Center for Competitive Sourcing Excellence

Post-Competition Implementation and Accountability

Standard Operating Procedures

EXECUTIVE SUMMARY: IMPLEMENTATION AND POST-COMPETITION ACCOUNTABILITY

The Office of Management and Budget (OMB) Circular No. A-76 (Revised) established "post-competition accountability" to ensure implementation of performance improvements and cost savings resulting from competition. OMB Circular No. A-76 identifies six requirements under post-competition accountability:

1. Posting best practices and lessons learned to the SHARE A-76! website,
2. Tracking competitions from date of public announcement through completion of the last performance period,
3. Submitting a Competitive Sourcing Quarterly Report to OMB that describes in-progress and completed competitions,
4. Monitoring performance of the winner of the competition,
5. Exercising option year performance periods and follow-on competitions, and
6. Terminating the selected service provider (SP) for poor performance.

SMART LINK

OMB Circular No. A-76 (Revised), *Performance of Commercial Activities*, May 29, 2003. http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html.

In addition to the requirements in OMB Circular No. A-76, Section 647(b) of the Transportation, Treasury, and Independent Agency Appropriations Act, FY 2004 (Division F of the Consolidated Appropriations Act, P.L. 108-199) establishes a Government-wide reporting requirement for competitive sourcing. Each executive agency must inform Congress annually about its prior fiscal year competitive sourcing efforts. The required Information includes:

- The number of competitions,
- The number of Federal employees studied under competitions,
- Incremental costs,
- Savings,
- The number of Federal employees you plan to study in the coming fiscal year, and
- A discussion of how the agency aligns competitive sourcing decisions with its strategic workforce plan.

OMB took three actions to maximize the value of the Section 647(b) reporting requirement. First, OMB developed guidelines for agencies to use in preparing their reports. Second, OMB prepares an annual report that summarizes the information submitted by agencies tracked under the President's Management Agenda. Third, OMB created a web-based tracking system, the Competitive Sourcing Tracking System (CSTS) and now requires all agencies to input their results quarterly.

SMART LINK

OMB Memorandum M-07-01, *Report to Congress on FY2005 Competitive Sourcing Efforts* (October 5, 2006) for the latest annual guidance and accompanying report example template. http://www.whitehouse.gov/omb/memoranda/fy2007/m07-01.pdf

OMB designed the annual reporting guidelines to ensure consistent and clear reporting. The guidance includes a Microsoft Excel template for agencies to complete and describes how agencies should calculate incremental costs and estimated savings. Although Section 647(b) calls only for summary information, OMB's guidance requires agency reports to include information on each underlying competition. The additional detail on each competition gives members of Congress and taxpayers better insight into the basis of the aggregate figures called for by Section 647(b). The Microsoft Excel template is known as the "Competitive Sourcing Report" workbook and consists of five worksheets.

As an example, the “Savings and Performance Update” worksheet requires agencies to complete the following fields:

- Agency
- Bureau
- Function Competed
- Type of Competition
- Total Estimated Savings (As reported to Congress in past 647(b) reports)
- Total Performance Period (in years)
- Actual Phase-In Completion Date (Mo/Yr)
- Actual Accrued Savings FY 20XX
- Actual Accrued Savings FY 20XX
- Actual Accrued Savings FY 20XX
- Actual Accrued Savings FY 20XX
- Total Actual Accrued Savings
- Period Over Which Actual Savings Accrued (In Years)
- Savings Methodology: Calculation/ Proxy
- Quantifiable Description of Improvements in Service or Performance (if appropriate)

This guide presents post-competition accountability in four phases that address both the OMB Circular No. A-76 and the Section 647(b) post-competition accountability requirements.

The four phases in implementing post-competition accountability are:

Phase 1: Implementing the Performance Decision
Phase 2: Monitoring Performance
Phase 3: Post-competition Review
Phase 4: Independent Verification and Validation

The recommendations in this guide focus on four fundamental concepts:

1. Successful implementation of the new organization is the first step of accurate post-competition accountability,
2. Administration of post-competition accountability is the same for the private sector provider, the public reimbursable provider, and the agency provider;
3. Administration of post-competition accountability is the same for both streamlined and standard competitions; and
4. Post-competition accountability is a part of good management practices.

ACRONYMS

Acronym	Term
AT	Agency Tender
ATO	Agency Tender Official
CA	Commercial Activity
CGA	Continuing Government Activity
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
CSO	Competitive Sourcing Official
FAR	Federal Acquisition Regulations
FFS	Fee for Service
FTE	Full Time Equivalent
GFP	Government Furnished Property
HRA	Human Resource Advisor
IG	Inherently Governmental
IHCE	In-House Cost Estimate
LOO	MEO Letter of Obligation
MEO	Most Efficient Organization
PRS	Performance Requirements Summary
PWS	Performance Work Statement
QAE	Quality Assurance Evaluator
QASP	Quality Assurance Surveillance Plan
QC	Quality Control
QCP	Quality Control Plan
SCF	Standard Competition Form
SLCF	Streamlined Competition Form
SSA	Source Selection Authority
SSEB	Source Selection Evaluation Board

TABLE OF CONTENTS

ACRONYMS III

PHASE 1: IMPLEMENTING THE PERFORMANCE DECISION 1

Overview 1
Task 1. Appoint an implementation team 1
Task 2. Establish a new reporting structure 1
Task 3. Establish a new Organization Code 1
Task 4. Run a mock RIF 2
Task 5. Establish the SP 2
Task 6. Review the adjusted baseline cost 2
Task 7. Establish an operating budget plan for the MEO 3
Task 8. Conduct post award briefings 4
Task 9. Run a RIF and submit Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) list 4
Task 10. Update the tracking database as significant milestones occur 4
Checklist of Key Tasks 4

PHASE 2: MONITORING PERFORMANCE 6

Overview 6
Task 1. Review actual cost of performance and record for each performance period 6
Task 2. Implement the Quality Assurance Surveillance Plan (QASP) 7
Task 3. Track changes to the contract, fee-for-service agreement, or MEO LOO 7
Task 4. If necessary, terminate the contract, LOO, or FFS Agreement 7
Task 5. Provide information for OMB Competitive Sourcing Quarterly report 8
Checklist of Key Tasks 8

PHASE 3: POST-COMPETITION REVIEW 9

Overview 9
Task 1. Schedule Post-Competition Review 10
Task 2. Identify the Post-Competition Review Team 10
Task 3. Sign non-disclosure agreements 10
Task 4. Identify and initiate contact with the appropriate program support personnel 10
Task 5. Collect existing documentation 10
Task 6. Verify SP's technical approach was implemented in accordance with the wining bid. 12
Task 7. Verify that the SP is meeting the performance requirements in the performance work statement. 12
Task 8. Validate that actual costs are within the price of the winning bidder. 12
Task 9. Validate that the SP is realizing reported savings and that savings have been reinvested 12
Task 10. Validate that anticipated improvements in performance or service were realized 13
Checklist of Key Tasks 13

PHASE 4: INDEPENDENT VALIDATION 14

Overview 14
Task 1. Schedule independent validation 14
Task 2. Identify the independent validation team 14
Task 3. Sign non-disclosure agreements 14
Task 4. Identify and initiate contact with the appropriate program support personnel 14
Task 5. Review existing documentation 15
Task 6. Verify SP's technical approach was implemented in accordance with the wining bid. 15
Task 7. Verify that the SP is meeting the performance requirements in the winning bid. 15
Task 8. Validate that actual costs are within the winning bid. 15
Task 9. Validate that the SP is realizing reported savings and that saving have been reinvested 15
Task 10. Validate that anticipated improvements in performance or service were realized 15

CHECKLIST OF KEY TASKS 16
APPENDIX A: GLOSSARY OF A-76 TERMS AND DEFINITIONS..... 17
APPENDIX B: SAMPLE LETTER OF OBLIGATION 24
MOST EFFICIENT ORGANIZATION LETTER OF OBLIGATION 24
APPENDIX C: SUMMARY OF KEY TASKS..... 26
APPENDIX D: SUMMARY OF TRACKING MILESTONES, COMPETITION FILE DOCUMENTS, AND DATA ELEMENTS REQUIRED IN OMB CSTS/WITS 28
APPENDIX E: COMPARISON OF PROPOSED/ESTIMATED VS. ACTUAL COST WORKSHEET ... 30
APPENDIX F: EXAMPLE QUALITY ASSURANCE AND QUALITY CONTROL REPORTS..... 41
APPENDIX G: MODIFYING THE LETTER OF OBLIGATION (LOO)..... 44

PHASE 1: IMPLEMENTING THE PERFORMANCE DECISION

Overview

After you make an award, the most important task is to establish an enforceable agreement with the service provider (SP). This document, whether a contract, MEO letter of obligation (LOO), or fee-for-service agreement, formalizes the accountability of the SP for meeting the cost and performance standards contained in the competition process. The tasks in this section of the guide provide guidelines for establishing this agreement and meeting OMB requirements for competition milestone and data tracking.

By following the tasks listed below you will transition into the new organization successfully and be able to fully account for the new organization's performance after implementation.

Task 1. Appoint an implementation team

An implementation team with the correct membership is an essential first step. Team members should be appointed prior to announcement of the decision. You should write a letter appointing members of the implementation team and identify a project officer. The team should include members of the Continuing Government Activity (CGA) from the program office, and should also include have representatives from the Human Resources office, Budget or Finance, and the Contracting office. We also highly recommend that you have a member of the PWS team and the MEO team as subject matter experts to help the other members on the team to understand the performance requirements and how they should be met.

Task 2. Establish a new reporting structure

The first thing the implementation team must address is how to ensure accountability of the new element within the organization. If the SP is a contractor, this is very straight forward. The Contracting Officer (CO) will appoint a Contracting Officer's Technical Representative (COTR) to monitor performance of the contractor and interact with the program manager for the SP. In an MEO, accounting for performance requires a different reporting structure.

The design of the MEO helps in structuring the interface with the supported organization and will guide many of the decisions in establishing the reporting structure. Typically there are personnel within the MEO assigned to interface with the organization. The MEO will have a Quality Control function designed as part of the organization to monitor performance. You will have to determine which part of the organization the MEO resides under and to whom it reports.

Task 3. Establish a new Organization Code

You should establish a new organization code for the SP so that you can account for all costs easily. When you begin to monitor the performance of the SP and report actual costs, having a separate organization code gives you a money trail to follow.

Task 4. Run a mock RIF

The Human Resources office should run a mock RIF before you announce the performance award so that you have a good estimate of the number of potentially affected employees. Also, you can estimate the effects a RIF will have on the employees and prepare for tasks associated with a RIF.

