-2 Evaluation criteria.

(a) Improper influence. By definition (see 3.401), a bona fide employee or bona fide agency neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts. If the contracting officer decides that there is a reasonable basis to conclude that improper influence has been or will be exerted or proposed, the employee or agency shall not be considered bona fide.

(b) Bona fide employee. An employee may be bona fide, but not work on a full-time basis solely for the contractor; e.g., small business concerns may need to employ persons who also represent other concerns. Prospective contractors must disclose such arrangements in the representation and agreement and submit SF 119 or the statement. However, contingent compensation arrangements with bona fide employees, customary in the trade, are within the statutory exception and are not prohibited. In determining whether an employee is bona fide, the contracting officer shall--

1. D. FENSE ACQUISITION REGULATION (DAR/ASDR)	2. Code	3. FEDERAL PROCUREMENT REGULATION (FAR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
(DAR 1-505.3, pp 22)		(FAR 1-504-4, pp 22)	DAR	<p>(1) Compare the employment arrangement to the definition of bona fide employee in 3.403;</p> <p>(2) Consider the criteria in subparagraphs (c)(1), (2), and (5) below, as appropriate; and</p> <p>(3) Consider the continuity of employment. The employment must contemplate some continuity and not be solely for obtaining one or more Government contracts.</p> <p>(c) Bona fide agency. In determining whether an agency is bona fide, the contracting officer shall compare the arrangement, in its entirety, to the definition of bona fide agency in 3.403. In interpreting the word "established commercial or selling agency maintained by a contracting officer for the purpose of securing business," the contracting officer shall consider the following factors, but must recognize that no single factor or combination dictates a particular overall conclusion:</p> <p>(1) The fee should not be inequitable or exorbitant when compared to the services performed or to customary fees for similar services related to commercial business.</p> <p>(2) The selling agency should have adequate knowledge of the contractor's products and business, as well as other qualifications necessary to sell the products or services on their merits.</p> <p>(3) The contractor and the agency should have a continuing relationship or, in newly established relationships, should contemplate future continuity.</p> <p>(4) The agency should be an established concern that has existed for a considerable period, or be a newly established going concern likely to continue in the future.</p> <p>(5) While an agency that confines its selling activities to Government contracts is not disqualified, the fact that an agency represents the contractor in both Government and commercial sales should receive favorable consideration.</p>
(DAR 1-505.4, pp 23-24)		(FAR 1-5.1-5, pp 23-24)	MR	

COMMENTS:

1. reduce acquisition lead time;
2. ensure the acquisition of products that meet users needs;
3. increase competition for Government contracts;
4. strengthen the commercial industrial base;
5. reduce unnecessary Government investment in inventories and accompanying storage, handling, and distribution costs; and
6. take advantage of commercial quality assurance, warranties, and installation, maintenance, and repair services.

This part goes a long way towards ensuring economy and efficiency in the Federal procurement process. It requires agencies to conduct market research and analysis prior to selecting an acquisition strategy for commercial products. It further requires the use of acceptable commercial products and commercial distribution systems (Exhibit 3-5).

2. Coverage that is in the DAR but not the FPR

To improve the uniformity of Federal procurements, the FAR will replace the FPR completely. In doing so the new regulation will satisfy all the requirements previously filled by the FPR. The FAR will expand on the FPR by including the following in its coverage: organizational conflicts of interest (FAR 9.5), multi-year contracting (FAR 17.1), options (FAR 17.2), customs and duty (FAR 25), expert and consulting services (FAR 37), contractor purchasing system reviews (FAR 44), production surveillance and reporting (FAR 42.11), and value engineering (FAR 48).

1	DEFENSE ACQUISITION REGULATION (DAR/ASR)	2	3	4	5
			<p>GENERAL PRINCIPLES OF REGULATION (GPR)</p>	<p>GENERAL PRINCIPLES OF REGULATION (GPR)</p>	<p>GENERAL PRINCIPLES OF REGULATION (GPR)</p>
					<p>GENERAL PRINCIPLES OF REGULATION (GPR)</p>

COMPLETARY

3

EXHIBIT 3-5

1. DEFENSE ACQUISITION REGULATION (DAR) ACQUISITION	2. DEFENSE ACQUISITION REGULATION (DAR) ACQUISITION	3. DEFENSE ACQUISITION REGULATION (DAR) ACQUISITION	4. DEFENSE ACQUISITION REGULATION (DAR) ACQUISITION
<p>11.005 Acceptability.</p> <p>(a) The acceptability of commercial products to meet Government needs should be decided on the basis of quality, reliability, performance, product life, and logistics support requirements.</p> <p>(b) When a defined Government need cannot be met precisely by an available commercial product, consideration shall be given to the acceptability of modified commercial products. When product modifications are considered, a cost/benefit trade-off analysis shall be made. Factors to be considered in this analysis include--</p> <p>(1) An estimate of the cost of modification and impact on supply support capabilities, compared with the estimated costs of a Government-specified item;</p> <p>(2) Delivery schedules for modified commercial products, compared with those required for a Government-specified item; and</p> <p>(3) The impact on competition in current and planned acquisitions.</p> <p>(c) When user needs previously fulfilled by acquisition of products produced under detailed specifications are to be fulfilled by acquisition of commercial or commercial-type products under this Part 11, the contracting officer must consider the impact on previous producers, particularly those that are small or disadvantaged business concerns. Provided that they meet user needs, products previously produced and acquired under detailed specifications shall be considered for acquisition. The contracting officer shall limit the period in order to give producers time to develop commercial markets. The contracting officer shall determine the period to be allowed on a case-by-case basis after consultation with the previous producers, technical personnel, and the activity's small and disadvantaged business utilization specialists.</p> <p>11.006 Evaluation and award.</p> <p>(a) Adequate market research and analysis will establish either the practicability of making an award on price alone or the need to consider other factors. When other factors are to be considered, the evaluation criteria shall permit consideration of the benefits to be derived by trade-offs, where feasible, among product capability, price, delivery, distribution costs, and operation and support costs.</p> <p>(b) Government testing and Government-established and-monitored quality assurance requirements shall be held to a minimum when market research and analysis reveals commercial or commercial-type products that have demonstrated acceptability and reliability in meeting</p>	<p>NA</p>		

COMMITTEE

5

EXHIBIT 3-5 (continued)

FAR 42.11 Production Surveillance and Reporting applies to all contracts for supplies and services, including research and development and overhaul and repair contracts but excludes facilities and construction contracts. This part has been simplified and made somewhat briefer and yet provides the necessary policy and procedural guidance for the contracting officer. It emphasizes that the responsibility for proper contract performance rests with the contractor with the Government maintaining the necessary surveillance to protect its interests (Exhibit 3-6).

