



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

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MEMORANDUM FOR: SEE DISTRIBUTION

FEB 16 2007

SUBJECT: Panel on Contracting Integrity

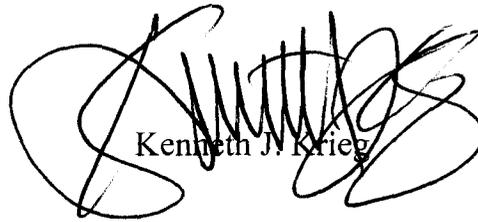
Section 813 of the John Warner National Defense Appropriations Act for FY 2007, Public Law 109-364, requires the Secretary of Defense to establish a panel to be known as the "Panel on Contracting Integrity." The Deputy Under Secretary of Defense (Acquisition & Technology) (DUSD(A&T)) is hereby designated as the Panel Chairman. Dr. James Finley will designate members to the Panel, as nominated by the Military Departments and Defense Agencies, and convene the Panel early in 2007. The Director, Defense Procurement and Acquisition Policy, will serve as Executive Director for the Panel and will provide staff assistance as necessary, to include responsibility for executing the annual reports to Congress. I request the Secretaries of the Military Departments and direct the Defense Agencies to submit the names of their nominees to DUSD(A&T) for his consideration within the next 30 days.

The duties of the Panel specified in the legislation relate to eliminating areas of vulnerability in the defense contracting system that allow fraud, waste and abuse to occur. The Comptroller General's report required by section 841 of the National Defense Authorization Act for FY 2006 identified weaknesses in five keys areas: sustained senior leadership, capable acquisition workforce, adequate pricing, appropriate contracting approaches and techniques, and sufficient contract surveillance. The Department has several initiatives underway to improve performance in each of the identified areas of weakness. The Panel is not viewed as an alternative management structure for those initiatives but rather as a formal body to take a holistic view of all these efforts as they relate to the underlying objective of combating contact fraud, waste and abuse.

In addition, section 813 requires the Panel to submit to the Secretary of Defense and the congressional defense committees a yearly report, not later than December 31 of each year, on the Panel's activities and a summary of its findings and recommendations. The Panel's first report must contain an examination of the current structure in the Department of Defense for contracting integrity and recommendations for any changes needed to the system of administrative safeguards and disciplinary actions to ensure accountability at the appropriate level for any violations of appropriate standards of behavior in contracting.



The Panel will meet as necessary over the course of the next year, and I will be briefed on its progress. Your assistance when called for by the Panel Chairman will be important to the Panel's success. My point of contact is Mr. Andrew C. Obermeyer, Defense Procurement and Acquisition Policy, at 703-697-6710, andrew.obermeyer@osd.mil.



Kenneth J. Krieg

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