



August 12, 2013

MEMORANDUM FOR: MICHAEL GELBER  
DEPUTY COMMISSIONER  
PUBLIC BUILDINGS SERVICE (PD)

FROM: LAURA AULETTA  
ACTING SENIOR PROCUREMENT EXECUTIVE (SPE)  
OFFICE OF ACQUISITION POLICY (MV)

SUBJECT: Incremental Funding General Services Acquisition  
Regulation (GSAR) Class Deviation Approval

**Recommendation:**

In accordance with the requirements of GSAR 501.404(c), the PBS GSAR class deviation request, dated August 2, 2013 (attached), to incrementally fund recurring services under the BA61 account as well as to create the PBS prescription and "Limitation of Government's Obligation" clause is granted with the conditions outlined below. This GSAR class deviation request is limited to 12 months unless extended and may be rescinded by the SPE.

Government Accountability Office (GAO) case law indicates that severable services contracts may be incrementally funded (GAO Decision B-317139, June 1, 2009; GAO Decision B- 241415, June 8, 1992, 71 Comp.Gen.428). The recurring services outlined in the PBS deviation request, such as operations and maintenance and janitorial, meet the definition of severable services.

The Department of Defense has long recognized the validity of incrementally funding fixed-price, severable services. To meet its needs, PBS modified the Department of Defense Federal Acquisition Regulation Supplement (DFARS) prescription at 232.205-7, Limitation of Government's Obligations and DFARS clause 252.232-7007, Limitation of Government's Obligations. The DFARS prescription and clause were vetted publicly through the rulemaking process. PBS' request indicates it will pursue a formal business case, initiating rulemaking to change the GSAR to incrementally fund its BA61 recurring services contracts.

GSAR 501.402 states that uniformity is a goal for GSA's Acquisition Regulation and permits contracting activities to:

1. Develop and test new procedures and techniques.
2. Adopt alternate procedures in the public interest for unique programmatic or managerial requirements.

3. Deviate from a regulatory provision implementing a statutory requirement provided the deviation does not violate the underlying statute.

The PBS deviation request does not seek to deviate from an *existing* clause or regulation. Rather the deviation request meets the requirement of GSAR 501.402 by offering an innovative technique for funding its BA61 recurring, severable services contracts. The deviation request also adopts alternate procedures for unique programmatic or managerial requirements related to the operation of the BA61 account. While PBS recognizes that fixed price contracts should be fully funded, PBS is hampered by the collection of monthly rents from its tenant agencies used for building operation services. Thus, full funding of its fixed price services contracts is currently not possible and PBS developed an innovative incremental funding process to continue building operation services.

This approval is conditioned upon the following:

1. Within 30 days of this approval, PBS shall prepare and issue a formal instructional policy letter implementing the GSAR class deviation and will provide a copy to the Office of General Services Acquisition Policy, Integrity and Workforce (MVA). The policy letter will include instructions on how to maintain contract files to ensure they are auditable and can be closed out. PBS shall provide MVA with an opportunity to review and comment on the PBS instructional policy letter before it is issued.
2. Within 60 days of this approval, PBS will develop and submit to MVA a Federal Procurement Data System (FPDS) data quality plan on contracts that include the "Limitation of Government's Obligation" clause. Additionally, PBS will report quarterly to MVA on implementation of the plan.
3. Within six months of this approval, PBS shall submit a GSAR business case to MV requesting that the GSAR class deviation be made permanent in GSAR subpart 532.7, "Contract Funding."
4. MVA will conduct a Procurement Management Review (PMR) of the implementation of this deviation in Fiscal Year 2014. Continuation of the deviated authority may be contingent upon the results of the PMR.

Attachment

## General Services Acquisition Regulation (GSAR) Class Deviation - Incremental Funding

Listed below is the language to be inserted in 532.702 at 552.

### **CONTRACT FUNDING**

#### **Policy.**

Fixed-price contracts shall be fully funded except as permitted below.

#### **Contract funding requirements.**

##### **(a) General.**

- (1) A fixed-price contract may be incrementally funded only if—
  - (i) The contract (excluding any options) or any exercised option—
    - (A) Is for severable services; and
    - (B) Is incrementally funded using funds available (unexpired) as of the date the funds are obligated.