One of these tasks is to review and update the Official Personnel Files (OPFs) of the employees filling the positions that were part of the study. These are the employees most likely affected by any actions that result from the performance decision. You should also update and check the OPFs of any other employees you identify as possibly being affected when you run the mock RIF.

Task 5. Establish the SP

For an agency provider, OMB Circular No. A-76 states, "The CO shall establish a Most Efficient Organization (MEO) letter of obligation with an official responsible for performance of the MEO."[1] Essentially, the purpose of the MEO LOO is to create a formal agreement between the agency and the MEO similar to a contract between the agency and a contractor.

The MEO LOO is essentially an internal contract. The LOO is an agreement modeled after a contract under the Federal Acquisition Regulation (FAR), with an official responsible for performance of the MEO. The CO must incorporate into the LOO the PWS, Performance Requirement Statement (PRS), Quality Control Requirements, Agency clauses, and other terms and conditions as needed. To establish a methodology for discrepancy reporting, the CO or other authorized agency official who signs the MEO LOO must ensure that the appropriate inspection and acceptance clauses are included just as they appear in the solicitation.

At this time, you must appoint a LOO administrator and a QAE(s). LOO administrator duties are the same as those of a COTR. The LOO administrator's job is to oversee and monitor performance of the contract. The LOO administrator relies on the QC reports the MEO gives him/her, customer feedback, and the quality assurance report from the QAE(s) to ensure that the SP is meeting the obligations laid out in the PWS. A sample Letter of Obligation is included in Appendix B

OR

For a private sector source, OMB Circular No. A-76 states, "The [contracting officer] shall award the contract in accordance with the FAR."[2] The type of contract determines various processes, procedures and actions that the contracting officer and the quality assurance staff used to ensure that terms, conditions, performance, and costs requirements in the contract are followed strictly. (Contract includes solicitation sections A-J.)

This step includes appointing a COTR and one or more Quality Assurance Evaluator(s) (QAE). The COTR's job is to oversee and monitor performance of the contract. The COTR relies on the QC reports the SP gives him/her, customer feedback, and the quality assurance report from the QAE to ensure that the SP is meeting the obligations laid out in the Performance Work Statement (PWS).

OR

For a public reimbursable source the CO must develop a fee-for-service agreement with the public reimbursable source. The CO or other authorized agency official must incorporate appropriate portions of the solicitation and public reimbursable tender into the fee-for-service agreement and distribute the agreement to the appropriate individuals."[3]

Task 6. Review the adjusted baseline cost

[1] OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B D, 6,f (1)(a).
[2] OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B,D 6,f,(1).
[3] OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003. Attachment B, D, 6,f,(2).

Review the adjusted baseline cost to ensure that it corresponds to the scope of the PWS that was included in the contract, MEO LOO, or fee-for-service (FFS) agreement.

Task 7. Establish an operating budget plan for the MEO

The agency cost estimate prepared in COMPARE, using the OMB Circular No. A-76 methodology, is not suitable to effectively manage the MEO. The Agency Tender Official (ATO) must work with the office that the MEO falls under to establish a budget plan for the MEO. This budget provides the program office and the ATO realistic numbers for managing the program and an actual cost that you can compare to the Adjusted Baseline Cost for determining actual realized cost savings. For ease of comparison, the budget you establish should use similar methodology to establish the actual baseline costs. This budget must include:

- Actual cost of labor based on grade, step, and fringe benefits for implemented MEO staffing (this should include the cost of saved grade and retained pay).
- Actual cost of indirect labor that the agency SP pays.
- Actual cost of materials, supplies, facilities, equipment, travel, etc.
- Actual costs of agency overhead rates as applicable.

By calculating the actual cost for the MEO you implement, agency officials should be able to structure a budget from funds reserved for the competition. If in doubt as to what costs to include in establishing your budget, contact your Chief Financial Officer (CFO) or budget officer.

NOTE: This budget must include phase-in costs.

NOTE: During the competition process, the MEO team prepared the agency cost estimate in COMPARE. COMPARE generated the streamlined competition form (SLCF) or the standard competition form (SCF). ***It is important to understand that the cost figures estimated in COMPARE and shown on the competition form are not suitable for use as a budgeting and planning guide***.

The OMB Circular No. A-76 cost comparison methodology compares the ***total*** cost to the Government if it performs the services to the ***total*** cost to the Government for contracting out the services. COMPARE may not accurately reflect the actual agency funding necessary for performing this service for the following reasons:

- Personnel costs are estimated at Step 5 for GS employees (Step 4 for FWS employees). The degree to which the actual personnel in the MEO deviate above or below these levels increases or decreases your actual personnel costs. In actual performance, employees who have been downgraded may be entitled to save grade or save pay, which will determine the true cost to the agency.
- Personnel costs are estimated using a standard fringe benefit factor. This factor may not be the same as actual fringe benefits.
- Personnel costs subject to an economic price adjustment are not inflated after the first performance period. This will understate actual personnel costs in the out years.
- Projected inflation may differ from actual salary escalation, resulting in an increase or decrease in personnel costs.
- A 12% overhead factor is applied to personnel costs. This is an imputed cost to the Government and will not be a direct cost for budgeting purposes.
- Liability and casualty insurance is applied to personnel costs and equipment. This is an imputed cost to the Government and will not be a direct cost for budgeting purposes.
- Government-furnished property and services that are considered a common or "wash" cost and are not included in the cost comparison. However, the agency will still have to budget funding for maintaining and replacing the property and providing these services.

See *Appendix E: Comparison of Proposed/Estimated Costs vs. Actual Cost Worksheets* for considerations for translating the standard competition form (SCF) or the streamlined competition form (SLCF) in COMPARE to a meaningful budget document.

Task 8. Conduct post award briefings

The Bureau Competitive Sourcing Office should organize and conduct on-site post-competition training and employee meetings as part of programmed activities after competition award. This Post-Award conference focuses on specific requirements of the performance decision.

Task 9. Run a RIF and submit Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) list

Human Resources will complete a RIF and submit all personnel actions prior to implementation of the new SP, regardless of who wins the competition. If there are sufficient positions in the MEO for all current employees, a RIF may not be necessary, but only if all employees accept job offers within the MEO.

Task 10. Update the tracking database as significant milestones occur

Appendix D provides a combined table showing the tracking milestones, competition file documents and data OMB requires.

Checklist of Key Tasks

PHASE 1: IMPLEMENTING THE PERFORMANCE DECISION KEY TASKS	RESPONSIBILITY	√
1. Appoint a implementation team	Senior Management	
2. Establish a reporting structure for the new SP	Senior Management Implementation Team	
3. Establish a new Org Code	Budget Office	
4. Run a mock RIF	Human Resources Office	
5. Establish the SP a.) Award the Contract , assign a COTR, and a QAE or b.) Establish the MEO letter of obligation (LOO), assign a COTR (LOO administrator) and a QAE(s) or c.) For a public reimbursable source, develop a fee-for-service agreement (Rarely used)	CO	
6. Review the baseline measures of cost; adjust as necessary	CO MEO	
7. Establish a budget plan for the MEO	MEO Budget Office Continuing Government Activity (CGA)	
8. Brief implementation procedures (post-award conference)	The Bureau Competitive Sourcing Office	

PHASE 1: IMPLEMENTING THE PERFORMANCE DECISION KEY TASKS	RESPONSIBILITY	√
9. Run a RIF and submit VERA/VSIP list	Human Resources Office	
10. Update the tracking database as significant milestones occur	The Bureau Competitive Sourcing Office	

PHASE 2: MONITORING PERFORMANCE

Overview

Regardless of who wins the A76 competition, the agency must monitor performance for all performance periods. OMB Circular No. A-76 specifically requires the agency to:

1. Monitor performance for all performance periods stated in the solicitation;
2. Implement the quality assurance surveillance plan;
3. Retain the solicitation and all other documentation from the streamlined or standard competition as part of the competition file;
4. Maintain the currency of the contract file, consistent with FAR Subpart 4.8, for contracts, MEO letters of obligation, and fee-for-service agreements;
5. Record the actual cost of performance by performance period; and
6. Monitor, collect, and report performance information, consistent with FAR Subpart 42.15, for purposes of past performance evaluation in a follow-on streamlined or standard competition. To record the actual cost of performance for a specific performance period, the agency must adjust actual costs for scope, inflation, and wage rates made during a specific performance period. The agency must compare the actual costs to the costs recorded on SCF or SLCF Lines 6 and 7 when it made the performance decision."[4]

The tasks outlined in this section of the guide ensure that the agency can meet the OMB requirements.

Task 1. Review actual cost of performance and record for each performance period

The objective of this task is to confirm that the actual cost of performance is within the proposed agency cost estimate (developed in COMPARE) for the Government's MEO, the proposed cost/price proposal for the private sector SP, or fee-for-service provider. The CO or other agency official should compare the SP's proposed costs against the actual costs of performance.

OMB requires that agencies record this information on an annual basis in the Report to Congress. As part of monitoring the contract, MEO LOO, or fee-for-service agreement, the Department of the Interior (DOI) Center for Competitive Sourcing Excellence (CCSE) requires bureaus to report information on a quarterly basis to the Department.

This process is very clear-cut for a private sector provider operating under a contract. The CO can use the SP's invoices to determine actual costs and compare them to the proposed cost. Some types of contracts give the CO more visibility into the SP's costs than others. For example, for a fixed price contract, the SP may provide only a total monthly cost, and for a cost plus fee contract, the SP must itemize all costs.

In addition to invoices, the solicitation may require the SP to collect and report on cost data. To ensure that the program office and the CO have the cost data that they need to make this comparison (and to manage the program), we recommend that the CO stipulate in the solicitation the requirement to collect and report on cost data that will make this comparison as easy and meaningful as possible.

NOTE: These same principles apply to the fee-for-service agreement.
For the government's MEO operating under an MEO LOO, this comparison is not as easy. It is impossible to directly correlate the costs proposed using COMPARE to the actual costs of performance. In order to accurately track and report the MEO cost, the program office the ATO must establish a budget plan for

[4] OMB Circular No. A-76 (Revised), Performance of Commercial Activities, May 29, 2003; Attachment B. E.4.

the MEO using actual costs during the phase-in period. Using this budget, the CO, or other agency official, can compare actual costs to the budget. Since the MEO typically does not invoice the Government for services, the CO has delegated to the Bureau Competitive Sourcing Office the responsibility of collecting quarterly cost for all competitions as established in the MEO LOO.
Refer to Appendix E: Comparison of Proposed/Estimated vs. Actual Cost for a checklist of steps to reviewing the cost of performance and for Excel Spreadsheet examples for you to use to create these cost accounting documents. Cost estimates are due to the Bureau Competitive Sourcing Office no later than the 15th of the month ending the fiscal quarter (e.g., March 15th, June 15th, etc).

