

## CHAPTER 7. CONTRACT ADMINISTRATION

### SECTION 1. GENERAL

**7.1 Purpose.** This section provides specific information on procedures for administering contracts during the construction phases (Phases II, III, and IV) of the systems contract for CSDP. Current policies and procedures of the Huntsville Engineering Center are also included in this section.

**7.1.2 Authorities.** All modifications are subject to Contracting Officer approval, either the Administrative Contracting Officer who resides in the Directorate of Contracting (CT) or the Resident Office Administrative Contracting Officer. All modifications beyond the authority of the Resident ACO will be coordinated by CD-CA with CT. Exhibit 7-1\*1 is a listing of the limitations and authorities prescribed by law for Contracting Officer approvals. These charts also cite the governing FAR regulations and can be used as reference when questions arise concerning approval authorities.

#### *7.1.3 INITIATING AND IMPLEMENTING CHANGES TO THE PROGRAM DESIGN.*

**7.1.3.1 Configuration Management.** Configuration Management (CM) is a control device used by management during construction to achieve timely delivery, operational efficiency, and optimum performance of facilities. Two elements of CM that are important are Engineering Change Proposals (ECP's) and Requests for Information (RFI's). An ECP, which is government directed, is required if a design is modified; an RFI is used by the contractor to request clarification on a design. Both elements can lead to change orders or contract modifications. In some cases, a contractor's RFI triggers the need for an ECP. The program manager for Chemical Demilitarization (PMCD) is responsible for CSDP configuration management. ECP's are managed by the Chemical Demilitarization Technical Management and Design Integration Branch (ED-SY-C). Also, ED-SY-C is responsible for directing the Architect-Engineer's (AE) effort to implement the ECP and to prepare a change order package. Responsibilities and procedures for configuration management are defined in CEHNC 1115-3-80. See Chapter 12, Exhibit 21, Procedures for Managing RFIs, for details on processing RFIs and for general guidance on contract interpretation.

**7.1.3.2 Value Engineering Change Proposals (VECP).** Contractor-initiated VECP's are changes that would result in a saving to the Government by providing less costly items or methods than those specified in the contract. Processing VECP's must follow standard CM steps. Instructions on this process are included in chapter 2, paragraph 7.2.10 of this manual. After the VECP has been programmatically and technically approved, an ECP will implement the change.

#### *7.1.3.3 Change Order Process.*

Change orders make revisions to the contract specifications and drawings and are managed pursuant to the instructions of this plan. The Resident Engineer does not make design changes; Engineering Division (ED) technical support personnel will initiate an ECP that changes the design. The normal change order process is: (1) determine the need for a change; (2) verify that the change is within the scope of the contract; (3) design the change; (4) prepare a cost estimate; (5) verify the availability of time and funds; (6) request a contractor's proposal; (7) negotiate an equitable adjustment; and (8) execute a bilateral modification reflecting the agreement. The CSDP is not a typical construction program; therefore, the normal USAESCH management process for change orders has been modified to include the configuration management process discussed in 7.1.3.1. The normal change order process is applicable after the Resident Engineer receives an approved ECP (ECP's are approved by the USAESCH Configuration Control board/CCB). If a non-baselined change affects

the contract (such as tax law changes or state regulation changes), normal ECP procedures will be used. The Resident Engineer will initiate the change order process once an ECP is approved. Change orders are formalized into modifications by Standard Form 30 and only then can the contractor begin the work.

#### 7.1.3.4 Categories of Modifications.

a. *A Supplemental Agreement* is a contract modification, which includes an adjustment in contract requirements, price, or time, and is accomplished by mutual action of the parties. Language in EFARS conforms to the FAR language wherein "supplemental agreement" is synonymous with any bilateral modification, regardless of whether it is within the contract scope or outside the contract scope. There are two types of supplemental agreements. With an in-scope agreement the contractor can be reasonably expected to do work that is within the scope of the original contract. For an out-of-scope agreement, the work to be performed was not initially in the negotiated contract, therefore, the basis for negotiation is changed. When there is doubt whether to handle the action as a supplemental agreement within the scope under a contract clause or as a supplemental agreement outside the scope under a U.S. Code, the Resident Engineer should contact CD-CA for a determination.

(1) In-Scope changes. The general scope is that work which should be regarded as fairly and reasonably within the contemplation of the parties when the contract was awarded.

