

## *Glossary of Terms for the Government Acquisition Process*

*Every PTAC Counselor must have a good command of the terminology used in the government acquisition process. To assist you, we have created this Glossary of Terms consisting of words most frequently encountered by PTAC personnel. Each term is accompanied by a definition and, where appropriate, a corresponding acronym and FAR or other reference.*

*While these words, terms and definitions are oriented to the federal acquisition process, many are used universally within the broader government market (i.e., state and local government).*

*We hope you will find this Glossary helpful when you encounter a term with which you are not familiar. You can use the FAR references to look for additional information. We also think that it will be worth your while to review the entire Glossary to gain insights into how the overall government acquisition process works.*

### **A**

#### **Acceptance**

The act of an authorized representative of the government by which the government, for itself or as agent of another, assumes ownership of existing identified supplies tendered, or approves specific services rendered, as partial or complete performance of the contract on the part of the contractor. (FAR Part 2 contains definitions of many terms.)

#### **Accessibility**

A measure of the relative ease of admission to the various areas of an item for the purpose of operation or maintenance.

#### **Accounts Payable**

Amounts owed on open accounts, e.g., materials and services received, wages earned, and fringe benefits unpaid.

#### **Accounts Receivable**

Amounts due from debtors on open accounts; under-appropriated funds, amounts due from debtors for reimbursements earned or for appropriation refunds due.

#### **Accrual Accounting**

The basis of accounting whereby revenue is recognized when it is realized and expenses are recognized when incurred, without regard to time of receipt or payment of cash.

## **Acquisition**

The conceptualization, initiation, design, development, test, contracting, financing, performance, production, administration, deployment, logistics support, modification, and disposal of systems, supplies, or services (including construction) to satisfy agency needs, intended for use in, or in support of, agency missions and needs.

## **Acquisition Environment**

Internal and external factors that impact on, and help shape, every defense acquisition program. Often these factors work at opposite extremes and contradict each other. The factors include political forces, policies, regulations, reactions to unanticipated requirements, and emergencies.

## **Acquisition Plan (AP)**

A formal written document reflecting the specific actions necessary to execute the approach established in the approved acquisition strategy and guiding contractual implementation. (FAR Part 7.1)

## **Acquisition Planning**

The process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It is performed throughout the life cycle and includes developing an overall acquisition strategy for managing the acquisition and a written Acquisition Plan

## **Administrative Contracting Officer (ACO)**

The government contracting officer (CO) who is responsible for government contract administration.

## **Advance Funding**

Budget Authority (BA) provided in an appropriation act that allows funds to be committed to a specific purpose (obligated) and spent during that Fiscal Year (FY) even though the appropriation is actually for the next FY. Advance funding is generally used to avoid requests for supplemental appropriations for entitlement programs late in a FY when the appropriations for the current FY are too low.

## **Advance Procurement (AP)**

Authority provided in an appropriations act to obligate and disburse during a Fiscal Year (FY) before that in which the related end item is procured. The funds are added to the Budget Authority (BA) for the FY and deducted from the BA of the succeeding FY. Used in major acquisition programs to obtain components whose long lead time (LLT) requires early purchase in order to reduce the overall Procurement Lead Time (PLT) of the major end item. AP of long-lead components is an exception to the DOD “full funding” policy and must be part of the President’s Budget (PB) request.

### **Allocable Cost**

A cost is allocable to a government contract if it (a) is incurred specifically for the contract; (b) benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or (c) is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown. (FAR 31.201)

### **Allowable Cost**

Several factors are considered when deciding whether a cost is allowable on a government contract. These factors include reasonableness; allocability; standards promulgated by the Cost Accounting Standards Board (CASB), if applicable, otherwise, generally accepted accounting principles and practices; and terms of the contract. (FAR, section 31.201) See Allocable Cost and Reasonable Cost.

### **Anti-Deficiency Act (ADA)**

The salient features of this Act are prohibitions against authorizing or incurring obligations or expenditures in excess of amounts apportioned by the Office of Management and Budget (OMB) or in excess of amounts permitted by agency regulations; and establishment of procedures for determining the responsibility for violations and for reporting violations to the President through OMB and to the Congress.

### **Apportionment**

A distribution made by the Office of Management and Budget (OMB) of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, programs, activities, projects, objects, or any combinations of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, sub-allotments, and allocations. (OMB Circular A-11)

### **Appropriations**

Statutory authority provided by an act of Congress that permits Federal agencies to incur obligations and make payments from the Treasury. An appropriation usually follows enactment of authorizing legislation. An appropriation act is the most common means of providing Budget Authority (BA). Appropriations do not represent cash actually set aside in the Treasury; they represent limitations of amounts that agencies may obligate during a specified time period. Appropriation types are listed below:

- **Research, Development, Test, and Evaluation (RDT&E)** appropriations fund the efforts performed by contractors and government activities required for the research and development (R&D) of equipment, material, computer application software, and its Test and Evaluation (T&E). RDT&E also funds the operation of dedicated R&D installation activities for the conduct of R&D programs.
- **Procurement** appropriations fund those acquisition programs that have been approved for production and all costs integral and necessary to deliver a useful end item intended for operational use or inventory upon delivery.

- **Operation and Maintenance (O&M)** appropriations fund expenses such as civilian salaries, travel, minor construction projects, operating military forces, training and education, depot maintenance, and base operations support.
- **Military Personnel (MILPERS)** appropriations fund costs of salaries and other compensation for active and retired military personnel and reserve forces based on end strength.
- **Military Construction (MILCON)** appropriations fund major projects such as bases, schools, missile storage facilities, maintenance facilities, medical/dental clinics, libraries, and military family housing.

### **Appropriation Limitation**

An amount fixed by Congress within an appropriation that cannot be exceeded.

### **Assignment of Claims**

The transfer or making over by the contractor to a bank, trust company, or other financing institution, as security for a loan to the contractor, of its right to be paid by the government for contract performance.

### **Audit**

Systematic examination of records and documents to determine adequacy and effectiveness of budgeting, accounting, financial, and related policies and procedures; compliance with applicable statutes, regulations, policies, and prescribed procedures; reliability, accuracy, and completeness of financial and administrative records and reports; and the extent to which funds and other resources are properly protected and effectively used.

### **Authorization**

An act of Congress that permits a federal program or activity to begin or continue from year to year. It sets limits on funds that can be appropriated, but does not grant funding which must be provided by a separate congressional appropriation.

### **Authorized Work**

Effort that has been definitized and is on contract, plus that for which definitized contract costs have not been agreed but for which written authorization has been received.

### **Authorizing Legislation**

Legislation enacted by Congress to permit establishment or continuation of a federal program or agency. Authorizing legislation is normally required before enactment of Budget Authority (BA).

### **Award**

Notification to bidder of acceptance of bid.

# B

## **Ball Park Estimate**

Very rough estimate (usually cost estimate), but with some knowledge and confidence. (“Somewhere in the ball park.”)

## **Basic Ordering Agreement (BOA)**

An instrument of understanding (not a contract) executed between a procuring activity and a contractor that sets forth negotiated contract clauses that will be applicable to future procurements between the parties during the term of the agreement. It includes as specific a description as possible of the supplies or services and a description of the method for determining pricing, issuing, and delivery of future orders. (FAR 16.703)

## **Best Value**

The most advantageous tradeoff between price and performance for the government. Best value is determined through a process that compares—in accordance with selection criteria—strengths, weaknesses, risk, price, and performance to select the most advantageous value to the government.

## **Break-Even Point**

1.) In business enterprises, the point at which revenues from sales exactly equal total incurred cost, i.e.,  $\text{Revenues} = \text{Variable Costs} + \text{Fixed Costs}$ .

2.) In decision making such as make versus buy, lease versus buy, etc., it is the point of indifference, meaning that level of activity in which either method results in exactly the same cost. These types of break-even decisions often involve making assumptions about levels of activity such as number of units needed.

## **Broad Agency Announcement (BAA)**

A general announcement of an agency's research interest including criteria for selecting proposals and soliciting the participation of all offerors capable of satisfying the Government's needs (FAR 6.102(d) (2)).

## **Budget**

A comprehensive financial plan for the federal government encompassing the totality of federal receipts and outlays (expenditures). Budget documents routinely include the on budget and off budget amounts and combine those to derive a total of federal fiscal activity, with a focus on combined totals. Also a plan of operations for a fiscal period in terms of estimated costs, obligations, and expenditures; source of funds for financing, including anticipated reimbursements and other resources; and history and workload data for the projected program and activities.

## **Bundled Contract**

A contract where the requirements have been consolidated by bundling. (See Bundling)

## **Bundling**

- 1.) Consolidating two or more requirements for supplies or services, previously provided or performed under separate smaller contracts, into a solicitation for a single contract that is likely to be unsuitable for award to a small business concern due to-
  - (i) The diversity, size, or specialized nature of the elements of the performance specified;
  - (ii) The aggregate dollar value of the anticipated award;
  - (iii) The geographical dispersion of the contract performance sites; or
  - (iv) Any combination of the factors described in paragraphs (1) (i), (ii), and (iii) of this definition.
  
- 2.) "Separate smaller contract" as used in this definition, means a contract that has been performed by one or more small business concerns or that was suitable for award to one or more small business concerns.
  