##### **(b) Contracts crossing fiscal years.**

The contracting officer may enter into a contract, exercise an option, or place an order under a contract for severable services for a period that begins in one fiscal year and ends in the next fiscal year because PBS funds severable service contracts with no-year funds. Similarly, PBS may award severable service contracts that exceed 1 year because PBS funds severable service contracts with no-year funds.

#### **Incrementally funded fixed-price contracts.**

- (a) The Government shall promptly provide written notice to the contractor that the Government is—
  - (1) Allotting additional funds for continued performance and increasing the Government's limitation of obligation in a specified amount; or
  - (2) Terminating the contract; or
  - (3) Considering whether to allot additional funds; and
    - (i) The contractor shall stop work when the Government's limitation of obligation is reached; and
    - (ii) Any costs expended beyond the Government's limitation of obligation are at the contractor's risk.
- (b) Upon learning that the contract will receive no further funds, the Contracting Officer shall promptly give the contractor written notice of the Government's decision and terminate for the convenience of the Government.

#### **Contract clauses.**

##### **Clause for limitation of Government's obligation.**

Use the clause, Limitation of Government's Obligation, in solicitations for incrementally funded fixed-price severable service contracts.

**CLAUSE: Limitation of Government's Obligation.**

As prescribed, use the following clause:

LIMITATION OF GOVERNMENT'S OBLIGATION

(a) Contract line item(s) \* through \* are incrementally funded. For these item(s), the sum of \$ \* of the total price is presently available for payment and allotted to this contract. An allotment schedule is set forth in Paragraph (J) of this clause.

(b) For item(s) identified in paragraph (a) of this clause, the Contractor agrees to perform up to the point at which the total amount payable by the Government, including reimbursement in the event of termination of those item(s) for the Government's convenience, approximates the total amount currently allotted to the contract. The Contractor is not authorized to continue work on those item(s) beyond that point. The Government will not be obligated in any event to reimburse the Contractor in excess of the amount allotted to the contract for those item(s) regardless of anything to the contrary in the clause entitled "Termination for Convenience of the Government." As used in this clause, the total amount payable by the Government in the event of termination of applicable contract line item(s) for convenience includes costs, profit, and estimated termination settlement costs for those item(s).

(c) Notwithstanding the dates specified in the allotment schedule in paragraph (j) of this clause, the Contractor shall be notified that funding is available by email (as annotated on the award document) to the contractor 15 days prior to the incremental funding dates as outlined in Paragraph J. Notice of funding will also be provided via a website (insert specific GSA URL) notification additional funds are not allotted prior to the expiration date, the Contracting Officer will terminate any item(s) for which additional funds have not been allotted, pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(d) When additional funds are allotted for continued performance of the contract line item(s) identified in paragraph (a) of this clause, the Contractor agrees to continue performance in accordance with the contract. The provisions of paragraphs (b) and (d) of this clause will apply in like manner to the additional allotted funds and agreed substitute date.

(e) If, solely by reason of failure of the Government to allot additional funds, by the dates indicated below in Paragraph J, in amounts sufficient for timely performance of the contract line item(s) identified in paragraph (a) of this clause, the Contractor incurs additional costs or is delayed in the performance of the work under this contract and if additional funds are allotted, an equitable adjustment will be made in the price or prices (including appropriate target, billing, and ceiling prices where applicable) of the item(s), or in the time of delivery, or both. Failure to agree to any such equitable adjustment hereunder will be a dispute concerning a question of fact within the meaning of the clause entitled "Disputes."

(f) The Government may at any time prior to termination allot additional funds for the performance of the contract line item(s) identified in paragraph (a) of this clause.

(g) The termination provisions of this clause do not limit the rights of the Government under the clause entitled "Default." The provisions of this clause are limited to the work and allotment of funds for the contract line item(s) set forth in paragraph (a) of this clause. This clause no longer applies once the contract is fully funded except with regard to the rights or

obligations of the parties concerning equitable adjustments negotiated under paragraphs (d) and (e) of this clause.

(h) Nothing in this clause affects the right of the Government to terminate this contract pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(i) Nothing in this clause shall be construed as authorization of voluntary services whose acceptance is otherwise prohibited under 31 U.S.C. § 1342.

(j) The parties contemplate that the Government will allot funds to this contract in increments from the date of award in accordance with the following schedule:

On execution of contract*	\$ _____ **
(month) (day), (year)	\$ _____ **
(month) (day), (year)	\$ _____ **
(month) (day), (year)	\$ _____ **

\* Insert the award date of the contract award

\*\* To be inserted after negotiation.

