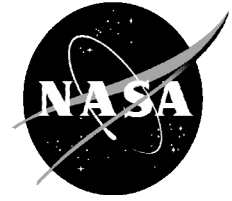


NATIONAL AERONAUTICS AND SPACE ADMINISTRATION



Procurement Management Survey Report

**DRYDEN FLIGHT
RESEARCH CENTER**

June 9 – 13, 2008

**OFFICE OF PROCUREMENT
HEADQUARTERS**

WASHINGTON, D.C.

PREFACE

The NASA Headquarters Office of Procurement conducted the Procurement Management Survey at the Dryden Flight Research Center (Dryden) under the authority of NASA Procedures and Guidelines 1000.3, "The NASA Organization." The survey was conducted from June 9-13, 2008. The report contains the survey strengths, weaknesses, and considerations.

An exit briefing was held on June 13, 2008, to discuss the survey findings.

This report serves as a basis, in part, for fulfilling internal control requirements in accordance with the Federal Manager's Financial Integrity Act of 1982 (P.L. 97-255).

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SUMMARY

SECTION I

OVERVIEW

The Dryden Acquisition Management Office (Dryden Acquisition) is providing meaningful support to their technical and program customers.

The Procurement Management Survey consists of two primary components 1) interviews with technical and procurement personnel regarding the effectiveness of the procurement organization and 2) compliance reviews that consist of a review of contracting actions focused on compliance with procurement statutes, regulations, and procedures. The primary emphasis of the compliance portion of the survey is on systemic procurement processes rather than individual file anomalies. Current procurement innovations, both Agency-wide and Center-specific, are also reviewed. A concurrent review of the Small Business programs was conducted by a representative of the Headquarters Office of Small Business Programs. A copy of the results of that review is attached to this report.

The results of both the interviews and compliance reviews are compiled into narrative summaries with strengths, weaknesses, and areas of consideration identified as appropriate. Strengths are generally defined as best practices utilized in support of the procurement system. Weaknesses are defined as problems, typically systemic, that require corrective actions. Considerations are defined as issues that 1) if not corrected could turn into a problem or problems that are not necessarily systemic but should be corrected or 2) would result in better business practices if corrected.

To promote the exchange of successful lessons learned and innovative procurement methodologies between Centers, the team sought to identify Dryden processes or initiatives that may be beneficial to other Centers and conversely sought to identify suggested approaches utilized by other Centers that may be beneficial to Dryden.

The exit conference at the conclusion of the survey typically consists of a direct exchange of observations and ideas between the participants. To emphasize Center ownership of the resolution of any identified weaknesses or considerations, the survey follow-up process will focus on actions or initiatives undertaken by the Center to address survey findings. At an appropriate interval (approximately six months after this report is issued) the Dryden Procurement Officer will brief the Assistant Administrator for Procurement and the survey team leader on Center achievements in these areas.

1. Survey Team Membership

Below is a list of team members and the areas they reviewed:

Yolande Harden, Survey Program Manager: Survey Team Manager, Interviews (GS-1102 and COTR), Organizational Structure and Staffing, and CMM Issues

Eugene Johnson, HQ: Master Buy Plan Actions, Deviations and Waivers, HSPD-12 Compliance, Multiple Award IDIQ Competition, and Interagency Agreements

Donald Moses, HQ: Market Research, Acquisition Planning, Synopsis of Contract Award, Award Fee/Incentive Fee Evaluation, and Cost/Price Analysis

Ann Sharpe, HQ: COTR Training and Delegations, Career Development and Training, Self-Assessment Process, Options to Extend Performance, and Purchase Card program

Teresa Monaco, GRC: Internal Policies and Procedures, Noncompetitive Justifications, Contractor Safety Requirements, and Environmental Issues

Jonas McNair, GSFC: Construction and A&E contracts, Pre- and Post-Negotiation Documentation, Government Furnished Property, Undefined Contract Actions, and Technical Evaluations

Terri Williams, LaRC: Metrics Review and Documentation, Contractor Performance Evaluation, Contract Closeout Process and Unliquidated Obligations, Subcontract Consent, and Simplified and Commercial Acquisitions

Cedric Mitchener, LaRC: Financial Management Reporting, Audit Follow-Up, Structured Fee Approach, and SBIR Awards

Small Business Representative - **David Grove**, OSBP: Small Business Programs

2. Survey Support

The survey could not have been accomplished successfully without the support of the following individuals:

Rosalia Toberman, Dryden Point of Contact

Chuck Simmons, Dryden Administrative Support

Terra Calahan, Dryden Administrative Support

Angela Lasley, Dryden Administrative Support

SECTION II

ORGANIZATION – MANAGEMENT

1. Organizational Structure and Staffing

Dryden Acquisition operates as a single organizational unit. Dryden Acquisition consists of a Procurement Officer, a deputy, two procurement analysts, a mathematician (price analyst), eight contract specialists, one purchasing agent, and an office services assistant. The office is supplemented with two closeout support contractors, two purchasing agents, data input support, and part-time systems support.

The organization has an authorized complement of 14 positions, a decrease of five authorized slots since the last Procurement Management Survey conducted in December 2005. This reflects a continuous trend of decreased Dryden Acquisition personnel. The 2005 survey noted a decrease of three slots from the 2003 survey.

The reduced staffing levels have directly impacted workload distribution. The fact that both the Procurement Officer and deputy have active contract administration workload assignments is a clear indication of the significant impact experienced by the staff reductions. Another contributing factor is the increased workload volume. Dryden Acquisition recently assumed responsibility for the Stratospheric Observatory for Infrared Astronomy (SOFIA) and portions of the Constellation program.

2. Procurement Staff Interviews

Interviews were conducted with several members of the Dryden Acquisition workforce to gain a greater insight into the effectiveness of the organization. Interviews were conducted with eight of the fourteen members of the staff. Only one person interviewed had more than 20 years tenure at the Center. Most individuals had less than 10 years at the Center; three are former participants in the NASA Contracting Intern Program.

The overall response from procurement personnel regarding the status of Dryden Acquisition was consistent. Everyone felt the stress of the declining workforce resources. Individuals seemed to cope and manage by working together. Many stated that the loss of any additional personnel could send things into a “tail spin.” The organization is extremely small, and all of the personnel are impacted directly or indirectly by the actions of their co-workers. One individual stated, “When one person has a bad day, everyone in the office feels the effects.”

Some were optimistic about morale within the organization while others perceived things with a less positive perspective. Many indicated that the organization is still adjusting to the recent management changes. The new Procurement Officer (in place just over a year) and the recent return of the deputy have caused a slight shift in the communications and responsibility flow process.

Workload across the board is heavy; everyone is stretched thin. Some stated that at times the workload has been overwhelming. Many work long hours and feel that an additional person would help to alleviate some of the stress. There are concerns that quality, accuracy, and timeliness could be impacted if things remain the same for too long.

Overall, the working relationships with both the technical organizations and the legal office were good. Many of the organizations included their procurement counterparts in integral meetings or maintained regular communications. Some expressed a concern regarding the working relationship with the resources organization, which was not as healthy.

Dryden Acquisition management is perceived as fairly effective in the areas of communications, management feedback, accessibility, and flexibility. Some expressed a desire for more “constructive” criticism from management. The perception is that management does not always highlight areas for improvement as much as they should. The rumor mill seems to work overtime in the office, and some expressed a desire for managers to dispel rumors more quickly. There was also an indication that certain personnel-related issues discussed in group meetings should be addressed individually. A recent example was a discussion of the core work hours during a staff meeting. Many left the meeting somewhat confused and wondering whether they were guilty of infractions. Several indicated that it might have been less confusing if the managers spoke directly with the individuals in question rather than confusing non-offenders.

Training opportunities are available for Headquarters-sponsored courses and courses sponsored by the Center. Management is very supportive of these opportunities as well as other leadership and career development programs. Most people have taken all of the required courses. The Deputy Procurement Officer recently completed the NASA Leadership Development Program. One person indicated that a more structured mentoring program for new employees would be beneficial. Others indicated that more candid discussions were needed regarding career development and potential.

Almost all individuals interviewed perceived that the efforts of Dryden Acquisition as a whole were not recognized or appreciated at the Center level. A recent Center awards ceremony was held, and one of the teams recognized was the SOFIA team. Several members from the technical, resources, and even administrative support areas received recognition. However, the contracting officer was not recognized. Many people within Dryden Acquisition (not the contracting officer for the project) were upset and voiced their displeasure about what they termed a serious “snub” to the contracting officer, in particular, and the procurement organization, as a whole.

The majority of people interviewed expressed their ability to communicate with the Headquarters Office of Procurement, when necessary. Several people with large projects felt they had an open line of communications with their Headquarters Office of Procurement Program Operations Division analyst.

3. Technical Customer Interviews

Representatives from a variety of technical organizations were interviewed regarding the effectiveness of Dryden Acquisition and their levels of satisfaction. Individuals interviewed represented various programs and projects at Dryden. Most COTRs interviewed had over 20 years experience. Some served as COTRs and also as program or project managers.

The majority interviewed indicated that the relationship with the procurement organization was good to excellent. Many stated that representatives from procurement were included in their staff, organization, and strategic planning meetings. All worked closely with their procurement counterparts on a regular basis.

Overall, from the viewpoint of the technical organizations, Dryden Acquisition is doing an effective job to support their respective organizations; the quality of procurement products is good. It was very apparent from the discussions with technical customers that the procurement personnel seem to be overloaded with work. Contracting officers and specialists do not always have as much time to spend on non-critical issues as they did when there were more people in the organization. Those interviewed received the appropriate COTR training. It is offered annually.

