





ATTACHMENT 2

MATRIX - SCHEDULE OF COSTS

Period: Date of Award through December 31, 2002

Task 1

LABOR CATEGORY	RATE	HOURS	DOLLARS
Project Manager I	\$119.05	50	\$5,953
Technical Specialist I	\$ 85.86	40	\$3,434
Functional Specialist	\$102.06	40	\$4,082
Analyst	\$ 62.57	40	\$2,503
TASK 1: TOTAL ESTIMATED COST			\$15,972

Task 2

LABOR CATEGORY	RATE	HOURS	DOLLARS
Project Manager I	\$119.05	100	\$11,905
Primary Functional Specialist	\$124.71	40	\$4,988
Program Manager II	\$106.28	32	\$3,401
Technical Specialist I	\$ 85.86	512	\$43,960
Functional Specialist	\$102.06	424	\$43,273
Analyst I	\$ 62.57	64	\$4,004
TASK 2: TOTAL ESTIMATED COST:			\$111,533

Task 3

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager I	\$ 119.05	18	\$2,143
Technical Specialist I	\$ 85.86	40	\$3,434
Functional Specialist	\$ 102.06	40	\$4,082
Analyst I	\$62.57	12	\$751
TASK 3: TOTAL ESTIMATED COST:			\$10,411

Matrix - Schedule of Costs  
Base Period: Date of Award through December 31, 2002  
Page 2 of 2

<b>OTHER DIRECT COSTS</b>	<b>NOT TO EXCEED</b>
Copying, Binders, Etc..	\$200
Travel to NRC Headquarters	\$200

TOTAL ESTIMATED COSTS OF TASK  
1, 2, 3, AND OTHER DIRECT COSTS: \$138,315

## MATRIX - SCHEDULE OF COSTS

Period: January 1, 2003 through December 31, 2003 - Task 4 (Optional Requirement)

### Task 1

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager I	\$125.00	50	\$6,250
Technical Specialist I	\$ 90.15	40	\$3,606
Functional Specialist	\$107.16	40	\$4,287
Analyst I	\$ 65.70	40	\$2,628
<b>TASK 1: TOTAL ESTIMATED COST:</b>			<b>\$16,771</b>

### Task 2

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager	\$125.00	100	\$12,500
Primary Functional Specialist	\$130.95	40	\$5,238
Program Manager II	\$111.59	32	\$3,571
Technical Specilaist I	\$ 90.15	512	\$46,158
Functional Specilaist	\$107.16	424	\$45,437
Analyst I	\$ 65.70	64	\$4,205
<b>TASK 2: TOTAL ESTIMATED COST</b>			<b>\$117,109</b>

### Task 3

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager	\$125.00	18	\$2,250
Technical Specialist I	\$ 90.15	40	\$3,606
Functional Specialist	\$107.16	40	\$4,287
Systems Analyst	\$ 65.70	12	\$788
<b>TASK 3: TOTAL ESTIMATED COST</b>			<b>\$10,931</b>

OTHER DIRECT COSTS	NOT TO EXCEED
Copying, Binders, Etc..	\$200
Travel to NRC Headquarters	\$250

TOTAL ESTIMATED COSTS OF TASK  
1, 2, 3, AND OTHER DIRECT COSTS  
UNDER OPTIONAL REQUIREMENT \$145,261

# ORDER FOR SUPPLIES OR SERVICES

PAGE OF PAGES  
2 4

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

8 SHIP TO:

DATE OF ORDER 06-28-2002	2 CONTRACT NO. (If any) GS-35F-0515J	a. NAME OF CONSIGNEE U.S. Nuclear Regulatory Commission Office of the Inspector General		
ORDER NO. DR36-02-368	4 REQUISITION/REFERENCE NO. OIG3602368 - 5/17/02			
ISSUING OFFICE (Address correspondence to) U.S. Nuclear Regulatory Commission Div of Contracts and Property Mgmt Contract Management Branch 2 Mail Stop: T-7-I2 Washington, DC 20555		b. STREET ADDRESS ATTN: Beth Serepca Mail Stop: T-5-D28		
		c. CITY Washington	d. STATE DC	e. ZIP CODE 20555
7 TO				
f. SHIP VIA				

