



Source Selection Process

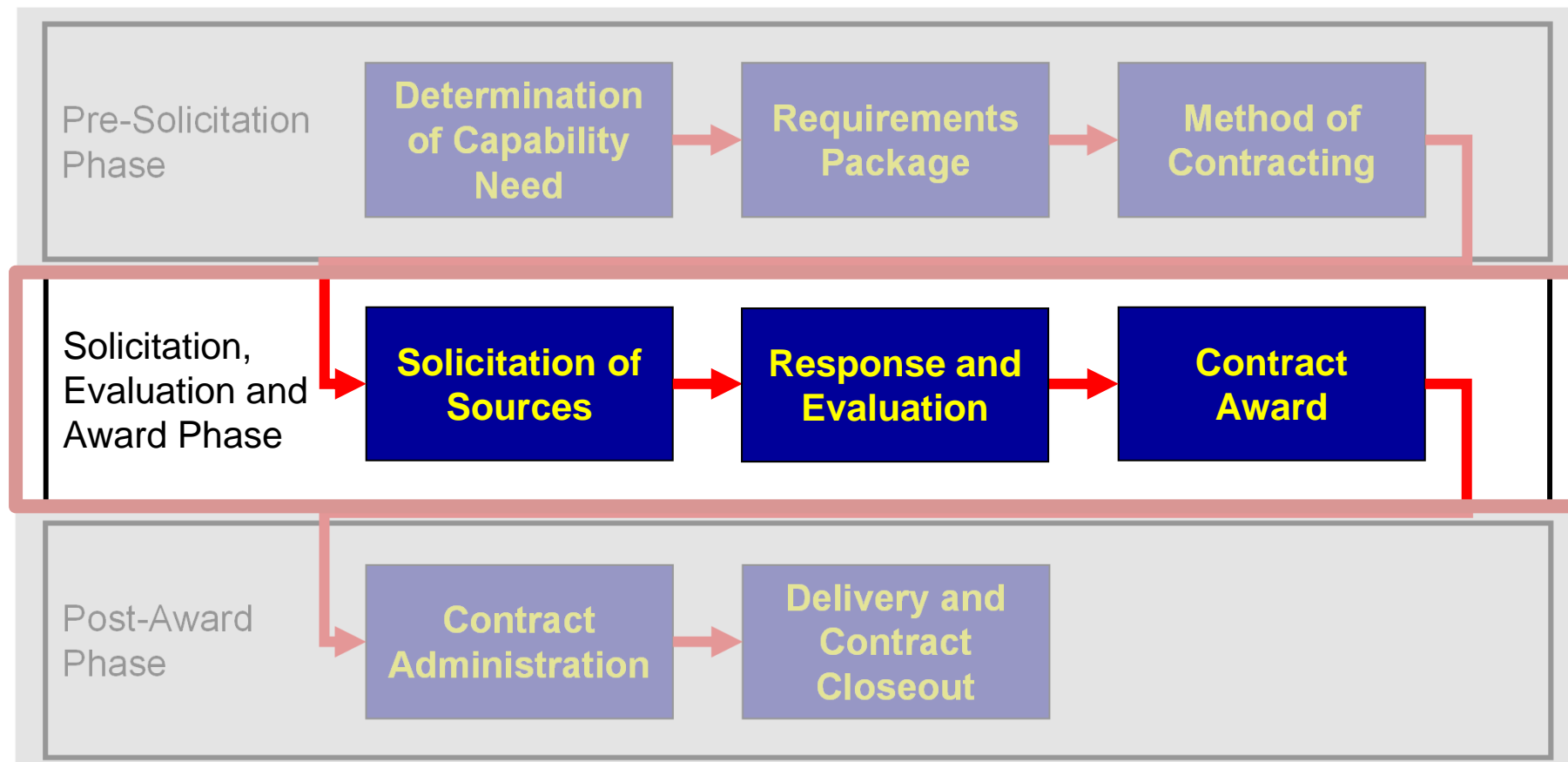
SEAPOWERTHROUGHENGINEERING

3.2.3

ENGINEERING DUTY OFFICER SCHOOL BASIC AND RESERVE COURSES		CIN A-4N-0021 AND -0034
Version 5.0 18 DEC 2024	3.2.3 Source Selection Process	TIME: 1.0 HR
<p>TOPIC LEARNING OBJECTIVES</p> <p>Upon successful completion of this topic, the student will be able to:</p> <ol style="list-style-type: none"> 1. Recognize and identify the formal source selection procedure and the sequence of events from the receipt of the contractor's proposal. 2. Identify the guiding documents for source selection: Source Selection Plan (SSP), Request for Proposals (RFP), Invitation for Bid (IFB). 3. Identify a description of the contracting term Best Value. 4. Identify source selection best value policies: Tradeoff and Lowest Price Technically Acceptable (LPTA). 5. Identify the roles and responsibilities of the source selection participants: Source Selection Authority (SSA), Source Selection Evaluation Board (SSEB), Source Selection Advisory Council (SSAC), Procuring Contracting Officer (PCO). 6. Differentiate among the various types of interaction between the Government and contractors, e.g., discussions, clarifications, deficiencies, communications, and exchanges. 7. Identify how to prepare for and conduct a fact-finding activity. 8. Identify how to prepare for and support a negotiation. 9. Identify the roles and responsibilities of the participants in fact-finding and negotiations. 		<p>STUDENT PREPARATION</p> <p>Student Support Material</p> <ol style="list-style-type: none"> 1. None <p>Primary References</p> <ol style="list-style-type: none"> 1. Federal Acquisition Regulations (FAR) 2. NAVSEA Contracts Handbook (NCH) https://wiki.navsea.navy.mil/display/NAP/NAVSEA+ACQUISITION+POLICY+Home 3. DoD Source Selection Procedures http://www.acq.osd.mil/dpap/policy/policyvault/USA004370-14-DPAP.pdf 4. NAVSEA Source Selection Templates https://wiki.navsea.navy.mil/display/NAP/NAVSEA+Source+Selection+Templates <p>Additional References</p> <ol style="list-style-type: none"> 1. None
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Source Selection Process





Overview

- Guiding documents
- Best value policies
- Source selection process
- Interactions with Contractors
- Negotiation and award



Source Selection Process

