



# Procurement News - Near and FAR

Volume III, No. 1

March/April 1998

## Introduction

Welcome to the quarterly edition of Treasury's Procurement News - Near and **FAR**. This issue will highlight some changes in procurement regulations and briefly explain the Office of Procurement mission review which is given a high priority by the Deputy Assistant Secretary, Management Operations.

We welcome your comments and suggestions, and, of course, articles for the next newsletter. Editor for the next edition will be Terri Toplisek. Articles are due May 15. Terri may be reached on 202-622-1241 or [terri.toplisek@treas.sprint.com](mailto:terri.toplisek@treas.sprint.com).

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### *Procurement News - Near and FAR*

TREASURY - Office of  
Procurement

*Published Quarterly*

1500 Pennsylvania Ave., NW.  
1310 G St., 400-West  
Washington, DC 20220

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PAPER**

## OP MISSION REVIEW

*by Kevin Whitfield*

A mission review of the Treasury Office of Procurement is currently underway. The review is being co-chaired by Ted Carter, Deputy Assistant Secretary (Management Operations) and Annelie Kuhn, the Acting Director for the Office of Procurement. The purpose of the review is to determine the appropriate policy and programmatic oversight role for the Office of Procurement, its structure, and how best to support bureau procurement operations and identify trends and technology development in the procurement area.

Representatives from the Treasury Office of Organizational Improvement, the Treasury Reinvention Team and the bureau procurement offices are assisting the review. We solicited input

from our major customers through a series of one-on-one meetings, site visits, roundtables and survey instruments. We are also visiting representatives from private industry and other government agencies to learn how their procurement organizations compare to ours. The review is scheduled to be completed by May 1997.

We will keep you informed of the results of our review. Feel free to contact your desk officer or any Treasury Office of Procurement representative if you have any questions regarding the review.



## INNOVATION

### Modular Contracting

by Frances Sullivan

The Information Technology Management Reform Act (ITMRA) of 1996 encourages maximum practicable use of modular contracting in acquiring information technology. Modular contracting means use of one or more contracts to acquire information technology systems in successive, interoperable increments. Federal Acquisition Circular (FAC) 97-04 implements the modular contracting provisions of ITMRA into the Federal Acquisition Regulation (FAR).

Modular contracting reduces acquisition risk by dividing large IT acquisitions into several smaller acquisition increments. Modular contracting focuses on smaller, usually successive, increments that are easier to manage than a comprehensive acquisition; defines project objectives incrementally to enhance the likelihood of their achievement; provides for delivery, implementation and testing of workable systems in discrete increments that function independently of any subsequent increment; permits subsequent increments to take advantage of any advances in technology; and reduces risk by isolating or minimizing custom-designed components.

The new regulatory guidance on modular contracting was added at FAR Part 39. OMB's Capital Programming Guide (July, 1997) also discusses modular contracting techniques. In addition, each Bureau Procurement Office just received the Government Information Technology Services Board's guide on modular acquisition. Their guide, Modular Acquisition in Support of "Access America": A Best Practices Guide (October, 1997), is a useful collection of modular acquisition best practices. Finally, GSA's Office of Governmentwide Policy sponsors a Modular Contracting home page (<http://www.itpolicy.gsa.gov/mks/moddir/modtoc.htm>) with links to most modular contracting guidance, reference materials, and published best practices.

### PARTNERSHIPS '98

by Mary Ellen Dorsey

**P**ARTNERSHIPS takes on a whole new meaning!!!!!!!



After seven successful **PARTNERSHIPS** conferences since 1994 and two successful **Information Technology (IT)** conferences, the

Office of Small & Disadvantaged Business Utilization (OSDBU) and the Chief Information Officer have agreed to join forces and create a new conference concept. Your initial reaction is probably -what do these two conferences have in common and how will combining the two work?