NOTE: This is not a comparison of actual costs to the baseline measures of costs to determine realized savings. You will peform that comparison as part of *Phase 3: Post-Competition Review*.

Task 2. Implement the Quality Assurance Surveillance Plan (QASP)

To ensure the CO or other agency official is able to assess the performance in terms of quality, you must implement the procedures in the Quality Assurance Surveillance Plan (QASP) by the time the MEO begins performing its tasks. You should modify the QASP to identify what you plan to measure and at what level 30 days prior to full implementation of the new organization.

Quality Assurance Evaluators should receive training from the Bureau Competitive Sourcing Office prior to implementation. The requirement for performing quality assurance is the same regardless of who wins the competition. The Continuing Government Activity (CGA) must ensure that there is funding available for personnel to perform as QAEs.

If the Government wins the competition, the LOO administrator must supply summaries of the Quality Assurance and Quality Control reports (supplied by the MEO) each quarter to the Bureau Competitive Sourcing Office. These reports are due no later than the 15th of the month following the end of the fiscal quarter (e.g., April 15th, July 15th, etc).

Refer to Appendix F: Examples of Quality Control and Quality Assurance Summary Reports.

Task 3. Track changes to the contract, fee-for-service agreement, or MEO LOO

As required, the CO or other agency official must modify the contract, MEO LOO, or fee-for-service agreement, for changes in the scope of work or volume of work that increase or decrease the cost of performance. You must provide validated workload data to the CO with the modification request. In order to know what work is being performed, you must measure the output of the SP. You then compare the amount of output to the data in the requirements document. If there are significant changes in the work the SP is performing, you need to change the contract, MEO LOO, or fee-for-service agreement. See Appendix G for detailed instructions on modifying the LOO.

Task 4. If necessary, terminate the contract, LOO, or FFS Agreement

If the SP is an MEO that failed to comply with the MEO LOO or the FFS provider to the extent that a termination for default is necessary, then the CO or other agency official must issue a notice of termination that is consistent with FAR Part 49.

If the CO or other agency official determines that a contractor failed to perform the requirements of the contract to the extent that a termination for default is necessary, then the CO or other agency official must issue a notice of termination consistent with FAR Part 49.

To be consistent with the FAR you must follow the basic premise of reasonable notification of discrepancies that must be corrected, resolved, and improved upon, if not would otherwise result in the need to terminate the fee-for-service agreement The CSO for the Department of the Interior must approve or decline to approve terminations.

Task 5. Provide information for OMB Competitive Sourcing Quarterly report

OMB Circular No. A-76 requires that an agency submit a Competitive Sourcing Quarterly Report to OMB on the first of each fiscal quarter (January, April, July, and October). The report must include the following information through the end of the fiscal quarter:

(1) In-progress streamlined and standard competitions (i.e., competitions with start dates and pending performance decisions), and
(2) Completed streamlined and standard competitions (i.e., competitions with performance decisions).

The Bureau Competitive Sourcing Office consolidates this information from the reports completed by the LOO administrator (MEO award) or COTR (private sector award) and sends it to the DOI Center for Competitive Sourcing Excellence.

Checklist of Key Tasks

PHASE 2: MONITORING PERFORMANCE KEY TASKS	RESPONSIBILITY	√
1. Review actual cost of performance and record for each performance period	BUREAU COMPETITIVE SOURCING OFFICE	
2. Implement the quality assurance surveillance plan	LOO Administrator / COTR QAE BUREAU COMPETITIVE SOURCING OFFICE (training)	
3. Track changes to the contract, MEO LOO, or fee-for-service agreement	LOO Administrator / COTR	
4. As necessary, terminate the contract, LOO, or fee-for-service agreement	CO	
5. Provide information for OMB Competitive Sourcing Quarterly report	BUREAU COMPETITIVE SOURCING OFFICE	

PHASE 3: POST-COMPETITION REVIEW

SMART LINK

OMB Memorandum M-07-01, *Report to Congress on FY2006 Competitive Sourcing Efforts* (October 5, 2006) for the latest annual guidance and accompanying report example template. http://www.whitehouse.gov/omb/memoranda/fy2007/m07-01.pdf

Overview

The post-competition review provides the program office, in collaboration with the CO and the Bureau Competitive Sourcing Office, the opportunity to verify and validate the savings and performance improvements resulting from completed competitions. OMB October 5, 2006 memorandum (M-07-01) requires Federal agencies to report achieved savings and/or quantifiable performance improvements on completed competitions (commonly referred to as 647(b) reporting). The OMB Circular A-76 requires that the CSO identify savings resulting from completed streamlined and standard competitions and, essentially, factor in those savings into the agency's budget. The purpose of the post-competition review is to give the program office and the CSO confidence that the projected savings or performance improvements that are being reported are being realized.

This post-competition review becomes particularly important to the program office when OMB suggests that the projected savings from competitions be reprogrammed for other mission-related uses. The program office needs to understand exactly what savings are being reported and whether or not they are actually being realized.

The post-competition review does not take the place of regular ongoing performance monitoring of the selected SP. The objectives of the post-competition review are to:

- Verify the SP's technical approach was implemented;
- Verify that the SP is meeting the performance requirements;
- Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price;
- Validate that we savings reported were accurate; and
- Validate that we realized anticipated improvements in performance or service.

This guide provides general instructions for planning and coordinating the post-competition review. Do not let the suggested tasks in this guide restrict you or serve as a substitute for initiative or judgment. They should not overshadow the duties and responsibilities of the program manager, the CO, or the LOO administrator. These review steps present one method of accomplishing the review objectives. If a particular step is not applicable or appropriate in the judgment of the reviewer, you adequately support omission of the step in your review.

The Bureau Competitive Sourcing Office, in collaboration with the CO and the program office, plans for and coordinates the post-competition review. The Bureau Competitive Sourcing Office performs these internal audits.

Task 1. Schedule Post-Competition Review

The Bureau Competitive Sourcing Office, in coordination with the CO, or other agency official, performs an initial review prior to full implementation to ensure that phase-in has been completed in accordance with the Phase-In Plan. The Bureau Competitive Sourcing Office performs an on-site review 6 months after full implementation, and will schedule subsequent annual reviews as necessary.

Task 2. Identify the Post-Competition Review Team

The post-competition review team is comprised of such members as the program manager, the Bureau Competitive Sourcing Office, CO, COTR, LOO administrator, Budget, Accounting, QAE(s), and other personnel as appropriate.

Task 3. Sign non-disclosure agreements

It is important for the post-competition review team members to sign non-disclosure agreements. During the course of the review they will examine the contractor's or the MEO's proprietary data.

Task 4. Identify and initiate contact with the appropriate program support personnel

The post-competition review team finalizes the strategy for how it will complete the review and contacts the appropriate program support personnel to gather the resources necessary.

NOTE: If the post-competition review team thinks it is necessary to validate savings and performance by talking to employees, the team should coordinate any employee contact with the employee's supervisor and with the employee representative or union official as appropriate.

Task 5. Collect existing documentation

Based on the tasks accomplished in Phases 1 and 2, the agency should have substantial information documenting the competition process, cost savings, and performance. The post-competition review team begins the review by collecting this existing documentation. The documentation includes:

Existing Documentation	Location
FAIR Act Inventory baseline establishing function and original number of FTE under competition	**Competition File - bureau competitive sourcing office**
Adjusted baseline costs - this should include a staffing plan	**Competition File - bureau competitive sourcing office**
Solicitation [entire document] used by the CO to solicit bids/offers and all amendments	**Competition File - bureau competitive sourcing office**
Accepted proposal	**Competition File - CO**
MEO (staffing plan) or private sector staffing plan as in conformance with solicitation requirements and accepted proposal	**Competition File - bureau competitive sourcing office**
Certified standard or streamlined competition form	**Contract File - CO**

Existing Documentation	Location
Accepted cost proposal; for the MEO an agency cost estimate with competition form (SLCF or SCF) and all related worksheets or in the case of private sector contract, a copy of the submitted and accepted cost/price proposal	**Contract File - CO**
MEO LOO (for studies conducted under OMB Circular A-76, May 29, 2003) or a copy of the private sector contract award documents (SF26, SF33, and SF1449 with Sections B through J attached)	**Contract File - CO**
All contract, fee-for-service, or MEO LOO modifications; justification for modifications	**Contract File - CO**
Record of actual phase-in start date; record of SP staffing at phase-in completion and start of full performance	**MEO File – Program Office**
Record of workload measures and/or scope of work	**MEO File - Program Office**
Property administration records	**MEO File – Program Office**
Bills, invoices, vouchers, and supporting documentation for contractor or fee-for-service agreement	**Contract File - CO**
A comparison of the personnel by grade and step as originally proposed for the MEO estimated in the ACE (using COMPARE) to the personnel assigned (MEO Staffing Chart) during the performance periods with explanations for any differences. In the case of private sector SP, a comparison of the submitted and accepted staffing plans.	**Competition File - bureau competitive sourcing office**
Quality Assurance Surveillance Plan (QASP) and other documents	**MEO File – Program Office**
Quality Control Plan (QCP) which was submitted and accepted for either the MEO or private sector provider	**Contract File – CO**
Continuing Government Activity (CGA) staffing plan	**Program Office**
Documentation pertaining to workload, and quantities of products and or services produced during the period of performance	**MEO File – Program Office**
Documentation of inspections performed by COTR and QAE(s) showing quality and timeliness of products and services during the performance period as noted in the QASP to be used in conjunction with the MEO or commercial contract's QCP	**Contract File – CO Program Office**
Documentation of customer service levels or customer comments	**MEO File Program Office**
Previous post-competition reviews, if any	**Competition File - bureau competitive sourcing office**
Documentation of labor, material and other specifically attributable costs during the period of performance compliant with financial management regulations	**MEO File – Program Office**
Documentation showing that the Bureau Competitive Sourcing Office database has been updated and is current	**bureau competitive sourcing office**
Documentation substantiating the data provided to OMB in the 647(b) report	**bureau competitive sourcing office**

Task 6. Verify SP's technical approach was implemented in accordance with the wining bid.

Compare the SP's accepted proposal to its staffing at phase-in completion.

Compare the SP's accepted proposal to its current staffing levels, roles and responsibilities, and standard operating procedures. This helps to validate that the SP is implementing the technical approach in accordance with the winning proposal.

Task 7. Verify that the SP is meeting the performance requirements in the performance work statement.