(2) Out-of-Scope changes. The contractor cannot be required to accept a modification outside the general scope of work without his/her consent and the consent of the surety or sureties. An out-of-scope supplemental agreement is, therefore, a new negotiated contract. The Competition in Contracting Act of 1984 (CICA) severely restricts adding work outside the scope of the contract or authorized project without full and open competition. Sole-source contracting must be the *last* resort after attempting to maximize competition. FAR, Part 6, COMPETITION REQUIREMENTS, covers procedures and policy to maximize competition and the seven legal exceptions to full and open competition.

(a) Out-of-Scope approval authorities. In accordance with the CICA, the Resident Office must obtain authority for supplemental agreements outside the contract scope from:

- a level higher than the Contracting Officer;
- as applicable, by the Competition Advocate, Head of the Contracting Activity; or
- the Assistant Secretary of the Army (RDA) before requesting a proposal for the work involved and before discussing the work with the contractor.

There is an exception for unusual and compelling urgencies (FAR 6.302-2). Approval after contract award is obtained by the Contracting Officer since approval prior to award could unreasonably delay the acquisition.

(b) Processing an out-of-scope agreement. If the Resident Engineer determines that an out-of-scope modification is necessary, (s)he must forward a request together with a complete description of the proposed change and estimate of cost and time to CD-CA. After receiving the appropriate approval, the Resident Engineer must follow the normal procedures for bilateral agreements, except that Block 13D of the SF 30 will reflect the appropriate authority for the supplemental agreement outside the contract scope of work. The contractor must accept the supplemental agreement prior to signature by the Contracting Officer.

*b. Unfinalized Contract Modification (Un-priced Contract Modification).* There are situations where the normal procedure for in-scope supplemental agreement is not advisable because of potential delay of critical construction. In such cases, it may become necessary to issue a notice to proceed concurrently with the request for proposal, or in some cases after the request for proposal is issued, but prior to having reached an agreement on price and/or time. When the Contracting Officer directs a contractor to perform work prior to an agreed upon price, it is an unfinalized contract modification. When this unusual action becomes necessary, the RE must insure that sufficient funds for the proposed change, based on the best estimate, are pre-validated and are available for obligation. The contract action remains unfinalized until negotiations take place and the total absolute value of the work performed is agreed upon by both parties. The Resident Engineer must prepare a Statement in Support of an Unfinalized Contract Modification (UCM) for Contracting Officer signature. The UCM statement must be prepared prior to or concurrent with issuing the notice to proceed. The ACO can issue the notice to proceed modification, if it is within his/her authority, after obtaining the approved Statement in Support of an Unfinalized Contract Modification. If the change involves a substantial sum and considerable time will be required to determine an equitable adjustment or exact extent of the change, consider issuing an interim payment either in the NTP modification or in a subsequent modification under the unique change order request number. The change order will be finalized when put into a modification. If agreement cannot be reached in a reasonable time, a unilateral modification can be issued. Additional information on an unfinalized contract modification is covered in chapter 7, section 6. In order to manage the contract efficiently, the Contracting Officer must establish a not-to-exceed ceiling for the anticipated work and must include the not-to-exceed ceiling in the direction forwarded to the contractor.

*c. Unilateral Modifications.* The unilateral modification is a modification on which the Contracting Officer and the Contractor cannot agree to a price and/or time adjustment. The modification is based on a reasonable and equitable estimate by the Government of cost and time for the work. If the contractor will agree to time or price for some items, it is advisable to issue a bilateral modification for those items, which can be defined. A contract review board (CRB) review approval and pre-negotiation objective memorandum (POM, See Chapter 9) review and approval are required for any unilateral modification that exceeds \$500,000. Resident ACO's are not authorized to issue unilateral modifications due to failure to agree to time or price.

- **Exercise caution in all unilateral actions to consider time as appropriate. If the change will cause a time extension, include the time. If the program can not tolerate a time extension, recognize that the change will require the contractor to accelerate to complete the contract within the current contract completion period. Include appropriate cost consideration for Government caused acceleration.** Above all, support a unilateral modification by complete, accurate documentation since anything *less* may well result in an Appeal Board reversing the Contracting Officer's final decision. In cases where the Resident Engineer recommends issuance of a unilateral modification, all facts, correspondence, and any other pertinent information must be provided to the Huntsville Center for coordination with the Contracting Officer.

