

Panel on Contracting Integrity 2008 Report to Congress



Department of Defense
Office of the Under Secretary of Defense
Acquisition, Technology, and Logistics (AT&L)

EXECUTIVE SUMMARY

Why We Submitted This Report

Section 813 of the John Warner National Defense Authorization Act for Fiscal Year 2007 directed the Department of Defense (DoD) to convene a panel of senior leaders representing a cross section of the Department to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse to occur. Section 813 further required the Panel to provide an annual report on its activities not later than December 31 each year. This report describes the Panel's accomplishments and provides copies of several implementing documents.

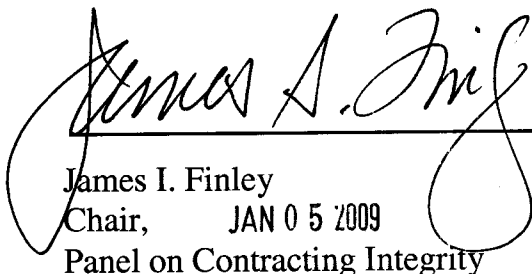
What We Have Accomplished in 2008

Of the 21 recommendations listed in the Panel's 2007 report, the Panel completed 20 actions and delayed one action to determine the effect of recent legislation. Accomplishments include:

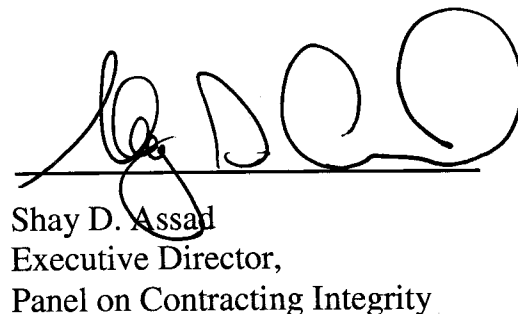
- Reinforced the functional independence of contracting officers and the separation of duties of those in senior positions in acquisition.
- Issued "Department of Defense Senior Contracting Leadership Positions" to identify positions and require succession plans to minimize vacancies.
- Resourced and implemented recruiting, hiring, and retention workforce-shaping initiatives through the Section 852, NDAA 2008 Trust Fund Steering Board.
- Issued a memorandum requiring components to conduct a contract policy execution review and require annual reports with a focus on Undefined Contract Actions, time and materials contracts, and use of commercial items.
- Issued a memorandum on use of Interagency Acquisitions to promote good business decisions in this GAO High Risk area.
- Developed the first DoD standard for COR certification according to complexity of the task. The Panel also drafted a memorandum signed by the Deputy secretary of Defense, "Monitoring Contract Performance in Contracts for Services." It requires designation of the COR prior to contract performance; sufficient time for COR to perform duties; and assessment in the COR's performance evaluation.
- Revised the Joint Contingency Contracting Handbook and developed training on how to run a contracting office in a combat/contingency environment.
- Completely revised and web-enabled the DoDIG Procurement Fraud Handbook.

What We Recommend: Actions in 2009

The Panel plans to implement 28 additional actions, listed in this report, during 2009.



James I. Finley
Chair, JAN 05 2009
Panel on Contracting Integrity



Shay D. Assad
Executive Director,
Panel on Contracting Integrity

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- REVIEW CONTRACTING OFFICER REPRESENTATIVE (COR) FUNCTIONS/ RESPONSIBILITIES; DEVELOP DoD CERTIFICATION STANDARD. **J**
- MANDATE COR ASSIGNMENT PRIOR TO CONTRACT AWARD, PROCESS COR APPOINTMENT THROUGH MANAGEMENT; AND ENSURE PERFORMANCE REVIEWS INCLUDE COR PERFORMANCE. *(COMBINED FOR ADMINISTRATIVE PURPOSES)* **K**
- IMPROVE TRAINING BY LEVERAGING MARINE CORPS AND AIR FORCE TRAINING CAPABILITIES. **L**
- IMPROVE TRAINING ON HOW TO RUN A CONTRACTING OFFICE IN A COMBAT/CONTINGENT ENVIRONMENT. **M**
- IN COORDINATION WITH DoD DEPUTY INSPECTOR GENERAL FOR POLICY AND OVERSIGHT, UPDATE THE PROCUREMENT FRAUD HANDBOOK AND ADAPT SCENARIOS FROM THE 1993 HANDBOOK ON FRAUD FOR CONTRACT AUDITORS AND THE 1987 INDICATORS OF FRAUD IN DoD PROCUREMENT. **N**
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SECTION I. INTRODUCTION

Purpose

Section 813 of the John Warner National Defense Authorization Act (NDAA) for Fiscal Year 2007, Public Law 109-364, directed the Department of Defense (DoD) to establish a Panel on Contracting Integrity consisting of senior leaders representing a cross-section of the Department. The Panel's purpose is twofold: review progress made by DoD to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse to occur, and recommend changes in law, regulations, and policy to eliminate the areas of vulnerability. Exhibit 1 provides the full text of Section 813.

In a February 16, 2007, memorandum, the Under Secretary of Defense (Acquisition, Technology and Logistics), USD(AT&L), complied with Section 813 by formally establishing the Panel on Contracting Integrity. USD(AT&L) identified the role of the Panel as a formal body to take a holistic view of all ongoing efforts and initiatives to improve performance in identified areas of weakness.

This is the Panel's second annual report to Congress. It identifies and discusses the actions the Panel implemented during 2008. It also identifies the actions identified for implementation in 2009.

Background

In recent years, DoD has increasingly relied on goods and services provided by the private sector under contract. Since FY00, DoD's contracting for goods and services has nearly doubled, and this trend is expected to continue. In FY06 alone, DoD obligated nearly \$295 billion on contracts for goods and services. Given the magnitude of the dollar amounts involved, DoD acquisitions must be handled efficiently, effectively, and accountably. In other words, DoD needs to ensure that it buys the right things, the right way, at the right time.

Early efforts to identify and address areas of DoD vulnerability in today's contracting environment were undertaken by the Department of Defense Inspector General (DoDIG) and the Procurement Fraud Working Group (PFWG). In addition, the Defense Science Board (DSB) addressed this issue and, in March 2005, published *Report of the Defense Science Board Task Force on Management Oversight in Acquisition Organizations*. Subsequently, Congress, in the NDAA for FY06, required the Government Accountability Office (GAO) to review the areas of vulnerability in the defense contracting system. GAO also reviewed initiatives undertaken by DoD to address its vulnerabilities, including DoD actions in response to the DSB report. GAO published its report, *Contract Management: DoD Vulnerabilities to Contracting Fraud, Waste and Abuse* (GAO-06-838R), in July 2006.

**Exhibit 1. John Warner National Defense Authorization Act for Fiscal Year 2007,
Public Law 109-364, Section 813**

ESTABLISHMENT OF PANEL ON CONTRACTING INTEGRITY.

(a) Establishment-

(1) IN GENERAL- The Secretary of Defense shall establish a panel to be known as the Panel on Contracting Integrity'.

(2) COMPOSITION- The panel shall be composed of the following:

(A) A representative of the Under Secretary of Defense for Acquisition, Technology, and Logistics, who shall be the chairman of the panel.

(B) A representative of the service acquisition executive of each military department.

(C) A representative of the Inspector General of the Department of Defense.

(D) A representative of the Inspector General of each military department.

(E) A representative of each Defense Agency involved with contracting, as determined appropriate by the Secretary of Defense.

(F) Such other representatives as may be determined appropriate by the Secretary of Defense.

(b) Duties- In addition to other matters assigned to it by the Secretary of Defense, the panel shall—

(1) conduct reviews of progress made by the Department of Defense to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse to occur;

(2) review the report by the Comptroller General required by section 841 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3389), relating to areas of vulnerability of Department of Defense contracts to fraud, waste, and abuse; and

(3) recommend changes in law, regulations, and policy that it determines necessary to eliminate such areas of vulnerability.

(c) Meetings- The panel shall meet as determined necessary by the Secretary of Defense but not less often than once every six months.

(d) Report-

(1) REQUIREMENT- The panel shall prepare and submit to the Secretary of Defense and the congressional defense committees an annual report on its activities. The report shall be submitted not later than December 31 of each year and contain a summary of the panel's findings and recommendations for the year covered by the report.

(2) FIRST REPORT- The first report under this subsection shall be submitted not later than December 31, 2007, and shall contain an examination of the current structure in the Department of Defense for contracting integrity and recommendations for any changes needed to the system of administrative safeguards and disciplinary actions to ensure accountability at the appropriate level for any violations of appropriate standards of behavior in contracting.

(3) INTERIM REPORTS- The panel may submit such interim reports to the congressional defense committees as the Secretary of Defense considers appropriate.

(e) Termination- The panel shall terminate on December 31, 2009.

Panel Structure





USD(AT&L) designated the Deputy Under Secretary of Defense (Acquisition and Technology), DUSD(A&T), as the Panel's Chairman and the Director, Defense Procurement (DPAP), as the Panel's Executive Director. The Chairman and Executive Director are supported by an Executive Secretary and support staff.

The Chairman and Executive Director implemented the Section 813 requirement for the broadest DoD-wide participation by identifying Panel members from organizations representing all key facets of the defense contracting system. Exhibit 2 identifies the Panel members and the DoD organizations they represent.

Exhibit 2. The Panel on Contracting Integrity Membership

	Position	Organization
	Panel Chairman: Deputy Under Secretary of Defense (Acquisition and Technology)	Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) (OUSD(AT&L))
	Executive Director: Director, Defense Procurement	OUSD(AT&L)
	Deputy Assistant Secretary of the Army (Procurement)	Department of the Army
	Deputy Assistant Secretary of the Navy (Acquisition and Logistics Management)	Department of the Navy
	Chief of Staff, Deputy Assistant Secretary of the Navy (Acquisition and Logistics Management)	Department of the Navy
	Deputy Assistant Secretary of the Air Force (Contracting)	Department of the Air Force
	Director	Defense Contract Audit Agency
	Director, Human Capital Initiatives/President, Defense Acquisition University (DAU)	OUSD(AT&L)
	Component Acquisition Executive	Defense Logistics Agency (DLA)
	Deputy General Counsel (Acquisition and Logistics)	DoD Office of the General Counsel
	Deputy Director, DPAP/Program Acquisition and Contingency Contracting (PACC)	OUSD(AT&L)
	Acquisition Executive	U.S. Special Operations Command
	Deputy General Counsel	Department of the Air Force

Exhibit 2. The Panel on Contracting Integrity Membership

	Position	Organization
	Director of Contracting	Missile Defense Agency (MDA)
	Assistant General Counsel (Acquisition Integrity)	Department of the Navy Office of the General Counsel
	Director	Defense Contract Management Agency (DCMA)
	General Counsel	DCMA
	Assistant Inspector General (Acquisition and Contract Management)	DoD Office of the Inspector General and rep- resentatives from Department of the Army Inspector General Department of the Navy Inspector General Department of Air Force Inspector General
	Chief of Staff	Defense Advanced Research Projects Agency (DARPA)
	Deputy Director, Acquisitions and Contracts	National Geospatial-Intelligence Agency
	Chief of Procurement	Department of Defense Education Activity
	Director, Acquisition	U.S. Transportation Command
	Deputy Senior Acquisition Executive	National Security Agency
	Director for Procurement	Defense Information Systems Agency (DISA)
	Chief, Health Planning Operations	Assistant Secretary of Defense (Health Affairs)/TRICARE Management Agency

Considering the issues identified in Section 813 and the research and recommendations of GAO (GAO-06-838R), as well as the work of the DSB Task Force, DoDIG, and PFWG, the Panel identified seven core focus areas and three emerging contract integrity issues.¹ The Panel then established 10 subcommittees and assigned each a particular issue:

- ◆ Core focus areas
 - Current Structure of Contracting Integrity
 - Sustained Senior Leadership
 - Capable Contracting Workforce
 - Adequate Pricing
 - Appropriate Contracting Approaches and Techniques
 - Sufficient Contract Surveillance
 - Contracting Integrity in a Combat/Contingency Environment
- ◆ Emerging contract integrity issues
 - Procurement Fraud Indicators
 - Contractor Employee Conflicts of Interest
 - Recommendations for Change.

The Panel's Executive Director selected subcommittee chairs based on their expertise with a particular focus area or issue. The chairs of the subcommittees are leaders in the organizations that represent the many facets of the defense contracting system, as are many of the subcommittee members. Exhibit 3 lists the subcommittees and identifies their chairs.

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¹ Current and emerging contracting issues were identified in *Report of the Commission on Army Acquisition and Program Management in Expeditionary Operations*, October 2007, and in *Defense Contracting: Additional Personal Conflict of Interest Safeguards Needed for Certain DoD Contractor Employees*, GAO-08-169, and March 2008.

Exhibit 3. Subcommittee Structure of Panel on Contracting Integrity

	Subcommittee	Chair
	Current Structure of Contracting Integrity	Component Acquisition Executive, Defense Logistics Agency
	Sustained Senior Leadership	Deputy Assistant Secretary of the Army (Procurement)
	Capable Contracting Workforce	Director, Human Capital Initiatives, OUSD(AT&L)/President, DAU
	Adequate Pricing	Director, Defense Contract Audit Agency
	Appropriate Contracting Approaches and Techniques	Deputy Assistant Secretary of the Air Force (Contracting)
	Sufficient Contract Surveillance	Chief of Staff, Deputy Assistant Secretary of the Navy (Acquisition and Logistics Management)
	Contracting Integrity in a Combat/Contingent Environment	Co-chairs: Panel Executive Director and Deputy Director, DPAP/ Program Acquisition and Contingency Contracting
	Procurement Fraud Indicators	Assistant Inspector General, Acquisition and Contract Management, DoD Inspector General
	Contractor Employee Conflicts of Interest	Co-chairs: Director, Defense Contract Management Agency and General Counsel, Defense Contract Management Agency
	Recommendations for Change	Deputy General Counsel (Acquisition and Logistics), DoD Office of the General Counsel

The subcommittees reached out across the military departments and defense agencies to additional DoD organizations, such as the DoDIG, Defense Contract Audit Agency, and Office of General Counsel, to staff focused working groups.

Overview of 2008 Procedures and Successes

In its 2007 report to Congress, the Panel identified 21 actions for implementation in 2008, in seven core focus areas and managed their implementation in meetings throughout the year. The Panel served as a forum for leaders in the defense contracting system to align efforts and share successes, experiences, and lessons learned; manage implementation of the identified actions; address emerging issues; and maintain DoD leadership commitment and involvement. Exhibit 4 lists the meetings held in 2008 and the purpose of each.

Exhibit 4. Schedule of Panel Meetings in 2008

Date	Purpose
February 29, 2008	<ul style="list-style-type: none">• Review and approve plans of action and milestones to implement each of the 21 actions identified in the 2007 report• Discuss procedures for reviewing products to implement the Panel's actions
May 22, 2008	<ul style="list-style-type: none">• Review the implementation progress on the 21 actions• Review the findings and recommendations of the three subcommittees focusing on emerging issues• Review the General Counsel's assessment whether statutory, regulatory, or policy changes would be required to implement the recommendations• Prioritize additional actions
August 20, 2008	<ul style="list-style-type: none">• Conduct quarterly rolling assessment and taskings
September 25, 2008	<ul style="list-style-type: none">• Conduct quarterly rolling assessment and taskings• Review initial draft of 2008 report• Review initial proposal and adopt 2009 actions
November 20, 2008	<ul style="list-style-type: none">• Review coordinated report for signature• Review plan to continue progress in 2009

The focus of the subcommittees during 2008 was to develop the policy directives, memoranda, legislative proposals, and training materials to implement their assigned actions. The subcommittees have supporting working groups of individuals with expertise in specific subject areas. The working groups met regularly to exchange research, share best practices, and discuss options and potential solutions.

The Panel on Contracting Integrity used the subcommittees and their working groups, weekly working group conference calls, and the Panel's website to support discussion, coordination, and approval of all products to implement the actions formally adopted by the Panel as a body.

The Panel employed a rolling assessment and tasking process, quarterly or upon completion of an action, to manage the efficient implementation of all subcommittee recommendations and identify new recommendations. The procedure was as follows:

- ◆ Subcommittees submitted initial actions involving the recommended issuance of the Office of the Secretary of Defense (OSD) policy guidance to the Executive Secretary and support staff. The Executive Secretary reviewed the documents and coordinated with DoD General Counsel and other OSD offices, if applicable. After initial internal coordination, the Executive Secretary's staff posted the documents to the password-protected Panel website and requested review and coordination.
- ◆ The Executive Secretary provided organizations the opportunity to review and comment on the work products of the other subcommittees. If an organization had substantive comments, the Executive Secretary referred them to the initiating subcommittee and work group to adjudicate and revise. The Executive Secretary allowed ten days for the coordination process.
- ◆ After receipt of all coordination responses, the Executive Secretary completed the OSD coordination process by presenting the final package to, or through, the Panel's Executive Director, as applicable.
- ◆ Subcommittees were encouraged to conduct informal preliminary exchanges to achieve consensus prior to submission of a document for formal coordination.

At the end of 2008, 20 of the 21 action items were completed. The Panel decided to delay one action until it could determine the effect of 2008 legislation concerning a change to the definition of "commercial item." Exhibit 5 lists the 21 actions and identifies those that are complete.

Exhibit 5. 21 Initial Actions for Implementation in 2008

Current Structure of Contracting Integrity	
<ul style="list-style-type: none"> ✓ DPAP to reinforce the reporting and evaluation requirements in DoD Instruction (DoDI) 5000.66. ✓ CAEs/SPEs self-certify compliance with the reporting and evaluation requirements in DoD Instruction (DoDI) 5000.66 and provide certifications to DPAP every two years. ✓ CAEs/SPEs should self-certify compliance with the separation of duties described at DFARS 203.170 every two years. 	
Sustained Senior Leadership	
<ul style="list-style-type: none"> ✓ Develop metrics for senior leadership positions in contracting for application DoD-wide. OUSD issue policy memorandum to require DoD components to monitor and report these positions on a semi-annual basis to preclude allowing long-term “acting” leaders in senior leadership positions in contracting. Using the metrics, OUSD should develop succession lists for temporary “acting” filling of positions to monitor projected vacancies and initiate selection and nomination processes before vacancies occur. ✓ Performance plans for all senior contracting leaders in the Department, whether under an SES Pay for Performance System or NSPS, specifically include an integrity or ethics objective. ✓ Implement processes to measure the consistency of tone at the top. 	
Capable Contracting Workforce	
<ul style="list-style-type: none"> ✓ DPAP and senior contracting leaders determine appropriate workforce size. ✓ DPAP and senior contracting leaders develop initial human capital-planning addendum to AT&L Human Capital Strategic Plan. ✓ DPAP and senior contracting leaders resource and implement responsive human capital strategies and supporting recruiting, hiring and retention initiatives (including intern/coop programs). 	
Adequate Pricing	
<ul style="list-style-type: none"> ✓ Develop a coordinated Contract Policy Execution Review Plan that recognizes Department-wide risks, promotes consistency in procurement policy execution across all components, and encourages peer review. ✓ Assess need for revised/additional training on competition requirements and differing pricing alternatives. • Change commercial item definition by deleting the “of a type” phrase and revising the language, “offered for sale” to “has been sold.” If this requires a change to law, consider developing a legislative proposal. <i>(On hold for analysis of the effect of recent legislation on 2008 sole source contracts)</i> 	
Appropriate Contracting Approaches and Techniques	
<ul style="list-style-type: none"> ✓ In Interagency Contracting, strengthen pre- and post-award oversight processes to consider fees charged by assisting agencies during the business planning process. ✓ Examine Department-wide strategy to assess reliance on interagency contracts. ✓ Explore means for strengthening competition advocate programs for multiple award indefinite delivery/ indefinite quantity contracts DoD-wide, with focus on increasing competition at task order level. 	
Sufficient Contract Surveillance	
<ul style="list-style-type: none"> ✓ Review contracting officer representative (COR) functions/responsibilities; develop DoD certification standard. ✓ Mandate COR assignment prior to contract award. ✓ Process COR appointment through management; ensure performance reviews include COR performance. 	
Contracting Integrity in a Combat/Contingent Environment	
<ul style="list-style-type: none"> ✓ Improve training by leveraging Marine Corps and Air Force training capabilities. ✓ Improve training on how to run a contracting office in a combat/contingent environment. ✓ Subgroups review Fraud Indicator Training and Continuity Book/Contracting Office Transition Plan. 	

In addition to the 21 actions relating to the seven core focus areas, the Panel, during its May 22, 2008, meeting, approved nine actions relating to emerging issues. The additional actions were recommended by the three subcommittees formed to address those issues: Procurement Fraud Indicators, Contractor Employee Conflicts of Interest, and Recommendations for Change.

The Panel did not plan to hold the actions they added in May to the same implementation schedule as the actions it identified in its 2007 report. Nevertheless, as of the end of November, Procurement Fraud Indicators subcommittee had completed the three actions that they recommended. Thus, during 2008, the Panel on Contracting Integrity completed a total of 23 actions: 20 from the original list developed in 2007, and 3 of those added in May 2008.

Actions Identified for Implementation in 2009

The Panel identified 28 actions for implementation in 2009 and plans to use the same subcommittee structure and procedures it used in 2008. Many of the actions planned for 2009 are a natural follow-on from those completed in 2008. Others address the recommendations in GAO reports GAO-08-485 and GAO-08-360. Still others serve to build upon recently completed work. For example, the Contracting Integrity in a Combat/Contingent Environment subcommittee plans to lead an emergency procurement conference open to stakeholders in DoD, as well as to stakeholders from other federal agencies such as the Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), Department of State (DOS), and U.S. Agency for International Development (USAID).

Panel work groups exercised great care in developing and refining the actions proposed for 2009 to ensure clarity and support implementation. The process focused on developing and coordinating a succinct, clearly worded action, defining an associated product, naming the parties assigned action, and naming the responsible staff advisors. The Panel believes that the additional time spent in achieving this clarity will be repaid in a more straightforward implementation process. The actions were briefed by the subcommittee chairs and approved by the Panel at the September 25, 2008, Panel meeting. Exhibit 6 lists actions to be implemented in 2009.

Exhibit 6. Actions for Implementation in 2009

Current Structure of Contracting Integrity
<ul style="list-style-type: none"> ◆ Publish a DPAP memo directing CAEs/SPEs to designate and publicize an ombudsman for procurement integrity in their organizations. ◆ Incorporate in Section 5.3.12 of DoDI 5000.66, "CAEs/SPEs of organizations with warranted contracting officers will self-certify compliance with this requirement every 2 years."
Sustained Senior Leadership
<ul style="list-style-type: none"> ◆ Help new leaders communicate expectations for contracting integrity to leaders and employees. ◆ Use case studies in contracting integrity to promote discussion and communicate standards in areas of ambiguity.
Capable Contracting Workforce
<ul style="list-style-type: none"> ◆ Have senior contracting leaders in the components participate in component processes/efforts to submit workforce changes in the President's Budget Exhibit PBR-23 for both the Program and Budget Review Submission and the President's Budget processes. Consider Contracting Competency Assessment results and other data, as appropriate. ◆ Have DPAP and senior contracting leaders in the components update the contracting human capital-planning section of the AT&L Human Capital Strategic Plan. ◆ Have DPAP and senior contracting leaders in the components develop/implement gap closure strategies/initiatives to address competency gaps such as recruiting, hiring, and retention initiatives and document them in the Contracting Human Capital Strategic Plan. Submit strategies/initiatives for consideration by the Defense Acquisition Workforce Development Fund Steering Board established under Section 852 of NDAA 2008.
Adequate Pricing
<ul style="list-style-type: none"> ◆ Establish a working group to assess the need for establishing thresholds for higher-level approval of commercial item determinations based on "of a type" and develop recommendations. This is an interim measure pending a legislative change proposal. ◆ Establish a working group to assess the current regulations/PGI guidance (DoDIG Report D-2008-097, May 23, 2008) covering prime contract surveillance and pricing of its subcontracts and develop recommendations. ◆ Establish a working group to review approval levels for contracting officer's determination that a time-and-materials contract is the best type for a procurement and develop recommendations.
Appropriate Contracting Approaches and Techniques
<ul style="list-style-type: none"> ◆ Establish a component cross-functional working group to identify and report on source selection deficiencies, best practices and lessons learned, and recommendations to increase accountability and oversight and to decrease complexity. ◆ Assess effectiveness of Departmental guidance and training for executing Performance Based Acquisition and perform gap analysis in conjunction with DAU. ◆ Provide updated guidance and training on competition initiatives and continue emphasis on enhancing competition for contracts and orders placed under multiple-award contracts.
Sufficient Contract Surveillance
<ul style="list-style-type: none"> ◆ Have DAU, with support from the Defense components, evaluate current COR training (government and commercial). ◆ Develop a COR certification process. ◆ Develop an implementation plan for a COR certification process.
Contracting Integrity in a Combat/Contingent Environment
<ul style="list-style-type: none"> ◆ Formally publish Expeditionary Contracting Policy in DFARS as a consolidated effort of the Emergency Procurement Committee. ◆ Lead a multi-service and agency Emergency Procurement Conference in spring 2009 open to stakeholders in DoD and other government agencies (DHS, FEMA, DOS, USAID, USACE, NORTHCOM, etc). ◆ Revise the Joint Contingency Contracting Handbook and Contingency Contracting training curriculum to build upon current efforts.
Procurement Fraud Indicators
<ul style="list-style-type: none"> ◆ Complete a POD webcast regarding procurement fraud indicators. ◆ Draft an AT&L Journal article regarding procurement fraud indicators. ◆ Communicate with contracting officers, auditors, and DCMA representatives regarding an advanced course on procurement fraud indicators and determine feasibility of development during 2009.
Contractor Employee Conflicts of Interest
<ul style="list-style-type: none"> ◆ Issue a USD(AT&L) policy memorandum stating that advice from contractors' employees should be free from personal conflicts of interest. ◆ Draft a DFARS clause prohibiting contractor employee conflicts of interest. ◆ Recommend DoD implementation of actions in response to GAO-08-485 and GAO-08-360.
Recommendations for Change
<ul style="list-style-type: none"> ◆ Submit for DoD coordination a legislative proposal to permit federal agencies to retain fraud recovery funds. ◆ Establish a Department of Defense-wide value-based ethics program. ◆ Draft a legislative proposal to amend the Program Fraud Civil Remedies Act of 1986 or draft a stand-alone statute

Related DoD Activities

Three DoD activities occurring in 2008 are related to the work of the Panel on Contracting Integrity:

- ◆ Commission on Army Acquisition and Program Management in Expeditionary Operations
- ◆ May 2008 Senior Leadership Offsite and Procurement Conference
- ◆ Ethics regulations and policy training.

Commission on Army Acquisition and Program Management in Expeditionary Operations

As stated in Section 849 of the NDAA for FY08, “Contingency Contracting Training for Personnel Outside the Acquisition Workforce and Evaluations of Army Commission Recommendations,” the

Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, shall evaluate the recommendations included in the report of the Commission on Army Acquisition and Program Management in Expeditionary Operations and shall determine the extent to which such recommendations are applicable to the other Armed Forces. Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall submit a report to the congressional defense committees with the conclusions of this evaluation and a description of the Secretary's plans for implementing the Commission's recommendations for Armed Forces other than the Army.

The Secretary of Defense established the Section 849 Task Force to coordinate these efforts. The Task Force reviewed all 40 recommendations identified in *Report of the Commission on Army Acquisition and Program Management in Expeditionary Operations* and, in a May 15, 2008, report to Congress, recommended the most effective means to implement them in the Department. Since the initial report, the Task Force has made considerable progress in eliminating contracting vulnerabilities that lead to fraud, waste, and abuse in a combat/contingency environment.

May 2008 Senior Leadership Offsite and Procurement Conference

On May 12, 2008, the Executive Director of the Panel on Contracting Integrity conducted an offsite meeting for senior leaders of the contracting community. The Panel's work was a focus of senior offsite events to ensure that leaders in the DoD contracting community were fully aware of, supportive of, and engaged in Panel's activities. The biennial procurement conference, which followed the senior leader offsite meeting and its agenda, included a moderated Panel discussion, featuring many of the Panel's subcommittee

chairs. The discussion covered potential vulnerabilities in contracting and the Panel's plans to eliminate or mitigate them.

Ethics Regulations and Policy Training

The Defense Acquisition Regulations Council, in concert with the Civilian Agency Acquisition Council, proposed an amendment to the Federal Acquisition Regulation (FAR) to include a Contractor Code of Ethics and Business Conduct and a requirement for contractors and their subcontractors participating in contracts over a certain dollar threshold to post an Office of the Inspector General Fraud Hotline poster. The two councils jointly published a proposed rule in February 2007 to obtain public comments and subsequently published a final rule on November 22, 2007, with an effective date of December 24, 2007.

In addition, the Defense Acquisition Regulations Council initiated a proposed FAR revision to require contractors to establish and maintain internal controls to detect and prevent fraud in their contracts and to notify the Office of the Inspector General and contracting officers immediately whenever they become aware of contract fraud. The FAR Council published a proposed rule under FAR Case 2007-006 on November 14, 2007, with public comments due on January 14, 2008. The FAR Acquisition Law Team reviewed the public comments and prepared a draft final rule for publication in the Federal Register. FAR Case 2007-006 was published as a final rule on November 12, 2008 with an effective date of December 12, 2008.

The DoD Standards of Conduct Office updates the mandatory annual ethics training yearly to ensure that it is always current and relevant. The latest update contains presentations by the Office of General Counsel and interactive decision-making exercises. The intent was to modify the curriculum to extend understanding beyond the law, regulations, and policy. The Department also provides online training: "Employee's Guide to the Standards of Conduct."

SECTION II. ACTIONS FOR IMPLEMENTATION IN 2008

Current Structure of Contracting Integrity

Chair: Component Acquisition Executive, Defense Logistics Agency

Actions:

DPAP to reinforce the reporting and evaluation requirements in DoD Instruction (DoDI) 5000.66.

CAEs/SPEs self-certify compliance with the reporting and evaluation requirements in DoD Instruction (DoDI) 5000.66 and provide certifications to DPAP every two years.

Note: The two actions listed above and identified in the 2007 report to Congress were combined for administrative purposes

Discussion

The Panel recommended reinforcing the evaluation requirements for contracting officers by clarifying procedures. DoDI 5000.66, "Operation of the Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program," provides the policy governing review and evaluation of contracting officers. It states specifically that heads of DoD components, acting through their Component Acquisition Executives (CAEs) and Senior Procurement Executives (SPEs), must ensure that at least first-level evaluations of contracting officers are performed within the contracting career chain. For those under the National Security Personnel System (NSPS), "first-level evaluation" means a rating official's recommended rating. The only exception is the performance evaluation of the senior official in charge of contracting for the organization. As described in a November 23, 2004, USD(AT&L) memorandum, it should be routine practice to seek input from program managers, or others within the requiring community, of the organization receiving direct support from this acquisition professional.

The subcommittee drafted a memorandum, "Reinforcing the Evaluation Requirements of Contracting Officers under DoDI 5000.66," to strengthen and clarify the directive. In addition, the memorandum requires all DoD organizations with contracting officers to self-certify, through the CAEs/SPEs, that they are in compliance with DoDI 5000.66. The

self-certifications are to be submitted to the Director, DPAP beginning October 31, 2008, and every 2 years thereafter. Procurement Management Reviews (PMRs) will evaluate compliance with this policy.

The subcommittee requested the signature of the Deputy Secretary of Defense on the memorandum to indicate commitment and awareness by senior leadership. The Deputy Secretary of Defense signed and issued the memorandum on August 27, 2008.

Status

This action is complete.

One of the subcommittee's FY09 action items is to propose language for the revision to the Human Capital Initiative/DAU point of contact. The DoDI 5000.66 revision notification to the services and agencies will stipulate self-certification to DPAP every 2 years.

Current Structure of Contracting Integrity

Chair: Component Acquisition Executive, Defense Logistics Agency

Action: CAEs/SPEs should self-certify compliance with the separation of duties described at DFARS 203.170 every 2 years.

Discussion

The Panel identified the need to reinforce the separation of duties as described in Defense Federal Acquisition Regulation Supplement (DFARS) 203.170(a), which states that senior leaders shall not perform multiple roles in the source selection process for a major weapon system or major service acquisition (Category I Acquisition). FAR 2.101 defines the acquisition of a major weapon system as one estimated to cost “more than \$173.5 million for research, development, test and evaluation or the eventual total expenditure for the acquisition exceeds \$814.5 million.” The USD(AT&L) memorandum, “Acquisition of Services Policy,” issued October 2, 2006, defines Category I acquisitions of services as those valued at \$250 million or more.