NAME OF CONTRACTOR CARSON AND ASSOCIATES, INC.		8. TYPE OF ORDER		
COMPANY NAME ATTN: Robert F. Schilkwachter		<input type="checkbox"/> a. PURCHASE ORDER	<input checked="" type="checkbox"/> b. DELIVERY/TASK ORDER	
STREET ADDRESS 4720 Montgomery Lane, Suite 800		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		
CITY Bethesda	e. STATE MD	f. ZIP CODE 20814-3444		

ACCOUNTING AND APPROPRIATION DATA 230-15-601-390 L3011 252A 31X0300 OBLIGATE: \$137,930.00				10 REQUISITIONING OFFICE Office of the Inspector General
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BUSINESS CLASSIFICATION (Check appropriate box(es))		c. DISADVANTAGED <input type="checkbox"/>		d. WOMEN-OWNED <input type="checkbox"/>	
<input checked="" type="checkbox"/> a. SMALL		<input type="checkbox"/> b. OTHER THAN SMALL		<input type="checkbox"/>	
FOB POINT Destination		14 GOVERNMENT B/L NO		15 DELIVER TO FOB POINT ON OR BEFORE 6/28/2002-12/31/2002	
				18 DISCOUNT TERMS Net 30 days.	
FOR INFORMATION CALL. (No collect calls)					

INSPECTION b. ACCEPTANCE		Brenda J. DuBose Office: (301) 415-6578		
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17 SCHEDULE (See reverse for Rejections)						
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 Carson and Associates' proposal dated June 21, 2002, which is hereby incorporated by reference and made a part of this order, to provide the NRC with support services for its Government Information Security Reform Act (GISRA) Reporting Requirements. This work shall be performed in accordance with the attached Statement of Work and at the fixed hourly rates established in the Schedule of Costs.

This order is hereby incrementally funded in the amount of \$137,930.00 and the ceiling amount of the order is \$138,315.00, as reflected under Paragraph H - Consideration and Obligation of the subject order.

NRC Project Officer: Beth Serepca (301) 415-5911

SEE BILLING INSTRUCTIONS ON REVERSE

18. SHIPPING POINT	19. GROSS SHIPPING WEIGHT	20. INVOICE NO	SUBTOTAL
21. MAIL INVOICE TO			17(h) TOTAL (Cont. pages)
a. NAME U.S. Nuclear Regulatory Commission Payment Team, Mail Stop T-9-H-4			
b. STREET ADDRESS (or P.O. Box) Attn: NRC-36-02-368 (GSA Order); SUBMIT INVOICE IN TRIPLICATE.			
c. CITY Washington	d. STATE DC	e. ZIP CODE 20555	17(i) GRAND TOTAL \$137,930.00

22 UNITED STATES OF AMERICA BY (Signature)

23 NAME (Typed)  
 Sharon D. Stewart  
 Contracting Officer  
 TITLE: CONTRACTING/ORDERING OFFICER



## TASK ORDER TERMS AND CONDITIONS

NOT SPECIFIED IN THE CONTRACT

### A.1 NRC ACQUISITION CLAUSES - (NRCAR) 48 CFR CH. 20

### A.2 OTHER APPLICABLE CLAUSES

See Addendum for the following in full text (if checked)

- 52.216-18, Ordering
- 52.216-19, Order Limitations
- 52.216-22, Indefinite Quantity
- 52.217-6, Option for Increased Quantity
- 52.217-7, Option for Increased Quantity Separately Priced Line Item
- 52.217-8, Option to Extend Services
- 52.217-9, Option to Extend the Term of the Contract

### A.3 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 1. 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.4 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 2002

**A. BACKGROUND**

The 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-1 30, *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.

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.

Under this requirement, 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.