**7.1.4 Review and Filing Contract Modifications.** The Resident Engineer is responsible for maintaining the official contract file for all contract modifications made to Phases II, III, and IV of the contract. CD-CA will maintain, for the Directorate, a convenience file (a duplicate of the original) of all modifications. Assemble and route changes requiring review and approval by the Huntsville ACO, through CD-CA. The field office will file contract modifications using ENG Form 3752-2, (September 1989), Official Contract Record Checklist - Contract Modification/Delivery Order. In this manual refer to section 11, chapter 7, Standard Form 30, for instructions and guidance in assembling and forwarding modifications and documentation to CD.

**7.1.5 Incorporating ECR's and Form 7 Comments- Field Office Responsibilities.** The Resident Engineer is responsible for taking appropriate action on Engineering Change Requests (ECR's) generated by Parsons and CEHND Form 7 comments, which have been assigned action, **codes B and E**. See Exhibit 1-1\*1 for a complete overview of the process and for the definition of the action codes. Paragraph 8 is the main paragraph of interest to the Resident Engineer.

a. The Technical Manager (TM) will provide a list of the ECR/Form 7 action items coded B and E directly to the Resident Engineer as they are received from the action coding panel with an info copy furnished to CD.

b. The Resident Engineer will inform the TM of the action taken on these items.

**7.1.6 Exhibit.**

Exhibit 7-1\*1 Listing of the Limitations and Authorities for Contracting Officer Approval

CONTRACT CLAUSES

ACO OR HNC- PCO OR  
COR CT/ACO ICO

**Specifications and Drawings for Construction (Apr 1984) FAR 52.236-21.**

Make written determinations in case of difference in figures, in the drawings, or in the specifications. .... X

**Changes (Aug 1987) FAR 52.243-4**

a. Issue request for proposal ..... X  
 b. Receive proposal and ensure a timely submittal ..... X  
 c. Approve Statement in support of a UCM. .... X ..... X  
 d. Issue SF 30 Notice to Proceed prior to agreement on price where urgency is required.

(1) Where change will definitely be within the Resident ACO's limit (authority limit delegated to ACO's by SF 1402) or less (including increases and decreases) ..... X

(2) Where change will exceed the Resident ACO's limit, or amount is uncertain. .... X

e. Negotiation of price and time adjustments, subject to approval of Contracting Officer when amount exceeds ACO authority. .... X

f. Negotiation and execution of modifications covering changes within the Res ACO's authority (including incrs and decrs). .... X

g. Determine extent of delays and make recommendations. .... X

h. Grant extensions of time if approved/concurred by HNC/ACO and PCO. .... X

i. Execute modifications above Resident ACO's authority. .... X

j. Acceleration.  
 (1) Determine necessity to accelerate contractor and make recommendation to Contracting Officer. .... X

(2) Approve acceleration. .... X

(3) Issuance of acceleration order (with concurrence). .... X

(4) Negotiation of price when directed. .... X

(5) Execution of modification. .... X

**Differing Site Condition (Apr 1984) FAR 52.236-2**

a. Receive notice from contractor in writing. .... X

b. Investigate alleged conditions and make recommendations. .... X

c. Make decision of validity. .... X

d. Negotiate settlement. .... X

e. Execute modifications within Resident ACO authority. .... X

f. Execute modifications exceeding Resident ACO authority. .... X

Exhibit 7-1\*1. Authorized Contracting Officer Approval Limits

CONTRACT CLAUSES

ACO or..... HNC                      PCO or  
 .....COR..... CT/ACO..... ICO

**Default (Fixed-Price Construction) (Apr 1984) FAR 52.249-10**

- a. Make recommendation for termination for default. ....X
- b. Issue written notice terminating contractor's right to proceed..... X
- c. Conduct termination proceedings. .... X
- d. Receive contractor's notice of the delay.....X
- e. Extend the 10-day limit or contractor's notification of delays..... X
- f. Determine facts, apprise contractor of findings and reach agreement on a justifiable time extension. ....X ..... X
- g. Make recommendations to Contracting Officer.....X
- h. Prepare Memorandum of Facts.....X ..... X
- i. Grant extensions of time.....X ..... X

**Disputes - Alternate I (Dec 1991) FAR 52.233-1**

Claims submitted by contractors for additional costs or time are not considered to be under the Disputes clause until a question of fact arising under the contract can't be disposed of by agreement between the contractor and the Contracting Officer. However, to cover the responsibilities and authorities for claims, which could reach the dispute situation, item a. through i. are included herein. ....

