

# Contracting Officer's Authorizations ("COA")

Presenters:

Marie Salamone, Partner

Evan Slebrch, Senior Consultant

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# Capital Edge Consulting Overview

# Capital Edge Consulting LLC

- Established in 2010
- Headquartered: National Capital Region
- Organized in: Delaware
- Employs 50+ professionals
- Actively supports 200+ clients per year
- Recognized nationally and regionally:
  - Inc. 5000 3X
  - Inc. 5000 DC Metro: 2020
  - Washington Business Journal Fastest Growing Companies: 2020
- Go-to-resource for Government Contracting Compliance Expertise
- Go-to-resource for Government Contracting Compliance Public Training



# Key Senior Leaders

Capital Edge employees combine their unique backgrounds and experience in public accounting, industry, DCAA and DCMA to provide unmatched government contracting expertise.



**Chad T. Braley**  
*CEO & Managing Partner*

Mr. Braley is the company founder and leads the company's services and growth initiatives. He specializes in business and organizational improvement strategies within the constraints of federal procurement regulations. He is a frequent lecturer and expert in cost accounting and business systems compliance.



**Stephen "Chase" Kunk, J.D.**  
*Managing Partner*

Mr. Kunk has both industry (Defense and Intel Community) and consulting experience. He has extensive experience in purchasing system compliance, CPSR readiness and risk mitigation, contract and subcontract negotiations, administration and management. He also serves as an expert witness and has been admitted under GAO protective order.



**Sean O'Connor**  
*Managing Partner*

Mr. O'Connor spent several years in the Forensic Advisory practice for a Big 4 firm and currently works with both contractors and grantees. He has represented multiple clients with OIG settlements with disputes regarding GSA contracts and has considerable experience working with internal audit teams, re-engineering business processes, SOX compliance, and business systems compliance.



**Paul M. Bailey, CPA**  
*Partner*

Mr. Bailey has served in executive leadership positions for major Defense contractors and several Big 4 firms. He is a published author on government contracting topics, has broad experience with federal procurement rules, has provided expert testimony, assists contractors and counsel with due diligence and resolution of contract disputes, accounting non-compliances and business systems compliance.

**Marie Salamone, CCP, MBA**  
*Partner*

Ms. Salamone has more than 30 years of government contract cost accounting and compliance consulting as well as cost engineering, construction claims analysis and litigation experience in an array of industries that include pharmaceutical, defense, manufacturing, service, energy, and much more. Ms. Salamone's expertise includes FAR, CAS, agency supplemental regulations, incurred cost and forward pricing rate proposals, contract terminations, business system compliance, indirect rate modeling, cost engineering, and construction-related claims.

**Gene Hansen, MBA, MS-Eng, Esq.**  
*Partner*

Mr. Hansen applies his 20+ years of experience in Aerospace & Defense (A&D) program managing large-scale system implementations, process improvement and change initiatives. He is experienced with multiple ERP, MES, and PLM systems and combines his machining, manufacturing engineering, business, and legal background into integrated process and systems development capability.