## **B. SCOPE OF WORK**

The contractor shall prepare an overall audit of NRC's computer security program, policies and practices which shall include:

- (a) preparing a Final Project Plan/Audit Program which shall reflect the approach/methodology to be employed and the processes to be undertaken by the contractor in support of this requirement (Task 1)
- (b) performing an independent evaluation of NRC's FY 2002 information security program and practices (Task 2(a)) and testing for the effectiveness of information security control techniques for seven systems (Task 2(b)) which will be determined by the contractor in conjunction with the Project Officer.
- (c) evaluating the agency's progress toward completing weaknesses addressed within the 2001 Plan of Action and Milestones (POA&Ms) - Refer to OMB Instructions at <http://www.whitehouse.gov/omb/>.
- (d) preparing a review of NRC's 2002 POA&Ms (Task 3).

All tasks in this Statement of Work shall be completed with respect to NRC identified major systems. These systems are characterized by the NRC as sensitive but unclassified systems. No national security systems will be included in this Statement of Work

The contractor shall perform the work 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 systems of record for Fiscal Year 2002. 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 which includes monitoring compliance with the provisions of applicable Federal statutes, policies, and regulations as they apply.

### **Task 1: Final Project Plan/Audit Program**

The contractor shall provide the Project Officer with a Final Project Plan/Audit Program. At a minimum, the Final Project Plan/Audit Program shall detail:

The approach/methodology to be employed and the processes (i.e., tasks, subtasks, etc.) to be undertaken by the contractor. A schedule of milestones for completing each phase of the audit, to 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 are required to work on this effort at a later date, those individuals will not be allowed to work on this project until the required NRC security requirements and approvals have been obtained. In addition, a schedule

of budgeted hours by skill level for each section of the audit shall be provided. The audit

program specific to this requirement, shall, at a minimum, require the evaluation of general controls.

*Task 1 Deliverable: Final Project Plan/Audit Program*

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

The contractor shall respond to all OMB Instructions as reflected at <http://www.whitehouse.gov/omb/> and the OIG Audit Instructions given to the action office (i.e., Office of the Chief Information Officer (OCIO)) as a result of GISRA report recommendations. A copy of the OIG Audit Instructions provided to the OCIO is reflected at Attachment 1. The contractor shall: perform an independent evaluation of NRC's information security program and practices and prepare a Draft and Final Independent Evaluation Report. The work shall include the review and evaluation of the management controls and testing of information security control techniques for major application systems. The Draft and Final Independent Evaluation Reports shall be provided to the Project Officer by the established date reflected under Schedule of Deliverables. In addition, the contractor shall prepare and submit to the Project Officer a Draft and Final Executive Summary which shall be provided to the Project Officer by the established date reflected under Schedule of Deliverables.

(a) OMB Instructions

The contractor shall use the most current OMB GISRA reporting guidance which can be located at the following website: [http:// www.whitehouse.gov/omb/](http://www.whitehouse.gov/omb/).

(b) OIG Specifications

**Verification/Tests of Information Security Controls**

The contractor shall evaluate management controls, and test the effectiveness of information security control techniques for major application systems. The management control review shall include the organization, policies, and procedures used to reasonably ensure that:

- a. programs achieve their intended results;
- b. resources are used consistent with agency mission;
- c. programs and resources are protected from waste, fraud, and mismanagement;
- d. laws and regulations are followed; and
- e. reliable and timely information is obtained, maintained, reported and used for decision making.

The tests of information security controls on seven NRC systems, including the LAN/WAN and STARFIRE, shall consist of :

- a. 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).

b. 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).

c. 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).

d. System Auditing (for example: system auditing improperly disabled, event logs too small, event logs improperly overwritten, and handling and availability of system logs).

e. 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).

f. Procedures which ensure that Software and Operating System Patches are kept current.

g. 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).

h. Personnel Controls (for example: personnel security policies).

i. Environmental Controls (for example: uninterrupted power supply, HVAC controls, raised floors in server room, alarms).

j. System and Network Backup and Restoration Controls.