- a. Receive and acknowledge contractor's claim for additional cost and/ or time, certified if over \$100K. Send a copy of contractor's letter to CD-CA.....X
- b. Determine facts, both for & against, merits of the contractor's claim. ....X
- c. Make every effort to resolve claim, either entirely or by separable parts, as soon as possible.....X
- d. Forward disputed issues, fully documented, including statement of facts, with recommendation to HNC/ACO.....X
- e. Meet with contractor to discuss merits of claim.....X ..... X
- f. Make written decision concerning disputes within 60 days or establish time for issuance with contractor. ....X
- g. Send decision to contractor, if no modification is involved.....X
- h. Process appeals, if applicable. .... X

If the decision is in favor of the contractor, the matter reverts back to an unsettled change under the appropriate clause of the contract. In this case, the matter may be remanded to the Resident Office involved for negotiation of a settlement. Execution of the modification will be made pursuant to the Disputes Clause. ....X

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COR

HNC  
CT/ACO

PCO or  
ICO

**Payment Under Fixed-Price Construction Contracts (Apr 1989) FAR 52.232-5**

- a. Determine if partial payments shall be more frequent than once a month. .... X ..... X
- b. Recommend partial payment estimates..... X
- c. After sufficient evidence of payment has been furnished, recommend reimbursement of premiums paid for performance and payment bonds. .... X
- d. Determine if value of stored materials shall be taken into consideration in partial payment. .... X
- e. Determine if satisfactory progress has been made to allow progress payments to be made in full without retention of a percentage. .... X
- f. When work nears substantial completion, determine amount to be withheld for the protection of the Government..... X
- g. Determine whether payment shall be made in full for items completed and accepted, and upon which price is stated separately in the contract..... X
- h. Recommend release of any retained percentage upon substantial completion of work..... X
- i. Refer controversial matters to Contracting Officer for a determination. .... X

**Materials and Workmanship (Dec 1989) FAR 52.236-5**

- a. Determination that materials and workmanship meet requirements. .... X
- b. Request samples (if specified). .... X
- c. Approval of materials and/or equipment..... X
- d. Require removal of employees. .... X..... X

**Inspection of Construction (Jul 1986) FAR 52.246-12**

- a. Require inspection, examination and testing..... X
- b. Reject defective material or workmanship or require its correction. .... X
- c. Direct removal of rejected materials. .... X
- d. Provide recommendation to the Contracting Officer for acceptance of defective materials or workmanship with an appropriate price adjustment. .... X
- e. Determine whether defective materials or workmanship shall be corrected by Government forces, another contractor, or accepted with appropriate price adjustment. .... X
- f. Terminate contractor's right to proceed for noncompliance with this clause. .... X..... X
- g. Order facilities, labor and materials necessary for inspection and testing..... X
- h. Make recommendation to the Contracting Officer that completed work be removed or torn out for purposes of inspection (after assuring funds are available in the event that extra payment is required). .... X
- i. Order removal or tearing out of completed work for purpose of inspection, if necessary to determine compliance..... X
- j. Determine if completed work removed or torn out is in conformance with the specifications..... X

