

ORDER FOR SUPPLIES OR SERVICES

PAGE OF PAGES
1 4

IMPORTANT: Mark all packages and papers with contract and/or order numbers.

1. DATE OF ORDER 07-05-2001		2. CONTRACT NO. (If any) GS-35F-0515J		6. SHIP TO:	
3. ORDER NO. NRC-36-01-367		MODIFICATION NO.		4. REQUISITION/REFERENCE NO. OIG-01-367	
5. ISSUING OFFICE (Address correspondence to) U.S. Nuclear Regulatory Commission Division of Contracts and Property Mgt. Attn: T-7-I-2 IT Acquisition Management Branch Washington DC 20555				a. NAME OF CONSIGNEE U.S. Nuclear Regulatory Commission	
7. TO:				b. STREET ADDRESS ATTN: Corenthis Kelley Mail Stop: T-5-D28	
				c. CITY Washington	
a. NAME OF CONTRACTOR Carson Associates				f. SHIP VIA	
b. COMPANY NAME ATTN: Robert F. Schildwachter 4720 Montgomery Lane				8. TYPE OF ORDER	
c. STREET ADDRESS Suite 800				<input type="checkbox"/> a. PURCHASE ORDER <input checked="" type="checkbox"/> b. DELIVERY/TASK ORDER	
d. CITY Bethesda				Reference your _____ Please furnish the following on the terms and conditions specified on both sides of this order and on the attached sheet, if any, including delivery as indicated.	
e. STATE MD				Except for billing instructions on the reverse, this delivery/task order is subject to instructions contained on this side only of this form and is issued subject to the terms and conditions of the above-numbered contract.	
f. ZIP CODE 20814-3444					
9. ACCOUNTING AND APPROPRIATION DATA 31X0300 JCN: L3010 B&R: 13015601110 BOC: 252A OBLIGATE: \$110,013				10. REQUISITIONING OFFICE OIG AIGA/OIG	
11. BUSINESS CLASSIFICATION (Check appropriate box(es))					
<input type="checkbox"/> a. SMALL		<input checked="" type="checkbox"/> b. OTHER THAN SMALL		<input type="checkbox"/> c. DISADVANTAGED	
<input type="checkbox"/> d. WOMEN-OWNED					
12. F.O.B. POINT Destination		14. GOVERNMENT B/L NO.		15. DELIVER TO F.O.B. POINT ON OR BEFORE 12/31/2001	
13. PLACE OF		16. DISCOUNT TERMS N/A			
a. INSPECTION		b. ACCEPTANCE			
17. SCHEDULE (See reverse for Rejections) See CONTINUATION Page					

ITEM NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
	The U.S. Nuclear Regulatory Commission (NRC) hereby accepts Carsons proposal dated 06/25/2001, which is hereby incorporated by reference and made a part of this order. The labor categories are as follows:					
	Primary Functional Specialist	60	Hours	113.37	\$6,802.20	
	Project Manager II	240	Hours	98.29	\$23,589.60	
	Supervisor	420	Hours	88.64	\$37,228.80	
	Two - Technical Specialists	480	Hours	79.10	\$37,968.00	
	Technical Editor	120	Hours	36.87	\$4,424.40	
	The total amount obligated under this order is \$110,013.00. The total estimated ceiling for this time and material order is \$110,013. The level of hours are estimated. This may be increased time to time by the Contracting Officer by written modification to this order.					

18. SHIPPING POINT		19. GROSS SHIPPING WEIGHT		20. INVOICE NO.		\$110,013.00	SUBTOTAL	
21. MAIL INVOICE TO:								
SEE BILLING INSTRUCTIONS ON REVERSE		a. NAME U.S. Nuclear Regulatory Commission Division of Contracts & Property Mgmt.						17(h) TOTAL (Cont. pages)
		b. STREET ADDRESS (or P.O. Box) ATTN: Mail Stop T-7-I2						
		c. CITY Washington	d. STATE DC	e. ZIP CODE 20555				\$110,013.00

22. UNITED STATES OF AMERICA BY (Signature) <i>Mark J. Flynn</i>	23. NAME (Typed) Mark J. Flynn Contracting Officer TITLE: CONTRACTING/ORDERING OFFICER
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**ORDER FOR SUPPLIES OR SERVICES
SCHEDULE - CONTINUATION**

PAGE NO
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IMPORTANT: Mark all packages and papers with contract and/or order numbers.

DATE OF ORDER 07-05-2001	CONTRACT NO. GS-35F-0515J	ORDER NO. NRC-36-01-367
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ITEM NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
	<p>FAR Clause 52,232-7 is applicable to this order.</p> <p>The Period of Performance is 07-05-2001 - 12/31/2001.</p> <p>The Project Officer is Corenthis Kelley (301) 415-5977.</p> <p>Attachments: Statement of Work Billing Instructions</p>					

TOTAL CARRIED FORWARD TO 1ST PAGE (ITEM 17(H))

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TASK ORDER TERMS AND CONDITIONS
NOT SPECIFIED IN THE CONTRACT

A.1 NRC Acquisition Clauses - (NRCAR) 48 CFR Ch. 20

2052.209-72 CONTRACTOR ORGANIZATIONAL CONFLICTS OF INTEREST JAN 1993

A.2 ELECTRONIC PAYMENT

The Debt Collection Improvement Act of 1996 requires that all payments except IRS tax refunds be made by Electronic Funds Transfer. It is the policy of the Nuclear Regulatory Commission to pay vendors by the Automated Clearing House (ACH) electronic funds transfer payment system. The electronic system is known as Vendor Express. Payment shall be made in accordance with FAR 52.232-33, entitled "Mandatory Information for Electronic Funds Transfer Payment".

To receive payment, the contractor shall complete the "Company Information" portion of the Standard Form 3881, entitled "ACH Vendor/Miscellaneous Payment Enrollment Form" found as an attachment to this document. The contractor shall take the form to the ACH Coordinator at the financial institution that maintains its company's bank account. The contractor shall discuss with the ACH Coordinator how the payment identification information (addendum record) will be passed to them once the payment is received by the financial institution. Further information concerning the addendum is provided at Attachment. The ACN Coordinator should fill out the "Financial Institution Information" portion of the form and return it to the Office of the Controller at the following address: Nuclear Regulatory Commission, Division of Accounting and Finance, Financial Operations Section, Mail Stop T-9-H-4, Washington, DC 20555, ATTN: ACH/Vendor Express. It is the responsibility of the contractor to ensure that the financial institution returns the completed form to the above cited NRC address. If the contractor can provide the financial information, signature of the financial institutions ACH Coordinator is not required. The NRC is under no obligation to send reminders. Only after the Office of the Controller has processed the contractor's sign-up form will the contractor be eligible to receive payments.

Once electronic funds transfer is established for payments authorized by NRC, the contractor needs to submit an additional SF 3881 only to report changes to the information supplied.

Questions concerning ACH/Vendor Express should be directed to the Financial Operations staff at (301) 415-7520."

A.3 SEAT BELTS

Contractors, subcontractors, and grantees, are encouraged to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented, or personally owned vehicles.

STATEMENT OF WORK
Review of Implementation of Government Information Security Reform Act
Fiscal Year 2001

The Office of the Inspector General (OIG) is seeking contractor services for performance audits, as defined by the General Accounting Office's *Government Auditing Standards*, assessing the computer security program of the U.S. Nuclear Regulatory Commission (NRC), including assessments of selected component computer security programs. The contractor shall identify problems that exist and make recommendations for corrective actions. A security program assessment is a high-level, qualitative review of the information security program. This shall include evaluating the degree of compliance with the applicable criteria for a security program and effectiveness of its automated and manual controls. The assessment shall also focus on the operating environment, general management practices, and the degree of managerial support for the computer security program.

