

Contingency Contract Administration Overview

The funding and award of contracts are important considerations for the Contingency Contracting Officer (CCO), but the job is far from finished at this point.

The CCO must fully document contract actions and monitor the performance of contractors and contracting office personnel. The expedited methods used to obtain commercial sources of products and services may require definitization, or even ratification, of loose and general agreements.

Contract modifications and claims demand skillful, prompt attention. CCOs can significantly reduce the risks associated with contract administration and termination by taking proactive measures and making informed decisions.

The Contracting Officer's Representative (COR) can help the CCO by serving as his or her eyes and ears during contract performance.



Objective

After completing this lesson, you will be able to identify essential contract administration tasks of the CCO and the roles of the COR.



Administrative Duties of the CCO

The following administrative responsibilities place the greatest demands on the CCO:

- **Ratifying unauthorized commitments:** [FAR 1.602-3](#) provides definitions, policy, and limitations regarding ratification of unauthorized commitments. As the dollar limit of the CCO's ratification authority depends on which agency or service that has cognizance over the deployed contracting organization, check your command's FAR supplement before you deploy.
- **Definitizing unpriced actions:** When an unauthorized commitment, constructive change, or unpriced modification results in the performance of work by a contractor and the final scope or cost of that work is not determinable up front, [DFARS 217.74](#) provides policy for definitizing these actions.
- **Negotiating** [change orders/contract modifications](#) and [terminations](#).
- **Monitoring contractors and contracting support personnel.** Effective [CORs](#) or Quality Assurance Evaluators (QAEs) can help the CCO ensure that contract requirements are met.
- [Contractor Demobilization](#)

Administrative Duties of the CCO

Contract Modifications and Change Orders

In an environment when time is often your largest constraint, a change order may be the quickest way a CCO could use to make a change to work required under the contract. Done via a unilateral modification, it allows the CCO to direct the contractor to immediately perform work without the need for a request for proposal (RFP) and negotiations prior to work commencing. However, there are a number of risks and other factors that the CCO must consider:

- Because the change order is typically not pre-priced, the Government must be ready to receive a request for equitable adjustment from the contractor. This could incur costs, which may seem unreasonable to the novice. Remember that you are asking the contractor to perform quickly, and this may prove costly to the Government.
- Especially in OCONUS scenarios, many contingency contracts are based on negotiations, and a unilateral change order bypasses this step. Some contractors may view this direct approach as rude, unwelcome and against their business norms. Establishing a good working relationship with local vendors and reassuring them that although time constraints require the use of unilateral change orders, the Government will certainly negotiate a fair and equitable adjustment when the time permits can minimize this risk.
- When using the commercial contract format [FAR Part 12 and 52.212-4(c)] a unilateral change order is prohibited. Any change must be negotiated and executed via a bilateral modification (supplemental agreement).
- There are limitations to what can be changed via the changes clause and change orders. Scope increases are **NOT** allowed (e.g. additional supplies or additional services).

FAR Subpart 43.1 provides specific definitions, policy, and limitations regarding the modification of contracts.

Popup Text

Terminations

There are three options for the termination of contracts or task/delivery orders. Once you have decided which method to pursue, be prepared to negotiate a fair and reasonable settlement. Remember that termination implies a breach of contract, and adequate compensation is appropriate.

1. Termination for Convenience (T4C) - The rapid pace at which requirements change can often result in a situation where the government no longer needs the supplies or services for which it has contracted. Asking a contractor to stop providing these supplies or services can often be met with confusion. Regardless of your reason for not wanting performance to continue, the contractor may perceive that you are simply not satisfied with his performance.
2. Termination for Default (T4D) - When the contractor fails to perform as required, the CCO may be forced to terminate the existing contract and begin re-procurement under a new contract. Be aware, however, that defaulting a contractor may very well impact his reputation in the local economy. Additionally, if you anticipate needing to enter another contract with a specific vendor in the future (especially in areas with limited sources), defaulting that vendor on an existing contract may hinder future contracts.
3. Termination for Cause - Contracts for commercial items purchased under the procedures outlined in FAR Part 12 may be terminated for convenience or for cause. Procedures for termination of commercial item contracts are provided at FAR 12.403. Although the constraints and requirements of FAR 49 (T4C) and FAR 49.4 (T4D) are not applicable when using commercial procedures, they may be used as a guide, provided they do not conflict with 12.403.

Ethical Considerations of Terminations: When considering a contract termination for the convenience of the Government, the CCO must weigh ethical considerations. There is usually a significant amount of command pressure to reduce the "footprint" (number of troops on the ground) which will typically result in eliminating many requirements that had been provided for by contract. Contractors in a contingency environment are providing goods and services at a time when DOD has been fairly demanding. They may incur excessive costs in order to perform in accordance with our requirements, and should be fairly compensated for doing so. The CCO may have to balance "fair and just" compensation against "legally sufficient" adjustment and allow ability of costs.

FAR Subpart 49.1 provides specific definitions, policy, and limitations regarding the termination of contracts.

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- [Contractor Dem...](#)

CORs

Also referred to as Quality Assurance Evaluators (QAE) or Contracting Officer Technical Representatives (COTR).