(End of clause)

ALTERNATE I.

If only one line item will be incrementally funded, substitute the following paragraph (a) for paragraph (a) of the basic clause:

(a) Contract line item \_\_\_\_\_ is incrementally funded. The sum of \* is presently available for payment and allotted to this contract. An allotment schedule is contained in Paragraph (J) of this clause.

**MEMORANDUM FOR: LAURA AULETTA (MV)**  
**ACTING SENIOR PROCUREMENT EXECUTIVE**  
**OFFICE OF THE CHIEF ACQUISITION OFFICER**

**FROM: MICHAEL GELBER**  
**DEPUTY COMMISSIONER**  
**PUBLIC BUILDINGS SERVICE**

**SUBJECT: Amended Request for Class Deviation to the General**  
**Services Administration Acquisition Regulation**

Pursuant to Federal Acquisition Regulation (FAR) 1.404 and General Services Administration Acquisition Regulation (GSAR) 501.404(a)(2), and for the reasons set forth herein, the Public Buildings Service (PBS) requests approval for a class deviation. According to FAR 1.401(f), a deviation may be used for the issuance of policies not incorporated into agency acquisition regulations and GSAR 501.402(a) permits GSA to develop and test new procedures and techniques. PBS is concurrently pursuing a permanent GSAR change initiating a new procedure to incrementally fund its firm fixed-price severable services contracts funded by the Federal Buildings Fund's Buildings Operations account (BA61). The GSAR class deviation will alleviate PBS' funding shortfall in Fiscal Year (FY) 2013 and 2014 until the permanent GSAR change is completed.

### **PROBLEM STATEMENT**

Neither the FAR, nor the GSAR, contains a clause that permits incremental funding of firm fixed-price severable services contracts.

### **NEED FOR THE DEVIATION**

The total amount of a firm fixed-price contract should be obligated at the time of award. However, PBS does not receive enough new obligational authority each year in BA61 to pay for a full year of services for each of its 1,600 (approximately) severable service contracts. While Government Accountability Office (GAO) opinions indicate that incremental funding is permissible for severable service contracts,<sup>1</sup> the GSAR does not contain language to allow incremental funding of firm fixed-price severable services contracts, unlike other agencies such as the Department of Defense (DoD) and Department of State. The proposed class deviation will allow PBS to incrementally fund

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<sup>1</sup> GAO Decision B-317139, June 1, 2009; GAO Decision B-241415, June 8, 1992, 71 Comp.Gen.428.

firm-fixed price contracts for severable services needed to conduct building operations and creates a Limitation of Government's Obligation clause.

The deviation is needed immediately to address the funding shortfall within BA61 . With proposed implementation in contracts with performance periods beginning in October 2013, the BA61 account will realize a funding shortfall of over \$200M in FY 2014. This, along with the potential for future continuing resolutions, means that PBS will be unable to fully fund *all* recurring contracts for the entire contract period at the time of award.

### **CHANGES FROM THE INITIAL MAY 9, 2013 REQUEST**

PBS followed the advice of the Office of Government-wide Policy (OGP) in crafting the May 9, 2013 (Attachment 1) GSAR Deviation request and utilized the prescription and clause found in the DoD Federal Acquisition Regulation Supplement (DFARS 232.703-1 and 232.704-70 and clause 252.232-7007. The DoD model was followed as the prescription and clause were vetted through formal rulemaking procedures.

The PBS team, consisting of acquisition and budget staff, revisited this request. There are approximately 1,600 contracts affected by the BA61 funding shortfall. PBS reexamined its processes to mitigate the concern that the frequency of modifications could result in costly mistakes being made.

This incremental clause will be used in nearly all PBS recurring service contracts. Knowing the burden incremental funding poses for PBS's vendors, PBS looked for ways to alleviate the uncertainty within the vendor community, and to lessen administrative burdens through automation. Since submitting the initial request, PBS revised the language of paragraph (c) of the DFARS clause 252.232-7007, *Limitation of Government's Obligation*, to permit electronic notification to vendors and funding recurring service contracts on monthly basis. The automatic notification allows for "real time" conveyance of funding availability -- maximizing the vendor's opportunity to react - - and the establishment of a uniform contract term (one month) will allow PBS to notify contractors of the availability of next month's funding with two weeks lead time. The details of the automatic notification are provided in Attachment 3.