The Bureau Competitive Sourcing Office:

- Develops a checklist using the PRS, based on the PWS or QASP, and reviews each of the performance standards. The Bureau Competitive Sourcing Office compares this to documented actual performance metrics. If there is no performance documentation, the post-competition review team will need to conduct quality assurance reviews.
- If the PRS is not sufficient to determine performance, identifies performance requirements and standards in the PWS and compare them to documented performance metrics. If there is no performance documentation, the post-competition review team will need to conduct quality assurance reviews
- Reviews projected workload to current workload. Notes any accompanying impact on numbers and types of FTE.
- Reviews customer satisfaction ratings against established standards. Assesses the validity of the data, and asks customers for feedback to verify ratings, if necessary

Task 8. Validate that actual costs are within the price of the winning bidder.

The Bureau Competitive Sourcing Office:

- Collects actual costs of performance for one year. To do this, works with the MEO program manager and the Financial Management Office. The actual costs should include all costs associated with performance of the work as described in the RFP.
- Compares the SP's accepted cost proposal or agency cost estimate to the cost of actual performance In the case of the agency provider; compares the cost of actual performance to the budget established for the MEO. See Appendix E for guidance in comparing cost estimates prepared in COMPARE to actual agency costs.

Task 9. Validate that the SP is realizing reported savings and that savings have been reinvested

In many competitions that report savings, the agency doesn't realize savings because it shifts costs from the function or area under competition to the CGA or other areas of the agency. For the Bureau Competitive Sourcing Office to report savings to OMB, we must validate savings. Validating that actual costs are within the contract, MEO LOO, or fee-for-services agreement is only the first part of validating that estimated savings were realized. In addition, the post-competition review team should:

- Compare the adjusted baseline cost to the first full year of performance cost. Unlike the comparison in task 8, this comparison should also include those costs that were common costs for the competition but are required for the performance of the work. This comparison should help you to identify if you actually realized savings or if costs were just shifted in the organization.
- Review the employee transition plan to identify what actually happened to all the employees. Determine if the employees displaced from competition moved to the CGA.

- Cost the CGA using the same methodology used to develop adjusted baseline costs. Determine if the CGA (e.g., QAE) ***plus*** the adjusted baseline costs represents a cost savings from the original organization. Often you can assess this from basic information about personnel without needing to collect or analyze a lot of data.

Task 10. Validate that anticipated improvements in performance or service were realized

The Post-competition Review Team:

- Verifies the documentation of inspections performed by the LOO administrator (COTR) and QAE to ensure that the SP has met the standards in the PWS, and
- Compares SP performance with baseline measures of performance.

Checklist of Key Tasks

PHASE 3: POST-COMPETITION REVIEW KEY TASKS	RESPONSIBILITY	√
1. Schedule post-competition review	bureau competitive sourcing office	
2. Identify the post-competition review team	bureau competitive sourcing office, Program Office	
3. Sign non-disclosure agreements	Post-competition Review Team	
4. Identify and initiate contact with the appropriate program support personnel	bureau competitive sourcing office, Program Office	
5. Collect existing documentation	bureau competitive sourcing office, Program Office	
6. Verify SP's technical approach was implemented in accordance with the contract, MEO LOO, or fee-for-service agreement	Post-competition Review Team	
7. Verify that the SP is meeting the performance requirements in the contract, MEO LOO, or fee-for-service agreement	Post-competition Review Team	
8. Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price	bureau competitive sourcing office	
9. Validate that estimated savings were realized and reinvested	bureau competitive sourcing office	
10. Validate that anticipated improvements in performance or service were realized	Post-competition Review Team	

PHASE 4: INDEPENDENT VALIDATION

Overview

Independent validation is essentially the same as the post-competition review except that an independent party performs the review, which the DOI Center for Competitive Sourcing Excellence (CCSE) schedules. The purpose of independent validation is to give the CSO and OMB confidence that the projected savings or performance improvements that are being reported are being realized.

CCSE plans for and coordinates the independent validation. Any audit review organization may perform the review, but CCSE usually initiates the action. Because CSSE is independent of the bureaus it may play a significant role in independent validation. However, agencies have discretion on who performs their independent validation.

The key tasks are similar to the tasks in *Phase 3: Post-competition Review*.

Task 1. Schedule independent validation

CCSE establishes the schedule for independent validation of all competitions.

Task 2. Identify the independent validation team

Working with CCSE, the Bureau Competitive Sourcing Office requests nominations for the team. Team members must be independent of the program office, CO, COTR, LOO administrator, Agency Tender Official, and the MEO employees.

Task 3. Sign non-disclosure agreements

It is important for the independent validation reviewers to sign non-disclosure agreements. During the course of the review they will examine the SP's proprietary data.

Task 4. Identify and initiate contact with the appropriate program support personnel

The independent validation team tailors its strategy for completing the review and contacts the appropriate program support personnel to gather the resources necessary.

NOTE: If the independent validation team thinks it is necessary to validate savings and performance by talking to employees, we recommend that the team coordinate employee contact with the employee representative or union official as appropriate.

Task 5. Review existing documentation

Review all documentation the internal review team collects and request any missing/incomplete documentation.

Task 6. Verify SP's technical approach was implemented in accordance with the wining bid.

Compare the SP's accepted proposal to its current staffing levels, roles and responsibilities, and standard operating procedures to validate that it is implementing the technical approach in accordance with the contract, MEO LOO, or fee-for-service agreement

Task 7. Verify that the SP is meeting the performance requirements in the winning bid.

Review the QAE's reports to the CO to determine whether all services meet the standards in the PWS. Conduct an independent customer satisfaction survey to determine if the level of service meets the requirements in the PWS.

Task 8. Validate that actual costs are within the winning bid.

Compare the SP's accepted cost proposal or agency cost estimate to the cost of actual performance. In the case of the agency provider, compare the cost of actual performance to the budget established for the MEO. See Appendix E for guidance in comparing cost estimates prepared in COMPARE to actual agency costs

Task 9. Validate that the SP is realizing reported savings and that saving have been reinvested

Compare the adjusted baseline cost to the first full year of performance cost. Unlike the comparison in task 8, this comparison should also include those costs that were common costs for the competition but are required for the performance of the work. This comparison should identify if actual savings were realized or if costs were just shifted in the organization.

Review the employee transition plan to identify what actually happened to all the employees. Determine if the employees displaced from competition moved to the CGA.

Cost the CGA using the same methodology used to develop adjusted baseline costs. Determine if the CGA ***plus*** the actual baseline costs represents a cost savings from the original organization. Often you can assess this from basic information about personnel without needing to collect and analyze a lot of data.

Task 10. Validate that anticipated improvements in performance or service were realized

Verify the documentation of inspections performed by the COTR or LOO administrator and QAE to ensure that the SP met the standards in the PWS

Compare SP performance with baseline measures of performance.

Checklist of Key Tasks

PHASE 4: INDEPENDENT COMPETITION REVIEW KEY TASKS	RESPONSIBILITY	√
1. Schedule post-competition review	CCSE	
2. Identify the validation team	CCSE and BUREAU COMPETITIVE SOURCING OFFICE	
3. Sign non-disclosure agreements	Independent validation team	
4. Identify and initiate contact with the appropriate program support personnel	Independent validation team	
5. Collect existing documentation	Independent validation team	
6. Verify SP's technical approach was implemented in accordance with the contract MEO LOO, or fee-for-service	Independent validation team	
7. Verify performance standard in PRS are consistent with the current QASP	Independent validation team	
8. Evaluate the documentation of actual workload to determine deviations from projected workload	Independent validation team	
9. Determine the total cost of operation to the Agency and track reinvested savings	Independent validation team	
10. Validate that expected performance and/or service improvement has been achieved	Independent validation team	

APPENDIX A: GLOSSARY OF A-76 TERMS AND DEFINITIONS

TERM	DEFINITION
Activity	A specific task or grouping of tasks that provides a specialized capability, service or product based on a recurring Government requirement. Depending on the grouping of tasks, an activity may be an entire function or may be a part of a function. An activity may be inherently governmental or commercial in nature.
Adjustedl Baseline Cost	The cost of the organization that was competed. This cost is developed after preliminary planning and does not include any FTE who were removed from the competition due to inherently governmental functions or functions that will not be competed. These cost always include salaries, other pay (bonuses and awards and the associated FICA cost), and the cost of supervision and organizational oversight. Some competitions may also include the cost of facilities, equipment, and supplies. The adjusted baseline cost is prepared using COMPARE©
Adversely Affected Employees	Federal civilian employees serving competitive or excepted service appointments in Tenure Groups I, II, or III, who are identified for release from their competitive level by an agency, in accordance with 5 C.F.R. Part 351 and 5 U.S.C. Chapter 35, as a direct result of a performance decision resulting from a streamlined or standard competition.
Agency Cost Estimate	The part of the agency tender in a standard competition that includes the agency's cost proposal and represents the full cost of agency performance of the commercial activity, based on the requirements in the solicitation and the costing policy in Attachment C of OMB Circular No. A-76. The agency cost estimate for a streamlined competition is developed in accordance with Attachments B and C. For competitions completed prior to the revised OMB Circular A-76, the agency cost estimate is referred to as the In House Cost Estimate (IHCE).
Agency Performance	Performance of a commercial or inherently governmental activity with government personnel. Often referred to as "in-house performance."
Agency Source	A SP staffed by Government personnel.
Agency Tender	The agency management plan submitted in response to a solicitation for a competition. The agency tender includes an MEO, agency cost estimate, MEO quality control plan, MEO phase-in plan, and copies of any MEO subcontracts (with the private sector providers' proprietary information redacted). The agency tender is prepared in accordance with Sections B, L, and M of the RFP and the solicitation requirements in Section C of OMB Circular No. A-76.
Agency Tender Official (ATO)	An inherently governmental agency official with decision-making authority who is responsible for the agency tender and represents the agency tender during source selection. The ATO is the only person who can change or approve the government offer (the Agency Tender).
Appointment Letter	A letter drafted by the Competitive Sourcing Official appointing competition officials for Standard Competitions.
Baseline Cost Estimate	The current actual cost of an organization using OMB Circular No. A-76 methodology in COMPARE.
Commercial Activity	A recurring service that the private sector could perform. This recurring service is an agency requirement that is funded and controlled through a contract, fee-for-service agreement, or performance by Government personnel. Commercial activities may be found within, or throughout, organizations that perform inherently governmental activities or classified work.