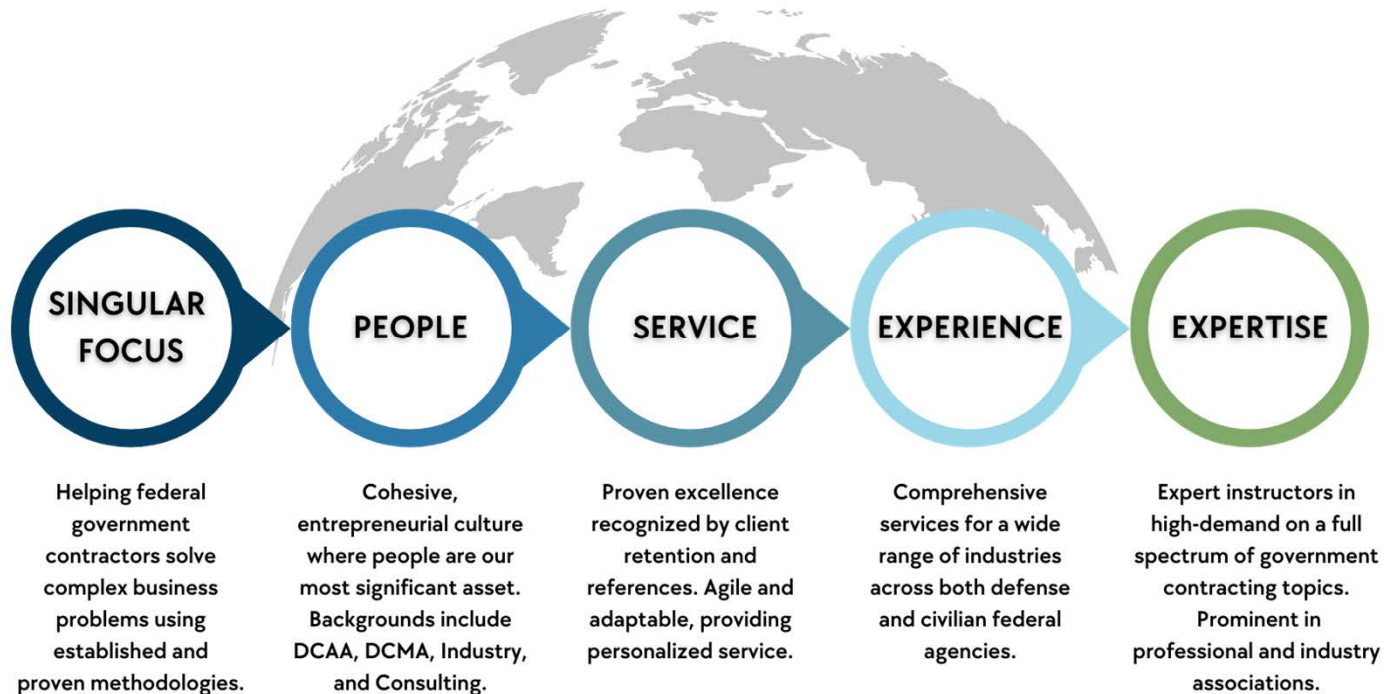
**Tony Worick**  
*Partner*

Tony Worick specializes in enabling businesses to work with the United States Government, particularly in the aerospace, defense, and commercial sectors. He leverages his expertise in Federal Acquisition Regulation (FAR), Cost Accounting Standards (CAS), and Defense Federal Acquisition Regulation Supplement (DFARS) to help companies establish internal controls, monitor compliance, and achieve successful audit outcomes.