- A formal source selection process is normally used because of the high-dollar value of the acquisitions
- Goal is to satisfy customer in cost, quality, and timeliness (best value)
- Source selection participants may be sequestered and required to sign a Non-Disclosure Agreement (NDA)
- Guided by the ***Source Selection Plan (SSP) and the Request for Proposal (RFP) or Invitation For Bid (IFB)***

Guided by the SSP and the RFP or IFB



Source Selection Plan (SSP)

- Details all aspects of source selection process
 - Originates from the Acquisition Strategy
 - Prepared by Contracting Officer/Integrated Product Team (IPT)
 - **Approved by the Source Selection Authority, designated by Agency Head**
- Government's approach for soliciting & evaluating proposals
- Contains:
 - Description of procurement
 - Source selection charter
 - Source selection team & organization
 - Best value approach
 - Evaluation factors and rating scheme
 - Milestone schedule



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Basis for Award

- In sealed bidding determine if Contractor is **responsive and responsible**
- In contracting by negotiation determine the **best value**
 - The expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement
 - 2 types of contracting by negotiation
 - Lowest Price Technically Acceptable (LPTA)
 - Tradeoff Process



Lowest Price Technically Acceptable (LPTA)

- Best value to the Government will result from *technically acceptable* proposal with the *lowest evaluated cost or price*
- *Tradeoffs are not permitted*
- After found technically acceptable, proposals are ranked using cost or price evaluation factors only

LPTA considers the lowest price proposal that meets technical requirements as best value



Tradeoff Process

- Best value to the Government will result in a **balance of technical merit, performance risk, management capability, and price factors**
- Used when:
 - The requirement is less defined, or
 - A lot of development work is required, or
 - The performance risk is greatest
- Tradeoff:
 - Higher price for better quality
 - Lower price for lower level of supply or service that meets the minimum requirement
- Must document:
 - Evaluation factors and significant sub-factors, and their relative importance (clearly state in the solicitation)
 - Rationale for selection