After attending both conferences last year, we noticed that many of the large prime contractors and small businesses interested in doing business with Treasury participated in both conferences. More importantly, the small business representatives who came to **PARTNERSHIPS** wanted to meet with Treasury program personnel. The IT conference is meant to attract program personnel. So, by combining the two conferences we will bring Treasury program personnel together with small business representatives and large business prime contractors. Additionally, we are planning several seminars that will address issues important to the small business community, such as, subcontracting opportunities, acquisition reforms, contract bundling, etc., as well as provide one-on-one counseling sessions between small business representatives and Treasury program personnel.

The **IT/PARTNERSHIPS** Conference will be held at the Ronald Reagan Building on July 21 through 23. We are looking forward to making this event a huge success for all conference participants. To learn more details of the conference, visit the site at **HYPERLINK** <http://intranet.treas.gov> and click on Information Technology, **IT/PARTNERSHIPS** Conference.

### Business Cards

SkilCraft is now offering business cards. The cards are available from the Seattle Lighthouse for the Blind at very reasonable prices. The quality is excellent and you support the JWOD program by purchasing your business cards from the Lighthouse. They have the Treasury and bureau seals on file and a number of styles to choose from.

Treasury policy is to not pay for business cards for employees except in very limited circumstances.

Further information about ordering business cards from the Seattle Lighthouse may be obtained from Jodi Bowman at 206-322-4200, [jbowman@seattlh.com](mailto:jbowman@seattlh.com) or contact your bureau small business coordinator.

## POLICY CORNER

## Performance Measurement Update

by Terri Toplisek

The Treasury Procurement Performance Measurement Council met on April 7, with representation from eight bureaus. Supplementing the procurement performance measurement model was the main topic. The model was not designed to be a stand-alone tool, but to be used in concert with other tools, such as hard, quantifiable measures. So, the council has begun to evaluate possibilities and the April 7 meeting agenda included discussion of proposed revisions to Treasury's Individual Contract Action Report (ICAR); supplementing the performance measurement model with hard measures; and the use of post-award customer surveys.

The council discussed the inclusion of fields to monitor Procurement Administrative Lead Time (PALT); complexity of the acquisition; and contract savings. Some bureaus are already tracking PALT using different systems and everyone is calculating contract savings. The need for standardization was discussed. Hard measures, including training dollars spent per procurement employee and purchase card usage, were discussed. Lastly, the council reviewed post-award customer surveys that are being used by four bureaus. The purpose of the surveys is to obtain immediate feedback from customers that can be acted upon and used in conjunction with the customer surveys that are distributed every two years.

The council will discuss these topics further to ensure that any supplemental measures to the performance measurement model provide value-added information.

## Year 2000 Clauses

by Terri Toplisek

Item XVII of Federal Acquisition Circular (FAC) revised and finalized the Interim Rule on Year 2000 Compliance on August 22, 1997. The final rule differs from the interim rule in that it makes clarifying revisions to the definition of "Year 2000 compliant" at FAR 39.002. The final version of the regulation requires that computer software purchased by the Government accurately process date and time data (including calculating, comparing, and sequencing) from, into, and between the 20th and 21st centuries and the years 1999 and 2000 and leap year calculations.

The CIO Council Sub-Committee on the Year 2000 revised recommended contract language on August 22, 1997 to coincide with the Final FAR Rule on Year 2000 Compliance. This information is available on the Internet

at <http://www.itpolicy.gsa.gov/mks/yr2000/contlang.htm>.

## FAR Update

F e d e r a l  
A c q u i s i t i o n  
C i r c u l a r ( F A C )



97-04 was published February 23, 1998, in the Federal Register. FAC 97-04 amends the FAR as specified below:

**Item I--Use of Data Universal Numbering System as the Primary Contractor Identification** - This final rule amends FAR Subpart 4.5, Contract Reporting, and 52.212-1, Instructions to Offerors--Commercial Items; and adds a new solicitation provision at 52.204-6, Data Universal Numbering System (DUNS) Number; to replace the Contractor Establishment Code (CEC) with the Data Universal Numbering System (DUNS) number as the means of identifying contractors in the Federal Procurement Data System (FPDS). It reflects Dun and Bradstreet procedures for offerors located overseas.

