

## PROCUREMENT SERVICES

### I. Negotiation and Administration of Contracts and Grants

Office of Education contract and grant projects requiring negotiation of detailed budgets and specific prices will number approximately 3,000 in the fiscal year 1966, with a dollar value of about \$150 million. This includes cooperative research projects, defense educational activities, vocational education, and other areas now involving contracting.

The Task Force believes there should be a central point for handling the business aspects of contract work, i.e., initial negotiation--and subsequent administration--of contract and grant arrangements concluded with educational institutions and others. Specific recommendations, along with the reasons therefor, are set forth below.

### II. Recommendations for a central procurement service

- (1) The Office of Education should establish a separate office for the negotiation and administration of all contract and grant arrangements, excepting therefrom formula-type grants, construction contracts, and financial assistance arrangements with states and individuals.
- (2) This office should be made responsible to the Deputy Commissioner, Office of Education, and not be under the administrative direction of anyone else.
- (3) Bureau officials and program staff should reach understandings with outside organizations as to the kinds and amounts of organization resources technically required to assure meeting program objectives and the amount of Office of Education financial resources which will be made available for this purpose consistent with the program mission and the purposes for which appropriated funds are made available. Once this understanding is reached, the program details, cost information and the necessary budget commitment will be forwarded to the procurement services office for conclusion of the business and contractual arrangements appropriate to the circumstances.



(4) Procurement office personnel should be made available for consultation and planning with program staff during the transition period.

(5) A uniform basic covering agreement modelled along the lines of the Office of Naval Research contract should be developed by the Office of Education. This agreement would specify the general terms and conditions--"boiler plate"--and the direct and indirect cost aspects of the Government-University relationship with specific tasks or projects to be assigned thereunder within the terms of the overall agreement.

(6) The Office of Education should be provided with adequate legal counsel for its contract work. Such counsel(s) should be physically located in the contracting office and subject to work assignments therein as needed for the negotiation and administration of contracts.

### III. Duties of Central Procurement Office

(1) The functions of the office shall include, among other things, responsibility for the development of policies, procedures, and guidelines covering all aspects of the negotiation, administration, and termination of contracts and grants, excepting therefrom formula-type grants, construction contracts, and financial assistance programs with states and individuals.

(2) Approve and execute all contracts, task orders, project orders and grants and revisions thereto, utilizing Office of Education legal counsel as needed.

(3) Maintain basic agreements on a current basis.

(4) Develop regulations and procedures with legal counsel in consonance with the legal, statutory and regulatory requirements bearing on contract and grant arrangements.

(5) Advise Office of Education Bureau and program staff, with assistance of legal counsel, of requirements and any limitations which the foregoing regulations and procedures place on program objectives and their procurement.

#### IV. Duties of program offices

(1) Reach understandings with outside organizations as to the kinds and amounts of organization resources technically required to assure meeting a specified program objective.

(2) Determine the amount of Office of Education financial resources which will be made available for a particular contract or grant for the specified program objective.

(3) Sign off on the draft copy of the Task Order, Contract, or Grant, as the case may be, after it has been put together by the Contract Negotiator to make sure, among other things, that the work description or task description ties into program aims, and that the agreement reflects coverage of any special terms and conditions dictated by the nature of the program objective. The program representative is a part of the team, and he signs off on the terms and conditions of the procurement before the negotiator releases it for further processing within the Procurement Services Office.

(4) Similar to the foregoing, the cognizant program representative will review the business clearance memorandum covering the transaction with the Contractor and sign off, together with the Negotiator, on the final account of these matters to make sure that the resulting arrangements are in conformity with the scientific and technical objectives of the program concerned. This is particularly important in the matter of reaching hard understanding about the work to be done by the institution or Contractor concerned. There is occasionally a problem of matching the initial program to the sharpened perspective furnished by the institution's research proposal and arriving at a common understanding as to what the institution is going to do in specific terms. In other words, as the interaction between the initial program requirements and the reaction on the basis of the Contractor's proposal takes place, this may result in a considerable revision on both sides from initial requirements as to what will be finally contracted for.

#### V. Reasons for Recommendations

(1) Frees valuable and sometimes scarce Office of Education program resources for full-time application to programmatic and technical matters.

(2) Avoids fragmentation of program staff effort and costly interruptions to deal with contract and grant status matters on a frequently crash basis.



(3) Provides a vital type of separation of functions in that program personnel are removed from financial and business aspects of contracting decisions, except for consultative and advisory assistance as required by the procurement representatives during negotiations. Further, it should be noted that the prevalent practice among most of the educational institutions is to require that their business office approve and sign off on all proposals sent to the Government. The recommendation would cause OE to bring its procedures into line with the practices of the educational institutions.

(4) A material savings in costs to the Government is envisaged through the establishment of centralized procurement functions. Program people are not generally well versed in the prevalent costing practices for direct and indirect costs of a given institution or commercial organization. More sophisticated negotiations should ensue and economies and reduced costs to the Government should occur through repetitive procurement with the organizations involved.

(5) A better Office of Education image in regard to contract and grant procurement and administration with the academic community should result from the centralization of procurement functions. A central point of contact for institutions and others in regard to the business and financial aspects of their grants and contracts, as well as those interested in being considered for Office of Education program matters, is afforded.

(6) The use of a basic research agreement with each institution for overall utilization under all Office of Education research and training programs will result in many benefits accruing to the Government and the institutions, such as:

- (a) Reduced costs in contracting procedures.
- (b) Consistency in terms, conditions and costs.
- (c) Faster issuance of documents.
- (d) Significant savings in cost of performing programs through tighter negotiations and better costing procedures achieved through experienced negotiations on a repetitive basis.
- (e) More timely close-out of contracts and grants through centralized administration of these arrangements.