Tradeoff considers a balance of technical merit, performance risk, management capability, and price factors to determine the best value



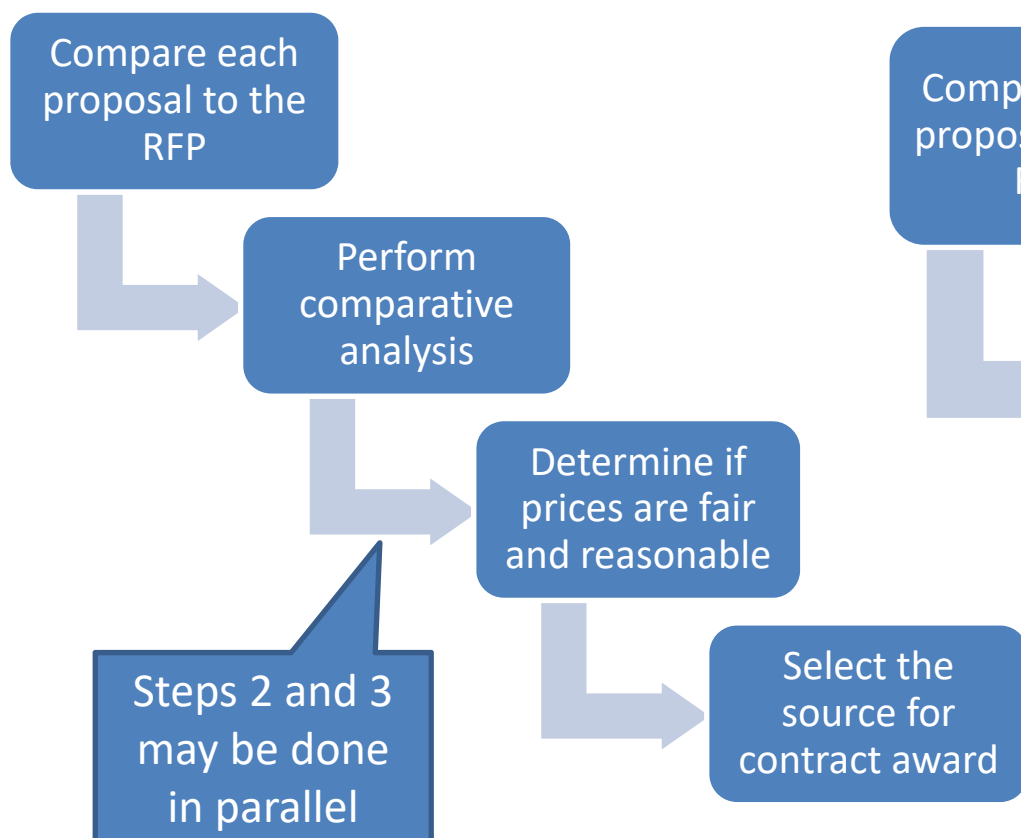
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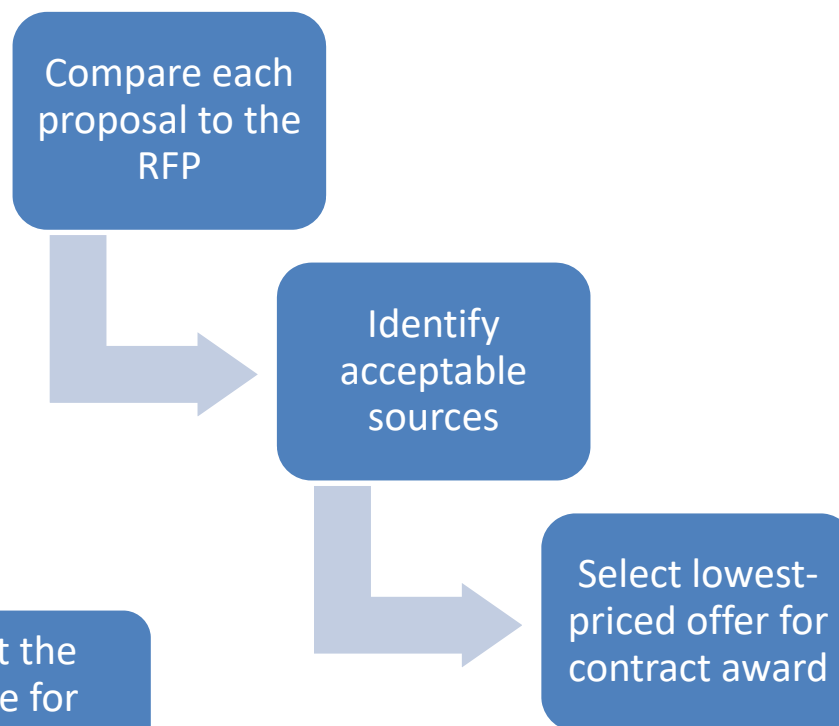