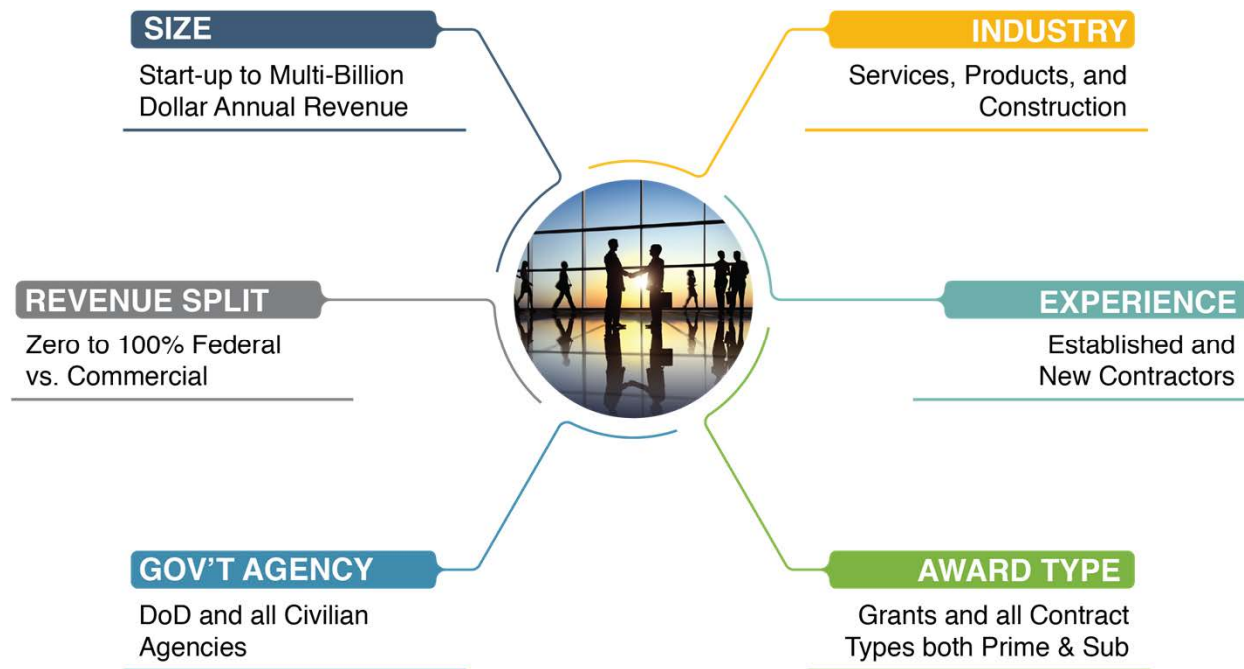
# Value Proposition

As the largest consulting firm-of-its-kind, Capital Edge assists **government contractors** and **federal grant recipients** in navigating **regulatory and contractual compliance** across all industries that serve **local, state and federal government**. We are singularly focused on **delivering proven excellence**, successful outcomes and outstanding client experiences.



# Who We Work With

All entities receiving Federal funding



# Comprehensive Solutions

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Capital Edge provides both full service integrated solutions as well as selected services within four main areas:

**Organizational Strategy**

**Compliance**

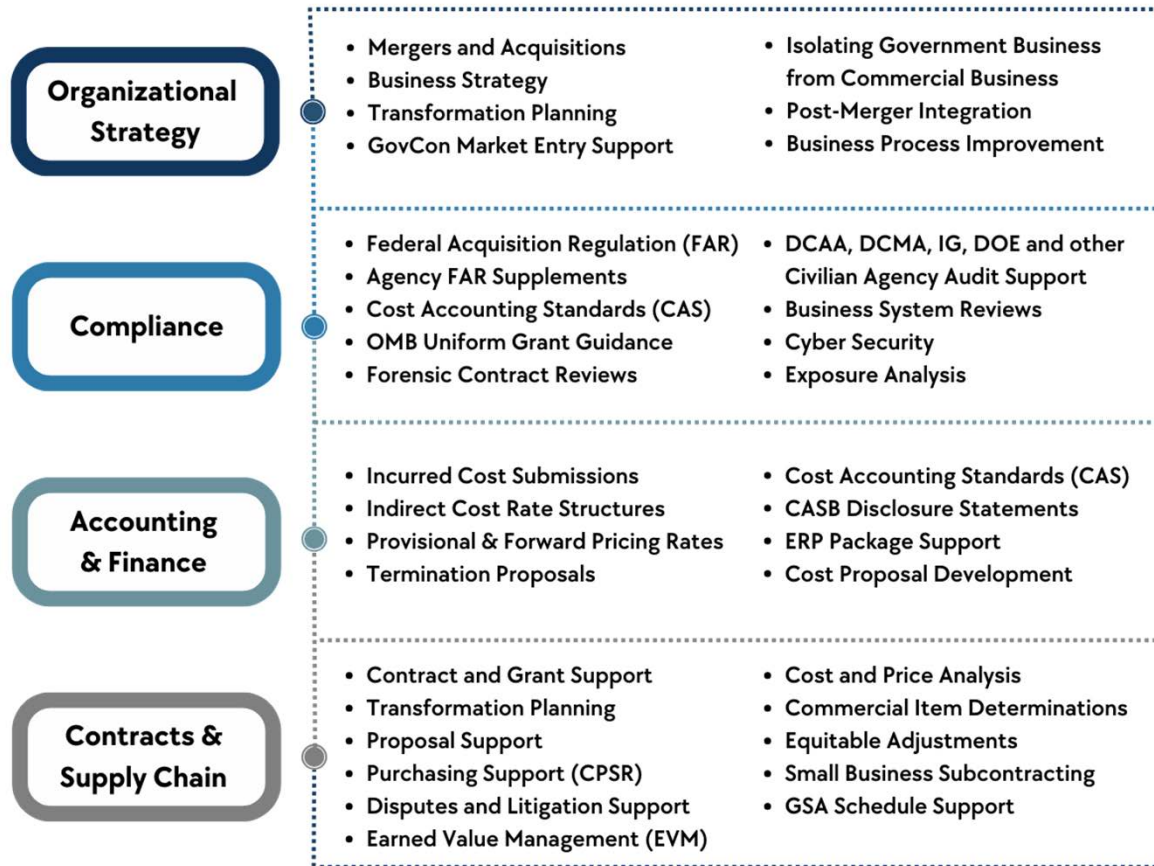
**Accounting & Finance**

**Contracts & Supply Chain**





# The Solution Model







# Organizational Strategy

# Organizational Strategy

## Key Functional Areas

Define the organization, policies, business processes, systems/technology, and monitoring/oversight of each element of the business structure.



