

PROCUREMENT RESPONSIBILITY AND AUTHORITY

1-406 Contract Administration Functions. When a contract is assigned for administration, functions which have been determined to be the responsibility of the contract administration component will automatically be performed by that component, and a delegation or assignment letter is unnecessary. However, if special instructions pertaining to administration of a particular contract are to apply, they should be contained in a letter accompanying the contract when it is assigned for administration. Each contract assigned by a purchasing office to a contract administration component for administration shall contain or be accompanied by all procuring agency instructions or directives which are incorporated in such contract by reference. Functions listed below are the responsibility of, and, except as provided in 20-703.3, shall be performed by, contract administration offices. This paragraph constitutes the authority of the contract administration office designated in accordance with Section XX, Part 7 of this Regulation, to perform contract administration functions to the extent applicable, in accordance with this Regulation and the provisions of contracts assigned for administration as follows:

- (i) review contractor's compensation structure;
- (ii) review the contractor's insurance plans;
- (iii) review and approve or disapprove contractor's requests for payments under the progress payments clause;
- (iv) determine the allowability of costs suspended or disapproved on a DCAA Form 1 when a written appeal has been received from the contractor, direct the suspension or disapproval of any costs when there is reason to believe that they should be suspended or disapproved, and approve final vouchers;
- (v) negotiate provisional, interim billing, and final overhead rates when the contract contains the clause in 3-704, except when negotiation responsibility is placed elsewhere in accordance with Departmental procedures;
- (vi) negotiate understandings consistent with agreements negotiated under 15-107 applicable to treatment of costs under contracts currently assigned for administration;
- (vii) negotiate prices and execute supplemental agreements for spare parts and other items selected through provisioning procedures;
- (viii) review and evaluate contractor's proposals in accordance with 3-801.3(b) and furnish comments and recommendations to the procuring contracting officer when negotiation will be accomplished by the procuring contracting officer;
- (ix) when authorized by the purchasing office, negotiate or negotiate and execute supplemental agreements incorporating contractor proposals resulting from change orders issued under the Changes clause (Prior to completion of negotiations and issuance of the supplemental agreement, any delivery schedule change shall be coordinated with the purchasing office.);
- (x) manage special bank accounts;

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- (xi) assure timely notification by the contractor of any anticipated overrun or underrun of the estimated cost under cost-type contracts;
- (xii) review, approve or disapprove and maintain surveillance of the contractor's procurement system;
- (xiii) consent to the placement of subcontracts;
- (xiv) monitor contractor's financial condition and advise the procuring contracting officer when contract performance is jeopardized thereby;
- (xv) when authorized by the purchasing office, negotiate prices and execute priced exhibits for unpriced orders issued by the procuring contracting officer under basic ordering agreements;
- (xvi) issue tax exemption certificates;
- (xvii) conduct post-award orientation conferences;
- (xviii) issue work requests under maintenance, overhaul and modification contracts;
- (xix) negotiate and execute contractual documents for settlement of partial and complete contract terminations for convenience, except as otherwise prescribed by Section VIII;
- (xx) perform necessary screening, redistribution and disposal of contractor inventory;
- (xxi) perform property administration;
- (xxii) prepare findings of fact and issue decisions under the Disputes clause on matters on which the contract administration office has the authority to take definitive action;
- (xxiii) assure processing and execution of duty-free entry certificates;
- (xxiv) in facilities contracts—
 - (A) evaluate contractor's requests for facilities and changes to existing facilities, and provide the procuring contracting officer with appropriate recommendations thereon;
 - (B) assure required screening of facility items before acquisition by contractor;
 - (C) approve use of facilities on a noninterference basis in accordance with paragraph (b) of the clause in 7-702.12;
 - (D) assure payment of any rental due; and
 - (E) assure reporting of items no longer needed for defense production;
- (xxv) perform production support, surveillance, and status reporting, including timely reporting of potential and actual slippages in contract schedules;
- (xxvi) perform pre-award surveys;
- (xxvii) perform industrial readiness and mobilization production planning field surveys and schedule negotiations;

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- (xxviii) monitor compliance with labor and industrial relations matters under the contract, apprising the procuring contracting officer of actual or potential labor disputes, and removing material from strikebound contractor's plants upon instructions from the procuring contracting officer;
- (xxix) perform traffic management services including issuance and control of Government bills of lading and other transportation documentation;
- (xxx) review the adequacy of the contractor's traffic operations;
- (xxxi) review and evaluate preservation, packaging, and packing;
- (xxxii) provide surveillance of contractor design, development, and production engineering efforts;
- (xxxiii) review engineering studies, design, and proposals, and make recommendations to the system/project manager or purchasing office;
- (xxxiv) evaluate and monitor contractor engineering efforts and expenditures in accordance with contract terms;
- (xxxv) conduct surveillance of contractor engineering practices with regard to subcontractors;
- (xxxvi) review, on a continuing basis, contractor test plans and directives for compliance with contract terms; compare milestone, progress, and cost against contract requirements;
- (xxxvii) assist in classification of waivers and deviations;
- (xxxviii) evaluate the adequacy of contractor engineering data control systems, including assurance that systems provide for timely incorporation of changes in data being acquired;
- (xxxix) monitor contractor value engineering programs;
 - (xl) review cost reduction proposals, and submit comments regarding effect of proposed changes on the engineering requirements of the contract;
 - (xli) evaluate and perform surveillance of contractor configuration management systems and procedures;
 - (xlii) perform surveillance of contractor engineering change systems; review Class I engineering change proposals, and comment on engineering feasibility and need; assist in price analysis of engineering changes; review Class II engineering changes to insure proper classification;

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- (xliii) evaluate the contractor management, planning, scheduling, and allocation of engineering resources;
 - (xliv) evaluate and monitor contractor reliability and maintainability programs;
 - (xlv) review and evaluate for technical adequacy the logistic support, maintenance, and modification programs accomplished by the contractor;
 - (xlvi) make appropriate comments to purchasing offices on any inadequacies noted in specifications;
 - (xlvii) perform procurement quality assurance;
 - (xlviii) maintain surveillance of flight operations;
 - (xlix) assure contractor compliance with applicable safety requirements;
 - (l) assure contractor's compliance with small business and labor surplus area mandatory subcontracting program, conducting, on an as-required basis, small business and labor surplus area set-aside surveillance, and providing advice to small business and labor surplus area concerns;
 - (li) administer the Department of Defense Industrial Security Program (This function shall be performed by the Defense Supply Agency on behalf of all Departments.);
 - (lii) make payments on assigned contracts (but see 20-706);
 - (liii) assign and perform supporting administration; and
 - (liv) assure timely submission of required reports.

→ Procurement functions not designated as contract administration functions shall remain the responsibility of the purchasing office.

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