A. BACKGROUND

The recently enacted Government Information Security Reform Act (GISRA) requires an independent evaluation of an agency's information security program and practices. The evaluation shall also include evaluating the effectiveness of information security control techniques.

The GISRA also requires an assessment of compliance with requirements and related information security policies, procedures, standards, and guidelines. The assessments, performed annually, shall provide an agency's senior management and others with the needed information to determine the effectiveness of overall security programs and to develop strategies/best practices for improving information security.

In addition, OMB Circular A-130, *Management of Federal Information Resources*, Appendix III, requires agencies to implement and maintain an automated information systems security program, including the preparation of policies, standards, and procedures. An effective computer security program is an important managerial responsibility. Management establishes a positive climate by making computer security a part of the information resources management process and by providing support for a viable computer security program.

An effective computer security program ensures that compliance requirements are satisfied and day-to-day operating risks are cost-effectively minimized. It also ensures conformance with the information resources management program and that information resources are adequately protected. This protection means appropriate technical, personnel, administrative, environmental, and telecommunications safeguards are maintained; and effective operation of computers and applications supporting critical organization functions are continued.

Once the computer security program is in place, an organization should periodically reassess the computer security program goals, policies, and objectives. Reassessment is also done as significant changes occur in its technological, managerial, economic, political environment, or in external federal requirements. If there has been significant change, the computer security program should be modified accordingly.

B. SCOPE OF WORK

The contractor shall assist OIG with the overall audit of NRC's computer security program, policies and practices. This audit includes:

- independent evaluation of NRC's information security program and practices based upon the vulnerability assessments previously performed by NRC,
- review and evaluate assessments to be prepared by system owner offices on the (20-25) major applications,
- test the effectiveness of information security control techniques for up to five of the 20-25 major application systems, and
- evaluate the agency's corrective action plan.

All tasks in this statement of work must be completed with respect to NRC identified major applications, and one general support system, characterized as sensitive but unclassified systems. No national security systems will be included in this evaluation.

The work shall be performed in accordance with generally accepted government auditing standards, as specified in the General Accounting Office's *Government Auditing Standards*, 1994 revision, and additional reporting requirements of the Office of Management and Budget (OMB). Specifically, the work shall focus on evaluating the adequacy of the NRC's computer security program and practices for NRC major applications and general support systems of record for Fiscal Year 2001. The NRC's Office of the Chief Information Officer is responsible for providing guidance on security issues related to major applications and general support systems. This includes monitoring compliance with the provisions of applicable Federal statutes, policies, and regulations as they apply.

Task 1: Project Plan/Audit Program

The contractor shall provide the Project Officer with a final project plan/audit program. At a minimum, the project plan/audit program will detail:

- The approach/methodology employed and the processes (tasks, subtasks, etc.) undertaken by the contractor.
- A schedule of milestones for completing each phase of the audit. The schedule shall include the level of effort and delivery date for each phase.
- A listing of staff that will be assigned to the audit and their security clearance level. If additional staff is added at a later date, they will not be able to work on this audit or sections of the audit until necessary security requirements have been fulfilled.
- A schedule of budgeted hours by skill level for each section of the audit.
- An entity general risk assessment.
-

- A proposed audit program specific to this audit shall, at a minimum, require the evaluation of general controls or use of work performed by external sources and shall be performed in accordance with the General Accounting Office's *Federal Information Systems Control Audit Manual*. If general controls are determined to be properly designed, testing shall be done to determine if they are operating effectively. If general controls are both properly designed and operating effectively, further testing of applications controls should be proposed and discussed with the Project Officer.

The project plan/audit program shall be submitted for review and approval to the Project Officer within 5 calendar days after issuance of the task order, or alternatively, at a date mutually agreed to by the Project Officer and contractor. Review comments will be provided to the contractor no later than 5 working days after receipt of the document. The Project Officer's review and approval of the document will not alter the contractor's overall budgeted cost submitted at the time of acceptance of the task order.

Task 1 Deliverable: Project Plan/ Audit Program

Task 2: Reporting on the Government Information Security Reform Act (GISRA)

The contractor shall review and evaluate NRC's response in each of the categories required by the OMB guidelines for reporting on GISRA as described below. The contractor shall respond to all instructions for Agency IGs. The contractor shall:

- Prepare an executive summary,
- Perform an independent evaluation of NRC's information security program and practices based upon the vulnerability assessments previously performed by NRC and respond to categories 2 through 13 in the form of an audit report, and
- Perform additional work necessary to adequately assess each category.

The OMB reporting guidelines are presented below and can be located on the Internet.

OMB Memorandum, 01-08, "Guidance on Implementing the Government Information Security Reform Act", directs agencies to provide to OMB the following information: 1) copies of annual program reviews; 2) copies of independent evaluations; and 3) for national security systems, copies of audits of the independent evaluations. Additionally, the OMB guidance referenced follow-on instructions to be issued to agencies on reporting the results of the program reviews and independent evaluations in an executive summary. The reporting instructions below provide a consistent form and format for agencies to report back to OMB. Each topic in the reporting instructions relates to a specific agency responsibility outlined in the Security Act or OMB Circular-A-11.

I. Reporting Instructions for the Executive Summary

For non-national security programs, each agency head shall transmit to the OMB Director the results of an annual security review that includes: 1) an executive summary on how the agency is implementing the requirements of the Security Act and 2) copies

of the annual program reviews¹ and independent evaluations. For national security programs, the agency head shall transmit to the OMB Director an annual report that includes: 1) an executive summary on how the agency is implementing the requirements of the Security Act and 2) the audits of independent evaluations of national security systems.

The executive summary shall consist of two separate components, one prepared by the Inspector General (IG) characterizing the results of the independent evaluation and the other prepared by the Chief Information Officer (CIO), working with program officials, that is based on the results of the annual program reviews. These summaries will be the primary basis of OMB's summary report to Congress. The executive summary, consisting of both the IG and CIO components, should not exceed 15 pages.

Each agency shall submit their executive summary and additional required materials to OMB in September when their budget submission is due. Please note that this information should be sent to OMB under separate cover from the agency's budget materials according to the directions in the memorandum attached to these reporting instructions.

A. Instructions for Agency CIOs and Program Officials

CIOs working with program officials should respond to the 14 topics listed below. All responses should be based on the results of the annual program reviews. Unless otherwise noted, all responses to the statements below should be organized by major agency component, e.g. operating division or bureau, and be separated into each of the 13 topic areas. Please note that most of the topic areas below require that the agency first describe how it measures performance² for the requirements of the Security Act and second describe the actual level of performance based on the results of the annual program reviews.

Topic 14 requires the agency to develop a plan of action with milestones to correct any security weaknesses identified by the annual program reviews and independent evaluations. This plan is due to OMB by October 31, 2001. Additional instructions on the plan of action will be issued by OMB this summer.

¹Agencies should provide sufficient documentation for each of the reporting areas that supports the findings and assessments in their annual program reviews as reported in the executive summary. They should not submit copies of actual program reviews. For example, for system reviews (which are essential elements of each program review), the submission should include the number and types of systems in place for that program, the number of systems tested, and the specific types of tests conducted to determine whether appropriate management, operational, and technical controls were in place and functioning properly. The submission should include a characterization of problems found (e.g., types of vulnerabilities), but specific problems should not be associated with any specific system.

² In this context, performance measures are not those required by the Government Performance and Results Act. However, agencies, in consultation with the CIO, should begin incorporating into their performance plans (as required under section 1115 of title 31) this summer a description of the time periods and the resources, to include budget, staffing and training, that are necessary to implement an agencywide information security program. (Section 3534(d)(1)-(2) of the Security Act).