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# Today's Presenters

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**Marie Salamone, CCP, MBA, Partner**

Marie has more than 30 years of government contract cost accounting and compliance consulting as well as cost engineering, construction claims analysis and litigation experience in an array of industries that include pharmaceutical, defense, manufacturing, service, energy, and waste management. Utilizing her expertise in the construction industry, Marie serves clients of all size by providing accounting, contracts, compliance, and claims support. She has developed numerous incurred cost proposals for a wide variety of clients, ranging from very simple to very complex rate structures with mix of contract types. Marie has also developed termination proposals, forward pricing proposals and policies and procedures for both large and small contractors across a number of industries.



**Evan Slebrch, Senior Consultant**

Evan has three years of experience providing professional support to government contractors in the areas of compliance, accounting, estimating, program management and system implementations. Evan's expertise includes Procurement and Billing Compliance, Incurred Cost Submissions, Cost Proposal Support and Management, Financial Modeling, FAR, CAS, Program Management, Business Systems and System Implementations. Evan has worked with federal contractors and grant recipients of varying size, complexity, and industry focus. He has assisted in accounting system and estimating systems compliance, cost impact analyses, system implementations, and program management. He has also assisted clients with Certified Purchasing System Reviews (CPSR), business system internal control reviews, and government audits.

# Agenda

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1. Purpose of COAs
2. COA Contract Language
3. Drafting COA Requests
4. COAs for Travel
5. COA Processes
6. COA Templates and Forms

# Polling Question #1

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- ✍ What is your main reasoning for joining this training?
  - a) I want to know and learn more about how to comply with COA requirement in my prime contract
  - b) I want to know and learn more about how to draft an adequate COA request
  - c) I don't have a government contract but want to bid on one and need to know and learn more about COA requirements
  - d) Other

# Purpose of COAs





# What is a COA?

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- ✍ A Contracting Officer's Authorization ("COA") is a written authority from the Contracting Officer ("CO") to move forward with a contract specified function or activity
- ✍ Utilized to grant pre-approval to prime contractors to proceed with procuring and/or incurring certain costs
- ✍ Contract clause included in a prime contract
  - COA Requirements are NOT Regulation
  - Not in Federal Acquisition Regulations ("FAR") or FAR Supplements
  - COA Requirements may be expected for cost-reimbursable contracts and/or contractors with inadequate or unassessed Purchasing Systems
- ✍ Generally issued under U.S. Department of Health and Human Services ("HHS") prime contracts

