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From: Easter, Stacy <Stacy.Easter@fhfa.gov>
Sent: Tue, Jan 31, 2017 10:02 am
Subject: FHFA FOIA Request No.: 2017-FOIA-018 January 31, 2017

Re: FHFA FOIA Request No.: 2017-FOIA-018

This is in response to your Freedom of Information Act (FOIA) request, dated December 26, 2016. Your request was processed in accordance with the FOIA (5 U.S.C. § 552) and FHFA's FOIA regulation (12 CFR Part 1202).

You requested the following:

"I request a digital/electronic copy of the following records: 1) the FHFA Acquisition Procedures Manual. 2) the OQA Policies and Procedures Manual. 3) the CORE Manual (Counterparty Operational Risk Evaluation Manual)."

A search of FHFA files and records located four documents responsive to your request. Two documents (number 3 of your request) are being withheld in full pursuant to exemption 4 of the Freedom of Information Act, 5 U.S.C. § 552 (b)(4), pertaining to trade secrets and commercial or financial information obtained from a person that is privileged or confidential. The releasable material is attached. This is FHFA's final decision on your FOIA request. If you wish to appeal any aspect of FHFA's decision on your request, you must forward within 90 days:

- A copy of your initial request;
- A copy of this letter; and
- A statement of the circumstances, reasons, or arguments for seeking disclosure of the affected record(s).

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Your FOIA request is releasable to the public under subsequent FOIA requests. In responding to these requests, FHFA does not release personal information, such as home or email addresses and home or mobile telephone numbers which are protected from disclosure under FOIA Exemption 6 (5 U.S.C. § 552(b)(6)).

There are no fees associated with processing this request.

If you have any questions regarding the processing of your request, please contact me directly or at foia@fhfa.gov or 202-649-3803.

Sincerely,
Stacy J. Easter
Freedom of Information Act/Privacy Officer
FOIA Public Liaison
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Federal Housing Finance Agency

Office of Quality Assurance

Policies and Procedures Manual

July 18, 2016
Version 2.0

OFFICE OF QUALITY ASSURANCE

MISSION

To provide an objective, internal review of the supervision and mission offices' and other business units' activities with regard to the development of policy and regulations, systemic risk analyses, financial analysis, compliance with FHFA's examination standards, and adherence to annual work plans.

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INTRODUCTION

The Federal Housing Finance Agency's (FHFA) Office of Quality Assurance (OQA) has created this document to serve as the OQA Policies and Procedures Manual (OQA Manual). It was developed to document the responsibilities and principal functions of the OQA management and staff. Its content primarily provides the direction for performing the quality assurance review process. OQA management and staff are required to be familiar with the aspects of the OQA Manual and comply accordingly. The OQA Manual is available in the Quality Assurance Program folder on the Q-drive for OQA management and staff. Its contents will be assessed and updated annually.

OQA Reporting Structure:

The OQA Management reports to the Chief Operating Officer (COO). The OQA manager has direct access to the COO and is responsible for the management of staff and the day-to-day operations of the office. The OQA has a vacant position for an OQA Associate Director.

Structure of the OQA Manual:

The OQA Manual is organized into seven primary sections corresponding with the phases of the quality assurance review work.

1. Risk Assessment Methodology

The OQA's Risk Assessment Methodology is designed to identify and prioritize risks for the purpose of providing input when determining OQA's Annual Work Plan. The risk-based model is closely aligned with the four key risk categories identified by OQA that could affect FHFA's ability to effectively achieve its mission activities.

2. OQA Work Plan Policy

OQA's Work Plan focuses on key risk areas and control concerns identified by the risk assessment and other sources. The Work Plan is developed annually and updated, if necessary, throughout the year.

3. Review Process

The OQA Review Process is designed to evaluate the quality of work of the supervision and mission offices and other business units ("offices or business units"). The review process involves the following phases:

- a. Review Planning Phase
- b. Review Fieldwork Phase
- c. Review Wrap Up Phase
- d. Peer Review Process
- e. Review Reporting Phase

4. Comprehensive Review Process

Comprehensive Reviews assess the quality of work performed by DBR and the work products and examination process that result in the completion of the FHLBanks Report of Exam (ROE).

5. Escalation Policy

The Escalation Policy establishes the process for escalating to the COO the differences of opinions between OQA management and the applicable senior management of the reviewed supervision offices, mission offices, or business units. The Escalation Policy also governs the procedures necessary to escalate to the appropriate level of management when an office or business unit does not implement corrective actions by the reported timeline as outlined in the management response to the OQA review recommendation.

6. Review Follow Up and Findings Tracking Process

The Review Follow Up and Findings Tracking Process policy and procedures discuss the applicable steps OQA takes for following up on findings and recommendations noted in a quality assurance review. The policy also establishes OQA's procedures for tracking and monitoring a business unit's or office's remediation of findings and implementation of OQA recommendations.

7. OQA Records Keeping

The OQA Records Keeping section covers how the OQA will manage and store workpaper documentation.

Mission Statement

The Office of Quality Assurance's mission is to promote high quality work in the supervision and mission offices and other business units of the Federal Housing Finance Agency by systematically and effectively evaluating their operations against a standard of well-documented critical thought, objective analysis, and logical conclusion.

Charter

Purpose:

The Office of Quality Assurance (OQA) is an organizationally objective office established within FHFA whose primary responsibility is to evaluate the quality of work of the Division of Enterprise Regulation (DER), Division of Federal Home Loan Bank Regulation (DBR), and Division of Housing Mission and Goals (DHMG), collectively, “the supervision and mission offices” and other FHFA business units.

The OQA provides an objective, internal review of the offices and business units’ activities with regard to the development of policy and regulations, systemic risk analyses, financial analysis, compliance with FHFA’s examination standards, and adherence to annual work plans. The OQA promotes the economic benefits and efficiency of FHFA’s examination activities, including documentation and support for examination findings, conformance to FHFA policies and procedures, and the effectiveness of supervisory resource allocations and internal controls. The OQA also advises the FHFA Chief Operating Officer (COO) on the effectiveness of communication and collaboration amongst and/or across the FHFA’s various business units and among the management and staff in those units.

Independence and Authority:

The OQA AD (currently vacant) reports to the COO and has direct access, as needed, to the FHFA Director. The COO serves on the FHFA’s Executive Committee on Internal Controls (ECIC).

The OQA personnel are objective, have no direct responsibility for the work under review, and do not make decisions on behalf of management. Additionally, a quality assurance assessment does not, in any way, relieve other persons in the FHFA of his/her assigned responsibilities.

The OQA has the authority to assess all aspects of the operations of the offices and business units and shall have:

- Full access to senior/executive management, including the FHFA Director and members of the Supervision Committee;
- Authority to select projects, allocate the OQA resources, determine assessment scope and approach, and apply assessment techniques as required to accomplish its quality assurance objectives;
- Full access to any of the business units’ or offices’ activities, records, and personnel relevant to the performance of its quality assurance work;
- Necessary assistance from personnel in the offices and business units where the OQA performs reviews and complete and accurate responses to questions or informational requests from management;

- Full cooperation from business unit staff and management and their prompt response to potential control issues, findings and recommendations identified by the OQA staff; and
- Access to reports of the FHFA Office of Inspector General (FHFA-OIG) and Government Accountability Office (GAO), as they pertain to the operations of the offices and business units being reviewed by the OQA.

Role:

The role of the OQA is to determine whether the FHFA's supervisory program as designed, owned, and represented by the supervision and mission offices is adequate and functioning in a manner such that:

- Risks of Fannie Mae and Freddie Mac (the Enterprises), the Federal Home Loan Banks (FHLBanks), and the Office of Finance (OF), collectively, "the regulated entities," are appropriately identified and addressed;
- Significant financial, managerial, and operating information is complete, accurate, and timely;
- Decisions regarding the financial condition and performance of the regulated entities are appropriately supported;
- Quality and continuous improvement are fostered in examination and supervision control processes;
- Supervisory resource allocations are appropriate and effective; and
- Significant legislative and regulatory issues affecting the supervision and mission offices and the regulated entities are identified, monitored, and addressed appropriately.
- OQA will also assess the adequacy of the other business units' and offices', outside of the supervision and mission offices, policies, procedures, and processes, supervisory and quality controls, project management, record keeping and communication and information processes necessary to provide accurate information.

Responsibility:

The OQA has the responsibility to:

- Maintain professional, competent staff to ensure that sufficient experience, knowledge, and skills are available to meet the requirements of this Charter and the expectations of the COO and FHFA Director.
- Develop a comprehensive, flexible, risk-based OQA Work Plan that incorporates risks and control concerns identified by risk assessments and other avenues including senior/executive management, the Supervision Committee, the COO, the FHFA Director, FHFA-OIG, and GAO.
- Conduct reviews and issue written reports to the supervision and mission offices' and/or business units' management at the conclusion of a review providing the scope of work,

results and conclusions of the review work, findings, observations and/or recommendations.

- Provide periodic reports to the COO describing the scope of planned and actual quality assurance reviews and activities and results thereof.
- Track findings until they are resolved by management and periodically provide summary information on the status of remediation of findings to the COO and, if necessary, the FHFA Director.
- Recommend to the COO enhancements to the operations of the supervision and mission offices, and other business units and offices.
- Stay informed about emerging trends and leading practices of the federal financial regulators and incorporate best practices into the OQA processes.

Principal Functions:

The principal functions of the OQA's quality assurance reviews and assessment efforts include:

- Assessing examination work plans, work papers, conclusion letters, reports of examination, and other supervisory documents for completeness, accuracy, proper filing, and adherence to FHFA's examination standards and supervisory policies.
- Evaluating examination products and findings for strength of evidence assembled, appropriateness of findings and recommendations, consistent application of standards across the regulated entities, and adherence to accepted standards set forth in examiner guides and related professional standards.
- Reviewing examination and supervision activities for consistency with work plans, adherence to established timelines, effective use of examination and supervision resources, and sharing of information among relevant supervision offices.
- Assessing collaboration and cooperation among examiners, exam teams, and supervision personnel and assess communication and collaboration between examiners-in-charge and risk-area ADs and their respective offices.
- Reviewing processes intended to ensure data integrity, promote effective policy development, and enhance financial and systemic risk analysis.
- Assessing the adequacy of the supervision and mission offices' and/or other business units' and offices' policies, procedures, and processes, supervisory and quality controls, project management, record keeping and communication and information processes necessary to provide accurate information.

Additional Functions:

In addition to the foregoing principal functions, the OQA will leverage its knowledge of control processes by assisting, as needed, with FHFA's responsibilities under Circular A-123 of the U.S. Office of Management and Budget (OMB).

Office of Quality Assurance Organization Chart



Types of Reviews

The purpose of the OQA quality assurance reviews is to provide an objective internal review of the effectiveness of the system of internal controls employed by FHFA and senior/executive management to achieve its goals. Reviews are designed to assess the supervision and mission office's or business unit's processes, specific operations, or to address special requests made by FHFA senior/executive management. Reviews are managed to meet established start and end dates, and result in a written assessment, the OQA Review Report (Report), to the senior/executive management of the supervision and mission office or business unit and the COO.

1. Full Scope Review: A review of an office's or business unit's processes and activities. Every high risk process or activity included in the office's or business unit's policy and procedural manual is assessed, including the adequacy of the office's or unit's governance/project management, records keeping and communication/information processes. The primary purpose of this type of review is to assess the office's or unit's overall efficiency and effectiveness in compliance with policies and procedures.
2. Limited Review: A review having a more narrow scope than a full scope review; confined to a specific subject matter, departmental/divisional review, function activity or processes within an office or business unit.
3. Special Review: Ad hoc, special request or consulting reviews performed at the request of a member of the FHFA senior/executive management. Generally, the scope of Special Reviews covers internal control, and may include assessments of irregularities, or other areas of concern.
4. Comprehensive Review: The primary purpose of the comprehensive review is to provide the senior/executive management with an independent assessment of the quality of the examination work performed by the exam staff that resulted in the FHLBank's ROE. The objective is to determine that the examination work products, relating specifically to the FHLBanks, as measured against a standard of critical thought and logical conclusions are drawn from objective analysis and exemplify clear organized writing. The review will also identify potential opportunities for improvements in FHFA's examination policies, procedures and practices leading to more efficient, effective, and risk-focused examinations. Appendix B provides details on an OQA Comprehensive Review, including the Work Program and Report Template.
5. Follow-Up Review: A review where the scope is confined to specific findings and recommendations that resulted from a quality assurance review. The follow-up review is performed to ensure that the office or business unit has taken effective, timely action on the findings as well as ensure senior/executive management is kept abreast of any

outstanding findings or issues and completion status (refer to the *Review Follow-Up and Findings Tracking Process Policy* section).

Project Management

The OQA will exemplify efficient and effective project management throughout each quality assurance review. Each review is unique and may or may not require the OQA staff to complete each procedure step as outlined in the *Review Process*.

Outlined below are significant aspects of the project management activities that OQA performs during reviews.

1. The status of each review is updated at least biweekly via the OQA's internal Project Assignment Activity Report.
2. Peer Reviews are performed at the discretion of the OQA manager, depending upon the type and nature of the work product. (Refer to the *Peer Review Process section*).
3. Biweekly Staff Meetings are conducted for the OQA manager and staff to discuss the status of the OQA projects, concerns or issues related to open reviews, and the OQA planning processes.
4. Regular management meetings are conducted for the OQA manager and the COO to discuss the status of open reviews. These discussions also facilitate any feedback from the COO to the OQA manager.
5. Formal briefings of the OQA activity with the Supervision Committee are scheduled at the discretion of the COO. The OQA will brief the FHFA Director, as needed, at the discretion of the COO, who serves as a member of the Supervision Committee.
6. Any instances found by the OQA of apparent fraud, waste, or abuse must be immediately referred to FHFA's OIG for follow-up.

RISK ASSESSMENT METHODOLOGY

Purpose:

The purpose of this section is to outline the Risk Assessment Methodology. OQA performs the risk assessment annually and uses a risk-based approach that evaluates key operational risks that FHFA's supervision and mission offices and business units face.

Risk Assessment Overview:

OQA's Risk Assessment is linked to the supervision and mission offices and business units' operations, as well as their relation to FHFA's overall strategic objectives. Therefore, changes to the Agency's organizational and operating environment will be considered in developing OQA's Work Plan. OQA focuses its resources on the most significant risk factors. As part of the planning process, OQA assesses risks to ensure that the OQA Work Plan approach and development are aligned with the risks. Periodically, OQA solicits the input of the COO and other FHFA senior/executive management regarding key risk factors, and to gain insight into other risks affecting FHFA's current operational functions and key business initiatives.

Procedures:

Risk-Based Approach:

OQA manages the Risk Assessment process by: 1) obtaining information from and gaining a better understanding of the business units through conducting periodic interviews, 2) applying a Risk Assessment model/framework used to measure the risk level of each office or business unit based on an evaluation of the risk factors OQA has identified as posing the greatest risk to the Agency and 3) ranking the level of risk associated with an office's or business unit's structure and operations.

Periodic Interviews of Supervision and Mission Offices:

OQA's annual risk assessment process involves formal interviews of the supervision and mission offices and business units, as needed. OQA will schedule meetings with the senior/executive management of DBR, DER, and DHMG and the business units, as required, to gain a better understanding of the offices' operations, to determine if significant changes have occurred since the prior year, and identify any areas of concern or control weaknesses that could potentially be assessed in future quality assurance reviews. OQA should, if possible, schedule these meetings early enough in the last quarter of the current year, to allow ample time for OQA to consider the results of these meetings when planning the OQA Work Plan for the next fiscal year. Future interviews will be conducted throughout the year during the course of our reviews, and at other times as needed, to provide updates and obtain new information that will aid OQA in aligning its efforts with FHFA structural changes and key focus areas.

Generally, a questionnaire is used to facilitate the gathering of this information during the interviews. The questions are related to the offices' and business units' mission and objectives,

policies and procedures, changes in operating processes from the prior year, and other areas in which the office or unit might request OQA to focus on during a quality assurance review.

Additionally, areas of concern or control weaknesses identified during senior/executive management meetings, special supervisory initiatives, and ongoing supervision or examinations may be included in the risk assessment process and incorporated in individual quality assurance review work plans where applicable.

Risk Assessment Model/Framework:

A Risk Assessment model/framework may be used to quantify the level of risk in the supervision and mission offices and business units. The objective of the Risk Assessment model/framework is to optimize the assignment of OQA resources by determining which review areas pose a greater risk to the Agency's operations. While the risk model is subject to the application of professional judgment, the risk ratings are documented and subject to review and validation.

The review universe will be determined by the OQA manager and the OQA AD. The determination of this universe will be based on knowledge of the Agency's strategic plan and operations, a review of organizational charts and function and responsibility statements of the offices and business units, discussions with senior/executive management personnel, the risk ratings, and consideration of the prior year's OQA Work Plan. The identified OQA review universe should not only assess risks by individual offices and business units, but also consider risks in processes and activities that cross offices and business units.

The Risk Assessment model/framework is comprised of four categories of risk that OQA has identified as areas that could expose the Agency to the greatest risk.

The four categories of risks are:

1. People/Office Structure and Staffing
2. Process/Operations
3. Reputational
4. System/Recordkeeping

The people/office structure and staffing category of risk involves six risk factors:

1. Maturity - New offices and business units may or may not be aware of risks associated with its activities because of limited exposure. An office or business unit that has been in existence for a longer period of time usually has had exposure to risks that resided in the operating activities and has had a chance to set policies and procedures to manage those risks.
2. Personnel Changes – Significant changes in leadership positions or loss of key staff can pose greater risks to office and business units. Turnover and recurring positional changes can create instability and risks in an office's or business unit's operations.

3. Capacity – It is essential to an office or business unit to have adequate staff to achieve its objectives set forth in the office’s or business unit’s mission.
4. Strategy/Mission – Major changes to an office’s or business unit’s organizational structure, functions and objectives can impact an office’s or business unit’s productivity and work products.
5. Structure – Relates to the risks and level of efficiency in operations from having redundant functions across the offices and business units within FHFA.
6. Dependencies – Considers the risk of having single key person dependencies and the effect on operations if these key persons are no longer available to perform a significant operational function.

The process/operations category of risk involves five risk factors:

1. Policies and Procedures – The existence of policies and procedures provides a reference tool for new and existing employees and is useful as formal guidance to aid an office or business unit in accomplishing its day-to-day operations.
2. Planning – A well thought out plan and systematically arranging tasks aids an office or business unit in managing and assigning work appropriately.
3. Review – Work products should be reviewed and approved prior to being distributed to other FHFA offices/business units or external parties.
4. Audits or Reviews – External or other objective reviews may be performed by OQA, FHFA OIG, Government Accountability Office (GAO), and/or in conjunction with the annual risk assessment process required by the Office of Management and Budget (OMB) Circular A-123, *Management’s Responsibility for Internal Control*.
5. Legal/Compliance – Offices and business units should identify, understand, and comply with the laws and regulations that govern its supervision functions, operations, and work products.

The reputational risk category considers the threat to the reputation of the Agency associated with an office’s or business unit’s exposure to external scrutiny by the media or other entities due to actions of the office or business unit, or its staff.

The system/recordkeeping risk category focuses on an office’s or business unit’s database, privacy, storage, and security processes necessary to access records, maintain records and work products, and store sensitive and personal data properly, in accordance with the FHFA Records Management guidelines.

Risk Prioritization Matrix:

The Risk Prioritization Matrix, which assists OQA to identify potential reviews, will be updated annually based on the results of actual quality assurance reviews and responses to the questionnaire and interviews. OQA's resources are limited, thus prohibiting one hundred percent quality assurance coverage in every area each year. This limiting factor is inherent in the concept of utilizing risk assessments to help prioritize reviews and projects.

The Risk Prioritization Matrix is the tool used by OQA to determine the risk score, risk value and related level of risk (i.e., No Risk to Very High Risk) that will be assigned to each office or business unit. The matrix may also be used to assist in determining the frequency OQA will perform reviews of offices or units.

Each office or business unit is rated based on the four categories of risk, as detailed on page 15. Primarily, Quality Assurance reviews are scheduled by risk priority. Offices and business units that are considered Very High Risk to High Risk will be reviewed more frequently with a goal of being reviewed at least annually. The Medium Risk to No Risk offices and units will be reviewed less frequently, with a goal of being reviewed at least every three to five years, respectively.

The final step in completing OQA's Prioritization Assessment is preparing the memorandum, which provides a brief description of the offices and business units for which the OQA is responsible for reviewing and the associated key risks identified during the OQA interviews. This memorandum in conjunction with the Risk Prioritization Matrix composes the OQA's Prioritization Assessment, which will be used by the OQA to develop the Annual OQA Work Plan.

OQA WORK PLAN POLICY

Policy:

OQA is responsible for developing a comprehensive and flexible risk-based OQA Work Plan that incorporates risks and control concerns identified by risk assessments and other sources including senior/executive management, the Supervision Committee, the COO, the FHFA Director, FHFA-OIG, and GAO. OQA's Work Plan is focused on FHFA's key risks and the quality assurance work necessary to determine whether management's internal control environment is adequate to mitigate those risks. The OQA Work Plan is developed by the OQA manager, with input from OQA staff, and subject to the approval of the COO. Changes to OQA's Work Plan may be subject to any significant changes made to the Agency's organizational and operating environment. OQA will update the OQA Work Plan annually.

The planning of quality assurance reviews is based on a combination of the results of OQA's risk assessment, knowledge gained during previous reviews, balancing coverage of the offices and business units, balancing review types, and special requests of FHFA officials. Additionally, for the purpose of assisting FHFA offices and business units, OQA may adjust the scope of a review to accommodate the requests of the management of an FHFA office or business unit. As the Plan of Action/Work Program is developed for each review, the actual coverage of risks during a particular review could increase or decrease as the individual scope of each review becomes further defined during the review planning phase.

REVIEW PROCESS

Review Process Overview:

OQA quality assurance reviews are divided into two categories, Non-exam and Exam reviews. OQA provides objective internal reviews of FHFA's offices and business units, primarily DER and DBR, evaluates the quality of work, and promotes efficient and effective examination activities. To accomplish these responsibilities, OQA has implemented a non-exam review process for the divisions of DER and DHMG, and other business units consisting of the following five phases:

1. Review Planning Phase
2. Review Fieldwork Phase
3. Review Wrap Up Phase
4. Peer Review Process
5. Review Reporting Phase

When performing quality assurance reviews, OQA follows a systematic approach to evaluate the effectiveness of internal controls and governance processes. The OQA staff utilizes a relatively standardized methodology to ensure that reviews are effectively planned, managed and completed. Reviews are assigned by the OQA manager to a staff member who acts as the Lead to ensure that the work is sufficiently planned, properly performed, administered, effectively concluded upon and reported. Other OQA Analysts/ Examiners may be assigned to assist the Lead with the review. Collectively, these roles represent the OQA Team.

The OQA Comprehensive Reviews, relating to the FHLBanks, will include a review of DBR policies, procedures, and major work products of the examination process. The details of the Comprehensive Reviews are discussed further in the Comprehensive Review Process section of the Manual on page 33 and Appendix B.

OQA uses the Q-drive to store work products – details are discussed in the Workpaper Documentation and Storage section of the OQA Manual.