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|--|-----------------------|--------------------------|-----------------------|
| k. Provide recommendation that extra payment and/or extension of time is required where removed or torn out work is found to conform to the specifications. .... | X                     |                          |                       |
| l. Execute modifications to adjust the contract price and/or time under the provision of this clause. ....   | X                     |                          |                       |
| <b>Superintendence by the Contractor (Apr 1984) FAR 52.236-6</b>   |                       |                          |                       |
| a. Require that contractor give personal superintendence to work or have a satisfactory rep. on the job with authority to act for him. ....                      | X                     |                          |                       |
| b. Recommend removal of contractor's rep., if unsatisfactory. ....   | X                     |                          |                       |
| c. Order removal of contractor's representative. ....  |                       |                          | X                     |
| <b>Other Contracts (Apr 1984) FAR 52.236-8</b>   |                       |                          |                       |
| Issues directions for coordination of work with that of other contractors. ....  | X                     | X                        |                       |
| <b>Additional Bond Security (Apr 1984) FAR 52.228-2</b>  |                       |                          |                       |
| Require contractor to obtain additional bond security. ....  |                       | X                        |                       |
| <b>Buy American Act - Construction Materials (May 1993) FAR 52.225-15</b>  |                       |                          |                       |
| a. Determine that contractor does not use foreign materials other than contained in list of exceptions. ....   | X                     |                          |                       |
| b. Report violations to the Contracting Officer. ....  | X                     |                          |                       |
| <b>Equal Opportunity (Apr 1984) FAR 52.222-26</b>  |                       |                          |                       |
| a. Determine if contractor is in compliance with nondiscrimination regulations and report to the Contracting Officer. ....                                       | X                     |                          |                       |
| b. Require that nondiscrimination posters be prominently displayed. ....   | X                     |                          |                       |
| <b>Suspension of Work (Apr 1984) FAR 52.212-12</b>   |                       |                          |                       |
| a. Approve suspension of work for convenience of Government (UCM Statement, if UCM). ....  | X                     |                          |                       |
| b. Order suspension within authority. ....   | X                     | X                        |                       |
| c. Extend time for ensuing delay. ....   | X                     | X                        |                       |
| d. Approve equitable adjustment in contract price in case of unreasonable delay & execute modification within the Resident ACO's authority. ....                 | X                     |                          |                       |
| e. Execute modification over Resident ACO's authority. ....  |                       |                          | X                     |
| <b>Davis-Bacon Act (40 U.S.C. 267a-267a-7)</b>   |                       |                          |                       |
| a. Require prompt submission of and check payrolls of contractors/subcontractors. ....   | X                     |                          |                       |
| b. Require contractor to submit information on cash payments or other alternative being used in lieu of fringe benefits. ....                                    | X                     |                          |                       |
| c. Require contractor and subcontractor to use proper classification and to pay minimum wages as prescribed. ....  | X                     |                          |                       |

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|--|-----------------------|-----------------------|-----------------------|
| d. Require minimum wage rates be prominently displayed at the site of the work. ....   | X                     |                       |                       |
| e. Make prompt report to the Contracting Officer of violations of this clause. ....  | X                     |                       |                       |
| f. Obtain from Dept of Labor final determination on questions of job classifications, fringe benefits and apprentice and trainee programs. ....  |                       | X                     |                       |
| g. Terminate contractor's right to proceed in the event of violation and prosecute work by other means. ....   | X                     |                       |                       |
| <b>Apprentices and Trainees</b>  |                       |                       |                       |
| Determine that apprentices and trainees are properly indentured and registered in a program approved by the Department of Labor and, if not, require contractor and/or subcontractor to pay difference between apprentice/trainee rate and journeyman rate. .... | X                     |                       |                       |
| <b>Contractor Work Hours and Safety Standards Act - Overtime Compensation (40 U.S.C. 327-333)</b>  |                       |                       |                       |
| a. Require contractors and subcontractors to pay overtime in accordance with provisions of this clause. ....   | X                     |                       |                       |
| b. Make report to the Contracting Officer of violations that can't be promptly adjusted. ....  | X                     |                       |                       |
| c. Recommend penalties for violation. ....   | X                     |                       |                       |
| d. Assess penalties. ....  |                       |                       | X                     |
| <b>Payrolls and Basic Records</b>  |                       |                       |                       |
| a. Require contractors & subcontractors to submit payroll records. ....  | X                     |                       |                       |
| b. Retain file of properly certified copies of all payrolls throughout the life of the contract; then forward to the District Office upon completion of the contract. ....   |                       |                       | X                     |
| <b>Compliance with Copeland Act Requirements</b>   |                       |                       |                       |
| a. Require that statement of compliance be attached to each copy of payrolls submitted by prime and subcontractors. ....   | X                     |                       |                       |
| b. Report any violations of the terms of the Act to the District Labor Relations Officer. ....   | X                     |                       |                       |
| <b>Withholding of Funds</b>  |                       |                       |                       |
| a. Provide recommendation to the Contracting Officer that funds are withheld for violations of contract labor provisions. ....   | X                     |                       |                       |
| b. Make determination to withhold funds. ....  |                       |                       | X                     |
| <b>Termination for Convenience of the Government (Fixed-Price) (Apr 1984) (Short Form) FAR 52.249-1 and (Alternate I) FAR 52.249-2.</b>  |                       |                       |                       |
| a. Make recommendation for termination, if appropriate. ....   | X                     |                       |                       |
| b. Determine that termination is in the best interest of the Government. ....  | X                     |                       |                       |
| c. Issue notice of termination, conduct negotiations, execute Supplemental Agreement of Settlement. ....   | X                     |                       |                       |

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**Protection of Existing Vegetation, Structures, Utilities and Improvements (Apr 1984) FAR 52.236-9**