C. FAR COVERAGE THAT IS MORE EXTENSIVE

Both the DAR and the FPR have coverage on Government property, however, the FPR provides only very limited coverage of the topic. The FAR (FAR 45) coverage is much more inclusive and will satisfy the requirements of all Federal agencies. It prescribes policies and procedures for providing Government property to contractors and contractors use, management, and record keeping related to such property. By examining the table of contents of Part 45 of the FAR, it becomes evident that material from DAR Sections 13, 24, DAR Appendices B and C and FPR 1-8.5 has been greatly consolidated and reorganized as Part 45 of the FAR (Exhibit 3-7).

D. COVERAGE NOT INCLUDED IN THE FAR

The FAR will not prescribe policies or procedures that are unique to a single agency or department. Those specific

procedures and policies will have to be covered in agency acquisition regulations. These agency regulations will not be allowed to repeat or conflict with the FAR. They may include specific delegation of authority and internal organizational and procedural matters necessary to carry out FAR policies and procedures.

Exhibits 3-8 and 3-9, Coverage on Multi-year Contracting and Options respectively, illustrate those portions of the DAR (Column 1) that will not be included in the FAR, (coded OS in column 2) because the material deals strictly with the Department of Defense.

1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL PROCUREMENT REGULATIONS (FPR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>SECTION XIV - PRODUCTION SURVEILLANCE AND REPORTING</p> <p>TABLE OF CONTENTS</p> <p>25-000 Scope of Section 25-001 Applicability 25-002 General policies</p> <p>Part 1 - Production Surveillance</p> <p>25-100 Definitions 25-101 Production Surveillance 25-101.1 General 25-101.2 Applicability 25-101.3 Discrepancy</p> <p>25-102 General</p> <p>25-103 Assignment of Contract Responsibility by Purchasing Office</p> <p>25-104 Production Surveillance by the Contract Administration Office</p> <p>25-104.1 General 25-104.2 Factors Affecting Production Surveillance 25-104.3 Assignment of Production Surveillance Categories</p> <p>25-104.4 Initial Contract Review</p> <p>25-105 Production Surveillance Techniques</p> <p>Part 2 - Production Reporting</p> <p>25-201 General</p> <p>25-202 Production Progress Reporting by Contractors</p> <p>25-203 Discrepancy Reports Initiated by Contract Administration Office</p> <p>25-204 Special Production Progress Reports</p>	WFE		R	<p>TABLE OF CONTENTS</p> <p>SUMMARY 42.11--PRODUCTION SURVEILLANCE AND REPORTING</p> <p>42.1101 General. 42.1102 Applicability. 42.1103 Policy. 42.1104 Surveillance requirements. 42.1105 Assignment of contract responsibility. 42.1106 Reporting requirements.</p>

COMMENTARY:

1. Production surveillance is a function of contract administration. Since the coverage is brief, it does not warrant separate part; therefore it is included as a subpart of FAR Part 42, Contract Administration.

25000, NO. 2, Dr. 10, 0177

1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL ACQUISITION REGULATION (FAR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>SECTION 810 GOVERNMENT PROPERTY</p> <p>TABLE OF CONTENTS</p> <p>Part 1--General</p> <p>13-100 Scope of Section 131</p> <p>13-101 Definitions 132</p> <p>13-101.1 Property 132</p> <p>13-101.2 Government property 132</p> <p>13-101.3 Privilege 132</p> <p>13-101.4 Excluded 132</p> <p>13-101.5 Special use 132</p> <p>13-101.6 Inventory property 132</p> <p>13-101.7 Facilities 132</p> <p>13-101.8 Construction production and research property 132</p> <p>13-101.9 by 132</p> <p>13-101.10 Non-vehicle 132</p> <p>13-101.11 Facilities contract 132</p> <p>13-101.12 Facilities project 132</p> <p>13-101.13 Nonprofit organization 132</p> <p>13-102 Responsibility and Liability for Government Property 133</p> <p>13-102.1 Prior Construction 133</p> <p>13-102.2 Subcontract 133</p> <p>13-103 Preserving Military Property 134</p> <p>13-104 Profits and Fees 134</p> <p>13-105 Use for Other Purposes 134</p> <p>13-106 Construction of Test Facilities Owned and Operated by the Government 134</p> <p>13-107 Preserving Motor Vehicles in Government Construction 135</p> <p>13-108 Control of Government Property 135</p> <p>13-109 Correction of Defective System for Control of Government Property 135</p>	WFE	<p>PART 85--GOVERNMENT PROPERTY</p> <p>TABLE OF CONTENTS</p> <p>Scope of part.</p> <p>SUBPART 85.1--GENERAL</p> <p>Definitions.</p> <p>Responsibility and liability for Government property.</p> <p>Review and correction of contractors' property control systems.</p> <p>Records of Government property.</p> <p>Government property classes.</p> <p>Fleet-price type contracts.</p> <p>Contract-reimbursable type time and materials and labor hour contracts.</p> <p>Laundry and dry cleaning and demolition contracts.</p>	R BA NA R BA NA NA	<p>85.800</p> <p>85.101</p> <p>85.102</p> <p>85.103</p> <p>85.104</p> <p>85.105</p> <p>85.106</p> <p>85.106-1</p> <p>85.106-2</p> <p>85.106-3</p>

COMPLETARY.