B. Instructions for Agency IGs

The Security Act directs IGs or their designee, to perform annual independent evaluations of the information security program and practices of the agency. OMB requests that IGs respond to topics 2-13. All responses should be based on the results of the independent evaluations. IGs are not required to describe or evaluate how an agency measures performance with respect to its annual program reviews or evaluate the review itself. Instead, IG responses should focus on the actual performance of the agency's security program and practices. For national security systems, IGs should respond to topics 2-13 as appropriate based on the information in the audits of the independent evaluations.

II. Specific Questions

A. General Overview

In this section, the agency shall provide the following information:

1. Identify the agency's total security funding as found in the agency's FY01 budget request, FY01 budget enacted, and the FY02 budget request. This should include a breakdown of security costs by each major operating division or bureau and include critical infrastructure protection costs that apply to the protection of government operations and assets.³ Do not include funding for critical infrastructure protection pertaining to lead agency responsibilities such as outreach to industry and the public.
2. Identify the total number of programs included in the program reviews or independent evaluations.
3. Describe the methodology used in the program reviews and the methodology used in the independent evaluations.
4. Report any material weakness in policies, procedures, or practices as identified and required to be reported under existing law. (Section 3534(c)(1)-(2) of the Security Act).

B. Security Program Performance

In this section, the agency shall succinctly describe:

1. The specific measures of performance used by the agency to ensure that agency program officials have: 1) assessed the risk to operations and assets under their control; 2) determined the level of security appropriate to protect such operations and assets; 3) maintained an up-to-date security plan (that is practiced throughout the life cycle) for each system supporting the operations

³ Agencies should correlate security costs with those costs reported on their FY02 Exhibit 53s.

and assets under their control; and 4) tested and evaluated security controls and techniques. Include information on the actual performance for each of the four categories. (Section 3534(a)(2) of the Security Act).

2. The specific measures of performance used by the agency to ensure that the agency CIO: 1) adequately maintains an agency-wide security program; 2) ensures the effective implementation of the program and evaluates the performance of major agency components; and 3) ensures the training of agency employees with significant security responsibilities. Include information on the actual performance for each of the three categories. (Section 3534(a)(3)-(5) of the Security Act).
3. How the agency ensures that employees are sufficiently trained in their security responsibilities. Identify the total number of agency employees and briefly describe what types of security training was available during the reporting period, the number of agency employees that received each type of training, and the total costs of providing such training. (Section 3534(a)(3)(D), (a)(4), (b)(2)(C)(review, evaluate and report on the adequacy of NRC's i)-(ii) of the Security Act).
4. The agency's documented procedures for reporting security incidents and sharing information regarding common vulnerabilities. Include a description of procedures for external reporting to law enforcement authorities and to the General Services Administration's FedCIRC. Include information on the actual performance and the number of incidents reported. (Section 3534(b)(2)(F)(i)-(iii) of the Security Act).
5. How the agency integrates security into its capital planning and investment control process. Were security requirements and costs reported on every FY02 capital asset plan (as well as exhibit 53) submitted by the agency to OMB? If no, why not? (Sections 3533(a)(1)(A)-(B), (b)(3)(C)-(D), (b)(6) and 3534(a)(C) of the Security Act).
6. The specific methodology (e.g., Project Matrix review) used by the agency to identify, prioritize, and protect critical assets within its enterprise architecture, including links with key external systems. Describe how the methodology has been implemented. (Sections 3535(a)(1)(A)-(B), (b)(3)(C)-(D), (b)(6) and 3534(a)(C) of the Security Act).
7. The measures of performance used by the head of the agency to ensure that the agency's information security plan is practiced throughout the life cycle of each agency system. Include information on the actual performance. (Sections 3533(a)(1)(A)-(B), (b)(3)(C)-(D), (b)(6) and 3534(a)(C) of the Security Act).
8. How the agency has integrated its information and information technology security program with its critical infrastructure protection responsibilities, and other security programs (e.g., physical and operational). (Sections 3534(a)(1)(B) and (b)(1) of the Security Act).

9. The specific methods (e.g., audits or inspections) used by the agency to ensure that contractor provided services (e.g., network or website operations) or services provided by another agency are adequately secure and meet the requirements of the Security Act, OMB policy and NIST guidance, national security policy, and agency policy. (Sections 3532(b)(2), 3533(b)(2), 3534(a)(1)(B) and (b)(1) of the Security Act).

C. Next Steps

1. Each agency head, working with the CIO and program officials, must provide the following information to OMB by October 31, 2001. Provide a strategy to correct security weaknesses identified through the annual program reviews, independent evaluations, other reviews or audits performed throughout the reporting period, and uncompleted actions identified prior to the reporting period. Include a plan of action with milestones that include completion dates that: 1) describes how the agency plans to address any issues/weaknesses; and 2) identifies obstacles to address known weaknesses.

Task 2 Deliverables : Executive Summary
Independent Evaluation Report

Task 3: Evaluate Assessments to Be Prepared by System Owner Offices on the (20-25) Major Applications

The contractor shall review, evaluate and report on the adequacy of NRC's preparation of the National Institute of Standards and Technology (NIST) Federal Information Technology Security Framework (or Framework) by System Owner Offices. The framework describes an asset self assessment and provides levels to guide and prioritize agency efforts as well as a basis to measure progress. In addition, NRC system owner offices will answer the NIST questionnaire that gives the implementation tools for the framework. The questionnaire will contain specific control objectives that should be applied to a secure system. The contractor shall review, evaluate and report on the adequacy of NRC's assessments.

Task 3 Deliverables: Report on agency assessments

Task 4: Verification/Tests of Information Security Controls

The Contractor shall test the effectiveness of information security control techniques for up to five of the 20- 25 major application systems and report strengths or weaknesses and recommendations. The tests of Information security controls shall include, but are not limited to:

1. Identification, Authentication, and Password Management (for example: password dictionary attacks, password maximum age, password minimum age, password length, password expiration, password uniqueness, accounts lacking passwords, and accounts with passwords that cannot be changed)
2. Login Management (for example: excessive dormant accounts, account lockout, account lockout duration, warning banners, identification of primary access control)

software and files and procedures for ensuring that all software runs under its control, review of access authorizations for appropriateness and completeness, and review of interfaces with the access control package for integrity)

3. Account Integrity (for example: inappropriate user rights, advanced user rights and privileges; accounts missing user's full name; administrator accounts not renamed; guest accounts not disabled; and login time restrictions).
4. System Auditing (for example: system auditing improperly disabled, event logs too small, event logs improperly overwritten, and handling and availability of system logs).
5. Remote Access Service (RAS) Procedures (for example: RAS properly disabled, RAS encrypted passwords, authentication retry limits, authentication time limits, RAS auditing, and RAS data encryption).
6. Procedures which ensure that Software and Operating System Patches are kept current.
7. Physical Controls (for example: physical access controls and their effectiveness, locks and entry procedures, protection against hardware and software theft, other human and machine-related threats, procedures for off-site storage of data and software, and access authorization procedures and monitoring devices).
8. Personnel Controls (for example: personnel security policies).
9. Environmental Controls (for example: uninterrupted power supply, HVAC controls, raised floors in server room, alarms).
10. System and Network Backup and Restoration Controls.
11. Data Communication Network Safeguards connections with external entities and reliance on the security of said entities for Network Integrity and Security.

Task 4 Deliverables : Report on Results of System Tests

Task 5 Evaluate the Agency's Corrective Action Plan

The contractor shall evaluate the adequacy of the agency's corrective action plan that is due to OMB by October 30, 2001. The draft of agency's strategy to correct security weaknesses identified through the annual program reviews, independent evaluations, other reviews or audits performed throughout the reporting period, and uncompleted actions identified prior to the reporting period, will be provided to the contractor for review, evaluation and comment. The contractor shall document and report the results of the evaluation of NRC's corrective action plan the to OIG.