- 3.) "Single contract" as used in this definition, includes-
  - (i) Multiple awards of indefinite-quantity contracts under a single solicitation for the same or similar supplies or services to two or more sources (see FAR 16.504(c)); and
  - (ii) An order placed against an indefinite quantity contract under a-
    - (A) Federal Supply Schedule contract; or
    - (B) Task-order contract or delivery-order contract awarded by another agency (i.e., Governmentwide acquisition contract or multi-agency contract).

*(Note: This definition does not apply to a contract that will be awarded and performed entirely outside of the United States.)*

## **Burden**

Costs that cannot be attributed or assigned to a system as direct cost. An alternative term for Overhead.

## **Burn Rate**

The monthly rate at which a contractor's funds are expended during the period of the contract.

## **Buy American Act (BAA)**

Provides that the U.S. government generally give preference to domestic end products. (Title 10 U.S.C. § 41 A D). This preference is accorded during the price evaluation process by applying punitive evaluation factors to most foreign products. Subsequently modified (relaxed) by Culver Nunn Amendment (1977) and other 1979 trade agreements for dealing with North Atlantic Treaty Organization (NATO) Allies.

# C

## **Capability**

The ability to achieve a desired effect under specified standards and conditions through combinations of means and ways across doctrine, organization, training, materiel, leadership and education, personnel, and facilities (DOTMLPF) to perform a set of tasks to execute a specified course of action. It is defined by an operational user and expressed in broad operational terms in the format of an Initial Capabilities Document (ICD) or a joint DOTMLPF Change Recommendation (DCR). In the case of materiel proposals/documents, the definition will progressively evolve to DOTMLPF performance attributes identified in the Capability Development Document (CDD) and the Capability Production Document (CPD). (DoD Joint Capabilities Integration and Development System (JCIDS) 3170.01G)

## **Change Order**

A unilateral order, signed by a government contracting officer (CO), directing the contractor to make a change under the provisions of the Changes clause.

## **Chief Information Officer (CIO)**

An executive agency official responsible for providing advice and other assistance to the head of the executive agency to ensure that information technology (IT) is acquired and information resources are managed for the executive agency according to statute; developing, maintaining, and facilitating the implementation of a sound and integrated Information Technology Architecture (ITA) for the executive agency; and promoting the effective and efficient design and operation of all major information resources management processes for the executive agency, including improvements to work processes of the executive agency.

## **Civilian Agency Acquisition Council (CAAC)**

One of two councils authorized to make changes to the Federal Acquisition Regulation (FAR). The chairperson of the CAAC is the representative of the Administrator of General Services. The other members of this council are a representative (one per department) from the Departments of Agriculture, Commerce, Energy, Health and Human Services, Homeland Security, Interior, Labor, State, Transportation, and Treasury; and also a representative (one per organization) from the Environmental Protection Agency (EPA), Social Security Administration (SSA), Small Business Administration (SBA), and Department of Veterans Affairs.

## **Claim**

Assertion by one of the contracting parties seeking adjustment or interpretation of an existing contract subject to the dispute clause on the contract.

## **Clarification**

A government communication with an offeror on a competitively negotiated procurement for the sole purpose of eliminating minor irregularities, informalities, or apparent clerical mistakes in a proposal.

**Cognizant Federal Agency**

The agency that, on behalf of all federal agencies, is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit.

**Commercial Item (CI)**

Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that has been sold, leased, or licensed to the general public; or has been offered for sale, lease, or license to the general public; or any item evolved through advances in technology or performance and that is not yet available in the commercial marketplace but will be available in the commercial marketplace in time to satisfy the delivery requirements under a government solicitation. Also included in this definition are services in support of a CI of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions; this does not include services that are sold based on hourly rates without an established catalog or market price for a specified service performed. (FAR 2.101)

**Commercially Available Off-The-Shelf (COTS)**

A commercial item (CI) sold in substantial quantities in the commercial marketplace and offered to the government under a contract or subcontract at any tier, without modification, in the same form in which it was sold in the marketplace. This definition does not include bulk cargo such as agricultural products or petroleum. (FAR 2.101)

**Commodity**

A group or range of items that possess similar characteristics, have similar applications, or are susceptible to similar supply management methods.

**Competition**

An acquisition strategy whereby more than one contractor is sought to bid on a service or function; the winner is selected on the basis of criteria established by the activity for which the work is to be performed. The law and DoD policy require maximum competition, to the extent possible, throughout the acquisition life cycle.

**Competitive Proposals**

A procedure used in negotiated procurement that concludes with awarding of a contract to the offeror whose offer is most advantageous to the government.

**Compounding**

The process of increasing the future worth of a present amount. An application of the principle that future worth is greater than present worth when viewed from the future as a result of the payment of interest.

**Concern**

Any business entity organized for profit (even if its ownership is in the hands of a nonprofit entity) with a place of business located in the United States or its outlying

areas and that makes a significant contribution to the U.S. economy through payment of taxes and/or use of American products, material and/or labor, etc. "Concern" includes but is not limited to an individual, partnership, corporation, joint venture, association, or cooperative. For the purpose of making affiliation findings (see FAR 19.101), include any business entity, whether organized for profit or not, and any foreign business entity, i.e., any entity located outside the United States and its outlying areas.

### **Consent to Subcontract**

A contracting officer's written permission for a prime contractor to enter into a particular subcontract.

### **Construction**

Construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include, but are not limited to, improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, and channels. Construction does *not* include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property.

### **Constructive Change**

A contract change without formal written authority.

### **Consumable**

Administrative or housekeeping items, general purpose hardware, common tools, or any item not specifically identified as controlled equipment or spare parts.

### **Consumer Price Index (CPI)**

A measure of change over time in the buying power of the dollar, derived by comparing the price of like items during different time periods. Published by the Bureau of Labor Statistics (BLS).

### **Contiguous United States (CONUS)**

The 48 contiguous States and the District of Columbia.

### **Continuing Resolution (CR)**

Legislation enacted by Congress to provide Budget Authority (BA) for specific ongoing activities in cases in which the regular Fiscal Year (FY) appropriation has not been enacted by the beginning of the FY. A CR usually specifies a designated period and maximum rate at which the agency may incur obligations based on the rate of the prior year, the President's Budget (PB) request, or an appropriation bill passed by either or both houses of the Congress. Normally, new programs cannot be started under a CR.

### **Contract**

A mutually binding legal relationship obligating the seller to furnish supplies or services (including construction) and the buyer to pay for them.

**Contract Action**

An action resulting in a contract or a modification to a contract.

**Contract Administration**

All the activities associated with the performance of a contract from award to closeout.

**Contract Administration Office**

An office that performs:

- 1.) Assigned post award functions related to the administration of contracts; and
- 2.) Assigned pre-award functions.

Also means a contract management office of the Defense Contract Management Agency.

**Contract Award**

Occurs when the contracting officer (CO) has signed and distributed the contract to the contractor.

**Contract Categories**

There are two broad categories: fixed price contracts and cost-reimbursement contracts. The specific contract types range from Firm-Fixed-Price (FFP), in which the contractor has full responsibility for the performance cost and the resulting profit (loss), to Cost Plus Fixed-Fee (CPFF), in which the contractor has minimal responsibility for the performance cost and the negotiated fee is fixed. In between are various types of incentive contracts, in which the contractor's responsibility for the performance cost, and the profit or fee incentives offered are tailored to the uncertainties involved in contract performance.

**Contract Requirements**

In addition to specified performance requirements, contract requirements include those defined in the Statement of Work (SOW); specifications, standards, and related documents; the Contract Data Requirements List (CDRL); management systems; and contract terms and conditions.

**Contract, Cost Plus Award Fee (CPAF)**

A cost reimbursement type contract suitable for level of effort contracts where mission feasibility is established but measurement of achievement must be by subjective evaluation rather than objective measurement. A CPAF contract may not be used to avoid establishing a Contract, Cost Plus Fixed Fee (CPFF) contract when the criteria for CPFF contracts apply or developing objective targets so a Contract, Cost Plus Incentive Fee (CPIF) contract can be used.

**Contract, Cost Plus Fixed Fee (CPFF)**

A cost reimbursement-type contract that provides for the payment of a fixed fee to the contractor. The fixed fee, once negotiated, does not vary with actual cost, but may be adjusted as result of any subsequent changes in the scope of work or services to be performed under the contract.

**Contract, Cost Plus Incentive Fee (CPIF)**

A cost reimbursement-type contract with provision for a fee, which is adjusted by formula in accordance with the relationship that total allowable costs bear to target costs. The provision for increase or decrease in the fee, depending upon allowable costs of contract performance, is designed as an incentive to the contractor to increase the efficiency of performance.

**Contract, Cost Plus Percentage of Cost (CPPC)**

A form of contract formerly used but now illegal that provided for a fee or profit as a specified percentage of the contractor's actual cost of accomplishing the work to be performed. Sometimes referred to as a "cost plus" or "percentage of cost" contract.

**Contract, Cost Reimbursement Type**

A type of contract that provides for payment to the contractor of allowable costs incurred in the performance of the contract, to the extent prescribed in the contract. This type of contract establishes an estimate of total cost for the purpose of obligating of funds and establishes a ceiling that the contractor may not exceed without prior approval of the contracting officer (CO). See Contract, Cost Plus Fixed Fee (CPFF), and Contract, Cost Plus Incentive Fee (CPIF).