In general, technical organizations are receiving the appropriate level of support, advice, and counseling from procurement. All expressed a need for senior management to address the workforce reductions and to recognize the fact that procurement personnel are working hard to meet critical milestones despite the heavy workload. One suggestion was that Dryden Acquisition visit customer organizations and discuss roles, responsibilities, timelines, etc., to make the technical organizations more aware of everyone's role in the acquisition process. Another suggestion was for Dryden Acquisition to develop a surge plan to handle and anticipate workload peaks and overloads.

4. Procurement Career Development and Training

The Dryden Acquisition training coordinator continues to provide outstanding support to the procurement workforce. The training coordinator maintains a database and files that track educational background, grade level, warrant status, CON courses completed, and continuous learning points. The files include a copy of FAC-C applications, associated documents, and certification levels for all of the Dryden Acquisition GS-1102s.

All employees receive the appropriate amount of formal training and are achieving the appropriate certification levels for their grade and length of service. Individual Development Plans (IDPs) when completed by employees are reviewed by management on an annual basis.

STRENGTH:

Dryden Acquisition is again commended for their aggressive actions to ensure that employees fully meet the mandated training requirements.

5. Contracting Officer Technical Representative Training and Delegations

NASA FAR Supplement (NFS) 1842.270 authorizes the appointment of a qualified Government employee to act as the representative for the contracting officer in managing the technical aspects of a particular contract. It requires the use of NASA Form (NF) -1634, "Contracting Officer Technical Representative (COTR) Delegation," to appoint COTRs. The original of the completed NF-1634 COTR delegation shall be filed and maintained in the applicable contract file.

The NFS and the Office of Federal Procurement Policy's (OFPP) letter of November 26, 2007, require all COTRs to obtain mandatory, comprehensive training prior to appointment and that they maintain their skills current through continuous learning. Dryden Acquisition is actively addressing the new OFPP COTR requirements. Dryden Acquisition provided comprehensive COTR training twice during 2005 and in December 2007. Another training session is scheduled for August 2008.

Dryden Acquisition maintains a list of individuals with current COTR training; this presently includes approximately 180 individuals. A detailed database is maintained that tracks all individuals trained for COTR responsibilities and includes the date of the last comprehensive and refresher training sessions taken. A Dryden Acquisition representative stated that when contracts were uploaded into the Contract Management Module (CMM) database the field for COTR names was not available. As a result of the absence of this data field, the active contract list generated through CMM shows "Not assigned" instead of showing the COTR names. Dryden Acquisition submitted a request to the Competency Center to update CMM to add appropriate COTR names for each contract.

Review of several contract files verified that COTR delegations are issued on the required NF-1634. However, a few anomalies were noted. One individual formally delegated was not on the list of personnel with COTR training. Discussions revealed that although this individual's training was out of date, the COTR delegation was needed because of technical knowledge and expertise not otherwise available at the Center. A temporary delegation was issued and the individual was scheduled to take the August 2008 COTR training. Further review of the contract file found no mention of the temporary appointment or the required temporary appointment expiration date.

Two Small Business Innovative Research (SBIR) contract files that were reviewed contained tabs for COTR delegation, but none of the delegations were present. One file noted that the delegation was contained in the SBIR electronic guidebook. However, the NFS requires placement of the COTR delegation letters in the applicable contract file. One contract reviewed contained no evidence of the COTR delegation, even though the Performance Work Statement contained specific technical coordination requirements.

STRENGTH:

Dryden Acquisition is commended for their aggressive management of COTR training.

WEAKNESS:

Dryden Acquisition should ensure that COTR delegations are appropriately documented in the contract files in accordance with NFS requirements.

6. Internal Policies and Procedures

Dryden Acquisition's policies and procedures are documented within the system of Dryden Functional Plans (DPL), Dryden Center-wide Procedures (DCP), and Dryden Organizational Procedures (DOP). These work instructions provide a set of standards that are established within the requirements of the ISO audits and controls.

Several recommendations were made during the previous survey, conducted in December 2005, to incorporate more detailed instructions in certain areas. They included 1) the incorporation of a Center-level instruction for the exercise of options to ensure that the program/project management organizations were aware of their responsibilities; 2) the implementation of a formal tracking process for waivers and deviations; and 3) the development of formal instructions for noncompetitive justifications. Dryden Acquisition did not revise their policies and procedures to address these recommendations. Dryden Acquisition agreed to update the procedures to address weaknesses disclosed in the areas of interagency agreements, safety and health plans, and subcontract consent.

Some of the procedures reviewed were expired. DOP-A-002, "Acquisition Management Office," is awaiting the results of the Center's High Performance Organization review for revision. DOP-A-005, "Noncompetitive Procurement Documentation," is being converted into a handbook. DOP-A-010, "Procurement Process Reviews and Surveys," is awaiting a decision from Dryden Acquisition management as to whether it will be updated or reissued.

DOP-A-003, "Review and Execution of Procurement Documents," requires legal review of determinations and findings. Discussions in other sections of this report indicate that legal reviews are not always conducted, when required.

STRENGTH:

Dryden Acquisition is commended for their limited use of internal, Center-specific clauses to augment FAR and NFS clauses. Center-unique policies are not created if the subject is adequately addressed in the FAR and/or NFS.

WEAKNESS:

Dryden Acquisition should ensure that legal reviews are conducted in accordance with the policies and procedures. DOP-A-003, "Review and Execution of Procurement Documents," should be revised to state that all determinations and findings are reviewed by the legal office to place emphasis on the requirement.

7. Self-Assessment Program

The Procurement Officer's efforts to implement a semi-annual self-assessment process was noted in the prior two Procurement Management Surveys. Dryden Acquisition has conducted three internally managed self-assessments since the last survey in December 2005. The first internal self-assessment covered the period from December 2005 through June 2006, the second covered June 2006 through November 2006, and the third and most recent covered November 2006 through April 2007.

The Procurement Officer discussed recent efforts to coordinate an interoffice relationship with the Center's Management Survey Office (MSO) to have the MSO perform independent reviews of the Dryden Acquisition functions on a routine basis. The MSO already reviews components included in NASA's Self-Assessment Guide and can easily coordinate with Dryden Acquisition to perform the required self-assessments.

The primary function of Dryden's MSO is to perform process audits, risk analysis, root cause analysis, general monitoring, measurements, etc., reviewing interconnecting areas throughout and between all functions at Dryden. They provide positive findings and identify opportunities for process improvements. The MSO currently conducts reviews of the Purchase Card program, post-contract award surveillance, and project management areas that interface with Dryden Acquisition regarding procurement process flow, safety, health, chemicals and hazardous materials, environmental areas, SAP processes, etc. When problems are identified, the MSO addresses the root cause and works to solve the problem. A major function of the self-assessment process is to track weaknesses identified during the Procurement Management Surveys and to ensure and document resolution of these weaknesses.

STRENGTH:

Dryden Acquisition is highly commended for supplementing their limited internal resources by initiating and coordinating a relationship with another Center organization that is highly qualified, well staffed, and has the proven ability to directly support the Agency's required Self-Assessment program.

CONSIDERATION:

Dryden Acquisition should remain steadfastly focused on their working relationship with the Center's MSO in performing and enhancing the required self-assessment process.

WEAKNESS:

Dryden Acquisition should ensure that self-assessments are performed on a semi-annual basis, findings are documented, reports are submitted as required, and corrective actions taken when necessary.

8. Metrics Review and Documentation

Dryden Acquisition collects a variety of data to assist in delivering the best value and products to customers in a timely manner. The data is provided via the Business Warehouse, CMM, the Enhanced Procurement Data Warehouse Survey Tracker, the Dryden Management Review (DMR), and Zero-Based Reviews (ZBR).

As indicated on the December 2005 survey, Dryden Acquisition no longer tracks procurement lead times. The survey tracker tool was implemented to assess customer satisfaction. Survey tracker is a questionnaire sent to the customers upon contract award. It requests feedback in the areas of courtesy, timeliness, accuracy, and experience. Dryden Acquisition management and the contract specialist review this information on a quarterly basis. The results of the survey are also incorporated into the contract specialist's performance evaluations. The current rating ranges between 4.6 – 4.7 out of 5. This tool has been overwhelmingly successful. Because of this, there are plans to implement the survey on a Center-wide basis for other organizations to utilize. It is currently being converted into a web-based application to allow feedback for all interactions with procurement and not solely for contract awards.

The DMR is conducted quarterly at the Center level. It tracks the following:

- Award processing times for purchase orders and contracts;
- Preference Program Participation – small business, small disadvantaged business, HUB zones, women-owned, 8(a), and service disabled veterans;
- Financial Summary – spending is tracked in the areas of pre-award, contract administration, purchase card, small purchases, office management, travel, and supplies; and
- Risk Assessment

The ZBR is an annual review to assess the impact of labor reductions on the various procurement areas as addressed under the DMR. In light of the employee reductions this organization has experienced over the last few years, this tool is very important. It will provide to the Acquisition Division an understanding of the impact that continued employee reductions will have on the organization's ability to respond efficiently and effectively to the customer needs.

STRENGTH:

Dryden Acquisition is commended for their proactive utilization of the survey tracker tool. It is an exceptional tool to obtain current feedback regarding customer satisfaction and contract specialist performance. Once the tool becomes web-based, more data can be utilized in determining the organization's effectiveness.