Task 5 Deliverables: Report on the Evaluation of NRC's corrective action plan

C. DELIVERABLES

Most of the work called for in this statement of work (SOW) involves the submission of documents, papers, reports, slides, etc. to the Project Officer. The contractor will submit final versions to the Project Officer within 3 days from receipt of written comments on the draft documents. The contractor shall provide the Project Officer with one hard copy original of the drafts and one hard copy original and one diskette containing WordPerfect or compatible word processing format data file for final versions.

All documents, either in electronic or printed form, and the media upon which they are contained shall be protected consistent with the overall sensitivity of the document. The contractor shall not maintain archived material relating to the computer information security conclusions of the project. The only authorized backup media are computer diskette or compact disk (CD), which in turn shall also be surrendered to NRC OIG upon project completion or contract termination. The contractor shall certify, in writing, that server backup media, whether tape or disk, has been purged of related material pertinent to this project.

Reports

At the completion of each Tasks 2 through 5, the contractor shall prepare and deliver a program assessment report that summarizes NRC's overall information security compliance. For each component system tested, as identified in the scope of work, the contractor shall prepare a separate detailed section of the report with recommendations for corrective actions. The report shall detail major computer information security weaknesses requiring correction and potential savings. The report shall provide a summary of the audit procedures performed. The summary shall provide details of findings, impact of weaknesses on computer information security, and recommendations for corrective actions that could be taken by management. The report shall also identify those areas requiring more detailed review.

For each condition identified in the report, the contractor shall include a description of the condition identified, the criteria used to assess the situation, causes of the situation, risks associated with the condition, and recommendations for correcting the condition.

The contractor shall also include in its report the status of known but uncorrected significant findings and recommendations from prior audits, in a format agreed upon by the contractor and the Project Officer.

The contractor shall ensure that copies of the report are cross-referenced to the work papers when the final draft is submitted, to assist in the review of these reports. The Government Information Security Reform Act requires the results of this evaluation be submitted with the NRC's annual budget submissions which may require revisions of due dates. Delivery schedules are as follows:

Task Number	Deliverable Title	Due Date
Task 1	Final Project Plan/Audit Program	Five calendar days after issuance of task order.
Task 2	Draft Executive Summary	August 15, 2001
	Draft Independent Evaluation Report Based on Previous Agency Work	
Task 3	Draft Report on NRC NIST Self Assessments	August 15, 2001
Task 4	Draft Report on System Test Results	August 15, 2001
Task 5	Draft report on Comments on Corrective Action Plan	October 5, 2001

All deliverables submitted under this contract shall be accompanied by a transmittal letter that will identify the contract and the products presented. The contractor shall prepare monthly billing statements and the billing statements shall be consistent with progress reports as discussed in Section E, Progress Reports and Status Meetings.

D. REFERENCES

The contractor shall perform the tasks described according to the following basic criteria to ensure that the tasks conducted, recommendations made, and products delivered are consistent with government requirements. The references are not intended to be all-inclusive. Upon request, OIG will provide the following references:

1. Clinger-Cohen Act of 1996. This Act linked computer security to agency capital planning and budgeting processes, established agency Chief Information Officers, and re-codified the Computer Security Act of 1987.
2. Computer Security Act of 1987. The Computer Security Act requires that Federal agencies provide mandatory periodic training in computer security awareness and accepted security practice to all employees involved with the management, use, or operation of a Federal computer system within or under the supervision of a Federal agency.
3. Office of Management and Budget Circular A-130, "Management of Federal Information Resources," Appendix III, "Security of Federal Automated Information Resources." OMB Circular A-130 establishes a minimum set of controls to be included in Federal Information Technology (IT) security programs. Specifically, the circular requires that a

management official authorize, in writing, the use of each IT system based on implementation of its system security plan before beginning or significantly changing processing. Also, OMB Circular A-130 requires that all individuals be appropriately trained in how to fulfill their security responsibilities before they are granted access to a system or application.

4. Presidential Decision Directive 63, "Protecting America's Critical Infrastructures." This directive specifies agency responsibilities for protecting the nation's infrastructure; assessing vulnerabilities of public and private sectors; and eliminating vulnerabilities.
5. Presidential Decision Directive 67, "Enduring Constitutional Government and Continuity of Government." Relates to ensuring constitutional government, continuity of operations (COOP) planning, and continuity of government (COG) operations.
6. General Accounting Office "Federal Information System Control Audit Manual" (FISCAM). The methodology used in this manual provides guidance to auditors in evaluating general controls over the confidentiality, integrity, and availability of data maintained in computer-based information systems.
7. NRC Management Directive 12.4 "Telecommunications Systems Security Program" and NRC Management Directive 12.5 "Automated Information Systems Security Program" These orders establish uniform policy within the U.S. Nuclear Regulatory Commission for the protection of telecommunications and automated information systems.
8. OMB Memorandum M00-07, "Incorporating and Funding Security in Information Systems Investments," provides guidance to agencies on accomplishing the requirement to practice security planning throughout the life cycle of each system.
9. Government Information Security Reform This Act requires an annual independent evaluation of the information security program and practices of each agency. The Inspector General or the independent evaluator performing the evaluation may use an audit, evaluation, or report relating to programs or practices of the applicable agency.

E. PROGRESS REPORTS AND STATUS MEETINGS

1. Progress Reports

The contractor shall prepare and submit written progress reports. Progress reports shall be submitted to the Project Officer within 5 days after the end of the month. Progress reports shall discuss the status of all on-going work related to the specific tasks listed in the SOW. At a minimum, each progress report shall contain a description of:

- a. Work performed during the reporting period just ended;
- b. Work to be performed during the next reporting period;
- c. Any planned travel including travel objectives;
- d. Any problems encountered with corrective action proposed or taken and a statement about the potential impact of the problem; including any government action requested;
- e. An estimate of the percent complete for each task; and
- f. The hours expended to-date and for the reporting period just ended.

2. Status Meetings

Status meetings between the contractor, NRC component, Project Officer will be held on a bi-weekly basis or as mutually agreed to by the aforementioned individuals. At a minimum, the following shall be discussed:

- a. The time, date and location of the meeting;
- b. Contact information for audit staff currently on site;
- c. The status of action items from the last meeting, including any corrective action undertaken;
- d. The results of audit work performed since the last status meeting;
- e. Outstanding documentation requests/potential delays;
- f. A listing of current findings/audit issues to date;
- g. Planned audit areas/work to be completed by the next status meeting;
- h. Upcoming deadlines; and
- i. The time and date of the next status meeting.

Other potential areas of discussion will include access to records and documents, scheduled field office visits, significant accomplishments, and any other area(s) where the contractor, NRC component, and Project Officer may need clarification or assistance.

3. Exception Reports

The contractor shall prepare and submit an exception report describing any problems encountered that may impact the government adversely, require clarification or action by the government, require documentation, or result in a deviation from the approved work plan. The contractor shall promptly escalate problems, issues and concerns to the Project Officer.

4. Findings

The Project Officer will be kept advised of all findings and issues as they arise. The contractor will provide to applicable component management, written summaries of all potential findings as they arise and request that they review and respond to the finding(s) factual accuracy. At a minimum, the written summaries should include condition, cause, criteria, effect, and recommendation.

F. PLACE OF DELIVERY-REPORTS

The items to be furnished hereunder shall be delivered to the individuals reflected below, with all charges paid by the Contractor and shall be provided by the established delivery date:

- (a) Name: Corenthis Kelley, Project Officer (2 copies)
- Address: U.S. Nuclear Regulatory Commission
MAIL STOP T-5D28
Washington, DC 20555

(i) Name: Mark Flynn, Contracting Officer (1 copy)
Address: U.S. Nuclear Regulatory Commission
MAIL STOP T-7-12
Washington, DC 20555

G. 52.215-71 PROJECT OFFICER AUTHORITY

(a) The contracting officer's authorized representative, hereinafter referred to as the project officer, for this contract is:

Name: Corenthis Kelley
Address: U.S. Nuclear Regulatory Commission
MAIL STOP T-5D28
Washington, DC 20555

Telephone Number: (301) 415-5977

(b) Performance of the work under this contract is subject to the technical direction of the NRC project officer. The term "technical direction" is defined to include the following:

(1) Technical direction to the contractor which shifts work emphasis between areas of work or tasks, authorizes travel which was unanticipated in the Schedule (i.e., travel not contemplated in the Statement of Work or changes to specific travel identified in the Statement of Work), fills in details, or otherwise serves to accomplish the contractual statement of work.