PAGE, 800, PART 85

EXHIBIT 3-7

1. <u>DEFENSE ACQUISITION REGULATION (DAR/ASPR)</u>	2. <u>Code</u>	3. <u>FEDERAL PROCUREMENT REGULATIONS (FPR)</u>	4. <u>Code</u>	5. <u>FEDERAL ACQUISITION REGULATION (FAR)</u>
<p style="text-align: center;">Part 2 - Materials (See Page 4)</p> <p style="text-align: center;">Part 3 - Providing Government Property to Contractors (See Page 4)</p> <p style="text-align: center;">Part 4 - Use and Rental of Government Property (See Page 5)</p>				
<u>COMPLEMENTARY:</u>				2

EXHIBIT 3-7 (continued)

1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL PROCUREMENT REGULATIONS (FPR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>Part 5 - Competitive Advantage</p> <p>13-501 Policy 13-26</p> <p>13-502 Advantages - Use of Existing Governmental Production and Research Property 13-26</p> <p>13-502.1 General 13-26</p> <p>13-502.2 Procedures for Use of Exclusion Factors 13-26</p> <p>13-502.3 Limitations 13-26</p> <p>13-502.4 Best 13-27</p> <p>13-503 Negotiated Procurement - Use of Existing Government Production and Research Property 13-27</p> <p>13-504 Residual Value to the Government of Special Training and Special Test Equipment 13-27</p> <p>13-505 Additional Exclusion Factors 13-28</p> <p>13-506 Subcontract - Description of Exclusion Factors 13-28</p>	NFE		BA BA BA BA BA BA	<p>SUBPART 45.7--COMPETITIVE ADVANTAGE</p> <p>General.</p> <p>45.201 Evaluation procedures.</p> <p>45.202 Rental equivalents.</p> <p>45.202-1 Rent, costs and savings.</p> <p>45.202-2 Overhead utilization requests.</p> <p>45.202-3 Residual value of special tooling and special test equipment.</p> <p>45.205 Solicitation provisions.</p>
COMMENTARY:				

CONCLUSION

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1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL PROCUREMENT REGULATIONS (FPR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>Part 4 - Use and Control of Government Property</p> <p>13-401 Policy 13.21</p> <p>13-402 Authorizing a Contract To Use Government Production and Research Property Without Charge 13.21</p> <p>13-403 Rental of Government Production and Research Property 13.25</p> <p>13-404 Rental of Government Production and Research Property to the Use of Government Production and Research Property 13.25</p> <p>13-405 Non Government Use of Individual Plant Equipment (RPS) 13.25</p> <p>13-406 Non-Firm Use of Government Production and Research Property on Work for Foreign Governments 13.25</p> <p>13-407 Use of Government Production and Research Property Without Charge by Nonprofit Organizations 13.26</p> <p>13-408 Use of Government Production and Research Property on Independent Research and Development Programs 13.26</p>	<p>NFE</p>		<p>NA BA BA BA BA R</p>	<p>SUPPART 45.4--CONTRACTOR USE AND RENTAL OF GOVERNMENT PROPERTY</p> <p>45.400 Scope of subpart.</p> <p>45.401 Policy.</p> <p>45.402 Authorizing use of Government production and research property.</p> <p>45.403 Rental--Use and Charges clause.</p> <p>45.404 Rental-free use.</p> <p>45.405 Contracts with foreign governments or international organizations.</p> <p>45.406 Use of Government production and research property on independent research and development programs.</p> <p>45.407 Non-Government use of plant equipment.</p>

CONFIDENTIAL

5

EXHIBIT 3-7 (continued)

1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL PROCUREMENT REGULATIONS (FPR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>SECTION XXIV - PERSONAL PROPERTY IN POSSESSION OF CONTRACTORS</p> <p>TABLE OF CONTENTS</p> <p><i>(See pages 10 through 12)</i></p>				
<p>COMPLETARY:</p>				7

EXHIBIT 3-7 (continued)