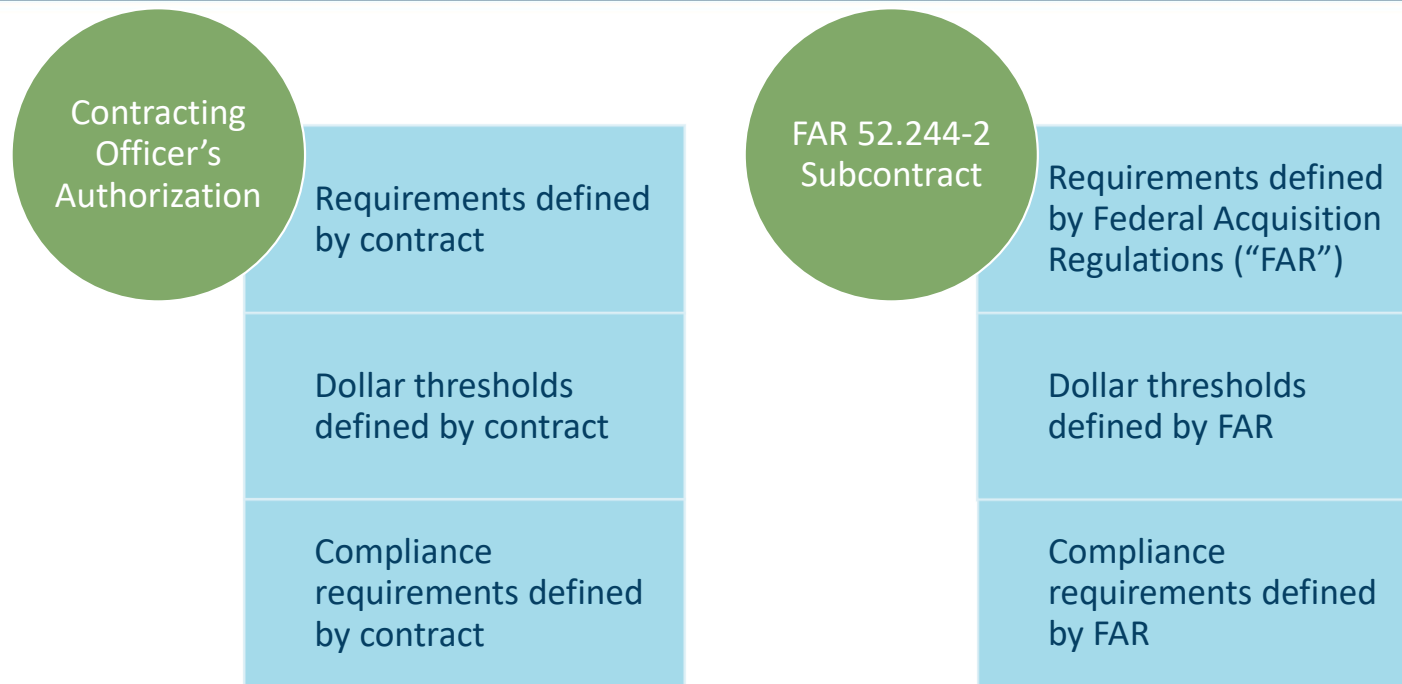
## Purpose of a COA

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- ✍ Provide pre-approval from COs to Prime Contractors to proceed with procurement
- ✍ Government can ensure costs are both reasonable and allowable
- ✍ Reduce risk of significant Prime Contractor costs being later disallowed by the government



# FAR 52.244-2 Subcontracts



☞ COAs may be utilized to meet requirements of FAR 52.244-2

- Compare COA and FAR requirements to ensure COA thresholds are less than or equal to FAR threshold amounts for same procurement type

## Polling Question #2

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- ✎ Does your company have any prime contracts including a Contracting Officer's Authorization contract clause?
- a) Yes
  - b) No
  - c) I don't know



# COA Contract Language



# Sample Contract Clause Language

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## H.5 Contracting Officer's Authorization (COA) for Subcontracting

The Contractor shall submit a Contracting Officer's Authorization (COA) approval request, to the Contracting Officer, for all subcontractors, consultants and equipment purchases proposed during the course of this contract. COAs for subcontractors and consultant agreements shall be submitting when the potential subcontract is expected to exceed **\$150,000;** for equipment purchases, when the unit price per item is expected to exceed \$25,000. Sufficient time shall be provided for the Government to fully assess the transaction proposed. The supporting documents shall include, but not be limited to:



## Sample Contract Clause Language (cont.)

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1. Competition activities, as well as technical and cost/price evaluation activities performed, in the selection of the subcontractor(s);
2. The subcontractor's qualifications/capabilities statement as they pertain to the activities included in the proposed subcontract;
3. The subcontractor's willingness to perform under the Contractor (i.e. commitment letters/preliminary agreements), with a list of specific duties included in the proposed subcontract;
4. The priority that the work will be given and how it will relate to other work;
5. The amount of time and facilities available for the subject requirement; and
6. A complete subcontractor cost proposal or quote, in similar format as the Contractor's cost proposal.



# Drafting COA Requests



# Drafting COA Requests

- ✍ COA requests are the vehicle Contractors utilize to request approval Contracting Officer approval for function related costs
- ✍ COA requests should provide support deemed necessary by the contract for requested costs

- 1. Description of services needed and why they are needed for the contract work**
- 2. Cost of the Services**
  - a. Competition activities, as well as technical and cost/price evaluation activities performed, in the selection of the subcontractor(s)*
  - b. Cost of the Services*
- 3. Quote from Vendor (a complete subcontractor cost proposal or quote, in similar format as the Contractor's cost proposal)**
- 4. Justification for why Services must be purchased from a specific vendor**

- 5. Statement on the Use of Services on Contract**
  - a. The subcontractor's qualifications/capabilities statement as they pertain to the activities included in the proposed subcontract.*
  - b. The subcontractor's willingness to perform under the Contractor (i.e., commitment letters/preliminary agreements), with a list of specific duties included in the proposed subcontract.*
  - c. The priority that the work will be given and how it will relate to other work*
  - d. The amount of time and facilities available for the subject requirement*
- 6. Cost Verification**
- 7. Vendor Suspension/Debarment Check**

# COA Request - Competition Activities

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- ✍ Communicate steps taken to ensure adequate competition was achieved
- ✍ Provide a cost or price analysis using proposals from multiple sources for requested good or service
- ✍ Generally, Contractors should select the lowest available price
  - If Contractors select vendors that did not propose the lowest cost, a justification must be provided
- ✍ If competition activities were not conducted, an adequate single or sole source justification must be provided

# COA Request - Qualifications/Capabilities

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- ✍ Does the proposed Subcontractor have experience working with the Contractor?
- ✍ Does the Subcontractor have experience working under government contracts?
- ✍ Does the Subcontractor specialize in the requested goods or services?