**Contract, Firm Fixed Price (FFP)**

Provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This type of contract places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. Provides maximum incentive for the contractor to control costs and imposes a minimum administrative burden on the government.

**Contract, Fixed-Price Incentive Firm Target (FPIF)**

Uses an incentive whereby the contractor's profit is increased or decreased by a predetermined share of an overrun or underrun. A firm target is established from which to later compute the overrun or underrun. A ceiling price is set as the maximum amount the government will pay. Necessary elements for this type of contract are: target cost—best estimate of expected cost; target profit—fair profit at target cost; share ratio(s)—to adjust profit after actual costs are documented; and ceiling price—limit the government will pay.

**Contract, Fixed-Price Type**

A type of contract that provides for a firm price to the government, or in appropriate cases, an adjustable price. See Contract, Firm Fixed Price (FFP) and Contract, Fixed-Price Incentive Firm (FPIF).

**Contract, Fixed Price with Economic Price Adjustment (FPEPA)**

A type of contract providing for upward or downward revision of the stated contract price upon the occurrence of a specified contingency. Adjustments may reflect increases/decreases in actual costs of labor or material, or in specific indices of labor or material costs.

**Contracting**

Purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources. Contracting includes description (but not determination) of supplies and services required selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration. It does not include making grants or cooperative agreements.

**Contracting Activity**

An element of an agency designated by the agency head and delegated broad authority regarding acquisition functions.

**Contracting Officer (CO or KO)**

A person with authority to enter into, administer, and/or terminate contracts and make related determinations and findings for the U.S. government.

**Contracting Officer's Representative (COR)**

A person appointed by a CO to fulfill specifically-delegated contract administration responsibilities. Also known as a Contracting Officer's Technical Representative (COTR).

**Contractor**

An entity in private industry that enters into contracts with the government to provide goods or services.

**Corrective Action**

Documented design, process, procedure, or materials changes validated and implemented to correct the cause of failure or design deficiency.

**Corrective Maintenance**

All actions performed as a result of a failure to restore an item to a specified condition. Corrective maintenance can include any or all of the following steps: localization, isolation, disassembly, interchange, reassembly, alignment, and checkout.

**Cost Analysis**

An analysis and evaluation of each element of cost in a contractor's proposal to determine reasonableness.

**Cost Benefit Analysis (CBA)**

An analytic technique that compares the costs and benefits of investments, programs, or policy actions in order to determine which alternative or alternatives maximize net profits. Net benefits of an alternative are determined by subtracting the present value of costs from the present value of benefits.

**Cost Estimate**

A judgment or opinion regarding the cost of an object, commodity, or service. A result or product of an estimating procedure that specifies the expected dollar cost required to perform a stipulated task or to acquire an item. A cost estimate may constitute a single value or a range of values.

**Cost/Pricing Data (C/PD)**

All facts that prudent buyers and sellers would reasonably expect to affect price negotiations significantly as of the date of the price agreement. If applicable, the date of price agreement may also be an earlier date agreed upon between the parties that is as close as practicable to the date of agreement on price. (10 U.S.C. 2306a(h)(1) and 41 U.S.C. 254b)

**Cost Realism**

The costs in an offeror's proposal which must:

- 1.) Be realistic for the work to be performed;
- 2.) Reflect a clear understanding of the requirements; and
- 3.) Be consistent with the various elements of the offeror's technical proposal.

**Cost Reimbursement Contracts**

In general, a category of contracts whose use is based on payment by the government to a contractor of allowable costs as prescribed by the contract. Normally only "best efforts" of the contractor are involved, such as cost, cost sharing, Cost Plus Fixed Fee (CPFF), Cost Plus Incentive Fee (CPIF), and Cost Plus Award Fee (CPAF) contracts.

**Cradle-to-Grave**

Total life cycle of a given system, from concept through development, acquisition, operations phases, and final disposition. Also called "womb-to-tomb."

**Customs Territory of the United States**

The 50 States, the District of Columbia, and Puerto Rico.

## D

**Day**

Unless otherwise specified, a calendar day.

**Debarment**

Action taken by a debarring official under FAR 9.406 to exclude a contractor from Government contracting and Government-approved subcontracting for a reasonable, specified period; a contractor that is excluded is "debarred."

**Defective Pricing**

Result of Cost/Pricing Data (C/PD) that was certified by a contractor to be accurate, current, and complete but was not.

**Defense Contract Management Agency (DCMA)**

Independent combat support agency within the DoD that performs the contract administration function.

**Definitization**

The agreement on or determination of contract terms, specifications, and price, which converts the undefinitized contract action to a definitive contract. (DFARS 217.7401(b)) (Also see Undefinitized Contract Action.)

**Delivery Order**

An order for supplies placed against an established contract or with government sources.

**Delta**

Change or difference, e.g., a funding delta.

**Depreciation**

A charge to current operations that distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner. It does not involve a process of valuation. Useful life refers to the prospective period of economic usefulness in a particular contractor's operations as distinguished from physical life; it is evidenced by the actual or estimated retirement and replacement practice of the contractor.

**Deviation**

- 1.) A written authorization, granted prior to the manufacture of an item, to depart from a particular performance or design requirement of a specification, drawing, or other document for a specific number of units or a specified period of time.
- 2.) In relation to the Federal Acquisition Regulation (FAR), the issuance or use of a policy, procedure, solicitation provision (see definition in 2.101), contract clause (see definition in 2.101), method, or practice of conducting acquisition actions of any kind at any stage of the acquisition process that is inconsistent with the FAR.

**Direct Cost**

Any cost specifically identified with a particular final cost objective. Is not necessarily limited to items that are incorporated into the end product as labor or material.

**Direct Labor**

Labor specifically identified with a particular final cost objective. Manufacturing direct labor includes fabrication, assembly, inspection, and test for constructing the end product. Engineering direct labor consists of engineering labors such as reliability, quality assurance (QA), test, design, etc., that are readily identified with the end product.

**Direct Materials**

Includes raw materials, purchased parts, and subcontracted items required to manufacture and assemble completed products. A direct material cost is the cost of material used in making a product.

**Domestic End Product**

An unmanufactured end product mined or produced in the United States or an end product manufactured in the United States if the cost of its domestic (or qualifying country) components exceeds 50 percent of the cost of all its components.

**Draft Request for Proposal (RFP)**

Usually sent out to prospective industry bidders authorized by government to receive it in advance of final RFP. Solicits contractors' recommendations to add, delete, or modify requirements; and gives them heads up on what is anticipated.

**Data Universal Numbering System (DUNS) Number**

The 9-digit number assigned by Dun and Bradstreet, Inc. (D&B), to identify unique business entities.

**Data Universal Numbering System +4 (DUNS+4) Number**

The DUNS number assigned by D&B plus a 4-character suffix that may be assigned by a business concern. (D&B has no affiliation with this 4-character suffix.) This 4-character suffix may be assigned at the discretion of the business concern to establish additional SAM records for identifying alternative Electronic Funds Transfer (EFT) accounts (see FAR 32.11) for the same concern.

## E

**Earned Value Management System (EVMS)**

Industry-developed set of 32 standards adopted for use by DoD in 1996 for evaluation of Contractor management systems. The EVMS replaced the Cost/Schedule Control Systems Criteria (C/SCSC), which contained 35 standards for evaluation of contractor management systems. Contractors with systems formally recognized by DoD as meeting the 35 C/SCSC standards prior to November 1996 are considered compliant with the 32 EVMS standards.

**Economies of Scale**

Reductions in unit cost of output resulting from the production of additional units stem from increased specialization of labor as volume of output increases; decreased unit costs of materials; better utilization of management; acquisition of more efficient equipment; and greater use of byproducts.

**Economy Act, The**

The Economy Act of 1933 established the purchasing authority of the federal government.

**Electronic Data Interchange (EDI)**

The exchange of standardized information between business partners typically communicated electronically between computers.

**Electronic Funds Transfer (EFT)**

Any transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer, or magnetic tape, for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes Automated Clearing House transfers, Fedwire transfers, and transfers made at automatic teller machines and point-of-sale terminals. For purposes of compliance with 31 U.S.C. 3332 and implementing regulations at 31 CFR Part 208, the term "electronic funds transfer" includes a Governmentwide commercial purchase card transaction.

**End Item or End Product**

The final production product when assembled, or completed, and ready for issue or deployment.

**Engineering Cost Estimate**

Derived by summing detailed cost estimates of the individual work packages and adding appropriate burdens. Usually determined by a contractor's industrial engineers, price analysts, and cost accountants.

**Environmental Assessment (EA)**

Contains an estimate of whether or not a proposed system will adversely affect the environment or be environmentally controversial, in which case an Environmental Impact Statement (EIS) is prepared.

**Environmental Impact Statement (EIS)**

Detailed description of the effects, impacts, or consequences associated with designing, manufacturing, testing, operating, maintaining, and disposing of weapon or Automated Information System (AIS) systems.

**Evaluation Criteria**

Standards by which accomplishments of required technical and operational effectiveness and/or suitability characteristics or resolution of operational issues may be assessed. Also see Source Selection Plan (SSP).