PBS made changes to the recommended DFARS prescription and clause which resulted in this amended deviation request. The revised prescription and *Limitation of Government's Obligation* language differs from the DFARS's language in the following areas:

- PBS's incremental funding clause takes the fixed price for the period of performance for each building operations severable services contract and divides

the full amount into 12 equal increments. The electronic reporting to the contractors and the equal fixed price increments streamlines and reduces the reporting burden on industry reflected in Paragraph (c) in DFARS 252.232-7007, *Limitation of Government's Obligation*. Paragraph (c) of the PBS clause reflects these changes.

- DFARS 232.703-1(2) requires full funding for incrementally funded fixed price contracts as soon as funds are available. The limited amount of funds in BA61 to pay for severable service contracts limits PBS' ability to fully fund its severable service contracts. Thus, this language is removed from the PBS policy.
- An officially delegated Central Office administrative contracting officer (ACO) will review a certification of funds availability report from OCFO and, if sufficient funds are available, will certify to OCFO in writing to record obligations for the contracts listed in the ACO's certification.
- OCFO, upon both receiving the certification from the ACO will record obligations in Pegasys for the contracts included in the ACO's certification. The recording in Pegasys of these obligations will generate an email notifying the contractor that funding is available for the next month.

#### **NUMBER OF AFFECTED CONTRACTS**

This deviation will apply to a predetermined portfolio of approximately 1,600 contracts based upon dollar value necessary to make up the projected funding shortfall for FY 2014. Long term, it is anticipated that a formal GSAR clause will be included in all PBS building operations severable services contracts to handle continuing resolutions.

#### **EFFECT ON AGENCY OR CONTRACTING OFFICERS AND ACQUISITION TEAM**

The effect of the revised process outlined below on PBS contracting officers is expected to be minimal as contracting officers will not have to issue monthly modifications to incrementally fund BA61 funds. The Deviation will apply to new contracts and options with performance commencing in FY 2014. For existing buildings operations severable services contracts, contracting officers will bilaterally modify the contracts at the time options are exercised. If contractors refuse to accept the clause, the option will not be exercised and a new acquisition will be pursued.

Internal controls have been established as follows:

- OCFO will also have access to the *recurringservices.gsa.gov* email account and will pull contract documents to consolidate into one database. While the data entry will be duplicative to the data entry into Pegasys, this will provide an additional level of review to ensure the obligations and notifications are in line

with the contract.

- OCFO will establish reports from Pegasys and the recurring service database to monitor and track the schedule of incremental funding against the clause included in the building recurring service contracts. This certification of funds availability report must be reviewed by the ACO within OAM to approve the scheduled funding. This review will be conducted for those contracts that will be notified five days later, or 20 days prior to the next month's period of performance.

### **EFFECT ON CONTRACTORS**

PBS identifies the following effect on industry:

i) The use of an incremental funding may impact the contractor's approach to the start-up costs associated with a new contract. A firm (typically small businesses) which cannot internally absorb potentially unreimbursed start-up costs may be less likely to contract with PBS, and both large and small firms will tend to increase their proposal prices because of the desire to recapture the start-up costs early in the project.

ii) Vendors, both large and small, who use Government contracts as an asset to assist in obtaining loans will no longer be able to provide proof of a long term income stream of potential payments from the Government. This will drive up the loan costs and in turn require proposal prices to increase to the Government.

iii) Contractors who have been able to attract high quality personnel due to the assurance of the stability of government contracts may no longer obtain the same talent when the funding of the contract becomes incremental.

iv) Subcontract prices may be higher. The best pricing is normally provided for longer term relationships.

### **POTENTIAL IMPACT ON ANOTHER SERVICE**

The provision is applicable only to building operations severable service contracts and is not applicable to the Federal Acquisition Service (FAS) given the unique circumstances with BA61 funds. However, both FAS and the Office of Administrative Services' Internal Acquisition Division have expressed the need for an incremental funding solution in response to sequestration and budget constraints.

### **ANALYSIS OF ALTERNATIVES, IDENTIFYING RISKS AND RISK MITIGATION**

As noted above, PBS explored contracting officers issuing monthly modifications. However, the volume of affected contracts (approximately 1,600) increases the risk of modifications not being executed in time.