- a. Determine & direct extent of protection reqrd for existing vegetation.....X
- b. Direct contractor to repair existing structures, utilities, or work damaged by contractor's operations. ....X
- c. If contractor refuses, have necessary work performed & charge cost to contractor. ....X

**Operations and Storage Areas (Apr 1984) FAR 52.236-10**

- a. Authorize or approve operations and storage areas. ....X
- b. Authorize erection of contractor's temporary buildings. ....X
- c. Determine if damage is caused by occupancy when Government facilities are provided. ....X
- d. Authorize abandonment of contractor's temporary buildings/utilities.....X
- e. Authorize use of established roadways or construction of temporary roadways.....X

**Modification of Proposals - Price Breakdown (Apr 1968) FAR SUPP 52.236-7001**

- a. Require contractor to submit breakdown of proposals and subcontractor's proposals showing costs of material, labor, equipment, subcontractors, overhead and profit, and justification for time extensions. ....X
- b. Establish due date of contractor's proposals. ....X

**Subcontractors (Clause Not in All Contracts)**

- a. Obtain list of subcontractors from contractor. ....X
- b. Obtain statement that nondiscrimination clause and other labor clauses have been included in subcontracts. ....X
- c. Screen contractor's subcontractor list to determine if any are on Debarred List.....X
- d. Notify the Contracting Officer of incompetent or undesirable subcontractor, with recommendations. ....X

**Use and Possession Prior to Completion (Apr 1984) FAR 52.236-11**

- a. Determine whether Government shall take possession of or use any completed or partially completed part of the work.....X
- b. Recommend equitable adjustment in contractor price or time if possession or use prior to completion delays progress of work or causes additional expense to contractor. ....X
- c. Execute modification. ....X

**Cleaning Up (Apr 1984) FAR 52.236-12**

- Inspect and direct cleaning of construction and storage areas. ....X

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|--|-----------------------|-----------------------|-----------------------|
| <b>Accident Prevention (Nov 1991) FAR 52.236-13</b>  |                       |                       |                       |
| a. Enforce compliance with Corps of engineers Manual, EM 385-1-1,<br>Safety and Health Requirements.....   | X                     | X                     | X                     |
| b. Order additional safety measures.....   | X                     | X                     | X                     |
| c. Approve contractor's written proposals effecting safety provisions.....   | X                     | X                     | X                     |
| d. Hold conference with contractor to discuss safety program.....  | X                     | X                     | X                     |
| e. Prescribe procedures for safety of visitors.....  | X                     | X                     | X                     |
| f. Require the making of safety reports.....   | X                     | X                     | X                     |
| g. Notify contractor of noncompliance with safety provisions<br>and action to be taken.....  | X                     | X                     | X                     |
| h. Issue orders stopping work pending compliance.....  | X                     | X                     | X                     |
| <b>Notice to the Government of Labor Disputes (Apr 1984) FAR 52.222-1</b>  |                       |                       |                       |
| a. Require contractors or subcontractors to give prompt notice of any<br>labor disputes.....   | X                     | X                     | X                     |
| b. Notify District Labor Relations Officer of all labor controversies.....   | X                     | X                     | X                     |
| <b>Audit - Sealed Bidding (Apr 1985) FAR 52.214-26</b>   |                       |                       |                       |
| a. Review contractor's proposal to determine if amounts involved require<br>Cost or Pricing Data. If so, obtain SF1411 from the contractor.....                            | X                     | X                     | X                     |
| b. If proposal exceeds \$500K, forward request for audit to CD-CA,<br>providing technical evaluation & specific requirements for audit review,<br>if any.....              | X                     | X                     | X                     |
| c. Request audit by DCAA.....  | X                     | X                     | X                     |
| d. Receive and review audit. Compare with Government estimate and<br>contractor's proposal.....  | X                     | X                     | X                     |
| e. After final negotiations of any proposal requiring Cost or Pricing<br>Data, get contractor's Certificate of Current Cost or Pricing Data.....                           | X                     | X                     | X                     |
| f. Provide the Contracting Officer with documentation concerning extent<br>of reliance on the contractor's proposal and/or Government estimate during<br>negotiations..... | X                     | X                     | X                     |
| <b>Government Property (Fixed-Price Contracts) (Dec 1989) FAR 52.245-2</b>   |                       |                       |                       |
| a. Coordinate delivery of Government Furnished Property (GFP) with<br>the needs of the contractor.....   | X                     | X                     | X                     |
| b. Make investigation and recommendations regarding delay to work<br>caused by late delivery or action pertaining to GFP.....  | X                     | X                     | X                     |
| c. Approve time extension for such delay.....  | X                     | X                     | X                     |
| d. Make equitable adjustment in contract price for increase or decrease<br>in quantities of GFP and delays pursuant thereto.....   | X                     | X                     | X                     |
| e. Maintain records of GFP.....  | X                     | X                     | X                     |
| f. Order repair or replacement of defective GFP.....   | X                     | X                     | X                     |
| g. Fix time for presenting inventories of surplus GFP.....   | X                     | X                     | X                     |
| h. Authorize disposal of surplus GFP or scrap.....   | X                     | X                     | X                     |