**Excess Personal Property**

Any personal property under the control of a federal agency that the agency head determines is not required for its needs or for the discharge of its responsibilities.

**Executive Branch**

One of the three branches of government defined by the U.S. Constitution. Others are the Legislative branch and the Judicial branch. The principal acquisition participants within the executive branch include the President, the National Security Council (NSC), the Office of Management and Budget (OMB), the Department of State (DoS), the Department of Defense (DoD), the military services, and the unified commands. The perspective of the executive branch is to formulate, direct, and execute national security policy, which includes defense acquisition policy.

**Expenditure**

An actual disbursement of funds in return for goods or services. Frequently used interchangeably with the term outlay.

**Expenses**

Expired costs that are deducted from revenue for a given period. Cost of operation and maintenance (O&M) of activities on the accrual basis over time, as distinguished from costs of acquisition of property.

# F

## **Facilities Capital Cost of Money**

"Cost of money as an element of the cost of facilities capital" as used at 48 CFR 9904.414-Cost Accounting Standard-Cost of Money as an Element of the Cost of Facilities Capital.

## **Fair Market Price**

A price based on reasonable costs under normal competitive conditions and not on lowest possible cost (FAR 19.202-6).

## **Federal Acquisition Regulation (FAR)**

The regulation for use by federal executive agencies for acquisition of supplies and services with appropriated funds. The FAR is supplemented by most federal agencies; the DoD supplement, for example, is called the DFARS (Defense FAR Supplement).

## **Federal Business Opportunities System (FedBizOpps or FBO)**

Electronic interface designed to be a single point of entry for federal buyers to publish, and for vendors to find posted, federal business opportunities across departments and agencies. This capability provides an easy data exchange interface between FedBizOpps and each buyer agency's electronic procurement system.

## **Final Indirect Cost Rate**

The indirect cost rate established and agreed upon by the government and the contractor as not subject to change. It is usually established after the close of the contractor's fiscal year (unless the parties decide upon a different period) to which it applies. For cost-reimbursement research and development contracts with educational institutions, it may be predetermined; that is, established for a future period on the basis of cost experience with similar contracts, together with supporting data.

## **First Article**

First article includes preproduction models, initial production samples, test samples, first lots, pilot models, and pilot lots; and approval involves testing and evaluating the first article for conformance with specified contract requirements before or in the initial stage of production under a contract.

## **First Article Testing (FAT)**

Production testing that is planned, conducted, and monitored by the materiel developer. FAT includes preproduction and initial production testing conducted to ensure that the contractor can furnish a product that meets the established technical criteria.

## **Fiscal Year (FY)**

For the U.S. government, the period covering October 1 through September 30 (12 months).

**F.O.B.**

Free on board. This term is used in conjunction with a physical point to determine-

- 1.) The responsibility and basis for payment of freight charges; and
- 2.) Unless otherwise agreed, the point where title for goods passes to the buyer or consignee.

**F.O.B. Destination**

Free on board at destination; i.e., the seller or consignor delivers the goods on seller's or consignor's conveyance at destination. Unless the contract provides otherwise, the seller or consignor is responsible for the cost of shipping and risk of loss. For use in the clause at FAR 52.247-34, see the definition at FAR 52.247-34(a).

**F.O.B. Origin**

Free on board at origin; i.e., the seller or consignor places the goods on the conveyance. Unless the contract provides otherwise, the buyer or consignee is responsible for the cost of shipping and risk of loss. For use in the clause at FAR 52.247-29, see the definition at FAR 52.247-29(a).

**Form, Fit, and Function (F3) Data**

Technical data (TD) pertaining to items, components, or processes for the purpose of identifying source, size, configuration, mating and attachment characteristics, functional characteristics, and performance requirements.

**Forward Pricing**

Prospective pricing of overhead and labor parts.

**Full and Open Competition (FOC)**

All responsible sources are eligible to compete. The standard for competition in contracting. Required by the Competition in Contracting Act (1984).

## G

**Gantt Chart**

A graphic portrayal of a project that shows the activities to be completed and the time to complete represented by horizontal lines drawn in proportion to the duration of the activity. Some Gantt Charts are able to show the float for the activity.

**General and Administrative (G&A) Expense**

Any management, financial, and other expense which is incurred by or allocated to a business unit and which is for the general management and administration of the business unit as a whole. G&A expense does not include those management expenses whose beneficial or causal relationship to cost objectives can be more directly measured by a base other than a cost input base representing the total activity of a business unit during a cost accounting period.

**Given**

A premise, fact, or assumption generally universally accepted at the outset.

**Go/No Go**

The decision on whether or not to proceed.

**Goods**

Any articles, materials, supplies, or manufactured products, including inspection and test equipment. The term excludes technical data (TD).

**Government Accountability Office (GAO)**

Formerly the General Accounting Office. An agency of the Legislative Branch, responsible solely to the Congress and functions to audit all negotiated government office contracts and investigate all matters relating to the receipt, disbursement, and application of public funds. Determines whether public funds are expended in accordance with appropriations.

**Government-Furnished Equipment (GFE)**

See Government-Furnished Property (GFP).

**Government-Furnished Material (GFM)**

Material is government property that may be incorporated into, or attached to, an end item to be delivered under a contract or which may be consumed in the performance of a contract. It includes, but is not limited to, raw and processed material, parts, components, assemblies, and small tools and supplies.

**Government-Furnished Property (GFP)**

Property in the possession of, or acquired directly by, the government, and subsequently Delivered to, or otherwise made available to, the contractor.

**Governmentwide acquisition contract (GWAC)**

A task-order or delivery-order contract for information technology established by one agency for Governmentwide use that is operated:

- 1.) By an executive agent designated by the Office of Management and Budget pursuant to section 5112(e) of the Clinger-Cohen Act, 40 U.S.C. 1412(e); or
- 2.) Under a delegation of procurement authority issued by the General Services Administration (GSA) prior to August 7, 1996, under authority granted GSA by the Brooks Act, 40 U.S.C. 759 (repealed by Pub. L. 104-106).

(Note: The Economy Act does not apply to orders under a Governmentwide acquisition contract.)

**Governmentwide Point of Entry (GPE)**

The single point where Government business opportunities greater than \$25,000, including synopses of proposed contract actions, solicitations, and associated information, can be accessed electronically by the public. The GPE is located at <http://www.fedbizopps.gov>.

**Guarantee**

Congressional-language term for contractor warranty. See Warranty.

## H

**Handling**

The coordination and integration of all operations embracing packaging, protection, and movement of materiel by available equipment for short distances.

**Head of Contracting Activity (HCA)**

Agency head authorized to contract for supplies and services. May be delegated to major command heads within an agency. Title is by virtue of position.

## I

**Idle Time**

A time interval during which a worker, equipment, or both do not perform useful work.

**Incentive**

Motivating the contractor in calculable monetary terms to turn out a product that meets significantly advanced performance goals to improve on the contract schedule up to and including final delivery, to substantially reduce costs of the work, or to complete the project under a weighted combination of some or all of these objectives.

**Incremental Funding**

The phasing of total funding of programs or projects over two or more fiscal years (FYs) based upon levels and timing of obligational requirements for the funds. Differs from full-funding concept in which total funds for an end item, program, or project are provided in the FY of program or project initiation, regardless of the obligational requirement for the funds.

**Indefinite Quantity Contract (IQC)**

Provides for furnishing an indefinite quantity, within stated limits, of specific supplies or services, during a specified contract period, with deliveries to be scheduled by the timely placement of orders upon the contractor by activities designated either specifically or by class.

**Independent Cost Estimate (ICE)**

A Life Cycle Cost Estimate (LCCE) prepared by an office or other entity that is not under the supervision, direction, or control of the buying unit that is directly responsible for carrying out the development or acquisition of the program, or if the decision authority has been delegated to a component, prepared by an office or other entity that is not directly responsible for carrying on the development or acquisition of the program.

### **Independent Government Cost Estimate (IGCE)**

An estimate of the cost for goods and/or estimate of services to be procured by contract. Such estimates are prepared by government personnel, i.e., independent of contractors.

### **Indirect Costs**

Costs that, because of their incurrence for common or joint objectives, are not readily subject to treatment as direct costs.

### **Indirect Cost Rate**

The percentage or dollar factor that expresses the ratio of indirect expense incurred in a given period to direct labor cost, manufacturing cost, or another appropriate base for the same period (see also Final Indirect Cost Rate).

### **Industrial Base (IB)**

That part of the total private- and government-owned industrial production and depot-level equipment and maintenance capacity in the United States and its territories and possessions and Canada. It is or shall be made available in an emergency for the manufacture of items required by the U.S. military services and selected allies.

### **Information Other Than Cost or Pricing Data**

Any type of information that is not required to be certified in accordance with FAR 15.406-2 and is necessary to determine price reasonableness or cost realism. For example, such information may include pricing, sales, or cost information, and includes cost or pricing data for which certification is determined inapplicable after submission.

### **Inherently Governmental Function**

As defined by OFPP Policy Letter 11-01, a particular task or function that must be performed by a government official or a unit of government.

Note: The list of commercial activities included in the attachment to Office of Management and Budget (OMB) Circular No. A-76 is an authoritative, nonexclusive list of functions that are not inherently governmental functions.

### **Inspection**

Examining and testing supplies or services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to contract requirements.