(2) Provide advice and guidance to the contractor in the preparation of drawings, specifications, or technical portions of the work description.

(3) Review and, where required by the contract, approval of technical reports, drawings, specifications, and technical information to be delivered by the contractor to the Government under the contract.

(c) Technical direction must be within the general statement of work stated in the contract. The project officer does not have the authority to and may not issue any technical direction which:

(1) Constitutes an assignment of work outside the general scope of the contract.

(2) Constitutes a change as defined in the "Changes" clause of this contract.

(3) In any way causes an increase or decrease in the total estimated contract cost, the fixed fee, if any, or the time required for contract performance.

(4) Changes any of the expressed terms, conditions, or specifications of the contract.

(5) Terminates the contract, settles any claim or dispute arising under the contract, or issues any unilateral directive whatever.

(d) All technical directions must be issued in writing by the project officer or must be confirmed by the project officer in writing within ten (10) working days after verbal issuance. A copy of the written direction must be furnished to the contracting officer. A copy of NRC Form 445, Request for Approval of Official Foreign Travel, which has received final approval from the NRC must be furnished to the contracting officer.

(e) The contractor shall proceed promptly with the performance of technical directions duly issued by the project officer in the manner prescribed by this clause and within the project officer's authority under the provisions of this clause.

(f) If, in the opinion of the contractor, any instruction or direction issued by the project officer is within one of the categories as defined in paragraph (c) of this section, the contractor may not proceed but shall notify the contracting officer in writing within five (5) working days after the receipt of any instruction or direction and shall request the contracting officer to modify the contract accordingly. Upon receiving the notification from the contractor, the contracting officer shall issue an appropriate contract modification or advise the contractor in writing that, in the contracting officer's opinion, the technical direction is within the scope of this article and does not constitute a change under the "Changes" clause.

(g) Any unauthorized commitment or direction issued by the project officer may result in an unnecessary delay in the contractor's performance and may even result in the contractor expending funds for unallowable costs under the contract.

(h) A failure of the parties to agree upon the nature of the instruction or direction or upon the contract action to be taken with respect thereto is subject to 52.233-1 - Disputes.

(i) In addition to providing technical direction as defined in paragraph (b) of the section, the project officer shall:

(1) Monitor the contractor's technical progress, including surveillance and assessment of performance, and recommend to the contracting officer changes in requirements.

(2) Assist the contractor in the resolution of technical problems encountered during performance.

(3) Review all costs requested for reimbursement by the contractor and submit to the contracting officer recommendations for approval, disapproval, or suspension of payment for supplies and services required under this contract.

(4) Assist the contractor in obtaining the badges for the contractor personnel.

(5) Immediately notify the Personnel Security Branch, Division of Facilities and Security (PERSEC/DFS) (via e-mail) when a contractor employee no longer requires access authorization and return the individual's badge to PERSEC/DFS within three days after their termination.

H. PAYMENT

The Contractor shall submit itemized billings for work performed under this delivery order, by task in accordance with FAR Clause 52.232-7 as follows:

52.232-7 Payments under Time-and-Materials and Labor-Hour Contracts.

As prescribed in 32.111(b), insert the following clause:

Payments under Time-and-Materials and Labor-Hour Contracts (Mar 2000)

The Government will pay the Contractor as follows upon the submission of invoices or vouchers approved by the Contracting Officer:

(a) Hourly rate. (1) The amounts shall be computed by multiplying the appropriate hourly rates prescribed in the Schedule by the number of direct labor hours performed. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis. Vouchers may be submitted once each month (or at more frequent intervals, if approved by the Contracting Officer), to the Contracting Officer or designee. The Contractor shall substantiate vouchers by evidence of actual payment and by individual daily job time-cards, or other substantiation approved by the Contracting Officer. Promptly after receipt of each substantiated voucher, the Government shall, except as otherwise provided in this contract, and subject to the terms of (e) of this section, pay the voucher as approved by the Contracting Officer.

(2) Unless otherwise prescribed in the Schedule, the Contracting Officer shall withhold 5 percent of the amounts due under this paragraph (a), but the total amount withheld shall not exceed \$50,000. The amounts withheld shall be retained until the execution and delivery of a release by the Contractor as provided in paragraph (f) of this section.

(3) Unless the Schedule prescribes otherwise, the hourly rates in the Schedule shall not be varied by virtue of the Contractor having performed work on an overtime basis. If no overtime rates are provided in the Schedule and overtime work is approved in advance by the Contracting Officer, overtime rates shall be negotiated. Failure to agree upon these overtime rates shall be treated as a dispute under the Disputes clause of this contract. If the Schedule provides rates for overtime, the premium portion of those rates will be reimbursable only to the extent the overtime is approved by the Contracting Officer.

(b) Materials and subcontracts. (1) The Contracting Officer will determine allowable costs of direct materials in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) in effect on the date of this contract. Direct materials, as used in this clause, are those materials that enter directly into the end product, or that are used or consumed directly in connection with the furnishing of the end product.

(2) The Contractor may include reasonable and allocable material handling costs in the charge for material to the extent they are clearly excluded from the hourly rate. Material handling costs are comprised of indirect costs, including, when appropriate, general and administrative expense allocated to direct materials in accordance with the Contractor's usual accounting practices consistent with Subpart 31.2 of the FAR.

(3) The Government will reimburse the Contractor for items and services purchased directly for the contract only when payments of cash, checks, or other forms of payment have been made for such purchased items or services.

(4)(i) The Government will reimburse the Contractor for costs of subcontracts that are authorized under the subcontracts clause of this contract, provided that the costs are consistent with paragraph (b)(5) of this clause.

(ii) The Government will limit reimbursable costs in connection with subcontracts to the amounts paid for items and services purchased directly for the contract only when the Contractor has made or will make payments of cash, checks, or other forms of payment to the subcontractor--

(A) In accordance with the terms and conditions of a subcontract or invoice; and

(B) Ordinarily prior to the submission of the Contractor's next payment request to the Government.

(iii) The Government will not reimburse the Contractor for any costs arising from the letting, administration, or supervision of performance of the subcontract, if the costs are included in the hourly rates payable under paragraph (a)(1) of this clause.

(5) To the extent able, the Contractor shall--

(i) Obtain materials at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials; and

(ii) Take all cash and trade discounts, rebates, allowances, credits, salvage, commissions, and other benefits. When unable to take advantage of the benefits, the Contractor shall promptly notify the Contracting Officer and give the reasons. The Contractor shall give credit to the Government for cash and trade discounts, rebates, scrap, commissions, and other amounts that have accrued to the benefit of the Contractor, or would have accrued except for the fault or neglect of the Contractor. The Contractor shall not deduct from gross costs the benefits lost without fault or neglect on the part of the Contractor, or lost through fault of the Government.

(c) Total cost. It is estimated that the total cost to the Government for the performance of this contract shall not exceed the ceiling price set forth in the Schedule and the Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this contract within such ceiling price. If at any time the Contractor has reason to believe that the hourly rate payments and material costs that will accrue in performing this contract in the next succeeding 30 days, if added to all other payments and costs previously accrued, will exceed 85 percent of the ceiling price in the Schedule, the Contractor shall notify the

Contracting Officer giving a revised estimate of the total price to the Government for performing this contract with supporting reasons and documentation. If at any time during performing this contract, the Contractor has reason to believe that the total price to the Government for performing this contract will be substantially greater or less than the then stated ceiling price, the Contractor shall so notify the Contracting Officer, giving a revised estimate of the total price for performing this contract, with supporting reasons and documentation. If at any time during performing this contract, the Government has reason to believe that the work to be required in performing this contract will be substantially greater or less than the stated ceiling price, the Contracting Officer will so advise the Contractor, giving the then revised estimate of the total amount of effort to be required under the contract.

