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USAID PROCUREMENT EXECUTIVE

PROCUREMENT EXECUTIVE'S BULLETIN NO. 2005-10

SUBJECT: Reminder to USAID Contracting Officers to Obtain Adequate Security Costs Documentation

1. Scope: This Bulletin applies to all USAID Contracting Officers (COs) and impacts any solicitation for a cost type award involving security costs.

2. Responsibilities and Requirements:

a) Background: FAR 15.404-1 requires Contracting Officers to evaluate the reasonableness of the offered prices. In accordance with FAR 15.305 (a) (1), when contracting on a cost reimbursement basis, the Contracting Officer shall conduct a cost realism analysis to determine what the Government should realistically expect to pay for the proposed effort.

b) With respect to cost type awards involving security cost elements, a recent audit report indicated that some Contracting Officers were either not performing, or were inadequately performing, cost realism analysis of proposed security costs. The audit further noted that the security cost documentation that was provided by each offeror was not presented in a consistent format, thus negatively impacting the Contracting Officer's ability to conduct meaningful comparison and cost realism analysis. It is recognized that the complexity and circumstances of each acquisition will determine the level of detail of the analysis required.

c) However, in response to the above noted audit concerns and to ensure meaningful and adequate cost/realism analysis, Contracting Officers who issue solicitations for cost type awards that involve security costs must hereafter include guidance in the RFP concerning a consistent "format" or breakdown of security cost elements. This guidance is in addition to general budget line item addressed in PEB 2005-09.

Security needs will vary by Mission, and COs are strongly encouraged to consult with the Office of Security (SEC/PSP) and the Regional Security Officer (RSO). Here are some examples of possible security cost breakout elements:

- Personal Security Detail;
- Security and Security –Related Communications Equipment;
- Security Training;
- Static Guard Services;
- Fully Armored Vehicles and/or Light Armored Vehicles, (if properly authorized and in accordance with ADS 563);
- Personal Protection Equipment such as helmets, flak jackets; and/or

- Security Modifications to Residential and Office Facilities, including but not limited to protective barriers, e.g. blast walls.

Finally, when reviewing the reasonableness of proposed security costs, COs are strongly encouraged to consult with SEC/PSP and the RSO.

3. Effective Date. This Bulletin is effective immediately and shall remain in effect until cancelled by the Procurement Executive.

August 26, 2005
Date

/s/
Lynn Kopala
Procurement Executive (Acting)