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April 17, 2006

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# Human Capital

Report on the DoD Acquisition  
Workforce Count  
(D-2006-073)

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Department of Defense  
Office of Inspector General

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### **Acronyms**

COR	Contracting Officer's Representative
DACM	Director Acquisition Career Management
DCC-W	Defense Contracting Command-Washington
DLA	Defense Logistics Agency
DMDC	Defense Manpower Data Center
DoD IG	Department of Defense Inspector General
GAO	Government Accountability Office
IGCE	Independent Government Cost Estimate
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

April 17, 2006

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,  
TECHNOLOGY, AND LOGISTICS  
UNDER SECRETARY OF DEFENSE FOR PERSONNEL  
AND READINESS  
AUDITOR GENERAL, U.S. ARMY AUDIT AGENCY

SUBJECT: Report on the DoD Acquisition Workforce Count  
(Report No. D-2006-073)

We are providing this report for review and comment. We received comments on a draft of this report from the Director, Human Capital Initiatives, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Director, Army Contracting Agency; the Director, Defense Manpower Data Center; and the Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition). We considered the management comments when preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. Defense Management Data Center comments to Recommendation A.2. were partially responsive. As a result of management comments from the office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, we renumbered draft report Recommendation A.1.b(2) as final report Recommendation A.3., and redirected it to the Under Secretary of Defense for Personnel and Readiness to respond in coordination with the Office of the Under Secretary of Defense for Acquisition Technology and Logistics. We request Defense Management Data Center comments on Recommendation A.2. and Under Secretary of Defense (Personnel and Readiness) comments on Recommendation A.3. by June 1, 2006.

If possible, please send management comments in electronic format (Adobe Acrobat file only) to [Audcm@dodig.mil](mailto:Audcm@dodig.mil). Copies of the management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the SECRET Internet Protocol Router Network (SIPRNET). We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Kimberley A. Caprio at (703) 604-9202 (DSN 664-9202) or Mr. Benjamin A. Mehlman at (703) 604-9291 (DSN 664-9291). See Appendix E for the report distribution. The team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

A handwritten signature in black ink, reading "Richard B. Jolliffe", is positioned above the printed name.

Richard B. Jolliffe  
Assistant Inspector General  
Acquisition and Contract Management

## Department of Defense Office of Inspector General

Report No. D-2006-073

April 17, 2006

(Project No. D2005-D000CB-0181)

### DoD Acquisition Workforce Count

#### Executive Summary

**Who Should Read This Report and Why?** Service acquisition executives, program managers, DoD contracting officials, and personnel with interest in the DoD acquisition workforce should read this report. This report addresses the DoD acquisition workforce count and congressional reporting as well as related contract administration and surveillance.

**Background.** The DoD acquisition workforce is subject to two methods of counting and congressional reporting. The first method, known as the “Acquisition Organization” workforce counting approach, was used by the 1986 President’s Blue Ribbon Commission on Defense Management (the Packard Commission) and counts all personnel employed in 22 designated DoD acquisition organizations as part of the acquisition workforce, regardless of an employee’s occupation. As of September 30, 2004, there were 206,653 civilian and military personnel included in the 22 designated DoD acquisition organizations. The second acquisition workforce counting method is known as the “Refined Packard” approach. In May 1997, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics contracted with Jefferson Solutions, a division of Jefferson Consulting Group, to review alternative ways of identifying the acquisition workforce. In September 1997, Jefferson Solutions reported to the Office of the Under Secretary a proposed Refined Packard acquisition workforce methodology of combining occupational and organizational data for identifying those in the workforce. In a December 18, 1997, letter, the Secretary of Defense forwarded the Jefferson Solutions report to Congress and stated that, beginning October 1, 1998, members of the acquisition workforce would be uniformly identified using the Refined Packard model. While accepting the new approach, the House Armed Services Committee requested that DoD continue to report the Acquisition Organization workforce count in conjunction with the Refined Packard count.

As of September 30, 2004, there were 134,602 civilian and military personnel included in the DoD Refined Packard count. Of the 134,602 personnel in the Refined Packard workforce count, 69 percent (92,588) were assigned and included in the DoD Acquisition Organization count, while 31 percent (42,014) of the DoD Refined Packard workforce were assigned outside the 22 major DoD acquisition organizations. The Refined Packard model removed 55 percent (114,065) of the 206,653 personnel included in the Acquisition Organization count because those personnel perform non-acquisition support functions, such as firefighting, police, human resources, administration, accounting, legal, engineering technicians, supply, transportation, and trades (such as equipment and facilities operations and maintenance).

**Results.** DoD annually reports to Congress a count of its acquisition workforce as compiled by the Defense Manpower Data Center through application of the Refined Packard method. The FY 2004 and prior Refined Packard workforce counts were

unverifiable. As a result, DoD acquisition workforce planning risks, including for the Quadrennial Defense Review, could increase because annual Refined Packard workforce support and expenditures may be based on unreliable data and may not accurately reflect the true DoD acquisition workforce (finding A). Defense Manpower Data Center management controls for the acquisition workforce counting process were not adequate to ensure the count reflects the true DoD acquisition workforce. Implementing our recommendations will improve Defense Manpower Data Center acquisition workforce counting procedures.

The Defense Contracting Command-Washington did not properly negotiate or administer support service contract DASW01-03-F-0393 with Jefferson Solutions. In addition, the contracting officer representative approved Jefferson Solutions monthly invoices without requesting written support of services performed, hours expended, or products provided. As a result, the Government is not assured that fair and reasonable prices were negotiated with Jefferson Solutions, nor that work performed by Jefferson Solutions in identifying and reporting the Refined Packard workforce was done properly for the time and materials expended or that Government resources were used economically (finding B).

**Recommendations.** We recommend that the Director, Defense Procurement and Acquisition Policy develop and implement written standard operating procedures and guidance for defining and counting the acquisition workforce, methodologies used to perform periodic workforce counts, and requirements to maintain and support acquisition workforce count documentation; and revise DoD Instruction 5000.55 to ensure consistent acquisition workforce information format and reporting from the DoD Components. We also recommend that the Under Secretary of Defense for Personnel and Readiness in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics revise the instruction to estimate contractor equivalents that support the DoD acquisition workforce, and include such estimates as supplementary annual DoD acquisition workforce reporting data to Congress. We recommend the Director, Defense Manpower Data Center develop a knowledge management program to maintain corporate knowledge of Defense Manpower Data Center information systems and processes. We recommend that the Commander, Defense Contracting Command-Washington ensure that acquisition workforce count contracts supporting Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics components require written contractor monthly progress reports.

**Management Comments and Audit Response.** Management concurred with recommendations to develop and implement written standard operating procedures and guidance for defining and counting the acquisition workforce, methodologies used to perform periodic workforce counts, and requirements for acquisition workforce count documentation; and to revise DoD Instruction 5000.55 to ensure consistent acquisition workforce information format and reporting from the DoD Components. Management also concurred with the recommendation to ensure that acquisition workforce count contracts supporting the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics components require written contractor monthly progress reports. We request by June 1, 2006, the Under Secretary of Defense for Personnel and Readiness comment regarding the redirected recommendation to revise DoD Instruction 5000.55 to estimate contractor equivalents that support the DoD acquisition workforce, and that the Director, Defense Manpower Data Center provide additional comments regarding the recommendation to develop a knowledge management program to maintain corporate knowledge of Defense Manpower Data Center information systems and processes.

# Table of Contents

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<b>Executive Summary</b>	i
<b>Background</b>	1
<b>Objectives</b>	4
<b>Managers' Internal Control Program</b>	4
<b>Findings</b>	
A. DoD Acquisition Workforce Database and Counting Controls	6
B. Contracted Support Services for the Acquisition, Technology, and Logistics Workforce	17
<b>Appendixes</b>	
A. Scope and Methodology	23
B. Prior Coverage	24
C. DoD Acquisition Organizations List	25
D. Military Services and Defense Logistics Agency Acquisition Workforce Counting Processes	27
E. Report Distribution	31
<b>Management Comments</b>	
Under Secretary of Defense for Acquisition, Technology, and Logistics	33
Department of the Army	36
Defense Manpower Data Center	37
Department of the Air Force	38

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## Background

During the last 15 years, DoD has experienced significant challenges and expectations regarding its acquisition workforce due to declining number of workers, while the workload and the demand for technical expertise and skill sets are increasing. The National Defense Authorization Act for Fiscal Year 1996, section 906 (Public Law 104-106) implements a plan to restructure the DoD acquisition organization by reducing the number of civilian and military personnel employed or assigned to acquisition organizations by 25 percent over a 5-year period and to eliminate duplication of functions among existing acquisition organizations. However, from FY 1999 through FY 2004, the total DoD procurement dollars increased 78 percent (from \$135 billion to \$241 billion) and total DoD procurement actions increased 14 percent (from 5.8 million to 6.6 million).

**Strategic Planning for the DoD Acquisition Workforce.** On September 27, 2005, the Under Secretary for Defense for Acquisition, Technology, and Logistics (USD(AT&L)) stated in testimony to the Senate Committee on Armed Services that his office initiated a comprehensive review of the acquisition workforce. It will have a DoD acquisition workforce strategic plan in place no later than 120 days after the completion of the Quadrennial Defense Review. The USD(AT&L) stated that the strategic plan would incorporate the National Security Personnel System and would be aligned with Quadrennial Defense Review results and analysis of the current acquisition workforce and evolving workload requirements, such as service contracts and contingency operations. The USD(AT&L) noted that a thoughtful acquisition workforce strategic plan would define processes and tools to assess workforce capability and to tactically recruit, develop, and retain the right talent, with emphasis on smart execution and implementation.

The USD(AT&L) noted that the DoD acquisition workforce has had to contend from FY 1998 through FY 2004 with a 105 percent increase in constant DoD contracting dollars and a 58 percent increase in contracting actions over \$100,000, which are often the most complex. The USD(AT&L) noted that the average age of the DoD civilian workforce is 46.7 years old and the number of workforce members with 30 or more years of experience continues to increase. Therefore, DoD will face losing a significant amount of acquisition workforce knowledge, experience, and capability. The USD(AT&L) also expressed concern about an impending talent gap created by a 10-year acquisition workforce drawdown, but noted that DoD has taken measures to alleviate the talent gap through Defense Acquisition University development of increased on-line and on-site acquisition training and the establishment of a Web-based acquisition Community of Practice system.