The subcommittee drafted a memorandum, “Reinforcing the Separation of Duties of Senior Leaders,” to reinforce the structural parameters that prevent development of an environment of senior leaders performing multiple duties. For example, a Source Selection Authority should not serve concurrently as the chair of the Source Selection Advisory Council. Furthermore, vacancies should not lead to improper accretion of duties at the next higher level, such that fully independent judgment is not available. Senior leaders may vary by organization, but at a minimum, this regulation applies to all individuals assigned to one of the positions on the list of Senior Contracting Leadership Positions (SCLPs) that were submitted in response to a DUSD(AT) memorandum issued April 25, 2008. The memorandum also requires military departments and agencies to certify that no senior leader has performed multiple roles in the acquisition of a major weapon system or major service. These certifications must be submitted to DPAP by December 30, 2008, and every 2 years thereafter.

Status

This action is complete.

Sustained Senior Leadership

Chair: Deputy Assistant Secretary of the Army (Procurement)

Action: Develop metrics for senior leadership positions in contracting for application DoD-wide. OUSD issue policy memorandum to require DoD components to monitor and report these positions on a semi-annual basis to preclude allowing long-term “acting” leaders in senior leadership positions in contracting. Using the metrics, OUSD should develop succession lists for temporary “acting” filling of positions to monitor projected vacancies and initiate selection and nomination processes before vacancies occur.

Discussion

The Panel noted that unfilled SCLPs present a risk to integrity in contracting and should be minimized. During the initial study of issues highlighted in GAO-06-838R, the subcommittee found that most vacant SCLPs generally are filled on an “acting” basis. This mitigates some risk associated with unfilled positions, but does not provide permanent checks and balances in ensuring sustained senior contracting leadership necessary in acquisition systems.

The subcommittee drafted a memorandum containing the first DoD-wide list of SCLPs and directing organizations to develop succession plans for those positions to preclude the use of dual assignments and long-term acting leaders and to minimize vacancies, while conforming to all requirements for competitive recruiting for these positions. The memorandum directs all organizations across DoD to develop and submit succession plans to OSD in 2008 and annually thereafter. Each succession plan is to address the following elements:

- ◆ A list of potential subordinate or associate positions qualified to assume each civilian SCLP
- ◆ Typical experiences, capabilities, and training necessary for SCL incumbents to execute the functions of that position
- ◆ Initiatives to reduce the length of vacancies and ensure an orderly succession.

The Deputy Under Secretary of Defense, (Acquisition & Technology) signed the memorandum on April 25, 2008.

Status

This action is complete. The initial succession plans have been submitted. DPAP has taken primary responsibility for follow-up actions. DPAP will analyze data collected from the initial action plans for 2009.

Sustained Senior Leadership

Chair: Deputy Assistant Secretary of the Army (Procurement)

Action: Performance plans for all senior contracting leaders in the Department, whether under an SES Pay for Performance System or NSPS, specifically include an integrity or ethics objective.

Discussion

The subcommittee coordinated with the Principal Deputy to the Under Secretary of Defense for Civilian Personnel Policy, who is responsible for drafting a new governing directive for the NSPS. Both parties agreed that the best method for providing the Panel's recommendation would be through the USD(AT&L) during the formal coordination process for the draft NSPS directive.

When it became apparent that the draft NSPS directive would not be ready for coordination in time, the subcommittee drafted a separate memorandum for USD(AT&L) signature. The memorandum does the following:

- ◆ Offers a simple change to emphasize that an existing performance sub-element, "Integrity/Honesty," is a mandatory element of the "Leadership/Supervision" performance element in Senior Executive Service (SES) performance evaluations under the NSPS
- ◆ Forwards examples of statements about individual integrity that have been required in all USD(AT&L) performance evaluations for 3 years and recommends the inclusion of such statements in the NSPS SES performance evaluations.

This would require approval by the Principal Deputy to the Under Secretary of Defense for Civilian Personnel Policy. Office of Personnel Management approval would not be required because this mandatory competency currently contains an ethics component.

USD(AT&L) signed this memorandum on December 4, 2008.

Status

This action is complete.

Sustained Senior Leadership

Chair: Deputy Assistant Secretary of the Army (Procurement)

Action: Implement processes to measure the consistency of tone at the top.

Discussion

The Panel noted that inconsistencies in tone at the top—the ethical atmosphere created by the organization’s leaders—presented an area of vulnerability within the defense contracting system that allow fraud, waste, and abuse to occur. To address that issue, the subcommittee drafted a policy memorandum emphasizing the need to implement processes to measure the consistency of tone at the top. The memorandum notes that inculcating shared values in an organization requires frequent reinforcement and language appropriate to each audience. The memorandum provides items for consideration, shares best practices, and encourages senior leaders of the DoD components to incorporate them in various events.

One of several steps identified by the Panel to drive ethics to the forefront of organizational behavior, the memorandum reiterates DoD’s commitment to the highest standards of integrity through daily activities and states that the daily actions of leaders set the tone. The memorandum makes a commitment to make acquisition integrity the center of daily decision-making and organizational culture. At a time when the public questions the ethics of many institutions, it is particularly crucial for DoD to insist on transparency and integrity in the procurement system.

USD(AT&L) signed this memorandum on November 7, 2008.

Status

This action is complete.

Capable Contracting Workforce

Chair: Director, Human Capital Initiatives, OUSD(AT&L)HCI

Action: DPAP and senior contracting leaders determine appropriate workforce size.

Discussion

DoD works hard to develop and maintain a highly capable contracting workforce, motivated to deliver warfighting capabilities with the highest standards of trust, integrity, and ethics. Workforce shaping and workforce capability are functions of size, competence, training, processes, tools, policy, and structure. With growing concern over potential shortfalls, stakeholders strongly agree that the size of the contracting workforce needs further assessment in light of the increased workload. Two key elements in workforce shaping for the contracting community are: 1) the competency assessment to document and forecast skill gaps and 2) the PBPBR-23 review to ensure that the components have programmed for the contracting community workforce over the next seven years to support documented needs.

Contracting Competency Assessment to Identify and Document Needs

The contracting workforce competency assessment is a major effort to identify current and future gaps in skills and experience to provide a road map to shape the workforce. The competency assessment will provide the means to document and forecast workforce needs and to compete successfully with other communities for programming in the POM process. A May 2008 workforce planning session for all senior leaders in the contracting community focused on the current state of the contracting workforce. The group considered workload requirements/drivers identified by the components, workforce projections across the POM shown in the PBR-23's, and workforce demographics from the competency assessment. DPAP emphasized the importance of understanding the workforce force planning and programming information contained in the PBR-23, and senior contracting leaders outlined a strategy and way ahead to manage the DoD-wide contracting workforce.

President's Budget Exhibit PBR-23 to Program for Documented Needs

The subcommittee recommended assisting the Department with attaining equilibrium between the contracting workforce labor requirements and the resources programmed in the President's Budget Exhibit PBR-23 to fund personnel in the contracting career field. The PBR-23 displays military end strength and civilian full-time equivalents (FTEs) by acquisition career field for each fiscal year. This information satisfies congressional reporting requirements and provides insights regarding the components' plans to transform their workforces consistent with the DoD's overall transformation program. Exhibit 7 summarizes the components' January 2008 submissions. Increases in contracting civilian per-

sonnel are projected through 2013 for the Navy (+172), the Marine Corps (+38), Missile Defense Agency (+39), and DLA (+112). The Army is assessing increases in civilian and military contracting personnel based on internal reviews. DCMA also is planning increases to its contracting workforce. The subcommittee's working group identified the review of the Components' PBR-23 submissions to assess congruence between workforce planning and workforce programming to support the plans.

Exhibit 7. PBR-23 January 2008 Component Submissions

Org	ResourceType (Civilian FTE or Military End Strength)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	% Change FY07 to FY13
AFIS *	Civilian	11	11						-100%
ARMY	Military	244	244	244	244	244	244	244	0%
ARMY	Civilian	9,313	9,313	9,313	9,313	9,313	9,313	9,313	0%
DARPA	Civilian	10	10	10	10	10	10	10	0%
DCMA	Civilian	2,585	2,586	2,566	2,555	2,526	2,525	2,524	-2%
DCMA	Military	164	164	164	164	164	164	164	0%
DFAS	Civilian	63	62	62	62	62	62	62	-2%
DISA	Civilian	300	300	300	300	300	300	300	0%
DISA	Military	7	7	7	7	7	7	7	0%
DLA	Civilian	2,542	2,403	2,564	2,564	2,654	2,654	2,654	4%
DLA	Military	64	64	64	64	64	64	64	0%
DMACT*	Civilian			13	13	13	13	13	
DTRA	Civilian	67	81	81	81	81	81	81	21%
MDA	Civilian	86	115	120	125	125	125	125	45%
NAVY	Civilian	3,442	3,474	3,525	3,573	3,602	3,608	3,614	5%
NAVY	Military	1,007	835	828	829	830	831	832	-17%
NDU	Civilian	4	4	4	4	4	4	4	0%
USAF	Civilian	4,752	4,813	4,790	4,742	4,728	4,711	4,710	-1%
USAF	Military	2,018	2,012	2,010	1,991	1,991	1,991	1,991	-1%
USMC	Civilian	115	125	130	135	141	147	153	33%
USMC	Military	39	40	40	41	42	43	44	13%
	Total	26,833	26,663	26,835	26,817	26,901	26,897	26,909	0%
Note *	DMACT is the successor organization to AFIS starting in FY09								
Note **	CIFA - no submission noted								
Note ***	DECA - no submission noted								

The components' PBR-23 exhibits were submitted on schedule to the Director, Program Analysis and Evaluation in August 2008. Exhibit 8 shows the component-stated Program Objectives Memorandum (POM) 2010 positions of FTE/end-strength requirements for the Future Years Defense Program. PBR-23 projections submitted by the components for the POM 2010 positions show an increase of approximately 3 percent in 2008 and an average of 161 more contracting personnel through 2015 than the 2008 count of 27,457. The exhibit shows an increase of 689 contracting civilian personnel, approximately 3 percent, in 2008. The Navy had the most significant increase in military end strength, 31 percent (+258), and an increase in civilian FTEs of 8 percent (+274). DLA increased its

civilian contracting workforce by 10 percent (+247). The Army considered increases in civilian and military contracting personnel based on internal and external reviews, but has not reported any changes in 2008 or projected any growth through 2015.

Exhibit 8. Changes in PBR-23 from January 2008 Component Submissions

Org.	Resource type	Jan-08	Aug-08	Change Jan-Aug		Org.	2009	2010	2011	2012	2013	2014	2015
Army	Civilian FTE	9,313	9,313		0	Army	9,313	9,313	9,313	9,313	9,313	9,313	9,313
Army	Military End	244	244		0	Army	244	244	244	244	244	244	244
Navy	Civilian FTE	3,474	3,748	8%	274	Navy	3,808	3,878	3,909	3,909	3,909	3,909	3,909
Navy	Military End	835	1,093	31%	258	Navy	1,090	1,090	1,090	1,090	1,090	1,090	1,090
USMC	Civilian FTE	125	126	1%	1	USMC	131	166	166	166	166	166	166
USMC	Military End	40	38		-2	USMC	37	37	37	37	37	37	37
USAF	Civilian FTE	4,813	4,593	-5%	-220	USAF	4,593	4,562	4,550	4,542	4,533	4,524	4,524
USAF	Military End	2,012	2,063	3%	51	USAF	2,061	2,041	2,037	2,037	2,037	2,037	2,037
DLA	Civilian FTE	2,403	2,650	10%	247	DLA	2,661	2,781	2,781	2,780	2,780	2,780	2,780
DLA	Military End	64	64		0	DLA	64	64	64	64	64	64	64
DCMA	Civilian FTE	2,586	2,655	3%	69	DCMA	2,646	2,568	2,555	2,547	2,562	2,533	2,513
DCMA	Military End	164	168	2%	4	DCMA	168	168	168	168	168	165	168
DISA	Civilian FTE	300	325	8%	25	DISA	325	325	325	325	325	325	325
DISA	Military End	7	7		0	DISA	7	7	7	7	7	7	7
MDA	Civilian FTE	115	105	-9%	-10	MDA	120	135	135	135	135	135	135
MDA	Military End	0	0		0	MDA	0	0	0	0	0	0	0
DARPA	Civilian FTE	10	11	10%	1	DARPA	10	10	10	10	10	10	10
DECA	Civilian FTE	105	97	-8%	-8	DECA	97	97	97	97	97	97	97
DFAS	Civilian FTE	62	58	-6%	-4	DFAS	60	59	57	57	57	57	57
DMACT	Civilian FTE	11	11		0	DMACT	13	13	13	13	13	13	13
DTRA	Civilian FTE	81	84	4%	3	DTRA	84	84	84	84	84	84	84
NDU	Civilian FTE	4	4		0	NDU	4	4	4	4	4		
Total		26,768	27,457	3%	689		27,536	27,646	27,646	27,629	27,635	27,590	27,573
Change from 2008							79	189	189	189	172	178	133

Senior Procurement Executives Review

As contracting workforce initiatives progresses, SPEs will review results from a force planning session in November 2008. They will review competency results, workforce analysis, and integrate the results into ongoing component force structure and workforce initiatives. The SPEs will continue to assess future needs for contracting personnel and ensure that Components program appropriate resources are programmed in the President's Budget Exhibit PBR-23 in FY09.

Status

This action is complete.

Capable Contracting Workforce

Chair: Director, Human Capital Initiatives, OUSD(AT&L)HCI

Action: DPAP and senior contracting leaders develop initial human capital planning addendum to AT&L Human Capital Strategic Plan.

Discussion

In September 2007, the AT&L Human Capital Strategic Plan “Source Document” provided the acquisition community with guiding principles to collaborate and to develop people to strengthen the community. DoD must equip everyone with the skills they need to be successful and work together to ensure successful outcomes:

- ◆ Recruit and hire people who can become the next leaders
- ◆ Lead by example, being honest and ethical in all activities, and providing a work environment that is free from harassment, discrimination, and unethical behavior, allowing all to participate productively
- ◆ Take responsibility for growth and enhancement
- ◆ Use new personnel tools to measure and recognize motivated performance and superior results

This strategic thrust facilitates a common approach to executing workforce initiatives across the DoD acquisition enterprise

Section 851, NDAA FY08 Requirements

Section 851, “Requirement for Section on Defense Acquisition Workforce in Strategic Human Capital Plan,” of the NDAA FY08 directed the inclusion of a separate section on the Defense Acquisition workforce, including both military and civilian personnel in the DoD Strategic Human Capital Plan for 2008, and in the future. Section 851 specifically required a description of any continuing shortfall in funding available for the defense acquisition workforce and the identification of any areas of need, such as the following:

- ◆ Gaps in the skills and competencies of the current or projected defense acquisition workforce
- ◆ Changes in the types of skills needed in the current or projected defense acquisition workforce
- ◆ Incentives to retain qualified, experienced defense acquisition personnel
- ◆ Incentives for attracting new, high-quality personnel to the defense acquisition workforce.

The immediate impact of Section 851 was the integration of the AT&L Human Capital Strategic Plan with the DoD Strategic Human Capital Plan. These changes are cascading down to the contracting community.

Development of Contracting Addendum to the DoD Civilian Human Capital Strategic Plan (CHCSP)

The DoD Contracting Functional Leader (Director, DPAP) used the comprehensive competency assessment initiative to focus and document forecasts of shortfalls in the DoD contracting workforce. As of October 1, 2007, approximately 2,500 contracting personnel from DLA and the Air Force had participated in the pilot test. A DoD-wide assessment of the contracting workforce started in January 2008.

DPAP and the AT&L Director, Human Capital Initiatives (HCI) developed the Contracting Human Capital section of the March 2009/2008 AT&L Human Capital Strategic Plan, now referred to as the DoD Civilian Human Capital Strategic Plan (CHCSP) Defense Acquisition Workforce section. DPAP drafted the human capital strategy for the DoD contracting workforce and prepared the document for coordination with the SPEs. The AT&L and the Director, Human Capital Initiatives integrated the Contracting CHCSP into the more comprehensive DoD Civilian Human Capital Strategic Plan (CHCSP) that was signed on November, 7, 2008.

Supporting Initiatives

The Panel's Executive Director conducted several other events to support the development of the Human Capital Strategic Plan for the contracting community. In mid May 2008, the Executive Director conducted an offsite event for senior leaders of the contracting community. The Panel Executive Director emphasized the objectives and activities of the Capable Contracting Workforce subcommittee, ensuring that leadership of the DoD contracting community was fully aware of, supportive of, and engaged in achieving those objectives. The annual procurement conference followed the offsite and included a moderated discussion on workforce featuring the Panel Executive Director and the AT&L Director for Human Capital Initiatives. Senior leaders reviewed progress and discussed the impact of emerging contracting competency results and analyses of existing strategies and efforts.

DUSD(A&T) also chaired an offsite session for defense acquisition workforce senior leaders at the end of May 2008 to discuss human capital planning and the significant legislation embodied in Section 851, NDAA Fiscal year 2008. The session included the Director for Human Capital Initiatives (HCI), service acquisition executive military deputies, functional leaders, and component acquisition workforce career managers. In October 2008, the Director for Human Capital Initiatives again met with the functional leaders to review the plan and provide feedback on the formal coordination efforts. The contracting workforce human capital planning addendum to the AT&L Human Capital Strategic Plan is complete and contained at TAB E in the appendix to this report.

Status

This action is complete.

Capable Contracting Workforce

Chair: Director, Human Capital Initiatives, OUSD(AT&L)HCI

Action: DPAP and senior contracting leaders resource and implement responsive human capital strategies and supporting recruiting, hiring, and retention initiatives (including intern/coop programs).

Discussion

The Panel noted that the contracting community needs additional resources to recruit, hire, and retain a capable contracting workforce to maintain integrity in the defense contracting system. The Defense acquisition community is faced an aging workforce and explosive growth in workload. Approximately 74 percent of the civilian contracting workforce is in the Baby Boomer or older generations eligible for retirement or nearing retirement age; 19. Nineteen percent are eligible for full retirement now, and 24 percent will be eligible within 5 years. Effective recruiting, hiring, and retention initiatives are essential to meet the growing need.

The contracting working group analyzed the contracting workforce PBR-23 projections, the workforce demographics such as workforce gains and losses, and a RAND inventory projection model for testing assumptions. DPAP, the Senior Procurement Executives, and others continued to evaluate emerging competency results and workforce assessments, in preparation for senior executive reviews.

Section 852 NDAA FY08 Fiscal Year 2008

Congress passed Section 852, NDAA FY08 to meet this need. It established the Defense Acquisition Workforce Development Fund to support workforce-shaping initiatives for the Defense Acquisition Workforce. The USD(AT&L) supported additional initiatives to implement Section 852 to provide targeted funds to the Components for recruiting, retention, workforce development, and other workforce shaping initiatives.

Section 852 Steering Board

As evaluation of the emerging competency assessment of the contracting career field continued, the services and several agencies took immediate advantage of the FY08 provisions of Section 852 for a Defense Acquisition Workforce Fund. USD(AT&L) appointed DUSD(A&T) as the chair of the Section 852 Defense Acquisition Workforce Development Fund Steering Board. The board developed a charter and established a process with the military services, defense agencies, and DoD Comptroller to identify workforce areas of need, human capital initiatives, implementation strategies, governance structure, and required funding (with supporting cost data). Workforce initiatives aligned with three major categories: recruit and hire, develop and train, and recognize and retain. The bulk of contracting workforce initiatives are being shaped by emerging competency results and workforce assessments and will be proposed in FY09, but the components gen-

erated 2008 priority workforce initiatives to immediately address known areas of need immediately.

Service Needs Supported by Section 852 Fund

- ◆ For example, the Gansler Commission found that Army personnel face an increase in workloads, while performing more complex contracting actions than ever before, and that the number of civilian and military personnel in the contracting workforce is stagnant or declining.² The Army proposed a number of accessions (new hires to federal service) to increase the civilian GS-1102 workforce by 1,000 people over a 3-year period. This hiring initiative will reduce a portion of the declining workforce by hiring or accessing interns into the workforce. These interns will later advance to fill designated acquisition positions and will assume more responsibility and perform actions that are more complex.
- ◆ The Air Force and Navy are also increasing their intern and journeyman hiring programs to mitigate the risk of a declining capable contracting workforce.
- ◆ In addition, DCMA planned to hire 40 interns in FY08 and another 260 interns by the end of FY08FY09, with 72 in contracting (GS-1102); 16 in property (GS-1103); 125 in production, quality, and manufacturing (GS-1910, GS-0018); and 27 in industrial/contract property management (GS-1150).

Other Workforce-Shaping Initiatives

The working group continues to document new and existing component recruiting, hiring, and retention strategies and initiatives. The workforce development strategies implemented in FY08 include preparation for increased DAU training courses, additional component/organization training course opportunities, career development programs, expanded intern programs, expanded journeyman programs, and student loan repayments. DPAP, SPEs, and other senior leaders are evaluating emerging competency results and workforce assessments; analyzing them for senior leader reviews; and updating the recruiting, hiring, and retention strategies.

Status

This action is complete.

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² Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting*.

Adequate Pricing

Chair: Director, Defense Contract Audit Agency

Action: Develop a coordinated Contract Policy Execution Review Plan that recognizes Department-wide risks, promotes consistency in procurement policy execution across all components, and encourages peer review.

Discussion

The subcommittee identified specific Department-wide contract risk areas that should be incorporated into contract policy execution review plans. The subcommittee drafted a policy memorandum, issued by DPAP on July 16, 2008, that identifies the specific contract risk areas and directs DoD components to evaluate these risk areas as part of their internal contract policy execution review processes, such as procurement management reviews (PMRs). The memorandum also requires DoD components to report actions taken to incorporate the following areas of vulnerability into their reviews by September 30, 2008:

- ◆ Lack of documentation regarding the determination of a commercial item.
- ◆ Contract actions are not definitized within the required periods and lack documentation supporting the basis for the profit or fee negotiated.
- ◆ Competition (fair opportunity) requirements for orders against multiple-award indefinite-quantity contracts are frequently waived without adequate support (to include Federal Supply Schedules (FSSs) and Blanket Purchase Agreements established under Federal Supply Schedules).
- ◆ Failure to use available pricing information or adequately document fair and reasonable price determinations for sole source awards.

Numerous DoD Components have reported to DPAP on actions taken to ensure the reviews of these areas are incorporated into their internal review processes. Several DoD Components are in the process of completing their assessment of their internal review processes and have requested an extension on submitting their responses.

The Subcommittee is summarizing the input received from each DoD Component. The results will be briefed to the Panel and included in the Panel's 2008 report to Congress. DoD Components are requested to report the status of reviews, as well as any recommendations for DoD policy revision/clarification by October 31, 2009, and annually thereafter. The Subcommittee will summarize the input received from DoD Components on the results of the internal reviews, analyze any recommendations for DoD policy revision/clarifications, and report to the Panel on the status and any recommendations. DPAP

will take appropriate needed action (FAR/DFARS/PGI Case, Policy memorandum) to implement recommendations for DoD policy revisions/clarifications.

Status

This action is complete.

DPAP will take appropriate action—FAR; DFARS; procedures, guidance, and information (PGI); policy memorandum—to implement recommendations for DoD policy revisions/clarifications.

Adequate Pricing

Chair: Director, Defense Contract Audit Agency

Action. Assess need for revised/additional training on competition requirements and differing pricing alternatives.

Discussion

The subcommittee review of needed training focused on three areas: undefinitized contract actions (UCAs), competition/fair opportunity, and commercial pricing. Working with the subcommittee, DPAP, DAU, and the Contracting Functional Integrated Product Team assessed the training provided in these three areas, identified training gaps, and proposed actions to improve training. DAU agreed to revise training in the following areas and provided a plan of action (including a general description of changes) and milestones for incorporating each of these key areas:

- ◆ Undefinitized contract actions
 - Timely definitization of the undefinitized contract action
 - Obligation amounts prior to definitization
 - Appropriate recognition in profit or fee of the contractor's reduced risk during the undefinitized period
- ◆ Competition/fair opportunity
 - Waivers of competition requirements, including waivers granted to retain an incumbent contractor without further competition or task orders for work that was not within the scope of underlying contracts
 - Full and open competition, including when competition waivers can be granted, what documentation is required for these waivers, and what approvals are required
- ◆ Commercial pricing
 - Documentation of the determination that the acquisition meets the commercial item definition
 - Procedures for ensuring the determination of fair and reasonable prices.

In addition, on August 29, 2008, DPAP issued a policy memorandum on management oversight of UCAs. DPAP reemphasized the DoD regulations on such actions and enhanced management oversight of UCAs by providing templates for UCA management

plans and semi-annual consolidated reports for UCAs with an estimated value of more than \$5 million. Together the plans and reports will provide information on key aspects of UCA use and management, including actions taken to ensure timely and effective de-finitization.

DAU has completed all the assessments of the three training levels of DAU courses. DAU provided a general description of changes expected and milestones for incorporating each of the key policy areas to CON FIPT and Subcommittee. DAU will work with DPAP and CON FIPT in developing the course changes.

Status

This action is complete.

By March 2009, DAU expects to complete the course changes to address key policy areas regarding UCAs, competition/fair opportunity, and commercial items.

Adequate Pricing

Chair: Director, Defense Contract Audit Agency

Action: Change commercial item definition by deleting the “of a type” phrase and revising the language, “offered for sale,” to “has been sold.” If this requires a change to law, consider developing a legislative proposal.

Discussion

DPAP drafted a legislative proposal to change the commercial item definition to eliminate the phrase “of a type” and “offered for sale” which should be submitted for consideration in the Defense Authorization Bill for FY 2010. The subcommittee assessed the impact of the language contained in the FY08 DoD authorization bill regarding commercial items. The subcommittee believes the FY08 NDAA falls short because the statutory definition allows items to be treated as commercial when there is no related commercial market from which the government benefits. Specifically, it allows the use of commercial acquisition to acquire sole source, military-unique items that have no commercial market as long as they are “of a type.” Consequently, the subcommittee recommends that a legislative proposal be submitted to amend and clarify the statutory definition of “commercial item” by (1) eliminating the phrase “of a type” and (2) revising the language “offered for sale” to “has been sold.” These changes would enable the government to obtain certified cost or pricing data when the item is not truly a commercial item and preclude any further inappropriate application of the existing statutory definition of commercial item.

The subcommittee met with the Deputy Under Secretary of Defense (Industrial Policy) (DUSD(IP)) in October 2008 to discuss the need for submitting a legislative proposal.

Actions Required to Complete Implementation:

At the conclusion of the meeting with DUSD (IP), the subcommittee members agreed to perform additional work to assess the current vulnerability with the definition of a commercial item. The Subcommittee will review a sample of FY 2008 sole source commercial item procurements awarded on the basis of “of a type” or “offered for sale” to assess the sufficiency of supporting documentation regarding the determination of a commercial item and the determination of a fair and reasonable price. Based on the results of this review, the subcommittee would determine if there is a need to proceed with the legislative proposal in the Defense Authorization Bill for FY 2010. The subcommittee will report the results of this review to the panel by January 2009.

Status

This action is pending review and analysis of 2008 sole source contract information.

Appropriate Contracting Approaches and Techniques
Chair: Deputy Assistant Secretary (Contracting),
Assistant Secretary (Acquisition), Secretary of the Air Force

Action: In interagency contracting, strengthen pre- and post-award oversight processes to consider fees charged by assisting agencies during the business planning process.

Discussion

To strengthen interagency acquisition processes, the subcommittee and its working group developed a plan of action and milestones that identified the following key tasks:

- ◆ Draft a memorandum to remind DoD components that fees must be considered during the business planning process. DPAP issued the memorandum on January 18, 2008
- ◆ Draft a memorandum to remind DoD components of the responsibilities associated with interagency acquisition. DPAP issued the memorandum on January 18, 2008
- ◆ Initiate an assessment of the degree of compliance and consistency in implementing fee and oversight policy. Deliverables: Phase I Deliverable is a component Level Assessment of the current state of Interagency Acquisition guidance within the component and report of any corrective actions needed to ensure that guidance is sufficient at the component Level

On October 21, 2008, the Deputy Secretary of Defense signed a memorandum, “Interagency Acquisition Policy Implementation,” calling for an assessment of compliance with interagency acquisition policies, inspection of documentation for the consideration of fees, and annual reports on findings. This policy memorandum should result in the implementation and documentation of better business decisions in the use of interagency acquisitions.

Status

This action is complete.

The components will report on their compliance assessments during FY09 program management reviews. The reports will be included in the 2009 report to Congress.

Appropriate Contracting Approaches and Techniques
Chair: Deputy Assistant Secretary (Contracting),
Assistant Secretary (Acquisition), Secretary of the Air Force

Action: Examine Department-wide strategy to assess reliance on interagency contracts.

Discussion

Interagency acquisition (IA) is an important tool to meet DoD requirements when it is done properly. It should be used only when in the best interests of the Department and when necessary to meet the Department's needs. There has been significant interest placed on improving IA policy and processes in recent years. DPAP (SS) collected Interagency spend data for Fiscal Years 2005 – 2007 from the Federal Procurement Data System – Next Generation (FPDS-NG). Prior to FY05, interagency spend data for DoD enterprise was not tracked. The spend data indicates that the Department's reliance on IA has dropped over those three years.

Of the \$316B DoD spent in FY07, only about \$13B or 4% was spent through other agencies. Of the \$13B, 86% (\$11.2B) was spent through the General Services Administration (GSA) and 8% (\$1B) through the Department of the Interior (DOI).

Further analysis of GSA spend indicates that DoD spend has decreased 27% over this three year period. This spend includes assisted and direct contracts. Assisted spend captures actions in which DoD transfers money via a Military Interdepartmental Purchase Request (MIPR) to GSA to award a contract. Direct spend captures DoD's internal procurement of goods/services from an established GSA contract. DoD accounts for 18% of GSA assisted spend and 54% of their contract actions. 94% of DoD orders were under \$100K during FY07; however, 85% of DoD new spend was accomplished with contracts over the \$100K threshold. The Army and the Air Force were the biggest DoD users of GSA, accounting for 56% of the DoD spend and 64% of the DoD actions. The majority of DoD actions with GSA are for small purchases with 83% of DoD spend in FY07 accomplished through direct contracts, while assisted contracts accounted for 79% of the actions. Supplies and equipment comprised 91% of DoD actions in FY07. The Army is the largest percentage of DoD services spend with GSA, but trends indicate that overall DoD service spend with GSA has declined. There has been little change in the top ten companies in GSA service contract award dollars reflecting a high demand for knowledge based services. A review of the top ten companies of total supply and equipment spend reflects a wide range of products and a changing demand.

A further analysis of DOI spend indicates that DoD spend has decreased 44% and the number of actions decreased 55% during this three year period. DoD represents 19% of total DOI spend and 4% of contract actions in FY07. Similar to GSA, DoD services spend decreased 43% and total service actions decreased 36%. Out of the six Acquisition

Services Directorates in DOI, AQD-Herndon does the majority of work for DoD, and DARPA is a key customer of AQD-Sierra Vista. DARPA and the Army accounted for the largest percentage of services spend and actions. Approximately 54% of DoD actions with DOI were under \$100K; however, approximately 98% of all new spend was for orders over \$100K. DOI uses time and materials type contracts for 42% of their DoD spend and 39% of their DoD actions. Many of the top ten services suppliers DOI utilizes for these contracts are the same suppliers used by DoD. Supplies and Equipment (S&E) spend indicates a large decrease in the number of suppliers indicating a smaller industrial base. Other defense agencies and the Navy/Marine Corps are the largest spenders across DoD accounting for 61% of the S&E spend. The majority of this S&E spend is accomplished utilizing fixed-price type contracts. The top ten S&E suppliers indicate that the composition of suppliers has changed as needs have changed and demonstrate a wide variety of products.

The data collected reveals a wide spread in fee percentages paid by DoD Components on IA. However, that data is not sufficient to determine the reasons for variances in percentages of fees paid. DoD Policy requires that it is the Component's responsibility to ensure that the fees are reasonable and that the Department receives full value for fees paid. We have initiated a review process to verify that the Departmental Components have considered the value offered by our Interagency Partners and the appropriateness of the fees paid.