TERM	DEFINITION
Common Costs	Specific costs identified in the solicitation that will be incurred by the Government regardless of the provider (private sector, public reimbursable, or agency). Common costs are sometimes referred to as wash costs. Examples of common costs include Government-furnished property, security clearances, and joint inventories.
COMPARE	The windows-based A-76 costing software that incorporates the costing procedures of the Circular. Agencies must use COMPARE to calculate and document the costs on the SLCF for a streamlined competition or the SCF for a standard competition. The software is available through the SHARE A-76! website at http://sharea76.fedworx.org/sharea76/Home.aspx .
Competition	A formal evaluation of sources to provide a commercial activity that uses pre-established rules (e.g. the FAR, the Circular). Competitions between private sector sources are performed in accordance with the FAR. Competitions between agency, private sector, and public reimbursable sources are performed in accordance with the FAR and the A-76 circular. The term "competition," as used in the Circular includes streamlined and standard competitions performed in accordance with the Circular, and FAR-based competitions for agency-performed activities, contracted services, new requirements, expansions of existing work, and activities performed under fee-for-service agreement. The term also includes cost comparisons, streamlined cost comparisons, and direct conversions performed in accordance with appropriations.
Competition File	The documents used in a standard competition in addition to the Government contract files required by FAR Subpart 4.8. Agencies maintain this file regardless of the source selected to perform the activity.
Competition Officials	The agency officials appointed before a standard competition is announced. These individuals perform key roles and have essential responsibilities for the successful completion of the standard competition. Competition officials are the agency tender official, CO, source selection authority, human resource advisor, and PWS team leader.
Competitive Sourcing Official (CSO)	An inherently governmental agency official responsible for the implementation of the A-76 circular within the agency.
Component	An organizational grouping within an agency, such as a bureau, center, military service, or field activity.
Contracting Officer (CO)	An inherently governmental agency official who participates on the PWS team, and is responsible for the issuance of the solicitation and the source selection evaluation methodology. The CO awards the contract and issues the MEO letter of obligation or fee-for-service agreement resulting from a streamlined or standard competition. The CO and the Source Selection Authority may be the same individual.
Continuing Government Activity (CGA)	An organization that performs inherently governmental work not defined in the PWS.
Contracting Officer Technical Representative (COTR)	An official who monitors the cost and schedule of any contracting vehicle (including task orders, purchase orders, or contracts) and provides the CO with technical information.

TERM	DEFINITION
Employee Transition Plan	A written plan developed by the Human Resources Advisor for the potential transition of the agency's employees to an MEO, or to private sector or public reimbursable performance. This plan is developed early in the streamlined or standard competition process, based on the incumbent Government organization, to identify projected employee impacts and the time needed to accommodate such impacts, depending on the potential outcomes of the competition. The employee transition plan differs from a phase-in plan, which is developed by prospective providers responding to a solicitation.
End Date	The end date for a streamlined or standard competition is the date that all SCF, or SLCF, certifications are completed, signifying an agency's performance decision.
FAIR Act Inventory	A listing of all Government functions separated by inherently governmental activities or commercial activities performed by Federal employees.
FedBizOpps.gov	The Website where the Government electronically advertises solicitations or requirements.
Federal Acquisition Regulations (FAR)	The policies and procedures that govern the acquisition of goods and services by most agencies. (See C.F.R. Part 45.)
Fee-for-Service Agreement	A formal agreement between agencies, in which one agency provides a service (a commercial activity) for a fee paid by another agency. The agency providing the service is referred to in the A-76 circular as a public reimbursable source.
Full-Time Equivalent (FTE)	The staffing of Federal civilian employee positions for costing purposes, expressed in terms of annual productive work hours (1,776) rather than annual available hours that includes non-productive hours (2,087 hours). FTEs may reflect positions that are not necessarily staffed at the time of public announcement and staffing of FTE positions may fluctuate during a streamlined or standard competition. The staffing and threshold FTE requirements stated in the A-76 circular reflect the workload performed by these FTE positions, not the workload performed by actual government personnel. FTEs do not include military personnel, uniformed services, or contract support.
Government Furnished Property (GFP)	Facilities, equipment, material, supplies, or other services provided by the Government for use by all prospective providers in the solicitation. Costs for GFP included in a solicitation are considered common costs. Replacement costs, insurance, maintenance and repair costs for GFP may or may not be government-furnished, depending on the provisions in the solicitation.
Government Personnel	Civilian employees, foreign national employees, temporary employees, term employees, non-appropriated fund employees, and uniformed services personnel employed by an agency to perform activities.
Human Resource Advisor (HRA)	An inherently governmental agency official who is a human resource expert and is responsible for performing human resource-related actions to assist the ATO in developing the agency tender.
Incumbent SP	The source (i.e., agency, private sector, or public reimbursable source) providing the service when a public announcement is made of the streamlined or standard competition.
Independent validation	Independent validation refers to a validation conducted by an organization or organizations separate from the one responsible for performance of the work.

TERM	DEFINITION
Inherently Governmental Activities	An activity that is so intimately related to the public interest as to mandate performance by Government personnel as provided by Attachment A of the A-76 circular.
LOO Administrator	Fulfills the same role as a COTR when the award is to the Government MEO. The term COTR and LOO Administrator can be used interchangeably.
MEO Letter of Obligation (LOO)	A formal agreement that an agency implements when a standard or streamlined competition results in agency performance (e.g., MEO).
MEO Subcontracts	Contracts between an agency and the private sector that are included in the agency tender or fee-for service agreements with a public reimbursable source that are included in the agency tender. In addition to the cost of MEO subcontracts, agency or public reimbursable cost estimates must include support costs associated with MEO subcontracts such as Government-furnished property, and contract administration, inspection, and surveillance.
MEO Team	A group of individuals, comprised of technical and functional experts, formed to assist the ATO in developing the agency tender.
Most Efficient Organization (MEO)	The staffing plan of the agency tender, developed to represent the agency's most efficient and cost-effective organization. An MEO is required for all standard competitions and may include a mix of Government personnel and MEO subcontracts. Additionally, DOI requires that MEOs be developed for all streamlined competitions.
Offer	A private sector source's formal response to a request for proposals or invitation for bid. The term "offeror" refers to the specific source rather than the response.
Performance Decision	The outcome of a streamlined or standard competition based on SLCF or SCF certifications.
Performance Requirements Summary (PRS)	A PRS is a synopsis of the scope of work and output performance measurements as described in the Performance Work Statement (PWS). The output and requirements in the PRS is the basis of the Quality Assurance Surveillance Plan.
Performance Standards	Verifiable, measurable levels of service in terms of quantity, quality, timeliness, location, and work units. Performance standards are used in a performance-based PWS to (1) assess (i.e., inspect and accept) the work during a period of performance; (2) provide a common output-related basis for preparing private sector offers and public tenders; and (3) compare the offers and tenders to the PWS. The requiring activity's acceptable levels of service are normally stated in the PWS. The solicitation includes performance standards.
Performance Work Statement (PWS)	A statement in the solicitation that identifies the technical, functional, and performance characteristics of the agency's requirements. The PWS is performance-based and describes the agency's needs (the "what"), not specific methods for meeting those needs (the "how"). The PWS identifies essential outcomes to be achieved, specifies the agency's required performance standards, and specifies the location, units, quality and timeliness of the work. The PWS is sometimes referred to as the requirements document.

TERM	DEFINITION
Phase-in Plan	A prospective provider's plan to replace the incumbent provider(s) that is submitted in response to the solicitation. The phase-in plan is implemented in the first performance period and includes details on minimizing disruption, adverse personnel impacts, and start-up requirements. The phase-in plan is different from the employee transition plan developed by the HRA.
Program Office	The office that is impacted by an A-76 competition or has some responsibility for the tracking, reporting, implementing, or monitoring of the outcome of an A-76 competition.
Prospective Providers	Private sector, public reimbursable, and agency sources that may submit responses (offers or tenders) in response to an agency's solicitation.
Provider	An agency, private sector, or public reimbursable source that is performing, or will perform, a commercial activity sometimes referred to as a SP.
Public Announcement	An agency's formal declaration that the agency has made a (1) decision to perform a streamlined or standard competition, or (2) performance decision in a streamlined or standard competition. The CO makes these announcements via *FedBizOpps.gov*.
Public Reimbursable Source	A SP from a Federal agency that could perform a commercial activity for another Federal agency on a fee-for-service or reimbursable basis by using either civilian employees or Federal contracts with the private sector.
Public Reimbursable Tender	A Federal agency's formal response to another Federal agency's solicitation for offers or tenders. The public reimbursable tender is developed in accordance with the A-76 circular and includes a cost estimate, prepared in accordance with Attachment C.
PWS Team	A group of individuals, comprised of technical and functional experts, formed to develop the PWS and quality assurance surveillance plan, and to assist the CO in developing the solicitation.
Quality Assurance Evaluator (QAE)	A Federal employee who evaluates the performance of a SP. The basis of the quality assurance evaluation is the PRS as documented in the QASP.
Quality Assurance Surveillance	The Government's monitoring of a SP's performance in accordance with the quality assurance surveillance plan and the performance requirements identified in the solicitation.
Quality Assurance Surveillance Plan (QASP)	The Government's inspection plan. The quality assurance surveillance plan documents methods used to measure performance of the SP against the requirements in the PWS. The agency relies on the SP to monitor daily performance using their own quality control plan, but retains the right to inspect all services. When the agency makes a performance decision, the agency re-evaluates and modifies the existing quality assurance surveillance plan, based upon the selected provider and the selected provider's accepted quality control plan.
Quality Control Plan	A self-inspection plan that is included in all offers and tenders. The quality control plan describes the internal staffing and procedures that the prospective provider will use to meet the quality, quantity, timeliness, responsiveness, customer satisfaction, and other service delivery requirements in the PWS.

