

1 EDO Study Guide

1.1 Intro to Contracting Fundamentals

- Refs:**
- [1] “Federal Acquisition Regulation (FAR)” 2025.
 - [2] “Defense Federal Acquisition Regulation Supplement (DFARS)” 2025.
 - [3] “Navy Marine Corps Acquisition Regulation Supplement (NMCARS)” 2025.
 - [4] *SUPSHIP Operations Manual, Chapter 3: Contract Management*, Sep. 1, 2023.
 - [5] *NAVSEA Source Selection Guide*, Aug. 1, 2022.
 - [6] *NAVSEA Contracts Handbook*, May 1, 2023.
 - [7] *10 U.S.C. § 3201: Competition requirements*, 2023.

1.1.1 Why the Navy Uses Contracts

- Contracts create a legally enforceable relationship between the Government and industry partners, defining rights and responsibilities for each party.
- Written terms provide structure for changes via agreed conditions, protecting both the Navy and the Contractor throughout acquisition actions.
- Binding agreements ensure accountability for cost, schedule, and performance outcomes that cannot be achieved through informal arrangements.

1.1.2 Essential Elements of a Binding Contract

Mutual Assent. Requires an offer and acceptance with a meeting of the minds on all material terms such as scope, price, quantity, and delivery.

Consideration. Both sides exchange value (e.g., payment, performance, schedule relief) that courts will evaluate for adequacy in Government contracting.

Capacity. Parties must be legally competent to enter the agreement; lack of capacity (e.g., incapacity, lack of authority) undermines enforceability.

Lawful Purpose. The contract must pursue a legal objective; agreements for unlawful acts are void.

1.1.3 Government Relationship to Contractors

Transactional. Each party enters with distinct incentives (contractor profit versus government outcomes); avoid unauthorized commitments.

Professional. Both teams must understand the contract and collaborate to meet requirements.

Collaborative. Contractors bring technical expertise while programmatic decision-making remains inherently governmental.

Constrained. Interactions are bound by ethics rules, conflicts-of-interest standards, and contract clauses.

1.1.4 FAR System and NAVSEA Overlays

FAR. Government-wide acquisition regulation establishing policy, procedures, and contract clauses [1].

DFARS. Department of Defense (DoD)-level supplement tailoring FAR provisions for defense-unique requirements, including competition, source selection, and industrial base policy [2].

NMCARS. Department of the Navy supplement that adds Navy-specific directives such as approval thresholds, peer reviews, and templates [3].

SOM Chapter 3. Naval Sea Systems Command (NAVSEA) guidance for Supervisors of Shipbuilding on contract formation, modification, and surveillance [4].

NAVSEA Source Selection Guide. Standardizes competitive source selection procedures, roles, and documentation for Sea Systems Command procurements [5].

NAVSEA Contracts Handbook. Practical desk reference covering policy interpretations, clause usage, and best practices for NAVSEA contracting professionals [6].

1.1.5 Types of Contracting Officers (Know All Three)

Procuring Contracting Officer (PCO). Leads acquisition planning through award; signs contracts and bilateral modifications on behalf of the Government.

Administrative Contracting Officer (ACO). Oversees post-award administration, surveillance, and contractor performance; typically assigned via Defense Contract Management Agency (DCMA) or NAVSEA field offices.

Termination Contracting Officer (TCO). Manages partial or complete contract terminations, settlement proposals, and equitable adjustments.

All contracting officers must hold a warrant that delineates dollar and authority limits; only a warranted Contracting Officer (KO) can obligate the United States [1].

1.1.6 PM and KO Partnership

Program Manager (PM). Accountable to the Milestone Decision Authority for cost, schedule, and performance; integrates technical authority, requirements, and budget execution across the lifecycle.

KO. Provides acquisition strategy execution expertise, ensures compliance with statute/regulation, and is responsible for contract integrity and enforceability.

Board Cue. PMs lead program outcomes; KOs safeguard the contracting instrument. Neither can assume the other's authorities, so coordination before solicitations, negotiations, or modifications is mandatory.

