



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

SEP 17 2008

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

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

SUBJECT: Reinforcing the Separation of Duties of Senior Leaders

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

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

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

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



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

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



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

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SUBJECT: Coordinated Contract Policy Execution Review Plan

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

The Panel identified the following contracting areas of vulnerability.

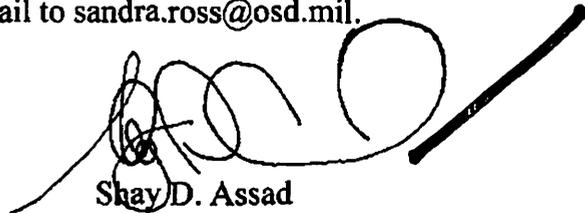
- Lack of documentation supporting the determination of a commercial item.
- Contract actions are not definitized within the required time frames and lack documentation supporting the basis for the profit/fee negotiated.
- Competition requirements for orders placed against multiple award contracts (to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



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

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

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



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

Attachment:
As Stated

~~Withdrawn~~

Rescinded