TERM	DEFINITION
Representatives of Directly Affected Employees	In the case of directly affected employees represented by a labor organization accorded exclusive recognition under 5 U.S.C. § 7111, a representative is an individual designated by that labor organization to represent its interests. In the case of directly affected employees not represented by a labor organization under 5 U.S.C. § 7111, a representative is an individual appointed by directly affected employees as their representative.
Resources	Funding allocated for contracts, manpower, facilities, material, or equipment to perform agency requirements.
Review	The agency's responsibility to evaluate results achieved through the implementation of a standard competition or a streamlined competition, except where the service provider is the "as-is" organization
SHARE A-76!	The Department of Defense A-76 knowledge management system used to share knowledge, information, and experience about public-private competitions. This public site contains A-76-related guidance, sample documents, best practices, tools, and links to other A-76 websites and sources for A-76-related information. Users may post best practices used in public-private competitions, research A-76 through the use of search engines, and submit internet links to add to the available links in SHARE A-76! The Web site address is http://sharea76.fedworx.org/sharea76/Home.aspx .
Solicitation Closing Date	The due date for delivery of private sector offers, public reimbursable tenders, and the agency tender, as stated in the solicitation.
Source	One of three specific categories of SPs (i.e., agency, private sector, or public reimbursable) that can perform a commercial activity for an agency.*
Source Selection Authority (SSA)	A competition official with decision-making authority who is responsible for source selection as required by the FAR and the A-76 circular. The SSA and CO may be the same individual.*
Source Selection Evaluation Board (SSEB)	The team or board appointed by the SSA to assist in a negotiated acquisition.*
Standard Competition	• Required if more than 65 FTE (no lower limit)
	• Completed in one year after public announcement date
	• May request up to six month extension prior to the public announcement
	· Requires a Performance Work Statement (PWS)
	• Agency Tender is the government's bid which includes the Most Efficient Organization (MEO)
	• All offers are evaluated from a technical and cost perspective in the source selection process.
	· CO announces decision locally and in FedBizOpps.gov
	• Results can be contested by a directly interested party
Standard Competition Form (SCF).	The agency form that documents and certifies all costs calculated in the standard competition.
Start Date	The start date for a streamlined or standard competition is the date that the agency makes a formal public announcement in FedBizOpps of the agency's decision to perform a streamlined or standard competition.
Streamlined Competition	• Limited to 65 or fewer FTE • Completed in 90 days after public announcement

TERM	DEFINITION
	• May request an additional 45 days prior to public announcement • Requires a Statement of Work • Agency Tender is the government's bid which includes a Most Efficient Organization (MEO) as required by the Department • Estimated contract price (market research) is compared to the Agency Tender • CO announces decision locally and in FedBizOpps.gov • Results can NOT be contested by any party
Streamlined Competition Form (SLCF)	The agency form that documents and certifies all costs calculated in the streamlined competition, in accordance with Attachment C of the A-76 Circular.
Tracking competition results	Refers to an agency's responsibility to document costs, savings, and the quality performance of a service provider selected from a public-private competition through the life of (1) the letter of obligation, in the case of an agency award, (2) the contract, in the case of a private sector award, of (3) the fee-for-service agreement in the case of a public reimbursable award
Validation	Validation refers to the process of confirming whether projected savings and performance improvements from competition are actually being realized.

APPENDIX B: SAMPLE LETTER OF OBLIGATION

The letter of obligation should be signed by the contracting officer and addressed to the MEO responsible official, an agency official who is deemed to be in the best position to oversee and be responsible for the performance of the in-house organization. Copies of this letter will also be provided to other interested parties, including the Agency Tender Official (ATO) and Competitive Sourcing Office.

Most Efficient Organization Letter of Obligation

(Date)

From: (*Insert CO name, title, and organization information*)

To: (*MEO Responsible Official, title, and contact information*)

Subject: MEO Letter of Obligation

(*Insert Bureau Name*) has completed the evaluation of offers submitted in response to competitive sourcing competition, RFP No. _____, and has selected the proposed MEO as the service provider for this requirement. As a result, (*Insert Bureau Name*) is canceling the RFP, and is issuing this Letter of Obligation (LOO) that sets forth the obligations of the MEO as the service provider. Please sign and date below and return a copy of this letter to the undersigned.

The attached LOO is the internal equivalent of a contract award to a private sector offeror. This letter and the attached LOO document that the MEO has won the competition and is now obligated to perform, as offered and accepted by (*Insert Bureau Name*), to the prescribed standard. Additionally, the MEO is obligated to:

1. Comply with Government performance monitoring activities, including quality assurance, maintenance of “contract” files, recording actual costs, documentation of past performance, and Government reports

2. Notify the Contracting Officer or designee, of any changed conditions that would warrant material changes in the LOO, including scope, workload, actual inflation, and actual wage rates.

3. Comply with all requirements that are a condition of being a Government employee.

The start date for performance of your transition tasks as outlined in the LOO is MMMM DD, YYYY. Additionally, the MEO is required, XXX calendar days after the start date for transition, to begin perform in accordance with the proposed organization, staffing levels (number and grades), processes (including quality control) and costs identified in the Agency Tender.

(*Insert name, organization, and contact information*) is appointed as the equivalent of a CO for this MEO. Please communicate directly with the CO or designee, with regard to any issues concerning this letter, transition, or performance. You must inform the CO, or designee, of : 1) an alternate for your position, 2) and change in your status as it relates to the MEO, and 3) the name of any replacement or co-official that is appointed. The CO will comply with FAR Part 49 to notify the MEO of poor performance or a termination decision for failure to perform, and also with FAR 17.207 to determine if and when to exercise option periods for performance.

Date (**Insert CO Name**)

Contracting Officer

Date (*Insert MEO Responsible Official*)

Attachment:

LOO, consisting of the following documents:

1) Section C of Solicitation Management Plan
    a. Most Efficient Organization
    b. Position Descriptions
    c. Preliminary Planning, Analysis, and Recommendations
    d. Technical Performance Plan
2) Technical Plans
    a. Quality Control Customer Satisfaction Plan
    b. Transition Plan
3) In-house Cost Estimate

APPENDIX C: SUMMARY OF KEY TASKS

PHASE 1: IMPLEMENTING THE PERFORMANCE DECISION KEY TASKS	RESPONSIBILITY	√
Appoint a transition team	Senior Management	
Establish a reporting structure for the new SP	Senior Management Transition Team	
Establish a new Org Code	Budget Office	
Run a mock RIF	Human Resources Office	
Award the Contract	CO	
Establish the MEO letter of obligation (LOO), assign a COTR (LOO administrator), and a QAE(s).	CO	
For a public reimbursable source, develop a fee-for-service agreement (Rarely used at FWS)	CO	
Review the baseline measures of cost; adjust as necessary	CO MEO	
Establish a budget plan for the MEO	MEO Budget Office Continuing Government Activity (CGA)	
Brief implementation procedures (post award conference)	BUREAU COMPETITIVE SOURCING OFFICE	
Run a RIF and submit VERA/VSIP list	Human Resources Office	
Update the tracking database as significant milestones occur	BUREAU COMPETITIVE SOURCING OFFICE	

PHASE 2: MONITORING PERFORMANCE KEY TASKS	RESPONSIBILITY	√
Review actual cost of performance and record for each performance period	BUREAU COMPETITIVE SOURCING OFFICE	
Implement the quality assurance surveillance plan	LOO Administrator / COTR QAE BUREAU COMPETITIVE SOURCING OFFICE (training)	
Track changes to the contract, MEO LOO, or Fee for service agreement	LOO Administrator / COTR	
As necessary, terminate the contract, LOO, or fee-for-service agreement	CO	
Provide information for OMB Competitive Sourcing Quarterly report	BUREAU COMPETITIVE SOURCING OFFICE	

PHASE 3: POST-COMPETITION REVIEW KEY TASKS	RESPONSIBILITY	√
Schedule post-competition review	BUREAU COMPETITIVE SOURCING OFFICE	
Identify the post-competition review team	BUREAU COMPETITIVE SOURCING OFFICE, Program Office	
Sign non-disclosure agreements	Post-competition Review Team	
Identify and initiate contact with the appropriate program support personnel	BUREAU COMPETITIVE SOURCING OFFICE, Program Office	
Collect existing documentation	BUREAU COMPETITIVE SOURCING OFFICE, Program Office	
Verify SP's technical approach was implemented in accordance with the contract, MEO LOO, or fee-for-service agreement	Post-competition Review Team	
Verify that the SP is meeting the performance requirements in the contract, MEO LOO, or fee-for-service agreement	Post-competition Review Team	
Validate that actual costs are within the contract, MEO LOO, or fee-for-service agreement price	BUREAU COMPETITIVE SOURCING OFFICE	
Validate that estimated savings were realized and reprogrammed	BUREAU COMPETITIVE SOURCING OFFICE	
Validate that anticipated improvements in performance or service were realized	Post-competition Review Team	

PHASE 4: INDEPENDENT COMPETITION REVIEW KEY TASKS	RESPONSIBILITY	√
Schedule post-competition review	CCSE	
Identify the IV&V Team	CCSE and BUREAU COMPETITIVE SOURCING OFFICE	
Sign non-disclosure agreements	Independent Competition Review Team	
Identify and initiate contact with the appropriate program support personnel	Independent Competition Review Team	
Collect existing documentation	Independent Competition Review Team	
Verify SP's technical approach was implemented in accordance with the contract MEO LOO, or fee-for-service	Independent Competition Review Team	
Verify performance standard in PRS are consistent with the current QASP	Independent Competition Review Team	
Evaluate the documentation of actual workload to determine deviations from projected workload	Independent Competition Review Team	
Determine the total cost of operation to the Agency	Independent Competition Review Team	
Validate that expected performance and/or service improvement has been achieved	Independent Competition Review Team	

APPENDIX D: SUMMARY OF TRACKING MILESTONES, COMPETITION FILE DOCUMENTS, AND DATA ELEMENTS REQUIRED IN OMB CSTS/WITS

TRACKING MILESTONE	COMPETITION FILE DOCUMENTS	DATA REQUIRED BY OMB
General information	• Preliminary planning report	• Competition title • Primary and Secondary Activity Function Codes • Type of Competition • State(s) of competition
Key dates	• Feasibility study/Business case analysis begins • Preliminary planning begins • Competition publicly announced (start) • Competition cancelled • Performance Decision (end) • Phase-in completed • Early termination of contract/LOO • Contract/LOO performance completed	• Planned date for all data elements listed in this section • Actual date for all data elements listed in this section
Baseline	• Preliminary planning report	• Incumbent SP • Federal FTE • Baseline cost for all performance periods • Number of performance periods • Total length of performance (number of performance periods)
Acquisition	• Source selection strategy used • A copy of the agency tender • A copy of each offer (see the FAR.803 for specifics on maintaining files on unsuccessful offerors) •	• Process for determining the cost of private sector performance • Number of Bids Received
Incremental cost of conducting study	• Incremental Cost of Conducting Study by Fiscal Year (FY03, FY04, FY05) • Total Incremental Cost of Conducting Study •	• for each fiscal year and total
Performance decision	• Record of any negotiations • Justification for source selection/performance decision • Required approvals for award and evidence of legal review • Certified SLCF or SCF • Performance decision announcement in FEDBIZOPPS • Signed contract, fee-for-service agreement, or MEO LOO • Notice to unsuccessful offerors	• Cost of agency performance. Adjusted cost of private sector or public reimbursable performance For each performance period • Quantifiable Description of Improvement in Service or Performance • If MEO is winning SP, MEO FTE count • If MEO is winning SP, Nature of savings from MEO
Contest/Protest	• Record of any contests or protests filed • Record of any contest/protest decision by Agency • Record of GAO protest filed • Record of protest decision by GAO	• Dates of any contests or protests filed • Dates of Agency or GAO decisions • Result of a contest or protest to the agency
Employee impacts	• VERA/VSIP request • Number of positions and FTEs eliminated due to performance decision • Number of vacancies eliminated • Number of employees and FTEs reassigned within the agency • Number of employees and FTE that retired • Number of employees and FTE	• Was VERA/VSIP requested? • Number of employees and FTEs for each of the data elements listed

TRACKING MILESTONE	COMPETITION FILE DOCUMENTS	DATA REQUIRED BY OMB
	involuntarily separated • Number of employees offered right to first refusal • Number of employees that accepted VERA • Number of employees that received VSIP	
Implementation	• Bills, invoices, vouchers, and supporting documentation for contractor or fee-for-service agreement • Documentation of actual costs for MEO LOO • Quality assurance records • Property administration records • Record of workload measures and/or scope of work • All contract, fee-for-service agreement, or MEO LOO modifications • Justification for modifications • Documentation regarding termination actions	• Estimated savings • Period of estimated savings • Average annualized savings • Actual accrued savings • Description of all contract/LOO modifications • **Report specifying where actual accrued savings were rereinvested**

APPENDIX E: COMPARISON OF PROPOSED/ESTIMATED VS. ACTUAL COST WORKSHEET

The objective of Phase 2, Task 1 is to confirm that actual costs of performance are within the proposed agency cost estimate (developed in COMPARE) for the Government's MEO and the proposed cost/price proposal for the private sector SP. This also evaluates the validity of assumptions used in developing actual costs, and the adequacy of supporting documentation.