1.1.7 Competition in Contracting Act Requirements

Full and Open Competition. Default posture: all responsible sources may compete [1, 7].

Full and Open After Exclusion of Sources. Permits set-asides (e.g., small business, 8(a)) or alternate-source strategies when justified [1].

Approval for Other than Full and Open. Requires documented justification and senior approval per Subpart 6.3 [1, Subpart 6.3].

SEVEN EXCEPTIONS TO FULL AND OPEN COMPETITION (MEMORIZE)

1. Only one responsible source will satisfy agency requirements (see [1, § 6.302-1]).
2. Unusual and compelling urgency (see [1, § 6.302-2]).
3. Industrial mobilization; engineering, developmental, or research capability (see [1, § 6.302-3]).
4. International agreement (see [1, § 6.302-4]).
5. Authorized or required by statute (see [1, § 6.302-5]).
6. National security (see [1, § 6.302-6]).
7. Public interest (see [1, § 6.302-7]).

Hint

Be ready to cite an example scenario for each exception and the approval level required.

1.1.8 Responsiveness, Responsibility, and Key Determinations

Responsiveness (sealed bidding). Bid must conform to all material terms of the Invitation for Bids; nonconforming bids are rejected without discussion [1].

Responsibility. Prospective contractor must possess adequate resources, schedule compliance, performance record, integrity, and necessary systems to receive award ([1, § 9.104]).

1.1.9 Justification and Approval (J&A) v.s. Determination and Findings (D&F)

J&A. Documents the rationale for other-than-full-and-open competition, identifies the chosen statutory exception, and records approval by the appropriate official. Must be posted to <https://sam.gov> after award with required redactions [1].

D&F. Formal determination that specific conditions are satisfied before taking an action (e.g., use of special contract types, multiyear contracting); states the findings that support the determination [1].

Note

At the National Reconnaissance Office (NRO), documents and rationale are posted on the low and high-side Acquisition Research Center (ARC). We are required to post other-than-full-and-open competition for five days on the ARC to allow opportunity for other contractors to bid.

1.1.10 Who Signs D&Fs (and When)

General Rule. [1, § 1.704] requires the contracting officer to sign D&Fs when the action is within their delegated authority, unless a higher approval level is specified elsewhere in the regulation or delegation memo.

Head Contracting Activity (HCA). [1, §§ 16.603-3, 16.504(c)(1)(ii)(D)] reserve approval for actions such as issuing a letter contract or awarding a single-award task/delivery Indefinite-Delivery, Indefinite-Quantity (IDIQ) expected to exceed \$100M; Department of the Navy (DON) HCAs may redelegate no lower than a flag/Senior Executive [3, p. 5201.707].

Service Acquisition Executive (SAE). Multiyear contracting, extraordinary contractual relief, or other actions identified in [1, § 17.105-1] and [2, § 217.172] require a D&F signed by the Service SAE (Assistant Secretary of the Navy for Research, Development and Acquisition (ASN(RD&A))) for the Navy, who is also the DON Senior Procurement Executive) or a specifically delegated official.

Document Content. Every D&F must cite the specific statutory/regulatory authority, describe supporting facts, and state the determination in clear language; expiration dates and any required follow-on reviews must also be included per [1, § 1.707] and [3, p. 5201.707] guidance.

Acronyms

Acronym	Definition
ACO	Administrative Contracting Officer
ARC	Acquisition Research Center
ASN(RD&A)	Assistant Secretary of the Navy for Research, Development and Acquisition
DCMA	Defense Contract Management Agency
DoD	Department of Defense
DON	Department of the Navy
HCA	Head Contracting Activity
IDIQ	Indefinite-Delivery, Indefinite-Quantity
KO	Contracting Officer
NAVSEA	Naval Sea Systems Command
NRO	National Reconnaissance Office
PCO	Procuring Contracting Officer
PM	Program Manager
SAE	Service Acquisition Executive
TCO	Termination Contracting Officer