### **PROPOSED MILESTONE FOR INITIATION, INCLUDING TRAINING**

Standard procedures have been developed. Minimal training is necessary. The acquisition workforce (i.e., budget, finance, and program) will need to be trained on how to execute the clause. Once the clause is available for use, the appropriate portfolio of contracts will be modified. It is estimated that this will occur beginning with contracts and options that have performance commencing in FY14.

### **APPROACH TO MONITORING SUCCESS AND DETERMINING WHETHER OR NOT DEVIATION WILL CONTINUE**

Based upon implementation during FY14 and the feedback received from all stakeholders, adjustments to the policy will be discussed and acted upon as appropriate.

### **PROPOSED ADVANTAGES OF NEW POLICY**

Based upon the projected funding shortfalls and anticipated continuing resolutions, it is necessary to have a clause permanently available that allows incremental funding for firm fixed-price severable service contracts so PBS will be able to maintain service delivery for its tenants during times of funding uncertainty. The clause also provides PBS with an automated process to notify its contractors of the funding situation and keep them informed as additional funding becomes available.

### **APPROACH TO MONITORING SUCCESS AND DETERMINING WHETHER OR NOT DEVIATION WILL CONTINUE**

The OCFO and PBS Acquisition are working together to develop a tracking process to ensure that all funding expended on an incremental basis can be properly tied back into the appropriate funding allocation.

This new clause and its impact on the acquisition workforce and vendor community will be explored by the Building Services Governance Board over time as the clause gets implemented.

- Attachment 1 – May 9, 2013 Deviation Request
- Attachment 2 – Proposed PBS GSAR Deviation
- Attachment 3 – PBS Processes
- Attachment 4 – DFARS Clause

Prepared by:

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JAN 15 2014

MEMORANDUM FOR: PUBLIC BUILDINGS SERVICE  
REGIONAL COMMISSIONERS  
REGIONAL PROCUREMENT OFFICERS

FROM: ANDREW BLUMENFELD  
DEPUTY ASSISTANT COMMISSIONER  
OFFICE OF ACQUISITION MANAGEMENT (PGQ)

SUBJECT: Incremental Funding on Building Recurring Service Contracts

**1. Purpose**

The purpose of this supplement is to update the internal notification process for Building Severable Service contracts that contain a Limitation of Government's Obligation (LoGO) clause. This supplement also formalizes responses provided by the PBS Office of Acquisition Management (PBS OAM) to questions received during the initial rollout of the LoGO clause and procedures.

**2. Background**

PBS Procurement Instructional Bulletin (PIB) 13-05 Incremental Funding on Building Recurring Service Contracts was distributed on August 26, 2013. The PIB, signed by the Office of Acquisition Management (OAM) and the Office of the Chief Financial Officer (OCFO), provided guidance and instruction to both the acquisition and financial communities on the implementation of a new incremental funding clause, LoGO, into PBS fixed price building recurring service contract awards.

PIB 13-05 established a new Administrative Contracting Officer (ACO) in PBS's OAM, and a new OCFO processing group that is responsible for entering PBS fixed price building recurring service contract awards that contain the LoGO clause into the Pegasys system. PIB 13-05 directed that regional notification of PBS fixed price building recurring service contract awards that contain the LoGO clause was to be done through separate email notifications to the ACO and to the new OCFO processing group. This PIB supplement updates the notification process to implement a more efficient approach by allowing the regions to send notices of PBS fixed price building recurring service contract awards that contain the LoGO clause to one location, store copies of awards in the same depository, and allow both the ACO and OCFO processing groups access to the documents when needed.

PBS OAM established a Google Drive question and answer sheet to allow regions to submit questions about use of the LoGO clause and receive a real time response. Several of the submissions required clarification to policy or guidance. As such, the responses provided are formalized herein.

### **3. Effective Date**

This supplement is effective upon issuance.

### **4. Cancellation Date**

This supplement will remain in effect until canceled.

### **5. Changes to PIB 13-05**

Paragraph 11 of PIB 13-05 is revised to state the following.

Upon signature of any contract or modification, the regional contracting officer (CO) will route the action to the regional budget analyst (BA) in the contract writing system, ComprizonSuite.

The routed contract or modification must have a signed image of the following documents in .pdf format attached as a supporting document in ComprizonSuite:

- a) A copy of the signed award or modification showing the contractor's email address;
- b) A copy of the LoGO clause showing the incremental funding dates outlined in paragraph J;
- c) If the GSA Form 49 was not done in ComprizonSuite, then a copy of the GSA Form 49 with funding approval noted must also be attached; and
- d) A copy of the ACO delegation letter.

