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1.0 POLICY/PURPOSE

The Corporate Officers and managers of the company are accountable to the stockholders of the corporation and are responsible for ensuring that; a) decisions are made based upon on sound business and financial practices and b) exposure of the company to unnecessary financial risks are minimized.

Contract Stop Work Notices are issued to terminate or temporarily discontinue support for a contract when it is determined that the company could incur unallowable costs that may not be recoverable.

2.0 SCOPE

This procedure applies to all Santa Barbara Applied Research, Inc. (SBAR) operating units.

3.0 REFERENCES AND DEFINITIONS

3.1 References

Federal Acquisition Regulation (FAR)


- 52.232-20, Limitation of Cost
- 52.232-22, Limitation of Funds
- GSD-00-3200, Operating at Risk

3.2 Definitions

Operation At Risk: Providing or continuing to provide products or services under a contract, Work Request (WR), Delivery Order (DO) or Task Order (TO) or other similar contract ordering document, before receipt of a fully executed contract or contract modification approved by the Contracting Officer for the product or service. This includes continuing to operate on an incrementally funded project beyond the authorized funds cited on the contract.

Corporate Officer: An individual such as the President, Chief Executive Officer, or Senior Vice President that is elected by the SBAR Board of Directors to manage and direct the business of the corporation.



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Contract Manager: A senior SBAR manager designated in writing with responsibility for overall management and administration of a contract. A contract manager may be delegated authority in writing to bind the company to the level of his/her delegated authority.

Functional Area Manager (FAM): A senior supervisory individual who is responsible for the leadership, direction, and overall success of an area of the company, such as finance, human resources, contract administration, engineering, operations and maintenance, logistics, quality, specific projects/contracts, etc.

Stop Work Notice (SWN): A formal notification issued by the Accounting Manager or Controller of the Division directing SBAR personnel to discontinue support on a contract, WR, DO or TO until further notice, or until an authorization to proceed is issued.

4.0 RESPONSIBILITIES

4.1 Accounting Manager/Controller

The Accounting Manager/Controller shall:

- Immediately advise the SBAR President when a cost overrun occurs that causes the business unit to operate at risk.
- Unless specifically directed to do otherwise by an SBAR Corporate Officer, issue a Stop Work Notice against the contract when a cost overrun is identified or when the Period of Performance has ended.

4.2 Corporate Officers


Approve or disapprove the use of risk funds or a decision to continue operations at risk, based upon an assessment of the risk, the overall benefit to the company and/or our customers and specific contract requirements. Issue authorization to release a Stop Work Notice when operating at risk is warranted.

4.3 General and Program Managers

Program Managers shall:

- Operate only within the approved funding and hours limitations authorized and documented by an approved contract or contract modification.
- Ensure that SBAR or subcontractor personnel do not operate at risk without the specific written approval of an SBAR Corporate Officer.



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- Immediately suspend operations on a contract, WR, DO or TO upon receipt of a Stop Work Notice.

Program Managers may:

- Request an authorization to operate at risk when it is determined that failure to do so, will adversely affect a) the workforce or b) a “Mission Critical” operation required by the customer and the appropriate Contracting Officer supports the request.

4.4 Contract Manager, Project Specific Contract Manager or Contract Administrator.

The responsible contract official will:

- Coordinate and resolve funding, period of performance or other contractual issues with the customer’s contracting official or authorizing official.
- Coordinate with the appropriate Contracting Officer to determine the need for the company to operate at risk and potential benefit to the customer.
- Request a release of the Stop Work Notice upon receipt of a contract modification approved by the Contracting Officer.

5.0 REQUIREMENTS/PROCEDURES


5.1 General

The Federal Acquisition Regulations establish specific guidelines for operating under cost reimbursable contracts, within the limitation of costs and available funds. These requirements are identified in FAR 52.232-20 and 52.232-22 respectively. On firm fixed price contracts the company is required to operate and deliver the contractually defined product or service within established funding authorizations. Continuing to operate outside established contract authorized funding places the company at a financial risk and is therefore not permitted except as specified in CP-00-3200 Operating at Risk. This work instruction provides procedures for issuance and implementation of Stop Work Notices Form CP-00-3210.

5.2 Issuance of Stop Work Notices

The Accounting Manager or Division Controller will conduct reviews of GCS Billing Worksheets, and identify all instances where; a) costs exceed authorized ceilings or b) the period of performance has ended. When either condition occurs, a [Stop Work Notice, Form CP-00-3200-01](#), is issued.



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The Stop Work Notice is issued within 8 hours via email and directed to the responsible Program Manager, all SBAR departments and all managers under direct supervision of the Program Manager.

5.3 Implementation of Stop Work Notices

Upon receipt of a Stop Work Notice, the Program Manager directs that the following actions be taken on the affected project which include but are not limited to the following:

- Personnel will not incur additional labor charges beyond the date of the notice.
- No additional material costs will be incurred. All new material received after the date of notice will be secured until a final disposition on the project is made.
- Subcontract Managers will issue a written Stop Work Notice to all subcontractors directing them to discontinue operations until further notice, if required.
- Responsible Contract Managers will advise the appropriate Government Contracting Officer that all operations have been suspended, pending final disposition.

5.4 Release from Stop Work Notices

The Accounting Manager, Director of Finance, or Contract Manager may issue a release from a Stop Work Notice under the following conditions:

- A signed contract modification is received which adds additional labor hours, dollars to the contract, or the Period of Performance is extended to permit continuance within established funding authorizations.
- An approved authorization to proceed at risk is issued in accordance with CP-00-3200.

Within 8 hours of receipt of an approved contract modification or risk authorization, the Accounting Manager:

- Issues a Stop Work Notice release to responsible Program Manager, all SBAR departments, and all managers under direct supervision of the Program Manager and
- Makes appropriate changes in the accounting system to permit continuance of work.


5.5 Retention of Data

Electronic copies of Stop Work Notices are retained in the master Contract folder for the like of the contract or until contract closeout is completed.



Quality Assurance Work Instruction

CP-00-3210

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PREPARATION, REVIEW, AND APPROVAL OFFICIALS

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