

Approved: 2-05-09

CONTRACT FUNDING POLICY



**NATIONAL NUCLEAR SECURITY ADMINISTRATION
Office of Acquisition & Supply Management**

CONTRACT FUNDING POLICY

- 1) **PURPOSE**. This Business and Operating Policy (BOP) provides for the implementation of policy that mandates contracts be funded adequately to ensure continued contract performance and prompt payment of invoices to contractors thereby avoiding payment of unnecessary interest costs under the Prompt Payment Act or work stoppages due to insufficient funding on the contract.
- 2) **CANCELLATIONS**. None.
- 3) **APPLICABILITY**. This BOP is applicable to all NNSA Federal elements. This policy is not applicable to NNSA Management and Operating (M&O) contracts.
- 4) **REQUIREMENTS**.
 - a. Contracts shall be funded annually as follows:
 - (1) Fixed Price contracts shall be fully funded at award whenever possible. If incrementally funded, a sufficient level of funding shall be provided to fund the contract through the end of the current fiscal year or the performance period.
 - (2) Cost Reimbursement, Time and Materials (T&M) and Labor Hour contracts shall be funded at a sufficient level to fund at least six months of estimated cost and fee and maintain that level through subsequent quarterly obligations of additional funding until full funding is provided through the end of the current fiscal year or the performance period.
 - (3) Indefinite-Quantity-Indefinite-Delivery (IDIQ) contracts shall be fully funded at the minimum quantity stated in the contract at time of contract award. Subsequent orders shall be funded as discussed in the preceding two paragraphs.
 - b. The term “contract” as used in this document means contract, delivery or task order, purchase order, grant, interagency agreement or any other instrument through which the NNSA has agreed to reimburse or compensate a contractor or other service provider for a service or product.
 - c. Exceptions: During times when full funding is not available, such as continuing resolutions, contracts shall be funded, at a minimum, for the period of funding availability. After enactment of an Appropriation, the Program Office/Contracting Officer Representative (COR) shall initiate a Procurement Request-Authorization (PR) to provide the full amount of annual funding to cover contract requirements for obligation on the contract as required above in paragraph 4a.

- d. Contract funding levels, on Cost-Reimbursement type contracts, shall be monitored monthly to ensure that sufficient funding is available to pay anticipated invoices. If notified by the contractor or Contracting Officer (CO), or if through examination of invoices and/or monthly reports it is determined, that the level of funding available on the contract is insufficient to cover costs anticipated to be incurred over the next 90 days, the Program Office/COR shall initiate a PR having additional funding identified. If funding will not be available in time, the Program Office/COR will notify the CO. The Program Office/COR is responsible for monitoring funds against their assigned contracts. The I-MANAGE Data Warehouse (IDW) and Vendor Invoice Approval System (VIAS) are available sources of financial information.
- e. In the event it becomes apparent that funds will not be available, the CO shall issue a written stop work order and notify the contractor. Once the additional funds are received, the CO will issue a written cancel stop work order and notify the contractor to resume performance.

5) RESPONSIBILITIES.

- a. The Program Office Initiator/COR is responsible for identifying need, scope of work, cost estimate, schedule and coordinating with assigned Contract Specialist; cites funding source based upon AFP allocation; and initiates the PR and forwards to designated Program Reviewing Official for signature. The initiator is responsible for providing a PR to accompany required AFP changes to the Office of Planning, Programming, Budget and Evaluation (NA-62) and for monitoring the level of funding on incrementally funded type contracts. If contract line items are separately priced then funding shall be specified to include references to specific line items. Program Funding and Program Direction Funding shall also be specifically identified if applicable. PR actions shall be initiated in a timely manner to preclude work stoppages.
- b. The Program Reviewing Official is the person in the initiating office who has oversight responsibility for funds cited, and is responsible for monitoring work performed by the contractor.
- c. The authorized Certifying Officials (Headquarters - Office of Finance and Accounting or Service Center – Budget and Resources Management Department (BRMD)) are responsible for ensuring funds are spent for the purposes for which they were appropriated, within the period of availability, and in the amounts authorized, in accordance with 31 U.S.C. 1301.
- d. NA-62 is responsible for executing financial transactions needed to position funding in the AFP for executing contracts.
- e. The Program Office/COR is responsible for monitoring the administrative and funds aspects of the contract and must notify the CO immediately of any indication that the cost to the Government for completing performance under the contract will exceed the amount stated in the contract, as applicable. The Program Office/COR coordinates all actions relating to funding and changes in scope of work with the Program Office and the CO. The Program

Office/COR is responsible for providing funds to the CO for placement on contracts as described above and for monitoring the level of funding on incrementally funded contracts.

- f. The CO is responsible for managing the contract. The CO is only individual authorized to obligate Government funds and any change in terms, conditions, or scope of the contract.
- g. The Deputy Director, Office of Acquisition and Supply Management, and the Associate Director, Office of Business Services, are responsible for the efficient and effective management of NNSA's acquisition programs and ensures the operating elements are adhering to the Federal Acquisition Regulation, the Department of Energy Acquisition Regulation, and other guidance issued to the Director, Office of Acquisition and Supply Management.
- h. The NNSA General Counsel provides legal advice and guidance to the Director, Office of Acquisition and Supply Management (NA-63).

6) REFERENCES.

- a. Federal Acquisition Regulation (FAR) 52.232-22 Limitation of Funds;
- b. FAR 52.242-15 Stop-Work Order; Accounting Handbook, Chapter 5 Accounting for Obligations (<http://www.cfo.doe.gov/policy/actindex/>);
- c. DOE Order 534.IB, Accounting, (<http://www.directives.doe.gov/pdfs/doe/doetext/neword/534/o534lb.html>);
- d. Prompt Payment Act, (31 U.S.C. 3903);
- e. Anti-Deficiency Act, (31 U.S.C. 1341);
- f. DOE Order 5100.14A Allotment and Approved Funding Program Process;
- g. BOP-001.01, NNSA Application of PPBE Process for Activities Funded by the Office of the Administrator Appropriation;
- h. BOP 001.333, NNSA Operations Under a Continuing Resolution; and,
- i. STRIPES User Guide.

7) CONTACT. Director, Office of Acquisition and Supply Management (NA-63), (202) 586-7554.


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