Review Planning Phase

The Review Planning Phase section of the OQA Manual provides general planning guidance for OQA staff. It involves the development of the overall strategy and scope of the review. The purpose of the Review Planning Phase is to gain a better understanding of the business unit and topic area being reviewed, identify and document risks, and establish effective communication with the offices and units being reviewed.

The Review Planning Phase section covers procedures for the following:

- conducting review team planning meetings
- querying FHFA business units and gathering background or preliminary information
- developing the Plan of Action/Work Program
- scheduling and resources
- announcing the review
- conducting the entrance meeting

Procedures:

Review Team Planning Meetings:

The purpose of the review team planning meeting is for the OQA Review Team to discuss information gathered or researched relating to the review or project, discuss concerns about the office or business unit being reviewed, and share ideas for the review plan. The OQA manager, Team Lead (Lead), and any other OQA Analysts and/or Examiners should attend the meeting. The OQA AD may also attend.

Team planning meetings may not be necessary if the nature of the review or project requires only one OQA Analyst or Examiner. In this case the Analyst or Examiner will coordinate the requirements of the review with the OQA manager, perform the necessary background information, and proceed to completing the review Plan of Action/Work Program. When a team planning meeting is necessary, the following steps are taken:

The Lead should:

1. Schedule a review team planning meeting sufficiently prior to the scheduled start date of the review.
2. Gather, consolidate, and evaluate the information discussed in the planning meeting for further planning purposes.
3. Schedule additional meetings if necessary.

Periodic Interviews of Supervision and Mission Offices:

The questionnaire is an essential part of the OQA's Risk Assessment process and is used in conjunction with the information gathered from the offices and business units to begin the Review Planning Phase. The Lead and/or assigned OQA Analysts/Examiners, in conjunction

with the OQA manager, will schedule subsequent meetings with the offices and/or business units directly associated with a review.

The OQA manager, Lead, and OQA Analyst (s)/Examiner (s) will:

1. Query the office's or business unit's management and/or staff. The Lead and/or OQA Analysts/Examiners should gain an understanding of pertinent information as noted in the Risk Assessment Methodology, Periodic Interviews of Supervision and Mission Offices section of this OQA Manual.

Document the Background Information:

The background information should provide sufficient material for the OQA Team to become familiar with the business unit's processes and activities and to identify preliminary concerns that need to be addressed during fieldwork. Using the information gathered during the periodic interviews and other research performed, the Lead or OQA Analyst/Examiner should document a brief description of the offices' or business units' overall mission, business objectives, functions, primary challenges, and/or associated risks.

Develop the Plan of Action/Work Program:

The Plan of Action/Work Program (Appendix A) provides guidelines for the review, but should be flexible enough to allow for changes when warranted and should be updated accordingly. The development of the Plan of Action/Work Program is a primary responsibility of the Lead. The OQA manager should approve the Plan of Action/Work Program.

A. Determine the Objective and Scope

The Lead should:

1. In coordination with the OQA manager, the Lead should determine the objective and scope of the review. As part of the review plan, the Lead should clearly outline the title of the review, the type of review, the review start and projected completion dates, and the details of the objective and scope. The scope includes elements such as what will be assessed, the risks associated with the business unit, and the relevant time periods the review will cover.

B. Develop Work Program Steps

OQA develops and tailors work program steps based on the nature and type of the quality assurance review being performed, as discussed in the *Types of Reviews* section of this OQA Manual. Therefore, having a standard set of work program steps to be used across each review is not practical. However, the OQA frequently performs Departmental Reviews. As an example, below is an outline of the general components of a Work Program for a Departmental Review:

The Lead should:

2. Develop and align the work program steps with the scope of the review. The Work Program should include steps that involve an assessment of the following activities, when applicable to the objective and purpose of the review:
 - a. Policies and procedures – relating to the existence of and compliance with the guidelines established within an office or business unit.
 - b. Supervisory and quality controls – involving the primary controls over the work processes and work products of the office or business unit.
 - c. Project Management and Governance – prioritizing and monitoring projects and ensuring resources are efficiently used and managed.
 - d. Records Keeping and Management – organizing, storing, and retaining work products.
 - e. Communication and Information – adequacy of communication and information processes including dissemination to and from other FHFA offices and business units, if applicable.

The OQA manager should:

3. Review the Plan of Action/Work Program and provide edits as necessary along with the final approval.

After the Plan of Action/Work Program has been approved and fieldwork is underway, the Lead and assigned OQA Analyst(s)/Examiner(s), if applicable, should be alert for circumstances that indicate that the plan/program should be changed. The Lead is responsible for ensuring that appropriate changes are considered and reflected in the plan/program. Significant changes, in either the objective (s) or scope, should be discussed with the OQA manager. The same considerations and approval by the OQA manager are required for the revised plan/program.

Scheduling and Resources:

Reviews are typically scheduled based on the OQA Work Plan and risk priority as outlined in the Risk Assessment Methodology. Scheduled reviews may be cancelled, postponed, expanded, or downsized as risks and FHFA's priorities change. The OQA managers, with the input of the OQA AD, as needed, determine the resources necessary to accomplish the review.

Announcing the Review/Project:

The review may be announced using an Announcement memorandum which includes the overall scope of the review or project, the planned start date, estimated completion date, requested documents and the name of the Lead and OQA Analyst (s)/Examiner (s). The notification should be addressed to the office's or business unit's AD with a copy to the staff that has been identified as the points of contact for the review by the office's or business unit's management.

The Announcement memorandum is generally sent by the OQA manager, unless he/she designates its distribution to the team Lead. The Lead should not send the Announcement memorandum to the office or business unit until the OQA manager has approved the Plan of Action/Work Program and the official start of the review.

Entrance Meeting:

At the conclusion of the Review Planning Phase, the OQA Team conducts an Entrance Meeting to kick-off the review. The purpose of the Entrance Meeting is to provide the office's or business unit's management a clear understanding of the review and their role in the review process. The review objective(s), process, scope and planned timeline are discussed. The meeting will normally be held with the offices or business unit's AD/Senior Associate Director and other staff as deemed necessary. The OQA manager, Lead and the OQA Analyst(s)/Examiner(s) participating in the review, if applicable, will attend.

The OQA manager and/or Lead should:

1. Send the Entrance Meeting invitation to the office's or business unit's management.
2. Participate in the Entrance Meeting, covering the following:
 - a. Introductions
 - b. Objective and Scope of the review
 - c. Documentation Request
 - d. Review Process and Timing
 - e. Deliverables and Communication
 - f. Key Contacts and Availability
 - g. Questions and Concerns

The Lead or OQA Analyst/Examiner should:

3. Prepare the agenda, with input from the OQA manager.

After the completion of the Entrance Meeting, the Lead should coordinate with the OQA manager to discuss and document any changes to the scope of the review. Any changes to the scope or objective of the review should be made in the Plan of Action/Work Program with the final approval by the OQA manager.

Review Fieldwork Phase

The Review Fieldwork Phase involves the performance of the actual fieldwork, including but not limited to the analysis of the documentation collected and related sample.

Procedures:**Fieldwork:**

The purpose of the fieldwork phase is to verify sufficient, competent, relevant, and useful evidence to reach a conclusion related to the objectives of the review and to support findings and recommendations. This includes assessing internal controls. Controls include, but are not limited to, policies, procedures, guidance, instructions, and standards, application systems, committees, monitoring and oversight activities, segregation of duties, records, reports, reviews, and approval processes.

The Lead should maintain effective communication with the management of the office or business unit being reviewed and keep the OQA manager and staff engaged on the development and progress of the review.

The Lead and OQA Analyst (s)/Examiner (s) should:

1. Based on the type of review being performed the Lead and/or OQA Analyst/Examiner should conduct interviews, gain an understanding of procedures, perform walkthroughs, if applicable, and perform other tasks necessary to carry out the fieldwork phase.

To the extent possible or if applicable to the nature of the review, the Lead and OQA Analysts/ Examiners should:

- a. Review current written policies and procedures, organizational charts, and/or other key documents and records (to include any pertinent documentation available in prior work papers and permanent files).
 - b. Analyze reports or assessments prepared by the office's or business unit's management/staff and review monitoring activities performed by the office or business unit being reviewed.
 - c. Walkthrough the most relevant processes to verify an understanding of internal controls and document this understanding and key processes via workflows and/or process narratives, if applicable.
2. Select the sample for testing. OQA mainly conducts judgmental sampling; rarely will statistical sampling be conducted.

Judgmental Sampling is useful when testing internal controls and when the objective is to validate the effectiveness of these controls where a statistical conclusion is not necessary. An effective technique of judgmental sampling is stop-go sampling. This method starts with a small sample size and continues expanding the sample until sufficient evidence is

gathered to make a conclusion about the control tested. A decision is made whether additional testing is needed based upon the results of the sample already tested.

3. Perform testing to validate the internal controls in place and document the results. Documentation of the testing should include a description and source of the population being tested, rationale for the size of the sample, description of the method used to select the sample, the actual sample selected, and the actual test being performed.
4. Discuss (and document) any significant issues with the OQA manager and the office's or business unit's management as issues are identified. Conduct status meetings as necessary.
5. Ensure adequate coverage of the Plan of Action/Work Program. Ensure that the detailed test-work supports the steps performed and that all potentially reportable issues are documented in the work papers and have sufficient evidence.

Preliminary Review of Findings, Observations and Recommendations:

After the fieldwork is complete a discussion draft will be written to informally communicate the preliminary findings, observations, and recommendations to the OQA manager. Any open issues are addressed.

The Lead and/or OQA Analyst (s)/Examiner (s) should:

1. Prepare and present a discussion draft to the OQA manager.
2. Discuss the findings with OQA manager for feedback.
3. Conduct any follow up meetings or teleconferences with the office or business unit being reviewed to discuss the potential findings. The OQA Team may need to ask additional questions to gain clarity on issues noted during the review and obtain additional information from the office or unit being reviewed.

The OQA manager should:

1. Provide comments and/or revisions to the discussion draft.

Review Wrap Up Phase

The Review Wrap Up Phase involves finishing up the necessary activities to close out the review. These activities include, but are not limited to; ensuring the intent of the Plan of Action/Work Program was met, ensuring the workpapers are accurate and clear, determining the actual findings, observations and recommendations, and preparation for drafting the Report.

Procedures:

Preparation of the Draft Report and Review Close-Out:

The Lead should:

1. Review the approved Work Program to ensure that steps were followed. Ensure that deviations from the approved Work Program are justified, documented and approved.
2. Verify that the fieldwork performed was sufficient.
3. Verify the work papers support the findings, observations, and recommendations, if applicable.
 - a. Ensure the work papers are final, accurate, clear, and concise.
 - b. Ensure all work papers are stored on the Q-drive, in accordance with OQA Workpaper Documentation and Storage Policy and Procedures.
4. Gather the necessary documentation to draft the Report. Discuss and confirm a target completion date for the Report with the OQA manager. Further details on drafting the Report are located in the *Review Reporting Phase* section of this OQA Manual.

The OQA manager should:

1. Review the work papers and verify the following:
 - a. The planning, including development of the program steps, was sufficient, documented appropriately, and approved before the start of fieldwork;
 - b. The program was followed, with approved modifications as appropriate, and updated as necessary to reflect the actual work performed;
 - c. Work papers are complete;
 - d. The Lead and OQA Analyst(s)/Examiner(s) analyzed, documented, and evaluated sufficient information to support the conclusions reached.
2. Ensure the purpose and scope of the review is consistent with the work performed.
3. Review and approve the suggested findings, observations, and recommendations, if applicable.
 - a. Ensure the findings, observations and/or recommendations are logical, supported by sufficient work paper evidence, and are clear, concise, and objective.
 - b. The observations and findings have been communicated to the appropriate point of contact for the office or unit under review.

The OQA AD (currently vacant) should:

1. Evidence review of the work papers. The workpapers must be complete and reviewed by the OQA manager.
2. Review all findings and all significant workpapers containing the more substantive test work and conclusions. The workpapers and Report should be clear, complete and objective. The Report must be fully supported by the workpapers. The workpaper review should confirm that:
 - a. The objectives have been met.
 - b. All work has been finalized, the workpapers evidence the OQA manager's review, and all review comments have been addressed in the workpapers prior to the issuance of the Report.

Peer Review Process

This section covers the guidelines for conducting peer reviews of OQA quality assurance review work, assessments and/or other written products prepared by OQA staff. The purpose of the peer review process is to verify whether the review work performed complies with OQA policies or procedures, identify any deviations from the guidelines, review to determine that supporting documentation for conclusions is in the OQA workpapers, and/or provide suggestions for enhancing the quality of the work product that was prepared.

Policy:

A peer review of the written assessments or memorandums, including the associated work papers, prepared as a result of quality assurance reviews and other work products will be conducted, as deemed necessary by the OQA manager .

Functional Responsibilities:

The OQA manager should:

1. Determine if a peer review should be performed;
2. Assign a peer reviewer to the work product;
3. Designate a time period for the completion of the peer review; and
4. Review the suggested comments as a result of the peer review and provide feedback accordingly to the Lead and OQA Team members.

The OQA staff (peer reviewers) should:

1. Conduct peer reviews as assigned;
 - a. Follow the procedures detailed below or the specific instructions provided by the OQA manager who assigned the peer review; and
2. Discuss and provide any suggested comments related to the work product with the OQA manager. (The OQA manager will discuss the results of the peer review with the Lead, OQA Team members, and may include the Peer Reviewer, if necessary.)

Definitions:

Peer Review – Peer Review is a process used for reviewing the work products prepared by OQA staff members (peer) to ensure compliance with OQA policies and procedures, proper support exist, and to provide suggestions for enhancing the quality of the work product. The peer

reviewer performing the peer review should be independent of the completed work product. Generally, the Peer Review is across OQA teams.

Peer Reviewer – The OQA staff member that will conduct the peer review.

Work Product – Work products requiring peer reviews are generally OQA quality assurance review work, Report and memorandums. Work products may also include other documentation completed by OQA staff as a function of their respective position or the OQA mission.

Procedures:

The following are the procedures for the Peer Review Process:

1. Upon receiving a draft work product from an OQA staff member, the OQA manager will determine if a peer review should be performed and assign a peer reviewer to the work product.
2. As needed, the peer reviewer should collaborate with the author to obtain and review supporting documentation and gain clarity as needed to assist with the peer review and adhere to the designated deadline to complete the peer review.
3. The OQA manager should review the edits, comments and suggestions made by the peer reviewer and engage the peer reviewer for clarification if required.
4. The OQA manager will discuss the peer review comments with the author.
5. The work product should be revised by the author, as deemed necessary, and a revised draft should be provided to the OQA manager, if needed.
6. The author should store the documents that support the peer review on the Q-drive.

Documentation – The Peer Review is stored in accordance with the OQA *Workpaper Documentation and Storage* policy and procedures.

Review Reporting Phase

The Review Reporting Phase covers the policy and procedures for the distribution and access of the Report. It also establishes the framework for reporting to senior/executive management the results of OQA quality assurance reviews.

The communication of the review results, findings, recommendations and observations is a critical function of the review process. It should involve prompt identification, documentation of findings, observations, and discussions with the office's or business unit's management.

OQA Report Distribution Policy:

OQA management will distribute electronic copies of the Report to the AD/Senior Associate Director with oversight responsibility for the office or business unit under review. If the Report has a recommendation which necessitates coordination with another FHFA office or business unit the report will also be distributed to those with oversight responsibility of that office or business unit (e.g. AD/Senior Associate Director). Upon request, Reports may also be provided to FHFA's Director, and to any other FHFA or FHFA-OIG employee at the discretion of the COO.

Procedures:

Reporting of Review Results:

The Report is issued to document and communicate the results of the review, findings, observations, and recommendations, if applicable.

The Lead and/or OQA Analysts/Examiners should:

1. Prepare a draft Report, based on the results of fieldwork performed. The draft Report should include the following sections:
 - a. Summary of the Findings and Observations
 - b. Review Objectives and Scope
 - c. Background information on the office or business unit
 - d. Summary of the overall review, which includes a discussion on the activities reviewed as outlined in the Plan of Action/Work Program.
 - e. Discuss both the positive operations of the office or business units as well as the areas needing enhancement.
2. Submit the draft Report to the OQA manager for review, comments, and approval. Revise the Report as needed, based on the OQA manager's comments.
3. Submit the draft Report to the OQA staff assigned to perform a Peer Review.
4. Provide a copy of the draft Report to the office or business unit during the exit meeting. For the purpose of getting the draft Report as accurate as possible prior to the office or business unit submitting comments, the draft Report may be revised as a result of

discussions and additional information provided by the office or business unit , if needed. If the draft Report is revised, the revision must be sent to the office or business unit.

5. Keep the OQA manager updated on the status of issuing the completed draft Report, including any last minute changes to the report that may have a significant impact on the conclusions reached in the report.
6. Have on-going discussions on the contents of the draft Report, as needed, with the senior/executive management of the business unit being reviewed. Keep the office's or business unit's management abreast of the expected issuance of the final Report.
7. Ensure that the final Report posted to the Q-drive is in PDF and has been approved prior to posting. The OQA AD (currently vacant) approval is required for final Reports. The results of the review and details of the final Report should have also been discussed with the COO.

The OQA manager should:

1. Provide guidance and oversight for the performance of the review.
2. Review and provide comments to the Peer Review performed by the OQA staff.
3. Review and provide comments and revisions to the draft Report.
4. Ensure that the content of the draft Report is clearly communicated to the office or business unit being reviewed.
5. Ensure the issuance of the draft Report to the office or business unit.
6. Clearly communicate to the management of the office or business unit that a written response to the report, including a corrective action timeline if applicable, is due to OQA within 10 business days.
7. Ensure the office or business unit being reviewed has a clear understanding on the target completion date of the final Report.
8. Approve the final Report. Discuss the final Report with the OQA AD (currently vacant) and the COO. Obtain approval of the final Report from the OQA AD (currently vacant).
9. Issue the final Report to the management of the office or business unit reviewed.
10. Ensure the reporting criteria described in this OQA Manual are met.

The OQA AD and/or the COO should:

Provide the FHFA Director, on an as needed basis, a summary of issues noted during the OQA quality assurance reviews and copy of the final Report. Any issues noted during a review that

meet the definition of a significant finding should be brought to the FHFA Director's attention immediately.

Exit Meeting:

The purpose of the exit meeting is to communicate the preliminary results of the review to the management of the office or business unit being reviewed. This includes a discussion of the positive observations, potential findings, and recommendations, including their significance to the office's or business unit's operations. Other information may be included in the Report that could enhance the operations of the office or business unit. The office's or business unit's management is given the opportunity to comment on the results of the review and to communicate any additional facts that may affect the draft Report. The OQA may amend the draft Report based on the discussion, information provided during the exit meeting, and/or information requested during the meeting that is provided to OQA subsequent to the review.

Generally, the same personnel that attended the entrance meeting should be invited to attend the exit meeting. The exit meeting should be scheduled after the completion of the peer review of the draft Report. The Lead, with input from the OQA manager, is typically responsible for scheduling the exit meeting, preparing the agenda and conducting the exit meeting. Any issues arising during the exit meeting that do not require escalation to the COO should be resolved promptly.

The Lead or OQA manager should advise the management of the office or business unit being reviewed when to expect a revised version of the draft Report, that a written response to the draft Report, including a corrective action timeline to remediate any OQA findings if applicable, is required within 10 business days, and the next steps toward the issuance of the final Report.

Subsequent to the exit meeting and receiving feedback/response from the office or business unit, the Lead or Analyst/Examiner should update the OQA *Review Findings and Recommendations Status Report* with the findings and recommendations noted as a result of the quality assurance review.

COMPREHENSIVE REVIEW PROCESS

The comprehensive review, relating to the FHLBanks, will include a review of DBR policies, procedures, and major work products of the examination process that include, but are not limited to the following three assessment areas:

1. Scoping
2. Analysis
3. Conclusion

Scoping Process:

The assessment of the quality of the Scoping Process evaluates the scope of the FHLBank examination performed by DBR and the scoping process as it relates to setting examination objectives and work programs for the FHLBank examination to be performed.

Analysis Process:

The objective of the assessment of the quality of Analysis Process determines if the examination procedures are consistent with the examination scope, work papers support examination findings, conclusions, and ratings and examination work products are consistent with FHFA examination standards and supervision policy. The comprehensive review should take into account any documented changes to the work plan that may have occurred during the FHLBank examination.

Conclusion Process:

The objective of the assessment of the quality of the Conclusion Process determines if the ROE accurately describes the scope of the examination, the work performed, and the basis for the conclusions and Matters Requiring Attention (MRA).

Overview of the Comprehensive Review Process:

The OQA staff utilizes a relatively standardized methodology to ensure that the comprehensive reviews are effectively planned, managed and completed. Interviews will also be conducted with DBR staff, as necessary. During comprehensive reviews, various source documents related to the scoping, analysis, and conclusion assessment processes are reviewed. OQA staff and the OQA manager work collaboratively to produce and approve a draft comprehensive review report, which requires a written response from DBR, on the findings and recommendations noted as a result of a comprehensive review. An entrance and exit meeting, as well as other essential meetings are held during the course of a comprehensive review. A peer review is performed, per OQA Peer Review procedures, and a final report is issued. The examples of the OQA work products used to perform a comprehensive review are located at Appendix B.

Comprehensive Reviews are assigned by the OQA manager to an OQA staff member who acts as the Lead to ensure that the work is adequately planned, properly performed, administered, effectively concluded upon and reported. Other OQA Analysts/ Examiners may be assigned to

assist the Lead with the review. Collectively, these roles represent the OQA Comprehensive Review Team.

ESCALATION POLICY

This section establishes the policy and procedures for escalating to the COO differences of opinions between the OQA manager and the applicable senior management of the office or business unit. The Escalation Policy also establishes the guidelines and procedures for escalating to the COO when management of an office or business unit does not provide written responses and/or a corrective action by the reported deadlines, or the office or business unit does not execute according to its corrective action plan and timeline.

Policy:

The OQA will discuss the draft Report with the senior/executive management responsible for the office or unit being reviewed, as described in the Review Reporting Policy. Upon receipt of a written response to the draft Report, the OQA will evaluate the response, noting any disagreements and considering alternative recommendations. In the event the two parties continue to view the findings and/or recommendations differently, the COO will make the final determination on the language to be included in the final Report. This decision may be based on further discussions with the senior/executive management of the office or business unit.

Written responses to the draft Report are required from the office or business unit 10 business days after the draft Report is issued to the management of the office or business unit being reviewed. A corrective action timeline, if required, should be submitted with the office's or business unit's written response to the draft Report. When management does not provide written responses, and a corrective action timeline, if required, OQA Lead will contact the management of the office or business unit being reviewed to remind the office of the 10 business-day deadline for written response to the draft Report. If the office or business unit still does not yield the required written response, the OQA manager will coordinate with the COO to expedite the receipt of the written response.

Functional Responsibilities:

The OQA Manager and OQA AD should ensure:

1. The completed draft version of the Report has been discussed in detail with the Senior/Executive Director, if applicable, with oversight responsibility for the office or business unit under review.
2. The written responses to the draft Report have been documented and evaluated.

3. Responses to the Report which alter the initial findings and/or recommendations to the report are fully documented.
4. Responses that are viewed as “disagreements” or issues that are unable to be resolved upon issuance of the final Report are fully documented.