Source Selection Steps

Tradeoff



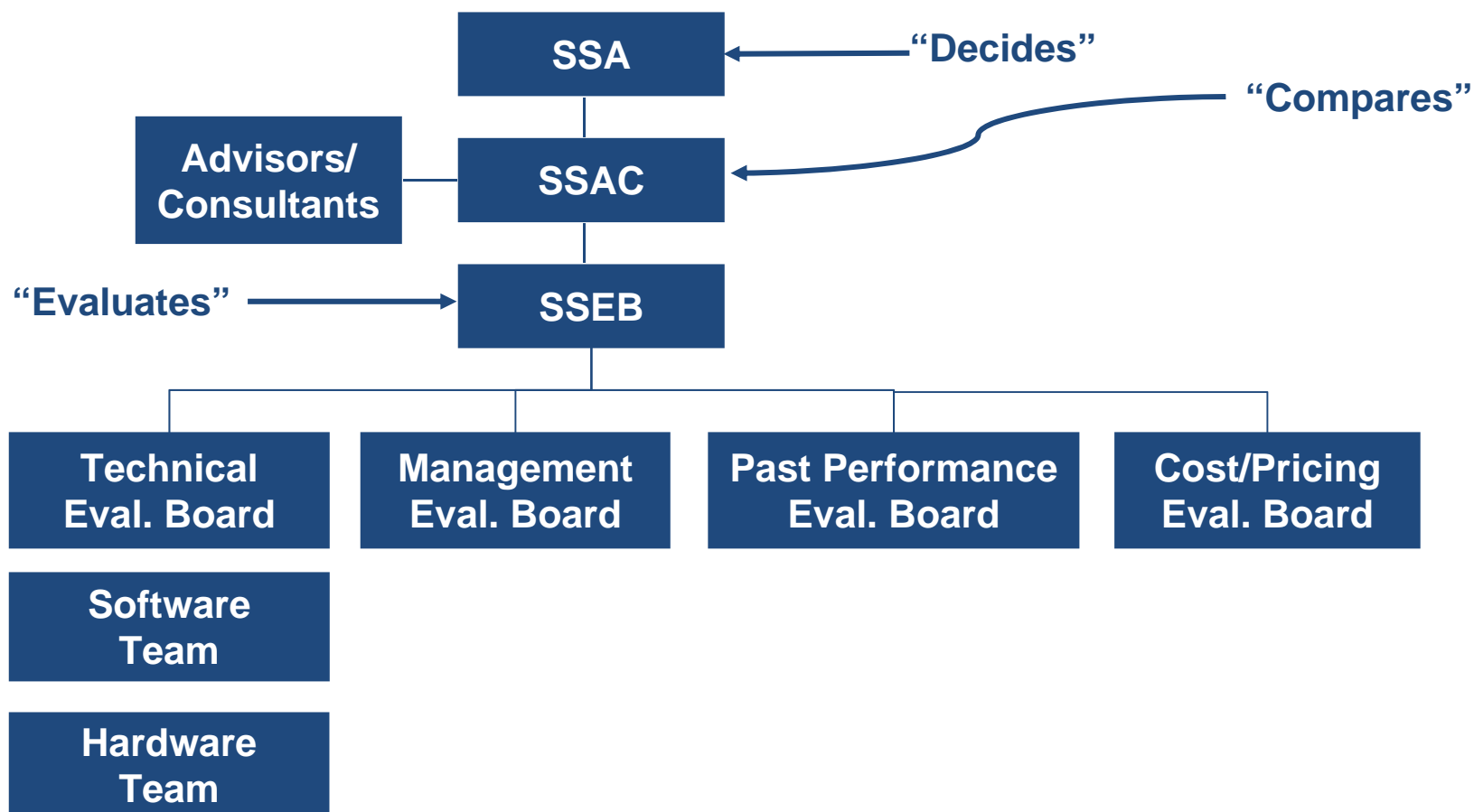
LPTA





Source Selection Organization

“Typical” Organizational Structure





Roles and Responsibilities

- Procuring Contracting Officer (PCO, KO) is responsible for:
 - Ensuring that *the source selection process complies with procurement laws and regulations*
 - Reviewing the proposals to ensure offerors have complied with all requirements of the solicitation
 - *Communicating with offeror*
 - Awarding the contract
- Source Selection Authority (SSA) is responsible for:
 - Overseeing and *ensuring the integrity of the source selection process*
 - Ensuring that qualified personnel are appointed to the SSEB and the SSAC
 - *Selecting the source(s)* whose proposal is the best value to the Government

PCO is responsible for the contracting process – SSA selects the source for contract award



Roles and Responsibilities

- Source Selection Advisory Council (SSAC):
 - When requested, performs an analysis of the proposals after evaluation by the SSEB and the CPEB
 - The SSAC then forwards a recommendation of the best value proposal to the SSA
 - The functions of the SSAC may be assigned to the SSEB, eliminating the need for a separate SSAC
- Source Selection Evaluation Board (SSEB):
 - Is comprised of various panels, based on requirements:
 - Technical Team
 - Cost/Pricing Evaluation Team
 - Past Performance Team
 - Small Business Team
 - Others as needed
 - Evaluates proposals against the requirements in the RFP