k. Data Communication Network Safeguards connections with external entities and

*Task 2 Deliverables:*

*Draft and Final Independent Evaluation Report*

*Draft Revisions*

*Draft and Final Executive Summary*

### **TASK 3: REVIEW OF NRC'S 2002 PLAN OF ACTION AND MILESTONES**

The contractor shall prepare a review of NRC's 2002 Plan of Action and Milestones (POA&Ms) to determine whether the agency's actions will adequately address the weaknesses identified in the OIG's independent evaluation of NRC's FY2002 information security program and the OCIO's annual system and program reviews. This review shall provide a written analysis indicating the status of each action as "unresolved", "resolved", or "closed" based upon the OIG Audit Guidance provided to the OCIO (Attachment 1), OMB Instructions at <http://www.whitehouse.gov/omb>, and the contractor's expertise.

**Task 3 Deliverable: Report on NRC's 2002 Plan of Action and Milestones**

**C. SCHEDULE OF DELIVERABLES**

The contractor shall submit deliverables in accordance with the established due date as reflected below:

TASK	DELIVERABLE	DUE DATE
Task 1	Final Project Plan/Audit Program	Five working days after award of delivery order.
Task 2	Draft Independent Evaluation Report	August 15, 2002
Task 2	Draft Executive Summary	August 15, 2002
Task 2	Draft Revisions	August 22, 2002
Task 2	Final Independent Evaluation Report	September 9, 2002
Task 2	Final Executive Summary	September 9, 2002
Task 3	Analysis of Review of NRC's 2002 POA&Ms)	October 15, 2002
Reports	Monthly Progress Report	Within 5 working days after the end of the month.
Meetings	Status Meetings	As required by the Project Officer.

The contractor shall provide the Project Officer with one hard copy original of all draft reports and one hard copy and one diskette for all final reports. The contractor shall ensure that the diskette containing any final report is submitted in WordPerfect or compatible word processing format. In addition, all deliverables submitted under this contract shall be accompanied by a transmittal letter which shall identify the delivery order number and the services/products delivered.

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 the NRC OIG upon project completion. The contractor shall certify, in writing, to the Project Officer, that server backup media, whether

tape or diskette, has been purged of related material pertinent to this project.

**Task 4: FY2003 GISRA Requirement (Optional Requirement)**

The contractor shall perform the same work as reflected under Tasks 1-3 during Calendar Year 2003 should the Government exercise the optional requirement in accordance with Section K of this requirement. Should the Government exercise the optional requirement, the Schedule of Deliverables is as follows:

**Task 4 Deliverables:**

DELIVERABLE	DUE DATE
Project Plan	Five working days after award of the option period.
Draft Independent Evaluation Report	August 15, 2003
Draft Executive Summary	August 15, 2003
Draft Revisions	August 22, 2003
Final Independent Evaluation Report	September 9, 2003
Final Executive Summary	September 9, 2003
Analysis of NRC's 2003 POA&Ms	October 15, 2003
Monthly Progress Reports	Within 5 working days after the end of the month.
Status Meetings	As required by the Project Officer.

**D. MONTHLY PROGRESS REPORTS AND STATUS MEETINGS**

The contractor shall prepare and submit to the Project Officer and Contracting Officer written progress reports which shall be delivered to the individuals reflects at Section F. Progress reports shall be submitted to the Project Officer and Contracting 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 Statement of Work. 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 problems encountered with corrective action proposed or taken and a statement about the potential impact of the problem; including any government action required;
- d. An estimate of the percentage of work completed for each task; and
- e. The hours expended to-date and for the preceding reporting period just ended.
- f. Costs incurred to date.

**2. Status Meetings**

Status meetings between the contractor, NRC personnel, and Project Officer shall be held on a bi-weekly basis or as mutually agreed to by the Project Officer. It is estimated that approximately 10 trips to NRC Headquarters located in Rockville, Maryland will be required by the contractor during the base period of this effort for performance of work under Tasks 1 through 3, which the NRC has stipulated a not to exceed amount of \$200.00 during the base period of this effort. It is estimated that 15 trips to NRC Headquarters will be required during the option period should the NRC exercise the optional requirement reflected under Task 4, which reflects a not to exceed amount of \$250.00 for the option period. The contractor is advised that the NRC may elect to have some meetings at the contractor's facility.