1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL PROCUREMENT REGULATIONS (FPR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>SALUTON ENIV PERSONAL PROPERTY IN POSSESSION OF CONTRACTORS</p> <p>TABLE OF CONTENTS</p> <p>Scope and Applicability of Section 24.1001 Public</p> <p>Part I - General</p> <p>24-101 Definitions</p> <p>24-101.1 Evaluation Vehicle Data 24.3</p> <p>24-101.2 Contract item 24.2</p> <p>24-101.3 Contract number 24.2</p> <p>24-101.4 Contract acquired property 24.2</p> <p>24-101.5 Contract inventory 24.2</p> <p>24-101.6 Disbursement 24.2</p> <p>24-101.7 Departmental excess property 24.2</p> <p>24-101.8 Delivering officer 24.2</p> <p>24-101.9 Government-owned property 24.2</p> <p>24-101.10 Government-owned property 24.2</p> <p>24-101.11 Government-owned property 24.2</p> <p>24-101.12 Inventory control point 24.2</p> <p>24-101.13 Line item 24.2</p> <p>24-101.14 Material 24.3</p> <p>24-101.15 Controlled substance 24.3</p> <p>24-101.16 Personal property 24.3</p> <p>24-101.17 Plant clearance 24.3</p> <p>24-101.18 Plant clearance officer 24.3</p> <p>24-101.19 Plant clearance period 24.3</p> <p>24-101.20 Plant equipment 24.3</p> <p>24-101.21 Production scrap 24.3</p> <p>24-101.22 Public body 24.3</p> <p>24-101.23 Real estate 24.3</p> <p>24-101.24 Replicable property 24.3</p> <p>24-101.25 Reporting activity 24.4</p> <p>24-101.26 Salvage 24.4</p> <p>24-101.27 Scrap 24.4</p> <p>24-101.28 Screening Completion Date 24.4</p> <p>24-101.29 Service educational activity 24.4</p> <p>24-101.30 Service educational activity 24.4</p> <p>24-101.31 Service educational activity 24.4</p> <p>24-101.32 Special handling 24.4</p> <p>24-101.33 Special handling 24.4</p> <p>24-101.34 Special handling 24.4</p> <p>24-101.35 Special handling 24.4</p> <p>24-101.36 Special handling 24.4</p> <p>24-101.37 Special handling 24.4</p> <p>24-101.38 Special handling 24.4</p> <p>24-101.39 Special handling 24.4</p> <p>24-101.40 Special handling 24.4</p> <p>24-101.41 Special handling 24.4</p> <p>24-101.42 Special handling 24.4</p> <p>24-101.43 Special handling 24.4</p> <p>24-101.44 Special handling 24.4</p> <p>24-101.45 Special handling 24.4</p> <p>24-101.46 Special handling 24.4</p> <p>24-101.47 Special handling 24.4</p> <p>24-101.48 Special handling 24.4</p> <p>24-101.49 Special handling 24.4</p> <p>24-101.50 Special handling 24.4</p> <p>24-101.51 Special handling 24.4</p> <p>24-101.52 Special handling 24.4</p> <p>24-101.53 Special handling 24.4</p> <p>24-101.54 Special handling 24.4</p> <p>24-101.55 Special handling 24.4</p> <p>24-101.56 Special handling 24.4</p> <p>24-101.57 Special handling 24.4</p> <p>24-101.58 Special handling 24.4</p> <p>24-101.59 Special handling 24.4</p> <p>24-101.60 Special handling 24.4</p> <p>24-101.61 Special handling 24.4</p> <p>24-101.62 Special handling 24.4</p> <p>24-101.63 Special handling 24.4</p> <p>24-101.64 Special handling 24.4</p> <p>24-101.65 Special handling 24.4</p> <p>24-101.66 Special handling 24.4</p> <p>24-101.67 Special handling 24.4</p> <p>24-101.68 Special handling 24.4</p> <p>24-101.69 Special handling 24.4</p> <p>24-101.70 Special handling 24.4</p> <p>24-101.71 Special handling 24.4</p> <p>24-101.72 Special handling 24.4</p> <p>24-101.73 Special handling 24.4</p> <p>24-101.74 Special handling 24.4</p> <p>24-101.75 Special handling 24.4</p> <p>24-101.76 Special handling 24.4</p> <p>24-101.77 Special handling 24.4</p> <p>24-101.78 Special handling 24.4</p> <p>24-101.79 Special handling 24.4</p> <p>24-101.80 Special handling 24.4</p> <p>24-101.81 Special handling 24.4</p> <p>24-101.82 Special handling 24.4</p> <p>24-101.83 Special handling 24.4</p> <p>24-101.84 Special handling 24.4</p> <p>24-101.85 Special handling 24.4</p> <p>24-101.86 Special handling 24.4</p> <p>24-101.87 Special handling 24.4</p> <p>24-101.88 Special handling 24.4</p> <p>24-101.89 Special handling 24.4</p> <p>24-101.90 Special handling 24.4</p> <p>24-101.91 Special handling 24.4</p> <p>24-101.92 Special handling 24.4</p> <p>24-101.93 Special handling 24.4</p> <p>24-101.94 Special handling 24.4</p> <p>24-101.95 Special handling 24.4</p> <p>24-101.96 Special handling 24.4</p> <p>24-101.97 Special handling 24.4</p> <p>24-101.98 Special handling 24.4</p> <p>24-101.99 Special handling 24.4</p> <p>24-102 Duties and Responsibilities of Plant Clearance Officer 24.4</p>	<p>WFE</p> <p>OS</p>		<p>BA</p> <p>BA</p>	<p>SUBPART 45.6--REPORTING, REDISTRIBUTION, AND DISPOSAL OF CONTRACTOR INVENTORY</p> <p>45.600 Scope of subject.</p> <p>45.601 Definitions.</p>

COMMENTS:

1. DEFENSE ACQUISITION REGULATION (DAR/SPR)		2. Code		3. FEDERAL PROCUREMENT REGULATIONS (FPR)		4. Code		5. FEDERAL ACQUISITION REGULATION (FAR)	
Part 2 - Methods of Request									
24-201	Regulation - General	SS		24-201:1 General		R		24-201:1 General	
24-201.1	Provision			24-201.1:1 General		RR		24-201.1:1 General	
24-201.2	General			24-201.2:1 General		RR		24-201.2:1 General	
24-202	Contractor's Acquisition Property - Purchase of Property at Cost	AV		24-202:1 General		AV		24-202:1 General	
24-202.1	Provision			24-202.1:1 General		AV		24-202.1:1 General	
24-202.2	Provision			24-202.2:1 General		AV		24-202.2:1 General	
24-202.3	Cost			24-202.3:1 General		AV		24-202.3:1 General	
24-203	Inventory Schedule	AV		24-203:1 General		AV		24-203:1 General	
24-203.1	Subcontractor's Inventory Schedule			24-203.1:1 General				24-203.1:1 General	
24-203.2	Inventory Schedule			24-203.2:1 General				24-203.2:1 General	
24-203.3	Inventory Schedule			24-203.3:1 General				24-203.3:1 General	
24-203.4	Inventory Schedule			24-203.4:1 General				24-203.4:1 General	
24-203.5	Inventory Schedule			24-203.5:1 General				24-203.5:1 General	
24-203.6	Inventory Schedule			24-203.6:1 General				24-203.6:1 General	
24-203.7	Inventory Schedule			24-203.7:1 General				24-203.7:1 General	
24-204	Scrap	SS		24-204:1 General		SS		24-204:1 General	
24-204.1	General			24-204.1:1 General				24-204.1:1 General	
24-204.2	Pre-Inventory Scrap Disposition			24-204.2:1 General				24-204.2:1 General	
24-204.3	Scrap			24-204.3:1 General				24-204.3:1 General	
24-204.4	Scrap			24-204.4:1 General				24-204.4:1 General	
24-204.5	Scrap			24-204.5:1 General				24-204.5:1 General	
24-205	Screening of Contractor Inventory	SS		24-205:1 General		SS		24-205:1 General	
24-205.1	General			24-205.1:1 General				24-205.1:1 General	
24-205.2	Procedures for Individual Plant Equipment			24-205.2:1 General				24-205.2:1 General	
24-205.3	Special Screening Procedures			24-205.3:1 General				24-205.3:1 General	
24-205.4	Screening of Contractor Inventory			24-205.4:1 General				24-205.4:1 General	
24-205.5	Screening of Contractor Inventory			24-205.5:1 General				24-205.5:1 General	
24-205.6	Screening of Contractor Inventory			24-205.6:1 General				24-205.6:1 General	
24-205.7	Screening of Contractor Inventory			24-205.7:1 General				24-205.7:1 General	
24-205.8	Screening of Contractor Inventory			24-205.8:1 General				24-205.8:1 General	
24-206	Sale of Surplus Contractor Inventory	SS		24-206:1 General		SS		24-206:1 General	
24-206.1	General			24-206.1:1 General				24-206.1:1 General	
24-206.2	General			24-206.2:1 General				24-206.2:1 General	
24-206.3	General			24-206.3:1 General				24-206.3:1 General	
24-206.4	General			24-206.4:1 General				24-206.4:1 General	
24-206.5	General			24-206.5:1 General				24-206.5:1 General	
24-206.6	General			24-206.6:1 General				24-206.6:1 General	
24-206.7	General			24-206.7:1 General				24-206.7:1 General	
24-206.8	General			24-206.8:1 General				24-206.8:1 General	
24-206.9	General			24-206.9:1 General				24-206.9:1 General	
24-206.10	General			24-206.10:1 General				24-206.10:1 General	
24-206.11	General			24-206.11:1 General				24-206.11:1 General	
24-206.12	General			24-206.12:1 General				24-206.12:1 General	
24-206.13	General			24-206.13:1 General				24-206.13:1 General	
24-206.14	General			24-206.14:1 General				24-206.14:1 General	
24-206.15	General			24-206.15:1 General				24-206.15:1 General	
24-206.16	General			24-206.16:1 General				24-206.16:1 General	
24-206.17	General			24-206.17:1 General				24-206.17:1 General	
24-206.18	General			24-206.18:1 General				24-206.18:1 General	
24-206.19	General			24-206.19:1 General				24-206.19:1 General	
24-206.20	General			24-206.20:1 General				24-206.20:1 General	
24-206.21	General			24-206.21:1 General				24-206.21:1 General	
24-206.22	General			24-206.22:1 General				24-206.22:1 General	
24-206.23	General			24-206.23:1 General				24-206.23:1 General	
24-206.24	General			24-206.24:1 General				24-206.24:1 General	
24-206.25	General			24-206.25:1 General				24-206.25:1 General	
24-206.26	General			24-206.26:1 General				24-206.26:1 General	
24-206.27	General			24-206.27:1 General				24-206.27:1 General	
24-206.28	General			24-206.28:1 General				24-206.28:1 General	
24-206.29	General			24-206.29:1 General				24-206.29:1 General	
24-206.30	General			24-206.30:1 General				24-206.30:1 General	
24-206.31	General			24-206.31:1 General				24-206.31:1 General	
24-206.32	General			24-206.32:1 General				24-206.32:1 General	
24-206.33	General			24-206.33:1 General				24-206.33:1 General	
24-206.34	General			24-206.34:1 General				24-206.34:1 General	
24-206.35	General			24-206.35:1 General				24-206.35:1 General	
24-206.36	General			24-206.36:1 General				24-206.36:1 General	
24-206.37	General			24-206.37:1 General				24-206.37:1 General	
24-206.38	General			24-206.38:1 General				24-206.38:1 General	
24-206.39	General			24-206.39:1 General				24-206.39:1 General	
24-206.40	General			24-206.40:1 General				24-206.40:1 General	
24-206.41	General			24-206.41:1 General				24-206.41:1 General	
24-206.42	General			24-206.42:1 General				24-206.42:1 General	
24-206.43	General			24-206.43:1 General				24-206.43:1 General	
24-206.44	General			24-206.44:1 General				24-206.44:1 General	
24-206.45	General			24-206.45:1 General				24-206.45:1 General	
24-206.46	General			24-206.46:1 General				24-206.46:1 General	
24-206.47	General			24-206.47:1 General				24-206.47:1 General	
24-206.48	General			24-206.48:1 General				24-206.48:1 General	
24-206.49	General			24-206.49:1 General				24-206.49:1 General	
24-206.50	General			24-206.50:1 General				24-206.50:1 General	
24-206.51	General			24-206.51:1 General				24-206.51:1 General	
24-206.52	General			24-206.52:1 General				24-206.52:1 General	
24-206.53	General			24-206.53:1 General				24-206.53:1 General	
24-206.54	General			24-206.54:1 General				24-206.54:1 General	
24-206.55	General			24-206.55:1 General				24-206.55:1 General	
24-206.56	General			24-206.56:1 General				24-206.56:1 General	
24-206.57	General			24-206.57:1 General				24-206.57:1 General	
24-206.58	General			24-206.58:1 General				24-206.58:1 General	
24-206.59	General			24-206.59:1 General				24-206.59:1 General	
24-206.60	General			24-206.60:1 General				24-206.60:1 General	
24-206.61	General			24-206.61:1 General				24-206.61:1 General	
24-206.62	General			24-206.62:1 General				24-206.62:1 General	
24-206.63	General			24-206.63:1 General				24-206.63:1 General	
24-206.64	General			24-206.64:1 General				24-206.64:1 General	
24-206.65	General			24-206.65:1 General				24-206.65:1 General	
24-206.66	General			24-206.66:1 General				24-206.66:1 General	
24-206.67	General			24-206.67:1 General				24-206.67:1 General	
24-206.68	General			24-206.68:1 General				24-206.68:1 General	
24-206.69	General			24-206.69:1 General				24-206.69:1 General	
24-206.70	General			24-206.70:1 General				24-206.70:1 General	
24-206.71	General			24-206.71:1 General				24-206.71:1 General	
24-206.72	General			24-206.72:1 General				24-206.72:1 General	
24-206.73	General			24-206.73:1 General				24-206.73:1 General	
24-206.74	General			24-206.74:1 General				24-206.74:1 General	
24-206.75	General			24-206.75:1 General				24-206.75:1 General	
24-206.76	General			24-206.76:1 General				24-206.76:1 General	
24-206.77	General			24-206.77:1 General				24-206.77:1 General	
24-206.78	General			24-206.78:1 General				24-206.78:1 General	
24-206.79	General			24-206.79:1 General				24-206.79:1 General	
24-206.80	General			24-206.80:1 General				24-206.80:1 General	
24-206.81	General			24-206.81:1 General				24-206.81:1 General	
24-206.82	General			24-206.82:1 General				24-206.82:1 General	
24-206.83	General			24-206.83:1 General				24-206.83:1 General	
24-206.84	General			24-206.84:1 General				24-206.84:1 General	
24-206.85	General			24-206.85:1 General				24-206.85:1 General	
24-206.86	General			24-206.86:1 General				24-206.86:1 General	
24-206.87	General			24-206.87:1 General				24-206.87:1 General	
24-206.88	General			24-206.88:1 General				24-206.88:1 General	
24-206.89	General			24-206.89:1 General				24-206.89:1 General	
24-206.90	General			24-206.90:1 General				24-206.90:1 General	
24-206.91	General			24-206.91:1 General				24-206.91:1 General	
24-206.92	General			24-206.92:1 General				24-206.92:1 General	
24-206.93	General			24-206.93:1 General				24-206.93:1 General	
24-206.94	General			24-206.94:1 General				24-206.94:1 General	
24-206.95	General			24-206.95:1 General				24-206.95:1 General	
24-206.96	General			24-206.96:1 General				24-206.96:1 General	
24-206.97	General			24-206.97:1 General				24-206.97:1 General	
24-206.98	General			24-206.98:1 General				24-206.98:1 General	
24-206.99	General			24-206.99:1 General				24-206.99:1 General	
24-207	Donations	V		24-207:1 General		V		24-207:1 General	