**Defense Acquisition Workforce Improvement Act.** The 1990 Defense Acquisition Workforce Improvement Act (section 1701-1764, title 10, United States Code) (the Act). The Act was enacted to improve the effectiveness of the civilian and military acquisition workforce through enhanced education, training, and career development, and thereby improve the acquisition process. The Act requires DoD to establish formal career paths for those people who want to pursue careers in acquisition. DoD has accomplished this by dividing acquisition positions into 11 categories and establishing a formal certification process. The Act requires each of the Military Services to designate a Director, Acquisition Career Management (DACM) to oversee implementation of the Act's

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requirements. The Defense Acquisition University is required to designate a “Fourth Estate” DACM to oversee implementation of the Act’s requirements at Defense agencies and DoD field activities.

**Acquisition Workforce Counting Methods.** Acquisition workforce counts support DoD acquisition workforce planning and estimating expenditures for workforce training and development, as well as annual congressional reporting. The Senate and House Armed Services Committees used two formats to count the DoD acquisition workforce. The first method, known as the “Acquisition Organization” workforce counting approach, counts all personnel employed in 22 designated DoD acquisition organizations as part of the acquisition workforce, regardless of an employee’s occupation. See Appendix C for a list of the 22 acquisition organizations. The second method is known as the “Refined Packard,” or the “Acquisition, Technology, and Logistics” workforce counting approach, which combines occupational and organizational data for identifying employees in the acquisition workforce.

**Workforce Counting Process.** The Office of the USD(AT&L) has designated the Defense Manpower Data Center (DMDC) as the lead office for conducting annual acquisition workforce counts. A May 13, 1999, USD(AT&L) policy memorandum, “Refined Packard Key Acquisition and Technology Workforce Identification Policy for the Fiscal Year 1999,” designates the DMDC as the official database for the acquisition workforce personnel counts. The Military Services and the Defense agencies submit quarterly acquisition workforce count data to DMDC. The data are stored in a DMDC data repository. DMDC reviews, revises, and augments the data submissions by breaking out the submission by pay grades, certifications, and civilian and military components. For the Refined Packard count, DMDC is assisted by the AT&L contractor Jefferson Consulting Group (Jefferson Solutions), which creates an annual Refined Packard acquisition workforce count report. DMDC also creates an annual Acquisition Organization workforce count report. A USD(AT&L) component, the Office of the Director, Defense Procurement and Policy, exercises oversight over the workforce counting process.

**Military Services and Defense Logistics Agency Acquisition Workforce Counting Processes.** Guidance and processes used by the Military Services and the Defense Logistics Agency (DLA) to count and report the acquisition workforce vary greatly. All three services code their acquisition positions in individual Military Service personnel management information systems. Army acquisition positions are coded by the Office of the Director Acquisition Career Management (DACM), while the Navy and Air Force major commands code their acquisition positions. The coding creates the databases that serve as the basis for both the Acquisition Organization and the Refined Packard counts. The Military Services DACM staffs are responsible for the acquisition workforce count submitted to DMDC. DMDC makes an assessment of the acquisition workforce count and sends results back to the Army, Navy, and Air Force DACM staffs for review and correction. Individual Military Service DACM staffs send corrections back to DMDC, and DMDC submits the corrected totals for the inclusion to the Military Services Refined Packard count.

The DLA Customer Support Office in Columbus, Ohio, submits quarterly DLA Acquisition Workforce count data directly to DMDC. The Customer Support Office produces quarterly Acquisition Workforce counts through extraction of DLA Acquisition Personnel File records from the Defense Civilian Personnel Data System and use of DLA



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Acquisition Position Files. DMDC performs a match between the Acquisition Personnel File records and Acquisition Position File records; the results of that match become the DLA Refined Packard count. See Appendix D for a detailed explanation of the Military Services and DLA acquisition workforce counting processes, criteria, and counting systems.

**Acquisition, Technology, and Logistics Policy Memorandums.** The Office of the USD(AT&L) has issued several policy memorandums regarding conduct of annual acquisition workforce counts. An April 6, 2001, USD(AT&L) policy memorandum on “Assimilation of Newly Identified Personnel into the Acquisition and Technology Workforce” describes a process of coding designated acquisition and technology positions and personnel by position category career field into the Defense Civilian Personnel Data System and comparable military personnel systems. Subsequently, a November 21, 2003, policy memorandum on “Moratorium on Designated People and Positions as Part of the Defense Acquisition, Technology, and Logistics (AT&L) Workforce” imposes a plus or minus 1 percent change restriction on the number of Defense acquisition and support personnel to implement requirements of the FY 2004 National Defense Authorization Act. A November 9, 2005, policy memorandum on “Lifting of the Moratorium on Designating People and Positions as Part of the Defense Acquisition, Technology, and Logistics (AT&L) Workforce” rescinds the November 21, 2003, memorandum, and allows DoD components to resume designation of new positions that perform acquisition functions.

**DoD Instruction 5000.55, “Reporting Management Information on DoD Military and Civilian Acquisition Personnel and Position,” November 1, 1991.** DoD Instruction 5000.55 outlines the acquisition workforce personnel data submission requirements for both civilian and military personnel. The instruction establishes a management information system capable of providing standardized information on acquisition positions and on persons serving in acquisition positions. In addition, the instruction attempts to create a DoD-wide capability for monitoring, reporting, and tracking the composition, education, experience, and training status of the acquisition workforce and to establish uniform procedures for submitting manpower, personnel, and assignment information on selected DoD acquisition workforce civilian and military personnel. The instruction also establishes procedures for reporting functional and training-related data on selected DoD civilian and military personnel to evaluate the mandatory training requirements and status of the acquisition workforce. DoD Instruction 5000.55 designates DMDC as custodian of all automated records collected under the instruction and to provide data quality control, inquiry capabilities, and administrative and computer support. The instruction also requires DACMs to maintain documentation on the identification of DoD civilian and military acquisition positions.

**DoD Directive 5000.52, “Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program,” January 12, 2005.** The revised Directive updates policies and responsibilities for an education, training, and career development program for the acquisition workforce and establishes a single Acquisition Corps throughout DoD. This includes defining the responsibilities of the Offices of the Under Secretaries of Defense for Acquisition, Technology, and Logistics; Personnel and Readiness; Comptroller; and Intelligence; and for DoD Component Heads. The directive implements chapter 87 of title 10, United States Code on Defense Acquisition Workforce information systems, career development programs, and methods of identifying Refined Packard workforce positions.

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**DoD Instruction 5000.66, “Operation of the Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program,” December 21, 2005.** The instruction implements DoD Directive 5000.52 and provides uniform guidance for managing acquisition workforce positions and career development. The instruction designates and identifies workforce positions; the attainment and maintenance of competencies through education, training, and experience; management of the Defense Acquisition Corps; selection and placement of personnel in acquisition positions; and workforce metrics. The instruction states that the USD(AT&L) will determine uniform policies and procedures for the acquisition workforce education, training, and career development programs and implement DoD issuances including a Desk Guide for workforce career management. On January 10, 2006, the Defense Acquisition University issued “A Desk Guide for Acquisition, Technology, and Logistics Workforce Career Management” (Desk Guide) to provide more detailed program guidance. The Desk Guide states that all acquisition workforce positions fall in 1 of the 15 categories and that positions can include part-time, temporary, and full-time Government civilian and military personnel.

## Objectives

The overall audit objective was to review the effectiveness of the DoD acquisition workforce. The specific objective was to review the impact on the DoD acquisition workforce of changes in workload requirements, contracting methods, and mandated workforce reductions. For purposes of this report, we address how effectively DoD identified personnel included in the acquisition workforce. The review of the management control program at major acquisition organizations as it relates to the acquisition workforce was also an announced objective.

## Managers’ Internal Control Program

DoD Directive 5010.38, “Management Control (MC) Program,” August 26, 1996, and DoD Instruction 5010.40, “Management Control (MC) Program Procedures,” August 28, 1996, require DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

**Scope of the Review of the Management Control Program.** We reviewed the adequacy of DMDC management controls over the acquisition workforce counting process. Specifically, we reviewed DMDC management controls over annual acquisition workforce count standard operating procedures, including documented analysis or reconciliations of quarterly Military Service and Defense agency workforce count submissions. We reviewed management’s self-evaluation applicable to those controls.

We also reviewed the adequacy of Army, Navy, Air Force, and DLA management controls over the acquisition workforce counting process. Specifically, we reviewed management controls over their operating procedures and methodology. Because we did not identify a material weakness, we did not assess management’s self-evaluation.

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**Adequacy of Management Controls.** We identified a material management control weakness for DMDC as defined by DoD Instruction 5010.40. DMDC management controls for the acquisition workforce counting process were not adequate to ensure the count reflects the true DoD acquisition workforce. Implementing recommendations A.1. and A.2. will improve DMDC acquisition workforce counting procedures. A copy of the report will be provided to the senior official responsible for management controls in the Office of the Under Secretary of Defense for Personnel and Readiness.

Army, Navy, Air Force, and DLA management controls over the acquisition workforce counting process were adequate as they applied to the audit objective.

**Adequacy of Management's Self-Evaluation.** DMDC did not identify the acquisition workforce counting process as an assessable unit; therefore, DMDC did not identify or report the material management control weakness identified by the audit.

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## A. DoD Acquisition Workforce Database and Counting Controls

DoD annually reports to Congress the Refined Packard workforce count as compiled by the DMDC. The FY 2004<sup>1</sup> and prior Refined Packard workforce counts were unverifiable. The counts were unverifiable because:

- DMDC lacked standard operating procedures and corporate knowledge of past Refined Packard workforce counts, events, and requirements;
- neither DMDC, nor a DoD contractor supporting the count, maintained analyses or performed reconciliations of quarterly Military Service and Defense agency workforce counts used to create the annual Refined Packard workforce count;
- two DMDC acquisition workforce Management Information Systems were only partially operational.