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|---|-----------------------|-----------------------|-----------------------|
| <b>Schedule for Construction Contracts (Apr 1984)</b>   |                       |                       |                       |
| a. Approve progress schedules. ....   | X                     | X                     |                       |
| b. Approve revised progress schedules. ....   | X                     | X                     |                       |
| c. Direct steps necessary to improve progress. ....   | X                     | X                     |                       |
| d. Terminate contractor's right to proceed. ....  |                       |                       |                       |
| <b>Accident Prevention (Nov 1991) FAR 52.236-13</b>   |                       |                       |                       |
| a. Enforce compliance with Corps of engineers Manual, EM 385-1-1,<br>Safety and Health Requirements. ....   | X                     | X                     |                       |
| b. Order additional safety measures. ....   | X                     | X                     |                       |
| c. Approve contractor's written proposals effecting safety provisions. ....   | X                     | X                     |                       |
| d. Hold conference with contractor to discuss safety program. ....  | X                     | X                     |                       |
| e. Prescribe procedures for safety of visitors. ....  | X                     | X                     |                       |
| f. Require the making of safety reports. ....   | X                     | X                     |                       |
| <b>Value Engineering Construction (Mar 1989) FAR 52.248-3</b>   |                       |                       |                       |
| a. Review VECP to ensure complete information has been provided in<br>accordance with the clause requirements. ....   | X                     |                       |                       |
| b. Review feasibility of the VECP and make recommendations to the<br>Contracting Officer with a suspense date for approval. ....                                  | X                     |                       |                       |
| c. After recommendation of approval by or resolution of disagreement<br>with VE Officer, approve or disapprove VECP.<br>(1) Within Resident ACO's authority. .... | X                     |                       |                       |
| (2) Exceeding Resident ACO's authority. ....  |                       |                       | X                     |
| d. If technical portion of VECP is approved with qualifications, discuss<br>or return to contractor for revision and resubmittal. ....                            | X                     |                       |                       |
| e. If monetary portion of VECP is unacceptable, negotiate agreement<br>with contractor and execute modification. ....   | X                     |                       |                       |
| f. Recommend negotiated agreement to Contracting Officer if over<br>Resident ACO's authority. ....  | X                     |                       |                       |
| g. Execute modification if outside ACO's authority. ....  |                       |                       | X                     |
| <b>Commencement, Prosecution and Completion of Work (Apr 1984)</b>  |                       |                       |                       |
| a. Require commencement of work within period provided. ....  | X                     |                       |                       |
| b. Recommend acceptance of the contract. ....   | X                     | X                     |                       |
| c. Accept the completed work. ....  | X                     | X                     |                       |
| <b>Liquidated Damages Construction (Apr 1984)</b>   |                       |                       |                       |
| Determination and withholding of liquidated damages. ....   | X                     |                       |                       |
| <b>Submittal Register</b>   |                       |                       |                       |
| a. Monitor submission of submittals. ....   | X                     |                       |                       |
| b. Review and approve submittals retained at Resident Office. ....  | X                     |                       |                       |
| c. Approve submittals certified for approval by HNC. ....   | X                     |                       |                       |