COMMENTS:

EXHIBIT 3-7 (continued)

1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL ACQUISITION REGULATION (FAR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
24-208 Destruction or Abandonment 24.31	V	1-600 Direct action on abandonment.	BA	45.611 Destruction or abandonment.
24-209 Removal and Storage 24.31	NAE	1-610 Removal, storage, handling and disposal.	BA	45.612 Removal and storage.
24-209.1 General 24.31		1-611.1 General storage at the contractor's plant.	BA	45.612-1 General storage at the contractor's plant.
24-209.2 Special Storage at the Expense and Risk of the Government 24.31		1-611.2 Special storage at the Government's expense.	BA	45.612-2 Special storage at the Government's expense.
24-210 Property Disposal Determinations 24.32	SS	1-620 Disposal of property's disposal.	R	45.613 Property disposal determinations.
24-211 Returned 24.32	SS	1-630 Disposal of property's disposal.	R	45.614 Subcontractor inventory.
24-211.1 General Policy 24.32		1-631 Disposal of property's disposal.		
24-211.2 Inventory Schedule 24.32		1-632 Disposal of property's disposal.		
24-211.3 Scrap 24.32		1-633 Disposal of property's disposal.		
24-213 Accounting for Contractor Inventory 24.34	NAE	1-640 Accounting for contractor inventory.	NR	45.615 Accounting for contractor inventory.
	SS	1-650 Accounting for contractor inventory.	R	

CONFIDENTIAL

1. DEFENSE ACQUISITION REGULATION (DAR/ASPR)	2. Code	3. FEDERAL PROCUREMENT REGULATIONS (FPR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>Part 3 - Forms, Instructions, and Reports</p> <p>24-301 Forms</p> <p>24-301.1 Standard Form 97, Certificate of Release of a Motor Vehicle, 24.35</p> <p>24-301.2 Standard Form 120, Reporting of Excess Personal Property, 24.35</p> <p>24-301.3 Standard Form 125, Report of Strategic and Critical Materials, 24.35</p> <p>24-301.4 DD Form 1331, Civil Collection Voucher, 24.35</p> <p>24-301.5 DD Form 1149, Acquisition and Invoice, 24.35</p> <p>24-301.6 DD Form 1342, DD Property Receipt, 24.35</p> <p>24-301.7 DD Form 1481, Shipping Documents for GPM Turn-in, 24.35</p> <p>24-301.8 DD Form 1640, Receipts for Plant Characterization, 24.35</p> <p>24-301.9 DD Form 1636, Inventory Disposal Report, 24.35</p> <p>24-301.10 DD Form 1638, Report of Excess and Surplus Contractor Inventory, 24.35</p> <p>24-301.11 DD Form 1641, Disposal Date/Time and Approval, 24.35</p> <p>24-301.12 DD Form 1639, Scrap Warranty, 24.35</p> <p>24-301.13 DD Form 1642, Inventory Verification Survey, 24.35</p> <p>24-301.14 DD ASPR Form 1115, Instructions to Preparing Inventory Schedule of Contractor for Inventory, 24.36</p> <p>24-301.15 DD Form 1635, Plant Characterization Report, 24.36</p> <p>24-301.16 DD Form 1637, Notice of Acceptance of Inventory, 24.36</p> <p>24-301.17 DD Form 1346-1, DD Single Line Item Receipt/Receipt Document, 24.36</p> <p>24-302 Instructions</p> <p>24-302.1 Instructions for Preparing Inventory Voucher and Determination of Allocability, 24.36</p> <p>24-302.2 DD Form 1634, Inventory Disposal Report, 24.36</p> <p>24-302.3 DD Form 1638, Report of Excess and Surplus Contractor Inventory, 24.39</p> <p>24-302.4 Instructions for Establishing a Plant Characterization, 24.40</p> <p>24-302.5 Instructions for Assigning Plant Characterization Number, 24.41</p> <p>24-302.6 Instructions for Preparing Standard Form 120, Report of Excess Personal Property, 24.41</p> <p>24-302.7 Form Letter for Transmitting DD Form 1342 to FMPEC, 24.43</p> <p>24-302.8 General Sales Terms and Conditions and Special Conditions of Sale, 24.43</p>	NFE			

NOTE
FORMS TO BE INCLUDED IN THE
FAR WILL BE ILLUSTRATED
IN PART 53.