The spend data and Departmental trends indicate a need for continued agency diligence in monitoring the spend data. There is also a continuing need to focus effort on acquisition planning and on nurturing adequate discipline in order to minimize vulnerability to inappropriate use of interagency acquisitions that offer oversight challenges and prohibit the payment of a higher price for contract services when fees are considered as a part of the total cost. Although the DoD IA spend has dropped over the years, the IA spend data should continue to be monitored in an increasingly constrained budget environment for strategic sourcing opportunities. Finally, further analysis may surface strategic sourcing opportunities. It is believed that DPAP (SS) is equipped to continue the required monitoring and analysis.

Status

This action is complete.

Appropriate Contracting Approaches and Techniques
Chair: Deputy Assistant Secretary (Contracting),
Assistant Secretary (Acquisition), Secretary of the Air Force

Action: Explore means for strengthening competition advocate programs for multiple award indefinite delivery/indefinite quantity contracts DoD-wide, with focus on increasing competition at task order level.

Discussion

To implement this action, the subcommittee's working group developed a plan of action and milestones. The plan identified the following two key tasks:

- ◆ Collect data and analyze Departmental competition rates on multiple award contract task orders
- ◆ Develop and deploy policy for involvement of competition advocates in reviewing competition for multiple award contract task orders.

DPAP worked with the Defense Manpower Data Center (DMDC) to develop a DoD report to address the extent of fair opportunity achieved by the components in the placement of orders against multiple award contracts. DMDC provided a report to the component competition advocates in May 2008. In addition, DMDC provided the components a list of all orders reported against multiple award contracts where the "fair opportunity" field in the Federal Procurement Data System (FPDS) contained no data.. The components worked to correct the reported data; though some actions could not be corrected due to issues associated with migration of data to the FPDS. DPAP has also been actively engaged in federal-wide meetings to develop and submit a change request to the FPDS that provides for development of a federal standard competition report that will include fair opportunity achievements.

DPAP's memorandums of July 26, 2007, and December 7, 2007, stressed the need to place greater emphasis on promoting competition, including in the placement of orders, and required that component competition advocate reports for FY07 address fair opportunity. One of the initiatives identified for accomplishing this was to hold periodic meetings with the DoD competition advocates; the first meeting occurred in May 2008. The competition advocates reviewed the fair opportunity report at this meeting. In addition, they discussed whether policy was needed stipulating that competition advocates must review exceptions to fair opportunity. DPAP asked the components to address their procedures in their FY08 competition advocate report, as well as their achievements in providing fair opportunity on orders placed against multiple award contracts.

On May 23, 2008, DPAP issued a memorandum, "Enhancing Competition for Task and Delivery Order Contracts," to implement Section 843 of the NDAA for FY08, pending

incorporation in the FAR. The memorandum includes several requirements for enhancing competition under multiple award contracts. In addition, DMDC delivered an updated fair opportunity run to the components in September for informational purposes prior to fiscal year-end.

DPAP will issue a memorandum outlining final instructions for the FY08 competition reports. Upon certification of FY08 data in the FPDS, DMDC will provide a year-end fair opportunity report to the components for analysis and inclusion in the competition reports.

Status

This action is complete.

The Department will continue its emphasis on enhanced competition, including at the task and delivery order level.

Sufficient Contract Surveillance
Chair: Chief of Staff, Deputy Assistant Secretary of the Navy
(Acquisition and Logistics Management)

Action: Review Contracting Officer Representative (COR) functions/responsibilities; develop DoD certification standard.

Discussion

The subcommittee, through its working group, gathered, evaluated, and leveraged available DoD and non-DoD research studies, reports, audits, policies, and procedures related to contract surveillance and CORs. It integrated the expertise of individuals from DoD contracting activities who perform (or have performed) functions as CORs or as contracting officers. It also engaged DAU professionals who were developing a new COR training course. The working group's efforts resulted in a web-based central repository of COR information, including an inventory of COR functions and a list of well-defined competencies.

Considering its research, the subcommittee has completed and submitted a report to the Panel with its recommendation on a DoD standard for COR certification. The standard for COR certification has three categories of contract requirements:

- ◆ Type A—Low performance risk, fixed-priced requirements without incentives
- ◆ Type B—Other than low performance risk requirements
- ◆ Type C—Other than low performance risk requirements that include unique contract requirements for specialized training beyond COR-specific training.

For each category, the standard defines minimum COR competencies, experience, and training according to the work to be performed, complexity the requirement, and contract performance risk. The standard provides agencies the flexibility to augment the minimum specified requirements, as necessary, to meet their specific mission needs.

The standard will apply to all personnel (military or civilian) performing services contract surveillance functions delegated by the contracting officer regardless of the term used to describe their position or assignment. However, employees of a contract administration office who perform technical or administrative functions in connection with contracts as delegated under FAR 42.202(a) are exempt from the standard.

The standard reflects the diverse nature of the defense services contracting environment. It promotes collaboration between contracting officers and the agencies responsible for COR resources. The standard represents the first step toward developing a properly trained, capable COR workforce responsible for contract surveillance.

Status

This action is complete.

A DoD-wide certification program must be developed, describing the process for COR certification, identifying the roles and responsibilities of key stakeholders, listing available COR training resources that meet the standard, and defining a reasonable time-phased implementation plan for the standard.

In addition, two emerging issues require strategic-level attention:

- ◆ *COR workforce management structure.* CORs are representatives of individual requiring activities from both within and without common defined communities. The scope of services acquired by DoD—from basic housekeeping to operational support to sophisticated engineering and research—is indicative of the diversity of these requiring activities. Implementation of the DoD standard for COR certification will require component management and oversight.
- ◆ *COR training resources.* DAU is piloting testing a COR course. In addition, component-level COR training and commercial COR training are available. Funding for COR training is the responsibility of the requiring activity. Implementation of a COR standard will have a significant impact on activity training budgets.

To ensure the availability of trained CORs to oversee the Department's service contracts, COR management, training, and funding for COR training must be addressed at a strategic level in development of the certification implementation plan.

Sufficient Contract Surveillance
Chair: Chief of Staff, Deputy Assistant Secretary of the Navy
(Acquisition and Logistics Management)

Actions:

Mandate COR assignment prior to contract award [and]

Process COR appointment through management; ensure performance reviews include COR performance.

Note: The two actions listed above and identified in the 2007 report to Congress were combined for administrative purposes.

Discussion

The Panel noted that the lack of uniformly adequate contract monitoring across DoD is a major contracting vulnerability. Recent GAO and DoDIG reports indicate that the management of CORs needs attention. CORs work for the requiring organizations, and they are not contracting officers. These reviews found that CORs were not designated until after contract award. As a result, CORs did not have sufficient time to obtain required training and to familiarize themselves with the specific contractual terms and conditions; therefore, they were not able to perform effectively at the start of contract performance. Moreover, CORs frequently were overworked, and their supervisors rarely considered COR performance as part of performance evaluations.

A Deputy Secretary of Defense memorandum issued on August 22, 2008, requires that CORs be assigned prior to contract award and that raters evaluate the performance of COR functions as part of performance evaluations. When the contracting officer determines that a COR is required, the requiring activity must submit a nomination package that addresses the COR's qualifications and affirms that the COR will be afforded necessary resources (time, supplies, opportunity) to perform the designated functions. The nomination package must also affirm that the COR and COR management understand the importance of completing COR functions and that COR performance will be addressed as part of the COR performance assessments.

Status

This action is complete. The Director, DPAP needs to ensure that DoD regulations, instructions, and directives are revised to reflect Deputy Secretary of Defense direction.

Contracting Integrity in a Combat/Contingent Environment
Co-chairs: Panel Executive Director and Deputy Director,
OUSD(AT&L)DPAP/PACC

Action: Improve training by leveraging Marine Corps and Air Force training capabilities.

Discussion

The Army reviewed Air Force and Marine Corps contingency contracting training offered to both officers and enlisted personnel and developed its own plan. The Army briefed its plan to the Section 849 Task Force as a revised Functional Area 51 Leader Development Plan for military acquisition officers and noncommissioned officers. The following are key goals of the new Army model:

- ◆ Balance acquisition certification with acquisition leadership, experience, and training, both doctrinal training and training related to the Defense Acquisition Workforce Improvement Act (DAWIA)
- ◆ Prepare new Army Acquisition Corps Officers and noncommissioned officers to fulfill any contracting supported position required
- ◆ Build a multiskilled workforce with greater opportunities for continuous and reinforced learning
- ◆ Provide training and experience relevant to supporting the warfighter during all phases of military operations.

Each of the services' contingency contracting officer training plans has been vetted with the Section 849 Task Force working group. More similarities now exist between the Army's course and the courses that the Air Force and Marine Corps are executing (see Exhibit 9). A common similarity is the linkage to DAU for most core training needs after foundational instruction is provided and tailored to the service needs early in career development. Section 849 recommendations assist DAU with supporting the services with most of the contingency contracting officer course curriculum.

Exhibit 9. Comparison of Service Training Models

Category	Army	Air Force	Marine Corps
Training levels	DAWIA Level II	DAWIA Level I	DAWIA Level II
Procurement desktop– defense contracting automation tools	Home station training	School house and home station training	Home station training
Operational/hands-on experience	Home station training	School house and home station training	Home station training
Course length	12 weeks	7–8 weeks	15 weeks
Training facility/school	Army Logistics Manage- ment College (ALMC) and DAU	Air Force Institute of Technology (AFIT) and DAU	DAU

Status

This action is complete.

DAU will continue to identify better methods and quality training programs of instruction for all acquisition workforce members.

The Section 849 Task Force will continue to identify additional training needs and changes to existing training, at both DAU and the services.

Contracting Integrity in a Combat/Contingent Environment

**Co-chairs: Panel Executive Director and Deputy Director,
OUSD(AT&L)DPAP/PACC**

Action: Improve training on how to run a contracting office in a combat/contingent environment.

Discussion

Joint Contingency Contracting Handbook

The Department has distributed the new Joint Contingency Contracting Handbook to all contingency contracting officers. The handbook contains the latest policy, procedures, templates, forms, and checklists to assist the contracting officer with running a contracting office. In June and September 2008, a work group assembled to recommend changes to the next edition.

Joint Contingency Contracting Course

DAU revised its Joint Contingency Contracting Course, CON 234, by incorporating the latest topics and techniques demanded by the military services and defense agencies. DPAP validated the course execution in June 2008. DAU has based the revised course on the Joint Contingency Contracting Handbook. The course changes ensure DoD “trains as it fights” with current policy and lessons learned. Feedback from the field regarding the revised training has been positive.

CON 234 remains the capstone course for all contingency contracting officers with a new fully integrated curriculum to provide the skills necessary for contracting support to joint forces across the full spectrum of military and disaster relief operations. The new course and handbook provide contracting officers with all the latest tools and techniques required to successfully operated in and manage a contracting activity in a contingency environment.

The following are the course objectives:

- ◆ Apply ethical principles in procurement decisions in foreign environments
- ◆ Identify and apply contracting laws, regulations, and procedures for contingencies
- ◆ Identify key personnel and organizations in contingencies, explain their roles, and illustrate required coordination
- ◆ Summarize and discuss elements of contingency support planning
- ◆ Assess customer requirements and execute appropriate procurement actions

- ◆ Prepare, assemble, administer, and close contracts, documents, files, and reports
- ◆ Recognize cross-cultural behavior patterns and antiterrorism force projection measures and explain their impact on the contingency environment.

The course uses scenario-driven and computer-based simulation techniques based on actual events captured in a lessons learned database. The course is lecture-facilitated by an instructor, with practice exercises fully explained. Case studies are assigned to students for completion both during and outside of class. Some projects require students to work in teams. Daily quizzes are given along with a comprehensive capstone country project for the final grade.

Skill Assessment

Contingency contracting personnel (officer, enlisted, and civilian) completed the contracting competency assessment by July 2008. The assessment will assist leaders with matching skills required to run a contracting operation with skills available. DAU has approved the concept for an advanced contingency contracting course. The target audience is contingency contracting officers in leadership and supervisory positions. The first class will be available in the second quarter of FY09.

Status

This action is complete.

The Section 849 Task Force is soliciting feedback on recent training improvements and continuing to identify additional training needs and changes to existing training.

Contracting Integrity in a Combat/Contingent Environment
Co-chairs: Panel Executive Director and Deputy Director,
OUSD(AT&L)DPAP/PACC

**Action: Subgroups review Fraud Indicator Training and Continuity Book/
Contracting Office Transition Plan.**

Discussion

The subcommittee incorporated Contracting Officer Transition Planning and Procurement Fraud Indicator training in the new Joint Contingency Contracting Handbook and the updated DAU Joint Contingency Contracting Course, CON 234.

Contracting Office Transition Planning

Representatives of the Contracting Integrity in a Combat/Contingent Environment subcommittee participated in a joint working group in June 2008 to incorporate the latest lessons learned from OIF/ OEF for the revised Joint Contingency Contracting Handbook and revised DAU course, CON 234. The revised handbook addresses the important function of contracting office transition planning, and CON 234 covers the subject in detail. The handbook, along with the accompanying CD, provides the contingency contracting officer with tools, templates, and guidance on how to transition to and from contracting offices in a contingency environment. Transition planning includes the following subjects:

- ◆ *Pre-deployment planning*—guidance on preparing for a deployment, including a list of actions taken and documents, items, and equipment needed for the contracting officer to successfully accomplish his/her mission
- ◆ *Types of contingencies*—actions and authority available to the contracting officer during the full spectrum of contingency support in a joint environment
- ◆ *Plugging-in down range*—actions the contracting officer should take as soon as he/she arrives in a joint contingency environment
- ◆ *Special requirements for acquisition planning*—issues ranging from currency conversion to working with the U.S. embassy to dealing with other contracting offices and U.S. government agencies in theater
- ◆ *Other topics*—contingency contracting support phases, types of contracting support, service theater support contracting organizations and capabilities, contingency combat support agencies.

Procurement Fraud Indicators Training

In coordination with the Procurement Fraud Indicator subcommittee, the Contracting Integrity in a Combat/Contingent Environment subcommittee participated in a joint working group to incorporate a newly approved set of fraud indicators in the Joint Contingency Contracting Handbook and in CON 234. The handbook and DAU training course provide the information needed by contracting officers to identify specific indicators of contract fraud that are most prevalent in a contingency environment. The following are a few of the fraud indicators presented:

- ◆ Product substitution—the government does not receive what it paid for
- ◆ Defective pricing/overpricing—the government contracts for goods or services at other than a fair and reasonable price
- ◆ Cost mischarging—the contractor bills the government at a different rate than was agreed to on contract
- ◆ Price fixing—one or more contractors artificially set prices different than what is normally offered in a fair and open market setting
- ◆ Fabrication of records—invoices or billing statements submitted by the contractor are altered in order to receive more money from the government
- ◆ Bribes, gratuities, and kickbacks—the contractor takes a series of actions to influence the government contracting officer or other government personnel in a position to influence government decision making.

The Department will distribute the revised Joint Contingency Contracting Handbook during the first quarter of CY09 and offer the Advanced Contingency Contracting course during the first quarter of CY09.

Status

This action is complete.

Procurement Fraud Indicators
Chair: Assistant Inspector General, Acquisition and Contract
Management, DoD Inspector General

Action: Create DAU Training Module on Procurement Fraud Indicators and Risk Mitigation.

Discussion

The Procurement Fraud Indicators subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

The subcommittee developed the content and structure of the training module and sent the materials to DAU for evaluation. The subcommittee met with DAU training developers in early September to review the DAU evaluation of the subcommittee's materials. DAU confirmed that subcommittee content was ready for assembly of a module.

DAU tasked the subcommittee to develop "script/notes" to set the context for the material. Script/notes provide the dialogue that goes along with the training module contents when someone is presenting the material. The subcommittee completed the script/notes in time to meet DAU's schedule for developing the module by the end of the year.

Status

This action is complete.

Procurement Fraud Indicators

Chair: Assistant Inspector General, Acquisition and Contract Management, DoD Inspector General

Action: In coordination with DoD Deputy Inspector General for Policy and Oversight, update the *Procurement Fraud Handbook* and adapt scenarios from the 1993 *Handbook on Fraud for Contract Auditors* and the 1987 *Indicators of Fraud in DoD Procurement*.

Discussion

The Procurement Fraud Indicators subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

The subcommittee completed the basic fraud guidance for auditors and developed 29 new acquisition-related fraud scenarios as well as 20 contract-related fraud scenarios. The main web page, Fraud Indicators in Procurement and Other Defense Activities, includes a link to fraud guidance for auditors. The “handbook” consists of all of the fraud guidance linked on the new fraud guidance web link, as well as all of the scenarios in a separate web link on the main web page hosted on the DoD Inspector General website: www.dodig.mil/Inspections/APO/fraud/Index.htm. The fraud guidance contains nine sections: general fraud indicators, environment conducive to fraud, auditor responsibilities, DoD expectations, best practices, audit planning and execution, reporting of audit results, fraud referrals, and other options.

Status

This action is complete.

Fraud guidance and scenarios are a living document, and the subcommittee will add more guidance and scenarios as material becomes available. In addition, the subcommittee plans to create links with the DoD acquisition website and either link or create a modified web page at the DAU website.

Procurement Fraud Indicators

Chair: Assistant Inspector General, Acquisition and Contract Management, DoD Inspector General

Action: In coordination with DoD Deputy Inspector General for Policy and Oversight, create a web page on procurement fraud information to increase awareness of procurement fraud and fraud indicators.

Discussion

The Procurement Fraud Indicators subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

The subcommittee met with policy and oversight personnel to evaluate the content and structure planned for the proposed web page. The subcommittee provided input on enhancing the usefulness and visibility of the site. The subcommittee, which had decided to host the web page on the DoDIG website, submitted the planned content and structure to a DoDIG in-house web designer in early August. The subcommittee met with the designer in mid-August to review the planned implementation and make additional enhancements.

The web page at www.dodig.mil/Inspections/APO/fraud/Index.htm went live on October 9, 2008. The web page has eight sections: fraud, waste, and abuse defined; matrix of professional guidance; fraud guidance for auditors; scenarios and indicators; fraud statistics; fraud resources; useful links; and comments.

Status

The action is complete.

The subcommittee will update the web page as needed. In addition, the subcommittee plans to create links with the DoD acquisition website and either link or create a modified web page at the DAU website.

Contractor Employee Conflicts of Interest
Co-chairs: Director, Defense Contract Management Agency
and General Counsel, Defense Contract Management Agency

Action: Issue a USD(AT&L) policy memorandum stating that advice from contractors' employees should be free from personal conflicts of interest.

Discussion

The Contractor Employee Conflicts of Interest subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

The subcommittee drafted a policy memorandum for OUSD(AT&L) signature. The memorandum identifies the risks associated with the use of contractors' employees for decision-making advice in critical areas. The memorandum provides guidance to eliminate or mitigate personal conflicts of interest in advice from contractor employees.

The draft policy letter is in initial coordination with stakeholders. DPAP will continue to work with the subcommittee on a comprehensive strategy to ensure procurement integrity when using contractors' employees for advice in areas involving critical decision-making.

Status

This action will be implemented, as planned, in 2009.

Contractor Employee Conflicts of Interest
Co-chairs: Director, Defense Contract Management Agency
and General Counsel, Defense Contract Management Agency

Action: Draft a DFARS clause prohibiting contractor employee conflicts of interest.

Discussion

The Contractor Employee Conflicts of Interest subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) issued an advance notice of proposed rulemaking for two cases in the Federal Acquisition Regulation (FAR) system:

- ◆ *FAR case 2007-017*—guidance on service contractor employees’ personal conflicts of interest
- ◆ *FAR case 2007-018* — organizational conflicts of interest

These cases will seek information that will assist with determining whether current guidance adequately addresses the current needs of the acquisition community or whether providing standard provisions and clauses, or a set of such standard provisions and clauses, might be beneficial. The comment period was reopened through July 18, 2008, to provide additional time for interested parties to review and comment on the Advance notice of proposed rulemaking.

As of October 22, 2008, both cases were placed on hold pending resolution of a new FAR case, preventing personal conflicts of interest by contractor employees performing acquisition functions (FAR case 2008-025), referring to Section 841(a) of NDAA 2009.

DPAP will take appropriate needed action (FAR/DFARS/PGI Case, Policy memorandum) to implement recommendations for DoD policy revisions/clarifications. DPAP will continue to work with the subcommittee on a comprehensive strategy to ensure procurement integrity when using contractors’ employees for advice in areas involving critical decision-making.

Status

This action will implemented, as planned, in 2009.

Contractor Employee Conflicts of Interest
Co-chairs: Director, Defense Contract Management Agency
and General Counsel, Defense Contract Management Agency

Action: Recommend DoD implementation of actions in response to GAO-08-485 and GAO-08-360.

Discussion

The Contractor Employee Conflicts of Interest subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008 to respond to recommendations in recent GAO reports. GAO reports recommended the following:

Defense Contracting: Post Government Employment of Former DoD Officials Needs Greater Transparency, GAO 08-485, May 21, 2008. The report recommended that DoD propose contractor disclosure and certification information that would be necessary for officials to ensure compliance with post-government employment restrictions.

Defense Contracting: Army Case Study Delineates Concerns with Use of Contractors as Contract Specialists, GAO-08-360, and March 26, 2008. The report recommended that DoD issue guidance on service contracts, describe risks and recommend mitigation strategies, and clarify distinguishing differences between service contracts and improper personal service contracts.

Status

This action will implemented, as planned, in 2009.

To gain additional insight, the subcommittee will meet with DAU and the Office of Government Ethics (OGE). The purpose was threefold:

- ◆ Share information about the issues and current training
- ◆ Outline what needs to be done
- ◆ Develop a timeline for actions.

The subcommittee will draft a memorandum for DPAP to solicit feedback from the services and DoD components on the need for additional training. In addition, the subcommittee reviewed the analysis performed by DAU and the suggested approach to identify additional training need.

The subcommittee will analyze/summarize the gaps in training received from DAU and Services/DoD components. DAU/OGE will identify to the subcommittee how identified gaps in training could be met with revised/additional training. The subcommittee will

summarize the training gaps identified and the DAU suggestions for revised or additional DAU training to meet those gaps.

The subcommittee will report to the Panel on the recommendations for revised/additional training. DPAP will coordinate with DAU to implement recommendations for revised/additional training.

Recommendations for Change
Chair: Deputy General Counsel (Acquisition and Logistics),
DoD Office of the General Counsel

Action: Submit, for DoD coordination, a legislative proposal to permit federal agencies to retain fraud recovery funds.

Discussion

The Recommendations for Change subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

Currently, DoD must “pay” twice for the value of goods or services lost from fraud. DoD is required to pay—from current appropriations—liabilities properly chargeable to cancelled accounts, although DoD has no funds appropriated for this purpose. Then, if the government recovers funds under False Claims Act, the funds generally go to the Treasury Department rather than the defrauded agency because the accounts usually have expired. The law currently requires funds for expired accounts to be deposited as miscellaneous receipts under the control of the Treasury Department. This significant opportunity cost is a disincentive for agency personnel to expend considerable time and effort in assisting with fraud investigations. The subcommittee believes that individuals would be more willing to participate in fraud investigations if their organizations could retain some of the funds recovered from fraud cases.

The subcommittee drafted a legislative proposal to allow funds recovered under the False Claims Act to be credited to current appropriations for the limited purpose of paying “current for cancelled” obligations. This legislative proposal would remedy these two problems. Panel member coordination of the draft legislative proposal was completed on June 13, 2008, but some Panel members expressed concerns regarding the effectiveness of the proposed legislation. Under Secretary of Defense (Comptroller) commented on the fiscal implications of the legislative proposal as well. The subcommittee intends to negotiate a pragmatic method to modify the proposal to meet concerns regarding fiscal law. The subcommittee is negotiating modifications to the proposals to meet concerns regarding fiscal law.

Status

By policy, the Department delayed until December all legislative proposals other than those critical to the operation of the Department. This action will be implemented, as planned, in 2009.

Recommendations for Change
Chair: Deputy General Counsel (Acquisition and Logistics),
DoD Office of the General Counsel

Action: Establish a Department of Defense-wide value-based ethics program.

Discussion

The Recommendations for Change subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

DoD has a robust and active rule-based compliance program but not a value-based ethics program. Although the Standards of Conduct office has been every effective in demanding compliance for set rules, it may provide the false impression that ethics is principally the concern of the office of the general counsel. Integrity is a leadership issue and everyone's concern. The Defense Science Board recommended that the Department institutionalize an orientation program for incoming senior leaders that addresses values, the importance of leadership to sustain an ethical culture, and performance expectations.

The Department plans to leverage recent values-based ethics research initiated by some of the military departments. As part of the Secretary of the Navy's Objective 5 "Ethics" Initiative, the Navy surveyed more than 90,000 Navy and Marine Corps civilian and military personnel. The Navy will conduct qualitative and quantitative analyses of the results to evaluate the ethical culture and, based on the findings, recommend changes. The Navy believes that the information regarding the personal values of their members will help the Navy to produce more focused and effective training.

The subcommittee plans to build on the Navy's work by contracting for a similar survey and focus groups throughout DoD. The subcommittee drafted a statement of work, which has been reviewed by the contracting authorities. Funding in FY09 has been identified for this project.

The subcommittee will review the Navy's results as well as other initiatives. DoD will issue a request for proposals and award a contract for an ethics survey and analysis. Upon completion of the survey and analysis, the subcommittee will recommend a way ahead for the development of a values-based ethics program.

Status

This action will implemented, as planned, in 2009.

Recommendations for Change
Chair: Deputy General Counsel (Acquisition and Logistics),
DoD Office of the General Counsel

Action: Draft a legislative proposal to amend the Program Fraud Civil Remedies Act of 1986 or draft a stand-alone statute.

Discussion

The Recommendations for Change subcommittee recommended this action to the Panel, and the Panel approved this action on May 22, 2008.

The Program Fraud Civil Remedies Act authorizes federal agencies to assess civil penalties up to \$5,000 for any claim or statement made to an agency that a person knows or has reason to know is false, fictitious, or fraudulent. However, as currently structured, the statute is too complex and cumbersome, requiring inordinate numbers of reviews by very senior officials. The act also requires hearings to be conducted by administrative law judges, which DoD does not employ. To the subcommittee's knowledge, DoD has rarely invoked this act because it is so laborious, yet the Department has a 39-page directive implementing it.

The legislative proposal would create a pilot program for DoD, designating the DoD Suspension and debarment officials to investigate and make determinations on allegations of violations of the act, and increase the dollar limitations from \$150, 000 to \$500,000.

Status

By policy, the Department delayed until December all legislative proposals other than those critical to the operation of the Department. This action will be implemented, as planned, in 2009.

ABBREVIATIONS

This report contains the following abbreviations:

ACO/CA	Administrative Contracting Officer/Contract Administration
CAE	Component Acquisition Executive
CCO	Contingency Contracting Officer
CHCSP	Civilian Human Capital Strategic Plan
CO	Contracting Officer
COCOM	Combatant Command
COI	Conflict of Interest
CON FIPT	Contracting Functional Integrated Product Team
CONPLANS	Contingency Plans
CONUS	Continental United States
COR	Contracting Officer's Representative
DAR	Defense Acquisition Regulation
DARPA	Defense Advanced Research Projects Agency
DAU	Defense Acquisition University
DAWIA	Defense Acquisition Workforce Improvement Act
DCMA	Defense Contract Management Agency
DCMA-I/A	Defense Contract Management Agency–Iraq/Afghanistan
DFARS	Defense Federal Acquisition Regulation Supplement
DHS	Department of Homeland Security
DLA	Defense Logistics Agency
DMDC	Defense Manpower Data Center
DoD	Department of Defense
DoDI	Department of Defense Instruction
DoDIG	DoD Inspector General
DOI	Department of Interior
DoS	Department of State
DPAP	Director, Defense Procurement
DSB	Defense Science Board
FAR	Federal Acquisition Regulation

FEMA	Federal Emergency Management Agency
FPDS-NG	Federal Procurement Data System – Next Generation
FSS	Federal Supply Schedules
FTE	Full-Time Equivalent
GAO	Government Accountability Office
GSA	General Services Agency
HCA	Head, Contracting Activity
HCI	Human Capital Initiatives
IA	Interagency Acquisition
JCC-I/A	Joint Contracting Command–Iraq/Afghanistan
JCCSO	Joint Contingency Contracting Support Office
LOGCAP	Logistics Civil Augmentation Program
MOU	Memorandum Of Understanding
NDAA	National Defense Authorization Act
NSPS	National Security Personnel System
O&M	Operations and Maintenance
OGE	Office of Government Ethics
OJT	on-the-job training
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSD	Office of the Secretary of Defense
PARC	Principal Assistant Responsible for Contracting
PARC-CA	Principal Assistant Responsible for Contracting–Contract Administration
PB	President’s Budget
PBR	President’s Budget Request
PFI	Procurement Fraud Indicators
PFWG	Procurement Fraud Working Group
PGI	Procedures, Guidance, and Information
PMR	Program Management Review
POM	Program Objective Memorandum
SCLP	Senior Contracting Leadership Positions
SECDEF	Secretary of Defense

SES	Senior Executive Service
SOCO	Standards of Conduct Office
SPE	Senior Procurement Executive
UCA	Unfinitized Contract Action
US	United States
USC	United States Code
USD(AT&L)	Under Secretary of Defense (Acquisition, Technology and Logistics)
USG	U.S. Government

|

SECTION III. COPIES OF ACTIONS

During 2008, the Panel developed policy directives, memorandums, legislative proposals, and training materials to implement their assigned actions. This section contains the actions that can be reproduced. These items appear in the following order:

SECTION III APPENDIX OF COMPLETED ACTIONS	TAB
• DPAP TO REINFORCE THE REPORTING AND EVALUATION REQUIREMENTS IN DoD INSTRUCTION 5000.66 BY REQUIRING CAES/SPEs TO SELF-CERTIFY COMPLIANCE WITH THESE REPORTING AND EVALUATION REQUIREMENTS AND PROVIDING CERTIFICATIONS TO DPAP EVERY TWO YEARS	A
• CAES/SPEs SHOULD SELF-CERTIFY COMPLIANCE WITH THE SEPARATION OF DUTIES DESCRIBED AT DFARS 203.170 EVERY TWO YEARS	B
• ISSUE DPAP POLICY TO REQUIRE DoD COMPONENTS TO DEVELOP SUCCESSION PLAN FOR THEIR INTERNAL SENIOR CONTRACTING LEADER POSITIONS (SCLP) AND REPORT THE STATUS OF THESE POSITIONS TO DPAP ON A SEMI-ANNUAL BASIS.	C
• PERFORMANCE PLANS FOR ALL SENIOR CONTRACTING LEADERS IN THE DEPARTMENT, WHETHER UNDER A SES PAY FOR PERFORMANCE SYSTEM OR NSPS, SPECIFICALLY INCLUDE AN INTEGRITY OR ETHICS OBJECTIVE.	D
• IMPLEMENT PROCESSES TO MEASURE CONSISTENCY OF TONE AT THE TOP	E
• DPAP AND SENIOR CONTRACTING LEADERS DEVELOP INITIAL HUMAN CAPITAL PLANNING ADDENDUM TO AT&L HUMAN CAPITAL STRATEGIC PLAN	F
• DPAP AND SENIOR CONTRACTING LEADERS RESOURCE AND IMPLEMENT RESPONSIVE HUMAN CAPITAL STRATEGIES AND SUPPORTING RECRUITING, HIRING, AND RETENTION INITIATIVES, INCLUDING INTERN/ COOP PROGRAMS.	G
• DEVELOP A COORDINATED CONTRACT POLICY EXECUTION REVIEW PLAN THAT RECOGNIZES DEPARTMENT-WIDE RISKS, PROMOTES CONSISTENCY IN PROCUREMENT POLICY EXECUTION ACROSS ALL COMPONENTS, AND ENCOURAGES PEER REVIEW.	H
• IN INTERAGENCY CONTRACTING, STRENGTHEN PRE- AND POST-AWARD OVERSIGHT PROCESSES, INCLUDING IMPLEMENTATION OF OCTOBER 8, 2007, POLICY TO CONSIDER ASSISTING AGENCIES' FEES DURING THE BUSINESS PLANNING PROCESS.	I
• REVIEW CONTRACTING OFFICER REPRESENTATIVE (COR) FUNCTIONS/ RESPONSIBILITIES; DEVELOP CERTIFICATION STANDARD.	J
• MANDATE COR ASSIGNMENT PRIOR TO CONTRACT AWARD AND PROCESS COR APPOINTMENT THROUGH MANAGEMENT; ENSURE PERFORMANCE REVIEWS INCLUDE COR PERFORMANCE.	K
• IMPROVE TRAINING BY LEVERAGING MARINE CORPS AND AIR FORCE TRAINING CAPABILITIES.	L
• IMPROVE TRAINING ON HOW TO RUN A CONTRACTING OFFICE IN A COMBAT/ CONTINGENT ENVIRONMENT.	M
• IN COORDINATION WITH DoD DEPUTY INSPECTOR GENERAL FOR POLICY AND OVERSIGHT, UPDATE THE PROCUREMENT FRAUD HANDBOOK AND ADAPT SCENARIOS FROM THE 1993 HANDBOOK ON FRAUD FOR CONTRACT AUDITORS AND 1987 INDICATORS OF FRAUD IN DoD PROCUREMENT.	M
• IN COORDINATION WITH DoD DEPUTY INSPECTOR GENERAL FOR POLICY AND OVERSIGHT, CREATE A WEB PAGE ON PROCUREMENT FRAUD INFORMATION TO INCREASE AWARENESS OF PROCUREMENT FRAUD AND FRAUD INDICATORS.	N

TAB A



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

AUG 27 2008

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Reinforcing the Evaluation Requirements of Contracting Officers under
DoDI 5000.66

Section 813 of the John Warner National Defense Authorization Act for FY 2007 (Pub. L. 109-364), directed the Secretary to establish a "Panel on Contracting Integrity." The purpose of the Panel is to eliminate areas of vulnerability in the DoD contracting system to prevent fraud, waste, and abuse to occur and to provide recommendations to Congress. The Panel recommended supporting the functional independence of contracting officers by reinforcing the provisions of DoD Instruction 5000.66 in the preparation of their performance evaluations.