The OQA AD and/or the COO should:

1. Provide the FHFA Director, as needed, a summary of issues that were not resolved prior to the issuance of the final Report. Any issues noted during a review that meet the definition of a significant finding should be brought to the FHFA Director’s attention immediately.

The OQA staff should:

1. Discuss the completed draft version of the Report with the office’s or business unit’s senior/executive management.
2. Document and evaluate the written responses to the draft Report.
3. Document in detail the responses to the Report which changed the initial findings and/or recommendations to the report.
4. Document in detail, including minutes of additional meetings, topics of discussion, alternative responses, responses viewed as “disagreements” that were unable to be resolved upon issuance of the final Report.

REVIEW FOLLOW UP AND FINDINGS TRACKING PROCESS

This section covers the policy and procedures for follow up reviews and the findings tracking process performed by the OQA Team. Follow up, reporting, and tracking of previously identified issues and/or findings require effective communication between OQA and the office's and business unit's management to facilitate resolution and prompt management attention towards resolution of outstanding issues. All repeat issues should be clearly identified on the *OQA Review Findings and Recommendations Status Report*.

Policy:

OQA will perform a follow up review of all findings identified as a result of the quality assurance review. OQA will track findings and the status of the corrective action timelines implemented by the office or business units using the *OQA Review Findings and Recommendations Status Report*. The *OQA Review Findings and Recommendations Status Report* will be updated periodically based on the established timelines for the findings remediation.

Functional Responsibilities:

The OQA manager should:

1. Assess the findings from the OQA reviews performed in the previous quarter. Determine if the follow up review should be performed in the areas of, but not limited to, policies and procedures, communication and information, supervisory and quality controls, project management and governance, and/or records keeping and management.
2. Assign the follow up review to OQA staff, and
3. Review and approve the final follow up review Work Program, if additional detailed review steps are required.
4. Ensure all workpapers are stored on the Q-drive, in accordance with the *OQA Workpaper Documentation and Storage Policy and Procedures*.

The OQA staff should:

1. In conjunction with the OQA manager, identify the support documentation that would be sufficient to clear the identified finding.
2. Perform the follow up review in accordance with the applicable OQA policies and procedures.

3. Verify that the corrective action was sufficiently implemented based on the OQA recommendation and reported timelines.
4. Contact the office or business unit for clarification on the implementation procedures or the steps utilized to remediate the finding (s), if necessary.
5. Store supporting documents in accordance with the OQA *Workpaper Documentation and Storage Policy and Procedures*.
6. Upon completion of the follow up review, prepare and distribute written notification to the office or business unit that details the status of the remediation efforts that were assessed during the follow up review.
7. Update the OQA *Review Findings and Recommendations Status Report* periodically based on the established timelines for the findings remediation process. The status of the findings should be appropriately updated, (e.g., open or closed) and status comments should be provided to ensure OQA can track the aging of findings and verify if findings and the corrective action plans are on schedule for remediation.

Definitions:

Remediate – the act of process of correcting a fault or deficiency.

Finding – A deficiency that, in the judgment of OQA, could affect FHFA through non-compliance with FHFA practices, law and regulation or a complete loss of public confidence.

Procedures:

The follow up review should provide documentation and workpapers similar to the process of the initial assessment when the issue was identified. The following are the procedures for the follow up review:

1. Obtain evidential material from the office or business unit to support the remediation of the finding.
2. Evaluate the remediation documentation, if available, and determine if remediation is sufficient to clear the finding.
3. Document the supporting remediation in accordance with the *Review Process* policies and procedures.
4. Prepare the close-out memorandum and obtain approval by the OQA manager.

5. Update the OQA *Review Findings and Recommendations Status Report* periodically based on the established timelines for the findings remediation process.

Documentation – The follow up review is stored on the Q-drive in accordance with the OQA *Workpaper Documentation and Storage Policy and Procedures*.

OQA REVIEW OF THE FHFA - OFFICE OF INSPECTOR GENERAL AND THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO) CLOSURE PACKAGES

This section covers the procedures for the OQA review of the closure memorandums and supporting documentation (closure package) completed by FHFA offices/business units in response to recommendations made by the FHFA-OIG or GAO. OQA, as requested by the COO, will review and provide a recommendation for closure to the COO. The COO will inform Internal Controls and Audit Follow-Up of OQA's recommendation. The recommendation for closure (or not to close) will be based on the evidence, corrective actions taken, and supporting documentation provided by the office/business unit in the closure packages. OQA may also contact the office/business unit to obtain clarification or additional documentation, as needed.

Functional Responsibilities:

The OQA manager should:

1. Receive the request from the COO for OQA to review the closure package.
2. Assign the closure package to OQA staff, or perform the necessary review and assessment of the closure package.
3. Review the OQA staff's assessment of the closure package and the determination of whether the finding (s) should be closed or remain open. Return the assessment to the OQA staff for any needed revisions.
4. If applicable, discuss with the OQA staff the need to contact someone in the office or business unit if additional information is needed to assess the closure package.
5. Send OQA's results of the OQA assessment of the closure package with the associated recommendation to close the findings or have the findings remain open to the COO.
6. Update the *Tracking Sheet - OQA Review of Closing Packages* spreadsheet located on the Q-drive

The OQA staff should:

1. Review the closure package and supporting documentation to ensure it includes sufficient evidence that the corrective actions, as identified in the office or business unit's response, were taken.
2. Contact the supervision or mission office's point of contact for additional information, if needed.
3. After reviewing the closure package, prepare a write up for submission to the OQA manager. The write up should list the date of the closure memorandum provided by the office or business unit and the title of the associated audit or evaluation report.

Additionally, the OQA write up for the review of the closure package should detail the following:

- a. The FHFA -OIG recommendations as listed in the closure memorandum and the FHFA-OIG audit or evaluation report.
 - b. The detailed results of the OQA review of the closure package.
 - c. The OQA recommendation to close the findings or have the findings to remain open until sufficient corrective actions is taken by the supervision or mission office. The template for the OQA write up is located at Appendix C.
4. If necessary, make any revisions to the write up and assessment based on the OQA manager's review.
 5. If necessary or requested by the OQA manager, update the *Tracking Sheet - OQA Review of Closing Packages* spreadsheet located on the Q-drive.

Procedures:

The OQA review of the closure packages should ensure sufficient evidence is included and corrective actions have been taken by the supervision or mission offices prior to OQA recommending closing to the COO, who informs the Internal Controls and Audit Follow up manager. The following are the procedures for the review and assessment of the closure packages:

1. Obtain Closing Memorandum and supporting documentation prepared by the office/business unit.
2. Assess the supporting documentation provided and determine if closing the finding(s) is appropriate.
3. Document the assessment in a write up for the OQA manager to review. This write up should be provided to the OQA manager by electronic message.
4. The OQA manager must approve the OQA assessment and recommendation.
5. The OQA manager must submit the assessment of the closing package to the COO.
6. Update the *Tracking Sheet - OQA Review of Closing Packages* spreadsheet located on the Q-drive.

Documentation – The supporting documentation for the OQA Assessment is stored on the Q-drive in accordance with the *OQA Workpaper Documentation and Storage Policy and Procedures*.

OQA RECORDS KEEPING

Workpaper Documentation and Storage

This section covers the policy and procedures for workpaper documentation and storage of information on the FHFA network's Q-drive for OQA.

Policy:

OQA will store applicable workpapers, materials, or other information obtained through its reviews, or developed within OQA, on the designated FHFA network located at Q:\OS\Quality Assurance Program.

Functional Responsibilities:

The OQA manager and OQA AD should:

1. Appoint OQA personnel the responsibility to determine the proper storage of the relevant workpaper documentation;
2. Appoint administration assistants to add, modify, or alter the Q-drive structure; and
3. Review and approve the content of documentation, per OQA guidelines.

The OQA staff should:

1. Attend the required FHFA Records Management training
2. Update the Q-drive, using the approved Q-drive procedures and format;
3. Ensure that the document posted to the Q-drive has received an appropriate level of approval or clearance prior to posting, if applicable;
4. Review the posted content on a periodic basis to ensure accuracy and timeliness.

Definitions:

Workpaper documentation – Workpaper documentation includes any emails, reviews, and other material documentation to support the administration of OQA and conclusions of the reviews performed.

Approval or Clearance – Approval or clearance is the process whereby the documentation is reviewed and approved by the appropriate level of management of OQA.

Procedures:

The folders or files listed in these procedures are located on the FHFA network at Q:\OS\Quality Assurance Program. OQA Q-drive file structure is considered a general guideline that can be modified by the responsible parties outlined in the applicable OQA policy.

Folders:

The folders and files included in the Q-drive are designed for the consistent placement of workpaper documentation to support OQA’s administration and reviews. The documentation examples provided below are for illustrative purposes and are not considered all-inclusive. The Q-drive is structured around three base folders:

1. Office of Quality Assurance – **The first base folder contains the documents for the administration of OQA.** The folder includes seven files:

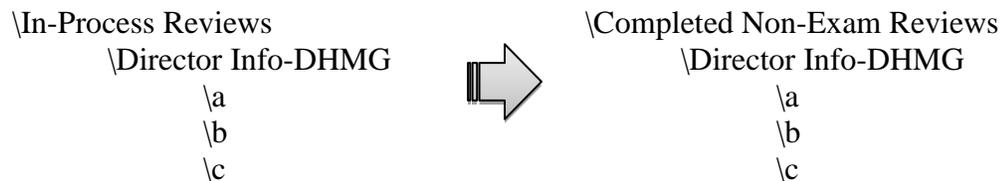
NAME	DOCUMENTATION EXAMPLES
Administrative	Internal audit manual, Office billings
Meetings	Monthly COO Agenda, OQA conference docs, Quarterly Summary to COO, Staff meeting minutes
Mission Statement	OQA Charter, OQA Mission Statement
Policies & Procedures	Policies, Procedures, Staffing
Status Report	Status Report for tracking projects, Archives of previous Status Reports
Templates	Memos, meeting minutes, policies, procedures, work plan, work program, final reviews
Work Plan	OQA Work Plan, Initial Interviews, OQA Notices, Prioritization Assessment Tools and Summaries

2. OQA Reviews – **The second base folder contains the OQA Reviews.** The OQA reviews are varied and cross FHFA Offices, Divisions, Departments, Branches, and Business Units. OQA reviews generally focus on, but are not limited to: subject matter, logistics, research, process, or reporting. The second base folder contains all of the reviews and corresponding documentation sorted into three categories:

NAME	DOCUMENTATION EXAMPLES
Completed Exam Reviews	Final OQA reviews of FHFA’s examination functions, including Comprehensive and Spot reviews
Completed Non-Exam Reviews	Final OQA reviews of FHFA’s non-examination functions

In-Process Reviews	Incomplete OQA reviews
Canceled Reviews	Reviews that have been canceled.

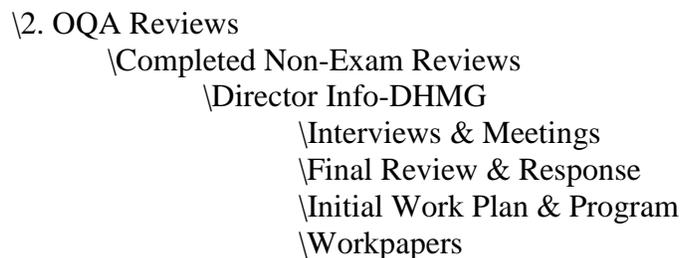
A file for each new OQA review should be added to the Q-drive under the In-Process Review folder. Once completed, the review file and corresponding workpapers should be moved, in its entirety, to either the Completed Exam Review folder or the Completed Non-Exam Review folder.



3. OQA pre-2011 Archives – **The third and final base folder contains all of the files on the OQA Q-drive prior to the 2011 FHFA reorganization.**

Standard Files:

To facilitate the location of basic documents, each OQA review should include four standard files: Interviews & Meetings; Final Review & Response; Initial Work Plan & Program; and, Workpapers. The documentation included in these files is reflected in name of the file. The following is an example of the file structure of a final OQA review for Director Info-DHMG:



Records Retention:

OQA management and staff are trained in records retention according to the Federal and FHFA guidelines. OQA documents are stored and retained according to the OQA’s Records Keeping policies and procedures and the FHFA Records Retention Schedule.

APPENDICES**Appendix A – Plan of Action/Work Program Template**

Office of Quality Assurance
Plan of Action
DATE

REVIEW PURPOSE

Document the purpose of the OQA Review

REVIEW SCOPE

Document the scope of the review

A limited review of the following activities of the area will be performed:

Activities	Objective
Policies & Procedures	Determine the adequacy of policies and procedures used to XXX. Evaluate the Group's overall compliance with these policies and procedures.
Supervisory & Quality Controls	Ensure that adequate supervisory and quality controls exist over the work processes and products.
Project Management/Governance	Determine that an appropriate process exists to prioritize and monitor projects, provide direction, and to ensure that resources are managed and used efficiently.
Records Keeping/Management	Determine the adequacy and efficiency of the records keeping process that exists to organize, store and retain work products.
Communication & Information	Identify and evaluate the overall adequacy of the communication and information processes of the Group. Determine the adequacy of the flow of information upstream/downstream and across all business activities.

Risk Prioritization Summary

Describe the Group being reviewed, including objectives, resources, and potential risks

SOURCE DOCUMENTS

Attach or Link Documents here

WORK PROGRAM/REVIEW STEPS**Policies & Procedures****Review Steps**

1. Verify existence, Identify and document the policies and procedures used to XXX.
2. Obtain a sample of XXX. Test the sample for accuracy and relevancy. Determine and document the quality of the work.
3. From the sample, ensure that procedures are being followed
4. On the basis of procedures completed, form a conclusion about the adequacy of policies or procedures.

Supervisory & Quality Controls

The XXX Group has a responsibility to establish and maintain an effective control over. The following steps will be performed to determine if supervisory oversight and quality control processes are practiced.

Review Steps

1. Ensure that appropriate supervisory policies for information is established and maintained.
2. Ensure that procedures provide specific guidance on the supervisory oversight and memorialize the supervisory process that has been put into place.
3. From the selected sample of reports/projects, determine if supervisory oversight was performed, when necessary.
4. Assess the adequacy of the Group's quality control processes/activities. Determine how the quality of work ensured (i.e., managerial review, peer review, or both).
5. On the basis of procedures completed, including sample testing, form a conclusion about the supervisory and quality control activities.

Project Management/Governance

To determine that the XXX Group's project management and governance is appropriate and that a process exists to provide direction, monitor projects, and ensure that resources are managed and used responsibly.

Review Steps

1. Review the date of the most recently published organizational chart for the Group. Ensure that it reflects the current operating environment and that any changes due to consolidation of business activities or establishment of new operations has been reflected.
2. Verify from review of project documentation, the sufficiency of the process used to monitor the adequacy and timelines of work products. Confirm that the process includes the

tracking of projects in a centralized manner and the measure of milestones against progress.
3. Verify that the project management documentation includes/identifies the resources required to carry out the project tasks. They can be people, equipment, facilities, <u>funding</u> , or anything else capable of definition (usually other than labor) required for the completion of a project activity. The lack of a resource will be a constraint on the completion of the project activity.
4. On the basis of procedures completed, form a conclusion about the project management and governance control activities.

Records Keeping/Management

To determine that the records management practice of maintaining the Group’s work products include classifying, storing, securing, and the logical organization of records.

Review Steps
1. Identify the process and controls used to store work products/documentation.
2. Using the current sample of documents, verify any procedures and controls throughout report preparation used to ensure that the work products are logically classified, secure, and stored.
3. On the basis of procedures completed, form a conclusion about the records keeping/management processes.

Communication & Information

To determine that the Group’s communication and information processes provides for the effective flow of information upstream/downstream and across all business activities; and ensure the appropriateness of the documentation and information used to support work product types, including data from both external and internal sources.

Review Steps
1. Determine that the Group has access to communication channels necessary to efficiently and effectively achieve objectives.
2. Identify the process used (periodic staff meetings, letters, etc.) to communicate information
3. On the basis of the procedures completed, form a conclusion about the adequacy of communication and information processes.

Approval	
Approval of QA Review Plan by OQA Manager	

Appendix B – Comprehensive Review Work Program and Report Template

Comprehensive Review Work Program

Statement of Purpose

The primary purpose of the review is to provide the Director and FHFA’s Division of Banking Regulation (DBR), with an independent assessment of the quality of the work performed. The objective is to determine that the examination work products as measured against a standard of critical thought and logical conclusions are drawn from objective analysis and clear organized writing. The review will also identify potential opportunities for improvements in DBR policies, procedures and practices leading to more efficient, effective, and risk-focused examinations.

The OQA Comprehensive FHLBank Review will include a review of DBR policies, procedures, and supervisory work products of the examination process that include, but are not limited to the following four assessment areas:

1. Scoping
2. Analysis
3. Conclusion
4. Recordkeeping

Interviews will also be conducted with DBR staff, as necessary.

Source Documents

The following documents were reviewed as part of this OQA Comprehensive FHLBank Review and are referenced throughout the document.

Scoping Documents

xx/xx/xx	Scope memorandum (include the Affordable Housing Program (AHP))
xx/xx/xx	Prior Report of Examination (ROE)
xx/xx/xx	Previous Examination MRA Findings Tracker
xx/xx/xx	FHLBank Management letters including New Business Activity requests
xx/xx/xx	Pre-exam Supervisory Strategy memoranda (include AHP)
xx/xx/xx	On-site visitation memoranda or documentation
xx/xx/xx	Responses to Office of Inspector General (OIG) or (GAO)
xx/xx/xx	Pre-examination Analysis or Memoranda (include AHP)
xx/xx/xx	SEC/EDGAR website information (SEC 10K, SEC 10Q, SEC 8K)
xx/xx/xx	Alert Letter FHFA request and Alert Letter FHLBank responses
xx/xx/xx	Recent FHFA policies, regulations, advisory bulletins, and other examiner guidance

Analysis Documents

xx/xx/xx	Examination work programs
xx/xx/xx	Examination Summary Memoranda
xx/xx/xx	Examination Findings Memoranda
xx/xx/xx	Post-exam Supervisory Strategy memoranda
xx/xx/xx	Scope Assignment Matrix
xx/xx/xx	FHFA Examination Manual
xx/xx/xx	FHFA policies, regulations, advisory bulletins, and other examiner guidance

Conclusion Documents

xx/xx/xx	Current ROE
xx/xx/xx	Composite conclusion memorandum
xx/xx/xx	Governance conclusion memorandum
xx/xx/xx	Market risk conclusion memorandum
xx/xx/xx	Credit risk conclusion memorandum
xx/xx/xx	Operations conclusion memorandum
xx/xx/xx	Financial Condition and Performance conclusion memorandum
xx/xx/xx	AHP Governance and Operation Risk conclusion memorandum
xx/xx/xx	Current Examination MRA (Findings) Tracker
xx/xx/xx	CRS reports

Q1. Assessment of the Quality of the Scoping Process

OBJECTIVES: To evaluate the Scope of the examination and the scoping process as it relates to setting examination objectives and work programs for the FHLBank examination to be performed.

PROCEDURES AND FINDINGS: Under each step, identify the condition (finding) of the review. If the review step has a finding, include the cause, criteria, effect, EIC response, and recommendation. Examples are outlined in a and b below:

<p>a. Review the prior ROE to determine if issues identified in the prior examination should be included in the current examination scope.</p> <p>Condition: No exception identified.</p>
<p>b. Review the previous Examination MRA (Findings) Tracker to determine if issues identified but unresolved from the prior examination should be included in the current examination scope.</p> <p>Condition: Previous MRA tracking item XXX was unresolved, but was not included in current Review.</p> <p>Cause: We were unable to find any documentation to determine why MRA was not included.</p> <p>Criteria: The Exam Manual, dated xx/xx/xx, section xxx states.....</p> <p>EIC response: The EIC’s stated...</p> <p>Effect: Without documentation, there is no way to validate a reason for this discrepancy.</p> <p>Recommendation: OQA recommends....</p>
<p>c. Review letters from FHLBank management to determine if issues and/or conditions addressed with FHLBank management should be included in the current examination scope.</p>
<p>d. Review the pre-exam Supervisory Strategy summary prepared by the EIC.</p> <p>Verify that the supervisory strategy includes information on the proposed date and timeframe for the on-site examination, as well as any periodic visitation(s) and the staff who were consulted in the plan’s development.</p> <ul style="list-style-type: none"> • Determine if the supervisory strategy was developed in consultation with modelers, accountants, analysts, and other staff.

<ul style="list-style-type: none"> • Determine that the supervisory strategy discusses changes in the FHLBank's operations and management of which examiners should be aware, and concludes with an overview of the institution and emerging supervisory issues.
e. Verify that the EIC, specialists from other divisions or the examination team prepared (i) the examination alert letter, (ii) the pre-examination analyses memoranda; and (iii) the examination scope memorandum, before the commencement of the examination (3.2).
f. Determine if there is evidence that any OS responses to OIG and GAO findings since the prior exam related to the supervisory examination program are addressed in the examination scope.
g. Review the pre-examination analysis memoranda for each Work Program to determine whether information received from the information request list, data obtained through the Call Report System (CRS), past examination findings and workpapers, SEC filings, and other evaluative information was considered when developing the examination scope (3.2).
h. Determine if there is evidence of collaborative efforts with other FHFA staff, including but not limited to supervision analysts, risk-modelers, affordable housing specialists and risk monitoring analysts, and accountants.
i. Review the FHFA policies, regulations, advisory bulletins, or examiner guidance issued since the last examination to determine if the examination activities include the new guidelines.

CONCLUSIONS: Summarize the results of each of the steps above, listing details to support your findings.

RECOMMENDATIONS: Summarize the recommendations in each of the steps above, including identifying any potential opportunities for improvements in DBR policies, procedures and practices leading to more efficient, effective, and risk-focused examinations.

Q2. Assessment of the Quality of Analysis

OBJECTIVES: To determine that: examination procedures are consistent with the examination scope; work papers support examination findings, conclusions, and ratings; and, examination work products are consistent with FHFA examination standards and supervision policy. The OQA review should take into account any documented changes to the work plan that may have occurred during the examination.

PROCEDURES AND FINDINGS: At minimum, this section requires the following steps. Under each review step below, identify the condition (finding). If the review step has a finding, include the cause, criteria, effect, EIC response, and recommendation.

a. Determine that the required Entrance Meeting with senior management on the first day of the on-site examination, or as soon thereafter, was conducted.
b. Review each Examination Work Program to: <ul style="list-style-type: none"> • Determine if it is within the examination scope outlined in the Scope Memorandum and includes the identification and evaluation of key risk, controls, and significant changes. • Determine the adequacy and appropriateness of the types of work paper documentation, including Summary memoranda and Findings memoranda, used to support the assessment of the activity reviewed and the examiner’s analysis and conclusions. • Determine that the Work Program and activities are documented in accordance with the FHFA standards. • Determine if there is evidence of a collaborative effort with other FHFA staff.
c. Review a sample of Findings memoranda: <ul style="list-style-type: none"> • Determine if they are prepared in conformance with the agency’s standards, to include a description of the deficiency, basis, remediation, and an indication of discussions with management. • Determine that the findings in the memoranda are supported by the workpapers. • Determine that all findings in the examination were sufficiently vetted, particularly if they were not included in the final report of examination.
d. Review the post-exam Supervisory Strategy summary and determine that the post-exam supervisory strategy adequately addressed current findings for future examinations.
e. Determine that any follow-up questions and comments received from the portfolio manager(s), the examiner-in-charge, the examination specialist(s) and/or other Division managers were addressed and resolved.
f. Review the FHFA Examination Manual, policies, regulations, advisory bulletins, or examiner guidance issued between the prior and the current examination to determine that the work

products are consistent with FHFA examination standards and new examination guidance.