COMPLEMENTARY

1-323 (N)	1. DEFENSE ACQUISITION REGULATION (DAS/ASPR)	2. Code	3. FEDERAL PROCUREMENT REGULATIONS (FPR)	4. Code	5. FEDERAL ACQUISITION REGULATION (FAR)
<p>(a) If the sub-award is issued the submission of prices to the multi year contract, the submission shall be carried out in accordance with the provisions of the FAR, except that if the multi year price offers distinct advantages to the Government, a multi year award may be made with the advance approval of the Chief of the Purchasing Office.</p> <p>(1) In no event shall award be made to an unreasonable price (see 2-404.1 and 2-404.2).</p> <p>(2) However, the clause in 2-1003.3(a) and (b) shall be included in all contracts for the procurement of services under the multi year procurement method except as provided in 1-322.6 and 1-322.9.</p> <p>(3) 1-322.9 Multi Year Procurement of Services Under Public Law 90-378</p> <p>(4) Under Public Law 90-378 (48 USC 3166(a)), the Department of Defense is authorized to enter into multi year procurements for the following kind of services to be performed outside the 48 contiguous states and the District of Columbia to procure representations which are not in excess of the First Year Defense Program and for which funds are limited by statute for obligation during the fiscal year in which the contract is executed.</p> <p>(i) operation, maintenance, and support of facilities and installations,</p> <p>(ii) maintenance or modification of aircraft, ships, vehicles, and other highly complex military equipment,</p> <p>(iii) specialized training accounting high quality instructor skills (for example, pilot and other service members, foreign language training), and</p> <p>(iv) base services (for example, ground maintenance, in-phase refueling, base transportation, refuse collection and disposal).</p> <p>However, such procurements shall be entered into for no more than a five year period and only when such procurements are consistent with the policies and satisfy the requirements set forth in 1-322.6 and 1-322.7 (except as provided in (b) and (c) below). The performance years specified in the schedule shall not extend beyond the end of any fiscal year (1 October - 30 September).</p> <p>(5) Since procurements under this authority are limited for execution to a fiscal year term, references to "program year" throughout 1-322.6 and 1-322.7 shall be considered to mean fiscal year.</p> <p>(6) Clause. The clause in 2-1003.3(c) and (d) shall be included in all contracts for the procurement of services under the paragraph 1-322.8, on a multi year basis.</p> <p>1-322.9 Multi Year Procurement of Supplies and Services Under Public Law 91-162</p> <p>(a) General. Under Section 312 of Public Law 91-162, the Department of Defense is authorized to enter into contracts for periods of not more than four years for supplies and services required for the maintenance and operation of facility housing for which funds would otherwise be available only within the fiscal year for which appropriated. Such procurements shall be entered into only when they are consistent with the policies and satisfy the requirements set forth in 1-322.6 for supply contracts and 1-322.6 and 1-322.7 for services contracts (except as provided in (b) and (c) below). The performance years specified in the schedule shall not extend beyond the end of any fiscal year (1 October - 30 September).</p> <p>(b) Limitations. Since procurements under this authority are limited for execution to a fiscal year term, references to "program year" throughout 1-322.6 and 1-322.7 shall be considered to mean "fiscal year".</p> <p>(c) Clause. The clause in 2-1003.3(a) and (d) shall be included in all contracts for the procurement of supplies or services under the paragraph 1-322.9 on a multi year basis.</p>	<p>AR ①</p> <p>AF ②</p> <p>AF ③</p>				

COMMENTS:

- (1) See 17.102-3.
- (2) Material implements legislation applicable only to DOD.

EXHIBIT 3-8

3. FEDERAL ACQUISITION REGULATION (FAR)

IV. CONCLUSIONS

A. PREFACE

This chapter answers the questions that were posed in the introduction of this thesis and provides conclusions that have been drawn from the material presented in this paper. Additionally, the impact on the acquisition manager is evaluated with each question.

B. RESEARCH QUESTION 1

HOW DID THE FAR COME ABOUT? HOW IS IT BEING DRAFTED? AND HOW IS IT APT TO AFFECT FUTURE ACQUISITION MANAGERS?

1. Answer

The FAR got its initial start from the recommendation of the Commission on Government Procurement (A-10) which was:
[1:38]

"Establish a system of Government-wide coordinated and to the extent feasible, uniform procurement regulations under the direction of the Office of Federal Procurement Policy, which will have over-all responsibility for development, coordination, and control of procurement regulations.

The FAR is being drafted by two project offices, one at GSA (FPR staff) and the other at DOD (FARPO). It is written by drafting teams/panels consisting of highly skilled and experienced procurement personnel. It is reviewed by an expert policy, legal, and editorial staff and then further analyzed by experienced and competent project managers for any other possible improvements.

2. Potential impact on the acquisition manager

The FAR coverage on Government property as previously presented in Chapter III is a representative example of FAR coverage that will make the job of those dealing with Government property significantly easier. The substantial reorganization and consolidation of this coverage, from four sections of the DAR and one FPR section into one FAR part is a noteworthy accomplishment in itself. The consolidation without dilution of content is significant [25].

3. Conclusion

Minor impact on acquisition managers, both government and civilian contractors is expected.

C. RESEARCH QUESTION 2

WHAT ARE SOME OF THE HANDICAPS ENCOUNTERED IN THE DRAFTING OF THE FAR?

1. Answer

Some of the handicaps under which the FAR is being drafted include:

- a. The existence of two separate major procurement statutes that had to be complied with [24,25];
- b. The initial scope of the project was grossly underestimated [21,22];
- c. The establishment of an overly optimistic time schedule which may have induced drafters to do less than the required research for FAR coverage [22]; and

d. The Project Officers did not get to select their initial staff, instead personnel were detailed to the project office who, after a short time on the job, became disillusioned with their assigned portion of the FAR coverage and chose to transfer from the project office [23].