DoDI 5000.66 establishes requirements for the evaluation of contracting officers. Specifically, the Instruction requires the Heads of DoD Components, acting through their Component Acquisition Executive, to ensure that at least first-level evaluations of contracting officers are performed within the contracting career chain. For those under the National Security Personnel System, the term "first-level evaluation" means a rating official's recommended rating. The only exception is the performance evaluation of the senior official in charge of contracting for the organization, when this official is not the primary contracting officer for the organization.

In addition, the first-level evaluation must be provided by a contracting official who has direct knowledge of the individual's performance and is at least one level above the contracting officer. It should be routine practice to seek input from program



OSD 11058-08



managers or others within the organization receiving direct support from the contracting officer.

This policy ensures functional independence of contracting officers and the ability to make sound business decisions without improper influence. Organizations with contracting officers are to submit the attached self-certification to the Director, Procurement, Acquisition Policy, and Strategic Sourcing, by October 31, 2008, and every 2 years thereafter. Compliance with this policy will be evaluated during Procurement Management Reviews.

A handwritten signature in black ink, appearing to read "Andrew England". The signature is written in a cursive style with a large, prominent "A" and "E".

Attachment:
As stated

BIENNIAL CERTIFICATION

In accordance with DoDI 5000.66, paragraph 5.3.12, Heads of DoD Components acting through their Component Acquisition Executives (CAEs) and Senior Procurement Executives (SPEs) are to ensure that at least first-level evaluations of contracting officers are performed within the contracting career chain. The only exception will be the performance evaluation of the senior official in charge of contracting for the organization, when this official is not the primary contracting officer for the organization.

DepSecDef memorandum, "Reinforcing the Evaluation Requirements of Contracting Officers under DoDI 5000.66," clarifies DoDI 5000.66 policy and identifies the requirement for CAEs/SPEs to self-certify biennially that their organizations comply with DoDI 5000.66.

I certify that (organization) is in compliance with the requirements of DoDI 5000.66 and DepSecDef memorandum, "Reinforcing the Evaluation Requirements of Contracting Officers under DoDI 5000.66."

Printed Name, Position, and Organization

Signature

Date

Send to:
Director, Defense Procurement,
Acquisition Policy, and
Strategic Sourcing/CPIC
3060 Defense Pentagon, Room 5E621
Washington, DC 20301-3060

8B. In Coordination with DoD Deputy Inspector General for Policy and Oversight, update the Procurement Fraud Handbook and Adapt Scenarios from the 1993 Handbook on Fraud for Contract Auditors and the 1987 Indicators of Fraud in DoD Procurement

The revised DoD IG Procurement Fraud Handbook is too extensive to reproduce in this report. It may be accessed at www.dodig.mil/Inspections/APO/fraud/Index.html.

8C. In coordination with DoD Deputy Inspector General for Policy and Oversight, create a web page on procurement fraud information to increase awareness of procurement fraud and fraud indicators.

The revised DoD IG Procurement Fraud web page is available at:
www.dodig.mil/Inspections/APO/fraud/Index.html.

TAB B



OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

SEP 17 2008

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA (ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND LOGISTICS MANAGEMENT),
ASN (RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Reinforcing the Separation of Duties of Senior Leaders

Section 813 of the John Warner National Defense Authorization Act for Fiscal Year 2007 directed the Secretary of Defense to establish a "Panel on Contracting Integrity" to conduct reviews of progress made by the Department of Defense (DoD) to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse to occur.

The Panel determined the need to reinforce the separation of duties as described in Defense Federal Acquisition Regulation Supplement 203.170(a), "senior leaders shall not perform multiple roles in source selection for a major weapon system or major service acquisition." For example, a Source Selection Authority should not serve concurrently as the Chair of the Source Selection Advisory Council.

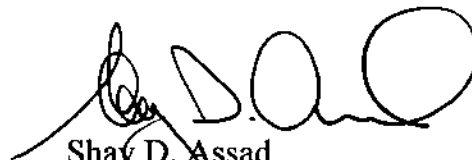
Senior leaders may vary by organization, but as a minimum, this regulation applies to all individuals assigned to one of the positions on the List of Senior Contracting Leadership Positions, first issued on April 25, 2008. FAR 2.101 defines the acquisition of major weapons system as "estimated to be more than \$173.5 million for RDT&E or the eventual total expenditure for the acquisition exceeds \$814.5 million." USD(AT&L) memorandum, "Acquisition of Services Policy," dated October 2, 2006, defines Category I acquisitions of services as those valued at \$250 million or more.

Military Departments and agencies shall certify every two years that no senior leader has performed multiple roles in the acquisition of a major weapon system or major service.



Submit the attached certification to DPAP by December 30, 2008 and every two years thereafter.

The point of contact for these requirements is Sandra Ross, who may be reached by telephone at 703-695-9774, or by email at sandra.ross@osd.mil.

A handwritten signature in black ink, appearing to read 'Shay D. Assad', with a stylized flourish at the end.

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

BIENNIAL CERTIFICATION

As required by Director, Defense Procurement, Acquisition, and Strategic Sourcing memorandum titled *Reinforcing the Separation of Duties of Senior Leaders* dated _____, I certify that no senior leader in _____ (organization name) has performed multiple roles in a source selection for a major weapon system or major service acquisition during Fiscal Year(s) _____ (period covered).

Printed Name

Signature

Date

TAB C



ACQUISITION AND
TECHNOLOGY

DEPUTY UNDER SECRETARY OF DEFENSE
3015 DEFENSE PENTAGON
WASHINGTON, DC 20301-3015

APR 25 2008

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND
ASSISTANT SECRETARY OF THE ARMY
(ACQUISITION, LOGISTICS, AND TECHNOLOGY),
ASA(AL&T)
ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT & ACQUISITION),
ASN(RDA)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION), SAF/ACQ
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Department of Defense (DoD) Senior Contracting Leadership Positions

Section 813 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public. Law. 109-364), directed DoD to establish a "Panel on Contracting Integrity." The purpose of the Panel is to conduct a Department-wide review of progress made to eliminate areas of vulnerability in the DoD contracting system that allow fraud, waste, and abuse to occur and to provide Congress recommendations for continued improvement in law, regulation and policy that it determines necessary to eliminate such areas of vulnerability.

Unfilled senior contracting leadership (SCL) positions present a risk to integrity in contracting and should be minimized. To promote corrective action planning, we request you develop succession plans for SCL positions to preclude the use of dual assignments and long-term "acting" leaders and to minimize vacancies consistent with statutory and regulatory requirements.

The attached form contains a listing of SCL positions compiled by the DoD components. We request organizations to complete the information in the attached form and to develop succession plans for their respective positions. Return completed forms and provide initial succession plans by July 1, 2008 and annually thereafter.

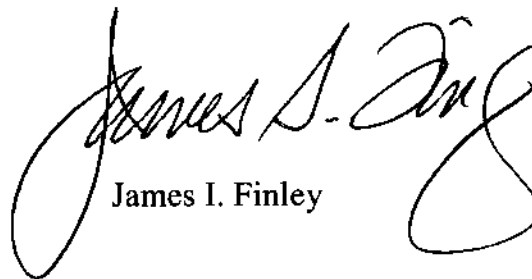


In addition to the information provided in the form, each succession plan should address the following elements:

- A list of potential subordinate or associate positions qualified to assume each civilian SCL position;
- Typical experiences, capabilities and training necessary for SCL incumbents to execute the functions of that position;
- Initiatives to reduce the length of vacancies and ensure an orderly succession.

Since military contracting positions currently conform to military manpower and career progression plans, full succession plans for these billets are not necessary. Report only the military position(s) qualified and tasked to assume each military SCL position.

My point of contact for this action is Ms. Mary Thomas, 703-693-7895, mary.thomas@osd.mil.



James I. Finley

Attachment

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEPARTMENT OF THE ARMY	If vacant,		Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	
[REDACTED]			YES / NO
Assistant Secretary of the Army, Acquisition, Logistics, and Technology (ASA-AL&T)			
Deputy Assistant Secretary of the Army (Policy & Procurement) (DASA-P&P)			
Military Deputy to DASA (P&P)			
Asst. DASA (P&P)-Iraq/Afghanistan			
[REDACTED]			
Director			
Director			
Commander			
Commander			
Principal Assistant for Acquisition for USAMRMC			
Program Executive Officer			
[REDACTED]			
Director			
Commander			
PARC			
PARC			

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEPARTMENT OF THE ARMY		If vacant,			Internal Succession Plan?
		Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
PARC	PARC, AMC PM-SANG				YES / NO
PARC	PARC, Army Sustainment Command (ASC) Contracting Center				
PARC	PARC, AMCOM LCMC				
PARC	PARC, C-E LCMC				
PARC	PARC, JM&L LCMC				
PARC	PARC, RDECOM				
PARC	PARC, SDDC				
PARC	PARC, TACOM LCMC				
Director/PARC	PARC, ACA Northern Region				
Director/PARC	PARC, ACA Southern Region				
PARC	PARC, ACA ITEC-4				
Director/PARC	PARC, ACA - The Americas				
Director/PARC	PARC, ACA - Pacific				
Commander/PARC	PARC, ACA Contracting Command Europe, (ACA-Europe)				
Commander/PARC	PARC, ACA Contracting Command, Southwest Asia (ACA-SWA)				
Commander/PARC	PARC, U.S. Army Contracting Command Korea (ACA-Korea)				
PARC	PARC, CCE				

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

	DEPARTMENT OF THE ARMY	If vacant,			Internal Succession Plan?
		Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
PARC	PARC, SMDC				YES / NO
PARC	PARC, MEDCOM				
PARC	PARC, USAMRMC				
Director/PARC	PARC, USACE-HQ				
PARC-ATL	PARC, USACE -Atlanta, GA				
PARC-DAL	PARC, USACE - Dallas, TX				
PARC-WIN	PARC, USACE - Winchester, VA				
PARC	PARC, NGB				
Deputy Director	PARC, INSCOM				
Director, Acquisition Center	PARC, PEO-STRI Acquisition Center				

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEPARTMENT OF THE NAVY		If vacant,		Internal Succession Plan?
		Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	
Assistant Deputy Commander for Contracting Management	Naval Supply Systems Command (NAVSUPSYSCOM)			YES / NO
Special Assistant for Contracting	Naval Supply Systems Command (NAVSUPSYSCOM)			
Lead Contracting Executive - COMFISCS	Naval Supply Systems Command (NAVSUPSYSCOM)			
Director for Contracts	Space & Naval Warfare Systems Command (SPAWARSYSCOM)			
Deputy Director for Contracts	Space & Naval Warfare Systems Command (SPAWARSYSCOM)			
Director of Contracts	NAVICP			
Deputy Director of Contracts for Aviation	NAVICP			
Deputy Director of Contracts for Maritime	NAVICP			
Head of Contracts	SSP			
Deputy Head of Contracts	SSP			
Director of Business Operations	Office of Naval Research			
Executive Director, Acquisition Management	Office of Naval Research			
Director, Contracts & Business Management	Military Sealift Command			
Deputy Director, Contracts and Business Management	Military Sealift Command			
Assistant Deputy Commandant, Installations and Logistics (Contracts and E-Business)	Headquarters, US Marine Corps (USMC)			
Deputy Director, Contracts, I&L	Headquarters, US Marine Corps (USMC)			
Assistant Commander, Contracts	Marine Corps Systems Command (MARCORSYSCOM)			
Lead Contracting Officer, Business Operations	Marine Corps Systems Command (MARCORSYSCOM)			

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEPARTMENT OF THE AIR FORCE	If vacant,		Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	
Secretary of the Air Force/Acquisition (Contracting) (SAF/AQC)			YES / NO
Associate Deputy Assistant Secretary (Contracting)			
Headquarters, Air Force Materiel Command/Contracting (HQAFMCM/PC)			
Air Combat Command/Contracting (ACC/A7K)			
Air Education and Training Command/Contracting (AETC/A7K)			
Air Mobility Command/Contracting (AMC/A7K)			
Air Force Space Command/Contracting (SPC/A7K)			
PACAF/A7K - Pacific Air Forces/Contracting (PACAF/A7K)			
Electronic Systems Center/Contracting (ESC/PC)			
Air Armament Center/Contracting (AAC/PC)			
Warner Robins Air Logistics Center/Contracting (WRALC/PC)			
Ogden Air Logistics Center/Contracting (OALC/PC)			
Oklahoma City - Air Logistics Center/Contracting (OCALC/PC)			
United States Air Forces Europe/Contracting (USAFE/A7K)			
Space and Missile System Center/Contracting (SMC/PC)			
Air Force Reserve Command/Contracting			
Director of Contracting			

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

UNIFIED COMBATANT COMMANDS	If vacant,			Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
US Special Operations Command (US SOCOM)				YES / NO
Special Operations Acquisition Executive (Senior Procurement Executive)				
Director of Procurement (Head of the Contracting Activity)				
Deputy Director of Procurement (Competition Advocate)				
US Special Operations Command				
US Special Operations Command				
US Special Operations Command				
US Transportation Command				
US Transportation Command				
US Transportation Command				
US Transportation Command				
Senior Procurement Executive				
Director, Acquisition				
Deputy Director, Acquisition				
Chief, Program Management Division				

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

OFFICE OF THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY & LOGISTICS DEFENSE PROCUREMENT AND ACQUISITION POLICY	If vacant,			Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
Director, Defense Procurement and Acquisition Policy				YES / NO
Deputy Director, Program Acq & Contingency Contracting				
Deputy Director, Contracts Policy & International Contracting				
Deputy Director, Defense Acquisition Regulation System				
Deputy Director, Cost, Price & Finance				
Deputy Director, Program Development & Implementation				
Deputy Director, Strategic Sourcing				

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEFENSE AGENCIES AND DOD FIELD ACTIVITIES	If vacant,			Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
Director, Contracts Management Office				YES / NO
DARPA				
Director of Contracting				
DeCA				
DCMA Director; Senior Procurement Executive (SPE)				
DCMA Deputy Director				
Executive Director, Contracts; Head of Contracting Activity (HCA)				
Deputy Executive Director, Contracts				
DFAS				
Director of Contract Services				
Chief of Contract Operations				
Chief of Contract Policy & Compliance				

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEFENSE AGENCIES AND DOD FIELD ACTIVITIES	If vacant,			Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
Program Manager, Integrated Card Management Officer				
	DFAS			
Chief of Contract Policy				
	DFAS			
Director of Procurement and Chief, Defense Information Technology Contracting Office (DITCO) (HCA)				
	Defense Information Technology Contracting Organization			
Deputy Director of Procurement and Chief, Defense Information Technology Contracting Office (DITCO) (HCA)				
	Defense Information Technology Contracting Organization			
Agency Competition Advocate and Ombudsman				
	Defense Information Technology Contracting Organization			
Acquisition Executive (CAE/SPE)				
	DIA			
Head, Contracting Activity (HCA) and Deputy AE				
	DIA			
Deputy, HCA and Competition Advocate				
	DIA			
Senior Procurement Executive/Component Acquisition Executive				
	DLA			
Deputy Director, Acquisition Management Directorate/Competition Advocate				
	DLA			

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEFENSE AGENCIES AND DOD FIELD ACTIVITIES	If vacant,			Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
Chief, Acquisition Operations Division				YES / NO
Executive Director, Contracting and Acquisition Management, DSCP	DLA			
Executive Director, Contracting and Acquisition Management, DSCC	DLA			
Executive Director, Contracting and Acquisition Management, DSCR	DLA			
[REDACTED]				
Business Deputy, Defense Contracting	DSCA			
[REDACTED]				
Associate Director, Business Enterprise, CAE	DTRA			
Chief, Contracts Office and Head of the Contracting Activity	DTRA			

[REDACTED]				
Director of Contracting	MDA			
Deputy Director of Contracting/Competition Advocate	MDA			
National Geospatial-Intelligence Agency (NGA)				

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEFENSE AGENCIES AND DOD FIELD ACTIVITIES	If vacant,			Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
[REDACTED]				YES / NO
Director, Acquisition Contracts				
Deputy Director, Acquisition Contracts, R&D, Major Systems				
Deputy Director, Acquisition Contracts, Compliance & Policy				
[REDACTED]				
Chief, Contracting Group and Head of Contracting Activity				
Deputy Chief, Contracting Group				
Senior Contracts Advisor, Contracting Group				

DEPARTMENT OF DEFENSE SENIOR CONTRACTING LEADERSHIP POSITIONS

DEFENSE AGENCIES AND DOD FIELD ACTIVITIES	If vacant,			Internal Succession Plan?
	Length of Vacancy (calendar days)	Length of time filled by an "acting" (calendar days)	Staffing Status	
[REDACTED] [REDACTED] Acquisition Agency (AA)				YES / NO
Chief of Procurement				
DoDEA				
[REDACTED] [REDACTED]				
Director, Acquisition Management and Support				
OASD(HA)/TMA				
[REDACTED] [REDACTED]				
Director, Acquisition and Procurement Office				
WHS				
Deputy Director, Acquisition and Procurement Office				
WHS				

TAB D



THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

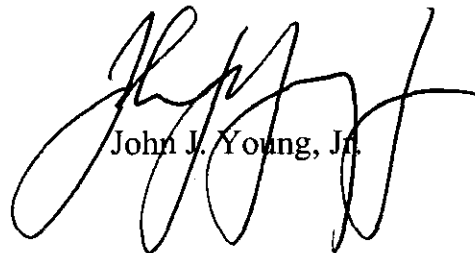
DEC 04 2008

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR PERSONNEL
AND READINESS

SUBJECT: Panel on Contracting Integrity Implementation of Action 2b, "Include an Integrity Performance Element in NSPS and SES Performance Plans"

Section 813 of the John Warner National Defense Authorization Act for FY 2007 (Pub. L 109-364) directed the Department to establish a "Panel on Contracting Integrity" composed of a DoD-wide cross section of senior leaders to eliminate areas of vulnerability within the defense contracting system that allow fraud, waste, and abuse to occur. In the 2007 Report to Congress, the Panel recommended that both National Security Personnel System (NSPS) and Senior Executive Service (SES) performance evaluations include an integrity or ethics objective.

I have required an integrity or ethics statement in the performance plans for acquisition personnel to demonstrate our commitment to the highest standards of integrity. The attached sample statements are for your consideration for both the forthcoming draft NSPS directive and for performance evaluations under the SES "Pay for Performance" system.


John J. Young, Jr.

Attachment:
As stated



ATTACHMENT

Ethics awareness may be integrated into the performance plan by incorporating one of the following sample statements under the mandatory Leadership/ Supervision performance element:

- “Demonstrates ethical leadership in the management of personnel and programs and defines ethical requirements and expectations, cascading these into each employee’s performance process.”
- “Demonstrates effective and ethical individual and organization leadership to assess situations realistically; identifies and recommends or implements needed changes.”

TAB E



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

NOV 08 2008

MEMORANDUM FOR: SEE DISTRIBUTION

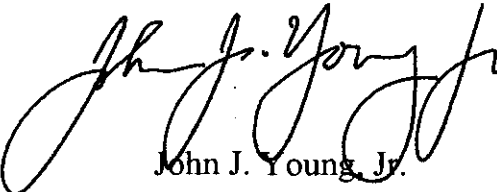
SUBJECT: Implementing Processes to Measure Consistency of Tone at the Top

Section 813 of the John Warner National Defense Authorization Act for FY 2007 (Pub. L. 109-364) directed the Department to establish a "Panel on Contracting Integrity" composed of a DoD-wide cross section of senior leaders to eliminate areas of vulnerabilities within the defense contracting system that allow fraud, waste, and abuse to occur.

The Panel pointed to inconsistency of tone at the top as a contracting vulnerability and identified ways to improve Contracting Integrity (attached). Discussing these issues at every opportunity – in meetings and forums, within your community, and with industry – will help us achieve the highest standards of integrity. At a time when the confidence of the public in many institutions is questioned, we must insist on transparency in our procurement system.

Please make acquisition integrity the center of your everyday decision making and culture. It has to start at the top.

Sincerely,



John J. Young, Jr.

Attachment:
As stated



DISTRIBUTION LIST:
SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND
COMMANDER, U.S. TRANSPORTATION COMMAND
DEPUTY UNDER SECRETARY OF DEFENSE (LOGISTICS
AND MATERIAL READINESS)
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS
DIRECTOR, DEFENSE PROCUREMENT, ACQUISITION POLICY,
AND STRATEGIC SOURCING
DIRECTOR, PORTFOLIO MANAGEMENT
DIRECTOR, SMALL BUSINESS PROGRAMS

ATTACHMENT

Methods to Improve Contracting Integrity

- Communicate values and expected behavior clearly and convincingly. Hold leaders accountable for establishing an ethical culture. State that unethical conduct will not be tolerated. When conducting a staff meeting or offering remarks, discuss the organization's values as well as its mission. Emphasize the importance of our responsibilities as guardians of the public purse and the primacy of our responsibility to the taxpayers. Frequent communication is important. It takes time for the tone at the top to filter down through the organization.
- Remove the perception that ethics is the general counsel's responsibility, rather than everybody's responsibility. Address ethics at offsites with senior leadership, at town hall meetings, and in other intra-agency communications. Continually reinforce ethics through communications. Be consistent in your message that integrity is essential; do not ignore, joke about, or dismiss it off line or when you are talking to smaller groups.
- Lead by example. Make it clear that you will not tolerate compliance risks. Convey with your actions that compliance, credibility, and long-term reputation are more important than short-term gains. Extend the talk to private industry, requiring activities, and others to prevent product substitution, mischarging, defective pricing, progress payment fraud, and antitrust violations.
- Make ethics and compliance part of your regular education and training efforts; go beyond prepared briefings to embrace well-conceived, real-life situations and dialogue. Address ethics as they relate to issues at hand. Consistently follow and enforce the Joint Ethics Regulation, including conducting annual ethics training, and require completion of the Defense Acquisition University's Continuous Learning Module on Ethics. Include fraud prevention and detection training.
- Assign authority and responsibility appropriate to the individual. Place individuals in situations where they are able to succeed. Make integrity part of the promotion, compensation, and evaluation processes. Including an ethics or integrity objective in performance plans and appraisals reinforces the importance of integrity.
- Examine and monitor your management control systems.
- Punish unethical actions. Consistent discipline requires strict adherence to the prescribed disciplinary measures. If there is an ethical or legal lapse, be candid about it, acknowledge it, and do not try to minimize it.

- Remind your people of safe mechanisms for reporting violations. Ensure that all personnel know whom to contact to report misconduct. Promote the anti-fraud hotline and ensure confidentiality of reports. Communicate leadership pledge to the whistleblower protection policy to prevent reprisals by superiors and coworkers.
- Refer to the provisions in the Joint Contingency Contracting Handbook to ensure we adhere to our ethical values under the pressure of a contingency/combat environment.

TAB F

Appendix 5

Contracting

Environmental Influences Impact the Contracting Career Field

Workload for the Department of Defense (DoD) contracting workforce has significantly increased since 2001, and heavy demands will continue due to a number of environmental influences and factors. Factors include the continuing Global War on Terror, the need for expeditionary capability, recapitalization of DoD weapons assets, and increased attention to management of contracted services. From Fiscal Year (FY) 2001 to 2007, the number of contracting actions over \$100,000 has increased by 62 percent. The corresponding dollars obligated increased by 116 percent. While the size of the workforce has remained relatively stable since 2001, over the next six years, the impact of the loss of experience through the loss of the Baby Boomers generation will impact the community.

Workforce Forecasting/Analysis of DoD-wide Contracting 1102 Workforce

A forecasting analysis for the Contracting 1102 occupation has been completed as indicated by the figures provided in this Appendix. The initial input for this analysis will continue to be reviewed for accuracy and updated as appropriate. Additional analysis will be included in the AT&L HCSP update Appendix. Figure 1 depicts the distribution of the number of DoD 1102 workforce members by age and by retirement system. The civilian population's retirement age eligibility plus the number of years in which 50 percent historically retire was computed. Based on this analysis, 32 percent of the current contracting community can be projected to be above the retirement line median within 10 years. Figures 2a and 2b identify the size of the 1102 workforce for FY 2004 through 2007 based on the Defense Civilian Personnel Data System (DCPDS). Figure 2a includes projections for FY 2008 through 2014, assuming a steady state at the FY 2007 level. Figure 2b assumes a growth in FY 2008 through FY 2014 consistent with total gains exceeding losses from FY 2004 through 2007 and assumes no constraint on hiring. Projecting workforce size will be the subject of continuing analysis and updated as part of human capital strategic planning efforts. The expected increase in Army hiring and retirements from the Baby Boomer generation workforce will also be considered. Figure 3 depicts the combination of new hire accessions, other gains and maximum losses that would be needed to maintain the steady state projections in Figure 2a. Noted is that retirements account for less than 51 percent of the contracting community's

projected losses. Other loss categories include movement to other Federal agencies, acceptance of positions in the private sector, or internal transfers within DoD components. Collectively, they account for the majority of typical losses in component contracting communities. As discussed above, workload in term of obligated dollars and contracting actions has significantly increased since 2001, and increasing demands are expected to continue over the next six years due to increased mission demands. These demands are being assessed and will be factored into following forecasts and analysis.

All DoD 1102 Contracting Age Distribution by Retirement System

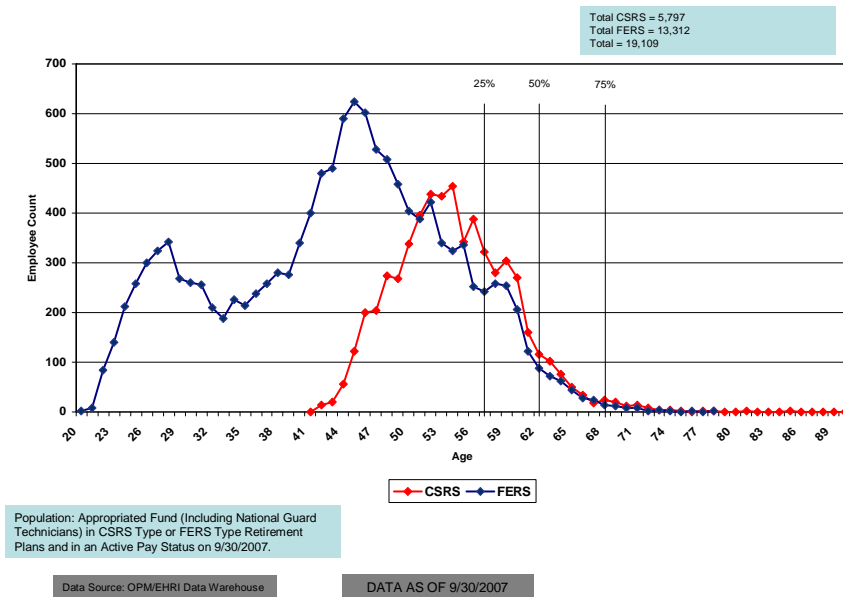
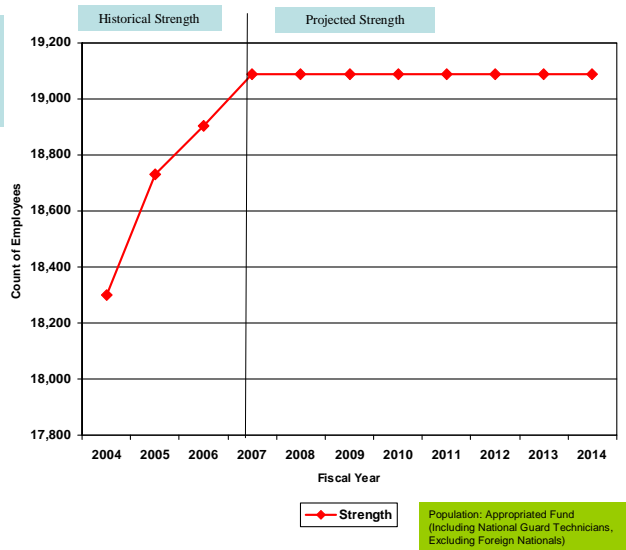


Figure 1. Age Distribution by Retirement System

DOD 1102 Contracting Strength History & Projections

- Steady state can also be maintained at FY07 levels of 19,090 by controlling gains.

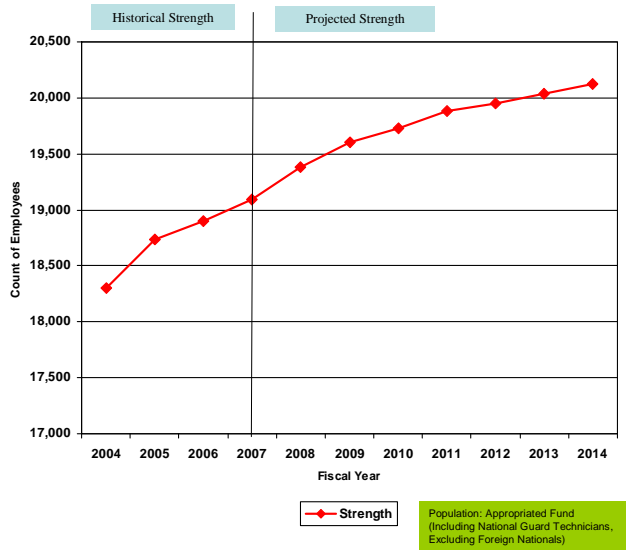


Data Generated by OPMEHRI CIVFORS Application

Figure 2a. Strength History and Projections

DOD 1102 Contracting Strength History & Projections

- Historically, strength has increased from FY04 to FY07 and is projected to range between 19,382–20,125 from FY07 to FY14 if total gains continue to exceed losses.