CONSIDERATION:

Dryden Acquisition should track organizational performance in a more streamlined manner. Currently, various tools are used to generate different information. These include Business Warehouse, CMM, and the Enhanced Procurement Data Warehouse. It would be more effective if the data that these tools generate could be consolidated.

SECTION III

PRE-AWARD PROCESSES AND DOCUMENTATION

1. Master Buy Plan Actions

The Agency's Master Buy Plan (MBP) requirements are stated in NFS 1807.71. The MBP database provides information on planned acquisitions to enable senior management to focus their attention on a representative selection of high-dollar value and otherwise sensitive acquisitions. NASA senior management's focus on the acquisition information contained in the MBP database has expanded tremendously in recent months.

The Office of the Administrator now requires the Headquarters Office of Procurement to provide an annual MBP report of all records submitted by the Centers. Therefore, Dryden Acquisition (as well as other Centers) is advised to be more diligent regarding the level of quality and sufficiency of details in data entered into the MBP database. The Headquarters Office of Procurement Program Operations Division noted that, in most cases, the data fields that often lack sufficient detail include description and status schedule.

Description: In many cases, the MBP description field reflects a one-line description of the planned acquisition, which provides no more information about the acquisition than the title. The MBP description should be sufficiently detailed to provide NASA senior management with a clear understanding of the acquisition requirements (e.g., the level of detail that would normally be provided in the description section of an Administrator's Notice of Significant Contract Action (ANOSCA)).

Status Schedule: Planned dates for critical milestones such as noncompetitive justification approval (if applicable), RFP release, source selection, and contract award must be supplied within the Status Schedule Field.

The descriptions of these planned procurements in the Acquisition Forecast websites must also be sufficiently detailed for the same reasons stated above. This is particularly applicable to new procurements or changed procurements (i.e., as opposed to awarded or deleted forecast items). Dryden Acquisition had not yet provided an update to the Acquisition Forecast to reflect FY 2008 procurements at the time of this survey.

CONSIDERATION:

Dryden Acquisition should ensure that MBP record submissions are sufficiently detailed and that particular attention is given to the description and status schedule data fields. In addition, the Acquisition Forecast point of contact must be more diligent in efforts to ensure that accurate and timely data is posted on the official website at <http://procurement.nasa.gov/cgi-bin/nais/forecast.cgi>.

WEAKNESS:

Dryden Acquisition should ensure that the Acquisition Forecast is updated to reflect planned procurements in a timely manner.

2. Market Research

The files reviewed demonstrated that Dryden Acquisition generally conducts market research in accordance with FAR Part 10 by utilizing the Virtual Procurement Office (VPO) Market Research Analysis report. The use and filing of this report was a recommendation made during the prior survey. The Market Research Analysis reports demonstrate that Dryden Acquisition conducted market research using a variety of tools and methods including NAIS Consolidated Contracting Initiative (CCI) quick search; research of in-house personnel; and research of industry. There was only one case where the market research documentation was not contained in the file.

3. Deviations and Waivers

FAR or NFS deviations and waivers are areas that receive a high level of scrutiny. Requests to deviate from the FAR and NFS requirements are taken seriously by the Headquarters Office of Procurement. Oftentimes, these actions are time critical to the Centers. A recommendation was made during the previous survey in December 2005 to implement a tracking system for the deviations and waivers. The current review of the process did not find evidence that such a tracking system was implemented. Discussions were held with the Dryden Acquisition procurement policy analyst to determine whether any deviations and waivers were processed since the last survey and to determine how the deviation and waiver files were maintained.

Dryden Acquisition maintains a "Read File" (separated by calendar year) that contains all of the Procurement Officer's correspondence. The file also contains copies of any deviation and waiver requests as well as any Headquarters' responses. There is currently no system established to track deviations and waivers through the Center and NASA Headquarters approval levels. It is noted that the volume of such actions is significantly smaller than those processed by larger Procurement Offices. Therefore, while Dryden Acquisition may not need a formal system to track deviations and waivers, it is advisable that these requests and HQ responses be maintained separately from the other read file documentation.

CONSIDERATION:

Dryden Acquisition should maintain deviation and waiver request documentation and any associated Headquarters correspondence separately from the general Procurement Officer's read file documents to ensure easy accessibility, when necessary.

4. Noncompetitive Justifications

Noncompetitive contract files were reviewed for compliance with FAR Subpart 6.3 and NFS Subpart 1806.3 regarding other than full and open competition. The review focused on two areas purchase orders and contracts. Statutory authorities cited included 10 U.S.C. 2304(c)(1)((c)(1)) – only one responsible source, 10 U.S.C. 2304(c)(2)((c)(2)) – unusual and compelling urgency, and 10 U.S.C. 2304(c)(5)((c)(5)) – authorized by statute.

Purchase Orders

Several purchase order files reviewed cited (c)(5) – authorized by statute – for Federal Supply Schedule orders using only one vendor. Some purchase order files contained two or more quotes but entered the (c)(1) – only one responsible source – coding in the Federal Procurement Data System (FPDS) database.

The purchase request initiator performed the market research and determined only one source on some files reviewed. Other files contained evidence that quotes were requested from three vendors but that only one responsive bid was received. These actions are regarded as competitive according to FAR 8.405-1(c); however, many were identified as noncompetitive and included the Dryden form D-WK 429-5, “Recommendation and Basis to Solicit from One Source,” in the file.

The SBA small business dynamic search tool was used to identify small businesses in one file reviewed; however, the order was subsequently awarded to a large business. There was no file documentation to justify utilizing a large business in lieu of the small businesses identified. Some purchase orders were awarded noncompetitively citing “urgency” based on meeting SOFIA schedules. The files did not provide an adequate rationale for the noncompetitive actions.

Contracts

The contract files reviewed ranged in dollar value from \$142,000 to \$25 million. All cited the statutory authority (c)(1) – only one responsible source. One file reviewed did not contain the proper documentation required under FAR 6.302-2 or the proper signatures required by DOP-A-003, “Review and Execution of Procurement Documents.” The contract file did not contain the synopsis results (although the procurement was synopsisized), a description of the market research conducted or the results (or reasons why market research was not conducted), expressions of interest (if applicable), or a statement regarding the actions taken to remove or overcome any barriers to competition. The noncompetitive justification document did not contain the required signatures of the purchase request initiator, contracting officer, and legal counsel.

CONSIDERATION:

Dryden Acquisition should revise and update their policies and procedures for developing noncompetitive justifications as recommended in the last survey. The current policies and procedures DOP-A-005, “Noncompetitive Procurement Documentation” are expired.

WEAKNESSES:

1. Dryden Acquisition should ensure that adequate price competition is promoted to the maximum extent practicable, particularly for purchase orders. The use of (c)(2) – unusual and compelling urgency – as a reason for justifying sole source award should be re-examined.
2. Dryden Acquisition should ensure that the noncompetitive justification documentation contains the necessary information in accordance with FAR 6.303-2 and that the proper approvals and signatures are obtained as required by DOP-A-003, “Review and Execution of Procurement Documents.” A similar weakness was documented in the last four Procurement Management Surveys. **(REPEAT FINDING)**

5. Acquisition Planning

Several contracts were reviewed for compliance with FAR 7.1 and NFS 1807.1. The NFS requires an installation approved Procurement Strategy Meeting or written acquisition plan for acquisitions that do not require Headquarters approval and are expected to exceed \$10 million. Acquisition plans prepared in accordance with the installation’s written procedures are required for acquisitions under \$10 million. Dryden Acquisition does not have specific written procedures for the preparation of acquisition plans.

A checklist entitled “Acquisition Plan for Actions Between \$100,000 - \$5 million,” signed by the contracting officer and procurement analyst is utilized in lieu of written procedures. The checklist was consistently utilized for contract actions within this range. The checklist in one file reviewed indicated that the Performance Work Statement (PWS) was not present. The checklist does not require an explanation when key elements are not present.

Acquisition plan procedures for actions between \$5 million and \$10 million were not readily identifiable. The Dryden Acquisition policy representative indicated that the checklist should be updated to increase the dollar threshold. Files reviewed for acquisitions estimated to exceed \$10 million included acquisition plans in Procurement Strategy Meeting chart format or written acquisition plan format that met the format and content requirements of the FAR and NFS.

CONSIDERATION:

Dryden Acquisition should increase the threshold on their checklist entitled “Acquisition Plan for Actions Between \$100,000 - \$5 million” to \$10 million in order to provide procedural coverage for acquisitions between \$5 million and \$10 million.

6. Pre- and Post-Negotiation Documentation

A review of Dryden Acquisition’s Pre-Negotiation Plan Memoranda (PPM), which is used to certify compliance with FAR 15.406-1 and NASA FAR Supplement 1815.406.1, revealed they consistently met the FAR and NASA requirements. The Price Negotiation Memoranda (PNM)

which is used to certify compliance with FAR 15.406-3 and NFS 1815.406-3 also consistently met the FAR and NFS requirements. Pre- and post-negotiation documentation was reviewed for existing contracts and task orders against IDIQ contracts to determine whether file documentation supported the requirements established in FAR Part 15.406 and NFS 1815.406.

