



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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ACQUISITION
TECHNOLOGY
AND LOGISTICS

MAR 27 2008

Ms. Nina R. Hatfield,
Deputy Assistant Secretary for
Business Management and Wildland Fire
United States Department of the Interior
1849 C Street NW
Washington, DC 20240

Dear Ms. Hatfield:

The Department of Defense Inspector General (DoD IG) recently advised me of his findings related to the follow-up audit of the Department of the Interior's Acquisition Services Directorate (AQD), Herndon, Virginia (formerly GovWorks), performed in accordance with section 811 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163). The DoD IG noted improvements in multiple areas, including advance payments, and the proper use of DoD funding.

Based on its findings and recommendation, I have determined that it is necessary and in the interest of the Department of Defense to use AQD-Herndon (formerly known as GovWorks) in support of DoD requirements for property and services, and accordingly, I am rescinding the restrictions imposed by my letter to you dated May 31, 2007 (attached). However, I am imposing specific restrictions on procurements for furniture as follows: DoD Components may send interagency agreements to the Department of the Interior's AQD-Herndon and Sierra Vista locations for requirements for furniture, only if they are accepted and executed by the Associate Director, Acquisition Services, or his designee(s). In addition, I have advised the DoD Components that they may not send an interagency agreement for any furniture requirement to either AQD-Herndon or AQD-Sierra Vista, after July 1, of any fiscal year, regardless of the expected delivery date of the requirement.

Thank you for your efforts to resolve concerns identified in previous audits. I expect to review this interim decision and monitor our progress on the corrective action plan over the next year. My POC is Mr. Michael Canales and he can be reached at 703-695-8571, or via e-mail at Michael.canales@osd.mil.

Sincerely,

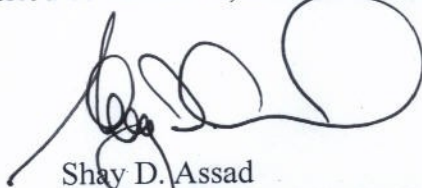
Shay D. Assad
Director, Defense Procurement,
Acquisition Policy, and
Strategic Sourcing

Attachment:
As stated.

Class Determination in Accordance with Section 811 of the 2006 National Defense Authorization Act (NDAA) by the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)) to Continue to Procure Property and Services, Through The Department of the Interior (DOI) in Support of the Department of Defense (DoD)

- The Department of Defense (DoD) Inspector General (IG) recently conducted a follow-on to the second phase of an audit of transactions conducted by DoI on behalf of DoD. In its memorandum dated March 14, 2008 (attached) to the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), the DoD IG concluded that "GovWorks," has made sufficient improvements with regard to their support of the Department in the areas of proper use of funds and proper contracting practices.
- The DoDIG recommended that USD (AT&L) lift the restrictions that had been levied against DoD Components utilizing AQD-Herndon, Virginia (formerly known as GovWorks) for procurements in excess of \$100,000, in accordance with section 811 of the FY06 National Defense Authorization Act (Pub.L. 109-163). However, the DoDIG expressed concern regarding DoI purchases of furniture on DoD's behalf.
 - Therefore, DoD components may continue to procure requirements for property and services, through the Acquisition Services Directorate (AQD-Herndon, Virginia) formerly known as GovWorks, and AQD-Sierra Vista, Arizona formerly known as Southwest Branch. This determination applies to all DoD requirements when:
 - o a bona fide need exists,
 - o proper funding is used, and
 - o all applicable statutory, regulatory and policy requirements are met.
 - However, I am imposing specific restrictions on procurements for furniture as follows: Interagency agreements, with the Department of the Interior's Herndon and Sierra Vista locations, for requirements for furniture, may be accepted and executed only by the Associate Director, Acquisition Services, or his designee(s). In no event shall DoD send or DoI accept an interagency agreement for any DoD furniture requirement after July 1, of any fiscal year, regardless of the expected delivery date of the requirement.

I determine that it is necessary and in the best interest of the Department to utilize DoI AQD-Herndon and DoI AQD-Sierra Vista, in support of Department of Defense requirements for property and services as described above, consistent with statute, regulation, and policy. This class determination is valid for the period of March 28, 2008 to March 27, 2009.



Shay D. Assad
Director, Defense Procurement
Acquisition Policy, and
Strategic Sourcing