**Item II--Federal Compliance With Right-To-Know Laws and Pollution Prevention Requirements** - The interim rule published as Item V of FAC 90-46 is revised and finalized. The rule implements Executive Order 12856 of August 3, 1993, "Federal Compliance With Right-To-Know Laws and Pollution Prevention Requirements." The final rule differs from the interim rule in that it amends FAR 23.1004 and 52.223-5 to clarify the obligations of Federal facilities to comply with the reporting and emergency planning requirements of the Pollution Prevention Act of 1990 and the Emergency Planning and Community Right-to-Know Act of 1986.

**Item III--Review of Procurement Integrity Clauses** - This final rule amends FAR Parts 4 and 52 to revise the application of procurement integrity requirements to contracts for commercial items. The rule amends (1) FAR 4.803 to remove an obsolete requirement for maintenance of a record of persons having access to proprietary or source selection information, (2) the clause at 52.212-4 to add the procurement integrity provisions of 41 U.S.C. 423 to the list of laws applicable to contracts for commercial items, and (3) the clause at 52.212-5 to remove 52.203-10, Price or Fee Adjustment for Illegal or Improper Activity, from the list of FAR clauses required to implement provisions of law or Executive orders. As amended by the Clinger-Cohen Act of 1996, 41 U.S.C. 423 no longer requires that a contract clause specify administrative remedies for procurement integrity violations.

**Item IV--Certificate of Competency** - The interim rule

published as Item IX of FAC 97-01 is converted to a final rule with a minor change at 19.302(d). The rule implements revisions made to the Small Business Administration's procurement assistance programs contained in 13 CFR Part 125.

**Item V--Applicability of Cost Accounting Standards (CAS) Coverage** - This final rule amends FAR Parts 12 and 52 to exempt contracts and subcontracts for the acquisition of commercial items from Cost Accounting Standards requirements when these contracts and subcontracts are firm-fixed-price or fixed-price with economic price adjustment (provided that the price adjustment is not based on actual costs incurred).

**Item VI--OMB Circular No. A-133** - This final rule amends FAR 15.209 and the associated clause at 52.215-2, Audits and Records--Negotiation, Alternate II, to implement revisions to OMB Circular No. A-133. The circular has a new title, "Audits of States, Local Governments, and Non-Profit Organizations," and now addresses audits of State and local governments as well as audits of institutions of higher learning and other nonprofit organizations.

**Item VII--SIC Code and Size Standard Appeals** - This final rule amends FAR Subpart 19.3 to conform to the Small Business Administration regulations at 13 CFR 121 and 134 pertaining to protest of an offeror's small business representation, and appeal of a contracting officer's standard industrial classification code designation and related small business size standard.

**Item VIII--Small Business Competitiveness Demonstration Program** - This final rule amends FAR Subpart 19.10 to eliminate the termination date of the Small Business Competitiveness Demonstration Program, in accordance with Section 401 of the Small Business Reauthorization Act of 1997 (Public Law 105-135).

**Item IX--Special Disabled and Vietnam Era Veterans** - This final rule amends FAR Subpart 22.13 and the clauses at 52.212-5, 52.222-35, and 52.222-37 to implement revised Department of Labor regulations regarding affirmative action for disabled veterans and veterans of the Vietnam era.

**Item X--Treatment of Caribbean Basin Country End Products** - This final rule revises FAR 25.402(b) to extend the time period for treatment of Caribbean Basin country end products as eligible products under the Trade Agreements Act. The United States Trade Representative has directed that such treatment continue through September 30, 1998.

**Item XI--Administrative Changes to Cost Accounting Standards (CAS) Applicability** - This final rule amends FAR 30.101 and the clauses at 52.230-1 and 52.230-5 to conform to changes made to the Cost Accounting Standards (CAS) Board rules and regulations (FAR Appendix), pertaining to the applicability of CAS to negotiated contracts and subcontracts.