## COA Request – Subcontractors Willingness to Perform

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- ✍ Generally, a Subcontractor's proposal will answer all contract requirements for Subcontractors Willingness to Perform
- ✍ Contractor must be able to clearly identify that proposed subcontractors can meet all requirements of a Request for Proposal
- ✍ What are the Subcontractor's responsibilities under the prime contract
- ✍ List of specific duties proposed Subcontractor is expected to perform

## COA Request - Priority and Relation

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- ✍ Are requested good or services deemed to be high or low priority by the Contractor and why?
- ✍ How does the requested good or service support the Prime Contractor's efforts in prime contract execution?

# COA Request - Time and Facilities Required

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- ✍ When and where will subcontracted work take place?
- ✍ Will subcontracted work be performed on site or remote?
- ✍ Is adequate space available on site for subcontracted work to be performed?
- ✍ For how long will subcontracted work be required?





# COA Request - Complete Cost Proposal

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- ✓ Proposed Subcontractor's cost proposal should be attached to COA requests as an appendix
- ✓ COA request should reference where the Subcontractors cost proposal is in the appendix
- ✓ Labor subcontract proposals should include:
  - Estimated hours
  - Hourly rates
  - Additional travel or material costs
  - Total costs
- ✓ Material subcontract proposals should include:
  - Number of units to be purchased
  - Cost of materials per unit
  - Total costs

# COA Requests for Travel



# Travel COA Requests

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- ✍ COAs may be required for domestic and international travel
  - “This section prohibits or restricts the use of contract funds for domestic travel expected to exceed \$10,000 and all foreign travel (costs unallowable unless otherwise approved by the Contracting Officer)”
- ✍ Travel includes transportation, lodging, meals, and incidentals expenses
- ✍ Contractors should provide a detailed breakdown of each trip’s estimated costs, and an explanation of why travel is necessary
- ✍ All travel incurred is subject to GSA per diem rates and compliance with Cost Principles in FAR Part 31

## Travel COA Requests (cont.)

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- ✍ Travel requests must NOT include unallowable travel costs
- ✍ Unallowable travel costs may include:
  - Airfare costs in excess of lowest priced airfare available
  - Rental car costs in excess of available compact or intermediate priced rental cars
  - Portion of cost of company-furnished automobiles that relates to personal use by employees
  - Lodging and meals expenses in excess of daily per diem rates in effect at time of travel as set forth in the-
    - Federal Travel Regulations (FTR), prescribed by the General Services Administration (GSA), for travel in the contiguous United States
    - <https://www.gsa.gov/travel/plan-book/per-diem-rates>
  - Alcohol/Entertainment

## Travel COA Requests (cont.)

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- ✍ When submitting a COA request for travel, details should at a minimum provide:
- Destination of trip;
  - Purpose of trip;
  - Dates of travel;
  - Number of travelers;
  - Travelers' names;
  - Airfare cost;
  - Lodging cost; and
  - Total estimated travel costs



## Travel COA Requests (cont.)

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- ✍ Based on Contractor provided travel details, CO will determine:
  - Is travel necessary?
  - Can work can be performed without need for travel?
  - Does travel meet requirements found in FAR 31.205-46 *Travel Costs*, as well as all regulation and applicable contract terms?
- ✍ CO will not approve any travel that is deemed unnecessary or includes unallowable costs
- ✍ Contractor should have well-established and compliant travel practices to reduce risk of COA requests being unapproved and requiring resubmission

## Polling Question #3

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- ✍ What is your role related to Contracting Officer's Authorization's within your organization?
  - a) I assist in preparing COA requests
  - b) I am involved in procurement of subcontracted goods and services
  - c) I manage COA approved funding
  - d) Other