A hard copy of the above documents may be provided to the regional BA by those COs who are not able to attach/route the supporting documents in ComprizonSuite. In these cases, the regional BA will scan and attach the documents to the action in ComprizonSuite.

The regional BA will perform a quality review check to ensure the supporting documentation is accurate and complete, including ensuring the award is issued or the modification is validated in ComprizonSuite. After performing this check, the regional BA will route the action to a new ComprizonSuite account code, REC.

The OCFO processing group will receive an email indicating an action has been routed to the REC ComprizonSuite account. A REC group member will then route each PBS fixed price building recurring service contract award that contains the LoGO clause to an OCFO data entry individual identified to process the action into Pegasys. After processing into Pegasys, the OCFO data entry individual will enter their initials and date in the route comments field, and alert the regional CO and regional BA of their completion of the Pegasys processing by routing the action back to these individuals.

The REC account is not a user account. The REC account has been set up exclusively to allow national routing of PBS fixed price building recurring service contract awards that contain the LoGO clause to the OCFO centralized processing group.

The anticipated turnaround time to process documents into Pegasys is one business day after the OCFO centralized processing group receives a keyable PBS fixed price building recurring service contract award that contains the LoGO clause, which is an action that contains all the required information identified in PIB 13-015 (e.g., contractor email address, etc).

### **Notification of Pegasys Processing**

Once the award or modification is processed in Pegasys, OCFO will annotate in the comments field the name of the OCFO individual that processed the action into Pegasys and the processed date, then route the action back to the regional CO, the regional BA and the ACO by adding the 3-digit user account to the ComprizonSuite route list if not already on the route list. COs must ensure the contract file contains a copy of the ComprizonSuite route list.

### **Phasing Plan**

The updated notification process will be implemented in the following phases:

- Region 1 through Region 4: Beginning with any new award or modification the CO signs as of the date of this supplement
- Region 5 through Region 8: Beginning with any new award or modification the CO signs in Dec 2013
- Region 9 through Region 11: Beginning with any new award or modification the CO signs in Jan 2014

No copies of PBS fixed price building recurring service contract awards that contain the LoGO clause will be accepted via the [recurringservices@gsa.gov](mailto:recurringservices@gsa.gov) and [co\\_pbs-rs@gsa.gov](mailto:co_pbs-rs@gsa.gov) Gmail process once the region has been phased in using this updated notification process.

### **Early Adoption**

Regions that are comfortable with attaching supporting documents and routing in ComprizonSuite may begin using the revised notification process immediately.

### **Training**

Webex training for regional COs and BAs is being offered to those individuals that require refresher training on how to attach supporting documents and route in ComprizonSuite. Information on the dates and Webex information has been sent to the RPOs and RFMDs, and is posted on the LoGO Google Site (<https://sites.google.com/a/gsa.gov/limitations-of-governments-obligation-clause/>).

### **Formalized LoGO Responses**

- ESPC contracts that include an operation and maintenance (O&M) component that cannot be easily separated from the ESPC portion of the contract will not receive the LoGO clause. These ESPC contracts will be fully funded, receive a PJ PDN, and be processed by the region. These must not be sent to the centralized OCFO group.