All files reviewed were consistently documented with pre-negotiation objectives using all manner of information and analysis. These included Independent Government Cost Estimates, fact finding, and price histories as well as a heavy reliance on technical analysis from the customers/program representatives in the establishment of the Government negotiation objective. There were no instances in any of the reviewed files where the negotiated agreement exceeded the Government objective without considerable and concise documentation in compliance with FAR 15.406-3 and NFS 1815.406-3. The PPMs provided detailed and clear explanations for the establishment of each of the Government's objective and negotiated positions sufficient to ensure confidence in the resulting contract actions that met the technical requirements at a fair and reasonable price.

STRENGTH:

Dryden Acquisition is commended for their use of templates for PPMs and PNMs to ensure that the areas required by the FAR and NFS are substantially covered in the file documentation. It is apparent that the use of these templates has continuously helped to maintain a high level of quality documentation. **(REPEAT FINDING)**

CONSIDERATION:

Dryden Acquisition should utilize market research, GSA schedules, previous procurements, etc., rather than solely relying on input from the technical community in establishing price reasonableness. More detailed price analysis pursuant to FAR 15.402 to establish price reasonableness would strengthen the Government's negotiation positions and objectives.

7. Technical Evaluations

The previous survey report reflected an improvement in the quality of technical evaluations. A review of several contracts reflected that the level of quality reported in the previous survey was sustained. The technical evaluations submitted by the technical community contained excellent supporting rationale to ensure technical capability. There seems to be a heavy reliance on the technical community in establishing fair and reasonable cost. The files reviewed provided a comprehensive evaluation of proposed costs, including labor skill-mix; total hours objectives; period of performance; equipment; supplies; subcontract cost; and other direct costs.

STRENGTH:

Dryden Acquisition is commended for the continued excellent working relationship with their technical customers. It is apparent that most of the technical community has a clear

understanding of the requirements for technical evaluations to assist in establishing the Government negotiation positions and objectives. **(REPEAT FINDING)**

8. Homeland Security Policy Directive-12 Compliance

Proper implementation of Homeland Security Policy Directive (HSPD)-12/Personal Identification Verification (PIV) requirements greatly depends upon the input of program/project managers and other technical personnel. This input is particularly important in circumstances in which contractors are allowed access to Government systems, even on a remote basis. It is incumbent upon the subject matter experts to perform the necessary reviews of solicitation and contract requirements, e.g., Statements of Work, Performance Work Statements, and work plans needed to accurately identify candidate procurement actions.

During the survey, Dryden Acquisition provided their list of contracts that were modified to implement the HSPD-12/PIV requirements. A follow-up discussion was held with the contracting officer who led the effort to select the modified contracts. The discussion revealed that there are currently no written procedures defining the process to identify solicitations and contracts that require the HSPD-12/PIV clauses. Dryden Acquisition intends to develop such procedures. The Dryden Acquisition HSPD-12/PIV lead also expressed concern regarding implementation of the requirements in grants and cooperative agreements. Information regarding Grant Information Circular 06-02 that requires the same review procedures for grants and cooperative agreements as other procurement instruments was provided.

CONSIDERATION:

Dryden Acquisition should coordinate with Center management to establish Center-wide HSPD-12/PIV procedures that focus on:

- The critical importance of obtaining technical input and reviews for solicitations and contract (SOW, PWS, specification requirements, etc.);
- Placing emphasis on systems access performance requirements; and
- Clarification of routine versus intermittent access in relation to the specifics of the requirements and types of facilities involved.

9. Government Furnished Property

Several contract files were reviewed for compliance with procedures for providing Government property to a contractor. All of the files reviewed provided documentation of the supply and equipment management officer review/approval and contained the proper clauses in accordance with the FAR and NFS requirements. All of the contracts reviewed reported the information to the FPDS as required. They contained a complete list of identified Government property furnished to the contractor, when appropriate.

STRENGTH:

Dryden Acquisition is commended for their continued compliance with FAR and NFS property requirements and file documentation. **(REPEAT FINDING)**

10. Contractor Safety Requirements

Contract files were reviewed to verify compliance with NFS 1823.70, "Safety and Health." NFS 1823.70(e) requires all contracts in excess of the micro-purchase threshold to include either clause 1852.223-70, "Safety and Health" or 1852.223-72, "Safety and Health (Short Form)," depending upon the input received from the technical and safety organizations. NFS 1823.7001(d) requires the contracting officer to insert clause 1852.223-75, "Major Breach of Safety or Security," in all solicitations and contracts with an estimated value in excess of \$500,000. NFS 1823.7001(c) further states that if clause 1852.223-70, "Safety and Health," is required, the contracting officer must also include the provision at 1852.223-73, "Safety and Health Plan," in the solicitation, and incorporate the contractor's Safety and Health Plan into the contract after receiving the concurrence of the Center safety and occupational health officials. Dryden Acquisition Center-unique clause 52.223-91 allows the contracting officer to incorporate safety and health plans into the contract by reference. The effective date of the plan is entered after submission and approval.

Several contracts in excess of \$500,000 were reviewed. Two contracts did not include the clause NFS 1852.223-75, "Major Breach of Safety or Security." Some construction contracts did not incorporate the approved accident prevention plan/safety and health plan into the contract. The files contained evidence that the plans were reviewed by, and coordinated with, the appropriate safety and occupational health officials.

CONSIDERATION:

Dryden Acquisition should ensure that contracting officers incorporate the required Safety and Health clauses and Safety and Health Plan plans into contracts, as applicable, and ensure that all safety and health plans are reviewed and approved by the appropriate Government officials and incorporated in the resultant contract. **(REPEAT FINDING)**

SECTION IV

POST-AWARD PROCESSES AND DOCUMENTATION

1. Synopsis of Contract Award

A review of the files revealed that the synopsis of contract awards was contained in the files on a sporadic basis. Further review verified through NAIS that all contract awards were synopsisized appropriately. ANOSCA's for awards greater than \$25 million or otherwise sensitive procurement actions were contained in files as required as were the public announcements required for contract actions in the \$5 million to \$25 million range.

CONSIDERATION:

Dryden Acquisition should ensure that files for contract actions requiring the synopsis of contract awards include a copy of the synopsis, preferably under tab 80 as shown on NF-1098.

2. Contractor Performance Evaluation

For contracts having a period of performance exceeding one year, NFS 1842.1502 requires contracting officers to conduct interim evaluations of performance on contracts within 60 days of every anniversary of the award. An interim evaluation covering the current period of performance and a final full performance evaluation are required. Several contracts meeting the criteria of FAR 42.15 were reviewed for compliance with NFS 1842.1501.

Seven contract files were reviewed including two award fee contracts. Six out of the seven files contained the completed NF-1680, "Evaluation of Performance." The seventh was an award fee contract file that included a memo stating that the NF-1680 was not required in accordance with FAR 1842.1503(b). However, this statement is in direct conflict with Procurement Information Circular (PIC) 01-12, dated June 2001, and the Dryden Acquisition internal procedure DOP-A-006, "Award Fee Evaluations."

Some of the reviewed files were missing the contracting officer's signature. All of the files except for the award fee files contained narrative discussions. Five of seven files also contained current information in the NASA Past Performance Database (PPDB). However, only one of the evaluations was completed within the required 60-day timeframe.

STRENGTH:

Dryden Acquisition is commended for their proactive maintenance of the PPDB with current contractor performance evaluation information.

CONSIDERATIONS:

1. Dryden Acquisition should amend Dryden Center-wide Procedure DCP-A-004 to include the language to summarize award fee evaluation information in the PPDB.
2. The Headquarters Office of Procurement Contract Management Division should amend the NFS to include language addressing the inclusion of award fee evaluation information in the PPDB. This information is very important since the PPDB feeds information into the Government-wide Past Performance Information Retrieval System and is used for performance evaluation in source selection efforts. It is crucial that current information is provided so that NASA's contractor performance information is properly reflected in this Government-wide database.

WEAKNESSES:

1. Dryden Acquisition should ensure timely completion of the contractor performance evaluation by meeting the 60-day lead-time requirement.
2. Dryden Acquisition should ensure that award fee evaluation results are included in the PPDB as directed by PIC 01-12 and DOP-A-006.

3. Award Fee/Incentive Fee Evaluation

Dryden Acquisition does not currently have any incentive fee contracts. The award fee contract files reviewed contained the required Procurement Officer approval; the formulation and content of award fee determination plans (AFDP); the assignments of the Performance Evaluation Board (PEB) and Fee Determining Official (FDO); and the execution of the evaluation of contractor performance and award fee payments with some exceptions. There was no evidence of a cost benefit analysis as required at NFS 1816.405-270(a). The NASA Award Fee Contracting Guide at <http://www.hq.nasa.gov/office/procurement/regs/afguidee.html> provides an example of a cost benefit analysis that can be used to meet the referenced requirement (see section 1.4 of the guide).

Additionally, the AFDP and subsequent contractor performance evaluations did not assign a weight of at least 25 percent to cost control evaluation factors in accordance with the NFS 1816.405-274(b) requirement. Dryden Acquisition assigned weights of 25 percent or more to a business management factor. Cost control was one of several sub-factors under the business management factor. The cost control sub-factor weight ranged from 10 to 12 percent of the business management factor and often did not link to the contractor's performance against the negotiated estimated contract cost. The most recently awarded award fee contracts contain assigned weights of 25 percent for the cost control evaluation factor and 20 percent for the cost management sub-factor.