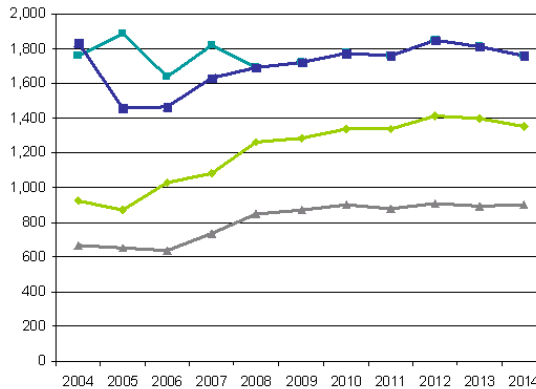


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Figure 2b. Strength History and Projections

DOD 1102 Contracting Accessions vs. Total Losses and Retirements

- Combined accession & retention goals to achieve projected end-strength from FY08 through FY14 (Note 1):
 - *Accessions Goal: Need accessions of 1,266 to 1,357 per year
 - **Other Gains: approx 410
 - ***Retention Goal: Total losses should not exceed 1,693 to 1,762 per year



	Sep-04	Sep-05	Sep-06	Sep-07	Sep-08	Sep-09	Sep-10	Sep-11	Sep-12	Sep-13	Sep-14
Total Accessions	922	874	1031	1079	1286	1287	1341	1342	1410	1396	1357
Total Gains	1763	1696	1638	1621	1693	1725	1775	1763	1848	1811	1762
Retirements	669	652	639	738	890	874	905	878	910	896	903
Total Losses	1936	1496	1486	1634	1693	1725	1775	1763	1848	1811	1762

Fiscal Year

Note 1: Numbers summarized – exact or projected numbers reflected in table

- Total Gains { *Accessions Goal number is comprised of just new hires to government
- { **Non-Accession Gains Goal number is comprised of gains from inactive status and transfers in from other government agencies
- Total Losses { ***Retention Goal number is comprised of losses due to retirement and losses due to Inactive status and Transfers out to other government agencies

Data Generated by OPM/EHRI CIVFORS Application

Figure 3. Accessions vs Total Losses and Retirements

Strategies to Address Meeting Workforce Requirements

Competency Assessment

The Under Secretary of Defense for Acquisition, Technology and Logistics is partnering with the Components to update competencies for all functional AT&L communities under its auspices, including contracting. Ensuring updated competencies will add to the value and reliability of results from workforce member competency assessments. The Office of the Secretary of Defense (OSD) and Component contracting senior leaders have partnered to conduct a workforce-wide assessment of the 22,000-plus civilian and military contracting professionals. The assessment results will be used to further define and validate the competencies required for the contracting community to deliver mission-critical capabilities across six domains; major systems acquisition, logistics and sustainment, base operations, architect and engineering/construction, research and development, and contracting in an expeditionary and/or combat environment. The competency inventory for the contracting workforce includes analyses associated with mission area, career level, and job function. Several organizations—including the Defense Logistics Agency; the Army Corps of Engineers; some Air Force commands; the Army's Life Cycle Management Center, Communications and Electronics Command; and the U.S. Marine Corps contracting workforce members working in a combat environment have now

completed competency assessments utilizing this model. To date, well over 6,000 professionals have conducted the assessment. The assessment will be completed in the summer 2008. A benchmark practice of the contracting effort has been the high level of involvement of contracting senior leaders. On May 10, 2007, and again on December 12, 2007, DoD contracting senior leaders conducted three-day offsites to review and discuss the competency update and assessment initiative. The next senior leader offsite will be conducted in May 2008. A report addressing the results of the DoD-wide contracting competency assessment will be published in the first quarter of FY 2009. The contracting community is also working to establish a continuous process to define and maintain the competencies required to deliver mission-critical contracting capabilities and to integrate competency assessment results and workforce analysis into ongoing Component force structure and workforce planning efforts.

The Army is also conducting an Army-wide competency assessment of all Army occupational series to include the contracting 1102 series. These results will also be integrated with Army contracting workforce planning efforts.

Recruitment/Hiring/Development/Retention

Army. The end-strength goals of the 1102 series within the Department of the Army are under review. The Army is in the process of reviewing the report generated by *The Commission on Army Acquisition and Program Management in Expeditionary Operation*, better known as the Gansler Commission's Report, and other Government contracting reports to determine the requirements and resources needed to address findings and recommendations. An Army Contracting Campaign Plan Task Force has been created, which will identify support requirements (personnel, facilities, equipment, contracts, etc.) and develop the 'way-ahead' for execution of the task force mission.

DON. The Navy and Marine Corps are addressing current recruiting and retention challenges with contracting specialists. Current DON recruitment initiatives and DOD and Component partnering on workforce planning are estimated to be sufficient to meet level workforce replacement requirements in the out years. A variety of recruitment strategies are utilized. For example, where applicable, reemployed annuitants are targeted. Retiring military personnel with DoD contracting experience are also actively recruited and transitioned into the civil service.

Additional tactics are being used to recruit, develop and retain personnel. Naval commands have developed relationships with associations, colleges, and universities to ensure that students are familiar with the DON contracting mission. DON has successfully participated in targeted recruiting events at select colleges and universities to reach highly desirable candidates with career-related degrees. Student loans are repaid on a limited basis. Additionally, in FY 2008, a Severely Disabled Veteran's Initiative was implemented to target these special candidates for Navy intern programs.

The Naval Acquisition Intern Program (NAIP) prepares interns to complete increasingly complex acquisitions and to assume important positions in the DON contracting workforce. Interns participate in a three-year training and education program that is tailored to one of six career fields. In FY 2007, the Department of the Navy hired 122 contracting interns. Beginning in FY 2008, an increase to approximately 180 per year through the Future Years Defense Plan (FYDP) is anticipated.

In the acquisition intern program, both tuition assistance and government-provided training are used to further employee development. Where appropriate, retention incentives are used on a limited basis.

Air Force. Air Force contracting relies on its intern programs to meet future entry level requirements. It has Federal Career Intern Program authority through the Air Force Material Command (AFMC)-wide Copper Cap Intern program and a pilot program in which Robbins Air Force Base (Warner Robins,, Georgia) has teamed with area colleges and universities. The Air Force contracting career field has also initiated a human capital strategy study to assess the future contracting environment, identify gaps, develop goals and objectives to resolve the gaps, and develop a specific set of realistic and valuable initiatives to optimize the human capital way ahead. There is ongoing training and continuing education to meet Defense Acquisition Workforce Improvement Act (DAWIA) certification bench marks. Retired military members are part of the 1102 work force recruitment pipeline, and recruitment of this group has almost doubled from 8 percent (358) in 1997 to 15 percent (698) in 2007.

Defense Logistics Agency. From June 2007 to September 2007, a competency assessment survey was provided to the Defense Logistics Agency (DLA) contracting workforce (2,087 employees in the 1101 and 1102 job series). This was a weighted assessment survey (50 percent employee self assessment and 50 percent supervisor assessment of employee). The survey content included technical contracting, professional, and Enterprise Business Systems (EBS) competencies. It also included questions regarding the frequency of the competency, i.e., how often the knowledge and behavior was used. Also included were the ethics and integrity tools and resources, and e-Business tools and resources. DLA partnered with the OSD Director of Procurement and Acquisition Policy and the Defense Acquisition University (DAU) in the development of the assessment survey. The completion response rate of the survey was 90 percent. The survey data results are being analyzed and reported to DLA leadership in order to assist in the determination of next steps. These should include the reviewing of training events, linking them to the identified competencies gaps, and incorporation of them into an individual's competency-driven individual development plan.

DoD-wide Certification Training

Members of the DoD contracting career field are required to achieve the certification level required for their position. Certification standards include education, experience, and training requirements. Contracting training requirements include resident and online courses provided by the DAU or an equivalent provider. As members of the DoD acquisition workforce, contracting professionals are also required to maintain currency by completing 80 hours of continuous learning every two years. Courses that are based on specific job assignments are also available, as well as just-in-time online training. A core plus guide has been developed to assist individuals in identifying appropriate training. Additionally, DAU is developing a crosswalk between the competencies in the competency assessment and training courses. Additional training opportunities in contingency contract training, pricing, and for contracting officer representatives are being developed.

Next Steps

The Department has significant efforts underway to strengthen contracting workforce capability and readiness. The Under Secretary of Defense for Acquisition, Technology and Logistics stood up the Task Force for Contracting and Contract Management in Expeditionary Operations to address all of the Gansler Commission's Report recommendations, to include those on workforce. The Department is integrating the efforts of this Task Force with the many related activities underway within DoD. The Task Force is composed of senior OSD leaders, representatives for the Military Departments, the Defense Contract Management Agency, and the Joint Contingency Contracting cell for Iraq\Afghanistan. The contracting community will complete its community-wide competency assessment in the summer 2008, and a report will be published in October 2008 that will be used to integrate competency assessment results and workforce analysis into ongoing component force structure and workforce planning efforts.

TAB G



ACQUISITION AND
TECHNOLOGY

DEPUTY UNDER SECRETARY OF DEFENSE
3015 DEFENSE PENTAGON
WASHINGTON, DC 20301-3015

AUG 29 2008

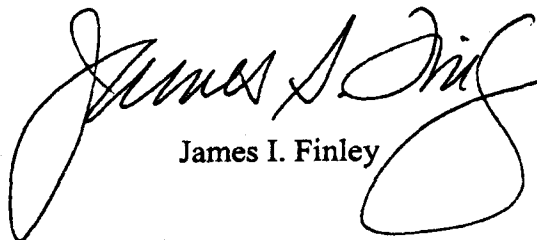
MEMORANDUM FOR: DEFENSE ACQUISITION WORKFORCE DEVELOPMENT
FUND WORKING GROUP

SUBJECT: Defense Acquisition Workforce Development Fund FY08 Execution Plan

I have completed a detailed review of the FY08 Defense Acquisition Workforce Development Fund (DAWDF) execution plan and many of the individual FY08 workforce proposals. I thank you for all the work everyone has done in getting us to this point. The fund provides us with unique opportunities to make real improvements within the acquisition workforce. I believe we are very close to a final decision on moving forward. As a result of my review, and a short update with Mr. Young on August 14, 2008, I have tasked Mr. Mark Whiteside at DAU to work with you to complete the following:

- 1) Reallocate the budget profile across the FYDP to better align our spend plans with budget plans.
- 2) Review and update all funding request documents to ensure they clearly define the request and identify what we get. We need greater detail.
- 3) Ensure appropriate alignment of funding proposals with the 11 line items structured for FY08 execution.

Request you take prompt action to address these three items, as I plan to release the FY08 funding for us to get started with a well defined and accountable baseline once they are completed. Also, thank you for your support in helping us complete the Charter. I have attached the final document for your information and action as appropriate.



James I. Finley



DEFENSE ACQUISITION WORKFORCE DEVELOPMENT FUND

Charter

A. **PURPOSE:** This charter prescribes the mission, responsibilities, and membership of the Defense Acquisition Workforce Development Fund (DAWDF) management structure.

B. **MISSION:** The mission of the DAWDF Steering Board (SB), Fund Manager, and Working Group is to ensure that the statutory and policy provisions under which the DAWDF operates are adhered to, that the purposes of the fund are met, and that the fund supports the needs of the Department of Defense acquisition community. The scope includes administration and program management functions of the DAWDF, uses for which the fund may be applied, allocation of resources to specific initiatives, execution and reporting of the fund initiatives.

C. **STEERING BOARD MEMBERSHIP:** The DAWDF Steering Board is comprised of senior leaders across the Enterprise. Members include:

The Deputy Under Secretary of Defense for Acquisition and Technology, **Chair**
Assistant Secretary of the Army for Acquisition, Logistics and Technology
Assistant Secretary to the Assistant Secretary of the Navy for Research, Development and Acquisition

Assistant Secretary of the Air Force for Acquisition

The Deputy Under Secretary of Defense (Comptroller) and Chief Financial Officer.

The Deputy Under Secretary of Defense for Civilian Personnel Policy.

The Director of the Defense Contract Management Agency.

The Component Acquisition Executive of the Defense Logistics Agency.

The Component Acquisition Executive of the Defense Information Systems Agency.

The Director, Human Capital Initiatives, Office of the Under Secretary of Defense for Acquisition, Technology and Logistics, **Deputy Chair**

The Functional Leaders of the Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program.

The Fund Manager, Executive Secretary (DAU- Performance Resource Management)

Designated individuals authorized to act in the event of vacancies in the above offices.

Alternates for members who are unable to attend Steering Board meetings shall be authorized to fully represent the absent Steering Board principal.

Ad hoc members shall participate at the invitation of the Chair.

D. **DAWDF STEERING BOARD:** The Steering Board is advisory to the Under Secretary of Defense for Acquisition, Technology and Logistics and the Deputy Under Secretary of Defense for Acquisition and Technology. The Board provides strategic oversight on all aspects of the DAWDF. The Steering Board shall have the following oversight responsibilities:

1. Governance of the Fund
2. The process of crediting amounts to the Fund
3. The uses of the Fund to support strategic priorities for AT&L
4. Alignment with the DoD Civilian Human Capital Strategic Plan and the AT&L Human Capital initiatives
5. Fund allocation to the DoD Components for execution of approved initiatives, based upon recommendations from the Fund Working Group, and specifically approved by the DAWDF Chair

6. The measurable outcomes (metrics)
7. Annual review of the Fund
8. Guidance and direction to the Fund Manager

E. UNDER SECRETARY OF DEFENSE (COMPTROLLER) AND CHIEF FINANCIAL OFFICER (USD(C)) REPRESENTATIVE: This representative will perform the following role and responsibilities:

1. Establish the Fund as a transfer account for the receipt of credited funds and the expenditure or transfer of funds in accordance with statutory requirements
2. Annually determine the contributions required from the Military Departments / Defense Agencies in accordance with the statute, and based upon the AT&L data from the Federal Procurement Data System – next Generation (FPDS NG) base for service contract obligations.
3. Ensure the Military Departments/Defense Agencies credit the appropriate amounts to the DAWDF account.
4. Coordinate on the DAWDF report to Congress
5. Review the DAWDF Allocation Execution plan prior to release of funds

F. DEPUTY UNDER SECRETARY OF DEFENSE, CIVILIAN PERSONNEL POLICY (DUSD CPP) REPRESENTATIVE: The DUSD CPP representative will ensure integration of the Steering Board efforts with the Defense Acquisition Workforce Section of the DOD civilian Human Capital Strategic Plan.

G. FUND MANAGER: The Fund Manager of the DAWDF is directly responsible and accountable to the Deputy Under Secretary of Defense for Acquisition and Technology for the fund. The DAWDF Manager shall have the following responsibilities:

1. Issue annual fund administrative guidance
2. Perform the Program Manager function/duties for the fund
3. Chair DAWDF Working Group
4. Conduct DAWDF Working Group Annual Portfolio Review
5. Conduct DAWDF Working Group Quarterly Portfolio Execution Reviews
6. Conduct DAWDF Working Group Reviews of new Component initiatives as required during the execution year
7. Document and communicate decision(s) and issues of the DAWDF Working Group to SB, and communicate SB direction(s)
8. Oversee Military Departments/Defense Agencies & Defense Acquisition University's execution of allocated funds
9. Maintain fund database and records
10. Prepare report on DAWDF execution
11. Report annually to Congress in November under NDAA Section 852
12. Accountability and tracking of Fund expenditures

H. DAWDF WORKING GROUP: The DAWDF Working Group is established under this Charter to support and advise the Steering Board, and manage the execution of the Fund. Its membership shall comprise a representative of each of the members of the Steering Board, to include Military Departments and Defense wide Agencies Director, Acquisition Career

Managers (DACM). It shall be chaired by the Fund Manager. The Working Group will meet at the call of the Chair, normally bimonthly. The DAWDF Working Group shall have the following responsibilities:

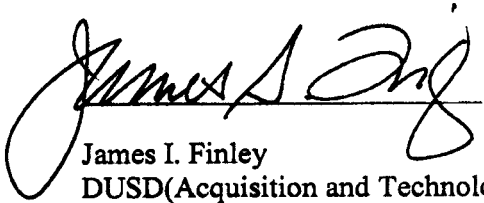
1. Review and approve Military Departments/Defense Agencies and Functional Leader DAWDF portfolio annually
2. Provide recommendations to the DAWDF Steering Board, including guidance concerning administration of the Fund
3. Ensure initiatives & expenditures support statutory intent, i.e., recruiting and hiring, training and development, and recognition and retention
4. Elevate unresolved issues through the Fund Manager to the Steering Board
5. Conduct Quarterly Portfolio Execution Reviews
6. Conduct reviews of new component initiatives as required during the year of execution

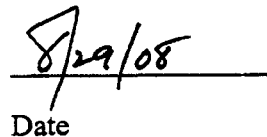
I. DIRECTOR, ACQUISITION CAREER MANAGERS: (DACM) RESPONSIBILITIES AND AUTHORITIES. The DACMs shall serve as the principal Military Departments/Defense Agencies focal points for DAWDF matters and shall have the following responsibilities:

1. Develop and submit Military Departments or Defense Agencies initiatives and priorities to the Fund Manager
2. Execute the Fund in accordance with Steering Board guidance, approval by the Working Group of the Military Departments/Defense Agencies plan, and respective priorities
3. Provide measurable objectives, track project performance (metrics) and provide reports to the DAWDF Manager on an agreed-upon intervals
4. Reallocate funding between line items, as required, after obtaining the concurrence of the DAWDF Manager
5. Propose new initiatives or line items as necessary
6. Submit information to the DAWDF Manager to support reporting requirements

J. MEETINGS: The Steering Board will meet at the call of the Chair, normally on a quarterly basis, and beginning in the 4th quarter, FY 08.

K. EFFECTIVE DATE: This Charter will commence on the date the Deputy Under Secretary of Defense for A&T affixes his signature, and will remain in effect until rescinded by the same Deputy Under Secretary or his successor.


James I. Finley
DUSD(Acquisition and Technology)


Date

TAB H



ACQUISITION
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

JUL 16 2008

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT),
ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/ACQ
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Coordinated Contract Policy Execution Review Plan

Section 813 of the National Defense Authorization Act for Fiscal Year 2007 directed the Department of Defense to establish a Panel on Contracting Integrity. The purpose of the Panel is to conduct a Department-wide review of vulnerabilities that might lead to contracting fraud, waste, and abuse and provide Congress with recommendations for improvement.

The Panel identified the following contracting areas of vulnerability.

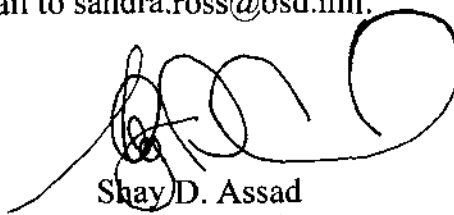
- Lack of documentation supporting the determination of a commercial item.
- Contract actions are not definitized within the required time frames and lack documentation supporting the basis for the profit/fee negotiated.
- Competition requirements for orders placed against multiple award contracts (to include Federal Supply Schedules (FSSs) orders and Blanket Purchase Agreements established under FSSs) are frequently waived without adequate documentation justifying the waiver.
- Failure to use available pricing information or adequately document fair and reasonable price determinations for sole source awards.



Review of these areas should be incorporated into your execution reviews/procurement management reviews. The criteria and the review plan action to address these vulnerabilities are included in the attachment.

Please report actions taken to incorporate review of these areas of vulnerability into your execution reviews/procurement management reviews by September 30, 2008. The results will be included in the Panel's 2008 Report to Congress.

Components are requested to report the status of reviews to DPAP, as well as any recommendations for DoD policy revision/clarification, by October 31, 2009 and annually thereafter. Questions regarding these requirements may be addressed to Ms. Sandra Ross at (703) 695-9774 or via email to sandra.ross@osd.mil.

A handwritten signature in black ink, appearing to read 'Shay D. Assad', with a large circular flourish at the end.

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

Attachment:
As Stated

Attachment

Department-wide Areas of Contracting Vulnerability

Identified Vulnerability	Criteria	Review Plan Action
<p>1. Lack of documentation regarding the <i>determination of a commercial item</i>.</p>	<p>The DFARS 212.102 specifies that, when using FAR Part 12 procedures for acquisitions exceeding \$1million in value, the contracting officer must determine in writing that the acquisition meets the commercial item definition in FAR 2.101, and the contracting officer must include the written determination in the contract file.</p>	<p>For commercial item acquisitions of \$1million and above, review contract files to verify that the file contains the required written determination.</p>
<p>2. Contract actions are not definitized within the required time frames and lack documentation supporting the basis for the profit or fee negotiated.</p>	<p>DFARS 217.7400 prescribes policies and procedures for <i>undefinitized contract actions</i> Specifically,</p> <ul style="list-style-type: none"> i) DFARS 217.7403(a) places limitations on use of UCAs; ii) DFARS 217.7404-1 lists approval requirements for the use of UCAs; iii) DFARS 217.7404-2, requires inclusion of a ceiling price; iv) DFARS 217.7404-3 requires timely definitization of UCAs; v) DFARS 217.7404-4 limits obligation of funds before definitization; and vi) DFARS 217.7404-6 sets allowable profit when the final price of a UCA is negotiated after a substantial portion of the required performance has been completed. 	<p>Review undefinitized contract actions to assess if contracting activities adhere to relevant DFARS requirements.</p>

Attachment

Department-wide Areas of Contracting Vulnerability

Identified Vulnerability	Criteria	Review Plan Action
<p>3. Competition (fair opportunity) requirements are frequently waived without adequate support for orders against multiple award indefinite-quantity contracts (to include Federal Supply Schedules (FSSs) and Blanket Purchase Agreements (BPAs) established under FSSs).</p>	<p>DFARS 208.405-70(b) and 216.505-70(b) were revised, effective March 21, 2006, to:</p> <ul style="list-style-type: none"> i) Incorporate circumstances described at FAR 16.505(b)(2)(i) under which competition waivers may be appropriate; ii) Expand the requirement for fair opportunity on orders exceeding \$100,000 for services placed under multiple award contracts, to also apply to orders exceeding \$100,000 for supplies placed under multiple award contracts; iii) Establish approval requirements for exceptions to fair opportunity, consistent with those at FAR 8.405-6. <p>These changes expanded on the requirements set forth in DFARS 208.405-70(b), 216.505-70(b) and PGI 208.405-70 pertaining to orders greater than \$100,000 and BPAs established under FSS.</p>	<p>Review orders placed under multiple award contracts (to include FSS and BPAs established under FSS contracts) awarded after March 21, 2006 to verify that contracting officers adhered to relevant DFARS requirements and PGI.</p>
<p>4. Failure to use available pricing information or adequately support fair and reasonable price determinations for sole source awards.</p>	<p>FAR 15.403/ DFARS 215.403 address when contracting officers must obtain cost or pricing data if the procurement is above the Truth in Negotiation Act (TINA) threshold and none of the exceptions to submission of cost or pricing data apply. Contracting officers must obtain whatever information or data is necessary to determine a fair and reasonable price when TINA does not apply.</p>	<p>Review the procurement files to determine if:</p> <ul style="list-style-type: none"> (1) Cost or pricing data was obtained when required; or (2) Sufficient information, other than cost or pricing data, was obtained to support fair and reasonable price determinations.

TAB I



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

OCT 21 2008

MEMORANDUM FOR: SEE DISTRIBUTION

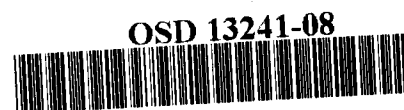
SUBJECT: Interagency Acquisition Policy Implementation Assessment

Section 813 of the John Warner National Defense Authorization Act (NDAA) for FY 2007 (Pub. L 109-364) directed DoD to establish a "Panel on Contracting Integrity." This panel is a Department-wide cross section of senior leaders with a mission to eliminate areas of vulnerabilities within the defense contracting system where fraud, waste, and abuse occur. The Panel identified two areas of vulnerability in Interagency acquisition – pre- and post-award oversight processes and the consideration of fees during the selection of interagency contracts.

Interagency acquisition requires the cooperation of customers, program managers, contracting officers, and financial managers to ensure we are making good business decisions. Specific requirements include: (a) verification that each organization's internal policies are compliant with current DoD policy listed in Attachment A; (b) incorporation of the areas addressed in Attachment B as special interest items for use in command inspections, procurement management reviews, and operational readiness inspections during FY 2009; and (c) a report of findings to the Director, Defense Procurement, Acquisition Policy, and Strategic Sourcing by October 31, 2009, and annually thereafter through October 31, 2012.

This data will be reviewed during the collaborative audits of Interagency acquisition with DoDIG during 2010, 2011, and 2012, as required by Section 801, NDAA for FY 2008.

Attachments:
As stated



DISTRIBUTION LIST:

SECRETARIES OF THE MILITARY DEPARTMENTS

CHAIRMAN OF THE JOINT CHIEFS OF STAFF

UNDER SECRETARIES OF DEFENSE

COMMANDER, U.S. SPECIAL OPERATIONS COMMAND

COMMANDER, U.S. TRANSPORTATION COMMAND

DEPUTY UNDER SECRETARY OF DEFENSE (LOGISTICS

AND MATERIAL READINESS)

DIRECTOR, DEFENSE RESEARCH AND ENGINEERING

ASSISTANT SECRETARIES OF DEFENSE

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

DIRECTOR, ADMINISTRATION AND MANAGEMENT

DIRECTORS OF THE DEFENSE AGENCIES

DIRECTOR, DEFENSE PROCUREMENT, ACQUISITION POLICY, AND

STRATEGIC SOURCING

DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS

DIRECTOR, PORTFOLIO MANAGEMENT

DIRECTOR, SMALL BUSINESS PROGRAMS

DIRECTORS OF THE DOD FIELD ACTIVITIES

ATTACHMENT A

DoD Interagency Acquisition Policy Implementation Assessment

DoD policy and guidance on use of Interagency Acquisition is accessible at http://www.acq.osd.mil/dpap/cpic/cp/interagency_acquisition.html. These policy documents include:

- Under Secretary of Defense (Comptroller) (USD(C)) and Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) policy memorandum of October 29, 2004, "Proper Use of Non-DoD Contracts," establishes a framework for making business decisions and requires Components to establish individual procedures to review and approve the use of non-DoD contract vehicles on or after January 1, 2005, for acquisitions greater than the simplified acquisition threshold.
- USD(AT&L)/DPAP memorandum of January 18, 2008, "Interagency Acquisition," clarifies and summarizes the germane USD(C) and USD(AT&L) policies in one document.
- Office of Federal Procurement Policy Guide, "Improving the Management and Use of Interagency Acquisitions," June 6, 2008, defines and standardizes roles and responsibilities in the Interagency Acquisition process. The Department participated in the development of the guide and endorses its use in Interagency Acquisitions.

ATTACHMENT B

DoD Interagency Acquisition Policy Implementation Assessment

Identified Action	Criteria	Review Plan Action
<p>1. Proper use of non-DoD contracts and non-DoD contracting organizations in Interagency Acquisitions</p>	<ul style="list-style-type: none"> • Office of Federal Procurement Policy Guide, "Improving the Management and Use of Interagency Acquisitions," dated June 6, 2008, defines and standardizes processes for Interagency Acquisition. • DPAP memo of January 18, 2008, amplifies and provides DoD-specific guidance regarding the proper use of non-DoD contracts and use of non-DoD contracting organizations. <p>FAR 6.3 and FAR 8.405-6 require program managers to:</p> <ul style="list-style-type: none"> • Perform due diligence and market research; • Provide the assisting agency with written justification for using other than full and open competition; • Ensure that statements of work/requirements clearly, precisely, and completely specify the supplies or service to be procured. 	<p>Review files regarding Interagency Acquisitions and associated Military Interdepartmental Purchase Requests (MIPRs) to determine compliance with DoD policy in both direct and assisted acquisitions.</p> <p>Files should include:</p> <ul style="list-style-type: none"> • Documentation that the acquisition meets a bona fide need; • A written agreement between the requesting agency and the assisting agency that clearly defines roles and responsibilities; • A determination that an assisted Interagency Acquisition is in the best interest of the Department; • Sufficient documentation to ensure an adequate audit.

DoD Interagency Acquisition Policy Implementation Assessment, continued

Identified Action	Criteria	Review Plan Action
<p>2. Adequate assessment of fees charged when determining to use Interagency Acquisition.</p>	<ul style="list-style-type: none"> • USD(C)/USD(AT&L) memo of October 29, 2004, requires that fees must be considered when determining to use interagency acquisition procedures. • DPAP memo of January 18, 2008, provides guidance that fees paid should be commensurate with task and effort provided by the assisting agency. It requires a best interest determination. • OFPP Guide requires the assisting agency to enter the dollar value of fees paid in the “Fee Paid for Use of Independent Delivery Vehicle (IDV)” field of the Federal Procurement Data System – Next Generation (FPDS-NG) database. It is a required field on Delivery Orders for both DoD and civilian agencies, and it records the actual fee paid in order to use the IDV. 	<p>During contract execution reviews, procurement management reviews, command inspections, or operational readiness inspections, verify that files contain documentation justifying that these assisted acquisitions are in the best interest of the government and that the fees paid for assisted acquisition services are reasonable. Files should include:</p> <ul style="list-style-type: none"> • Non-Economy Act Acquisition Package Checklist; • A record, by fiscal year, of the total dollar value of fees associated with each Interagency Acquisition order; • Contact information (name, organization, email address, telephone) for location of data on use and cost of interagency fees.

TAB J



**Original Report on Action Item 6a
DoD Panel on Contracting Integrity**

**Review Contracting Officer Representative (COR)
Functions/Responsibilities;
Develop DoD Standard for COR Certification**

Submitted to:

**Chair
Subcommittee on Sufficient Contract Surveillance
DoD Panel on Contracting Integrity**

Prepared by:

**Working Group
Subcommittee on Sufficient Contract Surveillance**

September 22, 2008

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B Plan of Action and Milestones for Action 6(a)	
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D Recommendation on the DoD Standard for COR Certification Attachment D (1) COR Functions Attachment D (2) Defined Competencies	

Section I: Executive Summary

This report represents the final deliverable of the Subcommittee on Sufficient Contract Surveillance (SCS) for calendar year 2008 action items of the Panel on Contracting Integrity.

Section 813 of the National Defense Authorization Act (NDAA) for FY 2007, required the Secretary of Defense to establish a panel to be known as the “Panel on Contracting Integrity” (hereafter, “the Panel”) to conduct reviews of progress made by the Department of Defense (DoD) to eliminate areas of vulnerability of the defense contracting system that may allow fraud, waste and abuse to occur and to recommend changes in law, regulations, and policy that it determines necessary to eliminate such areas of vulnerability. One area of vulnerability identified by the Panel is insufficient surveillance of services contracts by Contracting Officer’s Representatives (CORs).

The Panel established the Subcommittee on Sufficient Contract Surveillance and tasked the Subcommittee to:

- a. Review COR functions and responsibilities and develop a DoD Standard for COR Certification (hereinafter, “the Standard”);
- b. Mandate COR assignment prior to contract award; and
- c. Require that COR assignments be processed through COR management to ensure that COR management recognizes the importance of completing COR functions and requiring that performance of COR functions be addressed in the COR performance assessments.

The Subcommittee established an interdepartmental working group to complete these actions (see Appendix A).

Actions b and c are complete. A Deputy Secretary of Defense memorandum dated August 22, 2008 requires that CORs be designated before contract award and, when the Contracting Officer determines that a COR is required, that the Requiring Activity nominate a qualified COR, affirm that the COR will be provided necessary resources to perform designated functions, and affirm that performance of COR functions will be addressed during COR performance assessments.

With regard to action a, throughout calendar year 2008, the working group held periodic meetings and conference calls to develop the Standard. The working group gathered, evaluated and leveraged available DoD and non-DoD research studies, reports, audits, policies, and procedures related to contract surveillance and CORs.

It integrated the expertise of individuals from DoD activities who perform (or had performed) functions as CORs or Contracting Officers. The working group also engaged Defense Acquisition University (DAU) professionals who were working to develop a new COR training course. This extensive collaboration resulted in a COR Standard that reflects the diverse nature of the Defense environment and meets the objective of developing properly trained, capable CORs.

The working group recommends:

- ❖ A Standard for COR Certification based on three categories determined by the specifics of the instant contract requirement. Each category establishes essential competencies and minimum experience and training requirements according to the nature of the work to be performed, complexity level of the requirement, and contract performance risk. The categories are:

Type A: Low performance risk fixed priced requirements without incentives

Type B: Other than low performance risk requirements; and

Type C: Unique contract requirements requiring specialized training in addition to Type B COR specific training

- ❖ All personnel performing contract surveillance functions delegated by the contracting officer are covered by this Standard regardless of the term used to describe their position or assignment (e.g., alternate CORs, assistant CORs, COTRs, task order monitors, task order managers, performance assessment monitors, etc.). However, employees of a contract administration office that perform technical or administrative functions in connection with contracts, as delegated under FAR 42.202(a), are exempt from the Standard.
- ❖ Contracting officers determine whether a services contract will require designation of a COR. This will require changes to DFARS PGI 201.602-2.
- ❖ Requiring Activities, in coordination with the contracting officer, identify and nominate qualified individuals to serve as CORs, taking into consideration the nature of the work to be performed, the complexity level of the contract, performance risk, and other factors, as appropriate.

The Standard provides agencies flexibility to augment the minimum requirements, as necessary, to meet their mission needs. Specific training courses are not mandated to allow flexibility for development of new or identification of existing training programs that satisfy the Standard. Accordingly, reference to specific courses in the Standard is meant only as guidance.

The working group further recommends that a DoD-wide certification program be developed describing the process for COR certification, waivers and COR workforce management; identifying the roles and responsibilities of key stakeholders; listing available COR training resources; and defining a reasonable time-phased implementation plan for the Standard.