 - Against a rating standard (for each evaluation criteria)
 - Qualitative or quantitative
 - Identifies and documents:
 - Strengths
 - Weaknesses
 - Significant weaknesses
 - Deficiencies

Evaluation criteria (Section M of the RFP) allows the SSEB to objectively rate each proposal



Roles and Responsibilities

SSEB completes evaluations on initial proposal submissions

SSEB drafts questions for fact-finding activities or discussions

SSEB provides recommendations to the PCO/SSAC/SSA



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Terminology

- **Deficiencies**

- Material failure to meet minimum contract requirements
 - Deficiencies must be corrected to make contract award
 - Correcting deficiencies requires proposal revision
 - Allowing a Contractor to revise a proposal constitutes discussions or negotiations

- **Competitive Range**

- Most highly rated offerors to be considered for further discussions



Interactions with Contractors

■ Types of Interactions

– Clarifications

- Done when awarding without discussions
- Limited to correction of minor or clerical errors
- Allows offeror to respond to adverse past performance issues

– Communications

- Address adverse past performance issues
- Exclusion/inclusion in range uncertain
- Enhance Government understanding
- Explore issues without proposal revision

– Discussions

- Done with offerors after establishment of Competitive Range
- Offeror has opportunity to revise proposal
- Negotiations may include bargaining or discussions