WEAKNESSES:

1. Dryden Acquisition should ensure that the cost benefit analysis is conducted and documented in the Procurement Officer's approval of contract type in accordance with NFS 1816.405-270(a).
2. Dryden Acquisition should ensure that the cost control evaluation factor is assigned a weight of at least 25 percent of the total weighted factors and that the predominant consideration of the cost control evaluation is the measurement of the contractor's performance against the negotiated estimated cost of the contract in accordance with NFS 1816.405-274(b). **(REPEAT FINDING)**

4. Contract Closeout Process and Unliquidated Obligations

Contract closeout procedures were reviewed to validate compliance with DOP-A-009, "Transfer of Procurement Files to Close-Out." This procedure is conducted in accordance with FAR 4.804, including the use of NF-1611, "Contract Completion Statement," and NF-1612, "Contract Closeout Checklist." DOP-A-009 also encourages the use of quick closeout procedures. The Agency's closeout contractor, LeGacy, processes all of these files for the contracting officer's review and approval. LeGacy closeout procedures are also conducted in accordance with FAR 4.804.

LeGacy closed numerous files for FY 2008 by the time of this survey. These files included 292 purchase orders, 15 fixed price contracts, 15 interagency agreements, and 5 cost reimbursement contracts. The closure of these contracts has resulted in \$377,349.45 in deobligations.

Twenty-nine contracts are physically complete. Dryden Acquisition has maintained the standard that was established during the last survey; 28 of the 29 files physically complete are awaiting closeout. The resulting unliquidated obligations are \$376,806.40.

Several factors hinder LeGacy's ability to complete final processing for the contracting officer's signature. Most delays are the result of the lack of necessary documentation such as the contractor's final invoice, required patent/royalty clearances, requests for additional funds, deposition of Government property, pending reconciliation with paying office, removal of excess funds, and delays resulting from IFM conversions.

CONSIDERATION:

Dryden Acquisition should continue to place emphasis on closing physically complete contracts and clearing unliquidated obligations. **(REPEAT FINDING)**

5. Undefined Contract Actions

Dryden Acquisition provided one Undefined Contract Action (UCA) to review, which was definitized by the time of this survey. File documentation was thorough and complete.

Adequate justification for the urgency requiring the issuance was present with the appropriate approvals. The UCA met the 180-day threshold time limit for definitization.

STRENGTH:

Dryden Acquisition is commended for their continued efforts in minimizing the number of UCAs and file documentation for issuance of same. There were no open UCAs at the time of this survey.

6. Competition under Multiple Award Task and Delivery Order Contracts

Two types of multiple award procurements were reviewed for competition of task and delivery orders. Blanket Purchase Agreements awarded through GSA and IDIQ multiple award contracts were reviewed. The IDIQ contracts were reviewed for compliance with FAR Part 16.5 and NFS 1816.5 requirements for competing orders and acceptable multiple award procedures.

Five companies were awarded IDIQ contracts with ordering values between \$20,000 and \$5 million. Review of the task order files revealed that little competition was used for the placement of orders. However, the files did contain the required justifications in accordance with FAR 16.505(b) when noncompetitive procedures were utilized.

Although the appropriate justifications were in place, the key concern was the evident lack of application of competitive procedures. Discussions with the current contracting officer indicated that competitive processes were not followed nor attempted.

WEAKNESS:

Dryden Acquisition should ensure that multiple-award contracts are managed in accordance with FAR 16.505(b), which requires contracting officers to provide each awardee an opportunity for consideration for award of orders issued under such contracts, thus maximizing competition. **(REPEAT FINDING)**

7. Options to Extend Performance

The review of contract files reveals that Dryden Acquisition has dramatically improved in the area of exercising contract options since the prior survey conducted in December 2005. Dryden Acquisition was in full compliance with FAR 17.202 and NFS 1817.207-70 in all but one file reviewed. The appropriate contract clause was included in the award document. Contract files contained all required and appropriate documentation. The notice of intent letter was provided to the contractor in a timely manner. Documentation verified that funds were available. The requirement covered by the option fulfills an existing Government need. Exercise of the option was the most advantageous method of fulfilling the requirement. The contractor's satisfactory past performance was an area included in consideration in determining that the exercise of the option was appropriate.

STRENGTH:

Dryden Acquisition is commended for their dedicated effort to dramatically improve this process and documentation in exercising contract options.

8. Subcontract Consent

Several cost reimbursable contracts were reviewed. One of the award fee contracts reviewed included a letter stating that the contractor had an approved purchasing system based upon a Contractor Purchasing System Review conducted by the Defense Contract Management Agency (DCMA). The contract included the required FAR Clause 52.244-2, "Subcontracts, Alternate 1." The approval letter submitted by DCMA stated that the purchasing system approval does not eliminate the requirement to provide advance notification to the contracting officer of intent to place certain subcontracts. The DCMA letter also stated that the contractor's procurement system is subject to periodic surveillance.

Subcontract consent files were reviewed, and they all reflected the utilization of a subcontract consent checklist. FAR 52.244-2, "Subcontracts, Alternate 1," and FAR 244-6, "Subcontracts for Commercial Items," were included in the base contracts. The subcontract consent checklist was present in the majority of the files. One contract file reviewed included documentation stating that subcontract consent was not required because the contractor has an approved purchasing system. A letter from DCMA was attached to this memo which verified that an approved system was in place.

STRENGTH:

Dryden Acquisition is commended for the excellent documentation in the subcontract consent files. Contract specialist Chivonne Everette is commended for her extensive review and analysis of the consent packages in accordance with FAR 44.202-2.

9. Interagency Agreements

The NFS regulation for interagency agreements (IAs) was revised after the last survey. Currently, NFS, 1817.7004 provides guidance for acquisitions with military departments, while NFS 1817.7005 provides guidance for acquisitions with civilian agencies. The bulk of the IAs awarded by Dryden Acquisition is with military departments (mostly the Air Force).

All of the IAs reviewed utilized the required NF-523. The IAs reviewed included sufficient SOWs that detailed the requirements for the supplies or services acquired. One of the IAs had a program introduction (PI) document instead of a SOW. However, the PI document contained the same (or sufficient) performance information as a typical SOW, and it was referenced in the NF-523 award document.

The major concern with the IAs reviewed involved the determination and findings. All of the IAs included a "Determination to Issue a MIPR under the Space Act." This document, currently used by Dryden Acquisition to support IA awards is not consistent with the accepted

determination and findings format. For example, the document does not clearly state the Space Act and the proper statutory citation used to establish IAs. Additionally, NFS 1801.770 requires legal counsel review of determination and findings prior to signature. Some Centers have augmented their determination and findings forms by including a signature line for legal counsel. Others have attached copies of the legal counsel review page to the determination and findings document. There was no evidence of legal counsel review of the determinations and findings reviewed during this survey.

None of the IAs incorporated the FAR 17.504(c) provision for resolution of disputes between the parties (as was suggested in the prior survey). Such language is especially important in cases where the requiring agency enters into the IA with the servicing agency based on contracts that were awarded by the servicing agency.

CONSIDERATIONS:

1. Dryden Acquisition should include language regarding the resolution of disputes between the agencies in their IAs. **(REPEAT FINDING)**
2. The Headquarters Office of Procurement Contract Management Division should revise the language in NFS 1817.70 to include the FAR suggested language on dispute resolution as a firm requirement for IAs.

WEAKNESS:

Dryden Acquisition should ensure that all IAs utilize the proper determination and findings format and that legal counsel review/concurrence is present. The Virtual Procurement Office website provides the accepted NASA determination and findings format.

SECTION V

PRICING/FINANCIAL/AUDITS

1. Financial Management Reporting

Contract files requiring Financial Management Reporting, NF-533, were reviewed for compliance with NFS 1842.72, "NASA Contractor Financial Management Reporting." All of the contracts contained a checklist completed by the contracting officer indicating review and adequacy of the NF-533 data submitted. The checklists were completed and then signed by the contracting officer, indicating that the subject reports were considered adequate.

NFS 1842.7201(a)(1) requires contracting officers to monitor contractor cost reports on a regular basis to ensure that the cost data reported is accurate and timely. It also requires contracting officers to pursue adverse trends and discrepancies located in cost reports that have been discovered through discussions with financial and project team members. The contracting officers utilize a standardized checklist to support their review and analysis in compliance with NFS 1842.7201(a)(1).

STRENGTH:

Dryden Acquisition is commended for the development of a comprehensive and useful tool, the NF-533 checklist, which documents the required analysis and is used by subsequent contracting officers following up with the contractors to resolve NF-533 issues, as necessary.

2. DCAA/OIG Audit Follow-Up

PIC 00-06 provides guidance on contract administration and audit support services provided by the DCMA and the Defense Contract Audit Agency (DCAA). NFS Part 1842.73, "Audit Tracking and Resolution," implements OMB Circulars A-50 and A-133 and requires NASA contracting officers to resolve reportable audit issues in a timely manner. The criteria for reportable audits include management control issues and/or \$10,000 or more in questioned costs. Dryden Acquisition had one open DCAA audit at the time of the survey. Based on fact-finding discussions with the DCAA audit follow-up representative, open audits are well administered. The review focused on the Dryden Acquisition process, procedures, and data supporting DCAA audit follow-up since the number of reportable audits is relatively small. No formal process exists for tracking reportable audits, however discussions with the audit follow-up representative revealed that the procedure utilized to close out a recent major reportable audit was well structured. The Dryden Acquisition audit follow-up representative does not have active access to the NASA Contract Audit Tracking System II (CATS II). This individual is responsible for forwarding reports to NASA Headquarters for entering data into the CATS II for tracking audit reports.

CONSIDERATION:

Dryden Acquisition should ensure that the audit follow-up representative has access to CATS II in order to enter and track reportable audit data and to develop a formal process for consistency.