**Item XII--Changes in Contract Administration and Audit Cognizance** - This final rule amends FAR Parts 31, 32, 42, 46, 47, and 52 to add policies and procedures for assigning and performing contract audit services, and to clarify the policy for assigning or delegating responsibility for establishing forward pricing and billing rates and final indirect cost rates.

**Item XIII--Limitation on Allowability of Compensation for Certain Contractor Personnel** - This interim rule revises FAR 31.205-6(p) to implement Section 808 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). Section 808 limits the allowable compensation costs for senior executives of contractors to the benchmark compensation amount determined applicable for each fiscal year by the Administrator for Federal Procurement Policy.

**Item XIV--Transfer of Assets Following a Business Combination** - This final rule revises FAR 31.205-10(a)(5) and 31.205-52 to conform to changes made to the Cost Accounting Standards regarding the treatment of gains and losses attributable to tangible capital assets subsequent to business mergers or combinations.

**Item XV--Modular Contracting** - This final rule amends FAR Part 39 to implement Section 5202 of the Information Technology Management Reform Act of 1996 (Public Law 104-106). Section 5202 encourages maximum practicable use of modular contracting to acquire major systems of information technology.

**Item XVI--Technical Amendments** - Miscellaneous amendments are made to update references and make editorial changes.

## PURCHASE CARD

### New Card Contractors

by Martha Lanigan

In February, the General Services Administration awarded contracts to six vendors to provide travel, purchase and fleet card services to the Government. The new card services contractors are American Express, Citibank, First National Bank of Chicago, Mellon Bank, NationsBank, and US Bank (Rocky Mountain BankCard). With the award of these contracts, agencies will have a choice of contractors and may select the one which best meets their requirements. Presently there is only one contractor available for each the travel, purchase and fleet card programs.



Under the new contracts, more advanced technology is available to agencies to further automate their card services programs. The new services available include integration of one or more business lines (e.g., travel and purchase in one card), convenience checks, ATM access for purchase, and smart cards. The Assistant Secretary for Management has indicated that Treasury will try to achieve the economies of scale provided by a task order with one contractor for all of the Department's card services.

A task force headed by Ted Carter, Deputy Assistant Secretary (Management Operations), and Steve App, Deputy Chief Financial Officer, has been created to identify all bureau needs and the contractor which best meets those needs. An important focus of the task group will be an effort to reengineer the process and streamline the program.

The new card services will begin in November 1998.

## BUREAU HIGHLIGHTS

### Mint Selects New BCPO

by Joan Tuenge

The U.S. Mint has recently selected an internal candidate, **Ms. Coleen Vogel**, to fill its bureau chief procurement officer position. Ms. Vogel has worked in the Mint's Office of Procurement since 1990 in increasingly responsible positions. Most recently, she has been a procurement division chief supporting marketing and numismatic programs.

Ms. Vogel has made significant contributions to many of the Office's more notable accomplishments over the past several years, including: reinvigorating the Office's focus on customer service; helping position Procurement to respond to and support implementation of the Mint's

strategic plan; and reorganizing the Office of Procurement to better support the Office of Marketing and Operations. She has an excellent reputation within and outside the Mint as an effective leader for change management efforts.

### BEP and Holocaust Museum Combine Efforts to Increase Perimeter Security

by Wendy Hill, BEP

Several years ago a commission was formed to create ideas for the enhancement and beautification of the entrance into Washington, D.C. from the southwest corridor (14th Street bridge). Since the first dominant building at this entrance is the BEP and its Annex Building, the result was the formulation of the BEP's Southwest Gateway Project. The BEP awarded a design contract for several separate enhancements.