Section II: Introduction

A. Purpose

Develop a DoD Standard for COR Certification (hereinafter, “the Standard”) to ensure that properly trained, ready and capable CORs are available for surveillance of services contracts.

B. Background:

The Subcommittee tasked the working group with five significant events, including corresponding deliverables, for developing the Standard:

- ❖ Identify, obtain, and organize available information on COR functions and responsibilities for services contracts.
Deliverable: Organized central repository of COR information.
- ❖ Review and evaluate relevant information of COR functions and responsibilities.
Deliverable: Draft DoD COR Matrix of common functions and responsibilities.
- ❖ Define COR functions and responsibilities commensurate to contract complexity.
Deliverable: Revised draft COR Matrix to associate categories of contract complexity to functions and responsibilities.
- ❖ Develop COR Standard.
Deliverable: COR Standard Straw-man
- ❖ Submit recommendation on COR Standard to the Panel.
Deliverable: Report to Subcommittee Chair for Panel review.

Appendix B is the plan of action and milestones adopted by the working group.

C. Process/Methodology:

Between January and September 2008, the working group periodically held conference calls and meetings to evaluate and leverage available DoD and non-DoD research studies, reports, policies, and procedures related to government contract surveillance and CORs. The working group integrated the expertise of individuals from DoD activities who were performing (or had performed) functions as CORs or contracting officers. The working group also engaged professionals from the Defense Acquisition University (DAU), who contributed vital information and guidance to develop the Standard.

The working group gathered relevant available information on CORs and contract surveillance and organized this information in a central web-based repository. This information provided the working group a ready reference tool of current policies and practices on COR assignment and functions, which led to the development of a list of common functions and responsibilities for CORs.

To validate the listing of COR functions and responsibilities, the working group partnered with DAU and held an all-day COR-Think Tank session on April 11, 2008. Over twenty-five subject matter experts from across DoD with experience as CORs or as contracting officers, including several with recent contingency/expeditionary contracting experience, helped refine the COR functions and identify preliminary competencies for a COR training course being developed by DAU. The central repository of COR information, as well as the refined COR functions and preliminary competencies, were important milestones in the process.

Structure of the Standard: The working group analyzed the available COR information and decided that the Standard should be structured around the complexity of contract requirements and performance risk, and not an individual's career progression, such as in the DAWIA certification program. Individuals performing as CORs under services contracts are, for the most part, not members of the Defense acquisition workforce. They come from a wide array of technical and professional backgrounds and often perform COR functions as a "collateral assignment." Given the DoD's diverse nature of services work and its complexity, a concept of three-categories arose as a viable solution for the structure. Contract requirements have either low performance risk or other than low risk. Within the category of other than low risk, the working group noted that some COR functions were highly specialized or unique requiring a greater level of technical expertise. Thus, the working group decided that a third category addressing other than low risk specialized or unique requirements would be appropriate.

Description of the Standard: To differentiate between each COR type, the working group included examples of contract types and descriptors commensurate with the complexity level of a requirement. These descriptions are not all inclusive and are provided solely as guidance in the decision-making process for COR type selection. It is impracticable to define each COR type with sufficient precision to eliminate the need for the contracting officer to apply analysis and judgment to determine the right COR type. The description within each COR type is meant to foster analysis of the requirement and the risk factors which may affect performance under the contract.

Experience requirements: As the complexity of the services work increases, so should the experience requirements of technical experts performing as CORs. This was the underlying rationale followed by the working group. Any authorized representative of the contracting officer should at least meet minimum qualification standards to assure effective contract management. Initially, the working group relied on its members'

professional judgment and own experience as prior contracting officers to identify experience requirements in the Standard. It also used as a baseline an intelligence agency's draft policy on COR experience.

The working group agreed experience requirements should include not only relevant technical experience and COR experience, but also experience with DoD. The rationale for agency experience was based on the notion that an individual must have acquired a general understanding of DoD's organizational structure, policies and procedures. An individual must also demonstrate having the capability to understand the technical aspects of the contract requirement. For some requirements, an individual should have prior experience performing as a COR, given its complexity or importance to the agency's mission.

Training requirements: The working group's main concern was ensuring CORs obtain training relevant to the expected performance outcomes of CORs. It considered the length of COR training courses offered by DoD providers (i.e. DAU, ALMC) and relied on the professional judgment of DAU instructors and educational specialists to define minimum training hours. An individual assigned to a non-complex, low risk fixed-priced contract requirement would not necessarily need a comprehensive week-long training course. The more complex the requirement, the more comprehensive should be the COR training. The working group decided against identifying mandatory courses and instead focused on identifying what the training needed to cover. A focus on expected performance outcomes will allow agencies the flexibility to use available training as long as it meets the Standard.

Refresher training: Services contracts generally have performance periods of three to five years. An individual who is certified as a COR in a particular category, is routinely performing COR functions, and has regular communication with the contracting officer, may not require the same frequency of refresher training as one who performs COR functions intermittently given other assignments. Using the performance periods of services contracts as a baseline, the working group initially decided refresher training should at least occur within five years of the COR's designation/certification. However, in response to subject matter expert feedback, which strongly recommended more frequent refresher training, the working group adjusted the requirement to every three years. The working group also decided that an individual who is certified as a COR but has not performed as a COR in the last two years should be required to take refresher training before a contracting officer can designate the individual as a COR on a contract requirement.

Expected performance outcomes: The working group used the inventory of COR functions, Appendix D, to describe in the summary charts of Appendix D the expected performance outcomes for each type of COR. The expected performance outcomes reflect the duties and responsibilities of each type of COR performing under assigned contracts.

D. Considerations and Assumptions Influencing our Recommendation

1. **Considerations:** To develop the Standard, the working group considered the following:

Diverse nature of services work within DoD. The scope of services acquired by DoD—from basic housekeeping to installation of operational support requirements to sophisticated engineering and research services requirements—varies significantly in terms of function and complexity, and is supported by a highly diverse technical workforce. The personnel nominated to perform as CORs under DoD contracts are normally members of the requiring activity, either military or civilian (Wage Grade or Professional/Administrative Series). Many are not members of the Defense acquisition workforce. Some are performing COR functions in a contingency (expeditionary) environment. There is no centralized database tracking the population of individuals performing these functions. There is no centralized funding source for training. Therefore, personnel often experience difficulties accessing training for DoD contracting-related courses. They rely instead on their organizations' resources.

Contract performance risk as an important element. The risk associated with a contractor's ability to perform in a manner consistent with the contract's cost, technical, and schedule requirements, depends on a variety of factors. These include, for example, the nature of the requirement being procured, the mission needs of the agency, the location(s) where the work is to be performed, and the availability of resources. As a result, a similar requirement procured by two separate contracting activities may yield a different level of performance risk, and may merit assignment of a different COR type to each requirement. Contracting Officers, working with requiring activities, must evaluate contract performance risk for each contract requirement separately when determining the need for a COR and, when a COR is needed, the COR type.

Recent Government Accountability Office (GAO) reports and DoD Inspector General (DoD IG) Audits addressing CORs and contract surveillance. The underlying message in all of these reports is the need to ensure that properly trained individuals are assigned to do contract surveillance functions before contract award and understand they are accountable for their actions as CORs. Current DoD policy governing the assignment of personnel performing contract surveillance functions establishes the requirement for Contracting Officers to designate only properly trained and experienced personnel.

OFPP policy memo dated November 26, 2007. This memorandum establishes mandatory training and certification requirements for civilian agency personnel performing technical or administrative functions during contract surveillance, whether they serve as CORs, COTRs, or in another capacity. OFPP took a generalized approach to their Standard for COR Certification by requiring the same training and certification requirements for personnel performing technical and administrative functions during contract surveillance, regardless if these functions occur on highly specialized or less complex contract requirements.

Availability of COR training. The working group did not undertake a thorough assessment of COR training because such effort was beyond the scope of the action. However, working group members agreed that a general knowledge of the available government training would facilitate development of the Standard. DAU had an 8 hour continuous learning module, CLC106 – Contracting Officer Representative with a Mission Focus. However, DAU was in the process of developing a classroom course addressing, in part, the OFPP Standard and recent audit findings affecting DoD CORs in a contingency contracting environment. The new DAU course, as piloted, consists of 36 hours of training. The other DoD-sponsored COR training--a 40-hour course offered by Army Logistics Management Center, Fort Lee, VA was recently updated to reflect current policies, practices, and lessons learned. While aware that there is commercially available COR training, the working group did not specifically review or consider commercial COR training in developing the Standard.

Feedback from subject matter experts who are performing (or have performed) as CORs or contracting officers. The working group obtained and integrated feedback from employees of DoD activities and DAU during the process. Feedback primarily served to develop the common inventory of COR functions and to develop the recommended COR standard. A summary of the feedback is provided in Appendix C.

COR Certification Program. While necessary, the working group was advised that development of a process for COR certification and an implementation plan for the Standard were beyond the scope of this tasking. How and when the Standard will be implemented requires professional expertise beyond that available in this Subcommittee.

2. **Assumptions:** The following assumptions were considered in developing the Standard:

The Standard will not address career progression similar to the Defense Acquisition Workforce Improvement Act (DAWIA). The Standard will focus on the experience personnel should have and the minimum training requirements they must complete in order to effectively perform technical or administrative COR functions on services contracts. COR training and experience are directly related to the nature of the work (services) as well as to contract type, complexity and risk. The Standard will allow flexibility for components and activities to require training beyond the minimum, if deemed appropriate.

Contracting Officers will determine if a COR is required for a services contract. Although current DoD policy requires assignment of a COR for every services contract (DFARS PGI 201.602-2), the working group believes not all services contracts may require a COR. The consensus of the working group is that a COR should be designated when the nature of the contract in terms of its technical and administrative requirements are such that the contracting officer will not be able to adequately perform all of the necessary surveillance and other administrative duties without the support of a representative of the requiring activity. A change to current policy is necessary and will include a requirement that the contracting officer's decision that a COR is not necessary is justified in writing and approved at least one level above the contracting officer.

Requiring Activities are responsible for nominating and supporting CORs. When a COR is required, the requiring activity will nominate a qualified individual. The nomination package will describe how the proposed individual meets the Standard for the particular COR type required, and will commit the requiring activity to provide the COR with the resources necessary to perform effectively during the life-cycle of the contract.

CORs and contracting officers will communicate regularly during the life cycle of assigned services contracts. Currently, there is insufficient communication between CORs and contracting officers. The COR receives additional guidance on expected COR performance from the contracting officer. Regular communication between CORs and contracting officers may mitigate or avert contractor performance issues. Therefore, an effective communication process must be established between a COR and the contracting officer to ensure effective performance of assigned functions.

The COR Standard will focus on post-award contract surveillance functions. The nature of the technical or administrative functions that contracting officers delegate to CORs is related to post-award contract surveillance. Therefore, COR specific training should emphasize post-award contract surveillance functions. However, CORs may participate in acquisition planning or pre-award or award processes, if required, and should receive guidance or training in such areas.

Senior leadership will support a COR management process. The “tone at the top” regarding COR management will result in resources necessary for COR training and COR performance of work, including a greater sense of COR accountability for performance.

Descriptions or examples included within the Standard are general guidelines only and not all inclusive. Factors within the Standard identifying complexity levels or contract performance risk are not all inclusive and are only for general guidance. Dollar thresholds are not identified among the factors listed in the Standard, but, contracting officers may consider the dollar value of a requirement, among other factors, in determining the COR type that is needed, or in assessing the qualifications of an employee nominated to serve as the COR.

COR-specific training will be available to meet the Standard. The working group assumes that DAU will lead efforts to update existing training, develop new training, and validate other sources of COR specific training that meets the Standard.

A COR certification program will be developed to implement the Standard. The working group assumes that a DoD-wide certification program will be developed describing the process for COR certification, COR work-force management, the roles and responsibilities of key stakeholders, available COR training resources that meet the Standard, waivers, and a reasonable time-phased implementation plan for the Standard.

Section III: Recommended DoD Standard for COR Certification

A. Structure of the Standard: The outcome of our analysis results in a DoD Standard for COR certification that consists of three COR types, based on the nature of the work, complexity of the services contract requirement, contract performance risk, and other factors. The Standard identifies essential competencies and minimum training and experience requirements applicable to each category. The Standard also includes the expected performance outcomes of each COR type.

B. Product: The working group prepared a stand-alone document describing in detail the Standard for COR Certification. Appendix D contains the Standard which is submitted for Panel review and action.

Section IV: Next Steps

The following issues arose during the working group's deliberations, but were considered beyond the scope of Action 6a objective. The working group believes they are critical for success of the Standard, and need strategic-level attention and resolution.

COR workforce. CORs are representatives of individual requiring activities from both within and without common defined communities. The COR workforce is not strategically managed and there is no central database to facilitate COR workforce management. There is an undefined population of individuals performing COR functions on the Department's highly diverse services contracts (in terms of value, functions and complexity). Component management and oversight of CORs is essential to effectively implement the Standard for COR certification.

COR Training: DAU is developing a new COR training course, and there is also component-level COR training and commercially available COR training. COR performance is often an "extra-duty-as-assigned," and is over and above the individual's normal duties. COR management must ensure that individuals nominated or already serving as CORs obtain appropriate training, including training required by the Standard. To ensure trained CORs are available for performing surveillance of the Department's service contracts, COR management, training, and funding for COR training must be addressed at a strategic level when developing the COR certification program and implementation plan. Funding for COR training is the responsibility of the requiring activity. Implementation of a COR Standard will have significant impact on activity training budgets.

CORs in contingency/expeditionary environments. The working group believes it would be in DoD's best interest to provide CORs with training on unique aspects of COR performance in a contingency/expeditionary environment. This will increase the likelihood that an adequate number of appropriately trained CORs will be available for present and future contingencies. Accordingly, the working group has included a requirement for such training in the minimum mandatory training that applies to all CORs, except those for low performance-risk, fixed-price requirements without incentives.

To effectively implement the Standard, the following actions must be completed in the near future:

- ❖ Develop a list of COR training courses meeting the DoD Standard for COR Certification. Task DAU to evaluate current COR Training courses, including Government and commercial, and develop a list that will be disseminated to DoD Components via memo or DoD Instruction.
- ❖ Develop a COR Certification Program. The Program should describe the process for COR certification, identify the roles and responsibilities of key stakeholders, establish waiver approval requirements, list available COR training resources, among other requirements.
- ❖ Develop an Implementation Plan for the Standard. The implementation plan should consider a time-phased approach for meeting the Standard.
- ❖ Revise DoD policy/regulation to reflect requirements set forth in the DoD Standard for COR certification.
- ❖ Evaluate the feasibility of a centralized COR workforce oversight and management system.

Appendix A: Acknowledgement of Subcommittee Working Group Participants

The Subcommittee Chair, Mr. Michael F. Jaggard, established a working group in August 2007 to support the Subcommittee's efforts on action items assigned by the Panel. The working group's charter is attached to this Appendix as Attachment A1. The Chair of the Working Group was Mr. Peter M. Chase (Navy).

The individuals identified below participated in researching, evaluating, and developing the Standard recommended in this report.

Kathie Potter (Air Force)

Robert Friedrich (Army)

Leslie Deneault (Defense Acquisition University)

Deborah Neville (Defense Contract Audit Agency)

Kenneth W. Anderson (Defense Contract Audit Agency)

Sidney Tronic (Defense Contract Management Agency)

Patricia McGillen (Defense Logistics Agency)

Lise Mangerie (National Security Agency)

Evelyn Ortiz (Navy)

Robert F. Johnson (Navy)

Ronald L. Shingler (TRICARE Management Activity)

SUFFICIENT CONTRACT SURVEILLANCE (SCS) WORKING GROUP CHARTER

Purpose: To establish an interdepartmental working group to support the Subcommittee on Sufficient Contract Surveillance of the Department of Defense (DoD) Panel on Contracting Integrity.

Background: The Under Secretary of Defense (AT&L) established a Panel on Contracting Integrity as directed by Section 813 of the John Warner National Defense Authorization Act for Fiscal Year 2007. The Panel is conducting a Department-wide review of the defense contracting system to determine the Department's progress in eliminating areas of vulnerabilities in contracting that allow fraud, waste, and abuse to occur. The Panel's efforts must be summarized in a series of annual progress reports to Congress, the first of which is due December 31, 2007.

The Panel reviewed Government Accountability Office report GAO-06-838R [DoD Vulnerabilities to Contracting Fraud, Waste and Abuse](#) to identify the Department's targeted areas for improving contracting integrity. These key areas are sustained senior leadership, capable acquisition work force, adequate pricing, appropriate contracting approaches and techniques, and sufficient contract surveillance. Seven subcommittees support the Panel on Contracting Integrity. The Subcommittee on Sufficient Contract Surveillance is responsible for determining the acceptable level of contract surveillance that is required to ensure the Department receives its contracted goods and services.

Authority, Objectives, and Scope: The efforts of this working group are authorized and chartered by the Subcommittee on Sufficient Contract Surveillance. The working group will review current policy, processes, and practices within the DoD regarding contract surveillance of defense contracts, with primary focus on Contracting Officer Representative (COR) Training; COR Assignment Process; COR Accountability; and COR Surveillance Documentation. The following objectives will guide the working group's efforts:

- Identify COR training requirements
- Develop common COR assignment process
- Define COR accountability requirements
- Identify contract surveillance documentation requirements

Membership: Army, Navy, Air Force, Defense Contract Management Agency, Defense Contract Audit Agency, National Security Agency, ASD (HA) TMA, will each provide subject matter experts as members to this working group. The Working Group leadership will be the responsibility of the Navy.

Roles and Responsibilities: This task is a high priority for the DoD and requires the commitment of all participating organizations and personnel. Assigned members will leverage internal component resources and will coordinate with and report on information exchanges within their respective organization. The goal is to achieve timely consensus on issues and recommendations for corrective action throughout the Department. The working group lead will be responsible for assigning priorities, scheduling meetings, and reporting the findings and recommendations of the working group to the Subcommittee Chair.

Milestones: Brief Subcommittee on recommendations for input to the initial Panel report by September 20, 2007. By January 31, 2008, and quarterly thereafter, brief the Subcommittee on progress/status/recommendations.

Appendix B: Plan of Action and Milestones



Initial Action 6(a): Review Contracting Officer Representative (COR) Functions/Responsibilities to Develop a DOD Standard for COR Certification

Blue = Planned Dates

Green = Revised/Actual Dates

ID	Task Name	Dur	Start	Finish	Mar ~ Apr 08	May ~ June 08	July ~ Aug 08	September ~ December 2008
1	Identify, obtain, and organize available information on COR functions/ responsibilities for services contracts. Lead: SCS WG (Complete) <ul style="list-style-type: none"> Determine relevant information required. Confirm available DoD COR policies and processes. Obtain sample COR delegation or appointment letters. Obtain select civilian agencies' policies, processes, and & sample COR delegation letters. 	60 days	1/3/08	2/28/08				
2	Review/evaluate relevant information on COR functions/responsibilities. Lead: SCS WG: (Complete) <ul style="list-style-type: none"> Analyze COR information. Draft DoD COR matrix of common function/responsibilities. 	45 days	3/1/08 3/1/08	4/15/08 3/28/08				
3	Define COR functions/responsibilities commensurate to contract complexity. Lead: SCS WG/DPAP (Complete) <ul style="list-style-type: none"> Identify categories of contract complexity. Revise draft DoD COR Matrix to associate categories of contract complexity to functions/responsibilities. 	60 days	4/16/08 3/31/08	6/15/08 6/11/08		Panel Mtg		
4	Develop COR Standard. Lead: SCS WG/DPAP (Complete) <ul style="list-style-type: none"> Map COR functions/responsibilities to competencies. Define COR minimum training/ experience requirements. Develop COR standard (straw man). 	90 days	6/16/08 6/11/08	9/15/08 8/15/08		Planned Actual		
5	Recommend COR Standard to DoD Panel on Contracting Integrity for approval. Lead: SCS WG/ DPAP (Complete) <ul style="list-style-type: none"> Refine COR Standard. Prepare recommendation/report & submit to SCS Chair. 	30 days	9/16/08 8/18/08	10/15/08 9/25/08		Panel Mtg Actual	Planned Panel Mtg	2008 Report Submitted

Appendix C, Summary Feedback on COR Functions and COR Standard

COR Functions.

The working group, in partnership with Defense Acquisition University (DAU) professionals, held an all-day “Think-Tank” session on April 11, 2008 at DAU, Fort Belvoir, VA. The purpose of this session was to obtain feedback from over twenty-five subject matter experts (SMEs) with current or past experience as CORs or contracting officers on the roles, responsibilities, and training needs of CORs assigned to services contracts. Each participant received preparatory information before the session; see Attachment C (1) to this Appendix. Attachment C (2) lists the participants who attended the session. The preparatory information included a draft master list of COR functions that the SCS WG developed by doing an extensive review of delegation letters, policy and training packages currently used by DoD and Non-DoD agencies. It also requested that the SMEs come prepared to share their experiences about what CORs are tasked to do and to think about what competencies are required to do these duties. The working group actively participated in this session.

The primary objective of the session was to integrate the SMEs’ input into the draft master list of COR functions, thus ensuring the COR function list not only represented what was evident by local policies and processes, but that it also reflected the real duties and functions being accomplished by COR’s. A secondary but equally important objective was to identify competencies that could be used as the basis of the COR Standard and certification program. Both objectives were achieved. DAU used these competencies and resulting performance outcomes to develop a new COR training course scheduled for release in October 2008.

The final inventory of COR functions is in Attachment D (1) of Appendix D. It provides a summary of the common technical and administrative functions contracting officers delegate to CORs, according to the nature of the work and complexity of a contract requirement. It contains pre-appointment responsibilities CORs must meet. The inventory segments COR functions into eight general categories, one of which is set aside for specialized services contracting requirements supporting, for example, major systems, certain contingency efforts, and handling of hazardous materials.

COR Standard.

On August 1, 2008, the working group asked SMEs from its respective activities to review the working draft of the DoD Standard for COR Certification, in particular, the charts which summarized the Standard in tabular format. The objective of this task was to solicit feedback on clarity, content, and structure of the Standard as well as to obtain input for experience and refresher training requirements, as described in an earlier version of the summary charts in Appendix D of this report.

Appendix C, Summary Feedback on COR Functions and COR Standard

Additionally, on August 21, 2008, the Subcommittee Chair submitted to the Panel the summary charts of the Standard requesting feedback on clarity, content, structure. In particular, Panel members were asked to advise the working group if there were any omissions or areas of concern that needed immediate attention before the document was official submitted for Panel review and coordination.

The working group evaluated all comments received as of September 5, 2008 and categorized them into the following specific areas: Structure of the Standard; Nature of the work/requirement for each Type; Required competencies; Experience requirements; Training requirements (including refresher training); and Expected performance outcomes. The following is a summary of the feedback received and evaluated by the working group. It describes any changes made to the Standard as a result thereof.

Structure of the Standard: The majority of the comments received consider the three-categories within the Standard acceptable. However, some recommended Contingency CORs be addressed as a 4th Type or in a separate standard. The working group believes it would be in DoD's best interest to provide COR Types B and C with training on unique aspects of COR performance in a contingency/expeditionary environment. This will increase the likelihood that an adequate number of appropriately trained CORs will be available for current and future contingencies. Having contingency efforts covered in both Types B and C will allow agencies sufficient flexibility to determine if unique or specialized training is needed to effectively perform assigned COR functions in the particular contingency environment.

Description of Nature of the Work/Requirement for each Type: The underlying message received from the feedback was that this area left room for varying interpretations as to which standard would apply in specific circumstances. There was a preference for the inclusion of a pre-determined set of factors that would clearly lead to selection of the right COR type for a particular requirement. For example, some comments suggested including dollar thresholds while others suggested listing more examples of the types of functions CORs perform, services covered, or contract types. The working group meant the descriptions within each type of COR to prompt contracting officers and Requiring Activities to consider and discuss the factors affecting contract performance risk when deciding the technical expertise/capability needed to perform the COR functions. These descriptions are not all inclusive and are provided solely as guidance in the decision-making process for COR type selection. It is impracticable to define each COR type with sufficient precision to eliminate the need for the contracting officer to apply analysis and judgment to determine the right COR type. The description within each COR type is meant to foster analysis of the requirement and the risk factors which may affect performance under the contract. A summary listing of COR functions (expected performance outcomes) is included within the Standard.

Appendix C, Summary Feedback on COR Functions and COR Standard

Required competencies: Most comments questioned why “negotiation” was among the competencies, because CORs have no authority to negotiate. A few questioned the meaning of some of the competencies (i.e., “influencing”). The working group used the same competencies that OFPP issued with its policy memorandum dated November 26, 2007. However, the working group made a few revisions to the competencies, e.g., removing “negotiation.” The working group also refined the definitions of the competencies to reflect the expected skills need for COR performance of functions.

Experience requirements: The majority of the comments varied as to how much experience, if any, should be required. Most recommended that relevant technical experience and COR experience should be included. Some suggested no relevant technical experience be specified, because the extent of experience will vary according to the contract requirement. Others argued that these experience decisions should be made by requiring activities, because COR resources typically belonged to them and suggested the requiring activity “certify” in the COR nomination package that the individual has the relevant technical experience to effectively perform delegated functions. A few questioned the relevance of requiring agency experience. Some asked for no COR experience requirements for COR Types B and C given limited COR resources, especially, in contingency contracting environments.

The working group agreed to retain agency experience based on the notion that an individual must have acquired a general understanding of DoD’s organizational structure, policies and procedures. An individual must have relevant technical experience and demonstrate the capability to understand the technical aspects of the contract requirement. For some requirements, an individual should have prior experience performing as a COR, given its complexity or importance to the agency’s mission. This is consistent with the intent of DFARS 201.602-2(ii) which states, in part, that CORs must be qualified by both experience and training commensurate with the responsibilities to be delegated. An agency may establish more stringent requirements, if necessary. The objective is to ensure individuals nominated to perform as CORs have the necessary qualifications. The working group kept the recommended minimum of six months of COR experience in Types B and C, because it allows activities the necessary flexibility, especially in the contingency contracting environment, where an individual may have not performed as COR but has the necessary technical expertise and training to effectively perform COR functions.

Training requirements: The majority of the comments indicate a general agreement with the number of training hours proposed for each type, but asked if CORs will be afforded a reasonable schedule to meet the Standard. Most recommend that other DoD training courses (e.g., Wide Area Work Flow-Receipt and Acceptance System [WAWF-RA], Performance Based Services Acquisition—CLC 013, Contracting for the Rest of Us—CLM 011, Contracting Overview-CLM 012) be specified within Standard.

Appendix C, Summary Feedback on COR Functions and COR Standard

The general consensus of the working group is that the Standard provides agencies the flexibility to require additional training if a particular contract requirement warrants the individual complete additional training to effectively perform the delegated COR functions. For contingency CORs, there are concerns regarding how CORs will have access to training resources to meet these requirements. The working group was asked to reconsider the number of hours for Type B CORs and instead require 32 hours based on a recent DAU COR training offering to a civilian agency. DAU clarified that the particular course excluded contingency training and other DoD unique aspects not necessary for civilian agency CORs. As a result, the Standard for training remains unchanged.

Refresher Training: The strong underlying message from the feedback is that refresher training needs to address COR functions, it must occur more frequently, and the frequency should depend on whether an individual routinely performs COR functions. The majority of the subject matter experts recommend refresher training for COR-specific training occurring within 2 to 3 years of COR certification. Very few comments suggested a 5-year term. The working group adjusted its original 5-year term for refresher training to occur every 3 years from COR certification if the COR routinely performs COR functions and earlier if the COR has not performed COR functions within the last 2 years. In general, commenters agreed that the number of hours for refresher training appeared reasonable; however, they questioned what refresher COR training is available or will be available to meet the Standard.

Expected Performance Outcomes: Comments in this area did not require substantial revision to the COR functions. Several comments expressed concern with one function listed for Types B and C, because it seems to indicate that CORs have authority to approve payments for cost, labor hour or T&M contracts which would conflict with DoD policy. Types B or C CORs are not limited to cost-type contracts. Others questioned why there were at least two pre-award functions listed for CORs (i.e., assist in acquisition planning; assist in award process) arguing COR functions are post-award. Others asked that a function be added: “Assist with QASP development.” In response, the working group made minor revisions to the Standard.

General comments: The working group received other comments regarding, for example, who makes the final decision if a COR is required and which type of COR applies; who is covered by the Standard; how the Standard is applied by both the contracting officer and the Requiring activity; whether formal education can be a substitute for experience requirements; how a COR is certified as meeting the Standard—provide a description of the process; whether waivers will be allowed; and other implementation concerns. To the extent practicable, the working group made revisions in the final document (Appendix D) addressing most of these concerns. However, some of these comments address actions beyond the scope of our tasking and require execution during subsequent Panel action items.

Appendix C, Attachment C (1) COR Think-Tank Information

Introduction: Thank you for your participation in the Sufficient Contract Surveillance Work Group (SCS WG) off-site scheduled for April 11, 2008 from 0800 – 1530. We will be meeting in Classroom 82, in building 208 of the Defense Acquisition University, Fort Belvoir, VA. The purpose of this offsite is to obtain your professional expertise and feedback regarding the roles, responsibilities, and training needs of Contracting Officer Representatives (CORs) for services contracts. We hope you find the following information useful.

Background: Our working group supports the DoD Panel on Contracting Integrity. The Panel is performing a DoD-wide review of our defense contracting system to eliminating areas of vulnerabilities in contracting that allow fraud, waste, and abuse to occur. The Panel's primary goals/objectives are to identify actions to eliminate these vulnerabilities. By December 31 each year, the Panel's efforts must be summarized in a series of annual progress reports to Congress.

One of the areas the Panel identified for improving is the area of contract surveillance of services contracts. The Panel established the Subcommittee on Sufficient Contract Surveillance which is responsible for determining the acceptable level of contract surveillance that is required to ensure DoD receives its contracted goods/services. Our SCS WG is tasked with reviewing current policy, processes, and practices within the DoD regarding contract surveillance of defense services contracts, with primary focus on Contracting Officer Representative (COR) Training; COR Assignment Process; COR Accountability; and COR Surveillance Documentation.

Our SCS WG is tasked with the following actions:

- √ Action 6(a): Review Contracting Officer Representative Functions/Responsibilities; Develop DoD Standard for COR Certification.
- √ Action 6(b): Mandate COR assignment prior to contract award
- √ Action 6(c): Process COR appointment through management and require written assurance that COR performance will be included in performance assessments

We need your assistance with Action No. 6(a).

Requested Action/Feedback for the Off-Site: Please review Attachment (1) which contains a draft master list of COR functions that the SCS WG developed using information obtained from DoD and Non-DoD agencies. We solicit your comments or additional input to refine this list. The segment of this list "preparatory functions" are ones CORs must perform before assuming the COR functions.

Next please review/answer the questions in Attachment (2). These questions ask for information you believe, based on your experience, the SCS WG should consider in finalizing Action 6(a). We would appreciate if you come to the offsite prepared to discuss these questions along with any proposed changes you feel should be made to the master list of COR functions.

Please contact your SCS WG agency representative if you need clarification or additional information before the meeting. We look forward to meeting you on April 11th. Again, we'll be meeting in Classroom 82, Building 208 at DAU.

Appendix C, Attachment C (1) COR Think-Tank Information

Attachment (2): Questions for Contracting Officer Representatives

The following is meant to promote discussion during the think-tank session. Based on your experience:

1. What other duties, responsibilities, or functions does a COR need to perform effectively?
2. Competencies are areas of personal capability that enable people to perform successfully in their jobs by completing tasks effectively. A competency can be knowledge, attitudes (i.e. proactive, diligent) skills (i.e. technical) or values (i.e. integrity) Competency can be acquired through talent, experience, or training. Some examples include:
 - Understands the effort to be provided to meet contract requirements
 - Understands terms and conditions of a contract
 - Communicates effectively with contractors and stakeholders
 - Understands the technical issues within the contract
 - Identifies and analyzes problems

List the top 10 competencies you think that CORs need to effectively perform their duties.

3. CORs are required to receive training before assuming COR duties. Based on your experience, are there specific areas that would you like to see addressed? What areas or topics do you feel have not been adequately addressed? What training areas do you believe are better suited for a classroom setting rather than on-line? What training areas do you feel may be appropriately delivered on-line?
4. The Office of Federal Procurement Policy has established a 40-hour training requirement for CORs in civilian agencies. Do you believe that DoD should establish a similar standard? Should the standard for training be driven by the nature and complexity of the service contracts CORs monitor? How would separate or allocate training for complex and less complex work?
5. Contracting Officers appoint CORs in writing, delegating specific COR responsibilities. Are you comfortable that your communications with the Contracting Officer are sufficient? If not, how would you improve them?
6. In a perfect world, the COR would be involved early in the acquisition process. Where in the acquisition process do you believe the COR should become involved?