At a minimum, the following shall be discussed:

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

Other potential areas of discussion shall include access to records and documents, significant accomplishments, and any other area(s) where the contractor, NRC component, and Project Officer may need clarification.

**E. 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: Beth Serepca, Project Officer (5 copies)  
 Address: U.S. Nuclear Regulatory Commission  
 Office of the Inspector General  
 Mail Stop: T-5-D28  
 Washington, DC 20555.
- b) Name: Sharon D. Stewart, Contracting Officer  
 c/o Brenda J. DuBose, Contract Specialist  
 Address: U.S. Nuclear Regulatory Commission  
 Mail Stop: T-7-12  
 Washington, DC 20555

#### **F. 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: Beth Serepca  
 Address: U.S. Nuclear Regulatory Commission  
 Office of the Inspector General  
 Mail Stop: T-5-D28  
 Washington, DC 20555

Telephone Number: (30) 415-5911

(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, 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 direction 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 with a copy 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 termination.

## **G. PAYMENT**

The contractor shall submit itemized billings, by task, for work performed under this delivery order. Federal Acquisition Regulation Clause 52.2 52.243-3 - Changes - Time-and-Materials or Labor-Hours is applicable to this delivery order and is hereby incorporated by reference and made apart of this requirement.

## **H. CONSIDERATION AND OBLIGATION**

a. The total estimated cost to the Government for full performance of work under this delivery order is \$138,315.00 (refer to Attachment 2).

b. The amount obligated by the Government with respect to this delivery order is \$137,930.00. 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.

## **I. PERIOD OF PERFORMANCE**

The estimated period of performance is from June 28, 2002 through December 31, 2002 with an additional one-year option period (refer to Paragraph J - Option to Extend the Term of Delivery Order).

## **J. OPTION TO EXTEND THE TERM OF THIS DELIVERY ORDER.**

(a) The Government may extend the term of this delivery order by written notice to the contractor within 60 days; provided that the Government gives the contractor a preliminary written notice of its intent to extend at least 60 days before the delivery order expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended delivery order shall be considered to include this option clause.

(c) The total duration of this delivery order, including the exercise of any option periods under this clause, shall not exceed 5 years.

## **K. GOVERNMENT FURNISHED PROPERTY/EQUIPMENT**

The Government will not provide any property/equipment to the contractor for performance of work under this delivery order.

## **L. CONFLICT OF INTEREST**

The contractor must provide an independent objective evaluation of systems in performance of this delivery order. 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

## **M. SECURITY**

(a) Security/Classification Requirements Form. The attached NRC Form 187 (Attachment 2), 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 1).

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 MID 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 MID 12.3, Part 1, 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 1. 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.

#### **N. 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.

**O. SUBCONTRACTORS**

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

**This document is for the contractor's information purposes only.**

**INSTRUCTIONS PROVIDED TO THE NRC ACTION OFFICES FOR  
RESPONDING TO OIG REPORT RECOMMENDATIONS**

**Instructions for Action Offices**

Action offices should provide a written response on each recommendation within 30 days of the date of the transmittal memorandum or letter accompanying the report. The concurrence or clearance of appropriate offices should be shown on the response. After the initial response, responses to subsequent OIG correspondence should be sent on a schedule agreed to with OIG.

Please ensure the response includes:

1. The report number and title, followed by each recommendation. List the recommendations by number, repeating its text verbatim.
2. A management decision for each recommendation indicating agreement or disagreement with the recommended action.
  - a. For agreement, include corrective actions taken or planned, and actual or target dates for completion.
  - b. For disagreement, include reasons for disagreement, and any alternative proposals for corrective action.
  - c. If questioned or unsupported costs are identified, state the amount that is determined to be disallowed and the plan to collect the disallowed funds.
  - d. If funds put to better use are identified, then state the amount that can be put to better use (if these amounts differ from OIG's, state the reasons).