CONCLUSIONS: Summarize the results of each of the steps above, listing details to support your findings.

RECOMMENDATIONS: Summarize the recommendations in each of the steps above, including identifying any potential opportunities for improvements in DBR policies, procedures and practices leading to more efficient, effective, and risk-focused examinations.

Q3. Assessment of the Quality of the Conclusion

OBJECTIVES: To determine that the ROE accurately describes: the scope of the examination; the work performed; and the basis for the conclusions and MRAs.

PROCEDURES AND FINDINGS: At minimum, this section requires the following steps. Under each step, identify the condition (finding) of the review. If the review step has a finding, include the cause, criteria, effect, EIC response, and recommendation.

a. Determine that each of the examination objectives detailed in the Scope memorandum correspond directly to the objective (scope) of the ROE.
b. Determine that the examination activities described in the Findings memoranda for each work program are accurately reflected in their respective Conclusions memoranda.
c. Determine that the findings and issues noted in the Conclusions memoranda are reflected in the ROE, including all MRAs.
d. Determine that all MRAs are adequately and clearly explained in the ROE.
e. Confirm that the exam dates noted in the ROE are consistent with other examination documentation, including: beginning, on-site, exit conference, and other dates provided in the ROE.
f. Verify that the financial data in the ROE is accurate with the corresponding CRS reports.
g. Review the content of the ROE to determine if it meets FHFA examination standards, including formatting, accuracy, and clarity of thought and logical conclusions.

CONCLUSIONS: Summarize the results of each of the steps above, listing details to support your findings.

RECOMMENDATIONS: Summarize the recommendations in each of the steps above, including identifying any potential opportunities for improvements in DBR policies, procedures and practices leading to more efficient, effective, and risk-focused examinations.

Q4. Assessment of the Records Keeping Process

OBJECTIVES: To determine the adequacy of the examination documentation used to support examination and verification procedures performed, conclusions reached, and the efficiency of the recordkeeping process.

PROCEDURES AND FINDINGS: At minimum, this section requires the following steps. Under each step, identify the condition (finding) of the review. If the review step has a finding, include the cause, criteria, effect, EIC response, and recommendation.

a. Verify that written policies and procedures exist that cover the evaluation, documentation and storage of relevant work papers to support the examination.
b. Determine that appropriate documentation exists to support the required Entrance and Exit meetings with senior management on the first day of the on-site examination (or as soon thereafter as can be arranged) and at the commencement of the examination.
c. Review each Examination Work Program to determine that the work program activities are documented in accordance with FHFA standards. Workpapers should: 1) address the objective(s) of the review; 2) scope and source, such as testing performed, identification, and interviews with FHLBank personnel, and similar considerations; 3) procedures performed; and, 4) results, conclusions, and proposed corrective action (if warranted).
d. Determine that the workpapers, including the Scope Matrix, are appropriately approved.
e. Review the Scope Assignment Matrix, both the Executive Review and the EIC Review tabs, to determine that all hyperlinks are working and that they accurately represent corresponding workpapers or work programs.
f. Determine that all of the workpapers (from the Scope memo to the ROE) are properly stored and include appropriate indexing, cross referencing and hyperlinking, as necessary.

CONCLUSIONS: Summarize the results of each of the steps above, listing details to support your findings.

RECOMMENDATIONS: Summarize the recommendations in each of the steps above, including identifying any potential opportunities for improvements in DBR policies, procedures and practices leading to more efficient, effective, and risk-focused examination



Federal Housing Finance Agency

OFFICE OF QUALITY ASSURANCE REVIEW REPORT

DATE: XXX, 20XX

TO: XXX, Associate Director
Division of Bank Regulation (DBR)

Fred Graham, Deputy Director
Division of Bank Regulation

THROUGH: Lawrence Stauffer, Acting Chief Operating Officer
Office of the Chief Operating Officer (OCOO)

FROM: Lezell Murphy, Manager
XXX, XXX
Office of Quality Assurance (OQA)

SUBJECT: Quality Assurance Comprehensive Review of the 20XX Examination of the
Federal Home Loan Bank (FHLBank) of XXX

As part of OQA's mission to promote high quality work in the offices of the Federal Housing Finance Agency (FHFA), we conducted a quality assurance review of the 20XX Report of Examination (ROE) for the FHLBank of XXX. The primary purpose of the review was to provide the Deputy Director of DBR an independent assessment of the quality of the work performed. The objective was to determine that the examination work products as measured against a standard of critical thought and logical conclusions are drawn from objective analysis and clear organized writing. The review also identifies potential opportunities for improvements in DBR policies, procedures and practices leading to more efficient, effective, and risk-focused examinations.

Results of Our Findings

The OQA Comprehensive FHLBank of XXX Review included a review of DBR policies, procedures and supervisory work products of the examination process that includes four assessment areas: Scoping, Analysis, Conclusions, and Records Keeping. Overall, we found [insert a brief high level discussion of overall findings]

Examination Scoping Process: We evaluated the scope of the examination and the scoping

process as it relates to setting examination objectives and work programs for the FHLBank of XXX examination. We determined that the work programs performed during the scope of the examination were/were not adequate and/or timely. [Insert what we looked at and what we found]

Recommendation:

Examination Analysis: We determined that overall the analysis is/is not consistent with FHFA examination standards and practices. Examination procedures are/are not consistent with the examination scope; work papers support/do not support examination findings, conclusions and ratings; and, examination work products are/are not consistent with FHFA examination standards and supervision policy. [Insert what we looked at and what we found]

Recommendation:

Examination Conclusion: We determined that the ROE accurately describes/does not accurately describe the scope of the examination, the work performed, and the basis for the conclusions. We confirmed that the ROE accurately reported/did not accurately report the findings and Matters Requiring Attention. In addition, we determined that the format of the contents of the ROE comports with/does not comport with FHFA examination standards and supervision policy. The examination dates noted in the ROE are/are not consistent with other examination documentation, and the sampled financial data in the ROE is/is not accurate. [Insert what we looked at and what we found]

Recommendation:

Record Keeping Process: We determined that the documentation used to support examination and the verification procedures performed and the conclusions reached are/are not adequate. [Insert what we looked at and what we found]

Recommendation:

Observations:

- (1) [Insert what we looked at and what we found]

Appendix C - OQA Closure Package Memorandum Template

OQA reviewed the closing memorandum, dated XXX, from the Deputy Director of (DBR/DER/Office) to the Acting COO regarding FHFA's recommendation (insert recommendation number) from the OIG's Audit/Evaluation/Compliance Review: (*insert name of review*), (*insert review number*), (insert date of review).

OIG Recommendation (insert number): The OIG recommends that FHFA should (insert FHFA-OIG's recommendation).

(DBR/DER/Office) Responded to OIG Recommendation X: (insert FHFA's response).

Results of the OQA Review:

The closure package included.....

Based on our review of the closure package, OQA (recommends closing) or (recommends keeping the recommendation open) by Internal Controls and Audit Follow Up.

ABBREVIATIONS

CMI.....	Content Management Interface
COO.....	Chief Operating Officer
DBR.....	Division of Federal Home Loan Bank Regulation
DER.....	Division of Enterprise Regulation
DHMG.....	Division of Housing Mission and Goals
Enterprises.....	Fannie Mae and Freddie Mac
FHFA.....	Federal Housing Finance Agency
FHLBANKS.....	Federal Home Loan Banks
GAO.....	Government Accountability Office
OCAC.....	Office of Congressional Affairs & Communications
OIG.....	Office of the Inspector General
OF.....	Office of Finance
OMB.....	Office of Management and Budget
OQA.....	Office of Quality Assurance

FEDERAL HOUSING FINANCE AGENCY

Acquisition Procedures Manual

Version 2015.01



Approved: *Janice L. Uthe*
Janice Uthe, Senior Procurement Executive

Date: *March 3, 2015*

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SECTION 1 PURPOSE

The purpose of the Acquisition Procedures Manual (APM) is to provide procedures to implement the Acquisition Policy approved by the Director of the Federal Housing Finance Agency (FHFA).

SECTION 2 SCOPE

The APM conforms to and supplements the guiding principles as established within the FHFA's Acquisition Policy.

SECTION 3 CONTRACT CLAUSE INSTRUCTIONS

3.1 General

The FHFA has a number of acquisition flexibilities and is not subject to the Federal Acquisition Regulation (FAR) (48 CFR Chapter 1). However, as a matter of administrative convenience, the FHFA will follow the FAR on a voluntary basis with the exception of the identified flexibilities within the APM. These procedures may change over time to meet the needs of the Agency and to ensure adherence to the FHFA's Acquisition Policy. All changes to the APM will be updated accordingly.

3.2 Prescriptions for Special Clauses and Provisions

As prescribed in the below subsections, FHFA Contracting Officers will use the following clauses as applicable. Please see Section 6 of the APM for the actual clauses.

3.201 Availability of Funds

Since the FHFA is not an appropriated funded agency (12 U.S.C. 4516(f)(2)), FAR 52.232-18, Availability of Funds, and associated provisions and clauses are not applicable as written in the FAR. Therefore, Contracting Officers will use the clause in 6.201 as applicable, such as for option terms, Blanket Purchase Agreements (BPAs), Basic Ordering Agreements, or Indefinite Delivery / Indefinite Quantity Contracts, when funds will be obligated against specific option periods, orders, or calls.

3.202 Disputes

The FHFA is not subject to the Contract Disputes Act (41 U.S.C. 7101-7109). Therefore, FAR 52.233-1, Disputes, and associated provisions and clauses, are not applicable. Contracting Officers will use the clause in Section 6.202 for all solicitations and contracts. If a Contracting Officer uses FAR 52.212-4 for a commercial item purchase, they will mark 52.212-4(d) as RESERVED to minimize any ambiguity between the two clauses.

3.203 Non-Appropriated Funded Agency

The FHFA is not an appropriated funded agency (12 U.S.C. 4516(f)(2)). Therefore, Contracting Officers will include the clause in Section 6.203 for all solicitations and contracts.

3.204 Public Release of Contract Award and Publicity Information

The Public Release of Contract Award and Publicity Information clause included in Section 6.204 is required for all solicitations and contracts.

3.205 Disclosure of Information

The Disclosure of Information clause and Non-Disclosure Agreement included in Section 6.205 is required in all solicitations and contracts when Program Offices or Contracting Officers identify requirements that are of a sensitive nature that warrant the non-disclosure requirement.

3.206 Invoicing

Contracting Officers will select either clause 6.206a “Invoicing via Invoice Processing Platform” or 6.206b “Invoicing” for all solicitations and contracts. The invoicing clauses included in Section 6.206a and 6.206b outline the procedures for Contractors to submit invoices.

Contracting Officers will also continue to use the appropriate payment clause as stated in the FAR. The invoicing clause is usually included in Section G of the contract if the Contracting Officer follows the Uniform Contract Format or Section II if following commercial item procedures as outlined in FAR Part 12.

Select 6.206a “Invoicing via Invoice Processing Platform” for all contracts, except when 6.206b is applicable.

Select 6.206b “Invoicing” for contracts that meet any of the following conditions:

- (1) All Interagency Agreements.
- (2) Any line items that include a split line item of capitalized and non-capitalized items.
- (3) Any contract involving potentially sensitive information on the invoice such as that related to Equal Employment Opportunity consulting or mediation services, alternative dispute resolution, or other matters that may result in sensitive data being placed on an invoice.
- (4) Purchase order awards at or below the micro-purchase threshold when the vendor is not registered in SAM and a temporary vendor ID will be created by BPD for a one-time payment.

Also, when selecting payment terms in PRISM, generally Contracting Officers will select one of the three options below, unless the Contracting Officer negotiates separate terms or pre-existing terms exist, such as under a GSA schedule.

- (1) **Net 30 Prompt Pay** – This applies to most FHFA contracts, meaning the net invoice is paid within 30 days.
- (2) **Advance Due Upon Receipt** – This applies when payment is made immediately upon receipt, but no more than 30 days prior to the beginning of the service period.
- (3) **Advance Net 30 Prompt Pay** – This applies when payment is made 30 days from the later of the start of the service period or log date of the invoice.

Contracting Officers must still always consider the risks and appropriateness of specific payment terms.

3.207 Homeland Security Presidential Directive-12 (HSPD-12)

Contracting Officers will insert the clause included in Section 6.207 in all solicitations and contracts when program staff indicated in a requirements package that Contractor personnel will have access to FHFA facilities or systems. Also, in circumstances when program staff indicates that Contractor personnel will have access to sensitive information or material, the clause included in Section 6.207 would be applicable.

3.208 Systems and Information Security

Contracting Officers will insert any of the following applicable clauses for a requirement related to Information Technology (IT) Security:

- Insert the clause in Section 6.208a for any contractor employee that requires FHFA network access.
- Insert the clause in Section 6.208b for software development or for the acquisition of information systems which will process and store FHFA data residing on the FHFA network.
- Insert the clause in Section 6.208c for acquisition of information systems which will process and store FHFA data residing off-site on an externally hosted network (e.g., non FHFA network, a service provider, cloud computing environment, etc.).

The Contracting Officer will contact David Lee for Privacy Issues and Ralph Mosios for IT Security issues if the Contracting Officer is unsure whether a clause is applicable and provide a copy of the statement of work, performance work statement, or statement of objectives to help assess applicability.

If the Contracting Officer is required to send any sensitive documents by email, the Contracting Officer shall (1) receive clearance from the appropriate office (2) receive a signed Nondisclosure Agreement from any potential vendor or contractor, and (3) follow the [Office of Technology and Information Management's Internal User Guide for Secure E-Mail](#). Also, if the potential vendor or contractor needs additional assistance, then the Contracting Officer may send a copy of the [Office of Technology and Information Management's External User Guide for Secure E-Mail](#).

The following policies are posted on the Internet and are available to the public. Therefore, the Contractor does not have to sign a Nondisclosure Agreement to access these documents:

- [Breach and Notification Policy and Plan](#)
- [Use and Protection of Personally Identifiable Information Policy](#)

3.209 Due Diligence

During acquisition planning when Contracting Officers and program staff believe due diligence meetings would be appropriate and beneficial to the FHFA source selection process, then the provision in Section 6.209 will be included in Section L of the contract if the Contracting Officer follows the Uniform Contract Format or Section II if following commercial item procedures as outlined in FAR Part 12.

3.210 Hold Harmless and Indemnification Agreement

Contracting Officers will insert the clause included in Section 6.210 in all solicitations and contracts.

3.211 Escape Hood and Shelter-In-Place Kits

Contracting Officers will insert the clause included in Section 6.211 in all solicitations and contracts when Contractor employees will be working at FHFA facilities on an ongoing basis.

3.212 Order of Precedence- FHFA Contracts

Since FHFA incorporates several unique clauses in its contracts that deviate from similar FAR clauses, including Disputes, Interest, Non-Appropriated Funds clauses, Availability of Funds, etc., an order of precedence must be clearly stated within its contracts, including General Services Administration (GSA) orders and Government-Wide Acquisition Contracts (GWAC). Contracting Officers will insert the clause included in Section 6.212a in all solicitations, orders, and contracts.

In addition, for requirements that involve a license agreement under a GWAC such as GSA or NASA SEWP (Solutions for Enterprise-Wide Procurement), Contracting Officers will insert the clause in Section 6.212b within the schedule of an individual order or BPA.

3.213 Organizational Conflict of Interest

As part of acquisition planning, program offices and Contracting Officers will analyze planned acquisitions to identify and evaluate organizational conflicts of interest (OCI) as early as possible. They will also work to avoid, neutralize, or mitigate significant potential conflicts before contract award. In cases where Contracting Officers or Program Office representatives believe an actual or potential OCI exists, Contracting Officers will insert the clause in Section 6.213 in all applicable solicitations. FAR 9.5 provides additional guidance on OCIs. The following information supplements this guidance.

If the Contracting Officer inserts the clause in Section 6.213, and the apparent successful firm submitted a mitigation plan, the mitigation plan must be reviewed by both the technical evaluation panel and the Office of General Counsel to determine if the conflict is acceptably mitigated or neutralized.

If a conflict is not acceptably mitigated or neutralized as addressed in the above paragraph, the firm may be excluded from further consideration or the program office may request a waiver to the conflict.

A waiver is the least preferred option when dealing with an OCI. However, if a program office believes a waiver for an OCI is in FHFA's best interest compared to any other options, then the program office must prepare a written memo requesting approval by the Senior Procurement Executive through the Contracting Officer identifying (1) what risks may result to FHFA as a result of the conflict, (2) what steps can be taken to manage the risk, (3) why any other options are NOT in FHFA's interest, and (4) what steps will be taken to eliminate the conflict in the future. The Contracting Officer will obtain the review of the request by the Office of General Counsel. Both the Contracting Officer and the Office of the General Counsel will note their respective concurrence(s) or objection(s) of the waiver request prior to its submission to the Senior Procurement Executive.

3.214 Extended Term Contracts

Contracting Officers are encouraged to implement longer term contracts when conducive to market conditions. Factors for consideration include the following: a longer than five-year period of performance is accepted by the marketplace; FHFA's needs are best served; and the longer term is appropriate. Contracts up to ten years shall be seriously considered to improve the attractiveness of FHFA as a customer to the contractor community and best support the agency's needs.

To best manage risk, Contracting Officers must always consider defined prices for the entire period of performance before awarding the contract. However, for longer term contracts, this is not always optimal. If market research demonstrates contractors will be unable to submit prices for the maximum period of performance, then Contracting Officers will consider defined pricing for as much of the period of performance that the marketplace can absorb.

For the remaining option periods that Contractors will be unable to provide defined prices, the Contracting Officer will consider alternate methods to price outlying performance periods. Section 6.214 includes several example mechanisms to price outlying periods such as through an economic price adjustment or relying on published GSA schedule prices.

Contracting Officers are encouraged to tailor the clause with OGC concurrence to meet the specific needs of the acquisition including adopting alternative means of indexing longer term option prices beyond the examples based on industry practices for a specific procurement.

For extended term contracts, Contracting Officers will insert and modify as appropriate the clause in Section 6.214 and for all applicable solicitations and contracts.

Also, Contracting Officers must include a mechanism to evaluate prices for the entire period of performance. The total estimated price must include the base and all option periods. For example, if the Economic Price Adjustment Model is used and the maximum increase is ten percent, then ten percent must be used as a worst case scenario for price evaluation purposes for all years of performance. For the Inflation Model, the solicitation should state an assumption for price evaluation purposes only (e.g. three percent per year) for the amount of the Consumer Price Index and then add whatever price premium is proposed by the Contractor.

In addition, the Contracting Officer will notify the Office of Minority and Women Inclusion by providing a copy of the acquisition plan, addressing the strategy, or in cases where an acquisition plan is not required, the Contracting Officer will provide an advance copy of the solicitation.

3.215 Deliveries

Contracting Officers will insert the clause included in Section 6.215 when deliveries of furniture, equipment or other non-parcel items must be made to the Constitution Center.

3.216 Review and Ownership of Deliverables

When contracts require deliverables such as advisory reports, written contractor recommendations, templates, guidelines, or other similar Contractor work products, Contracting

Officers should clearly state within the contract FHFA's data rights and review schedule to accept and approve any deliverables.

When these conditions exist, at a minimum, the Contracting Officer should either consult the applicable GSA contract to ensure the applicable data rights clause is included or in an open market contract, add FAR 52.227-14 or appropriate alternate. Also, Contracting Officers will insert the clause in Section 6.216 in all applicable solicitations and contracts.

Note, Contracting Officers may modify the review period stated within Section 6.216 upon receiving concurrence from the Contracting Officer's Representative or invoice approver, but ten business days is established as the default review period.

3.217 Key Personnel

Contracting Officers will insert the clause included in Section 6.217 when key personnel must be included within the contract.

3.218 Minority and Women Inclusion

Contracting Officers will insert the clause included in Section 6.218 in all solicitations and contracts exceeding the simplified acquisition threshold.

3.219 FHFA Contract Oversight Personnel

Contracting Officers may choose to designate either an Invoice Approver (typically only appropriate for contracts that do NOT exceed \$150,000) or formally appoint a Contracting Officer's Representative (COR) for larger or more complex contracting actions as outlined in Section 5.302 of the APM. Furthermore, in some instances, Contracting Officers may choose to appoint a Technical Monitor. Contracting Officers will insert whichever definitions are appropriate for their acquisition as stated in Section 6.219.

3.220 Place and Hours of Performance

When a Contractor is required to work at FHFA's facilities or when a Contractor is expected to perform during a specific time during the day, a specific clause must be included outlining these conditions. The clauses in Sections 6.220a and 6.220b are provided to help define requirements, but they may be tailored to meet the specific needs of the requirement.

Regarding hours of operation, FHFA does NOT authorize Contractor employees' work schedules, such as telework, alternate work schedules, or other programs offered to FHFA employees. Contractor employees must NOT be treated as Federal Government employees since their performance and rates are governed by the terms of the contract. In rare circumstances to ensure continuity of operations and if authorized under the contract, CORs may authorize in writing the work to be performed remotely, assuming the COR will be able and willing to ensure proper oversight, especially for level-of-effort contracts. In such cases, the COR will specify whether the work to be performed remotely will be required to be performed on Government Furnished Equipment, including tools necessary for network access, such as a FHFA furnished laptop, authentication token, or other hardware.

3.221 Options – GSA Orders or BPA Calls

The clause “Options- GSA Orders or BPA Calls” is required for all awards under GSA schedule that include options. Furthermore, Contracting Officers may tailor the clause so that it is applicable for GWACs such as NASA SEWP where this clause would be appropriate.

3.222 Multiyear Funding

After consulting with the program office and OBFM’s Financial Management Operations and Systems section, Contracting Officers may choose to fund contracts on a greater than one-year basis for up to five years when the total contract price is less than or equal to \$500,000, if a multiyear requisition is provided. Larger contracts may be funded with the Chief Financial Officer’s approval.

Before selecting a multiyear funding mechanism, the Contracting Officer must consider if the need is reasonably firm that covers the period of multiyear funding and serves the best interests of FHFA by encouraging greater competition, smoother operations, or other administrative savings.

When establishing the price schedule under a multiyear funding option, even though options periods are not created, the Contracting Officer will still have to create a separate contract line item for each period of performance.

Depending on the circumstance, the Contracting Officer may use one of the clauses identified in Section 6.222a, 6.222b, 6.222c. Contracting Officers must carefully consider the advantages and practicality of the applicable clause. Furthermore, the Contracting Officer may work with OGC to tailor any of the clauses to meet the particular needs of the requirement.

Remember, not to include the option clause, if multiyear funding is used.

3.3 Buy American Act

The FHFA will follow the requirements of the Buy American Act, 41 U.S.C. 8302-8303, on a voluntary basis, and will, therefore, include related clauses as prescribed by the FAR.