**Attachment C (2), Acknowledgement of Participants at COR “Think-Tank” Session
April 11, 2008**

The individuals listed below participated in an all-day COR “Think-Tank” session held on April 11, 2008 at the Defense Acquisition University (DAU), Fort Belvoir, VA.

Jacques Azemar, ACMA
Theresa Elliott, AF
Ken Flowers, AMC
Jana Weston, DASA P&P (Army)
Bob Johnson, DASN A&LM*
Evelyn Ortiz, DASN A&LM*
Leslie Deneault, DAU*
Linda Lipscomb, DAU (Facilitator)
Bill McGovern, DAU (Facilitator)
Lisa Schneider, DAU
Ken Anderson, DCAA*
Debbie Neville, DCAA*
Alicia Allen, DCMA
Sidney Tronic, DCMA*
Patricia McGillen, DLA*
Claude Winters, DLA
Robert Friedrich, HQDA*
John C. Williams, HQDA, ODASA (P&P), SAAL-PP
Sean Donohue, MCSC (USMC)
Michael Fletcher, NAVFAC HQ
Jerry Christofel, NAVFAC Washington
Joe Tannenbaum, NAVSEA
Simone R., NSA
Lise Mangerie, NSA*
Patricia Jerman, PEO EIS (Army)
Betsy Ann Matich, SAF/AQC
Matthew Minnier, TMA
Ron Shingler, TMA*
Mary Byrd, SAAL-PP (Army)
Leigh Bandy, US Army Corps of Engineers
Lynn Harper, USACE PARC-Winchester

**Sufficient Contract Surveillance Working Group Members*

Appendix D: Recommendation on the DoD Standard for COR Certification

SUBJECT: Department of Defense (DoD) Standard for Contracting Officer's Representatives (COR) Certification

Reference: (a) DEPSECDEF Memorandum dated August 22, 2008, Subject: Monitoring Contract Performance in Contracts for Services

1. Purpose. This document:

1.1. Identifies the essential competencies and minimum training and experience requirements for personnel who perform technical or administrative contract surveillance functions under Department of Defense (DoD) services contracts.

1.2. Implements DoD policy which requires that only properly trained and experienced personnel be nominated to perform technical and administrative contract surveillance functions under services contracts when required and delegated by Contracting Officers.

2. Applicability and Scope. The DoD Standard for COR Certification (hereinafter referred to as the "Standard") applies to:

2.1. The Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all organizational entities within the Department of Defense (hereafter collectively referred to as the "DoD Components").

2.2. All personnel who perform contract surveillance functions under services contracts in their capacity as a COR, as that term is defined in Paragraph 4 below.

3. Background.

3.1. Section 813 of the John Warner National Defense Authorization Act (NDAA) for Fiscal Year 2007 (Pub. L. 109-364) directed the Secretary of Defense to establish a Panel on Contracting Integrity (hereinafter referred to as "the Panel") to review progress DoD has made to eliminate areas of vulnerability that allow for fraud, waste, and abuse to occur in the defense contracting system and to recommend changes in law, regulations, and policy that it determines necessary to eliminate such areas of vulnerability. The Panel identified inadequate surveillance of services contracts as an area of vulnerability and recommended several measures to ensure sufficient contract surveillance. Contract surveillance is important, because DoD risks paying contractors more than the value of goods and services they provide if surveillance is insufficient, not conducted, or undocumented.

Appendix D: Recommendation on the DoD Standard for COR Certification

3.2. One of the measures the Panel directed is the development of a DoD Standard for COR Certification to ensure that properly trained and ready CORs are available before contract award. Individuals nominated for COR assignment are generally members of the requiring activity and are not members of the DoD acquisition workforce. They must have the requisite competencies, experience, and training to effectively perform contract surveillance. Properly trained individuals will have a better understanding of the role they have in assuring contractors perform according to the schedule, cost, quality and quantity requirements specified in the contract. Individuals who are unfamiliar with the contract requirements or lack an understanding of how to perform and document contract surveillance increase the risk for fraud, waste, and abuse to occur.

3.3. This document establishes essential competencies and minimum training and experience requirements for personnel nominated to perform as CORs and provides agencies the flexibility to augment these requirements, as necessary, to meet mission needs. It represents the first step in a series of steps that are necessary to ensure properly trained and qualified personnel are available before contract award for COR assignments.

4. Definitions. For purposes of this standard, the following terms have the meaning set forth below:

4.1. **Agency experience** means experience acquired as a DoD or non-DoD employee (including as a contractor employee) that provides insight into DoD's organizational structure, policies, and procedures that are relevant to performance of COR duties and responsibilities.

4.2 **Competencies** are capabilities developed through a combination of training, experience and formal education.

4.3. **Contracting Officer's Representative (COR)** means an individual who is designated and authorized in writing by the contracting officer to perform specific technical or administrative functions on contracts or task orders. For purposes of the application of the Standard, the term COR includes any individual (military or civilian) performing these types of functions on services contracts regardless of the term used to describe their position or assignment (e.g., alternate CORs, assistant CORs, Contracting Officers' Technical Representatives (COTRs), task order monitors, task order managers, performance assessment monitors, etc.). These individuals serve a critical role in assuring contractors meet the performance requirements of contracts in terms of cost, quality, quantity, and schedule. Only contracting officers have the authority to delegate these functions. The term COR does not include employees of a contract administration office who perform technical or administrative functions in connection with contracts that have been delegated under FAR 42.202(a) to the contract administration office.

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4.4. **COR experience** means experience performing technical and administrative functions delegated by a Contracting Officer.

4.5. **COR specific training** means training that is relevant to the performance of COR duties and responsibilities.

4.6. **Contingency** means a military operation that—

Is designated by the Secretary of Defense as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force; or

Results in the call or order to, or retention on, active duty of members of the uniformed services under section 688, 12301(a), 12302, 12304, 12305, or 12406 of 10 U.S.C., chapter 15 of 10 U.S.C., or any other provision of law during a war or during a national emergency declared by the President or Congress.

4.7. **Services contract** means a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. A service contract may be either a non-personal or personal contract. It can also cover services performed by either professional or nonprofessional personnel whether on an individual or organizational basis. Examples of a services contract include, but are not limited to, the following: Maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment; Routine recurring maintenance of real property; Housekeeping and base services; Advisory and assistance services; Operation of Government-owned equipment, real property, and systems; Communications services; Architect-Engineering services; Transportation and related services; among others. Contracts for construction, as defined in FAR 2.101, are excluded from the Standard.

4.8. **Relevant technical experience** means experience in technical, professional, or administrative field(s) that is commensurate with the responsibilities that will be delegated to the COR under the contract. Relevant technical experience is generally acquired through job performance or through direct observation of events or activities (e.g., while in a trainee, intern or similar developmental position).

4.9. **Performance Risk** means risk associated with a contractor's ability to perform a contract in a manner consistent with the contract's cost, technical, and schedule requirements. Performance risk varies depending on the nature of the requirement being procured, mission needs of the agency, and other factors. Similar requirements procured by two separate contracting activities may have different levels of performance risk as a result of other factors that have a bearing on the contractors' performance. For example,

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risks associated with essentially identical requirements may be different if one contractor is a start-up firm with little experience and the other has been performing the same or similar requirements for years. Contracting Officers must evaluate contract performance risk for each contract requirement separately when determining the need for COR resources and the COR type required.

5. Responsibilities.

5.1. **Contracting Officers** are responsible for deciding if they need an individual to serve as their authorized representative (i.e., as their COR) for purposes of monitoring the technical or administrative aspects of contractor performance during the life-cycle of a contract. When a contracting officer determines a COR is needed, the contracting officer will provide the requiring activity a list of responsibilities for the COR as required by reference (a), and will also identify the type of COR required in accordance with Section 6.3.2 of this document. Contracting officers must delegate specific authority to the COR to perform the technical or administrative functions needed to ensure the contractor provides quality products and services according to their contracts. Contracting officers should work closely with requiring activities to ensure the activities nominate individuals to serve as CORs who have the essential qualifications to effectively perform the assigned functions.

5.2. **Requiring Activities**, in accordance with reference (a), are responsible for identifying and nominating individuals for COR assignments, and ensuring that the individuals will be provided the necessary resources (time, supplies, equipment, opportunity) to perform the designated functions. In nominating a COR, the requiring activity will also affirm that the COR and COR management understand the importance of completing COR functions and that COR performance will be addressed as part of the COR's performance assessment.

5.3. **CORs** are responsible, after a contracting officer designates them to serve as a COR, for ensuring they fully understand the scope of their delegated responsibilities and the limitations of their authority. If they have any questions or issues regarding their responsibilities or authority, they must obtain clarifications from the contracting officer before they begin performing as the COR. CORs are also responsible for obtaining training and experience they need to remain qualified to serve as CORs. This includes obtaining mandated refresher training in a timely manner and ensuring information attesting to the completion of training is available to contracting officers in accordance with agency procedures.

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6. Requirements.

6.1. General Requirements. Individuals who serve as CORs must have the requisite competencies, experience, and training to effectively perform contract surveillance. Some competencies are general in nature (e.g. oral and written communication, reasoning) while others are more technical or specialized (e.g. business ethics, effective contract performance management). Experience is generally acquired through practice, such as in a military or civilian job position, or through direct observation of events or activities, such as in a trainee position. Required training may be obtained from DoD-wide providers (DAU, ALMC, etc.), DoD components or their subordinate activities, or other Government or commercial providers, as long as it meets the Standard. The COR's participation in training must be documented in writing (this may include maintenance in an electronic data base).

6.2. Specific Requirements.

6.2.1. For purposes of the Standard, there are three categories of CORs:

6.2.1.1. Type A CORs may be used when the contract is fixed-priced without incentives and is determined to have low performance risk;

6.2.1.2. Type B CORs are required for other than low risk requirements, except those that require a Type C COR; and

6.2.1.3. Type C CORs must be used when the contract includes unique requirements that necessitate specialized training above that required for Type B CORs (that is specialized training that is over-and-above any agency-unique training mandated for all or most Type B CORs).

6.2.2. The competencies, experience, and training required for individuals to serve as each type of COR for DoD services contracts are set forth in the below charts. Agencies may augment these requirements, as appropriate, to meet mission specific needs.

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Type	Nature of the Work/Requirement	Required Competencies	Experience/Training Requirements	Expected Performance Outcomes
A	<p>Low performance-risk, fixed-price requirements without incentives. Attributes of such requirements might include, for example: lack of technical or administrative complexity, no identifiable risk factors, limited requirement for technical expertise, low likelihood of modifications, effort is a follow-on to an existing contract, etc.</p> <p>COR duties/responsibilities are generally limited to minimal technical and/or administrative monitoring of the contract.</p>	<p>General: Attention to Detail Decision-Making Flexibility Oral and Written Communication Problem Solving Reasoning Self-Management/Initiative Teamwork</p> <p>Technical: Business Ethics Effective Communication of Contract Requirements Effective Contract Performance Management Effective COR Performance</p>	<p>Experience:</p> <ul style="list-style-type: none"> • Relevant technical experience: A minimum of 6 months* • Agency experience: A minimum of 6 months* • COR experience: None <p style="text-align: center;"><i>*may be acquired concurrently</i></p> <p>Training:</p> <ul style="list-style-type: none"> • At least 8 hours of COR training that is designed to meet the Type A COR expected performance outcomes (e.g. CLC 106) • At least 1 hour of acquisition ethics training (e.g. CLM 003 or agency equivalent) • Any additional training mandated by the Agency (e.g., WAWF RA) <p>Refresher Training:</p> <ul style="list-style-type: none"> • A minimum of 8 hours of COR specific training: <ul style="list-style-type: none"> (i) every 3 years, OR (ii) prior to assuming COR responsibilities if the individual has not served as a COR within the last 2 years. • At least 1 hour of acquisition ethics training (e.g. CLM 003 or agency provided) annually • Any additional training mandated by the Agency 	<p>Upon completion of mandatory training, COR should be able to perform at least the following functions <u>in a manner consistent with the nature of a Type A contract</u>:</p> <ol style="list-style-type: none"> 1. Assist in acquisition planning. 2. Establish/maintain a COR file with all required documentation. 3. Identify/prevent unethical conduct and instances of fraud/waste/abuse. 4. Perform technical monitoring and reporting duties in accordance with a QASP (e.g., review technical submittals; ensure compliance with SOWs/SOOs, etc.). 5. Perform administrative monitoring and reporting duties in accordance with a QASP (i.e., handle security issues, attend meetings, etc.) 6. Monitor proposed changes. 7. Monitor contract expenditures. 8. Monitor contract schedule compliance. 9. Perform liaison duties between the Contractor & Contracting Officer for management of the contract. 10. Inspect/accept deliveries/services in conformance w/contract terms and conditions. 11. Review and, if authorized, approve contractor payment requests. 12. Monitor the control/disposition of government-furnished assets. 13. Assist in contract closeout.

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Type	Nature of the Work/Requirement	Required Competencies/ Capabilities	Experience/Training Requirements	Expected Performance Outcomes
B	<p>Other than low risk requirements. Attributes of such requirements might include, for example: the nature of the work is more complex, effort will be performed in multiple regions or in remote geographic locations, contract contains incentive arrangements or cost sharing provisions, effort is in support of a contingency effort, contract is a cost-type or T&M/LH type.</p> <p>COR duties/responsibilities are of increased complexity.</p>	<p>General: Attention to Detail Decision-Making Flexibility Influencing/ Persuasive Interpersonal Skills Oral and Written Communication Planning and Evaluating Problem Solving Reasoning Self-Management/Initiative Teamwork</p> <p>Technical: Business Ethics Defining Government Requirements Effective Analytical Skills Effective Communication of Contract Requirements Effective Contract Performance Management Effective COR Performance Project Management Strategic Planning Understanding the Marketplace</p>	<p>Experience:</p> <ul style="list-style-type: none"> ● Relevant technical experience: A minimum of 12 months* ● Agency experience: A minimum of 12 months* ● COR experience: 6 months recommended* <p style="text-align: center;"><i>*may be acquired concurrently</i></p> <p>Training:</p> <ul style="list-style-type: none"> ● At least 36 hours of COR training that is designed to meet the Type B COR expected performance outcomes (e.g. DAU/ALMC Fort Lee VA) ● At least 1 hour of acquisition ethics training (e.g. CLM 003 or Agency equivalent) ● Any additional training mandated by the Agency (e.g., WAWF RA) <p>Refresher Training:</p> <ul style="list-style-type: none"> ● A minimum of 16 hours of COR specific training: <ul style="list-style-type: none"> (i) every 3 years, OR (ii) prior to assuming COR responsibilities if the individual has not served as a COR within the last 2 years. ● At least 1 hour of acquisition ethics training (e.g. CLM 003 or agency provided) annually ● Any additional training mandated by the Agency. 	<p>Upon completion of mandatory training, COR should be able to perform at least the following functions <u>in a manner consistent with the nature of a Type B contract</u> (i.e., those without unique requirements that necessitate specialized training):</p> <ol style="list-style-type: none"> 1. Assist in acquisition planning 2. Assist in contract award process. 3. Establish/maintain a COR file with all required documentation. 4. Identify/prevent unethical conduct and instances of fraud/waste/abuse. 5. Perform technical monitoring and reporting duties in accordance with a QASP (e.g., review technical submittals/ensure compliance with SOW/SOO). 6. Perform administrative monitoring and reporting duties in accordance with a QASP (i.e., handle security issues, attend meetings, etc.) 7. Monitor proposed changes. 8. Monitor contract expenditures. 9. Monitor contract schedule compliance. 10. Perform liaison duties between the Contractor/Contracting Officer for management of the contract. 11. Inspect/accept services according to contract terms and conditions. 12. Review and, if authorized, approve contractor payment requests. 13. Monitor the control/disposition of government-furnished assets. 14. Monitor the contractor's technical cost, schedule and performance for services contracts. 15. Assist in contract closeout. 16. Perform surveillance in a contingency environment.

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Type	Nature of the Work/Requirement	Required Competencies/Capabilities	Experience/Training Requirements	Expected Performance Outcomes
C	<p>Unique contract requirements that necessitate specialized training. Such requirements might include, for example: environmental remediation, major weapons systems, Earned Value Management (EVM), certain OCONUS contingency efforts, etc.</p> <p>COR duties/responsibilities involve highly complex or specialized requirements.</p>	<p><u>General:</u> Attention to Detail Decision-Making Flexibility Influencing/Persuasive Interpersonal Skills Oral and Written Communication Planning and Evaluating Problem Solving Reasoning Self-Management/Initiative Teamwork</p> <p><u>Technical:</u> Business Ethics Defining Government Requirements Effective Analytical Skills Effective Communication of Contract Requirements Effective Contract Performance Management Effective COR Performance Project Management Strategic Planning Understanding the Marketplace</p>	<p><u>Experience:</u></p> <ul style="list-style-type: none"> • Relevant technical experience: A minimum of 12 months* • Agency experience: A minimum of 12 months* • COR experience: 6 months recommended* <p style="text-align: center;"><i>*may be acquired concurrently</i></p> <p><u>Training:</u></p> <ul style="list-style-type: none"> • Type B Training • Mandatory Specialized/Technical Training as determined by the Agency <p><u>Refresher Training:</u></p> <ul style="list-style-type: none"> • A minimum of 16 hours of COR specific training: <ul style="list-style-type: none"> (i) every 3 years, OR (ii) prior to assuming COR responsibilities if the individual has not served as a COR within the last 2 years. • At least 1 hour of acquisition ethics training (e.g. CLM 003 or agency provided) annually • Any additional training mandated by the Agency 	<p>Upon completion of mandatory training, COR should be able to perform at least the following functions:</p> <ol style="list-style-type: none"> 1. All of the functions applicable to Type B. 2. Other specific functions consistent with the objectives of the Agency's mandatory specialized/technical training.

6.2.3. Nomination packages for COR appointments must document that the nominated individual has the requisite competencies, experience, and training necessary to successfully perform as COR for the proposed contract. A copy of training certificates, demonstrating completion of mandatory COR training must be a part of the nomination package (or evidence that the training has been completed must otherwise be available to the contracting officer).

6.2.4. Except to the extent that requisite competencies, experience, or training is waived in accordance with Section 7 below, a contracting officer may not delegate COR responsibilities to an individual who fails to meet all of the specific minimum requirements set forth in the Standard.

6.3. Basis of Determination.

6.3.1. COR Type. The contracting officer will determine the COR type based on such factors as the nature of the work/requirement, the complexity of the requirement, contract performance risk, and other applicable factors. In making such determinations, contracting officers will utilize guidance included in the Standard and their professional judgment. The contracting officer must analyze the requirements and risk factors that may impact performance under the instant contract to determine the COR type.

6.3.2. COR Qualifications. Determinations with respect to whether individuals nominated for assignment as CORs possess the required competencies, experience, and training are, in part, a matter of judgment, and must take into consideration the COR Type required and the nature and complexity of the contract's technical and administrative requirements. Primary responsibility for making these judgments lies with the supervisory personnel in requiring activities that identify and nominate individuals to serve as CORs. Contracting officers, also, may use their professional judgment in assessing whether an individual nominated to serve as a COR has the competencies, experience, and training required to perform the function effectively. In the event contracting officers do not agree that a nominated individual is capable of performing the COR functions effectively, the contracting officers should discuss their concerns with requiring activity management and, if their concerns are not resolved to their satisfaction, may reject the nomination.

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7. **Waivers:** There are two proposed concepts for waivers under the Standard. One is a waiver process at the activity level for CORs without adequate experience. The other is a more formal approval process to waive COR-specific training. Waivers for experience and training will be addressed as part of the development of the COR certification program.

8. **Effective date of the Standard.** The effective date of the Standard is dependent on development and implementation of a COR certification program.

9. **Attachments**

D (1) COR Functions

D (2) Defined Competencies

Appendix D, Attachment D(1) COR FUNCTIONS

Contracting Officer's Representative (COR) Responsibilities
Pre-Appointment Requirements
a. COR appointment is subject to completion of required training (i.e. initial, refresher, technical, contingency, and annual ethics/integrity training).
b. Acknowledge understanding of COR responsibilities by signing COR Appointment/Delegation letter. These responsibilities must be discussed with the Contracting Officer at execution of the Appointment/Delegation letter.
c. Complete OGE 450 "Confidential Financial Disclosure Report," when required.
Pre-Award Duties/Acquisition Planning and Award Functions/Duties (if delegated)
a. Assist in the acquisition planning efforts of a contractual requirement.
b. Assist in market research.
c. Provide independent Government cost estimates, technical evaluations, and other supporting information as required by the Contracting Officer.
d. Assist in development of Quality Assurance Surveillance Plan (QASP)/Performance Assessment Plan (PAP), statement of work or statement of objectives.
e. Assist in developing evaluation criteria for selection of contractor.
f. Assist in development of criteria for incentive plan.
g. Attend or assist contracting officer in site surveys.
h. Participate in source selection/evaluation boards.
i. Participate in conducting pre-award surveys.

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General Duties
a. Be knowledgeable of terms and conditions, as well as the technical content in the contract/order/agreement.
b. Establish and maintain a COR file in accordance with agency/component procedures. COR file will include items, such as, a copy of COR delegation letter, copy of signed contract and modifications, surveillance/performance assessment plan (if applicable), written communications with the Contractor/Contracting Officer, trip reports, documentation of telephone conversations/meetings, surveillance documents, invoice/payment documentation, and all documentation that is required to record, evaluate, and report the Contractor's performance.
b. Determine the need, and ensure all requirements are met for Contractor badges, background checks, and all other required security clearances.
c. Maintain liaison and direct communications with the contractor's representative, Contracting Officer, customer, and other authorized representatives related to the contract/project, including participating in meetings/discussions as requested by the Contracting Officer (i.e. post-award orientation conferences, negotiations).
d. Advise the Contractor to submit requests for changes in writing to the Contracting Officer. Assure the changes in work under a contract are not implemented before written authorization or a contract modification is issued by the Contracting Officer.

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e. Recommend to the Contracting Officer any changes in scope and/or technical provisions of the contract/order/agreement with written justification for the proposed action.
f. Provide clarification of technical requirements to the Contractor, as necessary, without making changes or agreeing to makes changes to the contract/order/agreement.
g. Coordinate with the Contractor and Contracting Officer to resolve issues and monitor corrective actions
h. Use extreme care to avoid supervising the Contractor's employees. Must not interfere with the manner which the contractor assigns work or with Contractor's relations with organized labor.
i. Assist the Contracting Officer with close-out of contracts; especially with the orderly transition or completion of work as contractor workforce is phased out.
j. Ensure COR files are provided to the Contracting Officer during contract close-out.
k. Serve as the central POC to assure that any Government obligations stated in the solicitation are completed (GFP is in place, review/approval of submittals, plans or procedures required by the PWS are obtained, etc.)
l. If COR responsibilities are transferred to a new COR before the contract is completed, ensure that all relevant information for the contract is turned over to the new COR.
m. Refer to the Contracting Officer any request from a Contractor for the release of information.
n. Review and recommend acceptance of Contractor's quality control plan
o. Ensure the Contractor's compliance with procedures regarding restrictive markings on data, if applicable.
p. Recognize and report to the Contracting Officer any organizational conflicts of interest between Contractors

Appendix D, Attachment D(1) COR FUNCTIONS

Monitoring and Surveillance (if delegated)
a. Monitor the Contractor's compliance with safety (i.e. OSHA), security, labor (i.e. Service Contract Act) and environmental law and regulatory requirements.
b. Assist the Contracting Officer in negotiating any proposed increases or decreases in scope of work by providing independent cost estimates and/or technical evaluations.
c. Provide feedback on Contractor performance as input to the past performance data base (i.e. Contractor Performance Assessment Reporting System (CPARS)) or as otherwise requested by Contracting Officer.
d. Monitor Contractor performance and ensure that the Contractor performs the requirements of the contract/order/agreement in accordance with the terms, conditions, and specifications. This includes ensuring that all required items, documentation, data and/or reports are properly and timely submitted as contractually required.
e. For performance based services contract/order/agreement, perform on-site surveillance in accordance with the surveillance plan. Assure technical proficiency and compliance with the technical provisions of the contract/order/agreement by review and verification of the performance of work accomplished by the Contractor.
f. Notify the Contractor of deficiencies observed during surveillance (e.g. anticipated performance failures, late deliveries, nonconforming work, security violations, hazardous working conditions, improper use of Government material) and recommend appropriate action to Contracting Officer to effect correction.
g. Review Contractor requests for travel, overtime, Government assets, or subcontracting, in a timely manner, and forward to the Contracting Officer for approval.
h. Review and analyze the Contractor's deliverables, service and management reports

Appendix D, Attachment D(1) COR FUNCTIONS

i. Monitor and track contract obligations and expenditures per Accounting Classification Reference Number (ACRN) and Contract Line Item Numbers (CLIN) for each contract/order/agreement.

j. Monitor funds limitations and expenditures on cost reimbursement, T&M and LH contracts (only Contracting Officer can make changes to the contract/order/agreement).

k. Under T&M and LH contracts, assure that the contractor uses the appropriate level of qualified personnel as specified in contract/order/agreement.

l. Provide input on contractor performance to Award Fee Board.

m. Ensure timely notification by the contractor of any anticipated cost overruns or underruns for cost reimbursement contracts.

Inspection & Acceptance

a. Inspect deliverables and monitor services for conformance with contract/order/agreement terms and conditions, accept or reject them. Ensure compliance and completion by the Contractor of all required operations, including the preparation of the DD Forms 250 (250-1) Material Inspection and Receiving Reports or equivalent which shall be authenticated and certified by the COR that the services/supplies have been received and are acceptable. Process inspection report through the Wide Area Workflow (WAWF) as supporting documentation for payment.

b. Maintain documentation of all inspections performed including disposition of the results

c. Report to the Contracting Officer upon contract completion or final delivery.

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Invoices and Payment
a. Adhere to invoice/payment clause in contract.
b. Review interim invoices (cost reimbursement, LH and T&M contracts) to make sure charges are commensurate with observed performance (i.e., travel was necessary and actually occurred, labor hours charged are commensurate with level of work performed). Under DFARS 242.803(b), the contract auditor (DCAA) is the authorized representative of the Contracting Officer for approving interim vouchers for payment under DoD Cost-reimbursement, Time-and-Materials (T&M) and Labor-Hour (LH) contracts. Coordinate issues of cost with DCAA (through Contracting Officer) who is authorized to approve these invoices.
c. Report any discrepancies in invoices to the Contracting Officer and provide documentation to support the representation.
d. Review and approve invoices for fixed-price deliverables.
e. Process payment requests in a timely manner in accordance with the Prompt Payment Act
Government Furnished Assets: Equipment, Materials, Facilities, and Information (if delegated)
a. Coordinate/provide any Government-owned (or leased) assets or use of Government space to the Contractor as required by the contract.
b. Monitor the control and disposition of any Government-furnished assets. Ensure the completion of all required documentation for the acceptance, use and return of Government-furnished assets (including UID tracking).
c. Provide to the Contracting Officer an assessment of any loss, damage or destruction of Government property.
d. Perform joint equipment inventories with the contractor at the beginning, annually, and at close-out

Appendix D, Attachment D(1) COR FUNCTIONS

Standards of Conduct and Ethics
a. COR must adhere to standards of conduct as prescribed in Federal statutes, laws, regulations, and Departmental guidelines.
b. Report any observed fraud, waste or opportunities to improve performance or cost efficiency to the Contracting Officer.
Additional Specialized Contracting*
(*List includes examples and is not all inclusive...)
Major Systems
a. Monitor Contractor's Performance Measurement Program, ensuring compliance with EVM and Cost Performance Reporting.
b. Evaluate for adequacy the contractor's engineering efforts and management systems that relate to design, development, production, engineering changes, subcontractors, tests, management of engineering resources, reliability and maintainability, data control systems, configuration management, and independent research and development.
c. Conduct reviews of value engineering change proposals.
d. Discuss/coordinate with the contractor's representatives concerning clarification of drawings, specifications and performance parameters.

Appendix D, Attachment D(1) COR FUNCTIONS

Contingency
a. Understand local culture, operating environment, and how it may affect behavior, perspective and the ability to function as a COR.
b. Be aware of and report potential instances of bribery, kickbacks and other illegal acts.
c. Understand Rules of Engagement (ROEs) within deployed Areas of Responsibility (AOR)
d. Assist in enforcement of contractor compliance with Synchronized Pre-deployment and Operational Tracker (SPOT) requirements.
e. Determine items to be included (i.e. government equipment/facilities) in Letters of Authorization (LOA) for Contracting Officer approval.
f. Develop/update a continuity file for turnover to new COR.
g. Participate in any specialized contingency training before/during mobilization
Hazardous
a. Ensure the contractor complies with all notification requirements and safety procedures upon the occurrence of a hazardous event.
b. For any hazardous event, immediately notify the appropriate officials, followed by the Contracting Officer.
c. Complete all required hazardous material handling training.

Attachment D (2) COR Competencies for the DoD Standard for COR Certification

The following list of COR competencies will facilitate development of a capable COR workforce that effectively performs assigned COR functions.

General:	Definitions
Attention to Detail	Is thorough when performing work and conscientious about attending to details.
Decision-Making	Makes sound, well-informed and objective decisions; Perceives the impact and implications of decisions; Commits to action, even in uncertain situations, to achieve organizational goals; Causes change
Flexibility	Accepts change and new information without difficulty; Adapts behavior or work methods in response to new information, changing conditions, or unexpected obstacles; Deals effectively with ambiguity.
Influencing/Persuasion	Persuades others to accept recommendations, cooperate or change behavior; Works with others towards achieving agreement; Finds mutually acceptable solutions.
Interpersonal Skills	Shows understanding, courtesy, tact, empathy; Develops and maintains relationships; Deals effectively with difficult people; Relates well to people from diverse backgrounds; Displays sensitivity to individual differences
Oral and Written Communication	Expresses information to people effectively; Makes clear and convincing presentations; Listens to others; Attends to non-verbal cues; Uses correct grammar, punctuation, and spelling; Communicates information in a succinct and organized way; Considers the target audience when delivering information.
Planning and Evaluating	Organizes work, sets priorities, determines resource requirements, determines goals and strategies; Coordinates with other organizations; Monitors progress; Evaluates outcomes.
Problem Solving	Identifies problems; Determines accuracy and relevance of information; Uses sound judgment to generate and evaluate alternatives, and make recommendations
Reasoning	Identifies rules, principles or relationships that explain facts, data or other information; Analyzes information and makes correct inferences or accurate conclusions.
Teamwork	Encourages and facilitates cooperation pride, trust; Fosters commitment; Works with others to achieve goals
Self-Management/Initiative	Establishes well-defined and realistic goals; Displays high level of initiative, effort, and commitment toward completing assignments on time; Works with minimal supervision; Exhibits motivation to achieve; Demonstrates responsible behavior.

Technical:	Definitions
Business Ethics	Contributes to maintaining the integrity of the organization; Displays high standards of ethical conduct; Understands impact of violating ethical standards on an organization, self, and others; Demonstrates trustworthiness.
Defining Government requirements	Makes recommendations on evaluation factors for incorporation in solicitations which tie back to clear and unambiguous technical requirements included in the RPF/solicitation; Understands acquisition methods; Is able to define government requirements in terms of expected performance outcomes.
Effective Analytical Skills	Evaluates technical aspects of contractor proposals; develops positions or strategies for CO use in establishing contract pre-negotiation objectives; Supports CO during negotiations.
Effective Communication of Contract Requirements	Understands terms and conditions under assigned contract actions; expresses adequately roles and responsibilities of key stakeholders involved in contract administration; conducts post-award orientation meetings to review contract milestones and responsibilities; offers sound technical direction to the contractor according to contract requirements.
Effective COR performance	Understands COR duties, responsibilities, and obligations; Adheres to limitations set forth in delegation letter; Performs COR functions in accordance with agency policy and procedures.
Effective Contract Performance Management	Monitors contract performance, initiates and takes necessary action to protect the interests and rights of the Government under contracts; Documents contractor performance in appropriate past-performance systems; Evaluates actual performance against contract objectives; Maintains a COR file in accordance with agency guidance.
Project Management	Develops and maintains a workable plan and manages resources to accomplish overall goal of project; Plans, manages, follows through to ensure smooth flow and timely completion of activities that deliver project results; Anticipates obstacles or gaps that would impact project success; Works to continuously improve agency's capability to achieve success.
Strategic Planning	Advises acquisition team members and customers in the development and implementation of strategies needed to assure products and services are available when needed to meet mission requirements.
Understanding the Marketplace	Collects and analyzes relevant market information from government and non-government sources; Provides business advice on the procurement requirement; Provides technical advice in preparation of requirements documents and related elements of the procurement request.