### **Integrated Product Team (IPT)**

Team composed of representatives from appropriate functional disciplines working together to build successful programs, identify and resolve issues, and make sound and timely recommendations to facilitate decision making. There are three types of IPTs: Overarching IPTs (OIPTs) that focus on strategic guidance, program assessment, and issue resolution; Working-level IPTs (WIPTs) that identify and resolve program issues, determine program status, and seek opportunities for acquisition reform; and Program-level IPTs (PIPTs) that focus on program execution and may include representatives from both government and industry after contract award.

**Intellectual Property**

Includes inventions, trademarks, patents, industrial designs, copyrights, and technical information including software, data designs, technical know-how, manufacturing information and know-how, techniques, Technical Data Packages (TDPs), manufacturing data packages, and trade secrets.

**Invitation for Bid (IFB)**

A solicitation document used in sealed bidding.

**Irrevocable Letter of Credit**

A written commitment by a federally insured financial institution to pay all or part of a stated amount of money, until the expiration date of the letter, upon the government's (the beneficiary) presentation of a written demand for payment. Neither the financial institution nor the offeror/contractor can revoke or condition the letter of credit.

**Issue**

Something in dispute or to be decided.

**Item-Unique Identification (IUID)**

A DoD program to identify and track government-furnished property (GFP) through the use of Unique Item Identification (UII) in transaction-derived data from electronic business transactions. IUID applies to all items for which the government's unit acquisition cost is \$5,000 or more; items for which the government's unit acquisition cost is less than \$5,000, when identified by the requiring activity as DoD serially managed, mission essential or controlled inventory; when the government's unit acquisition cost is less than \$5,000 and the requiring activity determines that permanent identification is required; regardless of value for (a) any DoD serially managed subassembly, component, or part embedded within an item and, (b) the parent item that contains the embedded subassembly, component or part. (DoDI 8320.04). Also see Unique Item Identification (UII).

## J

**Job Lot**

A relatively small number of a specific type of part or product that is produced at one time.

**Job Order (JO)**

- 1.) A formal instruction to perform certain work according to specifications, estimates, etc.
- 2.) Descriptive of a cost system whereby costs are accumulated by job orders.

**Job Shop**

A manufacturing enterprise devoted to producing special or custom-made parts of products, usually in small quantities for specific customers.

### **Justification and Approval (J&A)**

A document required by the Federal Acquisition Regulation (FAR) that justifies and obtains approval for contract solicitations that use other than Full and Open Competition (FOC).

### **Just-In-Time (JIT)**

A “pull” system, driven by actual demand. The goal is to produce or provide one part JIT for the next operation. Reduces stock inventories, but leaves no room for schedule error. As much a managerial philosophy as it is an inventory system.

## **K**

### **Key Performance Parameters (KPPs)**

Those attributes or characteristics of a system that are considered critical or essential to the development of an effective military capability and that make a significant contribution to the characteristics of the future joint force. A KPP normally has a threshold representing the minimum acceptable value achievable at low-to-moderate risk, and an objective, representing the desired operational goal but at higher risk in cost, schedule, and performance. Certain KPPs may be mandatory or selectively applied, depending on the system.

### **Key System Attributes (KSAs)**

System attributes considered most critical or essential for an effective military capability but not selected as Key Performance Parameters (KPPs). KSAs provide decision makers with an additional level of capability prioritization below the KPP but with senior sponsor leadership control.

### **Known Unknowns**

Future situations in which it is possible to plan for or predict in part. For example, schedule changes are certain, but the extent of the changes is unknown.

## **L**

### **Labor Productivity**

The rate of output of a worker or group of workers per unit of time, usually compared to an established standard or expected rate of output.

### **Labor Standards**

A compilation by time study of standard time for each element of a given type of work.

### **Latent Defect**

A defect that exists at the time of acceptance but cannot be discovered by a reasonable inspection.

**Lean Six Sigma**

A set of tools used to optimize processes by eliminating waste and reducing variation.

**Learning/Improvement Curve**

A mathematical way to explain and measure the rate of change of cost (in hours or dollars) as a function of quantity.

**Legislative Branch**

Generally, Congress. Individual Congressional committees have oversight responsibilities over each federal agency. For instance, DoD's acquisition interests in the Legislative Branch are overseen by the "Congressional defense committees," meaning the Senate Armed Services Committee (SASC), the House Armed Services Committee (HASC), and the Senate and House Appropriations Committees (SAC and HAC, respectively). (Title 10 U.S.C. § 101(a)(16)). Others having legislative oversight of defense activities include the congressional staff, individual members of Congress, the Congress as a body, the Congressional Budget Office (CBO), and the Government Accountability Office (GAO).

**Lessons Learned**

Capitalizing on past errors in judgment, materiel failures, wrong timing, or other mistakes to ultimately improve a situation or system.

**Letter Contract**

An offer and acceptance that is specific and definitive enough to show the purpose and scope of the final contract to be executed. When accepted in writing by the contractor, documentary evidence exists to support the recording of an obligation. See Undefinitized Contract Action (UCA).

**Level of Effort (LOE)**

Effort of a general or supportive nature that does not produce definite end products or results, i.e., contract for man-hours.

**Life Cycle Cost (LCC)**

LCC consists of research and development (R&D) costs, investment costs, operating and support costs, and disposal costs over the entire life cycle. These costs include not only the direct costs of the acquisition program, but also include indirect costs that would be logically attributed to the program. In this way, all costs that are logically attributed to the program are included, regardless of funding source or management control. (*Defense Acquisition Guidebook*) Also see Total Ownership Cost (TOC).

**Limited Rights**

Rights to use, duplicate, or disclose technical data (TD) in whole or in part, by or for the government, with the express written permission of the party furnishing the data to be released or disclosed outside the government.

**Line Item (Budget)**

A specific program end item with its own identity (e.g., F-22 aircraft).

**Local Purchase**

Authorized purchase of materials, supplies, and services by a DoD organization from local commercial sources.

**Logistics Support, Supplies, and Services**

These terms refer to any or all of the following: food, billeting, transportation, petroleum, oils, lubricants, clothing, communications services, medical services, ammunition, base operations support (including construction related to base operations support), storage services, use of facilities, training services, spare parts and components, repair and maintenance services, and port services.

**Lot**

A specific quantity of materiel manufactured under identical conditions and assigned an Identifying lot number for use, technical, manufacturing, production, and supply purposes.

## M

**Maintenance**

Action necessary to retain or restore an item to a specified condition. Also see Corrective Maintenance, and Scheduled Maintenance.

**Major Assembly**

An operation in the construction of a section that joins a number of subassemblies.

**Make-or-Buy Program**

That part of a contractor's written plan for the development or production of an end item that outlines the subsystems, major components, assemblies, subassemblies, and parts the contractor intends to manufacture, test-treat, or assemble (make); and those the contractor intends to purchase from others (buy).

**Manufacturer**

Typically, a company that produces a product. Manufacturers are normally also vendors. Also see Vendor.

**Manufacturing**

The process of making an item using machinery, often on a large scale, and with division of labor.

**Market Research**

A process for gathering data on product characteristics, suppliers' capabilities, and the business practices that surround them, plus the analysis of that data to make acquisition decisions. Market research has two phases: strategic market research and tactical market research.

**Markup**

Line-by-line review and approval/disapproval/modification of a budget by Congressional committees.

**Material**

Elements, constituents, or substances of which something is composed or can be made. It includes, but is not limited to, raw and processed material, parts, components, assemblies, fuels, and other items that may be worked into a more finished form in performance of a contract.

**Materiel**

Equipment, apparatus, and supplies used by an organization or institution.

**May**

Denotes the permissive. However, the words "no person may ..." mean that no person is required, authorized, or permitted to do the act described.

**Memorandum of Agreement (MOA)**

- 1.) In contract administration, an agreement between a program manager (PM) and a Contract Administration Office (CAO) establishing the scope of responsibility of the CAO with respect to the Earned Value Management System (EVMS) criteria surveillance functions and objectives, and/or other contract administration functions on a specific contract or program.
- 2.) Any written agreement in principle as to how a program will be administered.

**Memorandum of Understanding (MOU)**

De facto agreement that is generally recognized by all partners as binding even if no legal claim could be based on the rights and obligations delineated therein.

**Micro-Purchase**

An acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold.

**Micro-Purchase Threshold**

\$3,000, except it means:

- 1.) \$2,000 for construction subject to the Davis Bacon Act; and
- 2.) \$2,500 for acquisitions of services subject to the Service Contract Act; and
- 3.) \$15,000 for acquisitions of supplies or services inside the U.S. and \$25,000 outside the U.S. that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack, as described in 13.201(g)(1), except for construction subject to the Davis Bacon Act (Public Law 108-136, Title XIV, Sec. 1443).

**Minimum Buy**

The purchase of material in standard bulk quantities even though the contract requirement is less than the standard quantity. This is done when price does not increase proportionately for quantities less than the standard quantity.

**Mission**

The objective or task, together with the purpose, which clearly indicates the action to be taken.

**Multi-Agency Contract (MAC)**

A task-order or delivery-order contract established by one agency for use by Government agencies to obtain supplies and services, consistent with the Economy Act (see 17.500(b)). Multi-agency contracts include contracts for information technology established pursuant to section 5124(a)(2) of the Clinger-Cohen Act, 40 U.S.C. 1424(a)(2).