2. Impact on the acquisition manager

In spite of the above handicaps encountered during the drafting of the FAR, the project managers have been able to work around and with the handicaps. However, the continuous slippage of the forecasted completion schedule has provided critics of the FAR with ammunition against the lack of progress achieved thus far. Instead of having the new regulation to work with in 1980 the acquisition managers can expect a quality product in 1981.

3. Conclusion

No anticipated impact on acquisition managers, however when the document is finally released acquisition managers will question with broad implication the document in light of the length of its gestation period.

D. RESEARCH QUESTION 3

WHAT WILL AND WILL NOT BE INCLUDED IN THE FAR AND WHAT WILL THE AGENCY IMPLEMENTING AND SUPPLEMENTING REGULATIONS BE?

1. Answer

The FAR will provide coverage of material that is applicable to all Federal agencies. However, it will not

include coverage that is unique to one agency. All single agency unique material is intended to be in agency regulations [25].

Additionally, the FAR will reduce the size of the current procurement regulations from approximately 5000 pages (based on estimates of 3000 pages of DAR, 1000 pages of FPR and 1000 pages of NASA PR) to 2500 pages (based on estimates of 1000 pages for the FAR, 1000 for the DAR and 500 for the NASA PR).

2. Impact on the acquisition manager

The acquisition manager in the Federal Government whether on the DOD side or the Federal agencies side will now be able to work with and be guided by a single, uniform regulation that is applicable to all Federal Agencies. This may provide greater mobility for procurement personnel between the various agencies and DOD and at the same time provide more continuity in procedures and policies between jobs in the two sectors. Also the sheer size reduction as well as the reduction in the number of regulations should make the procurement job that much more manageable.

3. Conclusion

Minor adverse impact on acquisition manager and potentially can be a force for an improved working environment.

E. RESEARCH QUESTION 4

IS THE FAR MAKING ACQUISITION POLICY?

1. Answer

The FAR will make acquisition policy in some cases through resolution of differences between the DAR and FPR coverage through simplification and through the addition of new material [25].

The FAR represents an extensive effort, part of this effort consisted of zero basing both the FAR text coverage and the clauses that pertain to the coverage. There is some risk involved in rewriting clauses since they are subject to much interpretation during litigation and also since a large library of precedents has been established. However, to simplify the regulation without simplifying the associated clauses would represent only an incomplete effort. The current FAR (Part 52) will have clauses that are much easier to interpret and follow and still retain their original intent. For those instances where reference to previous versions of the clauses is required the FAR will provide the necessary derivation history with each clause. Each clause will be annotated as to its derivation (whether DAR, FPR or New) and the extent of rewriting that was done (whether completely rewritten, almost verbatim or verbatim).

2. Impact on the acquisition manager

Even though the FAR may make acquisition policy in some cases, those policies will have been in existence in

various documents, policy letters or circulars. The FAR will serve to bring these together, put them in focus and, where differences existed previously, it will resolve these and present one policy that will apply across the Federal establishment. Furthermore, the FAR will make the application and use of clauses much easier for acquisition managers.

3. Conclusion

Major impact on acquisition manager will occur.

F. RESEARCH QUESTION 5

HOW SUCCESSFUL IS THE FAR IN COMPLYING WITH THE RECOMMENDATIONS OF THE COMMISSION ON GOVERNMENT PROCUREMENT AND WILL IT HALT THE PROLIFERATION OF AGENCY ACQUISITION REGULATIONS?

1. Answer

The FAR has satisfied approximately twenty of the COGP recommendations. [2:99] The FAR's success in halting future regulation proliferation will depend largely on how rigorously the FAR Council monitors and enforces agency regulations. The prohibition requirement against repeating, paraphrasing or conflicting with the FAR, coupled with the requirement that agency regulations be reviewed and approved at a level above the agency, should serve as strong deterrents of agency regulations. The requirement to have agency regulations published in the Code of Federal Regulations as well as have them subject to public comment will also aid in keeping their numbers down.

The way the FAR is being drafted provides for public comment only after the coverage has been thoroughly researched, reviewed and agreed to by OFPP. Once the drafted material is published in the Federal Register it is anticipated that only minor revisions will be required as a result of public comments. Granted the public comments are towards the end of the drafting process and only after a version of the draft has been approved. Thus perhaps it would lead some to be concerned about whether their comments are too late and whether they should not have been involved in earlier stages of the drafting process. The author believes involvement of the public in the drafting process any earlier than presently scheduled would only hinder the project's effort and add to further delays. Making comments on rough draft material that is subject to major revision prior to its final version would not be a very effective way to write a regulation that has to satisfy numerous statutes, public laws and OFPP policy guidelines. It seems much more prudent to review material that complies with all statutes and guidelines and has been well written. Comments are apt to be fewer and hopefully more substantive. All comments will be thoroughly reviewed and those deemed appropriate will be incorporated in the final FAR draft. The project manager's desire for a high quality product will more than welcome and incorporate any comments that will improve the FAR.

2. Impact on the acquisition manager

Although the FAR system will make it more difficult to issue agency acquisition regulations in the future, it still allows the issuance of agency regulations if they meet the established criteria. The process of public review and the publication of all agency regulations in Title 48 of the Code of Federal Regulations will facilitate the effort to halt the proliferation of acquisition regulations.

3. Conclusion

Minor impact on acquisition manager, however, the public review process may make non-government acquisition managers perceive a greater input to their destiny and yield very positive results.

G. SUMMARY

From the above conclusions it becomes evident that the impact on the acquisition manager in the way he conducts business will be minor to moderate at most. The FAR will not radically change the way procurement is being done, it will merely provide those involved with a better regulation with which to do their job. Those acquisition managers that are familiar with the current acquisition regulations will have no problems in transitioning to the FAR, since the basic procedures and policies have not been changed, only improved and made more comprehensible. With adequate forewarning prior to the implementation of the FAR a smooth conversion

period with minimal disruption to ongoing work can be expected.

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