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### 5117.9004-3 Ordering.

(a) *Summary of ordering process.* After the requirement is validated in accordance with command or installation procedures and an estimate is prepared to determine suitability of the project for the JOC, the SOW is presented to the contractor with a request for a proposal. The contractor then prepares a proposal that identifies the tasks and quantities necessary to accomplish the job. This proposal is subsequently evaluated, and agreement is reached on quantities, time, performance period, etc., through discussions and negotiations. After agreement, a fixed-price bilateral order is prepared. (Some integral non-pre-priced work may be included in the order. (See (e)(2).)

(b) *Statement of work.*

(1) The SOW for the proposed order must contain sufficient detail to enable the Government to develop an independent government estimate (IGE), for orders $100,000 or more, and to assure that the contractor can properly prepare a responsive and cost effective proposal with a minimum of non-pre-priced tasks.

(2) The SOW must be updated prior to issuing the order to reflect the details of the negotiated agreement and to include significant quantities, methods of construction, quality levels, and number of days to complete the work. This updated SOW may also include a statement that the work must be performed in accordance with the method and quality of construction specified in the contractor’s proposal. Other pertinent aspects of the contractor’s proposal may also be specifically cited as deemed appropriate; however, the entire contractor’s proposal will not ordinarily be made a part of the SOW. The updated SOW must contain sufficient detail to allow the Government to effectively monitor the contractor’s performance.

(c) *Independent Government estimate* *(IGE).*

(1) In accordance with FAR Part 36.203, a detailed IGE for orders $100,000 or more, should be obtained prior to evaluation of the contractor’s proposal. This IGE is in addition to the earlier gross estimate, which helped determine whether the proposed work was appropriate for JOC. The IGE shall be prepared using the same method required of the contractor (e.g., the Unit Price Book). A detailed analysis of all task orders is required for orders less than $100,000 in order to aid in the determination of a fair and reasonable price.

(2) Total or lump sum IGEs are not acceptable for proposed JOC task orders. The IGE must be sufficiently detailed to be useful in evaluating, not only the reasonableness of the contractor’s proposed price, but also any costs associated with non-pre-priced tasks.

(3) The contracting officer or, if applicable, the ordering officer, must insure that significant differences among the SOW, the IGE, and the contractor’s proposal are reconciled and documented prior to placing the order.

(4) To the extent practicable, identify non-pre-priced tasks in advance and treat them as discrete items in the IGE to help determine if the price of the non-pre-priced work is reasonable and to help calculate the relative value of the non-pre-priced work.

(d) *Negotiations.*

(1) Negotiations on orders $100,000 or more may not begin without an Independent Government Estimate (IGE).

(2) Negotiations will further reconcile differences among the IGE, SOW, and the contractor’s proposal.

(3) At the conclusion of negotiations, the contracting officer or ordering officer must prepare a memorandum of negotiation and place it in the contract file.

(e) *Limitations.*

(1) The value of non-pre-priced work under an order must not exceed 10 percent of the value of the pre-priced work.

(i) The value of the pre-priced work must be computed by multiplying the coefficient(s) times the appropriate unit price(s) in the Unit Price Book.

(ii) When the contract allows, indirect costs and profit for non-pre-priced work may be attributed by application of a solicited and pre-agreed rate to be applied to the bare labor, equipment, and material costs of the non-pre-priced work.

(iii) Description of non-pre-priced work must not be manipulated or forced to fit under a pre-priced line item, either to avoid including non-pre-priced line items in the order or to reduce the value of non-pre-priced line items in an attempt to circumvent the limitation in (e)(2).

(2) Except as provided in paragraph (3) below, the value of non-pre-priced work under an order shall not exceed 10 percent of the value of the pre-priced work.

(3) Normally, if the value of the non-pre-priced work exceeds 10 percent, then the non-pre-priced work should be reduced, eliminated or performed in house or the job must be acquired using other contracting methods. However, contracting officers may exceed the 10 percent if the non-pre-priced portion of the order involves urgent or emergency situations or if the contracting officer determines it is a good business decision. The contracting officer shall negotiate the modification and make a determination that the price is fair and reasonable.

(f) *Funding*. Funds for the guaranteed minimum amount must be obligated on the awarded JOC. Contract performance and cumulative orders under the guaranteed minimum amount are not limited to the fiscal year in which the contract becomes effective. Funds beyond the guaranteed minimum required to complete a proposed project must be obligated by each task order. Orders beyond the guaranteed minimum must also comply with the bona fide need principles in AR 37-1, statutory and other restrictions on year-end spending.

(g) *Forms, numbering and reports.*

(1) Use DD Form 1155 to issue task orders. Include the following statement in Block 19 of the DD Form 1155:

“Contractor must sign this task order in Block 16 and return a copy. The signature in Block 16 reflects contractor’s acceptance of the task order.”

(2) Use Standard Form 30 to execute modifications to a task order. When signed by an Ordering Officer, the SF 30 must be modified by deleting the words “Contracting Officer, United States of America” and typing in “Ordering Officer, Authorized Representative of the Contracting Officer”.

(3) The contracting officer responsible for the actions of specific ordering officers must retain control over assignment of all Supplementary Procurement Instrument Identification Numbers (SPIINS) related to JOC task orders. (See DFARS subpart 204.70.)

(4) The contracting officer must also be responsible for ensuring timely preparation and submission of procurement reporting forms and related reports and data (e.g., DD Forms 350 and 1057).

(5) Automated versions of forms may be used for JOC if authorized.

(h) *Distribution.* A copy of all JOC orders must be sent to the contracting office appointing ordering officers, the Finance and Accounting Office, the office or individual assigned responsibility for inspection and technical administration of the contract, and any appointed COR. The contracting officer must maintain the permanent record of each transaction.