**Must**

(see Shall).

## N

**Negotiated Contract**

One obtained by direct agreement with a contractor without sealed bids.

**Negotiated Contract Cost (NCC)**

The estimated cost negotiated in a Cost-Plus Fixed-Fee (CPFF) contract, or the negotiated contract target cost in either a Fixed-Price Incentive (FPI) contract or a Cost-Plus Incentive-Fee (CPIF) contract.

**Negotiation**

Contracting through the use of either competitive or other-than-competitive proposals and discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract.

**Nomenclature**

Set or system of official names or titles given to items of materiel or equipment.

**Non-Appropriated Funds (NAF)**

Monies derived from sources other than Congressional appropriations. Another distinguishing characteristic of these funds is that there is no accountability for them in the fiscal records of the U.S. Treasury.

**Non-Developmental Item (NDI)**

- 1.) An NDI is any previously developed item of supply used exclusively for government purposes by a federal agency, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement.
- 2.) Any item described in item 1 that requires only minor modifications or modifications of the type customarily available in the commercial marketplace in order to meet the requirements of the procuring department or agency.
- 3.) Any item of supply being produced that does not meet the requirements of items 1 or 2 solely because the item is not yet in use. (FAR 2.101)  
(Also see Commercially Available Off-The-Shelf (COTS).)

### **Non-Recurring Costs (NRCs)**

- 1.) Costs that are not proportional to the number of units produced.
- 2.) A one-time cost that will occur on a periodic basis for the same organization. NRCs include preliminary design effort, design engineering, and all partially completed reporting elements manufactured for tests.
- 3.) Training of Service instructor personnel.

### **Novation Agreement**

A legal instrument:

- 1.) Executed by the:
  - (i) Contractor (transferor);
  - (ii) Successor in interest (transferee); and
  - (iii) Government; and
- 2.) By which, among other things, the transferor guarantees performance of the contract, the transferee assumes all obligations under the contract, and the Government recognizes the transfer of the contract and related assets.

## **O**

### **Obligation**

- 1.) Binding agreement that will result in outlays immediately or in the future.
- 2.) Amount representing orders placed, contracts awarded, services received, and similar transactions during an accounting period that will require payment during the same, or a future, period. Includes payments for which obligations previously have not been recorded and adjustments for differences between obligations previously recorded and actual payments to liquidate those obligations. For purposes of matching a disbursement to its proper obligation, the term obligation refers to each separate obligation amount identified by a separate line of accounting. (DoD 7000.14-R)

### **Offer**

A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract.

### **Offeror**

The offeror or bidder; one who submits an offer.

### **Off-The-Shelf**

Procurement of existing systems or equipment without a research, development, test, and evaluation (RDT&E) program or with minor development necessary to make system suitable for an agency's needs. May be commercial system/equipment or one already in inventory. Also see Commercial Item (CI) and Non-Developmental Item (NDI).

**Option**

A contractual clause permitting an increase in the quantity of supplies beyond that originally stipulated or an extension in the time for which services on a time basis may be required.

**Ordering Activity**

An activity that originates a requisition or order for procurement, production, or performance of work or services by another activity.

**Overhead**

See Indirect Costs.

## P

**Packaging**

The process and procedures used to protect materiel. It includes cleaning, drying, preserving, packing, and unitization.

**Parametric Cost Estimate**

A cost estimating methodology using statistical relationships between historical costs and other program variables such as system physical or performance characteristics, contractor output measures, or manpower loading.

**Partial Termination**

The termination of a part, but not all, of the work that has not been completed and accepted under a contract.

**Performance-Based Contracting**

Structuring all aspects of an acquisition around the purpose of the work to be performed with the contract requirements set forth in clear, specific, and objective terms with measurable outcomes as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work.

**Personal Services Contract**

A contract that, by its express terms or as administered makes the contractor personnel appear to be, in effect, Government employees (FAR 37.104).

**PERT Chart**

A graphic portrayal of milestones, activities, and their dependency upon other activities for completion and depiction of the critical path (CP).

**Plant Clearance Officer**

An authorized representative of the contracting officer appointed to disposition property accountable under government contracts.

**Point of Contact (POC)**

Person serving as coordinator, action officer, or focal point for an activity.

**Preaward Survey (Facility Capability Review)**

Study of financial, organizational, and operational status made prior to contract award to determine a prospective contractor's responsibility and eligibility for government procurement.

**Preproposal Conference**

In negotiated procurement, a meeting held with potential contractors a few days after Requests for Proposals (RFPs) have been sent out, and held to promote uniform interpretation of work statements and specifications by all prospective contractors.

**Presolicitation Conference**

A meeting held with potential contractors prior to a formal solicitation, to discuss technical and other problems connected with a proposed procurement. The conference is also used to elicit the interest of prospective contractors in pursuing the task.

**Pricing**

The process of establishing a reasonable amount or amounts to be paid for supplies or services.

**Prime Contract**

A contract agreement or purchase order entered into by a contractor with the government.

**Prime Contractor**

The entity with whom an agent of the United States enters into a prime contract for the purposes of obtaining supplies, materials, equipment, or services of any kind.

**Privity**

A direct contractual relationship between the parties. A prime contractor has privity with an agent of United States and also with its subcontractors that are under contract to it. The government does not have privity with the prime contractor's subcontractors by virtue of its contract with the prime contractor. Also see Prime Contract and Prime Contractor.

**Procurement**

Act of buying goods and services for the government.

**Procurement Technical Assistance Center (PTAC)**

An organization sponsored by the Defense Logistics Agency and local host organizations to provide help to businesses seeking to win government contracts. There are over 90 PTACs in 300 communities in the United States, D.C., Guam, and Puerto Rico. PTAC points of contact can be located on the map at [www.aptac-us.org](http://www.aptac-us.org).

**Procuring Activity**

A component of an executive agency having a significant acquisition function and designated as such by the head of the agency. Unless agency regulations specify otherwise, the term "procuring activity" is synonymous with "contracting activity."

**Procuring Contracting Officer (PCO)**

The individual authorized to enter into contracts for supplies and services on behalf of the government by sealed bids or negotiations, and who is responsible for overall procurement under the contract.

**Product**

- 1.) The result of research, development, test, and evaluation (RDT&E) in terms of hardware or software being produced (manufactured). Also known as an end item.
- 2.) The item stipulated in a contract to be delivered under the contract (i.e., service, study, or hardware).

**Product Assurance Plan**

Implements a product assurance program including reliability, availability, and maintainability (RAM); quality hardware and software; and system assessment to ensure user satisfaction, mission and operational effectiveness, and performance to specified requirements.

**Production Schedules**

Chronological controls used by management to regulate efficiently and economically the Operational sequences of production.

**Productivity**

The actual rate of output or production per unit of time worked.

**Productivity Enhancement**

The use of contract incentives and other techniques to provide the environment, motivation, and management commitment to increase production efficiencies.

**Products**

All items, materiel, materials, data, software, supplies, systems, assemblies, subassemblies, or portions thereof produced, purchased, developed, or otherwise used by government agencies.

**Profit**

The excess amount realized from the sales of goods over the cost thereof in a given transaction or over a given period.

**Profit Center**

A discrete, organizationally independent segment of a company that has been charged by management with profit and loss responsibilities.

**Program Management**

The process whereby a single leader exercises centralized authority and responsibility for planning, organizing, staffing, controlling, and leading the combined efforts of participating/assigned personnel and organizations, for the management of a specific acquisition program or programs, throughout the system life cycle.

**Program Manager (PM)**

Designated individual with responsibility for and authority to accomplish program objectives for development, production, and sustainment to meet the user's operational needs. The PM is normally responsible for cost, schedule, and performance reporting against established milestones.

**Progress Payments**

Payments made to a prime contractor during the life of a fixed-price type contract on the basis of a percentage of incurred total costs or total direct labor and material costs.

**Project Manager**

See Program Manager (PM).

**Proper Invoice**

An invoice that meets the minimum standards specified in FAR 32.905(b).

**Protest**

A concern over the award of a contract, submitted to Government Accountability Office (GAO) or Procuring Contracting Office (PCO).

**Prototype**

An original or model on which a later system/item is formed or based.

**Purchase Order (PO)**

A contractual procurement document used primarily to procure supplies and nonpersonal services when the aggregate amount involved in any one transaction is relatively small (e.g., not exceeding \$25,000).

## Q

**Qualification**

The formal process by which a manufacturer's product is examined for compliance with the requirements of a source control drawing for the purpose of approving the manufacturer as a source of supply.

**Quality**

The composite of materiel attributes including performance features and characteristics of a production or service to satisfy a customer's given need.

**Quality Assurance (QA)**

A planned and systematic pattern of all actions necessary to provide confidence that adequate technical requirements are established, that products and services conform to established technical requirements, and that satisfactory performance is achieved.

**Quality Assurance Surveillance Plan (QASP)**

Provides the Government and contractor with evaluation criteria that determines whether or not the performance standards for a specific contract have been met.

**Quality Audit**

A systematic examination of the acts and decisions with respects to quality in order to independently verify or evaluate the operational requirements of the quality program or the specification or contract requirements for a product or service.