- Split funded actions (e.g., BA61 and BA80 funds) will not incorporate the LoGO clause. These actions will be fully obligated at the time of award, receive a PJ PDN and be processed by the region. These must not be sent to the centralized OCFO group.
- Fixed priced building recurring services actions funded in total by a reimbursable work authorization (e.g., BA80 funds) will not incorporate the LoGO clause as the customer agency is fully funding. These actions will be fully obligated at the time of award, receive a PJ PDN and proceeds by the region. These must not be sent to the centralized OCFO group.
- For any existing multiyear contract that has not yet been converted to a single year period of performance, if the service is in the middle of a multiyear period, the CO may wait until the next option period is being exercised to incorporate the LoGO clause and convert the contract to one year option periods of performance for the remainder of the contract.
- When using the uniform contract format, the LoGO clause must be added to section G of the solicitation/contract.
- For any existing awards with a period of performance that began prior to October 1, 2013 which continues in fiscal year 2014, the CO, at the next period of performance, must bilaterally incorporate the LoGO clause and procedures as noted in PIB 13-015 and this supplement.
- For any period of performance that begins on a day other than the first of the month, the CO must adjust the funding schedule in the LoGO clause to show increments being released on the first of each month. Samples of an adjustment to the LoGO clause schedule can be found on the LoGO Google Site.
- Any extension under FAR 52.217-8 Option to Extend Services or option exercising under FAR 52.217-9 Option to Extend the Term of the Contract shall be funded monthly with the LoGO clause, unless the extension is just for one month in which case the extension would be fully funded.
- In the event a contractor does not accept the LoGO clause and a FAR 52.217-8 extension is necessary to avoid a lapse in service, the extension period must be fully funded at the time of award. The existing PDN will not change and the region should process the award in Pegasys. If the existing PDN is a 1B and the regional BA requires assistance on how to fully obligate they should contact OCFO for further instructions.
- PBS fixed price building recurring service contract awards and modifications that contain the LoGO clause must be transmitted to the centralized OCFO processing group by the regional BA within one business day after the CO signs the action.
- Changes to the monthly price:
  - Retroactive changes to monthly price: A modification to the contract is required to adjust the monthly payment amount in the event of an increase or decrease in the contract monthly price. Retroactive changes should only be used where a change in scope or a change in wages has occurred that requires retroactive payment to the Contractor. The schedule in paragraph J of the LoGO clause shall also be changed to reflect the new monthly payment amount showing the future affected months. The retroactive increase or decrease must be applied to the next funding allotment on the schedule. A copy of the revised LoGO schedule must be attached to the modification. The modification must

be sent to the centralized OCFO processing group by the regional BA within one business day after the CO signs the action. The obligation for the retroactive modification will be entered upon receipt.

The modification description must clearly state the amount of the retroactive payment to be made to the contractor. One invoice may be submitted during the next payment cycle that will reflect the one-time retroactive payment in addition to the new adjusted regularly monthly payment. Alternatively, the contractor may submit two invoices during the next payment cycle, one to reflect the one-time retroactive payment and a second for the regular monthly payment. Samples of a retroactive adjustment to the LoGO clause schedule can be found on the LoGO Google Site.

Future changes to the monthly price: A modification is also needed when an increase or decrease is planned for future months of a period of performance. The schedule in paragraph J of the LoGO clause shall also be changed to reflect the new monthly payment amount showing the affected future months and the revised monthly price increments. A copy of the revised LoGO schedule must be attached to the modification. The modification description must clearly state the effective date for the changed monthly pricing. The modification must be sent to the centralized OCFO processing group by the regional BA within one business day after the CO signs the action. The future obligations in Pegasys will be updated to reflect the revised schedule in paragraph J of the LoGO clause. Samples of a future change adjustment to the LoGO clause schedule can be found on the LoGO Google Site.

- Contingency line items **may not** be obligated on any PBS fixed price building recurring service contract award or modifications that contains the LoGO clause. Costs for operation and maintenance repairs must be requested and obligated at the time these are ordered. These repairs must be obligated on a PJ document, be fully funded at time of award, and entered into Pegasys by the region. These should not be sent to the OCFO processing group.
- Instructions on how to submit receiving reports to the OCFO processing group for LoGO awards was shared with all on November 14, 2013 and is posted to the Google Site.



JAN 28 2014

MEMORANDUM FOR: VIRGINIA HUTH  
DIRECTOR  
GENERAL SERVICES ACQUISITION POLICY INTEGRITY  
WORKFORCE (WFCE)

FROM: ANDREW BLUMENFELD *Andrew Blumenfeld*  
ACTING DEPUTY ASSISTANT COMMISSIONER  
OFFICE OF ACQUISITION MANAGEMENT (PGQ)

SUBJECT: Procurement Data Quality Plan on Recurring Services  
Contracts with the Limitations on Governments Obligations  
Clause

### 1. Purpose

The purpose of this plan is to provide a standardized approach that PBS must follow to ensure the accuracy of the data entered in ComprizonSuite and FPDS for fixed-price building recurring services contracts that contain the Limitations on Governments Obligation's (LoGO) clause. To ensure the integrity and reliability of data reported by PBS on its contracts containing the LoGO clause, this plan outlines the approach for on-going review of systematized processes that will enable PBS to verify the accuracy of data and allow for corrections to data.