MEO FTE Discrepancy Worksheet: This worksheet is used to compare current actual costs against estimated costs for personnel from the CCF/SLCF/SCF.

Cost Review Step	Comp Date	Reviewer Comments and Work Paper References
Notes: (1)This form is also used to report the actual versus the estimated transition personnel cost discrepancies. (2) Verify personnel cost estimates are taken from the SCF/SLCF. (3) Ensure that all actual direct labor and supervision costs necessary to accomplish the requirements of the PWS are included. If agency actual costs include a mix of agency labor and subcontracts, ensure that labor costs are included for contract administration and inspections. Compare actual and estimated costs. (4) Compare estimated Line 1 personnel costs from the agency cost estimate with actual salaries. For the actual costs, evaluate the adequacy of supporting documentation. (5) Evaluate the actual overtime costs and estimated overtime costs. (6) Adjust estimated costs for scope, inflation, and wage rate adjustments made during a specific Period of Performance.		The attached spreadsheet on the following page is an example. You will be supplied an electronic copy of an Excel workbook that will have spreadsheets that have been populated with your organizations specific data. You will be required to update the workbook with data comparing actual costs to estimated costs as part of your quarterly reporting requirements.

DRAFT

Title	MEO Grade	Step	Estimated Wages	Estimated Fringes	Other Added Pay (performance awards and bonuses)	Other Pay (FICA cost for awards and bonuses))	Estimated Personnel Cost	Actual Grade/Step	Actual Wages (Save Grade/Save Pay)	Actual Fringes	Actual Added and Other pay	Actual Total Personnel Costs	Reasons for Cost Differences

DRAFT

Other Specifically Attributable Costs Worksheet. This worksheet includes all costs, except personnel and material related costs, which are 100 percent attributable to the function/business unit under competition. Note: The only portion of this form that has reportable data for a MEO is "MEO Contracts" column which reports contracts that directly support the MEO.		
Cost Review Step	**Comp Date**	**Reviewer Comments and Work Paper References**
(1) Verify estimates for other specifically attributable costs by looking at the SLCF/SCF. **2) Rent**. Verify that actual rental costs are included for property estimated in the SCF. Compare actual and estimated costs. **(3) Utilities**. Review the solicitation for fuel, steam, electricity, telephone, water, and sewage services. Compare actual and estimated costs from the SCF. (**4) Travel.** Compare the estimated SCF costs versus actual costs of personnel travel. **(5) Subcontract Costs**. Compare the estimated subcontract support costs in the agency cost estimate in the SCF/SCLF to actual subcontract support costs.		The attached spreadsheet is a template. You will be supplied an electronic version of this document. You will be required to update the spreadsheet with data comparing actual costs to estimated costs, if there were any estimates as part of the original submission, as part of your quarterly reporting requirements. You will still need to report MEO contract costs even if there were none estimated as part of the original AT.

Agency Cost Estimate to Budget Comparison. The following table *Agency Cost Estimate to Budget Comparison* shows the differences between the Agency Cost Estimate compiled in COMPARE and an actual budget for an organization.

ESTIMATED								ACTUAL								
Depreciation	**Maintenance & Repair**	**Rent**	**Utilities**	**Travel**	**MEO Contract**	**Other Costs**	**Total Cost**	**Depreciation**	**Maintenance & Repair**	**Rent**	**Utilities**	**Travel**	**MEO Contract**	**Other Costs**	**Total Cost**	**DELTA/ COST**
					$ -		$ -								$ -	
							$ -								$ -	
Standard Competition Only							$ -	Standard Competition Only							$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	
							$ -								$ -	

DRAFT

COMPARE KEY TERMS AND CONCEPTS

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Line 1: Personnel	This includes the cost of direct labor and supervision, including quality control personnel. It also includes indirect support of the MEO. These activities include but are not limited to the counseling and appraisal of the most senior MEO positions, the approval of leave slips, and bonus determinations. This indirect support must be included on Line 1.	
Number of FTE	The number of FTE is based on: • 1776 productive hours per year for full-time, part-time, and temporary positions • 2007 productive hours for intermittent positions • 1818 productive hours for military positions Indirect personnel costs that are included for support over and above the direct personnel in the organization: this includes: • Circular No. A-76 requires the agency to include labor costs for MEO program supervision. • Circular No. A-76 requires the agency to include labor costs for MEO administration and inspection. These costs include, but are not limited to, monitoring performance and compliance with the MEO letter of obligation for all performance periods. • Circular No. A-76 also requires that costs for human resources, contract administration for MEO subcontracts, and information technology support be included in Line 1.	Changes in training requirements may impact the number of available productive hours per FTE. Changes in workload volumes or scope of work may impact the number of FTE needed to perform the work. Indirect personnel that are included for costing purposes may not be included in establishing the budget because the cost of these personnel may be in another budget. It will be important to still track these costs even if they are not in the actual MEO budget.
Salaries and Wages	GS annual salary are estimated at a Step 5 WG wages are estimated at a Step 4 Salaries and wages are also estimated using locality pay factors Information technology positions require a special rate	Actual salaries and wages may differ from those estimated for the Agency Cost Estimate performance periods. The degree to which the actual personnel in your MEO deviate above or below these step levels will increase or decrease your actual personnel costs. A cursory review of current personnel records will reveal these cost discrepancies. Any save pay or save grade that may be applied to downgraded positions is not included; this will be a cost to the agency. Any change in location of personnel may affect personnel costs.
Other Entitlements	This section includes all applicable cost of civilian pay entitlements for each civilian position in the cost estimate. These costs factors are usually identified by the HRA. A few of the “Other Entitlement” categories are listed below.	

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Other entitlements: Environmental Differential Pay	DOI employees must be paid an environmental differential when exposed to a working condition or hazard that falls within one of the categories approved by the Office of Personnel Management and as described under 5 CFR Part 532.511. EDP is included as part of a DOI employees' basic pay rate.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other entitlements: Night Shift Differential for DOI Employees	DOI employees receive shift differential at the rate of 7.5 percent of their hourly rate for non-overtime work when a majority of scheduled hours occur between 3 p.m. and midnight; or 10 percent of their hourly rate for non-overtime work when the majority of scheduled hours occur between 11 p.m. and 8 a.m.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay	Other Pay includes premium pay that does not earn fringe benefits other than Medicare.	
Other Pay: Sunday Premium	Other Pay includes premium pay that does not earn fringe benefits other than Medicare.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Night Differential for GS Positions	Other Pay includes premium pay that does not earn fringe benefits other than Medicare.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Hazardous Duty Pay for GS positions	This entitlement (as determined by the Human Resources office in accordance with 5 CFR Part 550.901-907) involves additional pay to GS employees for the performance of hazardous duty or duty involving physical hardship. The amount of HDP is determined by multiplying the percentage rate authorized for the exposure, found in Appendix A, 5 CFR Part 550, Subpart I, by the employee's hourly rate of pay.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Overtime	Regular overtime work means overtime work that is scheduled prior to the beginning of an employee's regularly scheduled administrative workweek. Regular overtime is authorized for full-time, part-time, and intermittent GS employees. For each GS employee whose rate of pay does not exceed the minimum applicable rate for a GS-10, the overtime hourly rate is one and one-half times the employee's hourly rate of pay.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Other Pay: Holiday Pay	An employee who performs work on a holiday designated by Federal statute is entitled to pay at the rate of basic pay plus premium pay at a rate equal to the rate of basic pay, for that holiday work which is not in excess of the scheduled tour of duty or overtime work as defined by 5 USC Part 5542. An employee who performs overtime work on a Sunday or a designated holiday is entitled to pay for that overtime work.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.

DRAFT

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Other Pay: Cash Awards		This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
Fringe Benefits	Fringe Benefit factor is automatically computed by COMPARE using the standard fringe benefit rates for each type of position.	The fringe benefit factor may not accurately reflect actual fringe benefits being paid by the agency. These percentages are standard factors calculated by OMB.
Economic Price Adjustment	Positions subject to an EPA are inflated using inflation factors applicable to (and through) the first performance period only. Labor cost escalations will be reimbursed by the Government and are not included in a contractor's offer because these positions possess skills the Department of Labor (DOL) has determined are covered by a contract covered by the Service Contract Act (SCA) (refer to FAR 22.10, Service Contract Act of 1965, as amended). The objective is to ensure that the Government does not inflate costs for skills that a contractor has been told not to escalate beyond the first performance period.	Personnel costs subject to an economic price adjustment are not inflated after the first performance period, therefore, these personnel costs will be underestimated in all performance periods after Phase-in. As a result of Economic Price Adjustment actual costs are UNDERESTIMATED.
****Liability insurance**	.07 % of Line 1: Personnel Costs	Liability and casualty insurance is applied to personnel costs and equipment; this is an imputed cost to the Government and will not be a direct cost for budgeting purposes.
****Inflation**	Inflation is estimated automatically by COMPARE(C) based on the most recent pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation.
Line 2: Material and Supplies	This section includes the cost of all materials required by the Agency Tender but are not allocated as GFP. Material and Supply costs are accounted for in each performance period.	If these costs are Government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs.
M&S not requiring an EPA	These Material and supplies are inflated using the non-pay category inflation factors.	
M&S requiring an EPA	Materials and supplies subject to an EPA are inflated using inflation factors applicable to (and through) the first performance period only. Cost escalations will be reimbursed by the Government and are not included in a contractor's offer.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE. Material and supply costs subject to an economic price adjustment are not inflated after the first performance period; therefore, these costs will be underestimated in all other performance periods. It is important to remember that the Economic Price Adjustment causes actual costs to be UNDERESTIMATED.
****Casualty Insurance**	Casualty insurance is automatically calculated by .005 times the net book value of the Government's equipment and/or facilities (non-GFE/GFF), plus the average value of materials and supplies	Casualty insurance is an imputed cost