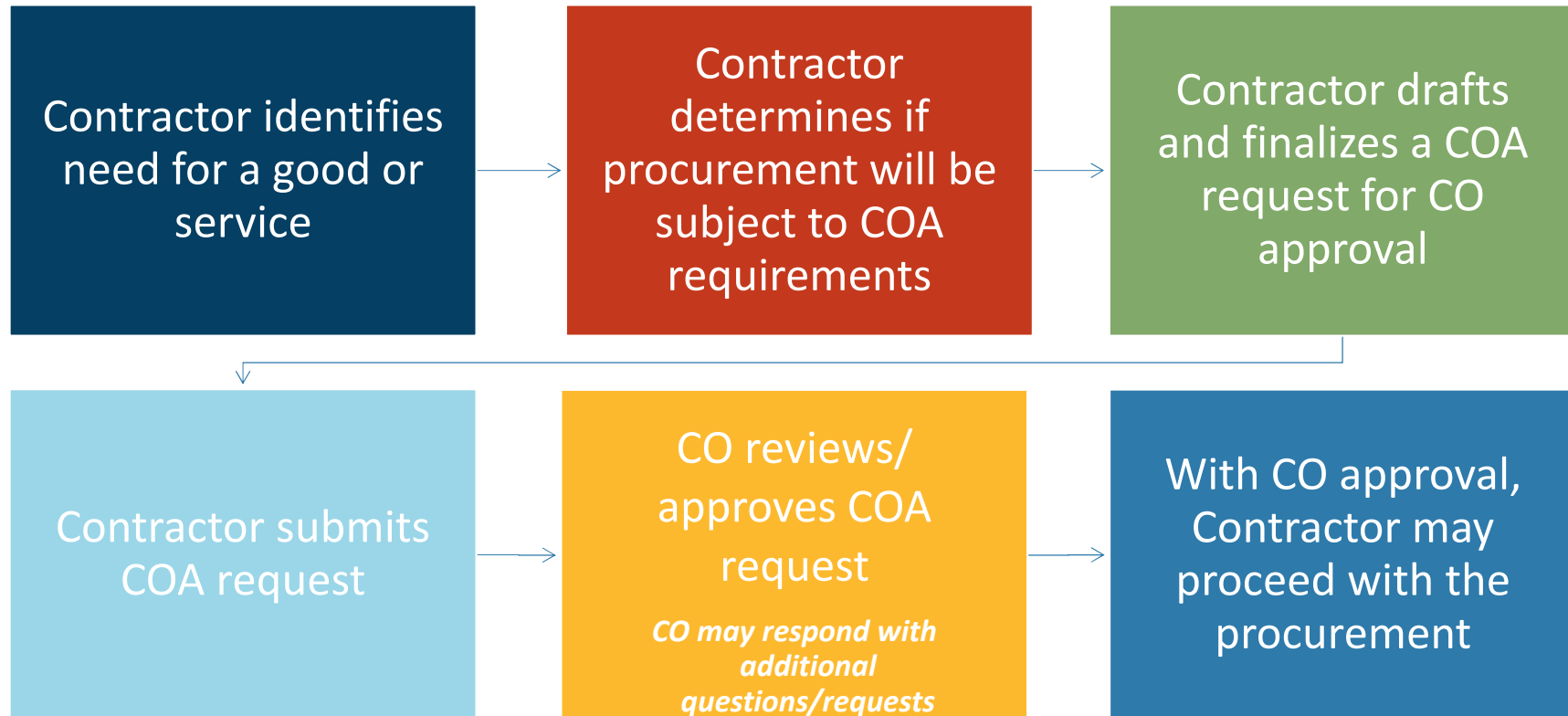


# COA Processes



# COA Timeline

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# COA Request Submission

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- ✍ COA request submission processes are not defined by the prime contract
- ✍ Contractors should expect CO to communicate how requests should be submitted
  - Recommendation: Work with CO at contract kickoff to define CO's intended COA request submission process
- ✍ Contractor should retain timestamped evidence of COA request submission
  - Examples: Saved email, screenshot of submission
- ✍ Contractor should establish who will be responsible for submitting COAs
- ✍ Roles and responsibilities for COA preparation and submission should be defined in a COA policy and procedure

## COA Request Submission (cont.)

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### ✍ Email:

- CO will identify if other government team members should be copied on submissions

### ✍ Government Provided Portal:

- CO will provide government-provided portal site
- Contractors may have a limited number of users who can access portals
- Example:
  - HHS subagency, Biomedical Advanced Research and Development Authority (BARDA), utilizes BARDA's Digital Resources site (<https://bdr.hhs.gov/>)