In addition the Refined Packard and Acquisition Organization counts did not include and did not report contract equivalents; and DoD acquisition workforce planning risks, including risks for the Quadrennial Defense Review, could increase because annual Refined Packard workforce support and expenditures may be based on unreliable data and may not accurately reflect the true DoD civilian, military, and contracted acquisition workforce.

### DoD Acquisition Workforce

The DoD acquisition workforce is subject to two methods of counting and congressional reporting. The first method is known as the “Acquisition Organization” workforce counting approach. The second method is known as the “Refined Packard,” or the “Acquisition, Technology, and Logistics,” workforce counting approach. Both methods continue to be used as both are requested by congressional oversight committees on an ad hoc basis. The audit did not determine the extent of support for workforce counts made through the Acquisition Organization method as those counts were derived directly from DoD civilian and military personnel databases.

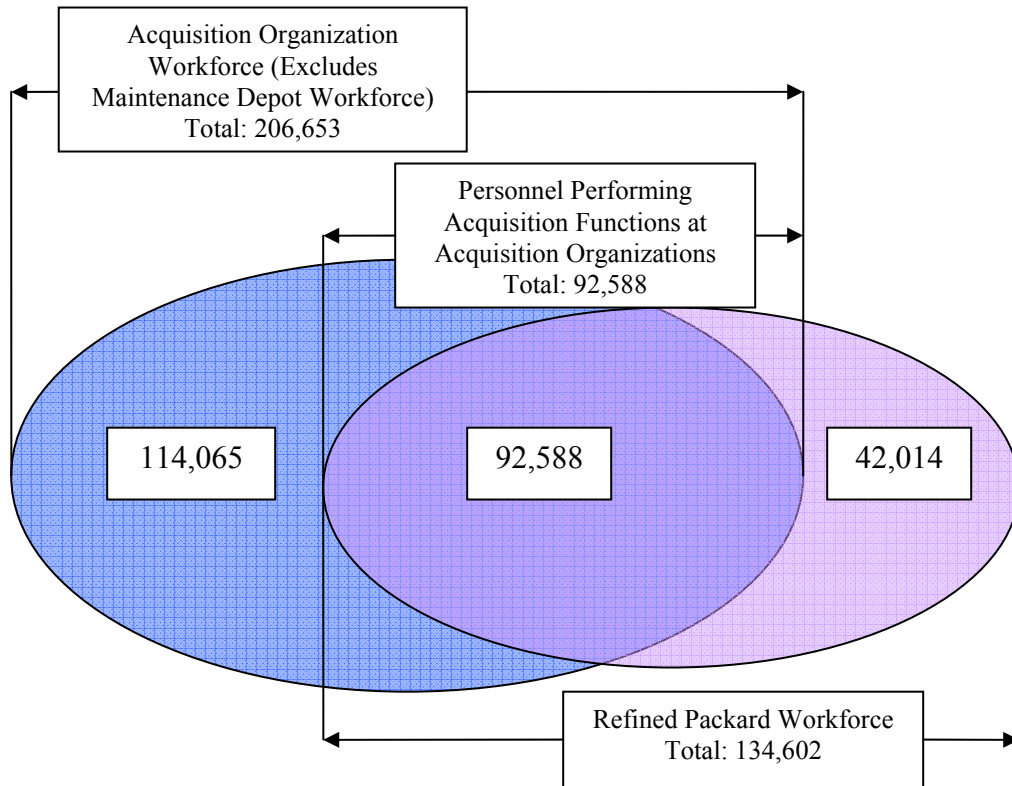
**Acquisition Workforce Count.** The Acquisition Organization workforce counting approach was used by the 1986 President’s Blue Ribbon Commission on Defense Management (Packard Commission). The approach counted all personnel employed in 22 designated DoD acquisition organizations as part of the acquisition workforce, regardless of an employee’s occupation. As of September 30, 2004, there were 206,653 civilians and military personnel included the 22 designated DoD acquisition organizations. The total DoD Acquisition Organization workforce count since FY 1999 is shown in Table 1.

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<sup>1</sup> FY 2004 Refined Packard count as of September 30, 2004, reported in March 2005.

<b>Table 1. DoD Acquisition Organization Workforce (Excluding Maintenance Depot Civilians)</b>						
Fiscal Year	1999	2000	2001	2002	2003	2004
Workforce	230,556	219,419	215,090	212,482	213,670	206,653

DoD does not count DoD civilians assigned to maintenance depots in the Acquisition Organization workforce count. AT&L personnel stated that the House Armed Services Committee requested that DoD report acquisition workforce levels to the committee using the Acquisition Organization format. Of the 206,653 acquisition organization personnel counted for FY 2004, 55 percent (114,065) were non-acquisition personnel performing support functions, such as firefighting, police, human resources, administration, accounting, legal, engineering technicians, supply, transportation, and trades (such as equipment and facilities operations and maintenance). The remaining 45 percent (92,588) were performing designated acquisition workforce missions and are included in the DoD Refined Packard workforce count as shown in the Figure below.



**Acquisition Organization and Refined Packard Workforce as of September 30, 2004**

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**Refined Packard Workforce Count.** In May 1997, the Office of the USD(AT&L) contracted with Jefferson Solutions to review alternative ways of identifying the acquisition workforce instead of using the Acquisition Organization workforce counting method. This effort was in response to congressional criticism that DoD lacked a consistent, Defense-wide approach for determining both the size of the acquisition workforce and the skill sets of those serving in it. In September 1997, Jefferson Solutions reported to AT&L a proposed Refined Packard acquisition workforce methodology of combining occupational and organizational data for identifying those in the workforce. In a December 18, 1997, letter, the Secretary of Defense forwarded the Jefferson Solutions report to Congress and stated that, beginning October 1, 1998, members of the acquisition workforce would be uniformly identified using the Refined Packard model.<sup>2</sup> While accepting the new approach, the House Armed Services Committee requested that DoD continue to report both the Acquisition Organization workforce count and the Refined Packard workforce count. The Senate Armed Services Committee relies on the Refined Packard method.

**Refined Packard Model.** The Refined Packard model uses occupations and organizations for determining whether an individual will be counted as part of the workforce under three categories. The model can be briefly stated as follows:

- Civilians in Category I occupations (such as contracting) are assumed to be performing acquisition functions regardless of the organization in which they serve. Therefore, all of these individuals across DoD are included in the acquisition workforce.
- Civilians in Category II occupations are counted only when serving in organizations that primarily perform acquisition missions, such as the materiel commands or technology missions, and research labs. Category II occupations cover such job series such as electronics engineering, budget analysis, and computer engineering.
- Military or civilian personnel in Category III occupations can be added to the count or removed from the count, at the discretion of the Military Services and Defense agencies. For example, military enlisted personnel performing key acquisition functions can be added using this capability.
- Military officers subject to the Defense Acquisition Workforce Improvement Act are counted as part of the acquisition workforce.

As of September 30, 2004, there were 134,602 civilian and military personnel included in the Refined Packard workforce count. Of the 134,602 personnel, 69 percent (92,588) was assigned and included in the DoD Acquisition Organization workforce count, while 31 percent (42,014) of the Refined Packard workforce count was assigned outside the 22 major DoD acquisition organizations. This total compares with a September 30, 2003, count of 134,431. The comparable Refined Packard workforce counts totaled 132,593 for FY 2002; 129,249 for FY 2001; 135,014 for FY 2000; and 138,851 for FY 1999. The

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<sup>2</sup> DoD refers to the acquisition workforce count produced by the “Refined Packard” model as the “Acquisition, Technology, and Logistics” count.

total acquisition personnel for the Military Services and Fourth Estate<sup>3</sup> from FY 1999 through FY 2004 are shown in Table 2.

Fiscal Year	Army	Navy	Air Force	Fourth Estate	Totals
1999	39,592	47,895	29,258	22,106	138,851
2000	40,080	41,373	28,959	24,602	135,014
2001	41,074	37,158	27,820	23,197	129,249
2002	41,783	39,661	28,444	22,705	132,593
2003	47,697	41,622	27,888	17,224	134,431
2004	48,251	41,552	27,775	17,024	134,602

As shown in Table 3, the Refined Packard count has remained substantially less than the corresponding fiscal years' Acquisition Organization workforce count.

Fiscal Year	1999	2000	2001	2002	2003	2004
Acquisition Organization	230,556	219,419	215,090	212,482	213,670	206,653
Refined Packard	138,851	135,014	129,249	132,593	134,431	134,602

## Verification of Acquisition Workforce Count

The Refined Packard workforce count for FY 2004 was unverifiable for the following reasons. DMDC lacked standard operating procedures and corporate knowledge of past Refined Packard workforce counts, events, and requirements. Neither DMDC nor the DoD support contractor, Jefferson Solutions, maintained analyses or performed count reconciliations. Neither the Refined Packard workforce count nor the Acquisition Organization workforce count included reported contract equivalents. Two DMDC acquisition workforce Management Information Systems were only partially operational.

**Annual Workforce Count Procedures and Corporate Knowledge.** DMDC lacked standard operating procedures and corporate knowledge of past Refined Packard workforce counts, events, and requirements. DMDC lacked processes and written procedures for compiling and reporting the annual DoD-wide count of the acquisition

<sup>3</sup> Fourth Estate is composed of the acquisition workforce for the Defense Contract Management Agency, Defense Logistics Agency, Defense Information Systems Agency, Missile Defense Agency, Defense Contract Audit Agency, and other DoD agencies and field activities.

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workforce. Although DMDC and Jefferson Solutions performed analyses of workforce data provided by the Military Services and the Defense agencies, no files or records were maintained by DMDC, Jefferson Solutions, or the Military Services to document the scope of FY 2004 or prior year reviews of Military Service or Defense agency Refined Packard submissions. DMDC management stated they were not required to maintain standard operating procedures or written documentation for compiling and reporting the DoD acquisition workforce count.