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
	(assuming a one-month stockage value).	
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.
Line 3: Other specifically Attributable	This line includes all costs not included in Line 1: Personnel or Line 2: Material and Supply that are necessary to perform the requirements specified in the PWS according to the MEO's approach.	If these costs are Government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs.
Line 3a: Capital Facilities and Equipment (SCF only)	Capital Equipment and Facilities costs are estimated by calculating an annual depreciation [(Acquisition cost minus residual value) divided by useful life] and applying this depreciation equally throughout the performance periods. The cost of capital is defined as an imputed charge on the Government's investment in capital assets necessary for the commercial activity to provide the product or service. COMPARE automatically computes the cost of capital based on records created by the analyst for Capital Equipment Assets and Capital Facility Assets. For new assets the appropriate cost of capital rate is applied against the acquisition costs of the asset (includes transportation, installation and any modification costs that it may take to place the asset into operation). For existing assets, the cost of capital rate is applied to any costs associated with moving, reinstalling, modifying, etc. the existing asset to accommodate MEO requirements.	Capital facilities and equipment are depreciated over all the performance periods, but for budgeting purposes, the Government will likely have to budget for the total cost of the item. In the case of capital facilities, the Government may not actually be paying for facilities in their budget.
****Casualty Insurance**	.005 times the net book value of the Government's equipment and/or facilities (non-GFE/GFF), plus the average value of materials and supplies (assuming a one-month stockage value). This is automatically calculated in COMPARE.	This is an imputed cost and may not be reflected in the budgeting and financial process
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison	Actual inflation may vary from the projected inflation
Line 3b: Minor Items (SCF only)	Include the cost of any minor items not provided as GFP. A minor item is defined as an item costing less than $5,000 and not immediately consumed by the MEO. This includes items such as overhead projectors, office equipment, tools, chairs, desks, cabinets, etc. *COMPARE* automatically charges the in-house offeror with 10% of the minor item replacement cost which occurs for new minor items or existing minor items. The Agency Cost Estimate is not charged for the full purchase price of a newly purchased minor item (this methodology essentially assumes a useful life of 10 years).	If these costs are Government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs.

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
****Casualty Insurance**	.005 times the net book value of the Government's equipment and/or facilities (non-GFE/GFF), plus the average value of materials and supplies (assuming a one-month stock value). The cost of casualty insurance must be added at the insurance rate against the acquisition cost for each performance period on Line 3.	
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.
Line 3c: Rental Costs (SCF only)	Rent is incurred for the use, operation and maintenance of land, building space, plant and machinery, and other applicable items, by the activity that is undergoing a cost comparison. The rental cost estimate is only inflated.	If these costs are Government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs. This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.
Line 3d: Travel Costs (SCF only)	This section includes the cost of travel not provided as Government furnished.	If these costs are Government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs.
MEO Travel		This cost estimate could translate directly into a budget number. However, if assumptions that form the basis of the cost estimate are no longer applicable, the actual costs could differ from the estimated costs. The estimate would then need to be revised for use in the budget process.
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
Line 3e: MEO Subcontract Costs (SCLF/SCF)	Subcontract costs include the contract price of each contract, cost of any related material equipment or facilities not included as Government furnished, the escalated price through all performance periods, and all applicable taxes.	If these costs are government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs. This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.
Line 3f: Utilities Costs (SCF only)	This category includes charges for electricity, telephone, water and sewage services, etc., which are not furnished to the contract offeror by the Government, but are needed for in-house performance of the CA. Utilities are inflated with their own unique inflation factors.	If these costs are Government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs. This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent utility category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.
Line 3g: Other Attributable Costs (SCF only)	Other costs include all costs of operation that are not included on the other sections of line 3.	If these costs are Government-furnished in the solicitation, they are considered a common cost and, therefore, not included in the agency cost estimate or the contractor's price. However, the agency will still have to budget for these costs.
Plug costs	These costs are identified in the solicitation section B	
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.
Line 4: Overhead	This overhead cost reflects the cost to the Government of management and support costs that are not 100% attributable to the MEO but a generally associated with recurring management or support. Overhead costs are estimated using a standard overhead factor of 12% of Line 1: Personnel Costs. This cost is automatically calculated in COMPARE.	This overhead cost is an imputed cost to the Government and will not be a direct cost for budgeting purposes.
Line 5: Additional Costs (SCF only)	This cost element includes costs not otherwise properly classified in Lines 1 through 4 and reflects those additional costs resulting from unusual or special circumstances that may be encountered in a cost comparison.	This cost estimate could translate directly into a budget number since it is based on estimates created outside of COMPARE.

Competition Form	A-76 Costing Methodology	Financial Management / Budget Implications
****Inflation**	Inflation is estimated automatically by COMPARE based on the most recent non-pay category inflation factors at the time of the cost comparison.	Actual inflation may vary from the projected inflation.

DRAFT

DRAFT

APPENDIX F: EXAMPLE QUALITY ASSURANCE AND QUALITY CONTROL REPORTS

Example Quality Assurance Report
Region X
Quarterly Quality Assurance Summary
3rd Fiscal Quarter 20XX

Requirement from PWS	Lot size/ Sample Size	Quality Standard From QASP	AQL	Error Rate	Timeliness Standard From QASP	AQL Maximum Allowable Deviation	Error Rate
5.1.1.1 Provide Assistance to Staff in the Budget Process	345/50	Budget documents were collected, prepared, copied and filed. Invoices were reconciled and processed for payment.	5%	4%	Tasks were completed by requested day	10% Tasks were completed within 3 days of requested date	8%
5.1.1.4 Process Invoices for Payment	900/80	Invoices logged and checked for consistency with contracts, grants, and agreements. Payment voucher history was compiled and reconciled with monthly and year end financial reports reconciled. Approval of deliverables coordinated with COTR and COR.	5%	4%	Invoices processed within 1 day of receipt	10% Tasks were completed within 3 days of requested date	14% 16 payments required 2 days to complete, 4 took 3 days to complete.

Requirement from PWS	Lot size/ Sample Size	Quality Standard From QASP	AQL	Error Rate	Timeliness Standard From QASP	AQL Maximum Allowable Deviation	Error Rate
5.4.1.2 Generate Database Reports	420/50	Queries are error-checked; reports were analyzed for accuracy and summarized for distribution. Database changes were recommended to programmer.	5%	2%	Tasks were completed by requested date	5% Tasks were completed within 2 days of requested date	4%
5.6.1.1 Coordinate FOIA Response	75/13	Scope of records search determined and assigned to appropriate offices for initial response.	2%	2%	Requests were forwarded to appropriate offices within 1 day of receipt	5% Tasks were completed within 2 days of receipt	4%
5.10.1.4. Maintain Office Directories, Mailing Lists, and Rosters and Databases	225/32	Paper and electronic directories, mailing lists, and rosters were maintained and kept current.	5%	4%	Changes were made to directories, mail lists, rosters and databases within 1 day of notification of change	10% Tasks were completed within 2 days	6%

Summary of quarterly quality assurance activities:

All evaluated areas met quality standards for accuracy. Four out of five met the requirements for timeliness. The one area that was below standard, 5.1.1.4 Process Invoices for Payment, but no single instance exceeded the maximum deviation allowed. To ensure that this area continues to remain within standards the area will be the subject of periodic sampling for the next quarter.

5.4.1.2 Generate Database Reports far exceeded the requirements. The QAE has decided to no longer monitor this area, replacing it with 5.12.1.1 Process Personnel Actions for the next Quarter.

Example Quality Control Report
Region X
MEO-
Quality Control Summary
3rd Quarter FY 20XX

Quarterly Supervisor Surveys:
During the 3rd quarter of fiscal year 2006, a customer survey for each MEO employee (12 total) was submitted by their respective supervisor to the MEO Lead. Overall, supervisors reported that their employees are in the "Working Well" category. One supervisor noted that their employee needs improvement on two items, but also included comments that the employee is doing a great job -- is new in the position and still "learning the ropes." Three other supervisors wrote comments, all complimentary.

Customer Feedback Forms:
Over the same period of time, the MEO Lead received feedback regarding MEO employees via three customer feedback forms. Two forms were complimentary and one was a complaint. It must be noted that the complaint was related to the standard Regional correspondence process rather than commenting on the employee's performance.

APPENDIX G: MODIFYING THE LETTER OF OBLIGATION (LOO)

SMART LINK

FAR Part 43
http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/43.htm

Although the Letter of Obligation (LOO) is not a contract, it is treated in a similar manner and must meet the requirements of FAR Part 43, Contract Modifications.

Changes to the scope of work are allowable, and the CO must document them by modifying the LOO. The CO will issue the modification using Standard Form 30, and the revised SF 30, Amendment of Solication/Modification of Contract.

To add new requirements, expand an existing LOO, or add an activity performed by the private sector, the SP must consult with the CO. (See A-76 Circular, 5.d.)

SMART LINK

OMB Circular No. A-76 (Revised), *Performance of Commercial Activities*, May 29, 2003.
http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html.

Changing requirements, workload, MEO staffing, or costs require changes to the statement of work, the MEO, the costing (in COMPARE), and a formal modification to the LOO. The CO must include the revised documents with the request for modification to the LOO and attach them to the SF 30.

Following are special instructions for using SF 30 to modify the LOO. Each item number corresponds to an item number on the form.

Letter of Obligation Instructions for Standard Form 30

Item 1 N/A
Item 2 Sequential Modification Number
Item 3 Date agreed to by the MEO official
Item 4 N/A
Item 5 N/A
Item 6 Contracting Officer information
Item 7 LOO Administrator information
Item 8 MEO information
Item 9 N/A
Item 10 LOO number and LOO date
Item 11 N/A
Item 12 Indicate the accounting impact of the modification by inserting one of the following entries:
Net Increase: $_____
Net Decrease: $_____
Item 13 Check the appropriate box and define
Item 14 Provide a brief narrative of the changes and list the attachments (revised Statement of Work, Revised Agency Tender, Revised COMPARE© documents)
Item 15 Name and title of MEO Official, signature, and date
Item 16 Name and title of Contracting Officer, signature, and date