# COA Request Approval

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- ✔ CO will review COA requests for cost reasonableness and ensure requested goods or services are necessary
- ✔ CO may reach out with questions or clarifications prior to providing approval
  - If so, Contractor's should work with internal stakeholders to provide prompt and accurate responses
- ✔ CO will generally provide COA request approval via email
  - COA approvals should be documented and acknowledged in writing
- ✔ Generally, COs will provide COA request approval within 10 business days (with adequate COA submissions)
  - Communicate with your CO to determine the CO's approval timeframe

## Post COA Approval

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- ✍ Ensure all COA-related documentation (COA request, attachments, CO approval, etc.) is stored in contract administration files
- ✍ Disseminate COA approval to appropriate stakeholders
- ✍ Contractor may proceed with procuring requested good or service
- ✍ Contractor should cite applicable COA number on associated purchase requisitions
- ✍ COA numbers should be on the face of invoices subject to COAs when billing costs to the government

## Polling Question #4

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- ✍ Does Your Company have a COA Policy that addresses Contracting Officer's Authorizations requirements under a federally funded Prime Contract?
  - a) Yes
  - b) No
  - c) I don't know

# COA Templates and Forms





# COA Templates & Forms

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## COA Templates – COA Request

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- ✍ Provides standard and consistent format for COA request submissions
  - Consistent formatting encourages efficient government review
- ✍ Standardized header addressing CO and government agency
- ✍ Clearly identifiable sections to respond to all requirements identified in the prime contract

# COA Templates – Travel Request

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- ✧ Assist Contractors in consistently communicating all necessary information when requesting travel
- ✧ COA travel request templates should include but not limited to:
  - Starting and ending destination
  - Purpose;
  - Dates of travel;
  - Number of travelers;
  - Travelers' names;
  - Airfare cost;
  - Lodging cost; and
  - Total estimated travel costs



# COA Templates – Tracking Log

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- ✍ Identify the status of each COA
- ✍ Disseminate throughout Contractor's organizations to communicate COA statuses
- ✍ COA tracking logs should include:
  - COA number
  - Award type
  - Subcontractor
  - Contract line item number
  - Description of good or service purchased
  - COA request submission and approval dates and dollar amounts

# COA Templates - Checklist

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- ✔ Confirm all necessary support is provided in COA requests
- ✔ Track the lifecycle of COA requests
- ✔ COA checklists should include:
  - Subcontractor
  - COA number
  - Contract line item number (“CLIN”)
  - Subcontract type
  - Description of goods/services purchased
  - Submission and approval dates and dollar amounts
  - Section ensuring all compliance requirements are met
  - Section detailing all documentation supporting COA requests



# COA Templates – Policy and Procedure

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- ✔ State purpose of COA
- ✔ Identify roles and responsibilities of those involved in COA approval process
- ✔ Define when a COA is required
- ✔ Define COA requirements of the prime contract and details provided by the CO in a sub-policy
- ✔ Provide step by step details of COA processes
  - Procurement need identification, COA drafting, COA submission, COA storage, etc.

# Key Roles and Responsibilities

## Requestor

- Identify a need requiring contract funds
- Provide required COA request details to whomever will be drafting COA requests

## Procurement Lead

- Verify spending subject to COA approval align with Contractor's internal requirements
- Provide Contractor's approval via signature on COA requests

## Processor

- Communicate COA requirements throughout Contractor's organization
- Draft COA requests
- Perform budget checks
- Answer questions from CO related to submitted COA requests



# COA Templates & Forms Relationships

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- ✍ **COA Request Template:** Standard form utilized for COA request submissions to USG
- ✍ **Travel Request Template:** Provides breakdown of travel as attachment to COA requests
- ✍ **Tracking Log:** Stand alone document identifying the status of each COA
- ✍ **COA Checklists:** Tracks COA lifecycle and should be maintained in procurement files
- ✍ **Policy and Procedure:** Stand alone document establishing COA roles, responsibilities, and processes





## Key Takeaways

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- ✍ Have a clear understanding of the contract's COA requirements and thresholds
- ✍ Read your contract and communicate with your CO
- ✍ Have well established policies and procedures with detailed roles and responsibilities
- ✍ Maintain COA templates



## Polling Question #5

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- ✍ Did your understanding of Contracting Officer's Authorizations increase?
- a) Yes
  - b) No

**Marie Salamone**

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## Today's Presenters

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