3. Cost/Price Analysis

Contract files requiring cost and/or price analysis were reviewed for compliance with FAR 15.404 and NFS 1815.404. They were also reviewed to determine price reasonableness. Contract actions in this sampling ranged from \$599,000 to \$150 million. The majority of actions required some level of cost analysis and several required certified cost and pricing data. No cases were found where the cost and pricing data was obtained unnecessarily. Overall, cost and/or price analysis was conducted in an excellent manner. DCAA pricing support was obtained, when necessary. The tabular breakout of contractor proposed and Government objective, including the analysis and disposition of any deltas for each cost element, was generally contained in the file. There was only one case in which the tabular breakout was omitted from the file (inadvertently) but was later provided to the reviewer by the contract specialist. Form NF-634, "Structured Fee Approach," was used to derive a Government objective fee commensurate with performance risk and contract-type risk leading to fair and reasonable negotiated prices.

A sampling of files consisting of Simplified Acquisition Procedure (SAP) orders, GSA Schedule orders, and orders placed against IDIQ contracts were reviewed to determine the required level of cost or price analysis conducted to verify price reasonableness. The majority of the SAP orders reviewed were noncompetitive actions. Dryden Acquisition utilizes a pricing memo sole source template, form A-25, for simplified sole source actions. The template lists various choices, e.g., price lists and price comparison, for determining price reasonableness that mirror those listed at FAR 13.106-3(a)(2). The files consistently based price reasonableness on a comparison of prices received with the Independent Government Cost Estimate (IGCE) marked on the template. However, none of the files reviewed contained an IGCE. One file reviewed contained a bid abstract listing three companies. A price was received from only one of the companies; however, the price reasonableness determination was based on adequate competition.

Several GSA schedule sole source orders placed above the micro-purchase threshold based price reasonableness on the commercial catalog/public price of the vendor and contained the appropriate sole source justification. Several IDIQ orders exceeding the SAP threshold were placed under the authority of FAR 16.505 (b)(2)(ii). The file documentation contained very good cost analysis along with the appropriate justification for a fair opportunity exception.

STRENGTH:

Dryden Acquisition is commended for their continued excellence in conducting cost and price analysis. Linda Gaugler is commended for her efforts as the resident mathematician. **(REPEAT FINDING)**

CONSIDERATION:

Dryden Acquisition should include a copy of the IGCE used as the basis for determining price reasonableness for noncompetitive SAP orders. The copy should be in the file as an attachment to the SAP pricing memo sole source template (form A-25).

4. Structured Fee Approach – NF-634

Guidance for determining profit or fee objectives and the required use of NF-634 are provided in NFS 1815.404-470 and 1815.404-471. Contract files were reviewed for the appropriate use of and compliance with the requirements for NF-634. Most of the files reviewed included an NF-634 with a standardized memorandum template containing adequate justification for the selection of the assigned weighting, assigned value, weight range, and weight designated percentages. Two files reviewed did not include NF-634s. Discussions with the contracting officer revealed that the Pre-Negotiation Memorandum stated that profit was accepted based on rates for similar procurements. Another file reviewed did not include an NF-634 and did not address the basis for the profit or fee.

CONSIDERATION:

Dryden Acquisition should ensure that a true analysis for the contract work effort is conducted when determining percentages in the NF-634 and provide the supporting justification. Concern was raised when all SBIR files reviewed contained the same percentages and rationale for weighting to justify adequacy.

WEAKNESS:

Dryden Acquisition should ensure that the NF-634 is consistently utilized in performing the analysis necessary to develop profit and fee objectives, when required.

SECTION VI

OTHER ISSUES

1. Simplified/Commercial Acquisitions

The review of the simplified/commercial acquisitions focused on file documentation, publication requirements, price reasonableness, sole source justifications, approvals, and awards. The overall quality of the files reviewed was adequate.

Good file documentation was evident regarding purchase requests and the certifications and special approvals for NF-1707. Also, good supporting documentation was reflected in the file regarding the CAGE code, excluded parties listing, VETs compliance, FPDS, and CMM snapshots. The majority of the files reviewed were noncompetitive awards. It is also noted that the usage of the file checklist and tabs were effective for easy reference.

Many files reviewed did not contain sole source justifications or contracting officer signatures on the justifications. One file included representations and certifications that were printed almost three months after the award. Another file did not contain a synopsis of the requirement.

All of the files included a price reasonableness checklist. Some of the noncompetitive requirements reflected a public published price list. Some files stated that price reasonableness was based on prior purchases of the same or similar item. The majority of the price reasonableness determinations were based upon consistency with the Government estimate. However, as stated in the Cost/Price Analysis section of this report, none of the files included any type of documentation regarding the Government's estimate and how this estimate was established in order to support the price reasonableness determination.

Half of the files reviewed reflected awards with attached terms and conditions templates that were incomplete. None of the applicable clauses were marked as required.

CONSIDERATION:

Dryden Acquisition should ensure that documentation is contained in the file supporting the establishment of the Government estimate when the price reasonableness determination is based upon the Government's estimate.

WEAKNESSES:

1. Dryden Acquisition should ensure that the award terms and conditions are properly marked.
2. Dryden Acquisition should ensure that noncompetitive justifications are properly executed and that signatures are in the files. **(REPEAT FINDING)**

2. Purchase Card Program

Dryden Acquisition has experienced a marked improvement in the management of the Purchase Card program since the last survey, conducted in December 2005. Multiple weaknesses were documented in the prior survey; some of which are listed here. There was previously no consistency of Purchase Card program coordinators (CAPC). A great number of cardholders were delinquent in their mandatory refresher training. There were many inactive cards that were cancelled by the bank but were still shown as active in the Center's database. The then current CAPC was unfamiliar with the automated tools used, for example tools to conduct routine monitoring of cardholder transactions.

The current review focused on the internal controls, training, number of card holders, P-Card Solutions purchase card module automated system, monthly reconciliation, delegations, violations, and limits placed on individual cardholders pursuant to the Government bankcard regulations. It is specifically noted that the same CAPC has managed the Dryden Purchase Card program since the prior survey.

All cardholders and approving officials have completed all required training, including refresher training, where appropriate. Of the current 41 cardholders, all are active: 9 are administrative, 3 reside within Dryden Acquisition, and the 29 remaining cardholders are in technical organizations.

Current policies, procedures, and records regarding the Purchase Card program were reviewed and were extremely well managed, well documented, and well reported. There is a Dryden Center-wide procedure for the purchase card process, DCP-A-007, which is current.

The review revealed that the Center's Management Survey Office recently conducted an intense, independent audit of the Dryden Purchase Card program. The results of this audit concluded that the Purchase Card program is healthy and functioning in accordance with Center, Agency, and Government-wide laws, policies, and procedures. One infraction was identified; it was an inadvertent action and was quickly rectified. The incident is well documented in writing and is retained in the CAPC's files. The MSO is actively working with the CAPC to identify ways to improve and enhance the routine monitoring of cardholders' actual transactions and the Center's Purchase Card program in general.

STRENGTH:

Dryden Acquisition is commended for their excellent overall efforts associated with the exceptional improvement and current management of the Purchase Card program. They are also commended for working with the Center's MSO to identify opportunities for improvement.

3. Construction and Architect and Engineer Contracts

Construction

Contract file review included construction efforts under design build fixed price IDIQ contracts, both sealed bid and negotiated procurement single construction projects. The review included pre-award, award, and post-award activities. Emphasis was placed on documentation for compliance with IGCEs, FAR 36.203(a), and Liquidated Damages, FAR 36.206. All of the files reviewed were in compliance with the aforementioned clauses and were extremely well documented with justifications that established IGCEs and that determined the rates for liquidated damages. Each file also included performance and payment bonds as required. The previous survey identified as a weakness the lack of increasing performance bonds and payment bonds when the total contract value increased. None of the files reviewed in this survey increased in value; thus, it is cannot be concluded that this problem still exists. Some approved safety plans were incorporated into the contracts and others were not. Safety plans in several files were documented as approved with a reference to the SOW in lieu of placement in the appropriate contract file tab.

CONSIDERATIONS:

1. Dryden Acquisition should ensure that safety plans are documented in construction contracts with the appropriate approvals from the Safety Office.
2. Dryden Acquisition should ensure that performance and payment bonds are increased when the total contract value is increased.

WEAKNESS:

Dryden Acquisition should ensure that approved safety plans are appropriately incorporated into the contract after award and maintained in the appropriate file location.

Architect and Engineer

One existing Architect and Engineer (A&E) fixed price IDIQ multiple award contract was reviewed during the survey. A review of issued task orders against this contract revealed comprehensive Government estimates, technical reviews, and complete documentation of pre-negotiation summaries in compliance with FAR 15.406-1 and NFS 1815.406.1 establishing Government objectives. Dryden Acquisition was commended for their contract administration efforts on A&E contracts during the previous survey. It appears that this contract is a continuation of the use of excellent procedures implemented in the award and administration of A&E contracts. Contract contents included all required and appropriate A&E clauses, FAR 36.6 and FAR 36.7 forms, copies of the A&E selection statement, and the recommendation of the A&E evaluation board.

STRENGTH:

Dryden Acquisition is commended for their continued contract administration efforts on A&E contracts. Contract administration files were well organized and contained detailed Government estimates, technical evaluations, and pre-negotiation and price negotiation memoranda.

CONSIDERATION:

Dryden Acquisition should ensure that safety plans are documented in A&E contracts with the appropriate approvals from the Safety Office.