DMDC also lacked any personnel with corporate knowledge of how Refined Packard workforce counts were conducted and reported prior to FY 2004. While Jefferson Solutions personnel maintained corporate knowledge of Refined Packard counting methodology, Jefferson Solutions did not document or maintain standard operating procedures of past Refined Packard workforce counts, events, and requirements. All key DMDC personnel involved in the workforce counting process either retired or left the agency from 1997 through 2003, effectively leaving new staff for 2004. DMDC did not maintain a knowledge management program<sup>4</sup> to allow replacement personnel to gain experience or background on the program.

**Analysis of Workforce Counts.** Neither DMDC nor Jefferson Solutions maintained analyses or reconciliations of quarterly Military Service and Defense agency workforce counts used to create the annual Refined Packard workforce count. The FY 2004 and prior Refined Packard workforce counts were unverifiable. For example, DMDC could not explain nor provide written documentation why there were significant increases and decreases for acquisition workforce personnel for the Military Services and Defense agencies from FY 1999 through FY 2004. DMDC also did not maintain documentation for review and correction of the acquisition workforce counts with the Military Services and Defense agencies. DMDC personnel relied upon input by Jefferson Solutions personnel to analyze the FY 2004 Refined Packard workforce count. Because Jefferson Solutions did not maintain detailed records of yearly workforce count analyses, DMDC lacked sufficient audit trails for analyzing and reconciling quarterly Military Service and Defense agency workforce submissions.

**DMDC Acquisition Workforce Management Information Systems.** The 2004 “DMDC Profile” handbook listed two information systems used to support the annual acquisition workforce counting process. However, as of January 2006, neither management information system was fully operational or reliable. As a result, the DMDC lacked the management information system infrastructure to support its Acquisition Organization and Refined Packard workforce counts.

**Defense Acquisition Workforce Improvement Act Management Information System.** The Defense Acquisition Workforce Improvement Act Management Information System was a title given by DMDC for its use of four defense personnel systems to extract acquisition workforce information to meet the Defense Acquisition Workforce Improvement Act and DoD Instruction 5000.55 reporting and training requirements. The Defense Acquisition Workforce Improvement Act Management Information System was not an integrated management information system, but rather a

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<sup>4</sup> Knowledge management is a systematic approach to finding, understanding, and using knowledge to achieve organizational objectives. Many organizations are developing tools, systems, and awareness among employees that capturing and sharing knowledge is an important organizational practice. Knowledge management creates value when knowledge most important to the organization is shared and reused.



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“wrapper” for DMDC use of the four existing systems used to produce the Acquisition Organization and Refined Packard workforce counts. It could not provide a trace of actions performed by DMDC or the Military Services in producing or reconciling annual workforce counts. DMDC management stated the management information system was not meant to be an integrated system.

**Defense Acquisition Workforce Management Information System.** The Defense Acquisition Workforce Management Information System included a nonoperational Web-based Data Mart application to be used for DoD Instruction 5000.55 workforce reporting purposes. The Data Mart application was to store, report, and summarize personnel data elements, position information, and training-related information supporting the requirements associated with the Defense Acquisition Workforce Improvement Act. If DMDC can make the Data Mart application operational, it will provide a means to support an auditable trace to the annual workforce counts. The management information system also included an operational “Outreach” application to allow the Office of the Secretary of Defense and Defense Acquisition University users to create, tailor, and use a list of DoD Acquisition Workforce e-mail addresses for educational and informational purposes. The Outreach application does not support Acquisition Organization and Refined Packard workforce counts.

**Use of Contracted Acquisition Workforce Support Services.** Neither Acquisition Organization nor the Refined Packard workforce counts included or reported contractor full-time equivalents<sup>5</sup> (contractor equivalents) used to support acquisition activities. The Military Services and DoD agencies are supplementing acquisition workforce shortfalls with contracted acquisition workforce personnel including procurement, engineering, program management, and supply support. Although DoD is not required to report the number of contractor equivalents, omitting contractors from the workforce count results in the invisibility of a large part of the true acquisition workforce. Table 4 shows the number and percentage of contractor equivalents at six DoD locations visited.

Contracted acquisition workforces are not required to meet Defense Acquisition Workforce Improvement Act training and certification requirements. In some cases contracted personnel may be integrated into the Government acquisition workforce structure performing the same duties as the Government personnel.

**Reasons for Use of Contracted Acquisition Support.** According to focus group<sup>6</sup> interviews conducted as a part of the audit at the six acquisition workforce locations, increased use of contracted acquisition support occurred because of increased workload coupled with past reductions of acquisition workforce personnel. Focus group comments also indicated that prioritizing acquisition and contracting job responsibilities led to the identification of severable functions that could be contracted out. Contracted acquisition support personnel were used to meet these priority skill sets. The acquisition workforce shortfalls were prevalent across several acquisition career fields including program management, quality assurance/engineering, and contracting.

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<sup>5</sup> Per the DoD A-76 Costing Manual of March 14, 2001, a civilian full-time equivalent position is generally considered equal to 1,776 hours of annual productive effort.

<sup>6</sup> Focus groups included program managers, quality assurance/engineers, and contracting personnel.

<b>Table 4. Acquisition Workforce Contractor Equivalents for Locations Visited</b>					
Location Visited	DoD Civilians	DoD Military	Contractor Equivalents	Total Government Acquisition Workforce + Contractor Equivalents	Contractor Percentage of Combined Acquisition Workforce
Army Acquisition Support Center	85	15	22	122	18 percent
Naval Sea Systems Command	14,040	453	Not Determinable*	Not Determinable	Not Determinable
Air Force Aeronautical Systems Center	2,265	797	1,133	4,195	27 percent
Air Force Space and Missile Systems Center	514	632	2,053	3,199	64 percent
Defense Supply Center Columbus	712	0	133	845	16 percent
Defense Supply Center Richmond	798	0	250	1,048	24 percent
*The Naval Sea Systems Command could not provide data on the number of contractor equivalents.					

**Program Management.** Program managers from the focus groups indicated program offices heavily rely on contracted support personnel because their offices are not authorized or do not have the personnel resources to hire additional Government personnel to meet current workload requirements. The Government lacked the ability to compete with private industry for experienced acquisition workforce positions in certain metropolitan regions, including Washington, D.C.; Los Angeles; and Boston. For example, Air Force Personnel at the Space and Missile Systems Center in Los Angeles,

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California, noted that Federally Funded Research and Development Centers and contracted system engineering and technical assistance support are being used in “hard-to-compete” job locations. Other comments noted regional Government personnel hiring freezes caused by budget restrictions as a primary restriction.

**Quality Assurance/Engineering.** Quality assurance and engineering personnel from the focus groups indicated that quality assurance workforce reductions created increased workload requirements for engineering personnel. For example, several sites noted that system safety engineers (who concentrate on system failures and risk management operations) have been significantly reduced from the acquisition workforce, while transferring the additional workload and responsibilities to remaining Government engineering personnel. Government personnel at the Naval Sea Systems Command, the Air Force Aeronautical Systems Center, and the Space and Missile Systems Center noted the quality assurance function was being performed by engineers. Personnel stated that the lack of Government resources tends to increase program delivery date noncompliance issues because the Government is not able to identify and fix system failures prior to delivery.

**Contracting.** Both Government contracting workforce and contracting managers noted that contracting personnel have experienced increased workload requirements because of post-9/11 procurement demands. The Government contracting workforce and contracting managers also stated deployments of contracting personnel to overseas locations are increasing and that deployed personnel positions<sup>7</sup> are not being backfilled, causing shortages of Government personnel and greatly increasing workloads of warranted contracting officers. Contracting personnel at all locations visited indicated contract close-out procedures have been generally outsourced as contracted acquisition support services. Contracting managers generally noted that contract close-out was considered one area where Government contracted for support services to compensate for Government acquisition personnel shortages.

## Effect of Potential Inaccurate Acquisition Workforce Count

DoD acquisition workforce planning risks could increase because annual Refined Packard workforce support and expenditures may be based on unreliable data. A lack of standard operating procedures for workforce counts and requirements have created conditions that may lead to a lack of consistency and comparability of acquisition workforce data throughout recent years including FY 2004. A lack of corporate knowledge, including prior analyses and reconciliations of quarterly Military Service and Fourth Estate workforce counts may contribute to a lack of understanding. DoD annual reporting to Congress should provide more specific information about Acquisition Organization and Refined Packard workforce count changes. Information provided should explain work force deletions, newly created positions, and shifts of personnel from non-Refined Packard workforce to Refined Packard workforce positions, as well as shifts between different Refined Packard workforce position categories.

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<sup>7</sup> Deployments included transfer of both Government civilian and military personnel to forward locations, as well as Military Reserve/National Guard call-ups of Government civilians to active duty.

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Six acquisition offices reviewed reported contractors comprising 16 to 64 percent of the combined Government/contractor acquisition workforce. Contracted acquisition workforce equivalents are not required to meet Defense Acquisition Workforce Improvement Act training and certification requirements, as are their DoD civilian and military counterparts. As a result, the need to track the number of contractor equivalents has increased. Thus, DoD should revise Instruction 5000.55 to estimate and track contractor equivalents that support the DoD acquisition workforce, and include the estimates as supplementary DoD reporting data to Congress. If contractor equivalent estimates are not included, the total efforts and needs of the Refined Packard workload will not be recognized.

## Management Comments on the Finding and Audit Response

**Management Comments on DMDC Role in Acquisition Workforce Counts.** The Director, DMDC stated the report inaccurately reflected the DMDC role in providing refined Packard counts. The Director stated the DMDC primarily receives and compiles data from the Military Services and Office of Secretary of Defense agencies, which are allowed to modify workforce counts without justification after an initial DMDC analysis. The Director stated that DMDC was not in a position to provide reconciliations on workforce counts or provide written documentation on significant increases or decreases in DoD acquisition workforce personnel. The Director, DMDC deferred to the role and responsibility of the Director, Defense Procurement and Acquisition Policy in developing and implementing standard procedures and guidance.