3.4 Competition Requirements

3.401 Required Sources

Contracting Officers are not restricted to the priorities established for Government supply sources established in FAR 8.002. Contracting Officers may acquire goods and services through those sources, GSA schedules, or via the open market, using their discretion and judgment to select the mechanism that is in the best interest of FHFA.

SECTION 4 INTERNAL PROCEDURES

4.1 Unauthorized Commitments

4.101 Definition

A contract or modification to an existing contract is not binding when a FHFA representative who made it lacked the authority to enter into that contract on behalf of FHFA. This is otherwise

known as an unauthorized commitment. The procedures in FAR 1.602-3 are tailored and provide the process for ratifying an unauthorized commitment in 4.103 through 4.105.

4.102 Conditions for Ratification

Unauthorized commitments may only be ratified when the following conditions are met.

- (1) The goods or services have been provided to and accepted by FHFA, or FHFA has obtained or will obtain a benefit resulting from performance of the unauthorized commitment;
- (2) The Contracting Officer who ratifies the unauthorized commitment has the authority to enter into a contractual commitment;
- (3) The resulting contract would otherwise have been proper if made by an appropriate Contracting Officer;
- (4) The Contracting Officer reviewing the unauthorized commitment determines the price to be fair and reasonable;
- (5) The Contracting Officer recommends payment and the Office of General Counsel (OGC) concurs with the recommendation; and
- (6) Funds are available.

4.103 Contractor Activities Documentation

For ratification, the Contractor must submit an invoice to the Contracting Officer for the unauthorized work and include documentation that describes:

- (1) What work was performed;
- (2) Why the work was performed;
- (3) Where the work was performed;
- (4) When the Contractor was instructed to do the work; and
- (5) Who instructed the Contractor to do the work, and in what form the instructions were given (verbal or written), including a copy of any written authorization.

The ratification request may be rejected if the Contractor cannot name the FHFA individual(s) or representative(s) who authorized the work. The Contractor may file a claim for resolution.

If an FHFA employee directed the work, the Contracting Officer must evaluate the Contractor's submission to determine if it provides a legitimate basis for payment.

4.104 Program Office Activities Documentation

Before the execution of the ratification document, the Assistant Director (or equivalent title) of the employee that directed the work will submit a written and signed statement to the Contracting Officer that includes:

- (1) Identification of the employee who directed the Contractor to perform the work;
- (2) Statement of pertinent facts, including why the contracting process was not followed;
- (3) Statement of the internal steps implemented to avoid an unauthorized commitment in the future;

- (4) A statement that goods or services have been provided to, and accepted by, FHFA, or that FHFA has obtained or should obtain a benefit resulting from performance of the unauthorized commitment; and
- (5) An approved procurement request, including funding.

4.105 Ratification Approval

- (1) *Contracting Officer Recommendation Report:* The Contracting Officer must prepare a written recommendation report documenting the findings of facts provided by the Contractor and Program Office and providing a recommendation for either approving or denying the ratification action. When the Contracting Officer recommends approval, the recommendation report must affirm that the goods and services are acceptable and the price is fair and reasonable. The Contracting Officer must obtain concurrence from the Office of General Counsel before submitting the report for approval for the following cases:
 - The total amount exceeds the micropurchase threshold.
 - The Contracting Officer recommends the unauthorized commitment be denied.
- (2) *Recommendation Report Approval:* The Contracting Officer's recommendation report must be reviewed and approved at the following applicable level:
 - The Senior Procurement Executive may ratify unauthorized commitments in the amount not to exceed \$1,000,000.
 - The Chief Operating Officer may ratify unauthorized commitments exceeding \$1,000,000.
- (3) *Ratification Denial and Approval:* If the ratification is denied, the Contracting Officer will provide the Contractor with a letter disclosing the decision with a brief rationale. For denied ratifications, the FHFA employee may be held personally responsible for any financial obligation that the employee improperly created with an individual or business and may be subject to disciplinary action. If the ratification is approved, the Contracting Officer should prepare a contract modification. This is applicable if the ratification occurs on a contract with a current period of performance. If the ratification occurs without a corresponding contract, a new contract will be issued.
- (4) *Warrant Authority and Procurement Request Authority:* Ratification is permitted only within the Contracting Officer's warrant authority, and after any additional procurement request authority has been obtained. The specific dollar amount being ratified should be used for determining the required warrant level and proper procurement request authority.
- (5) *Documentation:* The Contracting Officer must file all documentation supporting the approval or denial of a ratification action, including procurement request authority and contract modification or new contract, in the official contract file. The Contracting Officer will also update the central log tracking all unauthorized commitments on the FHFA Shared Drive, O:\OBFM\Contracting\Unauthorized Commitments

4.2 Debarment and Suspension of Contractors

4.201 General

The FHFA may suspend or debar Contractors as outlined in FAR Subpart 9.4.

For purposes of the APM's Section 4.2, reference to agency head or designee, debarring official, or suspending official within FAR 9.4 refers to FHFA's Senior Procurement Executive.

Notice. In accordance with FAR 9.406-3 and 9.407-3, notice shall mean a written communication sent by certified mail (return receipt requested) to the last known address of the party, its identified counsel, or its agent. In the case of a business, such notice may be sent to any partner, principal officer, director, owner or co-owner, or joint venture. If no return receipt is received within 10 calendar days of mailing, the Contracting Officer shall additionally pursue notification via telephone and/or e-mail allowing five calendar days for response. Alternatively, the Contracting Officer may dual track the telephone and/or email notification when the certified mail notice is sent without extending the period an additional five days. If no return response is received and no response to telephonic or e-mail notifications is received, receipt shall then be presumed. If the Contractor does not respond to a debarment or suspension notice within 30 calendar days after receipt of the notice, the debarring/suspending official may put the debarment into effect.

4.202 Debarment Procedures

- (a) *Investigation and referral.* FHFA employees aware of any cause that might serve as the basis for debarment will immediately refer those cases through the Contracting Officer to the debarring official. Upon appropriate coordination, the debarring official will immediately refer to the Office of the Inspector General all reported cases that involve possible criminal or fraudulent activities for investigation by that office.

Referrals for consideration of debarment will include--

- The cause for debarment (see FAR 9.406-2);
- A statement of facts;
- Copies of supporting documentary evidence and a list of all necessary or probable witnesses, including addresses and telephone numbers, together with a statement concerning their availability to appear at a fact-finding proceeding and the subject matter of their testimony;
- A list of all Contractors involved, either as principals or as affiliates, including current or last known addresses;
- A statement of the acquisition history with such Contractors;
- A statement concerning any known pertinent active or potential criminal investigation, criminal or civil court proceedings, or administrative claim before Boards of Contract Appeals; and
- A statement from each office or division affected by the debarment action as to the impact of a debarment on FHFA's programs.

- (b) *Notice of proposal to debar.* Upon receipt of a complete referral and after consulting with the Office of General Counsel, the debarring official will decide whether to initiate debarment action.

When a determination is made to initiate action, the debarring official will provide to the Contractor and any specifically named affiliates written notice in accordance with FAR 9.406-3(c).

- (c) *Decision-making process.* In response to the debarment notice, if the Contractor or its representative notifies the debarring official within 30 days after receipt of the notice that it wants to present information and arguments in person to the debarring official, that official will chair such a meeting within 20 calendar days of receipt of the request, unless a longer period of time is mutually agreed. The oral presentation will be conducted informally and a transcript need not be made. However, the Contractor may supplement its oral presentation with written information and arguments for inclusion in the administrative record.

Pursuant to FAR 9.406-3(b)(2), the Contractor may request and will be entitled to a hearing before the fact-finding panel.

As applicable, the debarring official will appoint a fact-finding panel that may include the Contracting Officer, Office of General Counsel attorney, and any technical experts that the debarring official believes will enhance an understanding of the facts. The Office of General Counsel attorney will be the fact-finding official, unless the debarring official appoints another individual in that role.

The fact-finding panel will conduct the hearing within 20 calendar days of receipt of the request, unless a longer period of time is mutually agreed.

The debarring official will convene the fact-finding panel for this purpose and will provide the panel with a copy of all documentary evidence on the matter. Upon receipt of such material, the fact-finding official will notify the Contractor and schedule a hearing date.

In addition to the purposes provided in FAR 9.406-3(b)(2), the hearing is intended to provide the debarring official with findings of fact based on a preponderance of evidence submitted to the fact-finding panel and to provide the debarring official with a determination as to whether a cause for debarment exists, based on the facts as found.

The fact-finding panel will conduct its hearing in accordance with rules promulgated by the fact-finding official. The rules will be as informal as is practicable, consistent with FAR 9.406-3(b). The fact-finding official is responsible for making the transcribed

record of the hearing, unless the Contractor and the fact-finding panel agree to waive the requirement for a transcript.

The fact-finding official will deliver written findings and the transcribed record, if made, to the debarring official within 30 calendar days after the hearing. The findings will be based on a preponderance of the evidence presented and provide a recommendation as to whether a cause for debarment exists.

- (c) *Debarring official's decision.* Upon review of a complete referral or fact finding panel recommendation, the debarring official shall consult with the Office of General Counsel, whether to issue a notice of action to debar. In addition to complying with FAR 9.406-3(d) and FAR 9.406-3(e), the debarring official will provide single copies of the decision to each FHFA division or office affected by the decision and to the General Services Administration, who is responsible for maintaining the Excluded Parties List.

4.203 Suspension Procedures.

- (a) *Investigation and referral.* Investigation and referral will be accomplished as provided in the APM 4.202 except that referrals made to the suspending official will cite causes pertinent to a suspension action (see FAR 9.407-2).
- (b) *Decision-making process.* The FHFA decision making process for a suspension action pursuant to FAR 9.407-3(b) follows those established for a debarment action (see APM 4.202 (c)), except that the Contractor may request and will be entitled to a hearing before the fact-finding panel only if permitted under FAR 9.407-3(b)(2).
- (c) *Notice of suspension.* Notice of suspension will be accomplished as provided in APM 4.202, except that the suspending official will process the notice in accordance with FAR 9.407-3(c).
- (d) *Suspending official's decision.* In addition to complying with FAR 9.407-3(d), the suspending official will provide single copies of the decision to each FHFA division or office affected by the decision and to the General Services Administration in accordance with APM 4.202(c).

4.3 Noncompetitive Procurements

When competition is required, Contracting Officers must promote and obtain full and open competition in soliciting offers and awarding contracts. Consistent with 41 U.S.C. 3304, when FHFA uses other than competitive procedures, the Program Office must justify the basis not to compete, using the same guidance as outlined in FAR Part 6.3. A Justification for Other than Full and Open Competition (JOFOC) template is available from the Contracting Officer.

For actions \$150,000 and under, a memorandum from the Program Office justifying the basis for not competing the requirement may be submitted to the Contracting Officer for approval. At a

minimum, the justification must explain why only one source is reasonably available, and provide adequate information for the Contracting Officer to determine that the price is fair and reasonable.

Justifications exceeding \$25,000 must be posted to the general public via the Federal Business Opportunities' website and the FHFA website for a minimum of thirty days. The FHFA website may provide access to justifications by linking to the Federal Business Opportunities' website.

In following best practices as established by the FAR, the following review and approval thresholds will be followed. Contracting Officers will approve noncompetitive procurements up to and including \$650,000.

For actions greater than \$650,000, the approving official is the Competition Advocate.

The Competition Advocate is the Chief Financial Officer as designated in FHFA Order No.1, Amendment No. 2 Procurement Designations and Delegations, signed September 2, 2013.

For all JOFOCs, as outlined in the FHFA template, Contracting Officers must certify that the justification is accurate and complete to the best of their knowledge and belief.

4.4 Contractor's Unique Terms and Licensing Agreements

4.401 General

For commercial purchases and licensing agreements, Contractors will often introduce their own terms. Contracting Officers are required to review the agreements carefully and to ensure no conflict exists between Government contracts and the commercial contract and agreement. Contracting Officers are always encouraged to consult the Office of General Counsel when an ambiguity exists. Furthermore, Contracting Officers are required to receive a review from the Office of General Counsel for all licensing agreements that are greater than \$5,000.

4.402 Indemnification of Contractors

On occasion Contractors may request Contracting Officers to indemnify a Contractor. Contracting Officers must resist accepting these terms because it represents an unfunded liability and undefined risk to FHFA.

Contracting Officers should remind Contractors that they may file a claim as permitted under the Disputes clause (See 6.202) and that Contracting Officers lack the authority to create an unfunded liability.

If the Contracting Officer determines there is no practical way to remove the clause and the award of the contract fulfills a compelling need to FHFA, then the Contracting Officer must (1) assess why it is in FHFA's best interest to indemnify the Contractor, (2) submit a recommendation to the Manager, Contracting Operations, and (3) receive approval from the Manager, Contracting Operations, or acting designee, before agreeing to the Contractor's clause.

4.5 File Documentation

4.501 General

Contracting Officers have broad discretion in the level of documentation required that is consistent with the principles of the FAR. However, at a minimum, Contracting Officers will ensure each contract file includes the appropriate documentation checklist posted on the Contracting Operations Intranet Page.

When awards are made under GSA Multiple Award Schedules, Contracting Officers are reminded that FAR Part 15 is not applicable.

4.502 Acquisition Plans

For any award (including options and BPAs) up to and including \$500,000, an acquisition plan, source selection plan, or a technical evaluation plan is not required.

Acquisition plans are required for new awards, including BPAs and GSA orders but not including Interagency Agreements, greater than \$500,000. The greater than \$500,000 threshold includes any option periods or quantities in the estimated award value or BPA ceiling. An acquisition plan is not required for individual calls under a BPA or orders under an FHFA awarded task order or delivery order contract, if an acquisition plan was created at the initial award. However, Contracting Officers have the discretion to create acquisition plans in those circumstances to help better manage risk or clarity.

The acquisition plan may include the source selection plan and other logical related items. Examples include determinations for options and longer periods of performance, exceeding five years, and determinations to award time and material contracts.

- (a) All references in the FAR requiring determinations for the use of options or to use contracts exceeding five years are delegated to the Contracting Officer's approval.
- (b) Contracting Officers will always consider the risks and appropriateness of a time and material or other derivations of a level of effort contract. A written determination following FHFA's acquisition template is only required for contracts exceeding \$500,000. The APM requirements override the requirements as outlined in FAR 16.601(d).
- (c) Contracting Officers may request the approval of the Manager, Contracting Operations, to establish a Blanket Purchase Agreement call ceiling higher than the simplified acquisition threshold (See FAR 13.303-5(b)) consistent with FAR 13.303-5 (b)(1) – (2). This may be addressed through the Acquisition Plan or a separate memo. Within the request, Contracting Officers will explain why this approach is in FHFA's best interest, including how the benefits of competition will be leveraged; economies of scale; or other administrative benefits.

4.503 Small Business Set Aside Determination

Any open market or competitive GWAC award, including GSA schedules and NASA Solutions for Enterprise-Wide Procurement (SEWP) that exceeds the micropurchase threshold is subject to a Contracting Officer's determination whether or not to set-aside for small business.

These determinations are not applicable for Interagency Agreements; other programs authorizing direct award such as Ability One or Federal Prison Industries; or already competed FHFA instruments (such as BPAs or IDIQ contracts) resulting in future orders.

To encourage greater utilization of all small businesses, Contracting Officers are required to maximize setting aside work to small businesses. Also, among those small businesses, Contracting Officers should, to the maximum extent possible, ensure the fair inclusion of minority-owned and women-owned businesses to align with FHFA's requirements under Section 342(c)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (PL-111-203). If FHFA Contracting Officers are unable to set aside applicable awards to a small business for any requirement greater than \$5,000, they are required to receive clearance from the Manager, Contracting Operations or acting designee. To request clearance, the Contracting Officer must complete the small business set-aside determination posted on the Contracting Operation's Intranet site or address within the Acquisition Plan.

4.504 Request For Quotation (RFQ) Template

For competitive GSA orders and BPAs that are up to and including \$500,000, Contracting Officers will use the standardized GSA template posted in the Contracting Officer's toolkit on the OBFM Intranet to ensure consistency.

4.505 Peer Review System

To improve the completeness and quality of contract files, all contract awards greater than \$500,000 must undergo a peer review by another Contracting Officer. Checklists and specific guidance identifying reviewers are posted on FHFA's Intranet site.

Results of all applicable reviews must be included in the contract file. The reviews may be conducted electronically via email, if it is to the convenience of the reviewer and Contracting Officer.

4.506 Internal Quality Control

To ensure contract file maintenance, Contracting Officer files will be randomly reviewed based on monthly PRISM transaction data. The frequency and subject areas reviewed may change based on the Manager, Contracting Operations' assessment of pertinent focus areas and availability of resources. However, reviews will include an assessment of file completeness and consistent documentation based on current office practices.

SECTION 5 CONTRACTING OFFICER REPRESENTATIVE (COR) AND TECHNICAL MONITOR (TM)

5.1 Roles

5.101 COR Roles

A COR is a FHFA employee, designated in writing by the Contracting Officer, who is appointed to perform certain technical functions under a specific contract, agreement, task order, or delivery order, including inspection and acceptance of supplies or services. COR replaces the previous term Contracting Officer Technical Representative or COTR. For any past designations of COTR, it now has the same meaning as COR. The Contracting Officer may also appoint an Alternate COR who may operate in place of the COR, or in conjunction with the COR, based on his or her appointment letter. However, there must be a clear designation of a single COR per contract at any specific time, even though alternate CORs may perform in the absence of the primary COR.

5.102 TM Roles

A TM is a FHFA employee, designated in writing by the Contracting Officer, who is appointed to perform technical functions under a specific contract, but does NOT include inspection, acceptance, and invoice approval. TMs are appropriate when a contract spans an area in complexity, geography, or other means that is not feasible for a single COR to administer. TMs may recommend the acceptance of goods and services and keep the COR apprised of Contractor performance. However, the final decision to conduct final inspection, acceptance, and invoice approval resides with a single COR.

5.2 Responsibilities

CORs are extensively involved throughout the entire acquisition cycle from requirements generation through contract closeout. They are a pivotal member of the acquisition team, and their active participation is critical for success.

5.201 Pre-Solicitation COR Responsibilities

The COR, who represents the Program Office, is responsible for the generation of clear, well-defined requirements. However, at the earliest possible opportunity, CORs should contact their Contracting Officer to help advise them in the successful development of requirements.

Independent Government Estimate (IGE) – The development of a clear Government estimate details the rates or firm fixed price for the contract that should mirror the contract price schedule. The IGE is essential as an independent comparator against price proposal(s) during the source selection phase to help ensure a clear meeting of the minds between Industry and Government regarding price in relation to the work requirements stated in the solicitation, and may be used for price analysis and comparison of proposed prices to ensure a fair and reasonable price. Furthermore, an IGE is critical for the COR to obtain the necessary budget approvals and in turn a requisition funding and approving the costs of the contract, which are fundamental to begin the acquisition process.

Requisition – The COR is responsible for creating and obtaining the necessary approvals of a requisition. The requisition provides assurance of both funds availability and budgetary and

management approvals to fund the contract. An IGE must be completed before a realistic requisition can be created. Contracting Officers do not have the authority to sign contracts without evidence of funds availability.

Statement of Work (SOW)/ Performance Work Statement (PWS) / Statement of Objectives (SOO) – The SOW, PWS, and SOO each have the objective of defining work requirements. The approach to define work requirements (SOW, PWS, or SOO) has specific implications, advantages, and disadvantages. Contracting Officers can help explain the merits and risks of each approach and provide examples. When a COR drafts the SOW, PWS, or SOO, he/she drafts the document based on his/her experience and understanding of the Program Office's needs. At a minimum, the SOW, PWS, or SOO must define the services rendered (or products delivered), the responsibilities of the Government and Contractor including information or equipment provided, and a defined way to determine when the work is successfully completed, such as clearly defined deliverables or standards to assess successful performance. Anyone involved in defining work requirements must immediately inform the Office of General Counsel-Ethics Office, if he/she is aware or becomes aware of a conflict of interest or appearance of a conflict of interest. Conflicts of interest and appearances of conflicts of interest include a financial interest by you or an immediate family member with a potential contractor. For more details, see <http://intranet.fhfa.gov/Default.aspx?Page=199>

Other Requirements Package Elements – When a COR contacts a Contracting Officer about a specific requirement, the Contracting Officer is available to explain all of the items required for the completion of a requirements package and may provide a checklist. Depending on the specifics of a requirement, the checklist will prompt CORs to consider other items necessary for a completed requirements package including whether there is a need for market research, insurance requirements, price structure, payment terms, suggested evaluation criteria, risks, including actual or potential conflicts of interest, and other security requirements.

5.202 Source Selection COR Responsibilities

Completion of Questions and Answers – After the solicitation is issued, Contracting Officers are responsible for all direct communications with solicited firms and must be the only individual that directly communicates with offerors to ensure fairness and the appearance of fairness with all of the firms. During the solicitation phase, firms have an opportunity to ask questions. Many questions involve specific technical requirements of the solicitation and require CORs to help Contracting Officers answer questions. Prompt, complete COR engagement is necessary to answer questions and answers. Incomplete responses or delays can easily delay the award of a contract, since the Government is obligated to provide to all offerors the consolidated responses to all questions asked during the solicitation phase.

Participation on a Technical Evaluation Panel (TEP) – CORs are responsible for assembling a TEP, which includes ensuring availability, qualifications, and commitment of the selected panel. TEP members will sign a Conflict of Interest and Confidentiality Certification. TEPs will evaluate the technical components, provide an assessment of price realism, participate in oral presentations (if applicable), make a recommendation for award based on the evaluation criteria

of a specific solicitation, and may participate in debriefings. The results of the evaluation are documented in a written TEP report signed by each TEP member. Contracting Officers are available to provide guidance for the proper way to conduct a TEP, and will review TEP reports to ensure that they clearly document the evaluation results and that the evaluation is based solely on the factors and sub-factors contained in the solicitation.

5.203 Post-Award COR Responsibilities

Following contract award, the COR will be the key contact with the Contractor. The COR is authorized to provide technical direction upon acceptance of the COR appointment letter, which outlines the COR's specific responsibilities and authorities.

The COR must set up a COR file using the COR file checklist to help ensure thoughtful administration of the contract.

The COR ensures that the Contractor delivers the required goods or performs the work according to the contract and the delivery schedule. Duties also include monitoring the expenditure of funds in relation to the contract or task order ceiling and approving invoices.

To successfully perform as a COR, the COR must review the entire contract, including the Contractor's proposal, and understand the terms and conditions of the contract. By doing this, the COR has the information needed to oversee Contractor performance in a competent manner, including the roles and contractual obligations of all parties and other important terms of the contract, such as the compliance with performance milestones, inspection and acceptance of deliverables, and review and processing of Contractor invoices.

The COR must promptly notify the Contracting Officer in writing of any noncompliance, deviation in performance, or failure to make progress. The COR must also provide timely notification to the Contracting Officer of any need for modification of the contract, and refer all questions regarding contract terms to the Contracting Officer.

If the COR becomes aware of a potential or actual conflict of interest, the COR will notify the Contracting Officer immediately.

If a contractor employee expresses a concern to a COR regarding perceived demeaning, denigrating, or derogatory behavior in the workplace, and/or his/her treatment related to race, color, religion, gender, national origin, age, disability, genetic information, sexual orientation, parental/familial status, political affiliation, concerns of a sexual nature, or reprisal, the COR must refer the contractor employee to Brian Guy, the Manager of EEO services, at 202-649-3019 or Brian.Guy@fhfa.gov.