4. Environmental Issues

“Purchase Request Supplement,” form D-WK430-5, is used in lieu of NF-1707, “Certification and Special Approvals for IFM Purchase Requisitions,” to document the presence of environmental requirements. FAR Clause 52.223-10, “Waste Reduction Program,” is required in all contracts for support services at Government-owned or operated facilities. Two on-site support service contracts reviewed did not contain the required clause. Additionally, other required environmental clauses were not included in other on- and off-site contracts.

WEAKNESS:

Dryden Acquisition should revise the purchase request supplement to include the FAR requirements for bio-based, personal computer, and Energy Star products. Additionally, Dryden Acquisition should ensure that clauses regarding the environment and environmentally-friendly products are incorporated into contracts in accordance with FAR requirements and PIC 01-27, “Applicability of Affirmative Procurement.”
(REPEAT FINDING)

5. Small Business Innovative Research Awards

Contract files were reviewed for the appropriate use of and compliance with the FAR/NFS and the NASA Small Business Innovative Research (SBIR) handbook. The review indicated that overall, the Dryden Acquisition SBIR awards were well managed. The procurement analyst assigns and distributes the SBIR proposals appropriately. The analyst creates model contracts and model templates for Pre-Negotiation Memoranda, Price Negotiation Memoranda, and memoranda to support the NF-634, “Structured Fee Approach,” position. These are done to assist the contracting officers in meeting the schedules related to this program. The use of the model files and templates appeared to help ensure that the appropriate documentation was contained in the files.

None of the files included the COTR delegation letter as required. One file referenced the electronic handbook. A discussion with the procurement analyst revealed that contracting officers are directed to utilize the SBIR electronic handbook, when applicable, for filing documentation. The NFS 1842.70 requires placement of the original COTR delegation letter in

the contract file. One file reviewed did not include the pre-negotiation memorandum and/or the price negotiation memorandum.

STRENGTH:

Dryden Acquisition is commended for standardizing the files and templates related to the SBIR process. This ensures proper contract execution and consistency as well as the ability to meet schedules related to the SBIR program.

WEAKNESS:

Dryden Acquisition should ensure that all required documentation is included in the SBIR files and should ensure that the FAR and NFS requirements supersede any guidance prescribed in the SBIR electronic handbook.

6. Contract Management Module Issues

The most consistent comment made by Dryden Acquisition personnel regarding CMM addresses the inordinate amount of time required to accomplish routine functions in the system. Most people are working through the “kinks” in the system without significant difficulty. Several indicated that the Competency Center personnel are helpful in resolving problems.

Building documents (particularly contracts) within CMM is difficult because the appropriate clauses are not always available. One individual who does not use the system on a regular basis found it difficult to remember system nuances and relies heavily on the support contractor for assistance in building documents.

Overall, people are attempting to “embrace” the system and build documents within CMM. A few have reverted to creating documents (mostly contract modifications) in Microsoft Word to save time and for appearance purposes. There were several complaints regarding the unprofessional appearance of the finished products generated in the system.

ATTACHMENT
SMALL BUSINESS PROGRAMS

ATTACHMENT

SMALL BUSINESS PROGRAMS

OVERVIEW

1. Scope of Review

The purpose for the Office of Small Business Programs (OSBP) participation in the Procurement Management Survey is to conduct a detailed review of a NASA Field Center small business program to ensure that it has adequate processes and that these processes are fully implemented to meet the goals established by NASA and the Dryden Flight Research Center (DFRC). The review also identifies any issues that may prevent the Center small business specialists from accomplishing their mission. The review consists of interviews, contract file reviews, metric analysis of socioeconomic goals, procurement planning, subcontracting, reporting, outreach, award fees, and training programs. The review pays particular attention to the various categories of small businesses. They are small businesses (SB), small disadvantaged businesses (SDB), woman-owned small businesses (WOSB), veteran- and service-disabled veteran-owned small businesses (VOSB and SDVOSB respectively), Historically Underutilized Business Zone small businesses (HUBZone), Historically Black Colleges & Universities (HBCU), and minority serving institutions (MSI).

2. Organizational Structure and Staffing

The DFRC Small Business Office organization is located in the Acquisition Management Office (Code A). The small business specialist (SBS) is a part-time position that reports to the head of Dryden Acquisition. The current SBS, Robert Medina, is under the GS-1102 Procurement Analyst series and has a generic GS-1102 position description (PD) that describes assignments for both a procurement analyst and a senior contract specialist. The PD does not mention his responsibilities as an SBS and does not contain the requirement that he, *“fully supports the achievement of NASA small business goals and outreach”* as required by the Assistant Administrator for Procurement letter dated May 1, 2007.

The size of DFRC supports a part-time small business specialist but the PD should clearly indicate his duties and responsibilities and should indicate that 50 percent of his time is spent in those duties. In addition, the SBS does not have a letter of appointment required by the NFS 1819.201(d) that delegates the authority of the SBS to perform those duties. The office standard operating procedures are documented in Dryden operating procedures, “Code A Socio-Economic Programs.” The office does have processes that seem to be understood by the Office of Procurement, the program personnel, and the SBS.

The DFRC website located under the Doing Business with Dryden link at http://www.nasa.gov/centers/dryden/business/Procurement/sm_personnel.html is out of date and needs to be updated. Most of the individuals listed on the website are no longer in those positions. It is recommended that DFRC website contain only DFRC personnel and offices. The

DFRC website should be linked to the OSBP website at NASA Headquarters; thereby, eliminating the need for constant updating.

3. Industry Assistance Priorities

The Acquisition Management Office is charged with implementing and managing all aspects of the Small Business Program, in accordance with the FAR and NFS and as directed by the Assistant Administrator for NASA's Office of Small Business Programs. Programmatic priorities include (1) counseling both large and small firms wanting to do business with DFRC and providing advice regarding the importance of teaming relationships; (2) engaging in acquisition planning, analyzing Statements of Work, and providing guidance on small business participation; (3) participating in a broad range of outreach activities; (4) monitoring periodic progress and annual results of NASA and prime contractors' achievement of negotiated socioeconomic business goals; and (5) providing oversight of prime contractors' subcontracting programs to ensure compliance.

4. Center Prime Contracting Socioeconomic Business Goals

The DFRC total acquisition dollars have varied over the last three years from a high of \$133 million to a low of \$81 million. As a result, their small business goals and achievements have also varied. Over the long run, DFRC has been one of the strongest performers in meeting its small business goals. Of particular note is the overall small business performance. Ranging from 71 percent to 55 percent, DFRC has more than doubled the congressionally mandated goal of 23 percent. In addition, DFRC exceeded the SDB and WOSB congressionally mandated goals of 5 percent and for the last two years has exceeded the SDVOSB goal of 3 percent. DFRC is only one of two Centers to achieve this goal.

Although DFRC is not meeting its SDB goal for FY 2008, the Small Business Program report attributes this to miscoding of NAS4-00047 and to the change of a technical support contractor from SDB to a small business.

Center Name	FY-05 Final ACTUALS	FY-06 Final ACTUALS	FY-07 Interim Actuals	FY-08 Interim Actuals
Dryden Flight Research Center PRIME CONTRACTING				
Total Dollars	\$ 132,965,000	\$ 80,688,122	\$ 96,527,791	\$ 82,150,463
Small Business	57.18%	70.69%	64.13%	55.32%
Goal	37.38%	47.40%	47.40%	40.00%
Dollars	\$ 76,035,000	\$ 57,039,726	\$ 61,903,243	\$ 45,441,924
HUBZONE S B	1.35%	1.77%	2.27%	1.38%
Goal	0.93%	3.70%	3.70%	0.80%
Dollars	\$ 1,794,000	\$ 1,425,448	\$ 2,188,304	\$ 1,132,662
8(a) Awards	4.62%	6.57%	5.78%	6.99%
Goal	3.74%	4.70%	4.70%	3.20%
Dollars	\$ 6,148,000	\$ 5,297,559	\$ 5,577,789	\$ 5,738,681
Total SDB	24.52%	44.45%	18.42%	12.22%
Goal	21.50%	29.50%	29.50%	13.60%
Dollars	\$ 32,604,000	\$ 35,862,477	\$ 17,785,214	\$ 10,037,575
WOSB	12.27%	23.93%	15.74%	6.81%
Goal	1.87%	14.70%	14.70%	4.00%
Dollars	\$ 16,316,000	\$ 19,309,181	\$ 15,194,188	\$ 5,597,588
SDVOSB	1.51%	3.47%	3.83%	3.45%
Goal	0.93%	1.40%	1.40%	2.80%
Dollars	\$ 2,007,000	\$ 2,795,908	\$ 3,701,198	\$ 2,836,703

Table 1: Dryden SB Prime Contractor Data

5. Center Subcontractor Socioeconomic Business Goals

The subcontractor chart tracks the number of contracts that require a subcontracting plan and the extent to which the contractor is achieving the goals set by that plan. Each large prime with a contract that requires a subcontracting plan must submit an individual subcontract report (ISR) every six months. Subcontracting plan goals for the most part do not need to be met until the end of the contract performance period. However, it becomes more difficult to achieve the goals over a long period of time once the contractor falls behind in the goal. Subcontracting plans are based on a variety of factors and not all subcontracting plans have goals for all categories of small businesses.

The chart on the next page tracks the last three and a half years of ISR reports for DFRC. This chart is a new requirement in the Small Business Program report and for Procurement Management Surveys. With the limited number of subcontracting plans required by DFRC, it is difficult to ascertain any performance trends.