**Audit Response.** DoD Instruction 5000.55, "Reporting Management Information on DoD Military and Civilian Acquisition Personnel and Positions," November 1, 1991, designates DMDC to serve as custodian of all automated records collected and to provide data quality control, inquiry capabilities, and administrative and computer support. A May 13, 1999, Under Secretary of Defense (AT&L) policy memorandum, emphasizes that the DMDC database is the official repository for acquisition workforce personnel counts. We agree that the Director, Defense Procurement and Acquisition Policy is responsible for developing and implementing acquisition workforce standard procedures and guidance; however, we believe that the existing DoD policy requires DMDC to provide accurate and reliable acquisition workforce information. Without DMDC measures to ensure the accuracy of periodic workforce submissions, DMDC role would be limited to compiling and maintaining unreliable data.

## Recommendations, Management Comments, and Audit Response

**Renumbered and Redirected Recommendations.** As a result of Office of USD(AT&L) comments we renumbered draft report Recommendation A.1.b.(2) as Recommendation A.3. in the final report and redirected it to the Under Secretary of Defense for Personnel and Readiness to comment in coordination with the USD(AT&L). We renumbered draft report Recommendation A.1.b(1) as final report Recommendation A.1.b.

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**A.1. We recommend that the Director, Defense Procurement and Acquisition Policy:**

**a. Develop and implement written standard operating procedures and guidance for counting the acquisition workforce to include:**

**(1) a definition of the acquisition workforce count that includes the Acquisition Organization Count and the Refined Packard workforce count.**

**(2) a definition of the methodologies and procedures used to perform periodic workforce counts derived from Military Services and Fourth Estate databases.**

**(3) requirements to maintain and support acquisition workforce count documentation as required by DoD Instruction 5000.55.**

**b. Revise DoD Instruction 5000.55 to update the information requirements for automated data files to ensure consistent acquisition workforce information format and reporting from the DoD components.**

**Management Comments.** The Director, Human Capital Initiatives, Office of the USD(AT&L), responding for the Director, Defense Procurement and Acquisition Policy, concurred with Recommendations A.1.a. and A.1.b., stating that he directed a complete update of the AT&L workforce management information requirements, which included a review and update of the workforce count definition. The Director stated that USD(AT&L) will ensure supporting workforce count methodology and procedures are in place and that requirements are in place to ensure maintenance and support of workforce count documentation. The Director also stated that standard policy, guidance, and process updates are being implemented with a new count methodology to facilitate workforce analysis and human capital strategic planning.

**Audit Response.** Although the Director, Human Capital Initiatives, concurred with Recommendation A.1., the comments did not address the time line for implementation of the written standard operating procedures and guidance and revision to the DoD Instruction. In separate follow-up correspondence the Office of the USD(AT&L) noted that the implementation would be by August 31, 2006.

**A.2. We recommend that the Director, Defense Manpower Data Center develop a knowledge management program to maintain corporate knowledge of Defense Manpower Data Center information systems and processes.**

**Management Comments.** The Director, DMDC concurred with the recommendation, stating that DMDC did not fully pass along knowledge related to the methods used in attempting to identify personnel in the acquisition workforce. The Director stated that the DMDC has taken steps to rectify the situation.

**Audit Response.** Although the Director, DMDC concurred with Recommendation A.2., the comments were not fully responsive because they did not address the development of a knowledge management program or identify specific steps taken to pass along knowledge and did not provide a timetable to implement such a program. We request

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further comments from the Director, DMDC regarding implementation of Recommendation A.2.

**USD(AT&L) Comments.** Although not required to comment, the Director, Human Capital Initiatives, Office of the USD(AT&L), commented that his office would work closely with the Under Secretary of Defense for Personnel and Readiness to clarify requirements, policy, and processes that impact the management information services provided through DMDC.

**A.3. We recommend that the Under Secretary of Defense for Personnel and Readiness in coordination with the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics revise DoD Instruction 5000.55 to estimate contractor equivalents, to the best extent estimable, who support the DoD acquisition workforce, and include such estimates as supplementary acquisition workforce reporting data in annual DoD reporting to Congress.**

**USD(AT&L) Comments.** The Director, Human Capital Initiatives, Office of the USD(AT&L), commenting to the draft report recommendation directed to the Director, Defense Procurement and Acquisition Policy, stated the recommendation came under the purview of the office of the Under Secretary of Defense for Personnel and Readiness because that office had broader authority to establish the requirement and direct collection of DoD contractor personnel data.

**Audit Response.** As a result of Office of USD(AT&L) comments, we have renumbered and redirected the recommendation in the final report to the Under Secretary of Defense for Personnel and Readiness to respond in coordination with the Office of the USD(AT&L).

**Air Force Comments.** Although not required to comment, the Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition) stated there is currently no requirement for DoD to report acquisition workforce contractor equivalents and questioned the relevancy of counting contractors.

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## **B. Contracted Support Services for the Acquisition, Technology, and Logistics Workforce**

The Defense Contracting Command-Washington (DCC-W) did not properly negotiate or administer support service contract DASW01-03-F-0393 to Jefferson Solutions. In addition, the contracting officer's representative (COR) approved Jefferson Solutions' monthly invoices without requesting written support for services performed, hours expended, or products provided. The contract negotiation and administration problems occurred because:

- DCC-W did not maintain support for the independent Government cost estimate (IGCE) determination of labor hours, labor rates, and direct and indirect costs, which appeared to be based on unverified contractor proposal data;
- DCC-W did not require signatures on or dating of the IGCE and did not maintain letters of delegation to the COR;
- DoD contracting officials did not place adequate emphasis on contract administration and surveillance; and
- DCC-W did not require written monthly progress reports.

As a result, the Government was not assured that it negotiated fair and reasonable prices with Jefferson Solutions, that work performed by Jefferson Solutions in identifying and reporting the Refined Packard workforce count was done properly for the time and materials expended, nor that Government resources were used economically.

### **Refined Packard Workforce Count Support Contracts**

DCC-W, on behalf of the Office of the USD(AT&L), awarded the DoD-wide Refined Packard workforce identification contracts. Since 1997, DCC-W has awarded five contracts to Jefferson Solutions to support DoD acquisition workforce issues. DCC-W and Jefferson Solutions had no records relating to the initial contract. The subsequent four contracts are valued at \$2.447 million. The following table summarizes the last four contracts awarded.

<b>Contract No.</b>	<b>Award Date</b>	<b>Contract Value</b>
DASW01-99-F-1028	March 15, 1999	\$451,194
DASW01-01-F-0349	December 18, 2000	\$413,906
DASW01-02-F-0538	February 1, 2002	\$432,679
DASW01-03-F-0393	March 1, 2003	\$1,149,259
<b>Total</b>		<b>\$2,447,038</b>

**Prior Contracts.** On March 15, 1999, DCC-W awarded a firm-fixed-price contract (DASW01-99-F-1028) for a period of 10 months to Jefferson Solutions. Modification P00001 extended the period of performance to January 14, 2001, for the continued implementation of the Acquisition and Technology workforce identification. Jefferson Solutions was to provide to the Office of the USD(AT&L) both consulting expertise and advice for further refinement of the Refined Packard methodology. The total cost of the contract was \$451,194. The contracting officer could not locate a 1997 contract awarded to Jefferson Solutions for reporting the acquisition workforce and stated the contract was sent to a warehouse and may have been destroyed.

On December 18, 2000, DCC-W awarded a firm-fixed-price contract (DASW01-01-F-0349) for a period of 12 months to Jefferson Solutions to provide consulting expertise and advice relevant to further refinement of the Refined Packard algorithm. Modification P00001 extended the period of performance to January 31, 2002. The contract was not competitively awarded and was follow-on work to contract DASW01-99-F-1028. Total cost of the contract was \$413,906.

On February 1, 2002, DCC-W awarded a firm-fixed-price contract (DASW01-02-F-0538) for a period of 12 months to Jefferson Solutions to provide for the full identification and quantification of the DoD key acquisition workforce based on the Refined Packard methodology. Modification P00001 extended the contract one month to February 28, 2003. The total cost of the contract was \$432,679. The contract was not competitively awarded and was follow-on work to contract DASW01-01-F-0349. A sole-source justification stated that Jefferson Solutions was the only contractor that could continue the effort in a timely and cost-effective fashion. The sole-source justification was not signed or dated.

**Current Contract.** On March 1, 2003, DCC-W awarded a firm-fixed-price contract (DASW01-03-F-0393) for a base period of 11 months and up to 3 option years to Jefferson Solutions to provide for the full identification and quantification of the DoD-wide acquisition workforce, based on the methodology refined by the December 1997 DoD Workforce Identification Working Group. The base year was awarded for \$266,699. As of March 14, 2005 (modification P00006), the total cost of the contract was \$1,149,259.



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## Government Oversight of Refined Packard Workforce Count Contractor

Based on a review of support service contract DASW01-03-F-0393:

- DCC-W did not properly negotiate or administer support service contract DASW01-03-F-0393 to Jefferson Solutions. A DCC-W award to Jefferson Solutions was based on an unsupported IGCE. The DCC-W contracting officer should have performed a price analysis to ensure the Government received a fair and reasonable price. The contractor was not required to provide written monthly progress reporting.
- The COR approved 28 Jefferson Solutions monthly invoices for contract DASW01-03-F-0393 from March 2003 through June 2005 without requesting written support for services performed, hours expended, or products provided. Each of the contractor invoices stated only “Provide for the full identification and quantification of the DoD-wide Acquisition Technology and Logistics (AT&L) Workforce, based on the methodology refined by the December 1997 DoD Workforce Identification Working Group.” None of the monthly invoices provided any further information on the monthly activities performed to support payment.

## Contract Negotiation and Administration

The contract negotiation and administration problems occurred because DCC-W did not maintain support for the IGCE determination of estimated amounts and did not require signatures on or dating of the IGCE. DCC-W did not maintain letters of delegation to the COR and did not place adequate emphasis on contract administration and surveillance of Jefferson Solutions products.