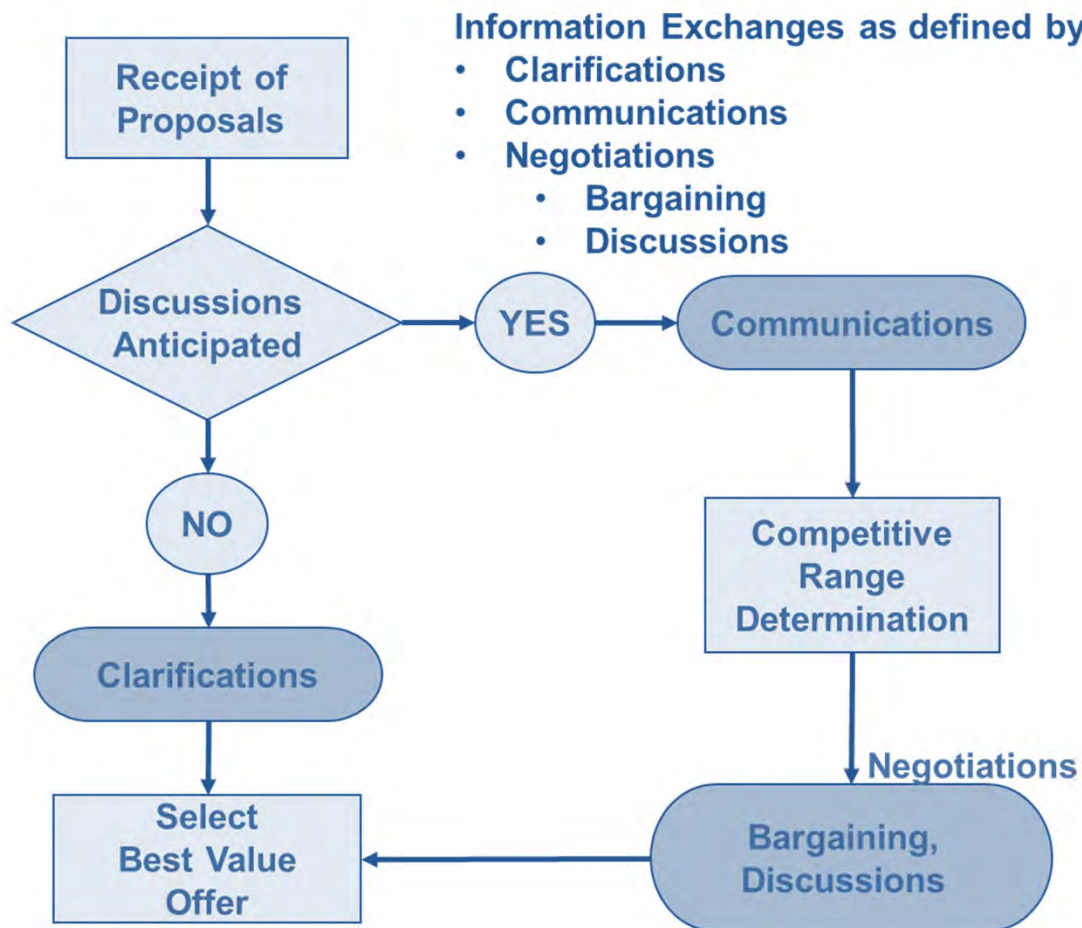
Interactions with Contractors

■ Guidance on Interactions

- Limits on exchanges (do not):
 - Favor one offeror over another
 - Reveal an offeror's technical solution and/or unique technology
 - Reveal an offeror's price
- Conduct meaningful discussions with all in competitive range:
 - Identify and specify all deficiencies found in proposal
 - Also include all weaknesses & any other documented issues
 - Allow reasonable time for revision
 - Can be oral, written, or both
 - Document all discussions thoroughly