(d) Ceiling price. The Government shall not be obligated to pay the Contractor any amount in excess of the ceiling price in the Schedule, and the Contractor shall not be obligated to continue performance if to do so would exceed the ceiling price set forth in the Schedule, unless and until the Contracting Officer shall have notified the Contractor in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this contract. When and to the extent that the ceiling price set forth in the Schedule has been increased, any hours expended and material costs incurred by the Contractor in excess of the ceiling price before the increase shall be allowable to the same extent as if the hours expended and material costs had been incurred after the increase in the ceiling price.

(e) Audit. At any time before final payment under this contract the Contracting Officer may request audit of the invoices or vouchers and substantiating material. Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices or vouchers, that are found by the Contracting Officer not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments. Upon receipt and approval of the voucher or invoice designated by the Contractor as the "completion voucher" or "completion invoice" and substantiating material, and upon compliance by the Contractor with all terms of this contract (including, without limitation, terms relating to patents and the terms of (f) and (g) of this section), the Government shall promptly pay any balance due the Contractor. The completion invoice or voucher, and substantiating material, shall be submitted by the Contractor as promptly as practicable following completion of the work under this contract, but in no event later than 1 year (or such longer period as the Contracting Officer may approve in writing) from the date of completion.

(f) Assignment. The Contractor, and each assignee under an assignment entered into under this contract and in effect at the time of final payment under this contract, shall execute and deliver, at the time of and as a condition precedent to final payment under this contract, a release discharging the Government, its officers, agents, and employees of and from all liabilities, obligations, and claims arising out of or under this contract, subject only to the following exceptions:

(1) Specified claims in stated amounts, or in estimated amounts if the amounts are not susceptible of exact statement by the Contractor.

(2) Claims, together with reasonable incidental expenses, based upon the liabilities of the Contractor to third parties arising out of performing this contract, that are not known to the Contractor on the date of the execution of the release, and of which the Contractor gives notice

in writing to the Contracting Officer not more than 6 years after the date of the release or the date of any notice to the Contractor that the Government is prepared to make final payment, whichever is earlier.

(3) Claims for reimbursement of costs (other than expenses of the Contractor by reason of its indemnification of the Government against patent liability), including reasonable incidental expenses, incurred by the Contractor under the terms of this contract relating to patents.

(g) Refunds. The Contractor agrees that any refunds, rebates, or credits (including any related interest) accruing to or received by the Contractor or any assignee, that arise under the materials portion of this contract and for which the Contractor has received reimbursement, shall be paid by the Contractor to the Government. The Contractor and each assignee, under an assignment entered into under this contract and in effect at the time of final payment under this contract, shall execute and deliver, at the time of and as a condition precedent to final payment under this contract, an assignment to the Government of such refunds, rebates, or credits (including any interest) in form and substance satisfactory to the Contracting Officer.

I. CONSIDERATION AND OBLIGATION

- a. The total estimated cost to the Government for full performance of work under this delivery order is \$110,013.00.
- b. The amount obligated by the Government with respect to this delivery order is \$110,013.00. The obligated amount shall, at no time, exceed the ceiling. The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe that the costs it expects to incur under this contract in the next 30 days, when added to all costs previously incurred, will exceed 85 percent of the total amount obligated to the contract by the Government. The notice shall state the estimated amount of additional funds required to continue performance for the period specified in the Schedule. When and if the amount(s) paid and payable to the Contractor hereunder shall equal the obligated amount, the Contractor shall not be obligated to continue performance of the work unless and until the Contracting Officer shall increase the amount obligated with respect to this order. Any work undertaken by the Contractor in excess of the obligated amount specified above is done so at the Contractor's sole risk.

J. PERIOD OF PERFORMANCE

The estimated period of performance is from date of award through December 31, 2001.

K. ACCEPTANCE CRITERIA

The Government will evaluate the work performed under this task based on the degree to which the contractor fulfills the objectives identified in the Scope of Work (Section B). The Government will assess this performance continuously during this task.

If at any time during this task the Government finds that the quality of service does not fulfill the requirements of this task, the Contracting Officer will provide official written notification to the contractor.

L. GOVERNMENT FURNISHED ITEMS

1. Government Furnished Equipment (GFE)

The contractor will be provided with government workspace including desks, chairs, access to telephones, fax machines, copy machines, and basic office supplies. Because office facilities are at a premium, the contractor may need to share these facilities.

2. Government Furnished Information (GFI)

The contractor should specify other required items in their proposal.

M. PLACE OF PERFORMANCE

Prior to conducting any work at an NRC site, arrangements will be made through the appropriate NRC office for approval and access. The primary work to be performed under this tasking will be at NRC facilities in Rockville, Maryland.

N. SPECIAL PROVISIONS

1. CONFLICT OF INTEREST

The contractor must provide an independent objective evaluation of systems in performance of this contract. An organizational conflict of interest will disqualify any offeror or bidder. The term "organizational conflict of interest" means a situation where a contractor has interests, either due to its other activities or its relationships with other organizations, which place it in a position that may be unsatisfactory or unfavorable (a) from the Government's standpoint in being able to secure impartial, technically sound, objective assistance and advice from the contractor, or in securing the advantages of adequate competition in its procurement; or (b) from industry's standpoint in that unfair competitive advantages may accrue to the contractor

2. SECURITY

- (a) Security/Classification Requirements Form. The attached NRC Form 187 (Attachment 1) furnishes the basis for providing security and classification requirements to prime contractors, subcontractors, or others (e.g., bidders) who have or may have an NRC contractual relationship that requires access to classified information or matter, access on a continuing basis (in excess of 30 or more days) to NRC Headquarters controlled buildings, or otherwise requires NRC photo identification or card-key badges.
- (b) It is the contractor's duty to safeguard National Security Information, Restricted Data, and Formerly Restricted Data. The contractor shall, in accordance with the Commission's security regulations and requirements, be responsible for safeguarding National Security Information, Restricted Data, and Formerly Restricted Data, and for protecting against sabotage, espionage, loss, and theft, the classified documents and material in the contractor's possession in connection with the performance of work under this contract. Except as otherwise expressly provided in this contract, the contractor shall, upon completion or termination of this contract, transmit to the Commission any classified matter in the possession of the contractor or any person under the contractor's control in connection with performance of this contract. If retention by the contractor of any classified matter is required after the completion or termination of the delivery order and the retention is approved by the contracting officer, the contractor shall complete a certificate of possession to be furnished to the Commission specifying the classified matter to be retained. The certification must identify the items and types or categories of matter retained, the conditions governing the retention of the matter and their period of retention, if known. If the retention is approved by the contracting officer, the security provisions of the delivery order continue to be applicable to the matter retained.
- (c) In connection with the performance of the work under this contract, the contractor may be furnished, or may develop or acquire, proprietary data (trade secrets) or confidential or privileged technical, business, or financial information, including Commission plans, policies, reports, financial plans, internal data protected by the Privacy Act of 1974 (Pub. L. 93-579), or other information which has not been released to the public or has been determined by the Commission to be otherwise exempt from disclosure to the public. The contractor agrees to hold the information in confidence and not to directly or indirectly duplicate, disseminate, or disclose the information in whole or in part to any other person or organization except as may be necessary to perform the work under this contract. The contractor agrees to return the information to the Commission or otherwise dispose of it at the direction of the contracting officer. Failure to comply with this clause is grounds for termination of this contract.
- (d) Regulations. The contractor agrees to conform to all security regulations and requirements of the Commission which are subject to change as directed by the NRC Division of Facilities and Security and the Contracting Officer. These changes will be under the authority of the FAR Changes clause referenced in this document.
- (e) Definition of National Security Information. The term National Security Information, as used in this clause, means information that has been determined pursuant to Executive Order 12958 or any predecessor order to require protection against unauthorized disclosure and that is so designated.