**Independent Government Cost Estimate.** Federal Acquisition Regulation Subparts 15.404-1(b)(2) and 15.404-1(c)(2) note the Government may use various cost or price analysis techniques to determine a fair and reasonable price. Such techniques include a comparison of costs proposed by the offeror for individual cost elements with an independently prepared Government estimate of the costs. DCC-W could not support its estimated amounts for labor hours, labor rates, and direct and indirect costs for contract DASW01-03-F-0393. The IGCE consisted of a list of labor categories, rates, and hours. DCC-W maintained no explanation of the sources or analyses pertaining to the estimated cost information. The IGCE appeared to be based on data from the contractor proposal and not from a price analysis completed by the Government to ensure the Government received a fair and reasonable price. The IGCE total estimated cost and fee was \$266,860. The total firm-fixed price for the base year for the contractor proposal was \$266,699. The difference between the IGCE and the contractor price proposal was only \$161. In addition, the IGCE did not include an estimate for the three option periods in the proposal. The proposed first two option periods and prices were

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included in the negotiated contract without change. Further, the contracting officer stated that DCC-W policy did not require Government signatures on and dating of IGCEs or estimates of contractor-proposed option periods until June 2005.

**Fair and Reasonable Price.** The Memorandum of Negotiations for contract DASW01-03-F-0393 notes that a request for quotes was submitted to 10 contractors, using the GSA Advantage E-Buy Web site. Jefferson Solutions was the only contractor that submitted a proposal. The memorandum stated that the COR reviewed the Jefferson Solutions price proposal and determined the costs were realistic for the work to be performed when compared with previous contracts for the same type of work. All previous contracts were awarded to and performed by Jefferson Solutions. DCC-W contracting officials should have performed a price analysis to ensure the Government received a fair and reasonable price.

The memorandum also noted that because the award was based on full and open competition, a detailed price analysis was not performed in accordance with the requirements of Federal Acquisition Regulation Subpart 15.804-3(b). The memorandum's reference to Subpart 15.804-3(b) is erroneous because the subpart did not exist at the time of the February 3, 2003, solicitation.<sup>8</sup> The memorandum did not reference Federal Acquisition Regulation Subpart 15.404-1(a)(2) requirement that a price analysis shall be used when cost or pricing data are not required. Had the contracting officer required a price analysis, he could have demonstrated whether the proposed price was reasonable in comparison with current or recent prices for the same or similar items.

**COR Letter of Delegation.** The Defense Federal Acquisition Regulation Supplement Subpart 201.602-2 and the DCC-W "Contracting Officer's Representative (COR) Guide," (COR Guide) April 15, 2005, note the appointment of a COR must be made by the contracting officer in writing. Subpart 201.602-2 and the DCC-W COR Guide additionally require that the designation specify the extent of the COR authority to act on behalf of the contracting officer, identify the limitations on the COR authority, specify the period covered by the designation, state the authority is not redelegable, and state that the COR may be personally liable for unauthorized acts.

While the Memorandum of Negotiations for contract DASW01-03-F-0393 referred to COR actions, the DCC-W contracting officer did not designate a COR in writing as required by the Defense Federal Acquisition Regulation Supplement. The contracting officer stated that DCC-W does not use the term COR for GSA Federal Supply Schedule contracts; rather, it uses the term "point of contact" to refer to the COR function. DASW01-03-F-0393 and prior DCC-W contracts with Jefferson Solutions designated points of contact in the offices of the USD(AT&L) or the Director, Defense Procurement and Policy. However, the designations did not meet the requirements of Defense Federal Acquisition Regulation Supplement Subpart 201.602-2 and the DCC-W COR Guide because they did not specify the

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<sup>8</sup> Review of prior Federal Acquisition Regulation revisions indicated that no Federal Acquisition Regulation 15.804 reference existed past July 1997.

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period covered by the designation, the extent or limitations of the COR authority, or state the authority was not redelegable.

**Contract Administration and Surveillance and Contractor Progress Reporting.** The DCC-W COR Guide noted the COR was required to maintain effective surveillance of the contract and document the surveillance performed. Surveillance documentation includes progress reports submitted by the contractor. COR/point of contact surveillance files were limited and consisted of a copy of the contract, e-mails, contractor invoices, and COR/point of contact approvals. COR/point of contact surveillance consisted primarily of a review of contractor invoices, e-mails, and verbal progress reports over the telephone with the contractor. The contracting officer could not explain why the contract did not require written monthly progress reports, and noted the COR/point of contact could not properly monitor contractor performance to determine whether work was properly performed and progress was being made without written monthly progress reports.

The Office of the Defense Procurement and Policy COR/point of contact noted after our review of their contracting files that the contractor should be required to provide written monthly progress reports. On October 21, 2005, the contracting officer issued modification P00007 to contract DASW01-03-F-0393 to require the contractor to provide USD(AT&L) with written monthly progress reports.

## Summary

A DCC-W award to Jefferson Solutions was justified through an unsigned, undated, and unsupported IGCE. The Government was not assured that fair and reasonable prices were negotiated because the IGCE lacked sufficient detail for supporting labor rates, labor categories, labor hours, and direct as well as indirect costs, and no one performed a price analysis. DCC-W contracting officials should have performed a price analysis to ensure the Government received a fair and reasonable price. The contracting officer took corrective action to require the contractor to provide written monthly progress reports.

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## Recommendation and Management Comments

**B.1. We recommend that the Commander, Defense Contracting Command-Washington require that acquisition workforce count contracts supporting Office of Under Secretary of Defense for Acquisition, Technology, and Logistics components include written contractor monthly progress reports to the contracting officer and points of contact or contracting officer representatives.**

**Army Comments.** The Director, Army Contracting Agency, responding for the Director, Defense Contracting Command-Washington, concurred with the recommendation and noted that any future contract requirements for these or similar services will include the proper Government and contractor reporting requirements.

**Office Under Secretary Defense for Acquisition, Technology & Logistics Comments.** Although not required to comment, the Director, Human Capital Initiatives, Office of the Under Secretary of Defense for Acquisition, Technology and Logistics, commented that the final option for the workforce count support contract was not exercised and that a new acquisition is planned.

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## Appendix A. Scope and Methodology

We performed this audit from May 2005 through January 2006 in accordance with generally accepted government auditing standards. The audit analyzed existing Federal, DoD, and Service (including DLA) acquisition workforce policy and guidance, assessed Service and DLA compliance with acquisition workforce guidance regarding workforce counts, and evaluated management controls over the acquisition workforce counting process. This analysis included determining the processes used by the Office of the Secretary of Defense to count and report the acquisition workforce and determining the extent of support for counts made through the Refined Packard method. The audit did not determine the extent of support for workforce counts made through the Acquisition Organization method as those counts were derived directly from DoD civilian and military personnel databases. We reviewed documents from FY 1997 through FY 2005.

In addition, the audit team held focus group discussions with management and nonmanagement acquisition workforce personnel, including program management, contracting, quality assurance, and engineering work groups, to identify areas of concern to the workforce and prepare a potential DoD-wide questionnaire on acquisition workforce issues for use in later audits.

The audit team conducted site visits to Office of the Secretary of Defense components including the Office of the USD(AT&L) and its Defense Procurement and Acquisition Policy and Defense Acquisition University components, the Office of the Under Secretary of Defense for Personnel and Readiness and its DMDC component, and support contractor Jefferson Solutions. The audit also performed site visits or met with personnel from the Army Acquisition Support Center; the Army Contracting Agency; the Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition; the Naval Sea Systems Command; the Office of the Assistant Secretary of the Air Force for Acquisition; the Air Force Materiel Command; the Aeronautical Systems Center; the Air Force Space and Missile Systems Center; DLA Headquarters; Defense Supply Center-Columbus; and Defense Supply Center-Richmond. We determined the use and extent of contracted support services at acquisition workforce field organizations and locations visited.

**Use of Computer-Processed Data.** We relied on data received from the Military Services, DMDC, and DLA information systems for the FY 2004 Refined Packard workforce counts. We did not test those information systems. Issues that came to our attention are included in Finding A.

**Government Accountability Office High-Risk Area.** The Government Accountability Office has identified several high-risk areas in DoD. This report provides coverage of the Strategic Human Capital Management and the DoD Approach to Business Transformation—Weapon Systems Acquisition high-risk areas.

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## Appendix B. Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the Department of Defense Inspector General (DoD IG) have issued seven reports discussing the DoD acquisition workforce. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>.

### GAO

GAO Report No. GAO-05-233, “Federal Acquisition: Progress in Implementing the Services Acquisition Reform Act of 2003,” February 2005

GAO Report No. GAO-04-83, “Human Capital: Implementing Pay for Performance at Selected Personnel Demonstration Projects,” January 2004

GAO Report No. GAO-03-443, “Federal Procurement: Spending and Workforce Trends,” April 2003

GAO Report No. GAO-03-55, “Acquisition Workforce: Status of Agency Efforts to Address Future Needs,” December 2002

GAO Report No. GAO-02-737, “Acquisition Workforce: Agencies Need to Better Define and Track the Training of Their Employees,” July 2002

GAO Report No. GAO-02-630, “Acquisition Workforce: Department of Defense’s Plans to Address Workforce Size and Structure Challenges,” April 2002

### DoD IG

DoD IG Report No. D-2001-129, “Contracting Officer Determinations of Price Reasonableness When Cost or Pricing Data Were Not Obtained,” May 30, 2001

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## **Appendix C. DoD Acquisition Organizations List**

DoD Instruction 5000.55, November 1, 1991, defines an acquisition organization as one of 22 listed organizations and any successor organization of these commands, including subordinate elements, whose mission includes planning, managing, and executing acquisition programs. The list is used as the basis for the Acquisition Organization workforce counting method and is shown below:

### **Office of the Secretary of Defense**

Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics

### **Department of the Army**

Army Acquisition Executive  
Army Materiel Command  
Army Space and Missile Defense Command

### **Department of the Navy**

Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition  
Naval Air Systems Command  
Naval Sea Systems Command  
Naval Supply Systems Command  
Naval Facilities Engineering Command  
Naval Space and Warfare Systems Command  
Naval Strategic Systems Program Office  
Office of Naval Research  
Navy Program Executive Office/Direct Reporting Program Manager Organization  
Marine Corps Systems Command

### **Department of the Air Force**

Office of the Assistant Secretary of the Air Force for Acquisition  
Air Force Materiel Command  
Air Force Space and Missile Center  
Air Force Program Executive Office

### **Combatant Command**

U.S. Special Operations Command–Acquisition Center

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## **Other Defense Organizations**

Defense Logistics Agency  
Defense Contract Management Agency  
Missile Defense Agency



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## Appendix D. Military Services and Defense Logistics Agency Acquisition Workforce Counting Processes

The FY 2004 and prior Refined Packard workforce counts were unverifiable and may not accurately reflect the true DoD acquisition workforce. Guidance and processes used by the services to count and report the acquisition workforce vary greatly.