**Quality Control (QC)**

The system or procedure used to check product quality throughout the acquisition process.

**Quality Program**

A program that is developed, planned, and managed to carry out, cost-effectively, all efforts to affect the quality of material and services from concept through technology and system development, production, deployment, and disposal.

## R

**Raw Materials**

Includes raw and processed material in a form or state that requires further processing.

**Reappropriation**

Congressional action to restore obligational availability, whether for the same or different purposes, of all or part of the unobligated portion of budget authority that has expired or would otherwise expire in an annual or multi-year account. Obligational authority in a current appropriation may also be extended by a subsequent appropriation act.

**Reasonable Cost**

Cost which, in its nature and amount, does not exceed that which would be incurred by a prudent person in the conduct of a competitive business. In determining reasonableness of a specific cost, the contracting officer (CO) shall consider:

- (a) Whether it is the type of cost generally recognized as ordinary and necessary for the conduct of a contractor's business or the contract performance;
- (b) Generally accepted sound business practices, arm's length bargaining, and federal and state laws and regulations;

- (c) The contractor's responsibilities to the government, other customers, the owners of the business, employees, and public at large; and
- (d) Any significant deviation from the contractor's established practices. (see *Federal Acquisition Regulation Cost Principles Guide*)

**Reasonable Price**

A business decision reached jointly by a buyer and seller, a product of judgment influenced by bargaining strength and economic realities dictated by the marketplace.

**Receiving Report**

Written evidence that indicates government acceptance of supplies delivered or services performed (FAR 46.6). Receiving reports must meet the requirements of FAR 32.905(c).

**Reimbursable**

An expenditure made for another agency, fund, or appropriation, or for a private individual, firm or corporation, which subsequently will be recovered.

**Reimbursements**

Amounts received by an activity for the cost of material, work, or services furnished to others, for credit to an appropriation or other fund account.

**Replenishment**

The purchase of additional items following initial purchase, whether bought for support of additional end items, routine restockage, or other purposes.

**Replenishment Spare Parts**

Items and equipment, both repairable and consumable, purchased by inventory control points, required to replenish stocks for use in the maintenance, overhaul, and repair of equipment.

**Reprogramming**

Realignment of budget authority (BA) from the purpose for which appropriated to finance another (usually emergent, unfunded) requirement.

**Request for Proposal (RFP)**

A solicitation used in negotiated acquisition to communicate government requirements to prospective contractor and to solicit proposals.

**Request for Quotation (RFQ)**

A solicitation used in negotiated acquisition to communicate government requirements to prospective contractors and to solicit a quotation. A response to an RFQ is not an offer; however, it is informational in character.

**Request for Technical Proposal (RTP)**

Solicitation document used in two-step sealed bid. Normally in letter form, it asks only for technical information. Price and cost breakdowns are not part of an RTP.

**Requirement**

- 1.) The need or demand for personnel, equipment, facilities, other resources, or services, by specified quantities for specific periods of time or at a specified time.
- 2.) For use in budgeting, item requirements should be screened as to individual priority and approved in the light of total available budget resources.

**Residual Value**

The scrap value of equipment at the end of the economic life system.

**Responsible Prospective Contractor**

A contractor that meets the standards in FAR 9.104.

**Rework**

Any corrections of defective work, either before, during, or after inspection.

**Risk**

A measure of future uncertainties in achieving program performance goals and objectives within defined cost, schedule, and performance constraints.

**Risk Avoidance**

A risk-handling option that eliminates risk by eliminating or modifying the concept, requirements, specifications, or practices that create the unacceptable risk.

**Risk Mitigation Planning**

The activity that identifies, evaluates, and selects options to set risk at acceptable levels given program constraints and objectives. It includes the specifics of what should be done, when it should be accomplished, who is responsible, and the funding required to implement the Risk Mitigation Plan. Risk mitigation options include: avoidance, control, transfer, and assumption.

## S

**Safety**

Freedom from conditions that can cause death, injury, occupational illness, damage/loss of equipment or property, or damage to the environment.

**Schedule**

- 1.) Series of things to be done in a specific sequence within a given period of time.
- 2.) A timetable.
- 3.) A listing of activities and events organized by time.

**Scheduled Maintenance**

Preventive maintenance performed at prescribed points in the item's life.

## **Scheduling**

- 1.) The act of formulating a schedule.
- 2.) Prescribing when and where each operation necessary to the manufacture of a product is to be performed. See Schedule.

## **Sealed Bidding**

This term replaced formal advertising. Also see: Two-Step Sealed Bids.

## **Service Contract**

A contract that calls directly for a contractor's time and effort rather than for a concrete end product.

## **Shall**

The imperative; an order, a promise, or a requirement.

## **Should**

An expected course of action or policy that is to be followed unless inappropriate for a particular circumstance.

## **Should Cost Estimate**

An estimate of contract price that reflects reasonably achievable contractor economy and efficiency. It is accomplished by a government team of procurement, contract administration, audit and engineering representatives performing an in-depth cost analysis at the contractor's and subcontractor's plants. Its purpose is to develop a realistic price objective for negotiation purposes.

## **Show Stopper**

An event or condition serious enough to halt or severely disrupt a program unless confronted and eliminated.

## **Simplified Acquisition Procedures**

The methods prescribed in FAR Part 13 for making purchases of supplies or services.

## **Simplified Acquisition Threshold (SAT)**

Means \$150,000, except for acquisitions of supplies or services that, as determined by the head of agency, are to be used to support a contingency operation or to facilitate defense or recovery from nuclear, biological, chemical, or radiological attack, in which case, the term means \$300,000 for any contract to be awarded and performed, or purchase to be made inside the United States; and \$1,000,000, for any contract to be awarded and performed, or purchase to be made outside the United States. (FAR 2.101)

## **Skunkworks**

A separate program management operation established to operate outside the normal process, either to expedite development or because of high security classification.

## **Small Business Concern**

A concern, including its affiliates that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR part 121 (see FAR 19.102). Such a concern is "not dominant in its field of operation" when it

does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreements, facilities, sales territory, and nature of business activity.

### **Small Business Program (SBP)**

A program that includes the 8(a) Business Development Program, Mentor-Protégé Program, Women-Owned Small Business (WOSB), Indian Incentive Programs, Small Business Innovation Research and Small Business Technology Transfer (SBIR/SBTT) Programs, Service-Disabled Veteran-Owned Small Business Program, Historically Black Colleges and Universities/Minority Institutions Technical Assistance Program (HBCU/MI), DoD's Comprehensive Subcontracting Plan (CSP) Test Program, and Historically Underutilized Business Zones (HUBZone) Program.

### **Sole Source Acquisition**

A contract for the purchase of supplies or services that is entered into or proposed to be entered into by an agency after soliciting and negotiating with only one source.

### **Solicitation**

In contracting, the term means to go out to prospective bidders and request their response to a proposal.

### **Source Selection**

The process wherein the requirements, facts, recommendations, and government policy relevant to an award decision in a competitive procurement of a system/project are examined and the decision made.

### **Source Selection Evaluation Board (SSEB)**

A group of government personnel, representing functional and technical disciplines that is charged with evaluating proposals and developing summary facts and findings during source selection.

### **Source Selection Evaluation Team (SSET)**

A group of government personnel, representing functional and technical disciplines, that performs the duties of a Source Selection Evaluation Board (SSEB) and a Source Selection Advisory Council (SSAC). Also see Source Selection Evaluation Board (SSEB).

### **Source Selection Plan (SSP)**

Proper planning in source selection is essential to assure fairness and timely selection of the most realistic proposal. Preliminary planning activities include preparation of the Acquisition Plan (AP), draft Request for Proposal (RFP), and formal RFP, as well as the SSP. The SSP is written by the program office (PO) and approved by the Source Selection Authority (SSA). Typically, the SSP consists of two parts. The first part describes the organization and responsibilities of the source selection team. The second part identifies the evaluation criteria and detailed procedures for proposal evaluation.

**Specification**

A document used in development and procurement that describes the technical requirements for items, materials, and services including the procedures by which it will be determined that the requirements have been met. Specifications may be unique to a specific program (program-peculiar) or they may be common to several applications (general in nature).

**Statement of Objectives (SOO)**

That portion of a contract that establishes a broad description of the government's required performance objectives.

**Statement of Work (SOW)**

That portion of a contract that establishes and defines all non-specification requirements for contractor's efforts either directly or with the use of specific cited documents.

**Strategic Market Research**

Includes all the activities that acquisition personnel perform continuously to keep themselves abreast of technology and product developments in their areas of expertise.

**Strawman**

A working draft copy circulated for comments or suggested changes.

**Subcontract**

A contract or contractual action entered into by a prime contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services under a prime contract.

**Subcontractor**

A contractor who enters into a contract with a prime contractor.

**Supplemental Agreement**

Bilateral written modification to a contract by which the government and the contractor settle price and/or performance adjustments to the basic contract.

**Supplemental Appropriation**

An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority (BA) beyond original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) for which the need for funds is too urgent to be postponed until enactment of the next regular appropriation act.

**Supplementation**

The publication of directives, instructions, regulations, and related documents that add to, restrict, or otherwise modify the policies or procedures of a higher authority.

## **Supplies**

All property except land or interest in land. Includes, but is not limited to: public works, facilities, ships, aircraft, machine tools, and their parts and accessories.