**OIG Evaluation of Responses**

If OIG concurs with a response to a recommendation, it will (1) note that a management decision has been made, (2) identify the recommendation as resolved, and (3) track the action office's implementation measures until final action is accomplished and the recommendation is closed.

If OIG does not concur with the action office's proposed corrective action, or if the action office fails to respond to a recommendation or rejects it, OIG will identify the recommendation as unresolved (no management decision). OIG will attempt to resolve the disagreement at the action office level. However, if OIG determines that an impasse has been reached, it will refer the matter for adjudication to the Chairman.

ATTACHMENT 2

MATRIX - SCHEDULE OF COSTS

Period: Date of Award through December 31, 2002

Task 1

LABOR CATEGORY	RATE	HOURS	DOLLARS
Project Manager I	\$119.05	50	\$5,953
Technical Specialist I	\$ 85.86	40	\$3,434
Functional Specialist	\$102.06	40	\$4,082
Analyst	\$ 62.57	40	\$2,503
<b>TASK 1: TOTAL ESTIMATED COST</b>			<b>\$15,972</b>

Task 2

LABOR CATEGORY	RATE	HOURS	DOLLARS
Project Manager I	\$119.05	100	\$11,905
Primary Functional Specialist	\$124.71	40	\$4,988
Program Manager II	\$106.28	32	\$3,401
Technical Specialist I	\$ 85.86	512	\$43,960
Functional Specialist	\$102.06	424	\$43,273
Analyst I	\$ 62.57	64	\$4,004
<b>TASK 2: TOTAL ESTIMATED COST:</b>			<b>\$15,972</b>

Task 3

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager I	\$ 119.05	18	\$2,143
Technical Specialist I	\$ 85.86	40	\$3,434
Functional Specialist	\$ 102.06	40	\$4,082
Analyst I	\$62.57	12	\$751
<b>TASK 3: TOTAL ESTIMATED COST:</b>			<b>\$10,411</b>

OTHER DIRECT COSTS	NOT TO EXCEED
Copying, Binders, Etc..	\$200
Travel to NRC Headquarters	\$200

TOTAL ESTIMATED COSTS OF TASK  
1, 2, 3, AND OTHER DIRECT COSTS:

\$138,315

## MATRIX - SCHEDULE OF COSTS

Period: January 1, 2003 through December 31, 2003 - Task 4 (Optional Requirement)

### Task 1

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager I	\$125.00	50	\$6,250
Technical Specialist I	\$ 90.15	40	\$3,606
Functional Specialist	\$107.16	40	\$4,287
Analyst I	\$ 65.70	40	\$2,628
<b>TASK 1: TOTAL ESTIMATED COST:</b>			<b>\$16,771</b>

### Task 2

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager	\$125.00	100	\$12,500
Primary Functional Specialist	\$130.95	40	\$5,238
Program Manager II	\$111.59	32	\$3,571
Technical Specilaist I	\$ 90.15	512	\$46,158
Functional Specilaist	\$107.16	424	\$45,437
Analyst I	\$ 65.70	64	\$4,205
<b>TASK 2: TOTAL ESTIMATED COST</b>			<b>\$117,109</b>

### Task 3

LABOR CATEGORY	RATE	HOURS	DOLLARS
Program Manager	\$125.00	100	\$12,500
Technical Specialist I	\$ 90.15	40	\$3,606
Functional Specialist	\$107.16	40	\$4,287
Systems Analyst	\$ 65.70	12	\$788
<b>TASK 3: TOTAL ESTIMATED COST</b>			<b>\$10,931</b>

OTHER DIRECT COSTS	NOT TO EXCEED
Copying, Binders, Etc..	\$200

Travel to NRC Headquarters	\$250
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TOTAL ESTIMATED COSTS OF TASK  
1, 2, 3, AND OTHER DIRECT COSTS  
UNDER OPTION PERIOD: \$145,261