TAB K



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

AUG 22 2008

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Monitoring Contract Performance in Contracts for Services

Section 813 of the John Warner National Defense Authorization Act for FY 2007 (Pub. L. 109-364), directed the Secretary to establish a "Panel on Contracting Integrity." The DoD Panel on Contracting Integrity identified inadequate surveillance of contracts for services as an area of vulnerability that may lead to fraud, waste, and abuse. The panel recommended several measures to ensure sufficient contract surveillance.

The acquisition of services is a useful method to assist the Department in meeting its mission with agility, but contracts for services require effective surveillance. Trained and ready Contracting Officer's Representatives (CORs) are critical. They ensure that contractors comply with all contract requirements and that overall performance is commensurate with the level of payments made throughout the life of the contract. COR activities should be tailored to the dollar value and complexity of the specific service contract.

Requiring activities shall comply with the attached guidance to ensure that properly trained and ready CORs are assigned prior to contract award. Raters will evaluate the performance of COR duties as part of their performance assessments throughout the period of the contract. The provisions of this memorandum will be incorporated in a forthcoming Department of Defense Federal Acquisition Regulation Supplement regulation in FY 2009.

A handwritten signature in black ink, appearing to read "Arthur England".

Attachment:
As stated

OSD 10852-08



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ATTACHMENT

REQUIRING ACTIVITY RESPONSIBILITIES FOR CONTRACT SURVEILLANCE OF SERVICE CONTRACTS

The activity responsible for technical requirements (the "requiring activity") is responsible for prescribing contract quality requirements. The Contracting Officer's Representative (COR) is a representative of the requiring activity, nominated by the requiring activity, and designated by the contracting officer, to assist in the technical monitoring or administration of a contract. The COR should be identified early in the acquisition cycle and included in pre-award activities when appropriate.

When a COR is required, the contracting officer will provide to the requiring activity a list of proposed responsibilities for the COR. The requiring activity must submit nominations for CORs to the contracting activity. Where practicable, the requiring activity shall provide the COR nomination to the contracting office as part of the purchase request. The COR nomination package shall:

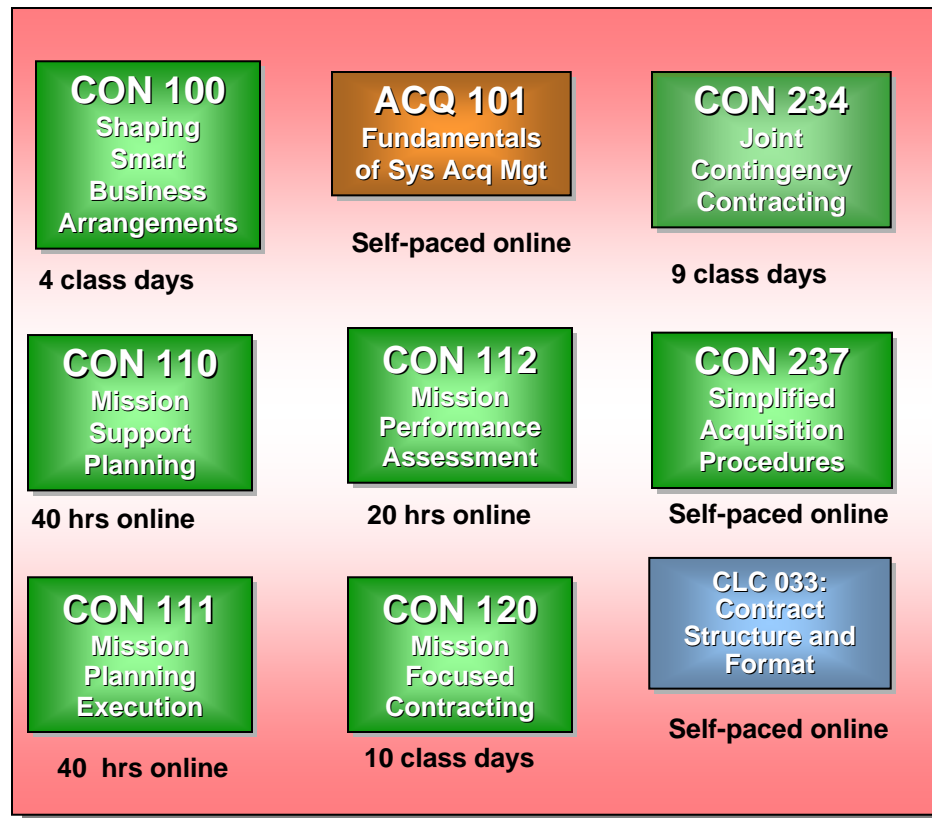
- Address the qualifications of the prospective COR.
- Affirm that the COR will be afforded necessary resources (time, supplies, equipments, opportunity) to perform the designated functions.
- Affirm that the prospective COR and the prospective COR supervisors understand the importance of performance of the designated functions.
- Affirm that performance of the designated functions will be addressed as part of the COR's performance assessments. COR supervisors are encouraged to solicit input on performance of COR duties from the contracting officer.
- Comply with these provisions in the assignment of successor CORs.

CORs must be designated and trained prior to contract award.

TAB L

OSD – #2) Training Contracting Officers: Common Contracting Training for Contingency Contracting Officers (CCO)

CORE:

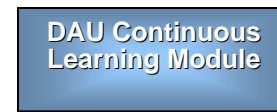


OPTIONAL:

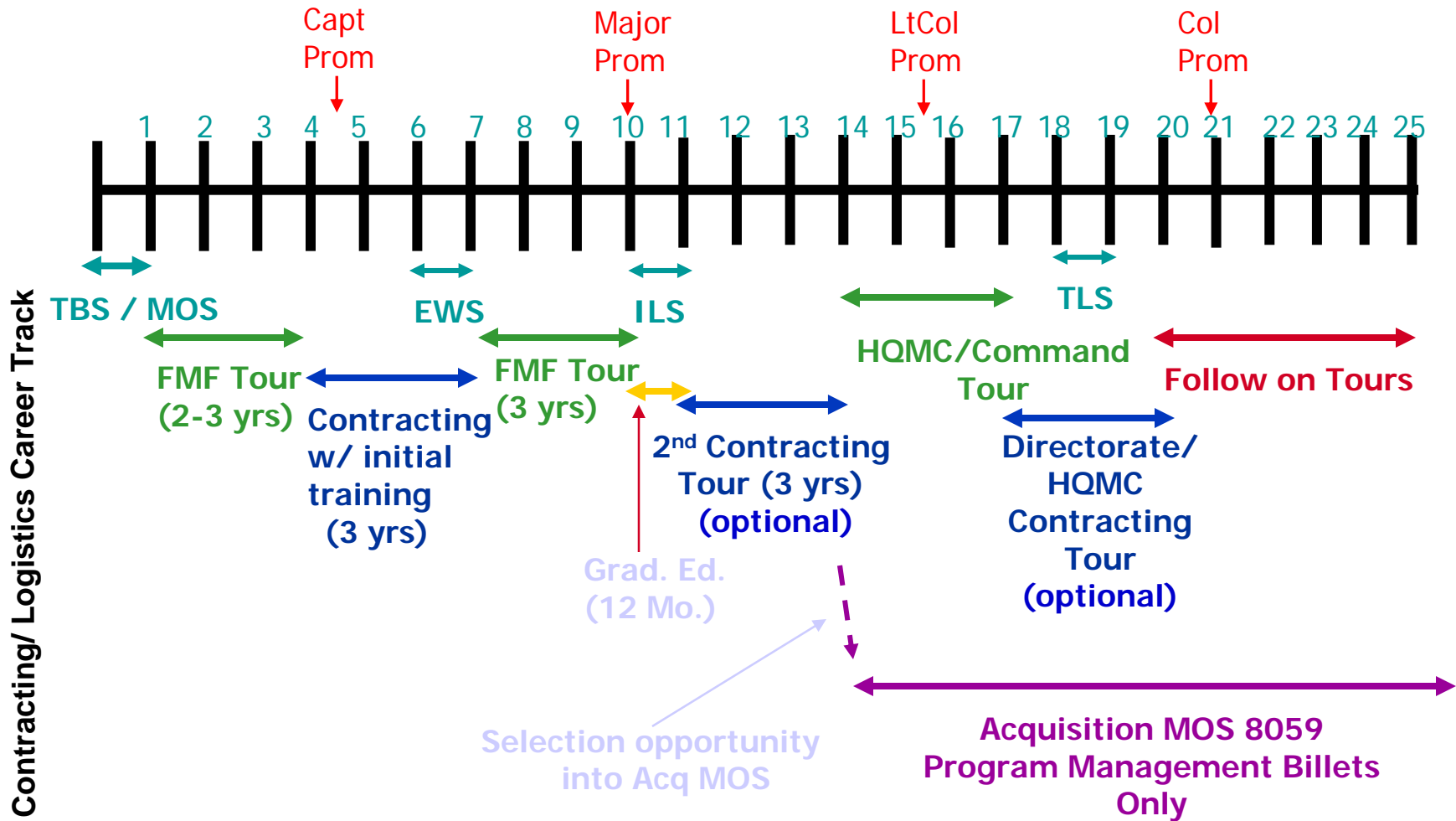


- DAU worked with Service reps to standardize required contracting courses for well-trained, prepared CCO
- Result: Training is 90-95% common across the Services: 9 core courses and 1 optional course

KEY:



OSD – #2) Training Contracting Officers: USMC Officer Career Path



PROPOSED ARMY OFFICER ACCESSION/CAREER DEVELOPMENT ASSIGNMENT MODEL

	0-6	6-8	8-12	12-15	15-18	18-20
Experience	Operational	Acq Center / PEO	Expeditionary/ Acq Center/ PEO (Regional)	Staff/ Expeditionary/ USAASC/ MILCON	Staff/ Expeditionary/ USAASC/ MILCON	Command/ Staff
Training	OBC+ CCC	Acq Basic Course	DAU	ILE/ IQC		Pre-Command Course
Assignment	FORSCOM	AMC/ DLA/ LCMC (Contracting focus)	AMC/ LCMC DLA/ DCMA/ PEO/ CoE	AMC/ CoE/ DLA/ DCMA/ PEO/ CoE	AMC/ CoE/ DLA/ DCMA/ POE/ CoE	AMC/ CoE/ DLA/ DCMA
Access BQd CPTs						
DAWIA		Level I (PM) Level II (Contracting)	Level III (Contracting) or Level II (PM/ T)	Level III (Contracting) or Level III (PM/T)		

Functional Designation
FA 51 (5-7 Year)



TWI / ACS

Contracting – PM/T – PM/T
Contracting – PM/T – Contracting
Contracting – Contracting

Keys To Success:

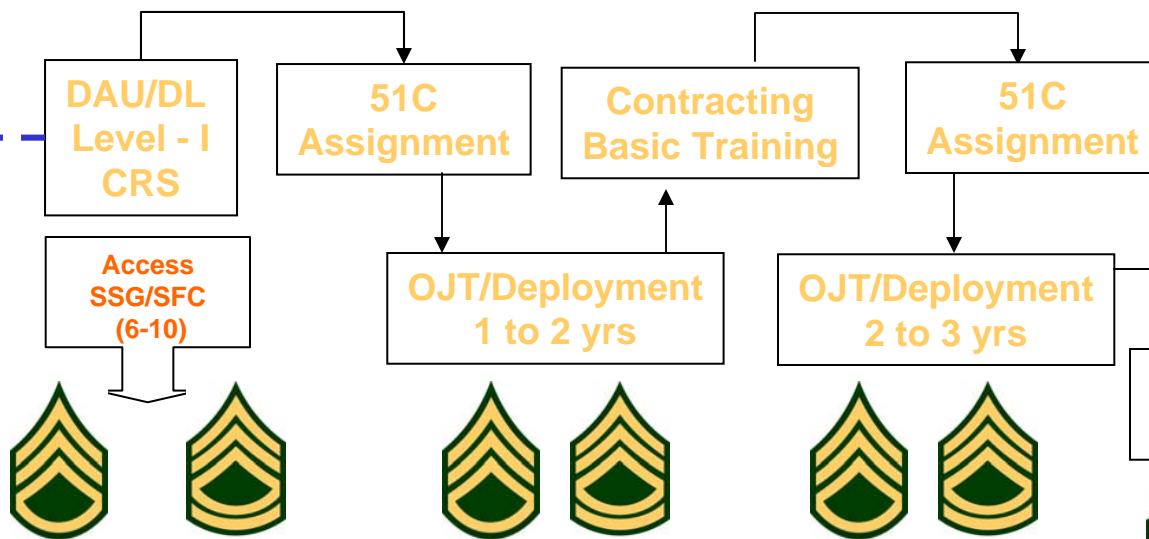
- Access Qualified Personnel
- Meet DAWIA/Regulatory and Statutory Requirements
- Trained and Ready leaders
- Experience & Development ≥ Training

Broadening Experience Assignments

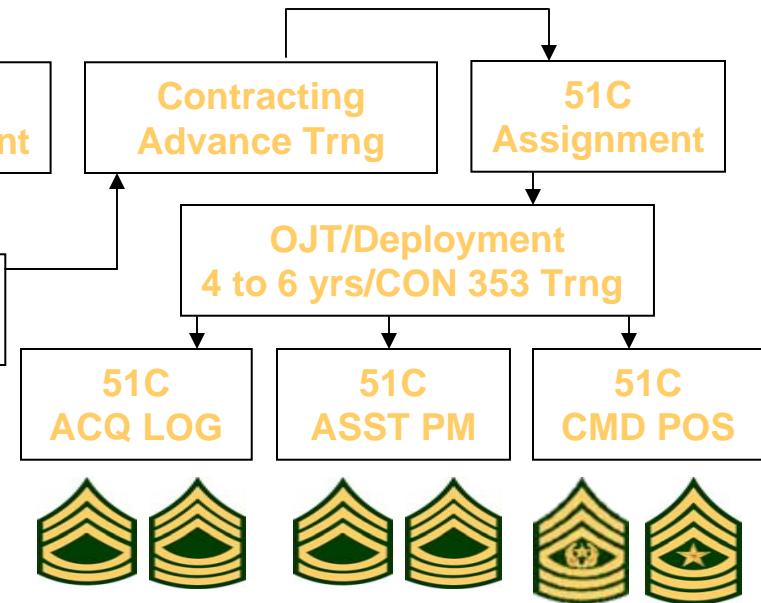


PROPOSED ARMY ACCESSION/NCO DEVELOPMENTAL ASSIGNMENTS MODEL

Functional Experience



Proposed Development



Broadening Contracting Experience Assignments



DAWIA Level I/II

DAWIA Level II/III

DAWIA Level III

TIS: 5-10

TIS: 10-12

TIS: 12-14

TIS: 14-20

Years 0-6

Years 6-10

Years 10-20

Goal: Level I/II Certified in Contracting

Goal: Level II/III Certified in Contracting

Goal: Level III Certified in Contracting

ARMY ACQUISITION CORPS NCO DEVELOPMENT MODEL

RANK	SSG	SFC	MSG/1SG	SGM/CSM
MOS/Skill Levels (Authorized)	51C30	51C40	51C50	51C50/00Z50
Acquisition Exp	0 – 4 yrs	5 – 11 yrs	12 – 17 yrs	18 – 20+ yrs
Duties Titles	Contracting NCO SCCT Contr NCO	Contracting NCO TM Ldr BN Plans & Ops NCO BN Req & Policy NCO	Senior Contracting TM NCOIC Bde Plan & Ops NCO Bde Req & Policy NCO	Sr Enl Contracting Advisor (SEA)
Special/limited Assignments	N/A	Instructor Drill Sergeant Professional Dev NCO	1SG CBT Development NCO ALT Policy & Compliance NCO	SEA, ASA (ALT) SEA, Army Contracting Commands SEA, Def Contract Mgmt Agency Chief, NCO Proponent
Special Skills & Qualifications	Airborne/Air Assault Support Operations Crs Battle Staff Crs	Airborne/Air Assault Support Operations Crs Battle Staff Crs	Airborne/Air Assault Support Operations Battle Staff Crs	Airborne/Air Assault Support Operations Crs Battle Staff Crs
NCOES	51C - Reclassification Training		*1SG CRS **DAU	USASMA
Certification	CC Level I: 1 yr exp/24 Business Hours CC Level II: 2 yrs exp/Associate Degree		***Level: III: 4 yrs exp/Bachelor Degree	
Civilian Education Goals	Associate Degree	Pursuing BA/BS	Bachelor Degree	Pursuing MA/MS
Self Development	Continuous learning Communication Training DAU Mission SPT Trng	Continuous Learning Management Training Communication Training DAU Mission SPT Trng	Continuous Learning DAU Mission SPT Training ALMC Training Reimer Library	Continuous Learning DAU and ALMC Training Reimer Library

* Not NCOES – required for “M” SQI (First Sergeant)

** Not NCOES - Defense Acquisition University (CON 353 CRS): Required for Level III Contracting Certification (E7-E9).

*** 51C NCOs have 8 years to achieve DAWIA Level III Certification in Contracting.

NAVY SUPPLY CORPS CAREER PROGRESSION

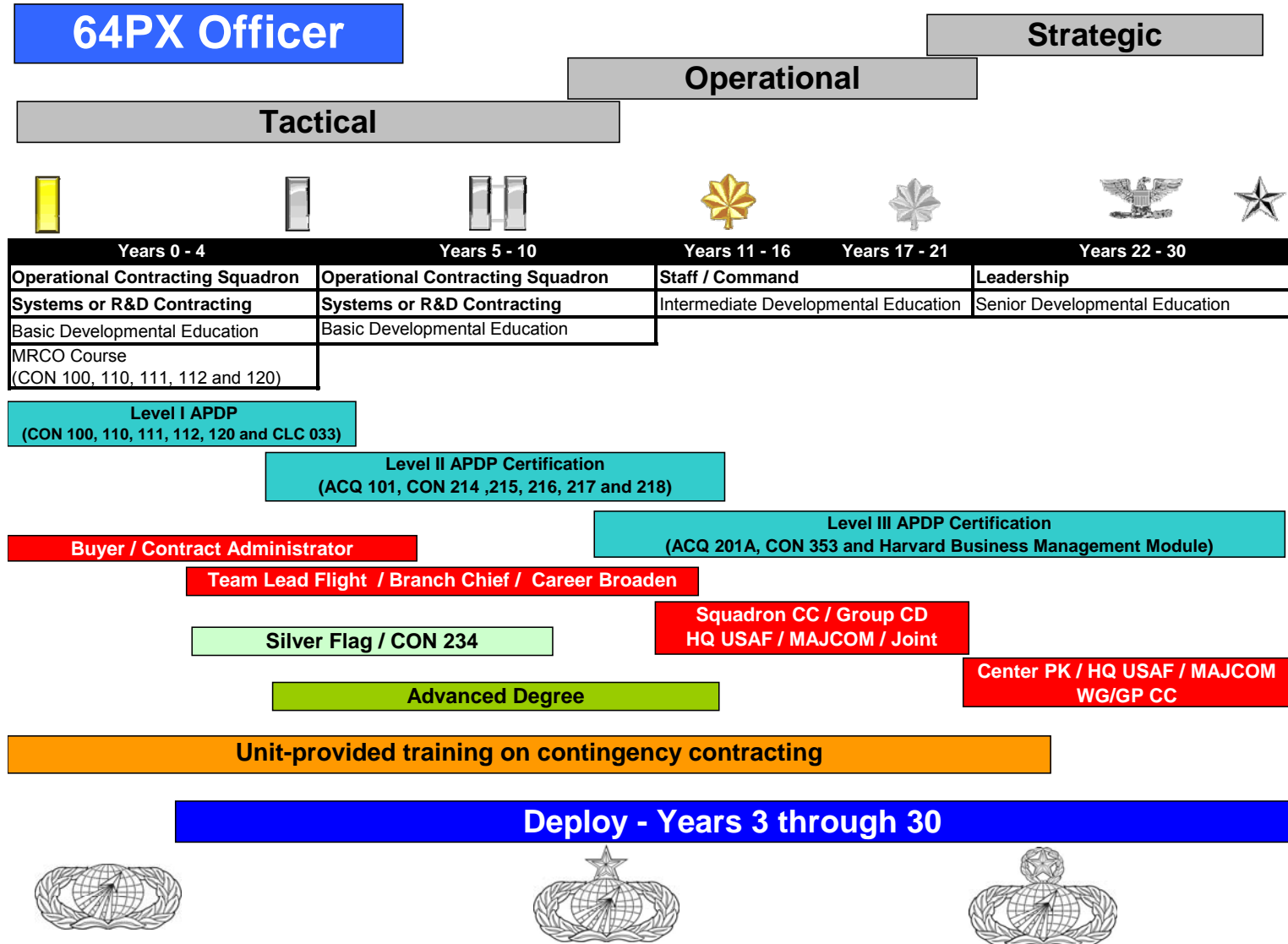
RANK	YEAR	TOUR	PROMOTION MILESTONES KEY CAREER EVENTS	JOINT BILLET EXAMPLES (16 JDAL Billets)	OTHER BILLET EXAMPLES
FLAG	31	FLAG TOURS		DCMA	ASN, RD&A
	30				
	29				
	28				
	27				
CAPT	26	Joint (if not JSO yet)/ Policy/Program level/Command tour		DCMA OTTAWA DCMA-INT	OSP CO, DCMA Command, NRCC Singapore, NAVICP, CTF-53, NOLSC, CNE, SYSCOM 02
	25	Joint (if not JSO yet)/ Policy/Program level/Command tour			
	24	Joint (if not JSO yet)/ Policy/Program level/Command tour			
	23	Joint (if not JSO yet)/ Policy/Program level/Command tour			
CDR	22		2nd tough/visible tour JSO Designation Crossover Tour, APC JPME II	JS-J4 SACLANT JAST/JSF COMPAC OSD	NAVAIR, NAVSEA or SPAWAR BFM/contracting billets TYCOM Comptroller, SUPSHIP Contracting Officer FISC, NRCC XO, OSP XO,
	21	O-5 Operational Tour or other tough/visible tour			
	20	tough/visible tour			
	19	Joint/Acquisition/Policy Tour			
	18	Joint/Acquisition/Policy Tour			
17	Joint/Acquisition/Policy Tour				
LCDR	16	Sr SVC College	1 tough/visible tour JPME I Masters DAWIA LVL III	SOLANT NATO (LISBON), SACLANT, SOCOM, JFCOM, JPAC, PACOM, ODC AUSTRALIA,	OSP, ICP(NAV OR DLA)/NAVAIR/NAVSEA NRCC, FISC Contracting office, TYCOM Budget office
	15	Joint/Acquisition/Operational Tour			
	14	Joint/Acquisition/Operational Tour (2 years if operational)			
	13	Joint/Acquisition/Operational Tour (2 years if operational)			
	12	Joint/Acquisition/Operational Tour (2 years if operational)			
	11	Joint/Acquisition/Operational Tour (2 years if operational)			
LT	10	Joint/Acquisition/Operational Tour (2 years if operational)	2nd OPERATIONAL TOUR		Contract Interns @ FISC, ICP, DLA, NAVAIR, NAVSEA, SPAWAR, DCMA , DLA ICP BFM Interns @ NAVAIR, NAVSEA, SPAWAR
	9	PG SCHOOL (1306P, 3110P)			
	8	PG SCHOOL (1306P, 3110P)			
	7	2nd Operational Tour			
	6	2nd Operational Tour			
	5	2nd Operational Tour			
LTJG	4	SHORE/CONTRACTING, BFM INTERN	Warfare Qualifications		
	3				
	2				
ENS	1	Operational Tour			
	0	NSCS			

NAVY CIVIL ENGINEER CORPS CAREER PROGRESSION

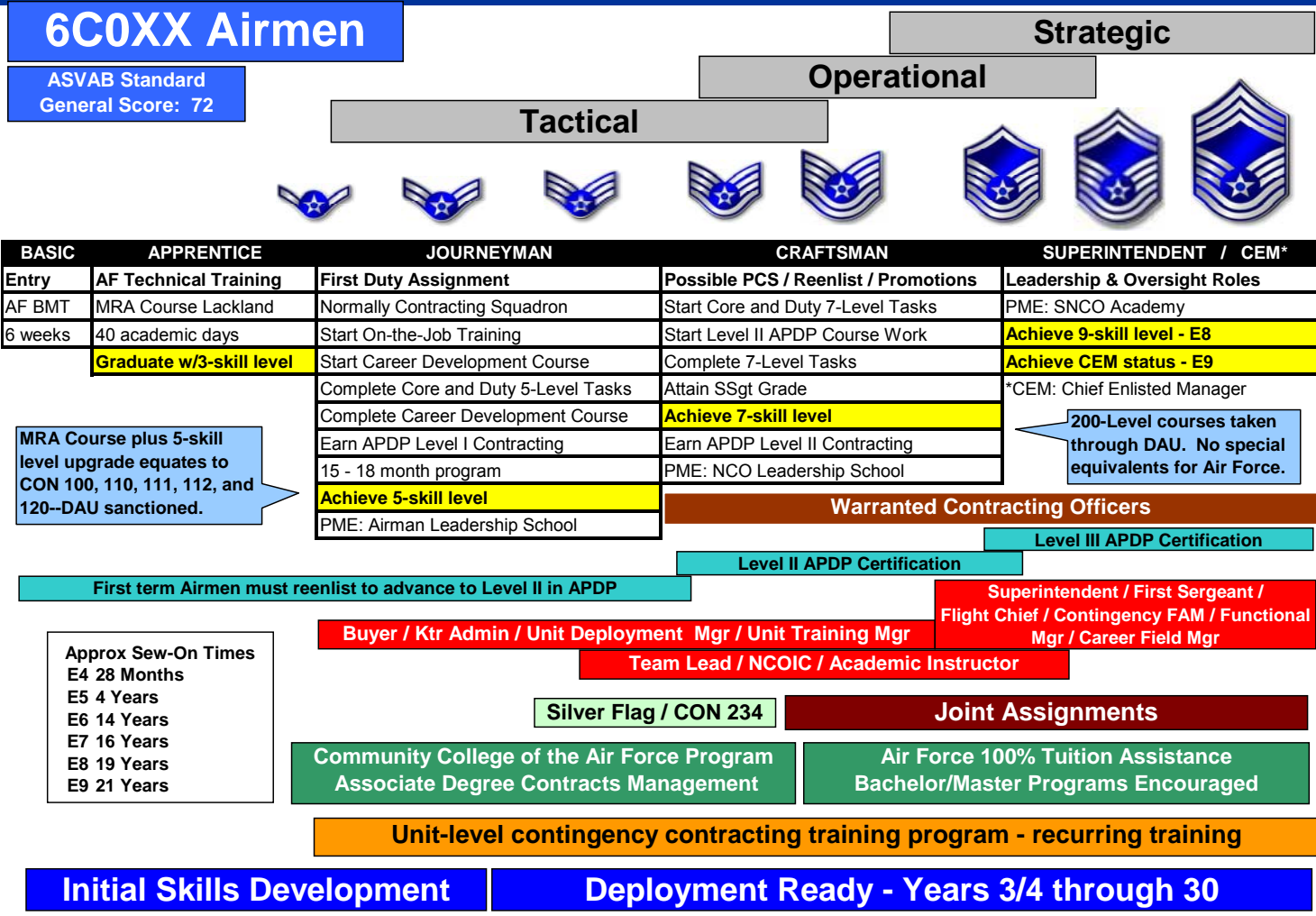
Warfare Qualification	C E C O S	Seabee Combat Warfare or other Warfare Qualification				
Acquisition Attainment		AC1		AC2	AC3	
Continuing Education		Grad School		AMP/JPME/EXEC BUS COURSE	ETP	
Professional Registration		EIT NCARB File	Professional Engineering / Registered Architect License			
E x p e r i e n c e		<u>ENS - LT</u>	<u>LCDR</u>	<u>CDR</u>	<u>CAPT</u>	<u>Flag</u>
	Seabees	Seabees	CO CBMU/UCT NMCB XO/S3 NCF Staff	CO NMCB/NCTC XO ACB NCF Staff	CO SRG/NFELC CO NCR/ACB NCF Staff	FIRSTNCD
	FEC	Facilities Management	PWO/APWO FEC AOPS FEAD/DROICC	FEC XO FEC OPS/AOPS PWO ROICC AREG ENGR	FEC CO/XO REG ENGR FEC OPS PWO	COMNAVFAC NAVFAC LANT NAVFAC PAC
	Staff		Joint Staff	Joint Staff	Major Joint Major Staff	OPNAV (N46A/ Deputy CNI)



AIR FORCE 64PX OFFICER CAREER DEVELOPMENT MODEL



AIR FORCE 6COXX AIRMEN CAREER DEVELOPMENT MODEL



TAB M

Advanced Contingency Contracting Course



Advanced Contingency Contracting Course

- **New course is response to Task Force 849 (“Gansler Commission”) report:**

“Develop an advanced Contingency Contracting Course, which would provide ‘just in time’ training to senior level contracting personnel deploying to a management position. The course would be designed to address several issues we found lacking in JCC I/A.”

These include:

- ***Sustainment contracting in a contingency environment (“constainment”)***
 - **Major source selection**
 - **Cost & price analysis**
 - **Reconstruction in a contingency environment**
- **Course will focus on these skills as they apply to the expeditionary environment**
 - **Review problem areas from After Action Reports on DAU’s CoP**
 - **Target audience: Contingency contracting officers in *leadership and supervisory* positions**
 - **Course length: 3 - 4 days**
 - **Avoid duplication with CON 234**

Advanced Contingency Contracting Course

Learning Objectives:

1. **Choose the appropriate resources for the most efficient and effective contingency contracting office operation during all phases of a contingency**
2. **Demonstrate proper source selection procedures**
3. **Evaluate the effectiveness of contracting officer representatives as force multipliers**
4. **Recommend contractor support for the Warfighter in a given situation**
5. **Select appropriate contracting arrangements for a contingency requirement**
6. **Justify the appropriate ethical contracting approach in contingency situation**
7. **Select the appropriate level of security required for contingency contracting**
8. **Evaluate the roles of non-DOD organizations to contingency mission success**



Advanced Contingency Contracting Course

Course elements:

- ✓ **Pre-course Assignment – Each student will research and come with their preliminary AOR where they are slated to go or have been; bring a CCSP to class.**
- ✓ **During the workshop – Students will be presented with mini-cases/scenarios. They will be required to think fast; demonstrate knowledge of Contracting authority; display ethical decision-making; apply proper funding; manage contractor, military, and civilian personnel; promote good international relations; continuously support evolving warfighter needs.**
- ✓ **Course facilitators will interject rigorous challenges to constantly move students in their respective AORs back and forth through the five Contingency phases: pre-deployment, initial deployment, build-up, sustainment, and redeployment. Emphasis will be on instilling how quickly Contingencies can “morph.”**
- ✓ **Barda Bridge-type simulation**

Advanced Contingency Contracting Course

Project Timeline:

- **Develop Learning Objectives** **July 2008**
- **Develop Course Planning Documents** **August 2008**
- **Develop Content and Assessments** **November 2008**
- **Deliver Pilot Offering:** **February 2009**
- **Deploy New Course:** **March 2009**



CON 234 Status

- **DAU conducted a Joint Contingency Contracting Pilot course 4-14 December**
 - **Revised course was synchronized with the new JCC handbook and accompanying CD**
 - **Incorporated Ethics and Integrity in the course of instruction**
 - **Student feedback/comments extremely positive:**

Navy CAPT Greg Davies, Contracting Chief for Horn of Africa, was a student in the class and commented: “The new Contingency Contracting class, CON 234, is an outstanding course. DAU has come a long way and CON 234 really gets you ready to deploy with relevant practical exercises. There is also a new Contingency Contracting Handbook that is an outstanding resource. The DAU staff is to be commended for this new/improved CON 234 class.”

- **Other Improvements:**
 - **Incorporated interactive computer simulation (Barda Bridge)**
 - **Focused training and make it more “applied” for Active, Guard, Reserves and Civilians. Increased hands-on applications.**

TAB N