CORs are also responsible for monitoring performance on a continual basis and may, as applicable, be required to evaluate the Contractor's performance.

After contract completion, the COR will be required to assist in closing out the contract by affirming final acceptance of all goods and services, providing necessary documentation

regarding payment, and other documents that may be defined in a contract closeout checklist. The COR file must be provided to the Contracting Officer so that the COR file can be included with the remainder of the contract closeout file.

5.3 Nomination and Appointment of CORs and TMs

The Program Office is responsible for identifying and nominating qualified individuals to represent their office in the capacity of COR. In complex areas of performance, the COR may find it appropriate to nominate one or more TMs. The duties of the TM are a subset of the duties of the COR as outlined in 5.1, but the responsibility for oversight remains with the COR.

5.301 Nomination of COR and TM

The Program Office management (the individual who approves the PRISM requisition) must:

- (1) Select qualified nominees for the roles of COR and TM(s);
- (2) Ensure that the nominee has accomplished the necessary training; and
- (3) Provide the Contracting Officer with the names of the nominee(s) in writing via the PRISM requisition, e-mail or memorandum. Nomination templates are available from the Contracting Officer.
- (4) In situations when a nominated COR has not received the necessary training, the Program Office may request a waiver from the Manager, Contracting Operations. At a minimum, the waiver should outline why the nominee has not been trained, why no other alternate nominee is feasible, and a committed action plan for the COR to receive the required training.

5.302 Appointment of COR and TM

In general, contracts that exceed \$150,000 require a COR be appointed in writing. However, in some cases the Contracting Officer may choose not to appoint a COR for noncomplex procurements, such as for the purchase of supplies or services that have minimal deliverables. Also, for smaller contracts and individual task orders, an invoice approver and technical point of contact may be designated. In those circumstances, a formal appointment and acceptance letter is not required. An invoice approver designated within a contract has the same authorities and responsibilities as a COR, but they are not required to be formalized in an appointment letter because of the lower dollar value or risk associated with the procurement.

Only the Contracting Officer appoints CORs and TMs. CORs and TMs may not appoint CORs or TMs or delegate COR or TM responsibilities and authorities to others.

CORs and TMs must ensure they understand their responsibilities and have adequate information before accepting the appointment.

5.4 COR and TM Training Requirements

FHFA follows the principles and guidance of the Federal Acquisition Certification of CORs (FAC-COR) addressed in the Office of Management and Budget (OMB), Office of Federal Procurement Policy (OFPP), memorandum entitled “Revisions to the Federal Acquisition Certification for Contracting Officer’s Representatives (FAC-COR)” dated September 6, 2011 <http://www.fai.gov/drupal/certification/fac-cor>.

5.401 Primary Training Requirements

FHFA will issue all three levels of FAC-CORs as identified by the OMB OFPP memo cited in 5.4. However, if a formal COR or TM appointment is made by a Contracting Officer, the COR or TM will require a minimum of a Level II certification, given the size of most of FHFA's contracts. A Level I FAC-COR may be appointed if the nominated COR or TM meets the 40 hours of training, required for a FAC-COR, Level II, even if the nominated COR lacks the experience requirements outlined by the Federal Acquisition Institute (FAI) for Level II certification.

Minimum training requirements as outlined by the Federal Acquisition Institute at <http://www.fai.gov/drupal/certification/fac-cor> must be met to be eligible for a COR certification.

5.402 Continuing Education Requirements

Per OMB and FAI policy, after receiving a COR certification, CORs are required to maintain their FAC-COR Certification through continuing education requirements.

For FAC-CORs, Level II, continuing education is met by obtaining 40 continuous learning points (CLP) every two years. CORs may obtain CLPs in any distribution pattern over the two years, meaning CLPs do not have to be evenly earned (e.g. twenty CLPs per year) each year. Continuing education for other FAC-CORs are outlined at <http://www.fai.gov/drupal/certification/fac-cor>.

CORs may earn CLPs through formal classroom training, attending conferences, publishing articles, or attending workshops.

Acceptable competency areas to earn CLPs include the same areas to meet primary education requirements and are outlined at <http://www.fai.gov/drupal/community/contracting-officers-representative-cor-competencies>. This grants CORs broad flexibility to obtain CLPs in both specific technical areas to the contracts they administer or general competencies related to the COR function.

5.403 Formal Classroom Sources

Training may be obtained through FAI, the Defense Acquisition University, the Treasury Acquisition Institute, commercially-available sources, colleges or universities, or agency-specific courses. Please contact Contracting Operations for additional information.

5.404 Maintaining Training and Certification Records

The COR is responsible for ensuring that he/she remains current with training requirements and that he/she maintains adequate records to demonstrate achievement of training requirements. Documentation requirements include retaining copies of his/her certificates, logs documenting attendance at conferences, etc. Documentation is required to demonstrate suitability as a COR for each contract.

5.5 FAC-COR Certificate and Renewal Certificate

After receiving the necessary training, an individual may request a FAC-COR certification. A FAC-COR certification is NOT the same as a COR appointment to a specific contract. The certification merely demonstrates the qualifications to be appointed as a COR.

Please submit the necessary documentation evidencing completion of training requirements or CLPs earned for FAC-COR certification and renewal to Bernard.Piper@fhfa.gov. Upon review, a FAC-COR certificate or renewal certificate will be issued by the FHFA Senior Procurement Executive. FAC-COR certifications are valid for up to two years. The COR is responsible for ensuring he/she meets the continuing education requirements and requests recertification prior to expiration; otherwise, the COR risks his/her certification expiring and having to reinitiate a certification application, including retaking the initial primary training requirements.

Any individuals who currently have a FAC-COTR certification are automatically converted to a FAC-COR Level II certification, per OMB guidance.

SECTION 6 SPECIAL CLAUSES AND PROVISIONS

6.1 General

As discussed in Section 3 of the APM, several FAR clauses are not appropriate or applicable to FHFA. Also, several clauses are required for FHFA procurements that are not addressed in the FAR. Therefore, the following clauses and provisions will be used in FHFA contracts either in addition to or in place of the related FAR clause as prescribed in Section 3.

6.2 Full Text Clauses and Provisions

6.201 Availability of Funds (SEP 2009)

Funds are not presently available for performance. The Government's obligation under this contract/order is contingent upon the availability of funds from which payment for contract/order purposes can be made. No legal liability on the part of the Government for any payment may arise until funds are made available to the Contracting Officer for this contract/order and until the Contractor receives notice of such availability, to be confirmed in writing by the Contracting Officer.

6.202 Disputes (APR 2013)

(a) All disputes arising under or relating to this contract shall be resolved under this clause. The Contract Disputes Act of 1978, as amended (41 U.S.C. 7101-1709) is not applicable to the Federal Housing Finance Agency.

(b) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim until certified. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim. The submission may be

converted to a claim, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(c) (1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within six (6) years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Federal Housing Finance Agency (FHFA), hereafter "Agency," against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) The Contractor shall provide the certification specified in paragraph (c)(2)(iii) of this clause when submitting any claim exceeding \$100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Agency is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(d) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(e) The Contracting Officer's decision shall be considered final unless the contractor submits a written request for appeal of the decision to FHFA's Senior Procurement Executive (SPE), within 60 days from receipt of the Contracting Officer's decision. The SPE must, within 30 days, decide the claim or notify the Contractor of the date by which the decision will be made. The decision of the SPE is final and conclusive unless a court of competent jurisdiction finds the decision fraudulent, arbitrary or capricious, so grossly erroneous as to imply bad faith, or not supported by substantial evidence. The contractor has 180 days from the date of the SPE's decision to appeal to a court of competent jurisdiction.

(f) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Agency is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

(g) The Agency shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, interest shall be paid from the date that the Contracting Officer initially receives the perfected claim. Defective certifications are defined as failing to comply with any portion of (c) (2) or (c) (3) of this clause. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury, which is applicable to the period during which the

Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(h) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, or appeal, arising under or relating to the contract, and comply with any decision of the Contracting Officer.

6.203 Non-Appropriated Funded Agency – FHFA (MAR 2011)

(a) Under the Housing and Economic Recovery Act of 2008, FHFA was established as an independent agency in the Executive Branch of the Federal Government.

(b) Notwithstanding any other provision or clause contained herein, whether express or incorporated by reference, FHFA is a non-appropriated funded agency. As such, FHFA is not subject to the Federal Acquisition Regulation (FAR). FHFA voluntarily follows the FAR with some limited exceptions in its acquisition of supplies and services. Any FAR provisions and/or clauses contained herein, whether express or incorporated by reference, are being utilized due to their commonality in the Federal acquisition environment.

(c) The Contractor understands that FHFA is not subject to the Contract Disputes Act of 1978 and that FHFA has its own disputes process as set forth in the clause contained herein and entitled “Disputes.”

6.204 Public Release of Contract Award and Publicity Information (AUG 2012)

(a) The Contractor, its affiliates, agents or subcontractors, and their respective employees, shall not issue press releases or provide other information to the public or media regarding any FHFA contract award.

(b) The Contractor, its affiliates, agents or subcontractors, and their respective employees, shall not make statements to the media or issue press releases regarding their performance under this Contract.

(c) The Contractor may not issue or sponsor any advertising or publicity that states or implies that FHFA endorses, recommends or prefers the Contractor's services or products.

(d) The Contractor agrees to include this clause in all its subcontracts under this contract.

6.205 Disclosure of Information (NOV 2014)

(a) Contractor (used hereinafter in this Clause to mean Contractor and Contractor's directors, officers, employees, subcontractors, agents, or consultants) shall not disclose without the prior written approval of the Senior Procurement Executive any nonpublic information obtained by, produced by, or disclosed to the Contractor in connection with its performance under this Contract for FHFA, to anyone other than persons within FHFA or persons in the Contractor's organization who are properly entitled to such information for the performance of their official

duties. Nonpublic information means information which has not become part of the body of public information, including, but not limited to, information of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Banks (collectively, regulated entities), the Office of Finance of the Federal Home Loan Bank System (Office of Finance), or FHFA. This includes nonpublic information in any form, including documents, electronic mail, computer files, conversations, audio or video recordings, and internal information technology infrastructure components, including Internet Protocols. For purposes of this clause, examples of nonpublic information include, but are not limited to, corporate financial data provided to FHFA that has not been made public; FHFA planned or contemplated courses of action regarding FHFA examinations, investigations, and enforcement actions; and personally identifiable information, including information covered by the Privacy Act, 5 U.S.C. § 552a.

(b) Contractor has read FHFA Policy No. 221, Information Classification Policy, which is incorporated by reference into the Contract, and shall abide by the policy described therein and follow the guidelines given for using and protecting non-public and restricted information. FHFA Policy No. 221 is available on the FHFA website: http://www.fhfa.gov/AboutUs/Policies/Documents/FHFA_Policy_221_Final_Information_Classification_Policy_09-27-2012.pdf. Contractor shall take all reasonable measures to avoid unintentional or inadvertent disclosure by it of such nonpublic information, and shall return to FHFA any such information, or copies thereof, not later than the date the Contractor has completed performance of its work under this Contract. Should a question arise as to whether particular information is nonpublic, Contractor shall immediately contact the FHFA Contracting Officer's Representative (COR) and seek a determination as to the information's status. In the absence of a COR, the Contractor shall immediately contact the FHFA Contracting Officer. If the FHFA COR or Contracting Officer determines that the information is nonpublic, Contractor shall treat it in accordance with this Clause.

(c) Contractor has read FHFA Policy No. 301, Use and Protection of Personally Identifiable Information Policy, which is incorporated by reference into the Contract, and shall abide by the policy described therein and follow the guidelines given for using and protecting personally identifiable information. FHFA Policy No. 301 is available on the FHFA website: <http://www.fhfa.gov/AboutUs/Policies/Documents/PII%20Policy%20-%20Signed.pdf>. Contractor has read FHFA Policy No. 601, Breach Notification Policy and Plan, which is incorporated by reference into the Contract, and shall abide by the policy described therein and follow the guidelines for reporting of a suspected or confirmed breach of personally identifiable information. FHFA Policy No. 601 is available on the FHFA website: http://www.fhfa.gov/AboutUs/Policies/Documents/FHFA_Policy_601_Breach_Notification_Policy_and_Plan_N508.pdf.

(d) Contractor agrees not to use or permit the use of nonpublic information obtained as a result of its performance of work for FHFA under this Contract for private gain for itself or any other person or entity by direct action on Contractor's part or by counsel, recommendation, or suggestions to another person or entity.

(e) Unless by judicial order directed otherwise (after providing the Senior Procurement Executive with notice as specified below), Contractor understands that it is prohibited from testifying in court or otherwise with respect to information obtained by, produced by, or disclosed to the Contractor in connection with its performance of work under this Contract, and is prohibited from furnishing documents of FHFA, the regulated entities, or the Office of Finance, or copies thereof, in compliance with a subpoena, court order, or otherwise without prior written notice to the Senior Procurement Executive. Contractor shall promptly notify the Senior Procurement Executive of any request, subpoena, court order, or other legal process requiring Contractor's attendance as a witness or the production of documents.

(f) Contractor understands that it is subject to criminal penalties under 18 U.S.C. 641 and 1905, and other applicable laws for the misuse or disclosure of nonpublic information.

(g) Contractor agrees that each of its personnel and subcontractor personnel working under this Contract shall sign the FHFA Nondisclosure Agreement (Agreement) containing the prohibitions set forth in paragraphs (a) through (f) of this Clause. Contractor further agrees that Contractor shall submit a copy of each signed Agreement to the FHFA Contracting Officer and designated Contracting Officer Representative or Invoice Approver prior to performance of any work by Contractor's personnel or subcontractor personnel under this Contract. This includes all substitutions or additions of Contractor personnel over the Contract's performance. The Contractor shall maintain all the original, signed Agreements. Within five business days of a written request from the Contracting Officer, the Contractor shall provide the signed, original Agreements. (A copy of the Agreement is an attachment.)

(h) Contractor agrees that any deviation from this Clause which is attributable to the Contractor constitutes a material breach of contract and may be sufficient grounds for a termination for default.

NONDISCLOSURE AGREEMENT (JUL 2014)

I, _____, during the performance of my work under Contract No. _____ for the Federal Housing Finance Agency (FHFA) and after completing such performance, shall not disclose without the prior written approval of the FHFA's Senior Procurement Executive any non-public information obtained by, produced by, or disclosed to me in connection with my performance of work for FHFA to anyone other than persons within FHFA, who already have access to such non-public information, or persons in my organization who are properly entitled to such information for the performance of their official duties. Non-public information means information which has not become part of the body of public information, including, but not be limited to, information of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Home Loan Banks (collectively, regulated entities), the Office of Finance of the Federal Home Loan Bank System (Office of Finance), or FHFA.

I have read FHFA Policy No. 221, Information Classification Policy, which is incorporated by reference into the Contract, and shall abide by the policy described therein and follow the guidelines given for using and protecting non-public and restricted information. FHFA Policy

No. 221 is also available on the FHFA website:

http://www.fhfa.gov/AboutUs/Policies/Documents/FHFA_Policy_221_Final_Information_Classification_Policy_09-27-2012.pdf. This includes non-public information in any form, including documents, electronic mail, computer files, conversations, audio or video recordings, and internal information technology infrastructure components, including Internet Protocols. For purposes of this Nondisclosure Agreement (Agreement), examples of non-public information include, but are not limited to, corporate financial data provided to FHFA that has not been made public; FHFA planned or contemplated courses of action regarding FHFA examinations, investigations, and enforcement actions; and personally identifiable information, including information covered by the Privacy Act, 5 U.S.C. § 552a.

I shall take all reasonable measures to avoid unintentional or inadvertent disclosure by me of such non-public information, and shall return to FHFA any such information, or copies thereof, not later than the date I have completed performance of my work. Should a question arise as to whether particular information is non-public, I shall immediately contact the FHFA Contracting Officer's Representative (COR) and seek a determination as to the information's status. In the absence of a COR, I shall immediately contact the FHFA Contracting Officer. If the FHFA COR or Contracting Officer determines that the information is non-public, I shall treat it in accordance with this Agreement.

I have read FHFA Policy No. 301, Use and Protection of Personally Identifiable Information Policy, which is incorporated by reference into the Contract, and shall abide by the policy described therein and follow the guidelines given for using and protecting personally identifiable information. FHFA Policy No. 301 is available on the FHFA website:
<http://www.fhfa.gov/AboutUs/Policies/Documents/PII%20Policy%20-%20Signed.pdf>.

I have read FHFA Policy No. 601, Breach Notification Policy and Plan, which is incorporated by reference into the Contract, and shall abide by the policy described therein and follow the guidelines for reporting of a suspected or confirmed breach of personally identifiable information. FHFA Policy No. 601 is available on the FHFA website:
http://www.fhfa.gov/AboutUs/Policies/Documents/FHFA_Policy_601_Breach_Notification_Policy_and_Plan_N508.pdf.

I shall not use or permit use of non-public information obtained by me as a result of my performance of work for FHFA for private gain for myself or any other person or entity by direct action on my part or by counsel, recommendation, or suggestions to another person or entity.

Unless by judicial order directed otherwise (after providing the Senior Procurement Executive with notice as specified below), I understand that I am prohibited from testifying in court or otherwise with respect to information obtained by, produced by, or disclosed to me in connection with my performance of work under this Contract, and I am prohibited from furnishing documents of FHFA, the regulated entities, or the Office of Finance, or copies thereof, in compliance with a subpoena, order, or otherwise without prior written notice to the Senior Procurement Executive of FHFA. I shall promptly notify the Senior Procurement Executive of any request, subpoena, court order, or other legal process requiring my attendance as a witness or the production of documents.

I understand that I am subject to criminal penalties under 18 U.S.C. 641 and 1905, and other applicable laws for the misuse or disclosure of nonpublic information.

EXECUTED this _____ day of _____, 20____.

Signature: _____

6.206 Invoicing Clauses

Select the appropriate Invoicing clause based on the prescription in 3.206.

6.206a Invoicing via Invoice Processing Platform (AUG 2014)

All invoices shall be submitted via the Invoice Processing Platform (IPP), as the preferred method. The IPP is a secure web-based electronic invoicing and payment information service.

IPP Submission

The IPP website address is <https://www.ipp.gov>. Contractor assistance with enrollment can be obtained by contacting the IPP Production Help Desk via email at ippgroup@bos.frb.gov or phone at (866) 973-3131.

For payment and invoice questions, contact the Accounting Services Division at (304) 480-8000 option 7 or via email at AccountsPayable@fiscal.treasury.gov.

If the Contractor can NOT submit their invoices via IPP, the Contractor may request the Contracting Officer grant a waiver to permit an Alternate Submission Method. The Contracting Officer will provide the Contractor a waiver request form. If the Contracting Officer grants a waiver, the Contractor will be required to submit a copy of the signed waiver with each invoice and follow one of the Alternate Submission Methods identified below.

Alternate Submission Methods

If you are not able to send your invoices via the IPP AND the Contracting Officer has approved an IPP submission waiver, please send the invoice either by electronic mail or hardcopy mail. Hardcopy mail is the least preferred method of submission.

Electronic Mail Submission

Invoices should be submitted electronically to AccountsPayable@fiscal.treasury.gov. Protected Microsoft Excel files are the preferred format; however, Adobe Acrobat Portable Document Format (PDF) and Microsoft Word are also acceptable.

Hardcopy Mail Submission

For US Mail:

OAS ASD APB
A3 - G
BUREAU OF THE PUBLIC DEBT
PO BOX 1328
PARKERSBURG WV 26106-1328

UPS, Federal Express, or other Courier Delivery:

OAS ASD ASB2
A3 - G
BPD WAREHOUSE & OP CENTER DOCK 1
257 BOSLEY INDUSTRIAL PARK DR
PARKERSBURG WV 26101

Invoice Contents

Ensure that the invoice complies with all other payments and invoicing instructions and terms within the Contract. Also, at a minimum, the following information must clearly be included:

- (a) Contractor's name
- (b) Invoice unique identifying number and invoice date
- (c) Period of Performance (Covered by invoice for service contracts)
- (d) Contract or Order number (FHF-FY-X-XXXX)
- (e) Contract Line Item Numbers (CLINs) as stated in the contract must be clearly identified and associated with the invoice for goods and services
- (f) Description, cost or price, and quantity of property and/or services actually delivered or rendered
- (g) Other substantiating documentation or information as considered necessary by the COR or Contracting Officer to support the invoice, including the following items:
 - Price; hourly rates; other costs, less applicable discounts
 - Contractor timesheets including dates and times of performance of Contractor employees
 - Name of the authorized employee(s) performing services
- (h) Name, title, phone number, and complete mailing address of Contractor official to whom payment questions can be addressed by the Government.

Contractors shall not submit invoices for supplies or services no more frequently than once a month.

6.206b Invoicing (JUL 2014)

Ensure that the invoice complies with all other payments and invoicing instructions and terms within the Contract. Also, at a minimum, the following information must clearly be included:

- (a) Contractor's name
- (b) Invoice unique identifying number and invoice date
- (c) Period of Performance (Covered by invoice for service contracts)
- (d) Contract or Order number (FHF-FY-X-XXXX)

(e) Contract Line Item Numbers (CLINs) as stated in the contract must be clearly identified and associated with the invoice for goods and services

(f) Description, cost or price, and quantity of property and/or services actually delivered or rendered

(g) Other substantiating documentation or information as considered necessary by the COR or Contracting Officer to support the invoice, including the following items:

- Price; hourly rates; other costs, less applicable discounts
- Contractor timesheets including dates and times of performance of Contractor employees
- Name of the authorized employee(s) performing services

(h) Name, title, phone number, and complete mailing address of Contractor official to whom payment questions can be addressed by the Government.

Invoices should be submitted electronically to AccountsPayable@fiscal.treasury.gov. Protected Microsoft Excel files are the preferred format; however, Adobe Acrobat Portable Document Format (PDF) and Microsoft Word are also acceptable.

If you are not able to send your invoices electronically via this method, please send them to the following address:

For US Mail:

OAS ASD APB
A3 - G
BUREAU OF THE PUBLIC DEBT
PO BOX 1328
PARKERSBURG WV 26106-1328

UPS, Federal Express, or other Courier Delivery:

OAS ASD ASB2
A3 - G
BPD WAREHOUSE & OP CENTER DOCK 1
257 BOSLEY INDUSTRIAL PARK DR
PARKERSBURG WV 26101

For payment and invoice questions, please contact the Administrative Accounts Branch at (304) 480-7070.

Contractors shall not submit invoices for supplies or services no more frequently than once a month.

6.207 Homeland Security Presidential Directive-12 [HSPD-12] (SEP 2012)

(a) Performance under this contract may require Contractor employees to have physical and logical access to a Federally controlled facility. HSPD-12 requires that in those instances,

agencies create a policy to ensure that those employees have a fully adjudicated identity check prior to unescorted access.

(b) In order to comply with HSPD-12, the FHFA requires the following steps be taken to ensure the safety of the physical space and the integrity of the information technology systems.

(c) Prior to the start of the contract, the Contractor shall provide a list of names of those employees covered by HSPD-12 to the Contracting Officer's Representative (COR) and make those employees available at the place and time specified by the COR in order to initiate screening and background investigations. The appropriate forms will be provided by the COR or the FHFA Human Resources Office.