During the early stages of design, the Holocaust Museum was impressed with the features the BEP developed and made a request to include the same enhancements to its building. As a result, an interagency agreement was executed with the Holocaust Museum to provide design and construction services. The combined efforts incorporated major security upgrades to protect the BEP and Holocaust Museum from vehicular intrusion and improve visitor/employee safety. The upgrades also included enhanced landscaping for both buildings. The combined efforts will also ensure uniformity since the buildings are next to each other.

During the course of this project, there has been a major coordination of effort between the two agencies, such as daily meetings for design reviews and pre-construction conferences. Other agencies involved include the State Department, Financial Management Service, National Capital Planning Commission and Secret Service.

The effort of combining BEP's requirements with the Holocaust Museum's is an example of different agencies working together and sharing limited resources. Combining the two requirements saved an estimated 35% on design and construction costs. There were also substantial savings on pre- and post-award administrative costs. The new look for BEP and the Holocaust Museum is scheduled for completion by Fall 1998.

### BEP Saves with Natural Gas Contracts

by Wendy Hill, BEP

The BEP's Western Facility located in Fort Worth, Texas is now taking advantage of the deregulation of

intrastate gas suppliers. Since the plant began operations in 1992, all natural gas requirements were provided by the Lone Star Gas Company, the local supplier in that area. With authority from GSA, a new agreement was negotiated with Lone Star allowing BEP to purchase natural gas from direct suppliers at a substantial cost savings. In the new agreement, Lone Star would only provide interruptible intrastate gas transportation and standby natural gas. Members of BEP's Office of Procurement, Legal Counsel and Facilities Management negotiated several months with Lone Star on the terms and conditions of the agreement.

BEP is currently averaging a 30% savings during peak seasonal usage. Savings will increase during the off peak seasons of spring and summer. The savings are also higher than what would have been obtained by entering into an extended GSA Public Utility contract. Much credit goes to Mr. Franz Stuppard, A&E Construction Contracts Division, for completing this action. The Office of Procurement is currently evaluating other energy conservation measures that would eventually reduce total expenditures for public utility services.

### **BEP Contractor Recognized by SBA for Outstanding Performance**

*by Wendy Hill, BEP*

Corning of Maryland, Inc. was recently nominated for the Small Business Prime Contractor of the Year Award. Though Corning was not the recipient of this award, because of their outstanding contribution and service, they have earned SBA's "Administrator's Award of Excellence".

Corning was nominated for their outstanding performance on several construction projects at the Bureau, including the Structural Upgrade for the New Substation Equipment, ISS 300 Equipment Installation and the Building Restoration and Cleaning Project. These projects were completed in a timely and efficient manner with excellent quality and workmanship.

## **COTR TRAINING**

### **FAI Establishes the COR Mentor Program**

*by Kevin Whitfield*

The Federal Acquisition Institute (FAI), in partnership

with the GSA Public Building Service, is presently developing a contracting officer's representative development program accessible through the Internet's World Wide Web. This system, the Contracting Officer's Representative (COR) Mentor Program, is designed to help CORs learn about their assigned functions. Such functions include: (1) inspecting and accepting contract deliverables; (2) monitoring compliance with terms and conditions of the contract schedule; (3) identifying and reporting noncompliance with business terms and conditions; (4) reviewing contractor estimates regarding contract completion; and (5) assisting Contracting Officers in preparing findings of fact regarding technical issues in claims.

The COR Mentor will have a separate help desk application for each function; including summary information, a flowchart of general steps to follow, applicable guidance from Federal and agency regulations, interactive tutorials and exercises, and examples of forms to use. Knowledge of the COR functions is tested by examinations provided at the end of each module, and explanations are provided on why a response was deemed correct or incorrect. Further, portions of the mentor program can be customized in accordance with agency requirements; such as recertification, specific forms, contract terms, or other on-line agency unique resources.