(f) **Definition of Restricted Data.** The term Restricted Data, as used in this clause, means all data concerning design, manufacture, or utilization of atomic weapons; the production of special nuclear material; or the use of special nuclear material in the production of energy, but does not include data declassified or removed from the Restricted Data category pursuant to Section 142 of the Atomic Energy Act of 1954, as amended.

(g) **Definition of Formerly Restricted Data.** The term Formerly Restricted Data, as used in this clause, means all data removed from the Restricted Data category under Section 142-d of the Atomic Energy Act of 1954, as amended.

(h) **Security Clearance Personnel.** The contractor may not permit any individual to have access to Restricted Data, Formerly Restricted Data, or other classified information, except in accordance with the Atomic Energy Act of 1954, as amended, and the Commission's regulations or requirements applicable to the particular type or category of classified information to which access is required. The contractor shall also execute a Standard Form 312, Classified Information Non-disclosure Agreement, when access to classified information is required.

(i) **Criminal Liabilities.** It is understood that disclosure of National Security Information, Restricted Data, and Formerly Restricted Data relating to the work or services ordered hereunder to any person not entitled to receive it, or failure to safeguard any Restricted Data, Formerly Restricted Data, or any other classified matter that may come to the contractor or any person under the contractor's control in connection with work under this contract, may subject the contractor, its agents, employees, or subcontractors to criminal liability under the laws of the United States. (See the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq.; 18 U.S.C. 793 and 794; and Executive Order 12958.)

(j) **Subcontracts and Purchase Orders.** Except as otherwise authorized in writing by the contracting officer, the contractor shall insert provisions similar to the foregoing in all subcontracts and purchase orders under this contract.

(k) In performing the delivery order work, the contractor shall classify all documents, material, and equipment originated or generated by the contractor in accordance with guidance issued by the Commission. Every subcontract and purchase order issued hereunder involving the origination or generation of classified documents, material, and equipment must provide that the subcontractor or supplier assign classification to all documents, material, and equipment in accordance with guidance furnished by the contractor.

SITE ACCESS BADGE REQUIREMENTS

During the life of this contract, the rights of ingress and egress for contractor personnel must be made available, as required, provided that a badge is issued after favorable adjudication from the Personnel Security Branch, Division of Facilities and Security (PERSEC/DFS). In this regard, all contractor personnel whose duties under this delivery order require their presence on-site shall be clearly identifiable by a distinctive badge furnished by the Government. The Project Officer shall assist the contractor in obtaining the badges for the contractor personnel. It is the sole responsibility of the contractor to ensure that each employee has a proper Government-issued identification/badge at all times. All prescribed identification must be immediately (no later than three days) delivered to PERSEC/DFS for cancellation or disposition upon the termination of employment of any contractor personnel. Contractor personnel must

have this identification in their possession during on-site performance under this contract. It is the contractor's duty to assure that contractor personnel enter only those work areas necessary for performance of delivery order work, and to assure the safeguarding of any Government records or data that contractor personnel may come into contact with.

SECURITY REQUIREMENTS FOR INFORMATION TECHNOLOGY SERVICES

The proposer/contractor must identify all individuals and propose the level of Information Technology (IT) approval for each, using the following guidance. The NRC sponsoring office shall make the final determination of the level, if any, of IT approval required for all individuals working under this contract.

The Government shall have and exercise full and complete control over granting, denying, withholding, or terminating building access approvals for individuals performing work under this contract.

CONTRACTOR SECURITY REQUIREMENTS FOR LEVEL I

Performance under this delivery order will involve prime contractor personnel, subcontractors or others who perform services requiring direct access to or operate agency sensitive information technology systems or data (IT Level I).

The IT Level I involves responsibility for the planning, direction, and implementation of a computer security program; major responsibility for the direction, planning, and design of a computer system, including hardware and software; or the capability to access a computer system during its operation or maintenance in such a way that could cause or that has a relatively high risk of causing grave damage; or the capability to realize a significant personal gain from computer access. Such contractor personnel shall be subject to the NRC contractor personnel security requirements of NRC Management Directive (MD) 12.3, Part I and will require a favorably adjudicated Limited Background Investigation (LBI).

A contractor employee shall not have access to NRC facilities, sensitive information technology systems or data until he/she is approved by Personnel Security Branch, Division of Facilities and Security (PERSEC/DFS) first for temporary access (based on a favorable adjudication of their security forms and checks) and final access (based on a favorably adjudicated LBI) in accordance with the procedures found in NRC MD 12.3, Part I. The individual will be subject to a reinvestigation every 10 years. Timely receipt of properly completed security applications is a delivery order requirement. Failure of the contractor to comply with this condition within the ten work-day period may be a basis to void the notice of selection. In that event, the Government may select another firm for award.

The contractor shall submit a completed security forms packet, including the SF-86, "Questionnaire for National Security Positions," and fingerprint charts, through the Project Officer to PERSEC/DFS for review and favorable adjudication, prior to the individual performing work under this contract. The contractor shall assure that all forms are accurate, complete, and legible (except for Part 2 of the questionnaire, which is required to be completed in private and submitted by the individual to the contractor in a sealed envelope), as set forth in MD 12.3 which is incorporated into this delivery order by reference as though fully set forth herein. Based on PERSEC review of the applicant's security forms and/or the receipt of

adverse information by NRC, the individual may be denied access to NRC facilities, sensitive information technology systems or data until a final determination is made of his/her eligibility under the provisions of MD 12.3. Any questions regarding the individual's eligibility for IT Level I approval will be resolved in accordance with the due process procedures set forth in MD 12.3 Exhibit 1 and E. O. 12968.

In accordance with NRCAR 2052.204-70 "Security," IT Level I contractors shall be subject to the attached NRC Form 187 (See Section J for List of Attachments) which furnishes the basis for providing security requirements to prime contractors, subcontractors or others (e.g., bidders) who have or may have an NRC contractual relationship which requires access to or operation of agency sensitive information technology systems or remote development and/or analysis of sensitive information technology systems and data or other access to such systems and data; access on a continuing basis (in excess of 30 days) to NRC Headquarters controlled buildings; or otherwise requires NRC photo identification or card-key badges.

CONTRACTOR SECURITY REQUIREMENTS FOR LEVEL II

Performance under this delivery order will involve contractor personnel that develop and/or analyze sensitive information technology systems or data or otherwise have access to such systems and data (IT Level II).

The IT Level II involves responsibility for the planning, design, operation, or maintenance of a computer system and all other computer or IT positions. Such contractor personnel shall be subject to the NRC contractor personnel requirements of MD 12.3, Part I, which is hereby incorporated by reference and made a part of this delivery order as though fully set forth herein, and will require a favorably adjudicated Access National Agency Check with Inquiries (ANACI).

A contractor employee shall not have access to NRC facilities, sensitive information technology systems or data until he/she is approved by PERSEC/DFS first for temporary access (based on a favorable review of their security forms and checks) and final access (based on a favorably adjudicated ANACI) in accordance with the procedures found in MD 12.3, Part I. The individual will be subject to a reinvestigation every 10 years. Timely receipt of properly completed security applications is a delivery order requirement. Failure of the contractor to comply with this condition within the ten work-day period may be a basis to void the notice of selection. In that event, the Government may select another firm for award.