### 2. Background

PBS was granted a GSAR class deviation on 8/12/2013, which allowed PBS to begin incrementally funding fixed-price building recurring services. As stated in the class deviation approval memorandum, PBS adopted an alternate procedure for unique programmatic requirements related to the budget activity funds used on these types of actions. This allows PBS to continue incrementally funding these critical services rather than reducing or eliminating services. PBS will continue to negotiate, accept, and award pricing for a full year period of performance, but the actions subject to new LoGO clause will be incrementally funded on a monthly basis.

PBS Procurement Instructional Bulletin (PIB) 13-05 was jointly signed on 8/26/2013 by the Office of the Chief Financial Officer (OCFO) and the PBS Office of Acquisition Management (OAM). This PIB provided guidance and instruction to both the acquisition and financial communities on implementing the LoGO clause into PBS fixed-price recurring building services contract for new awards and modifications to existing contracts.

Reporting these contracts in the PBS contracting writing system, ComprizonSuite and the Federal Procurement Data System (FPDS) will require corrective actions to occur in both systems.

### **3. Instructions and Procedures**

Prior to signature and routing of contract documents, the regional contracting officer (CO) shall verify that the LoGO clause is properly incorporated into the contract or modification and that it contains the correct incremental schedule and the award or modification accounting data is accurate.

Once the CO signs a contract or modification that contains the LoGO clause, a copy will be routed to OCFO and OAM. A listing of all LoGO actions will be maintained and accessible by both OCFO and OAM.

To ensure the accuracy of the data being reported to FPDS on the LoGO clause contracts and modifications, PBS will implement the following:

All contracts or modifications that contain the LoGO clause must be fully awarded to indicate the full year as being evaluated and accepted in ComprizonSuite, but must show only the first monthly increment of funds certified by OCFO.

All contract documents sent to the recurring services teams will be reviewed for accuracy and returned to the CO for corrective action if the data does not meet the requirements of the LoGO clause. The data on the contract is required to be corrected within one (1) business day.

Each month, OCFO will work with the OAM Administrative Contracting Officer (ACO) to authorize monthly incremental funding for each contract or modification that contains the LoGO clause.

At the end of the period of performance (PoP) for each contract or modification, the regional contracting officer (CO) will issue a reconciliation modification to adjust the ComprizonSuite obligation value to reflect that of the total value of the incremental funding allotments authorized during the PoP. This annual reconciliation modification is being done to settle any variance between the data in the acquisition and financial system, as well as allow any subsequent contract modification (e.g., exercising of a contract option) to start with the current cumulative award and obligation value. The annual reconciliation modification is required to be finalized within five (5) days after the final incremental funding notification is sent for the current POP.

#### **a) FPDS - reporting and correcting contracts containing the LoGO clause**

All contracts or modifications containing the LoGO clause must be reported to FPDS. Due to the manner in which ComprizonSuite pushes the data to FPDS, the initial incremental obligation will be reported to FPDS. In order to report the full year's value of the contract or modification PoP, the CO must process a corrective

action to FPDS. This correction action is required to be done immediately after the CO finalizes the FPDS report.

#### **b) Review of LoGO Clause Data Quarterly Procurement Data Quality Reviews**

The quarterly procurement data quality reviews currently conducted by the regions on FPDS data will be expanded to include reviews of the obligation schedule detailed in the LoGO contract clause to ensure the data populated in both ComprizonSuite and FPDS is consistent with this plan.

During the annual and quarterly data quality reviews a random sampling of 10% of the LoGO contracts listed as recurring services will be identified by OAM and forwarded to the regions for review. The quarterly and annual reviews are conducted by a team that is not inclusive of the CO(s) awarding LoGO contracts. The LoGO contracts will be reviewed for the following content and accuracy:

- The LoGO clause is properly incorporated into the action.
- ComprizonSuite displays the total full year value as the accepted award amount;
- ComprizonSuite award or modification form shows the initial obligation of a one month increment as certified by OCFO;
- The award or modification form also clearly notifies the contractor to the LoGO incremental fund process as detailed in the PIB 13-05 and subsequent supplemental instructions;
- A reconciliation modification is done at the end of each POP to adjust the ComprizonSuite obligation value to match the incremental allotments provided for throughout the PoP; and
- One FPDS report: showing the corrected amount to show the total full year value of the POP.
- The ACO delegation letter.

A report with analysis of the results will be issued to the Office of Government-Wide Policy (OGP) with the quarterly and annual summary statistics and depending on what has been discovered in the review a corrective action plan may be required of the Region(s).