## **Supply Chain Management (SCM)**

A cross-functional approach to procuring, producing, and delivering products and services to customers. The broad management scope includes sub suppliers, suppliers, internal information, and funds flow.

## **Surety**

An individual or corporation legally liable for the debt, default, or failure of a principal to satisfy a contractual obligation. The types of sureties referred to are as follows:

- 1.) An individual surety is one person, as distinguished from a business entity, who is liable for the entire penal amount of the bond.
- 2.) A corporate surety is licensed under various insurance laws and, under its charter, has legal power to act as surety for others.
- 3.) A co-surety is one of two or more sureties that are jointly liable for the penal sum of the bond. A limit of liability for each surety may be stated.

## **Surveillance Monitor**

The individual in the Contract Administration Office (CAO) who is responsible for coordinating Earned Value Management System (EVMS) criteria surveillance functions with other members of the CAO organization and with the auditor, to assure that the surveillance objectives are accomplished.

## **Surveillance (Plant)**

Monitoring of contractor efforts to perform under a contract. Done by government personnel, and includes on-site inspections, checks, and reports.

## **Suspension**

Action taken by a suspending official under FAR 9.407 to disqualify a contractor temporarily from Government contracting and Government-approved subcontracting; a contractor that is disqualified is "suspended."

## **System for Award Management (SAM) Database**

The primary government repository for contractor information required for the conduct of business with the government. A successor to Central Contractor Registration (CCR), SAM combines federal procurement systems and the Catalog of Federal Domestic Assistance into one system. This consolidation is being done in phases. The first phase of SAM includes the functionality from the following systems: CCR, Federal Agency Registration (Fedreg), Online Representations and Certifications Application (ORCA), and the Excluded Parties List System (EPLS).

# T

## **Tactical Market Research**

A phase of market research conducted in response to a specific materiel need or need for services.

## **Task Order**

An order for services placed against an established contract or with government sources.

## **Taxpayer Identification Number (TIN)**

The number required by the IRS to be used by the offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number (EIN).

## **Teaming**

An agreement of two or more firms to form a partnership or joint venture to act as a potential prime contractor; or an agreement by a potential prime contractor to act as a subcontractor under a specified acquisition program; or an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licenser, or leader company relationship.

## **Technical Data Package (TDP)**

A technical description of an item adequate for supporting an acquisition strategy, production, engineering, and logistics support (LS). The description defines the required design configuration and procedures to ensure adequacy of item performance. It consists of all applicable TD such as drawings, associated lists, specifications, standards, performance requirements, quality assurance (QA) provisions, and packaging details.

## **Termination Contracting Officer (TCO)**

A contracting officer who settles terminated contracts.

## **Termination for Convenience**

The exercise of the Government's right to completely or partially terminate performance of work under a contract when it is in the government's interest.

## **Termination for Default**

The exercise of the government's right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations.

## **Time Line**

A schedule line showing key dates and planned events.

**Time Study**

The procedure by which the actual elapsed time for performing an operation, or subdivisions or elements thereof, is determined by the use of a suitable timing device and recorded.

**Total Ownership Cost (TOC)**

A concept designed to determine the true cost of design, development, ownership, and support of Complex systems such as DoD weapons systems. TOC includes the elements of a program's life cycle cost, as well as other related infrastructure or business processes costs. Also see Life Cycle Cost (LCC).

**Total Quality Management (TQM)**

A management philosophy committed to a focus on continuous improvements of product and services with the involvement of the entire workforce.

**Trade-Off**

Selection among alternatives with the intent of obtaining the optimal, achievable system configuration. Often a decision is made to opt for less of one parameter in order to achieve a more favorable overall system result.

**Two-Step Sealed Bids**

A method of procurement that combines competitive procedures in order to obtain the benefits of sealed bidding when adequate specifications are not available. In step one, firms are allowed to submit technical (not price) proposals to satisfy a requirement. In step two, each firm with a satisfactory technical approach is then allowed to submit a sealed bid (price), which uses that firm's approach as the contract specification. Award goes to the low responsive and responsible bidder.

## U

**Unallowable Cost**

Any cost that, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a government contract to which it is allocable.

**Uncertainty**

A condition, event, outcome, or circumstance of which the extent, value, or consequence is not predictable. State of knowledge about outcomes in a decision such that it is not possible to assign probabilities in advance. Some techniques for coping with this problem are a fortiori analysis (making use of conclusions inferred from another reasoned conclusion or recognized fact), contingency analysis, and sensitivity analysis.

### **Undefinitized Contract Action (UCA)**

Any contract action for which the terms, specifications, or price are not agreed upon before performance is begun under the action. Examples are letter contracts, orders under basic ordering agreements, and provisioned item orders for which the price has not been agreed upon before performance has begun. Letter contracts await negotiation to definitize prices. (DFARS 217.7401(d))

### **Unique Item Identification/Unique Item Identifier (UII)**

A system of marking items delivered to DoD with UIIs that have machine-readable data elements to distinguish an item from all other like and unlike items. For items that are serialized within the enterprise identifier, the UII includes the data elements of the enterprise identifier and a unique serial number. For items that are serialized within the part, lot, or batch number within the enterprise identifier, the UII includes the data elements of the enterprise identifier; the original part, lot, or batch number; and the serial number. “Enterprise” means the entity (e.g., a manufacturer or vendor) responsible for assigning UIIs to items. “Enterprise identifier” means a code that is uniquely assigned to an enterprise by an issuing agency. (DFARS, Subpart 252.211-7003) Also see Item-Unique Identification (IUID).

### **United States**

When used in a geographic sense, means the 50 States and the District of Columbia, except as follows:

- 1.) For use in Subpart 22.8, see the definition at FAR 22.801.
- 2.) For use in Subpart 22.10, see the definition at FAR 22.1001.
- 3.) For use in Subpart 22.13, see the definition at FAR 22.1301.
- 4.) For use in Part 25, see the definition at FAR 25.003.
- 5.) For use in Subpart 47.4, see the definition at FAR 47.401.

### **United States Code (USC)**

A consolidation and codification of the general and permanent laws of the United States arranged according to subject matter under 50 title headings, in alphabetical order to a large degree. Sets out the current status of the laws, as amended.

### **Unlimited Rights**

Rights to use, modify, reproduce, display, release, or disclose technical data (TD) in whole or in part, in any manner, and for any purpose whatsoever, and to have or authorize others to do so.

### **Unsolicited Proposal**

A written proposal that is submitted to an agency on the submitter’s initiative for the purpose of obtaining a contract with the government, and which is not in response to a formal or informal request.

### **User**

An agency or unit that receives or will receive benefit from an acquisition of products or services.

## V

### **Validation**

- 1.) The review of documentation by an operational authority other than the user to confirm the operational capability. Validation is the precursor to approval.
- 2.) The process by which the contractor (or as otherwise directed by the procuring activity) tests a publication/technical manual for technical accuracy and adequacy.
- 3.) The process of evaluating a system or software component during, or at the end of, the development process to determine whether it satisfies specified requirements.

### **Value Engineering (VE)**

VE is a functional analysis methodology that identifies and selects the best value alternative for designs, materials, processes, systems, and program documentation. VE applies to hardware and software; development, production, and manufacturing; specifications, standards, contract requirements, and other acquisition program documentation; facilities design and construction; and management or organizational systems and processes to improve the resulting product.

### **Value Engineering Change Proposal (VECP)**

Submitted by the contractor for review as to its Value Engineering (VE) applicability. If accepted by the government, normally the contractor is compensated for saving the government money.

### **Variable Cost (VC)**

A cost that changes with the production quantity or the performance of services. This contrasts with fixed costs that do not change with production quantity or services performed.

### **Vendor**

An individual, partnership, corporation, or other activity that sells property, goods, or services. A vendor may supply a government contractor. Vendors may be manufacturers, that is, actually produce the product or service they sell, or not. For example, a company that buys personal computers from a computer manufacturer under a contract name and then sells them to the government is a vendor (to the government) but not a manufacturer.

## W

### **Waiver**

- 1.) Specifications. A written authorization to accept a configuration item (CI) or other designated item, which, during production or after having been submitted for inspection, is found to depart from specified requirements, but nevertheless is considered suitable “as is” or after rework by an approved method.
- 2.) Decision to not require certain criteria to be met for certain reasons, such as national security.

**Warrant**

In government acquisition, an official document (Standard Form 1402) designating an individual as a contracting officer (CO). The warrant will state as reference the limits of the CO's authority.

**Warranty**

A promise or affirmation given by a contractor to the government regarding the nature, usefulness, or condition of the supplies or performance of services furnished under a contract.

**Weighted Guidelines**

A government technique for developing fee and profit negotiation objectives, within percentage ranges established by regulation.

**Wholesale Price Index (WPI)**

A composite index of wholesale prices of a representative group of commodities.

**Win-Win**

A negotiation philosophy whereby all parties in a government acquisition scenario come away gaining some or most of what they wanted (i.e., everyone "wins" something, even though it may not be 100 percent of the goal); the ideal outcome.

**Workaround**

A procedure developed for taking into account shortcomings or other problems in a program and devising workable solutions to get around the problems.

**Worst-Case Scenario**

In planning, to examine the worst possible environment or outcome and evaluate results around which to formulate next step.