(d) Contractor employees are required to give, and to authorize others to give, full, frank, and truthful answers to relevant and material questions needed to reach a suitability determination. Refusal or failure to furnish or authorize the furnishing of information may constitute grounds for denial or revocation of credentials. Government personnel may contact the Contractor personnel being screened or investigated in person, by telephone or in writing, and the Contractor agrees to make them available for such contact.

(e) A National Agency Check (NAC) will be conducted prior to beginning of contract performance. This check verifies the identity of the individual applying for clearance. Upon successful completion of the NAC process, an identity card will be issued and unescorted access will be granted. Contractor employees are required to wear and display their identity cards while on duty and when representing the agency, unless wearing the card prevents them from accomplishing the tasks associated with this contract.

(f) Simultaneously, a NAC with Inquiries (NACI) or other background check as required, based on the performance duties, will be initiated to determine the individual's suitability for the position. If the NACI (or other background investigation) adjudication is favorable, nothing more needs to be done. If the adjudication is unfavorable, the credentials will be revoked. In the event of a disagreement between the Contractor and the Government concerning the suitability of an individual to perform work under this contract, FHFA shall have the right of final determination.

(g) This requirement must be incorporated into any subcontracts that require subcontractor personnel to have routine and regular unsupervised access to a Federally controlled facility for more than 180 calendar days or unsupervised access to a Federally controlled Level 3 or 4 information system.

(h) If a Contractor employee has already been credentialed by another agency through the Office of Personnel Management (OPM), and that credential has not yet expired, further investigation may not be necessary. The Contractor shall provide the COR with documentation that supports the individual's status.

(i) During performance of this contract, the Contractor will keep the COR apprised of changes in personnel to ensure that performance is not delayed by compliance with credentialing process. Identity cards that have been lost, damaged, or stolen must be reported to the COR.

Replacement will be at the Contractor's expense and may not be charged as either a direct or indirect cost to the contract. If reissuance of expired credentials is needed, it will be coordinated through the COR.

(j) At the end of contract performance, or when a Contractor employee is no longer working under this contract, the Contractor will ensure that all identification cards are returned to the COR. Failure to return identity cards may hold up final invoice payment.

6.208a FHFA Network Access (OCT 2013)

The Contractor (used hereinafter in this Clause to mean the Contractor and its directors, officers, employees, subcontractors, agents, or consultants) agrees that any Contractor who has access to FHFA's network shall comply with FHFA's Rules of Behavior, and will be required to complete FHFA's Information Security and Privacy Act training prior to being granted access to FHFA's network. In addition, the Contractor will be required to complete any IT Security and Privacy Act refresher training.

6.208b IT Security clause for software development or for the acquisition of information systems which will process and store FHFA data residing on the FHFA network (FEB 2015)

(a) Protection of Information. The Contractor (used hereinafter in this Clause to mean the Contractor and its directors, officers, employees, subcontractors, agents, or consultants) shall implement adequate administrative, technical, logical, physical and procedural security controls to ensure that all FHFA information in its possession or under its control is adequately protected from loss, misuse, or unauthorized access or modification. The collection, use, transmission, and disclosure of FHFA information shall comply with all Federal laws and regulations as well as FHFA policies. The Contractor shall not use any FHFA information except to the extent necessary to carry out its obligations under the Contract. The Contractor shall not disclose FHFA information to any third party unless disclosure is authorized in the Contract, or Contractor obtains the prior written approval of the Contracting Officer. The Contractor shall promptly notify the Contracting Officer of any request, subpoena, court order, or other legal process requiring the Contractor's attendance as a witness or the production of documents pertaining to FHFA information.

(b) Laws and Standards. All Information Technology (IT) products and services provided by the Contractor shall comply with Federal laws and standards addressing information security, including the following laws and standards:

- (1) Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources, including Appendices;
- (2) E-Government Act of 2002 (P. L. 107-347), including Title II, Section 208 - Privacy Provisions and Title III - Federal Information Security Management Act of 2002 (FISMA), and related OMB guidance; and,
- (3) National Institute of Standards and Technology (NIST) security standards and guidelines to support the implementation of and compliance with FISMA, including the following:

- NIST Special Publication 800-18, Revision 1, *Guide for Developing Security Plans for Federal Information Systems*
- NIST Special Publication 800-37, Revision 1, *Guide for Applying the Risk Management Framework to Federal Information Systems*
- NIST Special Publication 800-53, Revision 4, *Security and Privacy Controls for Federal Information Systems and Organizations*
- FIPS 199, *Standards for Security Categorization of Federal Information and Information Systems*

(c) FHFA Policy and Guidance. All IT products and services provided by the Contractor shall comply with all FHFA information security directives, policies and requirements, including requirements related to the Federal Information Security Management Act (FISMA) of 2002, unless the Contractor obtains a written waiver from the FHFA Office of Information Technology and Information Management (OTIM) Security Group. The Contractor shall adhere to FHFA's published regulations including availability of non-public information and production of FHFA records, information and employee testimony in third party legal proceedings.

The following policies are posted on FHFA's Internet:

- (1) [Breach and Notification Policy and Plan](#)
- (2) [Use and Protection of Personally Identifiable Information Policy](#)

(d) Control of Information. All FHFA information remains the property of FHFA. At any time, at the direction of the Contracting Officer or Contracting Officer's Representative (COR), the Contractor shall promptly retrieve, deliver, erase or destroy all FHFA information, or any portion of information under the Contractor's control or in its possession. Within five calendar days, the Contractor shall provide information in a format and on media as directed by the COR. The Contractor shall not permit non-authorized personnel to access, transmit, maintain, store, use or disclose any nonpublic FHFA information. Within 15 calendar days prior to completion or termination of the contract, the Contractor shall contact the FHFA COR for direction, regarding the proper return, erasure, or destruction of all FHFA information on any media under its control or in its possession. Within five calendar days of the receipt of those directions and to the extent permitted by law, the Contractor shall fully execute these actions.

(e) Contractor Deliverables. In accordance with the timeframes specified below, the Contractor shall prepare and submit the following security documents to the COR, who will coordinate review, comment, and acceptance:

Point of Contact. Within five calendar days after contract execution, the Contractor shall provide a point of contact (name, telephone number, e-mail address) to the Contracting Officer, COR, [FHFA OTIM Security Group](#) (email: OTIMSecurityTeam@fhfa.gov), and [Privacy Office](#) (email: privacy@fhfa.gov) who will communicate with FHFA about information security and privacy issues. The Contractor shall update this information within three calendar days of any changes to this information.

Written Assurance. Upon award of a contract and within such time as defined in the project plan, the Contractor shall provide written assurance that its information technology systems comply with the requirements of FISMA. Compliance with FISMA shall be verified by

demonstrating compliance with NIST Special Publication 800-37, *Guide for Applying the Risk Management Framework to Federal Information Systems*. If not identified within the project plan, the Contractor shall provide written assurance within 30 calendar days of the effective date of the contract. The following are acceptable forms of assurance:

- (1) Completion of a NIST SP 800-37 compliant, Security Assessment and Authorization (SA&A), subject to the approval of FHFA's OTIM Security Group. As part of the SA&A, the Contractor shall provide documentation describing how their IT product(s) implement security controls consistent with NIST Special Publication 800-53 Revision 4.
- (2) If the Contractor cannot provide attestation to FISMA requirements, the Contractor shall assist FHFA in completing an independent SA&A, based on security impact level, or shall leverage previous security documentation conducted by other Federal Agencies, to demonstrate that security controls are in place that are commensurate with the risk and the magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of information.
- (3) The Contractor shall remediate any vulnerability identified through the SA&A in the timeframe agreed to by the Contractor and FHFA's OTIM Security Group and shall provide evidence of the remediation to FHFA.

Failure to submit the requisite assurances, remediate vulnerabilities, or receive FHFA's approval of the required level of security controls may result in termination of the Contract for default or cause, since assurance of compliance with the required IT security standards is a material condition of contract performance.

(f) Security Control Assessment. On a periodic basis, FHFA, including the FHFA Office of Inspector General (OIG), or the Government Accountability Office (GAO), reserves the right to evaluate any or all of the security controls and privacy practices implemented by the Contractor under the contract. The Contractor shall fully cooperate and assist in any government security controls assessment at each location where FHFA information is processed or stored, or information systems are developed, operated, maintained, or used on behalf of FHFA. When practical, the Contracting Officer will provide 14 calendar days' notice; however, the Government may conduct a security control assessment on shorter notice (to include unannounced assessments) as determined by FHFA in the event of a security incident, or at any other time. These assessments may be conducted either by phone, electronically or in-person throughout the term of the contract or task order, to ensure and verify compliance with FHFA and federal IT security and privacy requirements.

(g) Subcontracts. The Contractor shall include this clause in all its subcontracts to which the conditions and requirements described in this clause apply.

(h) General Definitions

Adequate security means, in accordance with OMB Circular A–130, Management of Federal Information Resources, Appendix 3 (Security of Federal Automated Information Resources), security commensurate with the risk and magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of information.

Federal information means, in accordance with OMB Circular A–130, Management of Federal Information Resources, Appendix 3 (Security of Federal Automated Information Resources), information created, collected, processed, disseminated, or disposed of by or for the Federal Government.

Federal information system means an information system used or operated by an executive agency, by a Contractor of an executive agency, or by another organization on behalf of an executive agency.

Information means, in accordance with OMB Circular A–130, Management of Federal Information Resources, Appendix III (Security of Federal Automated Information Resources), any communication or representation of knowledge such as facts, data, or opinions in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual forms.

Information infrastructure means the underlying framework that information systems and assets rely on in processing, transmitting, receiving, or storing information electronically.

Information security means protecting information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction in order to provide

Integrity, which means guarding against improper information modification or destruction, and includes ensuring information non-repudiation and authenticity.

Confidentiality, which means preserving authorized restrictions on access and disclosure, including means of protecting personal privacy and proprietary information.

Availability, which means ensuring timely and reliable access to and use of information.

Privacy, means the collection, maintenance, use, and dissemination of personally identifiable information about individuals in systems of records maintained by Federal agencies as set forth in the Privacy Act of 1974, as amended (5 U.S.C. § 552a).

Information system means a discrete set of information resources organized for the collection, processing, maintenance, transmission, and dissemination of information, in accordance with defined procedures, whether automated or manual.

Information technology includes computers, ancillary equipment (including imaging peripherals, input, output, and storage devices necessary for security and surveillance), peripheral equipment designed to be controlled by the central processing unit of a computer, software, firmware and similar procedures, services (including support services) and related resources.

6.208c IT Security clause for acquisition of information systems which will process and store FHFA data residing off-site on an externally hosted or cloud network environment (FEB 2015)

(a) Protection of Information. The Contractor (used hereinafter in this Clause to mean Contractor and Contractor's directors, officers, employees, subcontractors, agents, or consultants) shall implement adequate administrative, technical, logical, physical and procedural security controls to ensure that all FHFA information in its possession or under its control is adequately protected from loss, misuse, or unauthorized access or modification. The collection, use, transmission, and disclosure of FHFA information shall comply with all Federal laws and regulations as well as FHFA policies. The Contractor shall not use any FHFA information except to the extent necessary to carry out its obligations under the contract. The Contractor shall not disclose FHFA information to any third party unless disclosure is authorized in the contract, or Contractor obtains the prior written approval of the Contracting Officer. The Contractor shall promptly notify the Contracting Officer of any request, subpoena, court order, or other legal process requiring Contractor's attendance as a witness or the production of documents pertaining to FHFA information.

(b) Laws and Standards. All Information Technology (IT) products and services provided by the Contractor shall comply with Federal laws and standards addressing information security, including the following laws and standards:

- (1) Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources, including Appendices;
- (2) E-Government Act of 2002 (P. L. 107-347), including Title II, Section 208 - Privacy Provisions and Title III - Federal Information Security Management Act of 2002 (FISMA), and related OMB guidance; and,
- (3) National Institute of Standards and Technology (NIST) security standards and guidelines to support the implementation of and compliance with FISMA, including the following:
 - NIST Special Publication 800-18, Revision 1, *Guide for Developing Security Plans for Federal Information Systems*
 - NIST Special Publication 800-37, Revision 1, *Guide for Applying the Risk Management Framework to Federal Information Systems*
 - NIST Special Publication 800-53, Revision 4, *Security and Privacy Controls for Federal Information Systems and Organizations*
 - FIPS 199, *Standards for Security Categorization of Federal Information and Information Systems*

(c) FHFA Policy and Guidance. All IT products and services provided by the Contractor shall comply with all FHFA information security directives, policies and requirements, including requirements related to the Federal Information Security Management Act (FISMA) of 2002, unless the Contractor obtains a written waiver from the FHFA Office of Information Technology and Information Management (OTIM) Security Group. The Contractor shall adhere to FHFA's published regulations including availability of non-public information and production of FHFA records, information and employee testimony in third party legal proceedings.

The following policies are posted on FHFA's Internet:

- (1) [Breach and Notification Policy and Plan](#)
- (2) [Use and Protection of Personally Identifiable Information Policy](#)

(d) Control of Information. All FHFA information remains the property of FHFA. At any time, at the direction of the Contracting Officer or COR, the Contractor shall promptly retrieve, deliver, erase or destroy all FHFA information, or any portion of information under the Contractor's control or in its possession. Within five calendar days, the Contractor shall provide information in a format and on media as directed by the COR. The Contractor shall not permit non-authorized personnel to access, transmit, maintain, store, use or disclose any nonpublic FHFA information. Within 15 calendar days prior to completion or termination of the contract, the Contractor shall contact the FHFA COR for direction, regarding the proper return, erasure, or destruction of all FHFA information on any media under its control or in its possession. Within five calendar days of the receipt of those directions and to the extent permitted by law, the Contractor shall fully execute these actions.

(e) Contractor Deliverables. In accordance with the timeframes specified below, the Contractor shall prepare and submit the following security documents to the COR, who will coordinate review, comment, and acceptance:

Point of Contact. Within five calendar days after contract execution, the Contractor shall provide a point of contact (name, telephone number, e-mail address) to the Contracting Officer, COR, [FHFA OTIM Security Group](#) (email: [!OTIMSecurityTeam@fhfa.gov](mailto:OTIMSecurityTeam@fhfa.gov)), and [Privacy Office](#) (email: privacy@fhfa.gov) who will communicate with FHFA about information security and privacy issues. The Contractor shall update this information within three calendar days of any changes to this information.

Written Assurance. Upon award of a contract and within such time as defined in the project plan, the Contractor shall provide written assurance that its information technology systems comply with the requirements of FISMA. Compliance with FISMA shall be verified by demonstrating compliance with NIST Special Publication 800-37, *Guide for Applying the Risk Management Framework to Federal Information Systems*. If not identified within the project plan, the Contractor shall provide written assurance within 30 calendar days of the effective date of the contract. The following are acceptable forms of assurance:

- (1) If the Contractor's information system has previously undergone a Security Assessment and Authorization (SA&A) in accordance with NIST standards, the Contractor shall provide the COR with contact information (i.e., name, phone number, email address) of the authorizing agency so that FHFA can leverage the existing SA&A. Such assurance may be provided by completion of a NIST SP 800-53, Revision 4, or a NIST SP 800-37 compliant, SA&A, as FHFA determines appropriate, and is subject to the approval of FHFA's OTIM Security Manager.
- (2) If the Contractor's information system has not previously undergone SA&A by another federal agency in accordance with NIST standards, the Contractor shall provide support

to FHFA's OTIM Security Group to complete an independent SA&A to demonstrate that security controls are in place that are commensurate with the risk and the magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of information.

- (3) The Contractor shall remediate any vulnerability identified through the SA&A in the timeframe agreed to by the Contractor and FHFA's OTIM Security Group and shall provide evidence of the remediation to FHFA.

Failure to submit the requisite assurances, remediate vulnerabilities, or receive FHFA's approval of the required level of security controls may result in termination of the Contract for default or cause, since assurance of compliance with the required IT security standards is a material condition of contract performance.

(f) Security Control Assessment. On a periodic basis, FHFA, including the FHFA Office of Inspector General (OIG), or the Government Accountability Office (GAO), reserves the right to evaluate any or all of the security controls and privacy practices implemented by the Contractor under the Contract. The Contractor shall fully cooperate and assist in any government security controls assessment at each location where FHFA information is processed or stored, or information systems are developed, operated, maintained, or used on behalf of FHFA. When practical, the Contracting Officer will provide 14 calendar days' notice; however, the government may conduct a security control assessment on shorter notice (to include unannounced assessments) as determined by FHFA in the event of a security incident, or at any other time. These assessments may be conducted either by phone, electronically or in-person throughout the term of the Contract or task order, to ensure and verify compliance with FHFA and federal IT security and privacy requirements.

(g) Monitoring and Incident Response. The Contractor shall monitor its facility and premises for security incidents and respond to and resolve in a timely manner. All incidents that involve FHFA systems or information must be immediately reported to FHFA's COR and to the Computer Security Incident Response Team (CSIRT) at “!OTIMSecurity@fhfa.gov.”

(h) Subcontracts. The Contractor shall include this clause in all its subcontracts to which the conditions and requirements described in this clause apply.

(i) General Definitions

Adequate security means, in accordance with OMB Circular A-130, *Management of Federal Information Resources*, Appendix 3 (Security of Federal Automated Information Resources), security commensurate with the risk and magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of information.

Federal information means, in accordance with OMB Circular A-130, *Management of Federal Information Resources*, Appendix 3 (Security of Federal Automated Information Resources),

information created, collected, processed, disseminated, or disposed of by or for the Federal Government.

Federal information system means an information system used or operated by an executive agency, by a Contractor of an executive agency, or by another organization on behalf of an executive agency.

Information means, in accordance with OMB Circular A-130, Management of Federal Information Resources, Appendix III (Security of Federal Automated Information Resources), any communication or representation of knowledge such as facts, data, or opinions in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual forms.

Information infrastructure means the underlying framework that information systems and assets rely on in processing, transmitting, receiving, or storing information electronically.

Information security means protecting information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction in order to provide

Integrity, which means guarding against improper information modification or destruction, and includes ensuring information non-repudiation and authenticity.

Confidentiality, which means preserving authorized restrictions on access and disclosure, including means of protecting personal privacy and proprietary information.

Availability, which means ensuring timely and reliable access to and use of information.

Privacy, the Privacy Act of 1974 (5 U.S.C. § 552a) governs the collection, maintenance, use, and dissemination of personally identifiable information about individuals in systems of records maintained by Federal agencies.

Information system means a discrete set of information resources organized for the collection, processing, maintenance, transmission, and dissemination of information, in accordance with defined procedures, whether automated or manual.

Information technology includes computers, ancillary equipment (including imaging peripherals, input, output, and storage devices necessary for security and surveillance), peripheral equipment designed to be controlled by the central processing unit of a computer, software, firmware and similar procedures, services (including support services) and related resources.

6.209 Due Diligence (MAY 2014)

(a) Offerors intending to submit a quote and their team members will be given the opportunity before submitting their quote to conduct a due diligence survey of FHFA in regard to the Statement of Objectives, and meet one-on-one with FHFA representatives. The major objective of the due diligence process is to provide Offerors and their team members the ability to ask

questions that by their very nature they would not ask if the response would be posted and provided to their competition. As such, if the Offeror notifies the Government that the questions it intends to ask during the one-on-one session are proprietary and release would identify confidential business strategies, or approaches, the questions and responses will be protected and held confidential. It is emphasized that questions asked at these sessions must not focus on whether a possible solution would be acceptable to FHFA. The questions must be in the context of research and fact finding to enable the development of the best possible solution.

(b) Responses to any requests for clarification that result in specific information necessary to submit quotes will be provided to all competing prime Offerors.

(c) The Government will provide competing Offerors equal access to data and information. The Government assumes no responsibility for any representation made by any of its officers or agents during due diligence. Offeror questions and Government responses furnished during due diligence are unofficial.

(d) Upon receipt of the RFQ, each Offeror intending to submit a quote must confirm its participation via e-mail to the Contracting Officer identified in the solicitation. The confirmation must include the following information to enable the Government to effectively coordinate due diligence events: (1) Due diligence point of contact for the Offeror (name, telephone number, and e-mail address), (2) roster of attendees for the due diligence event listed below and (3) key areas of interest.

(e) Due Diligence will be scheduled following the organized site visit. The Offeror will be notified via e-mail of the date and time of the one-on-one session. Due diligence meetings will last no longer than one (1) hour ***[the time is changeable based on the Program Office's needs and the Contracting Officer's determination]***.

(f) The Due Diligence process will be conducted as follows:

One-on-One Sessions: Offeror teams will be given the opportunity to meet one-on-one with FHFA representatives knowledgeable of the current environments and requirements to better understand underlying mission and technical environment of FHFA. The purpose of these sessions is to allow Offerors to obtain and clarify information without disclosing proprietary or business confidential information to competitors. These one-on-one sessions will be conducted at FHFA, Constitution Center, 400 7th Street, S.W., Washington, DC 20024 ***[insert alternate address if appropriate]***.

6.210 Hold Harmless and Indemnification Agreement (APR 2011)

The Contractor shall save, hold harmless, and indemnify the Government against any and all liability, claims, and costs of whatsoever kind and nature for injury to or death of any person or persons and for loss or damage to any property occurring in connection with or in any way incident to or arising out of the occupancy, use, service, operations, or performance of work under the terms of this contract, resulting in whole or in part from the intentional and/or

negligent acts or omissions of the Contractor, and Subcontractor, or any employee, agent, or representative of Contractor or Subcontractor.

6.211 Escape Hoods and Shelter-In-Place Kits (AUG 2012)

For Contractor employees that work on site at FHFA facilities, the FHFA is under no obligation under the Contract to provide Escape Hoods and Shelter-In-Place Kits.

The FHFA may voluntarily provide Contractor employees an Escape Hood and Shelter-In-Place Kit. If the Contractor employee voluntarily chooses to accept the Escape Hood and Shelter-In-Place Kit, the Contractor employee will sign Attachment [Note to Contracting Officer, please insert a logical attachment Number 1,2, 3,A,B, C, etc.] “Receipt and Acknowledgement of Contractor Employee’s Use of Escape Hood and Shelter-In-Place Kit.” If the Contractor employee signs the receipt and acknowledgement, the Contractor agrees to all of its terms.

The Receipt and Acknowledgement is to be attached as a separate document within the contract and solicitation.

Receipt and Acknowledgement of Contractor Employee’s Use of Escape Hood and Shelter-In-Place Kit

By my signature below,

1. I affirm that I am an employee of the Contractor designated below and am working onsite at FHFA’s facilities.
2. I acknowledge that I have received an escape hood and a Shelter-In-Place Kit. These items are Government Property.
3. I acknowledge that I have been trained on the proper use of this escape hood and have no questions regarding its maintenance, use, or conditions of use.
4. Furthermore, I agree to the following:
 - a. I will only use the escape hood and Shelter-In-Place Kit in accordance with the instructions I have received from FHFA’s Continuity Program Management staff or other authorized personnel, including but not limited to, building security, police or fire department, or other emergency responders.
 - b. I will immediately return the escape hood and Shelter-In-Place Kit to the FHFA Continuity Program Manager’s Office either at the end of my engagement working at FHFA’s facilities or at the direction of one of the following FHFA employees: FHFA’s Continuity Program Manager, the Contracting Officer’s Representative, or Contracting Officer, whichever occurs first.