Exhibit 7-1\*1. Authorized Contracting Officer Approval Limits

| <u>CONTRACT CLAUSES</u>   | <u>ACO or<br/>COR</u> | <u>HNC-<br/>CT/ACO</u> | <u>PCO or<br/>ICO</u> |
|---|-----------------------|------------------------|-----------------------|
| <b>Protection of Material and Work</b>  |                       |                        |                       |
| a. Direct measures for adequate protection of materials, supplies & work.....   | X                     |                        |                       |
| b. Make recommendation to the Contracting Officer concerning protection of property by the Government.....  | X                     |                        |                       |
| c. Determine that property should be protected by the Government & cost charged to the contractor.....  | X                     |                        |                       |
| <b>Layout of Work (Apr 1984)</b>  |                       |                        |                       |
| a. Determine changes, if necessary, for proper layout of work.....  | X                     |                        |                       |
| b. Direct reestablishment of survey markers used in layout of work, or benchmarks, which are destroyed by the contractor.....                                   | X                     |                        |                       |
| c. Determine cost of (b) and withhold from payment.....   | X                     |                        |                       |
| <b>Quantity Surveys</b>   |                       |                        |                       |
| a. Supervise quantity surveys being made for progress payments, & final surveys where specified to be performed by the contractor.....                          | X                     |                        |                       |
| b. Make original and final surveys where these surveys are specified to be made by the Government.....  | X                     |                        |                       |
| <b>Identification of Employees</b>  |                       |                        |                       |
| Direct and approve identification measures as may be necessary.....   | X                     |                        |                       |
| <b>Contract Quality Control (CQC)</b>   |                       |                        |                       |
| a. Approve contractor's Quality Control Program and personnel.....  | X                     |                        |                       |
| b. Approve changes in CQC Program.....  | X                     |                        |                       |
| c. Ensure contractor's compliance with the CQC provisions of the contract including submittals, inspection, testing, etc.....                                   | X                     |                        |                       |
| d. If the CQC system, personnel, inspection tests and/or records are not adequate, direct corrective actions be taken.....                                      | X                     |                        |                       |
| e. If the contractor refuses/fails to correct deficiencies, as directed, issue order to cease further work on the particular operation until in compliance..... | X                     |                        |                       |
| <b>Required Insurance</b>   |                       |                        |                       |
| a. Secure insurance certificates when required.....   | X                     |                        |                       |
| b. Review and approve insurance as may be required.....   | X                     |                        |                       |
| <b>Salvage Materials and Equipment</b>  |                       |                        |                       |
| Determine method of property control records for all materials or equipment specified to be salvaged.....   | X                     |                        |                       |
| <b>Equipment Data</b>   |                       |                        |                       |
| Obtain from contractor a complete list of all installed equipment including necessary data.....   | X                     |                        |                       |

Exhibit 7-1\*1. Authorized Contracting Officer Approval Limits

| <u>CONTRACT CLAUSES</u>  | <u>ACO or<br/>COR</u> | <u>HNC-<br/>CT/ACO</u> | <u>PCO or<br/>ICO</u> |
|--|-----------------------|------------------------|-----------------------|
| <b>Contractor Prepare Network Analysis System (NAS) (Apr 1968)</b>   |                       |                        |                       |
| a. Obtain, review, and approve contractor's NAS. ....  |                       |                        | X                     |
| b. Review and approve changes to NAS and periodic updates. Ensure that changes in the work are included. ....  |                       |                        | X                     |
| c. Monitor scheduled & actual progress & make reports, as required, to the District. ....  |                       |                        | X                     |
| d. Obtain outline of contractor's proposed action to regain schedule, and obtain revised NAS reflecting these actions. ....                          |                       |                        | X                     |
| e. Recommend to contractor revisions necessary to regain schedule and obtain contractor's written counter-plan. ....                                 |                       |                        | X                     |
| f. If contractor consistently fails or refuses to update NAS, as required, make recommendations to the Contracting Officer of necessary action. .... |                       |                        | X                     |
| <b>As-Built Drawings (if specified by Contract)</b>  |                       |                        |                       |
| See instructions Subsection 7.6 (check).....   |                       |                        | X                     |
| <b>Inspection</b>  |                       |                        |                       |
| a. Ensure strict compliance with terms of contract. ....   |                       |                        | X                     |
| b. Inspect completed work. ....  |                       |                        | X                     |
| c. Ensure Government's quality assurance program is adequate. ....   |                       |                        | X                     |
| d. Accept facilities for the Government. ....  |                       |                        | X                     |
| <b>Manuals and Spare Parts Lists</b>   |                       |                        |                       |
| Receive and distribute in accordance with contract requirements .....  |                       |                        | X                     |

PROCEDURES UNDER  
THE PROCUREMENT INTEGRITY ACT

As a result of the Ethics Reform Act of 1989, the Procurement Integrity provisions were suspended for a year.  
All of the Act's provisions,