**Army Counting Process.** The Military Deputy to the Army's Acquisition Executive serves as the Army DACM. The Director, Army Acquisition Support Center serves as the Army Deputy Director Acquisition Career Management. The Army DACM reports quarterly a Refined Packard acquisition workforce count to DMDC as required by DoD Instruction 5000.55. The Army's Career Acquisition Personnel and Position Management Information System (Army information system) is the Army database system for Army's acquisition workforce and is used to report data to DMDC. The Army Acquisition Support Center uses the Army information system for acquisition workforce training, personnel history, and qualifications. Army personnel noted that DMDC can also obtain Army-related acquisition workforce information directly from the Defense Civilian Personnel Data System. The Army's information system comprises acquisition workforce data from multiple sources including the Defense Civilian Personnel Data System, the Total Officer Management Information System, and manually counted data of enlisted personnel.

**Revisions to Army Workforce Counting Methodology.** Army Acquisition Support Center officials stated that while the Refined Packard workforce count provides a good definition of the acquisition workforce, the Army may expand its acquisition workforce count by at least 12,000 personnel (25 percent) to include facilities engineering personnel at three major Army commands, including the Corps of Engineers-Civil Works, the Installation Management Agency, and Office of the Assistant Chief of Staff for Installation Management. Army Acquisition Support Center personnel stated the expansion would begin with the FY 2006 Refined Packard workforce count as a result of personnel description changes made during FY 2005.

**Army Workforce Projection Methods.** The Office of the Assistant Secretary of the Army for Acquisition, Logistics, and Technology is responsible for sizing the Army acquisition workforce. The Army uses a Forecast Framework Model to assess the current workforce count, project future workforce size, and conduct a "gap analysis" comparing current demographics with the desired demographics and flagging significant differences. The acquisition workforce projections are analyzed by the Army Acquisition, Logistics, and Technology personnel to identify any significant growth in accession requirements. The analysis identifies Army acquisition workforce reductions due to retirements or migrations or where a new or increased workload requirement has been projected. The Army also considers industry and academia information describing emerging

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technical skills and acquisition community best practices in strategic planning recommendations.

**Navy Counting Process.** The Department of Navy DACM has the primary responsibility of developing and implementing policies and procedures for the Navy Refined Packard workforce count and the Navy AT&L Workforce Education, Training, and Career Development Program on behalf of the Assistant Secretary of the Navy for Research, Development, and Acquisition, who serves as the Navy Service Acquisition Executive. The Navy DACM is also responsible for establishing and maintaining a management information system to support workforce management, compliance monitoring, tracking, and reporting for the Department of the Navy Acquisition Workforce.

**Navy Workforce Counting Systems.** The Navy DACM relies on civilian and military acquisition personnel and position data systems that are updated monthly by Department of the Navy command levels. The Navy DACM does not use the Refined Packard method to assemble the workforce count. Instead, the Navy DACM uses the Refined Packard methodology as a tool to assist the components in identifying and assimilating positions into the acquisition workforce. The Navy DACM uses a Navy computer program to pull coded Department of the Navy acquisition workforce positions from the Defense Civilian Personnel Data System, the Navy Total Force Manpower Management System, the Navy Officer Personnel Information System, and the Marine Corps Acquisition Workforce System of Management. The acquisition positions within the personnel and position data systems are coded by management level personnel at the Department of Navy commands. The Navy DACM process removes all nonacquisition personnel, including some personnel considered as Refined Packard Method Category One. However, the Navy DACM stated that DMDC and Jefferson Solutions revised the Navy DACM submission for the FY 2004 DoD-wide acquisition workforce count by adding back approximately 200 Category One personnel that had been eliminated by this Navy DACM process.

**Navy Workforce Counting Criteria.** Secretary of the Navy Instruction 5300.36, "Department of the Navy Acquisition Workforce Program," May 31, 1995, and the Navy DACM, "Interim Guidance Department of the Navy (DoN) Acquisition, Technology, and Logistics (AT&L) Workforce Education, Training, and Career Development Program," October 11, 2005, are supplied to major commands as guidance for implementing acquisition workforce coding and revised Defense Acquisition Workforce Improvement Act requirements. The Navy DACM noted that the interim guidance is consistent with the revised DoD Directive 5000.52 and should replace the same topics covered in Secretary of the Navy Instruction 5300.36. The Navy DACM also stated that the Navy will publish a revised Secretary of the Navy policy instruction and operating guidance by July 2006, after the Office of the USD(AT&L) publishes a DoD operational instruction and Web-based Desk Guide.

Neither the Secretary of the Navy Instruction nor the Navy interim guidance includes procedures for the Navy DACM or component of the Department of the Navy commands to verify the validity of coded acquisition workforce data. The Navy DACM stated that its office did not maintain written standard operating

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procedures for assembling the count or to verify the validity of coded workforce data made by the Department of the Navy commands. However, the Navy DACM noted that its office had requested the Naval Audit Service to validate the data through audit examination.

**Air Force Counting Process.** The Air Force DACM leads the Acquisition Professional Development Program on behalf of the Service Acquisition Executive. The Air Force DACM is responsible for the Air Force acquisition workforce count submitted to DMDC.

**Air Force Workforce Counting Systems.** The Air Force DACM staff performs an acquisition workforce count by retrieving data on acquisition coded positions from four Air Force systems: a DoD Instruction 5000.55 file, an Acquisition Career Management System, the Air Force Personnel Data System,\* and the DMDC Refined Packard workforce count. The Air Force DACM staff includes in the Air Force acquisition workforce all personnel whose social security numbers are in at least three of the four systems or if they were in both the Acquisition Career Management System and the Air Force Personnel Data System. The Air Force DACM staff submits information to DMDC to allow DMDC to make an assessment of the Air Force acquisition workforce count. DMDC sends results back to the Air Force DACM staff for review and correction. The Air Force DACM staff sends corrections back to DMDC in a spreadsheet format.

**Air Force Workforce Counting Criteria.** An undated Web-based Air Force acquisition guidance implements Air Force Major Command coding of acquisition positions in the manpower and data personnel systems. The Air Force coding guidance notes that when job duties are predominantly acquisition-related, then the position falls under the requirements of the Air Force's Acquisition Professional Development Program. The Air Force DACM staff noted there were data entry and coding problems with personnel entering the data at Air Force bases. The Air Force DACM staff was in the process of writing new policies and procedures for coding and counting the acquisition workforce. The new policies and procedures were expected to be completed for the FY 2006 end-of-year acquisition workforce count.

**DLA Counting Process.** The DLA Customer Support Office in Columbus, Ohio, submits quarterly DLA Acquisition Workforce count data directly to the Defense Manpower Data Center. DLA has a Component Acquisition Executive responsible for all acquisition functions within the agency. The Component Acquisition Executive serves on the DLA Acquisition Career Program Board, which periodically convenes to discuss and make decisions on acquisition workforce policy issues affecting DLA. However, DLA is not required by DoD guidance to maintain a DACM to assist in DLA acquisition workforce training, education, and career development. The Defense Acquisition University's Defense Agency Workforce Support Office performs DACM functions in support of the Defense agencies.

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\* The Air Force Personnel Data System includes data from the DoD Military Personnel Data System and the Defense Civilian Personnel Data System

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**DLA Workforce Counting Systems.** The Customer Support Office produces quarterly acquisition workforce counts through extraction of DLA Acquisition Personnel File records from the Defense Civilian Personnel Data System and use of DLA Acquisition Position Files. The Acquisition Personnel File and Acquisition Position File records are periodically updated by the DLA Customer Support Offices in Columbus, Ohio, and New Cumberland, Pennsylvania. DMDC performs a match between the Acquisition Personnel File records and Acquisition Position File records; the results of that match become the DLA acquisition workforce count.

In FY 2004, the Customer Support Office also provided DMDC the acquisition workforce count data for the Defense Contract Management Agency. Compilation of the Defense Contract Management Agency acquisition workforce count was transferred to the Department of the Army in April 2005. Annually, Jefferson Solutions asks the DLA Headquarters Human Resource Policy and Information Office to review and comment on the Refined Packard workforce count for that year. For the FY 2004 count, DLA did not provide comments to Jefferson Solutions.

**DLA Workforce Counting Criteria.** DLA uses the DoD Instruction 5000.55 as guidance and does not maintain supplementary criteria regarding maintaining and reporting acquisition workforce data. Once a planned revised DoD instruction is issued, DLA personnel stated that the agency will review and determine if any supplementary internal guidance is necessary. The Customer Support Office does not maintain standard operating procedures but does maintain standard reporting queries and schedules for the DLA acquisition workforce count.