Presently, 2 of 17 separate COR Mentor training modules have been fully developed. The system is scheduled to be available sometime in FY 1999. An interagency work group, which includes Sylvia Ball, of the Treasury Acquisition Institute (TAI), and Kevin Whitfield, of the Treasury Office of Procurement, has been established to evaluate each module. TAI is presently ascertaining the feasibility of customizing the COR Mentor program for Treasury-wide use. For more information regarding this system, feel free to visit the FAI homepage at [www.gsa.gov/fai](http://www.gsa.gov/fai). (kevin.whitfield@treas.sprint.com; phone number 202-622-0248)

### **Deidre A. Lee Nominated Administrator for OFPP**

On February 24, 1998, The President announced his intent to nominate **Deidre A. Lee** as Administrator for Federal Procurement Policy in the Office of Management and Budget. Ms. Lee has served as the

Associate Administrator for Procurement at the National Aeronautics and Space Administration since March, 1993. She rose through the ranks to become NASA's senior acquisition official and has a distinguished record as a reformer and innovator. Ms. Lee has developed successful procurement initiatives at NASA, including the MidRange Program, Performance Based Contracting, Source Selection, Cost Control, Consolidated Contracting Initiative, and the Single Process Initiative/Block Changes. Ms. Lee is recognized as one of the Administration's most active and successful acquisition reformers, and has received NASA's Outstanding Leadership Medal, a NASA Exceptional Achievement Medal, and the Senior Executive Service Meritorious Executive Rank Award.

## INTERNET NEWS

### Web Based Forms

by Martha Lanigan

We are working with the office of the Chief Information Officer to develop interactive forms, such as a Request for Quotation (RFQ) and purchase order, on the Internet. Plans to develop interactive procurement forms on one Treasury web site have shifted due to lack of funding. Seven bureaus had expressed interest in the pilot program which would have made possible completely electronic transactions for requirements up to \$25,000 as part of a pilot program.



We are now looking at the GSA Electronic Posting System (EPS) for posting CBD announcements and solicitations on the Internet. Five agencies have been piloting EPS: GSA's Public Building Service, NASA, the Air Force, Department of Interior, and Department of Transportation. An enhancement to EPS, which will enable vendors to respond electronically to solicitations over the Internet, will be available in a few months. GSA will provide EPS software to agencies at no charge; however, there would be a small cost involved in putting the application on a Treasury server.

Somewhat concurrently, we plan to look at putting the Individual Contract Action Reports (ICAR) and the SF 281 on the Treasury Intranet as interactive forms. This will be done in conjunction with evaluating other FPDS systems, such as the Oracle database that GSA uses, to replace the Department of Commerce system we currently use.

## PEOPLE ON THE MOVE

Congratulations to **Angelie Jackson** on the birth of her new baby girl, Ayanna Nicole Jackson. Ayanna was born December 30, 1997.

Congratulations to **Donna Andersen**, Contracting Officer, Financial Management Service on receiving her CACM from NCMA!



Bureau Chief Procurement Officer, **John Connors**, Financial Management Service has accepted a job at Office of Thrift Supervision with management responsibility for both procurement and property. His last day at FMS was April 10th. We wish John the best in his new job.

**Andy Anderson** has moved from Bureau of Engraving and Printing to the U.S. Secret Service. Look for a USSS web site soon!

**Frank Trotta**, Procurement Analyst and Small Business Specialist, has left FLETC to take a job at the Department of Veterans Affairs in Washington, D.C. We're glad to have Frank in the D.C. area and wish him well.



## TREASURY WIDE CONTRACTS REVISIONS

by Terri Toplisek

The following changes update the *Department of the Treasury Multi-User Contract List* that was published in the November/December 1997 issue of the newsletter:

- Page 4 - Delete Tatf-96-15, 9mm Pistols.
- Add Contract No. Tir-92-00054, Purchase, Installation, and Support of Automatic Call Distribution (ACD) Systems, Including Integrated Voice Response Units (VRUs). Contractor: Aspect Telecommunications, Inc.; Expiration Date: 9/30/02; Government-wide; C.O. Name and Phone: Lanny Turner, 202-283-1142.