Interactions During Source Selection



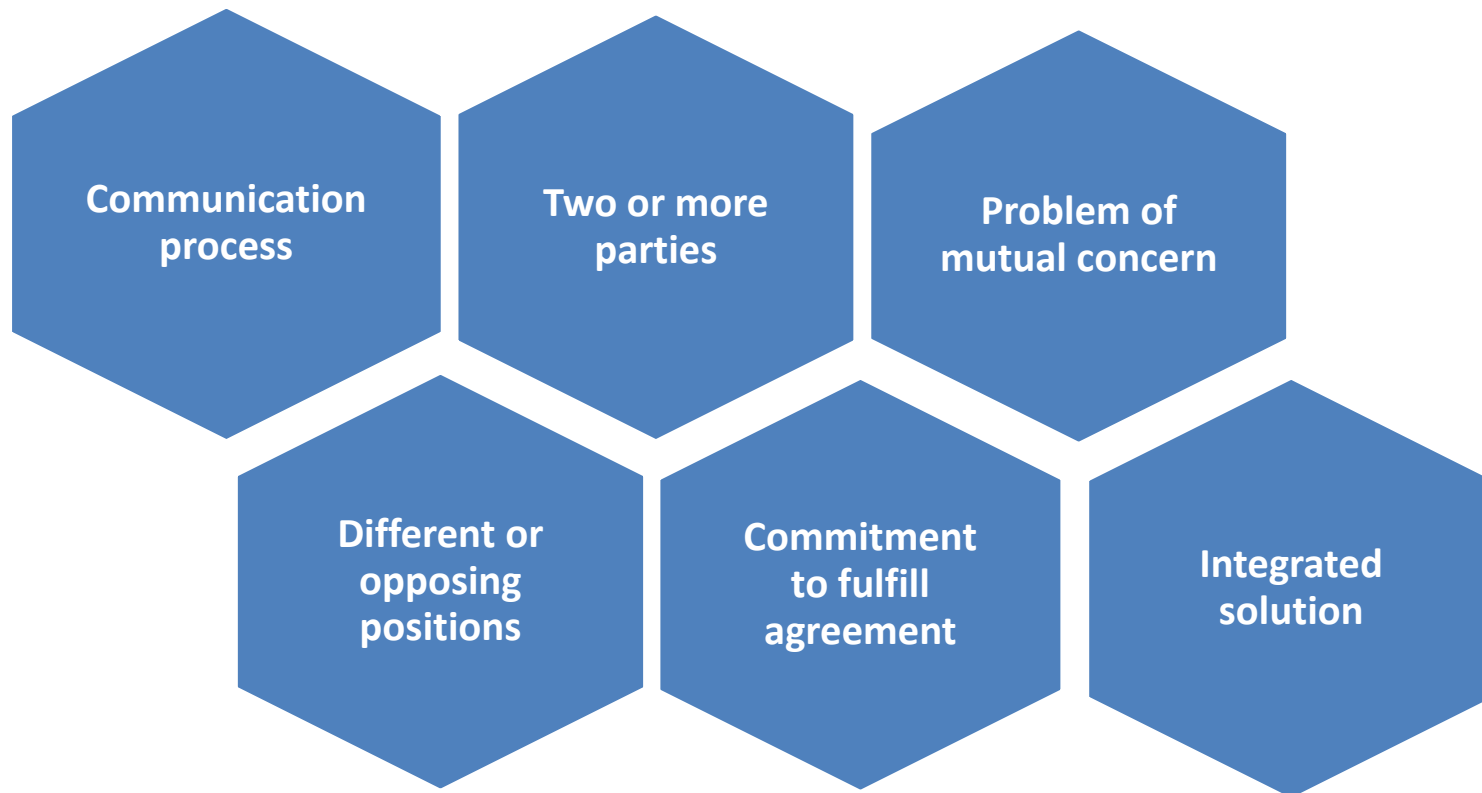


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Elements of Negotiation





Successful Negotiation Steps

1

- Prepare for the negotiation

2

- Conduct fact finding and analysis before negotiations

3

- Set pre-negotiation objectives

4

- Ensure all Government participants have sufficient negotiating skills

5

- Keep the end goal in mind



Roles and Responsibilities

- Procuring Contracting Officer (KO)
 - After the RFP is issued, becomes the focal point for the fact-finding period
 - **All communications with the offeror(s) go through the KO**
 - KO leads the negotiations after determination of the competitive range
- Program Management Office
 - Supports the KO during the negotiations
 - Provides members to the SSEB and evaluation teams
- SSEB and Evaluation Teams
 - Conduct fact-finding and provide questions for the offeror(s) to the KO
 - SSEB makes a recommendation to the SSA based on the evaluation teams' results



