

# New NASA Procurement Initiatives

by Deidre A. Lee  
Associate Administrator for Procurement

**D**eidre Lee had previously served as a member of the Space Exploration Initiative's Synthesis Group and helped coordinate the Agency's Red/Blue Team studies to reduce out-year costs of major space and aeronautics projects without undermining mission objectives. Lee described eight procurement initiatives as of April 1993 and gave contact names and phone numbers to the delegates and dinner guests:

**Award Fee Initiative.** A comprehensive review of award fee contracting at NASA has been conducted. Draft policy will be published in the Federal Register. Key elements of the policy include: emphasis on selection of contract type, use of base fee, role of cost control in evaluations, performance incentives on hardware contracts, a final comprehensive rating, and uniform scoring procedures. Public comments are being reviewed and changes made as appropriate. Point of Contact is Mr. T. Luedtke (202) 358-0003.

**Contractor Liability Requirements.** Contractors' liability for loss or damage to Government property or correction of failures to comply with requirements of the contract under cost-type contracts is currently severely limited. Contractors are only liable in those cases in which a loss is attributed to fraud, willful misconduct, or lack of good faith at high management levels within the company. Unless such situations can be shown to exist, the Government assumes liability for loss and pays the cost (not fee) of repairing or redoing the effort. A number of options have been examined with the Office of Federal Procurement Policy and Industry to determine if an equitable, effective solution can be developed to place greater responsibility on contractors. The conceptual parameters, upon which a contract clause will be based, were published in the *Federal Register* on March 30, 1993. (A report to Congress was sent in June 1993. The final rule and implementation are expected in November 1993.) Point of contact is Mr. T. Deback (202) 358-0431.

**Contractor Metrics.** NASA is currently implementing the contractor metrics initiative which will allow NASA and contractor senior management to monitor

in-process contractor performance. The metrics will have two products: a semi-annual report card to be sent to the contractor's Chief Executive Officer giving notice as to how the contractor is performing, and a set of charts (primarily "run" or trend charts) which will be updated quarterly and/or semi-annually. The metric areas are: cost, schedule, technical, award fee, subcontracting plan, project manager's assessment, and continual improvement. The metrics have been applied to 30 selected contracts, reflecting approximately 60 percent of NASA's 1993 commercial business obligations. The contractor metrics initiative will not require any changes to the contracts or regulations, but will use data already being collected. NASA Headquarters Program Offices have completed their reviews of the metrics submissions and provided their inputs to the Office of Procurement. (The first set of metrics reports were sent out July 30, 1993.) Point of contact is Mr. K. Sateriale (202) 358-0491.

**Change Order Reduction/Process Change.** In an effort to manage contract changes more effectively and control cost growth, NASA has implemented several initiatives to dramatically reduce the Agency's volume of outstanding unpriced change orders. First, increased Headquarters oversight and reporting requirements have resulted in significant reduction in the number of Center change orders remaining unpriced for protracted periods of time. Second, Procurement has empowered Center technical and procurement personnel to employ Total Quality Management principles to revamp Center policies that impede their ability to manage change effectively and price them in a timely manner. Finally, the Headquarters' offices of Space Flight and Procurement are working jointly to implement policies at our major Centers to ensure change orders are issued on a strict exception basis and limit NASA's cost liability to only the Agency's most urgent requirements.

A revision of the NASA Federal Acquisition Regulation (FAR) Supplement that will implement this policy NASA-wide is expected in October 1993. Collectively these measures should improve the overall change order management and ensure that any change orders issued are characterized by solid technical defi-

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dition, realistic cost estimates, and markedly improved definitization timeliness. Point of contact is Mr. R. Wilson (202) 358-0486.

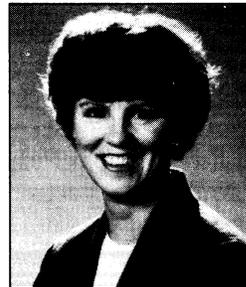
**COTR Training.** It has been documented through internal and external audit and management review that the amount and quality of Contracting Officer's Technical Representative (COTR) training is inconsistent within NASA. This may be a contributing factor to significant deficiencies in the management of both Government prime contracts and subcontracts. This initiative shall identify core mandatory training areas to be implemented by individual NASA installations. NASA FAR Supplement coverage on the required subject matter to be covered in this training will be published by December 31, 1993. Point of contact is Mr. K. Sateriale (202) 358-0491.

**Mid-Range Procurement Procedure (Pilot Test Program)** NASA has developed a new simplified procurement procedure aimed at a third category of procurement (between small purchase and large Agency acquisitions). The small purchase procedures were used as the basis, adding only those additional provisions necessary for procurements ranging from \$25,000 to \$500,000 (annually). NASA has proposed this Mid-range Procurement Procedure to OFPP as a Pilot Program under the innovative procurement initiative. The OFPP has formally approved the program with the exception of the electronic bulletin board which requires Congressional approval. The OFPP is currently seeking this approval. Marshall Space Flight Center has been selected as the test site and is implementing this procedure. Full implementation is expected in December 1993. Point of contact is Mr. T. Deback (202) 358-0431.

**NASA/Industry Process Action Team (PAT).** A NASA/Industry PAT has been formed as an operational working group whose primary function is to identify real-time, procurement-related issues that hinder the effectiveness and efficiency of the acquisition process. The PAT is part of a continuous program to bring about improvement in the procurement process. The team will support biennial NASA/Industry Conferences by developing confer-

ence topics and ensuring publication and follow-up on post-conference issues. Membership in the PAT is limited to one year and will be rotated among interested aerospace contractors and NASA procurement representatives. (The NASA/Industry PAT second-year membership of 27 members held its first meeting on May 7, 1993, with the next meeting scheduled for mid-July.) Point of contact is Mr. D. Muzio (202) 358-0432.

**Small Disadvantaged Business Goal.** Congress has challenged NASA to award eight percent of its appropriations to Small Disadvantage Business; the goal is to meet the eight percent level by FY94. To accomplish this goal, NASA's Office of Small and Disadvantaged Business Utilization (K) and the Office of Procurement (H) have joined together to re-energize focus on small disadvantaged business contracting and subcontracting. Clarified Center and contractor reporting, greater emphasis on subcontracting, and mandatory goals are all aspects of the initiative. On December 1, 1992, the Administrator executed a Determinations and Findings exercise, setting aside more than \$300 million in procurement for the SDBs. The Office of the General Counsel is currently seeking legislation which will grant NASA the authority to set aside procurements for SDBs. Point of contact is Ms. D. O'Neill (202) 358-0428.



*Ms. Deidre A. Lee was named Associate Administrator for procurement on March 11, 1993. She has been acting in that position since early January and had been Deputy Associate Administrator for procurement since September 1992. Ms. Lee has been with NASA since July 1984. She has an extensive background in a variety of military and government procurement positions.*