	FY 2005	FY 2006	FY 2007	FY 2008
# ISR Submitted	4	3	4	2
# ISR Goals Required / # ISR Goals Achieved				
SB	3/4	3/3	3/4	1/2
%	75%	100%	75%	50%
SDB	2/3	2/2	1/2	0/1
%	67%	100%	50%	0%
WOSB	2/2	1/1	1/2	0/1
%	100%	100%	50%	0%
VOSB	0	0	1/1	1/1
%	N/A	N/A	100%	100%
SDVOSB	0	0	0/1	0/1
%	N/A%	N/A%	0%	0%
HUBZone	0	0	1/1	1/1
%	N/A%	N/A%	100%	100%

Table 2: SB Subcontracting Data, Based on the Individual Subcontracting Reports

PROGRAM MANAGEMENT

1. Procurement Planning

The small business specialist is responsible for preparing the semi-annual Acquisition Forecast for the Center. Gathering the data for the forecast, allows the SBS to gain a unique insight into the procurement planning. In addition, the SBS is involved in reviewing the acquisition plans for requirements which are considered Master Buy requirements (over \$50 million) or for a select number if the Center does not have any over the dollar threshold. The Acquisition Management Office does have a checklist for procurement planning. The checklist does contain a small business section that covers pre-award, pre-bid protests, advertising the requirement in FBO, evaluating offerors, post-bid protests, post-award activities, and subcontracting plans. In addition, the SBS has a subcontracting evaluation checklist.

Uniform Methodology for Determining Small Disadvantaged Business Goals

NPD 5000.2A – is used to establish a uniform method for determining the small business goals incorporated into solicitations for full and open competition valued at \$50 million or more. The methodology entails a review of the solicitation’s Statement of Work to identify areas with subcontracting opportunities; a review of the subcontracting history of the contract if the solicitation is for a follow-on requirement and/or review of the subcontracting history of similar contracts; market research to assess the availability of small businesses with the capability to perform the effort in the Statement of Work requirements; and a determination of the percentage of the effort that can be subcontracted to small businesses. The goals established are incorporated into the solicitation and the awarded contract and are tracked both on a six-month and a cumulative basis.

The following programs were under the Master Buy program:

2008 Construction Consolidated Information Technology (IT) Center

2008 Repair/Paving of Thompson Avenue and the Radar Site

2008 Repair Fire Pumping Station to Building 4853

Small Business Administration Procurement Center Representative

The Small Business Administration (SBA) Procurement Center Representative (PCR) for DFRC is Mr. Leonard Marzanas. He works for the U.S. Small Business Administration Area 9 office in San Francisco, CA but resides in the Glendale, CA office. The PCR does review all procurement requests over \$100,000 and coordinates his comments with the small business specialist. The turn-around time for coordination is 48-72 hours. The PCR should also review all subcontracting plans and suggest possible ways to improve the plan with the small business specialist. Any issues are raised to the contracting officer level for resolution during negotiations. The SBS at DFRC has a good working relationship with the PCR and is one of the strengths of the DFRC small business program. DFRC recently received a “Highly Satisfactory” on an SBA Surveillance Review. In particular, the review commented on Mr. Robert Medina and stated that DFRC “has a very talented, experienced, well-respected, and committed small business specialist.”

Center Small Business Technical Advisor

DFRC’s assigned Small Business Technical Advisor (SBTA) is Mr. Ron Young. He also serves in the Innovative Partnerships Program SBIR Office. Mr. Young is a valuable resource to the small business office and fulfills his duties in accordance with FAR 19.201. He is technically trained and familiar with the supplies and services that DFRC procures. The SBTA does not have a letter of appointment. Mr. Young was selected by DFRC to serve on the Agency-wide NASA Small Business Improvement Plan committee in 2008 where his contributions were invaluable.

2. Subcontracting Plans

The subcontracting plans for prime contracts over \$550,000 are sent to the small business specialist for review. The SBS uses a checklist to review the plans. Any omissions or problems with the plans are worked until they are approved by the SBS, the PCR, and the contracting officer. DFRC does not always send the plans to the PCR for review. The SBS should keep a copy of approved subcontracting plans, and the contracting officer should monitor performance on a biannual basis. The plans are reviewed in accordance with FAR 19.704 and 52.219-9. DFRC does not have many subcontracting plans, but it is recommended that the process be updated to ensure the plans are sent to the PCR.

3. Award Fee/Incentive Fee Contracts

The SBS does provide input into award fee determinations. NFS 1816.405-274 award fee evaluation requires a small business performance evaluation. In addition, the evaluation weight should be significant – up to 15 percent of the award fee. Award fee incentives should be weighted to provide incentives to prime contractors to meet their subcontracting goals.

4. Set-Asides

DFRC follows the FAR 19.502 for setting aside procurement for small business. Micro purchases under \$3,000 are not required to be set-aside. Simplified Acquisition Procedures (SAP) \$3,000 to \$100,000 are automatically reserved exclusively for small business concerns. Procurements over \$100,000 require a Small Business Review Sheet, form A-24. The sheet documents the set-aside recommendation in the procurement package. The small business specialist signs the form; the action is either concurred or not concurred upon by the contracting officer. It is then reviewed by a reviewing authority and the SBA PCR. Because of the PCR's location, the form is faxed to the PCR who signs it and faxes it back.

5. Reporting

The SBS does a semi-annual review of all Individual Subcontracting Reports and reports progress to the OSBP on the Small Business Program Report. In addition, the SBS does one-on-one training with the prime vendors to explain the new eSRS reporting system. The eSRS system does bring challenging problems to the small business specialist but for the most part he is able to overcome them.

OUTREACH

1. Programs: Small Business Seminar

DFRC has established the Dryden Contractor Council to assist DFRC to improve the overall performance of on-site support contracts. The council serves as a single point of contact to promote frequent and efficient communication between NASA-Dryden management and on-site contractors. The council has written mission statement and By-laws dated February 2, 2005.
(ASSISTANT ADMINISTRATOR OSBP ITEM OF INTEREST)

DFRC has partnered with the Edwards Air Force Base Small Business Office to host a two day Small Business Seminar during April 2008. The Small Business Seminar invites small businesses to attend and learn more about the DFRC small business program. **(ASSISTANT ADMINISTRATOR FOR OSBP ITEM OF INTEREST)**

In addition to the Seminar, DFRC also participated in the following:

- SBIR/STTR Educational Workshop, 10/11/07, Host
- NASA Procurement Conference, 10/16-18/07, Speakers
- NASA Small Business Advocate Awards Ceremony, 11/6/07, Host
- NASA Small Business Council Meeting, 11/7-8/07, Host
- 2007 Veteran Economic Conference, 11/15/07, Booth
- NASA/JPL 20th Annual High-Tech Conference, 3/4-5/08, Booth
- Edwards AFB and NASA Dryden Vendor Fair, 5/8/08, Host

2. Counseling

DFRC receives capability briefs from small businesses and provides counseling in return. Because of security at the Center, the meeting must be arranged in advance and a visit request sent to security for access to the base. Located on Edwards AFB, the DFRC location presents many challenges for small business counseling. Small Businesses must enter through an Air Force gate and then through NASA security. The convenient location of the cafeteria just outside of the NASA gate does facilitate counseling.

SUMMARY

In summary, the DFRC SBS and the Acquisition Management Office have the necessary processes and procedures in place and are effective in meeting the goals of NASA and DFRC. Below is a list of the organization's strengths, weaknesses, and considerations for future actions.

STRENGTHS:

Small Business Specialist

Mr. Robert Medina, the DFRC small business specialist, is one of the strongest small business specialists in the Agency. His knowledge of procurement regulations, small business programs, and the NASA mission make him a valuable asset not only to DFRC but also to the Agency as a whole. Mr. Medina is a member of the executive board of the DoD Western Regional Council for Small Business and is consistently asked by other NASA small business specialists for advice. They find his responses accurate, to the point, and a model of sound business practices. Mr. Medina should be commended for his dedication, professionalism, knowledge, and personal excellence.

Small Business Specialist Relationship with SBA Procurement Center Representative

The strong working relationship between the DRFC small business specialist and the SBA PCR benefits the Center immediately and the Agency ultimately and is to be commended. The ability of two different organizations to work together to benefit small businesses and increase competition by growing the industrial base is a strategically sound and good business decision for a remote base like DFRC. **(REPEAT FINDING)**

Dryden Contractor Council

The DFRC Dryden Contractor Council promotes communication and facilitates exchange of ideas to implement lessons learned, best practices and quality improvement, and to improve on-site training and management involvement.

Small Business Seminar:

Partnering with Edwards AFB and presenting both the Small Business Seminar and the Vendor Fair is an innovative method to overcome an isolated location.

CONSIDERATIONS:

DFRC Website

The DFRC website link for “Doing Business with DFRC” needs to be updated with current names, positions, and titles.

Letter of appointment for the Small Business Technical Advisor

A letter of appointment should be issued to the SBTA to detail responsibilities.

WEAKNESS:

Small Business Specialist Position Description:

The SBS position description (PD) should be revised to include that the SBS *“fully supports the achievement of NASA small business goals and outreach.”* Those responsibilities should represent 50 percent of his duties. The SBS PD is a generic Contracts Specialist’s PD and does not detail the full duties and responsibilities of a small business specialist. To be effective, the Dryden small business specialist PD should detail all of the duties and responsibilities of the position.