Fact-Finding

- Conducted to prepare pre-negotiation position
- Government research
- Interaction with offerors (i.e., clarifications, communications) without proposal revision
- Preparing for a fact-finding activity
 - Review your contracting situation
 - Familiarize yourself with legal aspects & contractual terms and conditions
 - Identify team members who may assist
 - List all open issues for which you need information
 - Conduct appropriate research
 - This is done by the evaluation boards (PEB, TEB, etc.)
 - Develop your pre-negotiation position
 - This is done using the cost and pricing techniques discussed in topic 3.2.4 Cost and Price Evaluation
 - Draft questions for the offerors and submit in writing to the KO
 - KO forwards the questions to the offeror for answers



Fact-Finding and Analysis

- Fact-finding and analysis typically includes:
 - Technical analysis: To determine the reasonableness of the proposed resources
 - Either cost or price analysis:
 - Cost analysis: Analysis of all elements of a proposal's cost factors
 - Price analysis: A comparative analysis with other prices for the same or similar efforts
 - Cost-realism analysis: Performed on all cost-reimbursement contracts; may be used on competitive fixed-price-incentive contracts
- External support:
 - Defense Contract Management Agency (DCMA)
 - Defense Contract Audit Agency (DCAA)
 - Field Activities



Prepare for the Negotiation

- Be familiar with both the solicitation and proposal(s)
- Document questions and submit them in advance so the Contractor has time to prepare answers
- Ensure all members of the negotiation team understand the cost and technical trade-offs that will be acceptable to the Government
- Handle all administrative details (i.e., planning and organizing the negotiation sessions) well in advance
 - e.g., prepare an agenda; make specific assignments to team members; make adequate, comfortable, and efficient facilities available



Pre-negotiation Objectives

- The KO shall establish pre-negotiation objectives before the commencement of any negotiation
- This is done by analyzing the offeror's proposal, taking into account:
 - The field pricing report and DCAA Audit Report
 - Technical analysis
 - Other pertinent data, such as Government Independent Cost Estimates (ICE) and price histories for the same or similar items
- Management Review - the pre-negotiation objectives will be documented, reviewed, and approved in accordance with agency policies and procedures



Negotiating Skills

■ Do

- Identify and prioritize discussion items and concerns
- Verify that the Contractor representatives speak for the company on each item discussed
- Listen attentively while others contribute to the discussion
- Probe and question until you are satisfied with the response
- Draw basis of the Contractor's estimate out into the open
- Establish action items or issue inquiries if contractor doesn't answer
- Keep notes, possibly minutes
- Document all pertinent findings/concerns

■ Do Not

- Reveal your specific findings or numbers to the Contractor
- Negotiate or reach agreements on how or whether to perform a task
- Answer questions other negotiators ask of the Contractor
- Argue with the Contractor over what has been done in the past
- Let Contractor gloss over questions - make them answer
- Coach or put words in the Contractor's mouth



Keep the End Goal in Mind

- The goal of negotiations is to reach an agreement that enhances the quality of the product or service received by the Government
- You should always ensure that this goal is served by all negotiation activities



Contract Award

- SSA signs the source selection decision document
- The KO incorporates the negotiated changes into the contract, obtains legal review (by general counsel), then signs the contract
 - **Only the KO can award the contract**
 - The contract is not legally binding until the KO has signed and distributed the contract
 - The KO must determine that:
 - The price is fair and reasonable
 - The contract safeguards the interests of the U.S. in its contractual relationship
- After awarding the contract(s), the final task of the KO is to notify the unsuccessful offerors of the final decision
- The unsuccessful offerors may request and receive a debriefing from the KO on why the choice was made and the strengths and weaknesses of their proposals



Protests Against Award

- Offerors not receiving the contract award can submit a formal protest
- A protest is a written objection by an interested party regarding the award, cancellation, or termination of a contract
- Protests to the agency are covered under Executive Order 12979
 - Preferred adjudication route is Alternative Dispute Resolution
 - Protest escalation will require resolution in US Court of Federal Claims
- A protest will suspend contract performance until the protest has been resolved, unless an urgent need for contract performance exists



Summary

- What documents guide the source selection process?
- What are the formal steps in the source selection process?
- What are the responsibilities of the Source Selection Evaluation Board?



Summary

- During fact-finding, how are questions communicated to the offeror?
- What are the five steps of a successful negotiation?