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- **Definitizing** unpriced material, or scope or cost of these actions.
- **Negotiating** FAR and DFARS is being modified to incorporate guidance and requirements for making Contractor Demobilization Plans required for contingency operations. See the latest [Class Deviation guidance](#).
- **Monitoring** Assurance
- [Contractor Demobilization](#)

Contractor Demobilization

Lessons learned from Iraq in 2011 and 2012 (OPERATION NEW DAWN) identified that we were not fully prepared for the complexity of an orderly withdrawal of contractors including their personnel and equipment. The FAR and DFARS is being modified to incorporate guidance and requirements for making Contractor Demobilization Plans required for contingency operations. See the latest [Class Deviation guidance](#).

The Contracting Officer's Representative

The CCO cannot be expected to personally monitor the performance of every contract awarded during the contingency. He or she will be busy enough awarding, administering, ratifying, modifying and terminating contracts.

This emphasizes the importance of having as many trained CORs and QAEs as possible in close proximity to the contractors and the mission. Effective CORs are frequently the difference between a properly executed contract and a dissatisfied customer.

The two primary responsibilities of the COR are:

- Ensuring contractor compliance with the terms of the contract
- Documenting the conformance or nonconformance of the contractor in carrying out the terms of the contract

CORs will still require training concerning their duties and limitations with respect to contractual issues. When appointing CORs, it is important they understand that they do not have authority to change the terms of the contract.

[Minimum Contingency COR Training Requirements](#)



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- Ensuring contract compliance
- Documenting contractor information

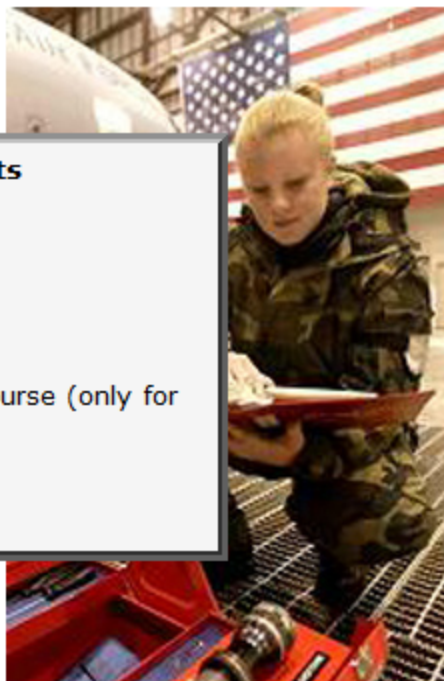
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[Minimum Contingency COR Training Requirements](#)

Minimum Contingency COR Training Requirements

- CLC 106 COR with a Mission Focus
- CLC 206 COR in a Contingency Environment
- CLM 003 Acquisition Ethics
- CLC 222 Contracting Officer Representative Course (only for type A and B requirements)

A description can be found at the [DAU iCatalog](#)



Ordering Officers

As CCO you may have cognizance over one or more **ordering officers**. An ordering officer has, within the limits of assigned authority, the ability to sign, issue and modify delivery orders/task orders under existing contractual vehicles, including blanket purchase agreements (BPA). They may also be given authority to make purchases at or below the micro-purchase threshold.

First and foremost among ordering officer duties is strict accounting of expenditures. This is accomplished by controlling and keeping following on file:

- Copies of SF 44, Purchase Order-Invoice-Voucher, and submitting them to the appointing authority (usually the CCO) at the end of the month, with a summary report of all transactions
- A record of individual SF 44 purchases register format. These should include:
 - Purchase instrument number, vendor identification, and cost of the transaction
 - Reference to the register page and entry number where the specific transaction is recorded.
- Copies of all BPA call documents
- A record of funds remaining available on each requirements/funding document

Ordering officers are typically not contracting personnel. They may have little or no formal procurement training, so it is essential that the CCO brief each ordering officer on the policies and procedures applicable to the authority delegated in the appointing letter. The ordering officer should also be familiar with procurement ethics and integrity requirements.

FAR and DFARS Contract Administration Requirements

A primary mission of the Defense Contract Management Agency's (DCMA) International District is to provide contract administration services support overseas. During contingencies, DCMA also draws upon its stateside districts to augment its contingency-capable workforce.

[Click here to view a full description of DCMA's role in the contingency contracting environment.](#)

A list of required contract administration functions is provided at [FAR 42.302](#) and [DFARS 242.302](#).



Knowledge Review

The **primary duty** of the Contracting Officer's Representative is to:

- ☐ Place orders below the micro-purchase threshold
- ☒ Monitor and report on contractor performance
- ☐ Participate in the contractor selection process
- ☐ Issue termination notices to contractors who are not meeting contract requirements

Check Answer



The primary duty of the Contracting Officer's Representative is to **monitor and report on contractor performance.**

Knowledge Review

When considering whether to terminate a contract for the convenience of the Government, the CCO's only concern should be the savings that would accrue to the U.S. Government.

☐ True

☒ False

Check Answer



False. While saving Government funds is an important consideration, the CCO must weigh that against the issue of fairness to suppliers who are working under extraordinary conditions. The CCO may have to balance "fair and just" compensation against "legally sufficient" adjustment and allow ability of costs.

Lesson Completion

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