- c. I understand FHFA is under no obligation to provide the escape hood and Shelter-In-Place Kit. I further understand it is my choice to accept or use the escape hood and Shelter-In-Place Kit. I agree to release FHFA and its former and current employees and agents from any and all liability associated with the use of the escape hood and Shelter-In-Place Kit, and waive any and all claims and causes of action associated with their use.

Contractor (Employer) Name

Printed Name of Contractor Employee

Signature of Contractor Employee

Date

6.212a Order of Precedence- FHFA Contracts (OCT 2011)

In addition to any Order of Precedence Clause included within the Contract, including but not limited to FAR 52.212-4(s) (Contract Terms and Conditions—Commercial Items), FAR 52.214-29 (Order of Precedence—Sealed Bidding), FAR 52.215-8 (Order of Precedence—Uniform Contract Format), FAR 52.241-2 (Order of Precedence—Utilities), any conflict between a unique FHFA clause and a FAR clause will be resolved by giving precedence to the FHFA’s clause regardless of its position within an already stated order of precedence. Otherwise, the existing FAR Order of Precedence clause in the contract will govern any conflict or ambiguity.

6.212b Order of Precedence- License Agreements (MAY 2013)

[Ensure this clause is inserted within the schedule of the award document form such as within Box 20 of the SF 1449 or Box 17b of the OF 347 AND the clause is appropriately included in the solicitation.]

Contractor accepts all terms and conditions in this Order, [*insert FHFA order number FHF-12-X-XXXX*], and in *insert master contract number (e.g. GSA Contract Number GS-07F-XXXXX, NASA SEWP Contract Number NXXXXXX, etc.)*. Except as expressly noted in this [*insert applicable instrument*] or the attached license agreement, the terms and conditions of this Order and [*insert applicable instrument, NASA SEWP contract, GSA contract, etc.*] take precedence over any terms and conditions of Contractor’s license agreement and any supplemental documents. Except as expressly noted in this [*insert applicable instrument*] or the attached license agreement, if any terms and conditions of the Contractor’s license agreement and/or supplemental documents conflict with the terms and conditions of this Order and/or [*insert applicable instrument, NASA SEWP contract, GSA contract, etc.*], the terms and

conditions of this Order and *[insert applicable instrument, NASA SEWP contract, GSA contract, etc.]* shall govern.

6.213 Organizational Conflict of Interest (JUL 2012)

(a) Determination. The Government has determined that this effort may result in an actual or potential conflict of interest, or may provide one or more offerors (or quoters as applicable) with the potential to attain an unfair competitive advantage. **The nature of the conflict of interest may be related to the services *[insert supplies as applicable]* in the Statement of Work *[or Performance Work Statement]*.**

(b) If any such conflict of interest is found to exist, the Contracting Officer may (1) disqualify the offeror (or quoter as applicable) during the technical/ source selection, or (2) determine that it is otherwise in the best interest of the United States to contract with the offeror (or quoter as applicable) and include the appropriate provisions to avoid, neutralize, mitigate, or waive such conflict in the contract awarded. After discussion with the offeror (or quoter as applicable), the Contracting Officer may determine that the actual conflict cannot be avoided, neutralized, mitigated or otherwise resolved to the satisfaction of the Government, and the offeror (or quoter as applicable) may be found ineligible for award.

(c) During the technical/ source selection, the offeror (or quoter as applicable) will state to the best of its knowledge one of the following in its proposal or quotation:

(1) It is not aware of any facts which create any actual or potential organizational conflicts of interest relating to the award of this contract, or

(2) It has included information in its proposal or quotation, providing all current information bearing on the existence of any actual or potential organizational conflicts of interest, and has included a mitigation plan in accordance with paragraph (d) of this provision.

(d) Mitigation. If an offeror (or quoter as applicable) with a potential or actual conflict of interest or unfair competitive advantage believes the conflict can be avoided, neutralized, or mitigated, the offeror (or quoter as applicable) shall submit a mitigation plan to the Government for review. Award of a contract where an actual or potential conflict of interest exists shall not occur before Government approval of the mitigation plan. If a mitigation plan is approved, the approved mitigation plan will control in the event of a conflict with this provision.

(e) Other Relevant Information: In addition to the mitigation plan, the Contracting Officer may require further relevant information from the offeror (or quoter as applicable). The Contracting Officer will use all information submitted by the offeror (or quoter as applicable), and any other relevant information known to FHFA, to determine whether an award to the offeror (or quoter as applicable) may take place, and whether the mitigation plan adequately neutralizes or mitigates the conflict.

(f) Corporation Change or Mitigation Plan Changes. After contract award, the Contractor shall inform the Contracting Officer within thirty (30) calendar days of any corporate mergers, acquisitions, divestures, or any other condition that would change the currently approved mitigation plan. Also, the Contractor shall submit to the Contracting Officer a mitigation plan as outlined in paragraph (d) within 30 calendar days after a Contractor becomes aware of a new actual or potential conflict of interest.

(g) Flow-down. The contractor shall insert the substance of this clause in each subcontract.

6.214 Extended Term Contracts (NOV 2014)

The period of performance for this *[insert appropriate instrument (Contract, BPA, or order)]* is for a maximum of ten *[modify as appropriate]* years *[Delete the remainder of the sentence if NOT awarded under a GSA schedule]* or when there is no longer a corresponding GSA MAS schedule in effect, whichever event occurs earlier.

[Delete this paragraph if NOT awarded under a GSA schedule] If the GSA MAS contract, with which this BPA *[or insert order as appropriate]* is associated is no longer in effect, the Contractor, within five (5) days of learning of this event, must provide written notification (email is acceptable) to the FHFA Contracting Officer.

[Insert this paragraph for BPAs only; otherwise, delete] The FHFA may end this BPA with thirty-days written notice, without any additional consideration. Ending this BPA only impacts the ability to place future BPA calls (task orders). All BPA calls (task orders) presently awarded at the time of cancellation will continue performance unless those active BPA calls (task orders) are terminated following the terms under the GSA MAS contract incorporated into this BPA.

Insert similar example language, as appropriate, to finalize option prices, if defined prices are not obtained at contract award..

[Example 1: Economic Price Adjustment.] Nine months prior to the end of the *[insert whatever the last firm priced period of performance is under the contract]*, the Contractor shall submit an economic price adjustment proposal for *[the Contracting Officer will insert whatever period firm prices are not included for example “Option Years 5 through 9”]* using the same price submission format used for the initial award or revised format as provided by the Contracting Officer.

Within the proposal, the Contractor shall (1) include firm prices for all remaining options periods and (2) supporting data explaining the basis for the adjustment.

Any adjustment shall be limited to the effect on unit prices of the increases or decreases in the rates of pay for labor (including fringe benefits) or unit prices for material or supplies shown in the Schedule. There shall be no adjustment for—

- (i) Supplies or services for which the production cost is not affected by such changes;

- (ii) Changes in rates or unit prices other than those shown in the current price schedule; or
- (iii) Changes in the quantities of labor or material used from those shown in the schedule for each item.

The total price for each subsequent option period shall not exceed ten percent (10%) ***[note to Contracting Officer, adjust the ceiling as appropriate based on market research]*** of the contract price for the preceding option period. Unless the Contracting Officer can determine the proposed price adjustment is fair and reasonable, the Contracting Officer may choose to re-solicit and not exercise the remaining options.

[Example 2: GSA Awards.] Nine months prior to the end of the ***[insert whatever the last firm priced period of performance is under the contract]***, the Contractor shall submit an economic price adjustment proposal for ***[the Contracting Officer will insert whatever period firm prices are not included for example “Option Years 5 through 9”]*** using the same price submission format used for the initial award or revised format as provided by the Contracting Officer.

Within the proposal, the Contractor shall (1) include firm prices for all remaining options periods, (2) supporting data explaining the basis for the adjustment.

Any adjustment shall be limited to the effect on unit prices of the increases or decreases in the rates of pay for labor (including fringe benefits) or unit prices for material shown in the Schedule. There shall be no adjustment for—

- (i) Supplies or services for which the production cost is not affected by such changes;
- (ii) Changes in rates or unit prices other than those shown in the current price schedule; or
- (iii) Changes in the quantities of labor or material used from those shown in the schedule for each item.

The total price for each subsequent option period shall not exceed the published prices on the GSA schedule and reflect the same level of discounts quoted at contract award. Unless the Contracting Officer can determine the proposed price adjustment is fair and reasonable, the Contracting Officer may choose to re-solicit and not exercise the remaining options.

[Example 3: Published Catalogue Prices.] Nine months prior to the end of the ***[insert whatever the last firm priced period of performance is under the contract]***, the Contractor shall submit an economic price adjustment proposal for ***[the Contracting Officer will insert whatever period firm prices are not included for example “Option Years 5 through 9”]*** using the same price submission format used for the initial award or revised format as provided by the Contracting Officer.

Within the proposal, the Contractor shall (1) include firm prices for all remaining options periods, (2) supporting data explaining the basis for the adjustment.

Any adjustment shall be limited to the effect on unit prices of the increases or decreases in the rates of pay for labor (including fringe benefits) or unit prices for material shown in the Schedule. There shall be no adjustment for—

- (i) Supplies or services for which the production cost is not affected by such changes;
- (ii) Changes in rates or unit prices other than those shown in the current price schedule; or
- (iii) Changes in the quantities of labor or material used from those shown in the schedule for each item.

The total price for each subsequent option period shall not exceed the published catalogue prices of the contract and reflect the same level of discounts to those published catalogue prices at contract award. Unless the Contracting Officer can determine the proposed price adjustment is fair and reasonable, the Contracting Officer may choose to re-solicit and not exercise the remaining options.

[Example 4: Inflation Model.] Nine months prior to the end of the *[insert whatever the last firm priced period of performance is under the contract]*, the Contractor shall submit a price adjustment proposal for *[the Contracting Officer will insert whatever period firm prices are not included for example “Option Years 5 through 9”]* using the same price submission format used for the initial award or revised format as provided by the Contracting Officer.

Within the proposal, the Contractor shall (1) include firm prices for all remaining options periods, (2) supporting data explaining the basis for the adjustment.

The proposed percentage increase for each remaining option year shall not exceed the Consumer Price Index increase for the prior year plus whatever price premium the Contractor proposed in their original proposal. The Consumer Price Index (CPI) change will be determined by the difference between the current and prior year as reported by the Bureau of Labor Statistics (BLS) “CPI Inflation Calculator” website at http://www.bls.gov/data/inflation_calculator.htm.

For example, the contractor is required to submit option prices sometime during 2014 for option years five through nine. The BLS CPI Inflation Calculator reports a two percent (2%) increase between 2013 and 2014. If the Contractor had included an additional price premium of one percent (1%) for option years five through nine, the Contractor may only propose a price increase of three percent (3%) from the prior performance year’s prices.

Unless the Contracting Officer can determine the proposed price adjustment is fair and reasonable, the Contracting Officer may choose to re-solicit and not exercise the remaining options.

6.215 Deliveries (FEB 2015)

Deliveries are to be made to 400 Seventh St., SW, Washington, DC 20024, Constitution Center. The loading dock is located on the east side, on 6th Street, between D and E Streets. Deliveries must take place between normal operating hours of 7:00 am and 5:00 pm, unless otherwise approved and coordinated with a member of the Facilities Operations Management staff in advance of delivery.

Unless delivered by the US Postal Service or nation-wide delivery services such as Federal Express or United Parcel Service, all deliveries require, at a minimum, one day prior notification to a member of the Facilities Operations Management staff.

Facilities Operations Management staff are as follows:

Maurice Harrison

(202) 579-1447

6.216 Review and Ownership of Deliverables (FEB 2015)

The FHFA Contracting Officer's Representative (COR) or designated invoice approver will provide notification of acceptance or rejection within ten business days from receipt for any submitted contractor deliverables. If rejected, FHFA will provide details regarding the basis of rejection. In no way does FHFA waive its rights under any Inspection clause, including but not limited to, any other applicable Inspection clause stated within the contract.

Title to all reports, materials, and deliverables furnished to the Government, including any copyright, shall be vested in and remain with the Government upon completion, unless specified otherwise in the contract. FHFA shall have unlimited rights to all deliverables as defined in FAR 52.227-14. The Contractor shall not mark any portion of a deliverable as having "limited rights," "limited rights data," or "restricted rights" as defined in FAR 52.227-14 without the written approval of the Contracting Officer, prior to Contractor performance. The Contractor shall not use, release, reproduce, distribute, or publish any data provided or produced under this contract unless the Contractor receives advance, written approval by the Contracting Officer.

6.217 Key Personnel (OCT 2012)

(a) The following key personnel are essential to the proper performance of Contractor's duties under this contract:

Name	Title
------	-------

Insert Names and Titles at Award.

(b) Contractor must make the above named key personnel available for performance under this contract as long as such persons are employed by Contractor or its related entities. All key personnel changes must be authorized in writing by the FHFA Contracting Officer prior to the new key personnel beginning work. The Contractor must give a minimum of a 14-day advance written notice to the FHFA Contracting Officer and Contracting Officer's Representative of any proposed substitutions of key personnel. The notice must describe the reason for the proposed change; give the name of the proposed substitute individual with a description of his or her educational and professional background; and justification why the substitute is of equal or superior qualification as defined by the contract's labor category or if no labor category is included, then in comparison to the current approved key personnel's qualifications. The determination of acceptability of proposed substitute key personnel is at the sole discretion of the FHFA.

6.218 Minority and Women Inclusion (NOV 2012)

Contractor confirms its commitment to equal opportunity in employment and contracting. To implement this commitment, the Contractor shall ensure, to the maximum extent possible consistent with applicable law, the fair inclusion of minorities and women in its workforce. The Contractor shall insert the substance of this clause in all subcontracts under this Contract whose dollar value exceeds \$150,000. Within ten business days of a written request from the Contracting Officer, or such longer time as the Contracting Officer determines, and without any additional consideration required from the Agency, the Contractor shall provide documentation, satisfactory to the Agency, of the actions it (and as applicable, its subcontractors) has undertaken to demonstrate its good faith effort to comply with the aforementioned provisions. For purposes of this contract, "good faith effort" may include actions by the contractor intended to identify and, if present, remove barriers to minority and women employment or expansion of employment opportunities for minorities and women within its workforce. Efforts to remove such barriers may include, but are not limited to, recruiting minorities and women, providing job-related training, or other activity that could lead to those results.

The documentation requested by the Contracting Officer to demonstrate "good faith effort" may include, but is not limited to, one or more of the following:

1. The total number of Contractor's employees, and the number of minority and women employees, by race, ethnicity, and gender (e.g., an EEO-1);
2. A list of subcontract awards under the Contract that includes: dollar amount, date of award, and subcontractor's race, ethnicity, and/or gender ownership status;
3. Information similar to that required in item 1, above, with respect to each subcontractor; and/or
4. The Contractor's plan to ensure that minorities and women have appropriate opportunities to enter and advance within its workforce, including outreach efforts.

Consistent with Section 342(c)(3) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) (Dodd-Frank Act), a failure to demonstrate to the Associate

Director of the Agency's Office of Minority and Women Inclusion such good faith efforts to include minorities and women in the Contractor's workforce (and as applicable, the workforce of its subcontractors), may result in termination of the Contract for default, referral to the Office of Federal Contract Compliance Programs, or other appropriate action.

For purposes of this clause, the terms "minority," "minority-owned business" and "women-owned business" shall have the meanings set forth in Section 342(g) of the Dodd-Frank Act.

6.219 FHFA Contract Oversight Personnel (APR 2013)

Contracting Officers will insert whichever definitions are applicable for the particular requirement. As a reminder, the identification of an Invoice Approver versus formally appointing a COR is generally only applicable when the entire contract value does not exceed \$150,000. Please see Section 5.302 of the APM for more details.

Invoice Approver. The Invoice Approver is the person designated in writing by the Contracting Officer to represent FHFA for the purpose of monitoring technical performance and accepting goods or services. The invoice approver is not authorized to issue any instructions or directions which effect any substantive change in this contract, including, but not limited to, an increase or decrease in the price of this contract, or a change in the delivery date(s) or Period of Performance. Invoice Approvers are designated for smaller, less complex actions and do not require the issuance of a formal appointment letter by the Contracting Officer. However, for purposes of this contract, any reference to a COR has the same meaning as an Invoice Approver. The Invoice Approver for this contract is *[insert name]*.

Contracting Officer Representative (COR). The COR is the person designated in writing by the Contracting Officer to represent FHFA for the purpose of monitoring technical performance and accepting goods or services. The COR is not authorized to issue any instructions or directions which effect any substantive change in this contract, including, but not limited to, an increase or decrease in the price of this contract, or a change in the delivery date(s) or Period of Performance. Specific areas of delegated authority are more particularly defined in the COR Appointment letter issued by the Contracting Officer. If the Contractor does not receive a copy of the COR appointment letter at contract execution, the Contractor shall immediately request it from the Contracting Officer. If there is change of COR, the Contracting Officer will issue an updated appointment letter.

Technical Monitor (TM). The TM is the person designated in writing by the Contracting Officer to represent FHFA for the purpose of monitoring technical performance, but whose function does not include inspection, acceptance, and invoice approval. TMs may recommend the acceptance of goods or services. Contractually, the TM's role is to support the COR. The TM is not authorized to issue any instructions or directions which effect any substantive change in this contract, including, but not limited to, an increase or decrease in the price of this contract, or a change in the delivery date(s) or Period of Performance. Specific areas of delegated

authority are more particularly defined in the TM Appointment letter issued by the Contracting Officer. If there is change in TM, the Contracting Officer will issue an updated appointment letter. If the Contractor does not receive a TM appointment letter at contract execution, the Contractor shall immediately request a letter from the Contracting Officer.

6.220a Place and Hours of Performance [Level of Effort] (JUL 2014)

[As a reminder this clause can be tailored as appropriate per APM 3.220.]

Services will be performed *[insert an adequate description. For example, at Constitution Center, 400 7th Street, SW, Washington, DC 20024 OR at the Contractor's offices, etc].*

The Contractor must perform the services required under this *[insert the correct term such as BPA, contract, task order]* during normal FHFA business hours as approved by the COR, Monday through Friday *[Note, the remaining portion of this sentence would not be applicable for firm fixed price contracts.]* and not exceed forty billing hours within a work week for each contractor employee. No deviation to perform additional hours will occur unless otherwise authorized in writing by the COR and will be performed at the same rates as defined within the price schedule. No performance will occur on days when the Federal Government in the Washington, DC area or FHFA's offices are NOT open to the public, including Federal holidays.

The Contractor's services and support are not required on Federal holidays. Federal Holidays are listed on the Office of Personnel Management website at www.opm.gov.

[Delete this sentence if an overtime or premium rate is not included within the price schedule] Overtime is not authorized without the prior written approval of the COR, who will specifically state how many overtime or premium rate hours are authorized for performance.

[Insert the following paragraph, if appropriate.] Remote performance of the work required is not permitted for this contract unless expressly authorized in writing by the COR. *[Insert the following or similar sentence, if appropriate, for the requirement.* "FHFA does not anticipate remote performance will occur, except in limited circumstances."] When remote performance is authorized, the COR will specify if the Contractor will be required to use Government Furnished Equipment, including tools necessary for network access, such as a FHFA furnished laptop, authentication token, or other hardware.

6.220b Place and Hours of Performance [Firm Fixed Price] (JUL 2014)

[As a reminder this clause can be tailored as appropriate per APM 3.220.]

Services will be performed *[insert an adequate description. For example, at Constitution Center, 400 7th Street, SW, Washington, DC 20024 OR at the Contractor's offices, etc].*

The Contractor must perform the services required under this *[insert the correct term such as BPA, contract, task order]* during normal FHFA business hours as approved by the COR, Monday through Friday. *[The remaining sentences may be deleted if not applicable.]* No performance will occur on days when the Federal Government in the Washington, DC area or FHFA's offices are NOT open to the public.

The Contractor's services and support are not required on Federal holidays. Federal Holidays are listed on the Office of Personnel Management website at www.opm.gov.

Under a Firm Fixed Price Contract, FHFA will not authorize payment for any overtime or premium charges unless a separate modification is executed in advance of performance by a Contracting Officer.

[Insert the following paragraph, if appropriate.] Remote performance of the work required is not permitted for this contract unless expressly authorized in writing by the COR. *[Insert the following or similar sentence, if appropriate, for the requirement.* "FHFA does not anticipate remote performance will occur, except in limited circumstances."] When remote performance is authorized, the COR will specify if the Contractor will be required to use Government Furnished Equipment, including tools necessary for network access, such as a FHFA furnished laptop and authentication token, or other hardware.

6.221 Options – GSA Orders and BPA Calls (JAN 2014)

(a) FHFA may extend the term of this contract by written notice to the Contractor at any time prior to the expiration of the order or BPA call.

(b) If FHFA exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this order or BPA call, including the exercise of any options under this clause, shall not exceed the period as defined within the price schedule and any other extensions as permitted in the order or master GSA contract, including FAR 52.217-6, FAR 52.217-7, FAR 52.217-8, FAR 52.217-9, as applicable.

(d) If FAR 52.217-6, FAR 52.217-7 FAR 52.217-8, or FAR 52.217-9 is included in the master GSA contract, the period of time within which the Contracting Officer may exercise the option is any time prior to expiration of the order or BPA call.

6.222a Multiyear Advance Funding (FEB 2014)

[This clause is generally appropriate when the Contractor requires or there is an advantage to acquire multiple years of a subscription, license, or other similar requirement.]

FHFA has agreed to fund this requirement in its entirety at award. If FHFA cancels the continued need for supplies or services, the cancellation terms as identified in the Contractor's

license or other agreement shall apply. Cancellation in no way waives or substitutes FHFA's rights to terminate such as in FAR 52.249 or 52.212-4.

6.222b Multiyear Fixed Price Funding (FEB 2014)

[This clause is generally appropriate when a lump sum firm fixed price applies for annual or multiple years of service. For contracts with prices on a monthly or labor hour basis, 6.222c may be more applicable.]

FHFA has agreed to fund this contract on a multiyear basis. FHFA only guarantees a minimum of one year of performance ***[modify the period as appropriate]*** and may cancel this contract anytime thereafter with 30 days' written notice by the Contracting Officer. The Contractor is only entitled to a prorated share of compensation for any performance beyond the minimum period. After meeting the minimum, FHFA is under no further obligation to compensate the Contractor with any other cancellation charges, claims, or other consideration. This clause in no way waives or substitutes FHFA's rights to terminate such as in FAR 52.249 or 52.212-4.

6.222c Multiyear Prorated Funding (FEB 2014)

[This clause is generally appropriate when contracts are funded on a multiyear basis, but the supplies or services are clearly severable on a monthly basis such as under a level of effort or monthly fixed price basis.]

FHFA has agreed to fund this contract on a multiyear basis. At any time, with 30 days' written notice, the Contracting Officer may cancel this contract. The Contractor is only entitled to compensation for any services performed or supplies delivered. FHFA is under no further obligation to compensate the Contractor with any cancellation charges, claims, or other consideration. This clause in no way waives or substitutes FHFA's rights to terminate such as in FAR 52.249 or 52.212-4.