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## **Appendix E. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense for Acquisition, Technology, and Logistics  
  Director, Defense Procurement and Acquisition Policy  
  Director, Acquisition Resources and Analysis  
Under Secretary of Defense for Personnel and Readiness  
  Director, Defense Manpower Data Center  
Under Secretary of Defense (Comptroller)/Chief Financial Officer  
  Deputy Chief Financial Officer  
  Deputy Comptroller (Program/Budget)  
  Director, Program Analysis and Evaluation

### **Department of the Army**

Office of the Administrative Assistant to the Secretary of the Army  
  Commander, Defense Contracting Command-Washington  
  Auditor General, U.S. Army Audit Agency

### **Department of the Navy**

Naval Inspector General  
  Auditor General, Naval Audit Service

### **Department of the Air Force**

Assistant Secretary of the Air Force for Financial Management and Comptroller  
  Auditor General, Department of the Air Force

### **Combatant Command**

Inspector General, U.S. Joint Forces Command

### **Other Defense Organization**

Director, Defense Logistics Agency

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## **Non-Defense Federal Organizations and Individuals**

Office of Management and Budget

## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Homeland Security and Governmental Affairs

House Committee on Appropriations

House Subcommittee on Defense, Committee on Appropriations

House Committee on Armed Services

House Committee on Government Reform

House Subcommittee on Government Management, Finance, and Accountability,

Committee on Government Reform

House Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform

# Under Secretary of Defense for Acquisition, Technology, and Logistics Comments



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

MAR 14 2006


MEMORANDUM FOR PROGRAM DIRECTOR, CONTRACT MANAGEMENT,  
OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF  
DEFENSE

THROUGH DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS *7/8 3/17/06*

SUBJECT: Draft Audit Report, "Report on the DoD Acquisition Workforce Count,"  
(Project No. D2005-D000CB-0181)

This is in response to your February 13, 2006 memorandum asking for our comments on subject draft report. Our response to each of the audit report recommendations is attached.

We appreciate the opportunity to respond to your draft audit report and look forward to resolving the cited issues. My point of contact is Mr. Garry Shafovaloff. He can be contacted by telephone at (703) 805-4969 or email at [garry.shafovaloff@dau.mil](mailto:garry.shafovaloff@dau.mil).

  
Frank J. Anderson, Jr.  
Director, Human Capital Initiatives

Attachment:  
As stated

cc:  
OUSD (AT&L)  
OUSD (P&R)/DMDC  
OUSD (AT&L)/DPAP  
DOA/DCCW  
OSD AT&L Workforce Management Group Members



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Director, Human Capital Initiatives (OUSD (AT&L))  
Comments on Draft DoD IG Audit Report  
“Report on the DoD Acquisition Workforce Count”  
OIG Project No. D2005-D000CD-0181

**OIG Recommendation A.1.a.(1).** Develop and implement written standard operating procedures and guidance for counting the acquisition workforce to include: (1) a definition of the acquisition workforce count which includes the Acquisition Organization Count and the Refined Packard Count.

**OUSD (AT&L) Response A.1.a.(1).** Concur. The Director, Human Capital Initiatives (OUSD (AT&L)) has recently directed a complete update of AT&L workforce management information requirements, to include a review and update of the workforce count definition. As part of this effort the workforce count definition and supporting processes are being updated.

**OIG Recommendation A.1.a.(2).** Develop and implement written standard operating procedures and guidance for counting the acquisition workforce to include: (2) a definition of the methodologies and procedures used to perform periodic workforce counts derived from Military Services and Fourth Estate databases.

**OUSD (AT&L) Response A.1.a.(2).** Concur. OUSD (AT&L) is updating the count definition and will ensure supporting methodology and procedures are in place.

**OIG Recommendation A.1.a.(3).** Develop and implement written standard operating procedures and guidance for counting the acquisition workforce to include: (3) requirements to maintain and support acquisition workforce count documentation as required by DoD Instruction 5000.55.

**OUSD (AT&L) Response A.1.a.(3).** Concur. OUSD (AT&L) will ensure appropriate requirements are in place to ensure maintenance and support of workforce count documentation.

**OIG Recommendation A.1.b.(1).** Revise DoD Instruction 5000.55 to update the information requirements for automated data files to ensure consistent acquisition workforce information format and reporting from the DoD components.

**OUSD (AT&L) Response A.1.b.(1).** Concur. Management information requirements are being updated. Standard policy, guidance and process updates are being implemented with a new count methodology to facilitate comprehensive workforce analysis and human capital strategic planning.



**OIG Recommendation A.1.b.(2).** Estimate contractor equivalents, to the best extent estimable, which support the DoD acquisition workforce, and include such estimates as supplementary acquisition workforce reporting data in annual DoD reporting to Congress.

Renumbered  
A.3  
Redirected

**OUSD (AT&L) Response A.1.b.(2).** This proposal would have to be worked by OUSD (P&R) to address the broader issue of reporting for DoD contractor personnel. OSD (P&R) is the proper authority for establishing the requirement and directing collection.

Renumbered  
A.3  
Redirected

**OIG Recommendation A.2.** We recommend the Director, Defense Manpower Data Center (DMDC) develop a knowledge management program to maintain corporate knowledge of Defense Manpower Data Center information systems and processes.

**OUSD (AT&L) Response A.2.** The Director, Human Capital Initiatives (OUSD (AT&L)) will work closely with OUSD (P&R)/CPMS to ensure clarity of requirements, policy and processes which impact the management information services provided by through DMDC and the Defense Civilian Personnel Data System (DCPDS).

**OIG Recommendation B.1.** We recommend that the Commander, Defense Contracting Command-Washington require that acquisition workforce count contracts supporting Office of Under Secretary of Defense for AT&L components include written contractor monthly progress reports to the contracting officer and points of contact or contracting officer representatives.

**OUSD (AT&L) Response B.1.** The final option of the workforce count contractor support contract was not exercised. A new acquisition is planned for contractor support for the AT&L Human Capital Initiatives/workforce office.

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# Department of the Army Comments



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
US ARMY CONTRACTING AGENCY  
5109 LEESBURG PIKE SUITE 302  
FALLS CHURCH VA 22041-3201

MAR 16 2006

SFCA

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE,  
400 ARMY NAVY DRIVE, ARLINGTON, VA 22202-4704

SUBJECT: Response to the Department of Defense, Inspector General  
(DODIG), Report on DoD Acquisition Workforce Count (Project No.  
D2005-D000CB-0181), Dated February 13, 2006

This correspondence provides the Headquarters, Army Contracting Agency's (HQ ACA) response to recommendation B.1, concerning the subject audit of DoD acquisition workforce levels.

The HQ, ACA concurs with the recommendation that formal Contracting Officer Representative (COR) designations and contractor monthly progress reports should be required. The contract performance periods under these contracts expired, therefore no further corrective actions can be taken. Any future contract requirements for these or similar type services, will include the proper government and contractor reporting requirements.

A handwritten signature in cursive script that reads "Sandra O. Sieber".

Sandra O. Sieber  
Director  
Army Contracting Agency

KE6-1122

# Defense Manpower Data Center Comments



DEPARTMENT OF DEFENSE  
Manpower Data Center

REPLY TO DMDC:

- DOD CENTER MONTEREY BAY  
400 GIGLING ROAD  
SEASIDE, CA 93955-6771
- 1600 N. WILSON BLVD, SUITE 400  
ARLINGTON, VIRGINIA 22209-2593

March 13, 2006

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Draft Report on DoD Acquisition Workforce Count (Project No. D2005-0181)

Thank you for the opportunity to review and provide comments on your draft report, "DoD Acquisition Workforce Count," Project No. D2005-D000CB-0181. DMDC concurs in part with the findings and recommendations.

With regard to Finding A, we believe the report inaccurately reflects DMDC's role in providing refined Packard counts. DMDC primarily receives and compiles data from the Military Services and OSD agencies and in fact, the Services are allowed to modify the counts after DMDC's initial analysis without providing justification for their changes. Thus we are not in a position to perform reconciliations of workforce counts nor to "... explain nor provide written documentation why there were significant increases and decreases for acquisition workforce personnel for the Military Services and Defense agencies . . . ." We believe Recommendation A.1 more properly recognizes the role and responsibilities of the Director, Defense Procurement and Acquisition Policy in developing and implementing standard procedures and guidance.

With regard to Recommendation A.2., that "the Director, Defense Manpower Data Center develop a knowledge management program to maintain corporate knowledge of Defense Manpower Data Center information systems and processes," I concur that DMDC did not fully pass along knowledge related to the methods used in attempting to identify personnel in the acquisition workforce, and I have taken steps to rectify that situation.

Should you have any additional questions, my point of contact for this report is Kris Hoffman. Ms. Hoffman can be reached via email to [kris.hoffman@osd.pentagon.mil](mailto:kris.hoffman@osd.pentagon.mil) or via phone at 831-583-2400 (commercial) or 878-2951 (DSN).

Robert J. Brandewie  
Director

# Department of the Air Force Comments



OFFICE OF THE ASSISTANT SECRETARY

DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC

15 MAR 2006

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
ATTN: DEPUTY INSPECTOR GENERAL FOR AUDITING

FROM: SAF/AQ

SUBJECT: Air Force Comments on the Draft Report on the Acquisition Workforce (AWF)  
Count, DoD IG Code D2005CB-0181, 13 February 2006

The following is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) provide Air Force comments on subject report.

The DoDIG report listed 2 major Findings. The Air Force concurs with these findings without comment. The report also makes 5 recommendations. The Air Force non-concurs with the third recommendation; "We also recommend that the Director revise the instruction to estimate contractor equivalents which support the DoD acquisition workforce, and include such estimates as supplementary annual DoD acquisition workforce reporting data to Congress."

There is currently no requirement for DoD to report AWF contractor equivalents and there is some question to the relevancy of counting contractors. Most contracts are written to provide a product or service – the number of contractors needed to accomplish this service is not relevant to the contract. Furthermore, the purpose of the count – support of acquisition workforce planning, certification, and training – is not applicable to support contractors. Personnel hired under a support contract are assumed to already be qualified and no further certification or training is necessary by the DoD or Services.

The SAF/AQ point of contact is Major Tony Veerkamp. Major Veerkamp can be reached at 703-588-7130 or at email: Tony.Veerkamp@pentagon.af.mil.

DONALD J. HOFFMAN, Lt Gen, USAF  
Military Deputy, Office of the Assistant Secretary  
of the Air Force (Acquisition)

## **Team Members**

The Department of Defense Office of the Deputy Inspector General for Auditing, Contract Management prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

Richard B. Jolliffe  
Kimberley A. Caprio  
Benjamin A. Mehlman  
Robert M. Sacks  
Linh Truong  
Takia A. Matthews  
Daniel L. Messner  
Cecil B. Tucker  
Loretta L. Loughner  
Meredith Johnson  
Jillisa Milner