The contractor shall submit a completed security forms packet (enclosed), including the SF-86, "Questionnaire for National Security Positions," and fingerprint charts, through the Project Officer to the NRC PERSEC/DFS for review and favorable adjudication, prior to the individual performing work under this contract. The contractor shall assure that all forms are accurate, complete, and legible (except for Part 2 of the questionnaire, which is required to be completed in private and submitted by the individual to the contractor in a sealed envelope), as set forth in MD 12.3. Based on PERSEC review of the applicant's security forms and/or the receipt of adverse information by NRC, the individual may be denied access to NRC facilities, sensitive information technology systems or data until a final determination is made of his/her eligibility under the provisions of MD 12.3. Any questions regarding the individual's eligibility for IT Level II approval will be resolved in accordance with the due process procedures set forth in MD 12.3 Exhibit 1 and E. O. 12968.

In accordance with NRCAR 2052.204-70 "Security," IT Level II contractors shall be subject to the attached NRC Form 187 (See Section J for List of Attachments) which furnishes the basis for providing security requirements to prime contractors, subcontractors or others (e.g. bidders) who have or may have an NRC contractual relationship which requires access to or operation of agency sensitive information technology systems or remote development and/or analysis of sensitive information technology systems and data or other access to such systems and data; access on a continuing basis (in excess of 30 days) to NRC Headquarters controlled buildings; or otherwise requires NRC photo identification or card-key badges.

CANCELLATION OR TERMINATION OF IT ACCESS/REQUEST

When a request for investigation is to be withdrawn or canceled, the contractor shall immediately notify the Project Officer by telephone in order that he/she will contact the PERSEC/DFS so that the investigation may be promptly discontinued. The notification shall contain the full name of the individual, and the date of the request. Telephone notifications must be promptly confirmed in writing to the Project Officer who will forward the confirmation to the PERSEC/DFS. Additionally, PERSEC/DFS must be immediately notified when an individual no longer requires access to NRC sensitive automated information technology systems or data, including the voluntary or involuntary separation of employment of an individual who has been approved for or is being processed for access under the NRC Personnel Security Program.

O. DISCLOSURE

Contractor team members will not disclose, share, or otherwise make public the results of the assessments beyond the requirements of the written results for inclusion as a deliverable report. The number of deliverable reports will be strictly accounted for, with a statement included of the number of reports copies produced. Contractor team members will not discuss their activities or findings with family members, co-workers, colleagues, or other contractor or Government personnel outside of a controlled venue requiring the presence of the Project Officer.

P. SUBCONTRACTORS

Except as specifically approved in writing, in advance by the Contracting Officer, the contractor shall not subcontract any work procured hereunder.

BILLING INSTRUCTIONS FOR DELIVERY ORDERS

General: The contractor shall prepare vouchers or invoices as prescribed herein. FAILURE TO SUBMIT VOUCHERS/INVOICES IN ACCORDANCE WITH THESE INSTRUCTIONS WILL RESULT IN REJECTION OF THE VOUCHER/INVOICES AS IMPROPER.

Form: Claims shall be submitted on the payee's letterhead, voucher/invoices, or on the Government's Standard Form 1034, "Public Voucher for Purchases and Services Other than Personal," and Standard Form 1035, "Public Voucher for Purchases Other than Personal-- Continuation Sheet." These forms are available from the U.S. Government Printing Office, 710 North Capitol Street, Washington, DC 20401.

Number of Copies: An original and three copies shall be submitted. Failure to submit all the required copies will result in rejection of the voucher/invoice as improper.

Designated Agency Billing Office: Vouchers/Invoices shall be submitted to the following address:

U.S. Nuclear Regulatory Commission
Division of Contracts and Property Management - T-7-I-2
Washington, DC 20555-0001

A copy of any invoice which includes a purchase of property valued at the time of purchase at \$50,000 or more, shall additionally be sent to:

Chief, Property Management Branch
Division of Facilities and Property Management
Mail Stop - T-7-D-27
Washington, DC 20555-0001

HAND-DELIVERY OF VOUCHERS/INVOICES IS DISCOURAGED AND WILL NOT EXPEDITE PROCESSING BY THE NRC. However, should you choose to deliver vouchers/invoices by hand, including delivery by any express mail service or special delivery service which uses a courier or other person to deliver the vouchers/invoices in person to the NRC, such vouchers/invoices must be addressed to the above Designated Agency Billing Office and will only be accepted at the following location:

U.S. Nuclear Regulatory Commission
One White Flint North - Mail Room
11555 Rockville Pike
Rockville, MD 20852

HAND-CARRIED SUBMISSIONS WILL NOT BE ACCEPTED AT OTHER THAN THE ABOVE ADDRESS

Note that the official receipt date for hand-delivered vouchers/invoices will be the date it is received by the official agency billing office in the Division of Contracts.

Agency Payment Office: U.S. Nuclear Regulatory Commission
 Division of Accounting and Finance GOV/COMM
 Mail Stop T-9H4
 Washington, DC 20555

Frequency: The contractor shall submit a voucher or invoice monthly only after the NRC's acceptance of services rendered or products delivered in performance of the delivery order unless otherwise specified in the contract.

Preparation and Itemization of the Voucher/Invoice: To be considered a proper voucher/invoice, all of the following elements must be included:

1. BPA/Contract number and delivery order number.
2. Sequential voucher/invoice number.
3. Date of voucher/invoice.
4. Payee's name and address. (Show the name of the contractor and its correct address. In addition, when an assignment of funds has been made by the contractor, or a different payee has been designated, include the name and address of the payee). Indicate the name and telephone number of the individual responsible for answering questions which the NRC may have regarding the voucher/invoice.
5. Description of articles or services, quantity, unit price, total amount, and cumulative amount.

For labor-hour delivery orders with a ceiling, provide a breakdown of labor hours by labor category, hours, fixed rate, current period dollars, and cumulative hours and dollars billed to date as authorized under the delivery order. For example:

<u>Category</u>	<u>Current</u>	<u>Fixed</u>	<u>Current</u>	<u>Cumulative</u>	
	<u>Hours</u>	<u>Rate</u>	<u>Total Billed</u>	<u>Hours</u>	<u>Total Billed</u>
Sr. Scientist	100	35.00	\$3,500.	500	\$17,500.
Engineer	100	25.00	2,500.	100	2,500.
Total			\$6,000.		\$20,000.

6. For contractor acquired property costing \$50,000 or more and having a life expectancy of more than 1 year list each item and provide: (1) an item description, (2) manufacturer, (3) model number, (4) serial number, (5) acquisition cost, (6) date of purchase, and (7) a copy of the purchasing document.

7. Weight and zone of shipment, if shipped by parcel post.
8. Charges for freight or express shipments. Attach prepaid bill if shipped by freight or express.
9. Instructions to consignee to notify the Contracting Officer of receipt of shipment.
10. Travel Reimbursement (if applicable)

The contractor shall submit claims for travel reimbursement as a separate item on its fixed-price invoice/voucher in accordance with the following:

Travel reimbursement. Total costs associated with each trip must be shown in the following format:

<u>Start Date</u>	<u>Destination</u>	<u>Costs</u>
From:	From:	
To:	To:	\$

Provide supporting documentation (receipts) for travel expenditures in excess of \$75.00 in an attachment to the invoice/voucher.

Billing of Cost After Expiration of Order: If costs are incurred during the delivery order period and claimed after the order has expired, the period during which these costs were incurred must be cited. To be considered a proper expiration voucher/invoice, the contractor shall clearly mark it "EXPIRATION VOUCHER" or "EXPIRATION INVOICE".

Currency: Billings may be expressed in the currency normally used by the contractor in maintaining his accounting records and payments will be made in that currency. However, the U.S. dollar equivalent for all vouchers/invoices paid under the order may not exceed the total U.S. dollars authorized under the order.

Supersession: These instructions supersede any previous billing instructions.