



ACQUISITION,
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OFFICE OF THE UNDER SECRETARY OF DEFENSE

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OCT 17 2014

MEMORANDUM FOR: SEE DISTRIBUTION

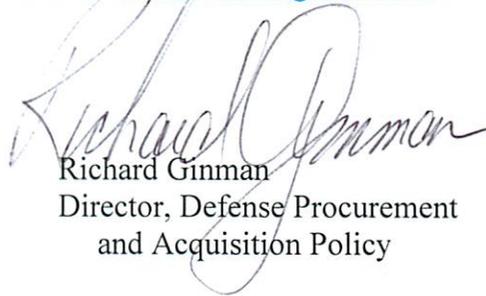
SUBJECT: FY14 Procurement Management Review "Year in Review" Newsletter

To facilitate management oversight of the procurement function, the Defense Contract Management Agency (DCMA) leads independent reviews of the procurement function of each Other Defense Agency and Defense Field Activity that performs contracting operations. These reviews assess the effectiveness of the contracting function, analyze and assist in any problem areas, and identify noteworthy practices that may be beneficial to all organizations.

In the interest of enhancing the performance of contracting personnel throughout the Department, the DCMA Procurement Management Review (PMR) team has prepared the attached newsletter to share their observations, best practices, and lessons learned. The newsletter also contains tips for preparing for a PMR.

I encourage your wide distribution of the newsletter, as many of the PMR findings have broad application throughout the contracting community and across all DoD Components.

My point of contact for PMRs is Mr. Michael Pelkey, at 703-614-1253 or Michael.f.pelkey.civ@mail.mil. You may also address comments or questions to the PMR program manager, Tara Petersen, at 804-734-0487 or tara.petersen@dcma.mil.



Richard Ginman
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

DISTRIBUTION:

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cc:

DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION & PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)

DOD PROCUREMENT MANAGEMENT REVIEW PROGRAM

FISCAL YEAR 2014 – YEAR IN REVIEW

PMR INFORMATION SHARING

The Birth of a Newsletter

The purpose of Procurement Management Reviews (PMRs) isn't just to assess the extent of compliance with statutes, regulations and policies by contracting operations at Other Defense Agencies (ODAs). The heart of the program is to help contracting organizations contribute to the success of their Agency's mission. This is done through advice and consultation provided by experienced contracting professionals who make up the review teams and through the sharing of best

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practices. That is where this newsletter comes in. This is the inaugural edition of what is intended to be an annual newsletter where we will share observations of trends, things to avoid, best practices and tips for success gleaned from ODA PMRs. The team invites suggestions and requests for content to help make this newsletter a valuable resource for continuous improvement. Submit your ideas, requests, or feedback to Ms. Beth Brown at Elizabeth.brown@dcma.mil, or talk to us when we visit!

SOMETHING WICKED THIS WAY COMES...

Is your next PMR on the horizon?

If you're on the schedule to be reviewed in FY15, here's what you should be doing now.

1. Review your last PMR report. Determine if corrective actions were effective and enduring. If issues haven't been corrected, what has been,

2. Conduct self-inspections or peer reviews. Identify areas of concern and develop plans to address them.
3. Review and update local policies and/or clauses.
4. Identify information the PMR team will need to understand your business.

YOUR PMR TEAM

PROGRAM MANAGER:

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PERMANENT PMR TEAM

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A huge THANK YOU to our FY14

Augmentees:

Lance Black, DLA
John Cannaday, DAU
David Clemens, WHS
Michelle Creenan, USUHS
Jessica Downing, DARPA
Jean French, DLA
Sara Higgins, DPAP
David Miller, DTRA
Chris Nietubyc, DIA
Jay Norris, DCMA
Chris Paitson, USSOCOM
Brenda Pommerenke, NGA
Dan Poskey, MDA
Lisa Schneider, DAU
Michael Schuman, WHS
Aaron Schwarz, DISA
Chris Stiller, USSOCOM
Anthony Watson, USSOCOM

The call for volunteers is typically issued in the May/June timeframe. Participation is a great learning experience.

<http://www.acq.osd.mil/dpap/policy/policyvault/USA002564-14-DPAP.pdf>

THREE STEPS TO SETTING YOUR PMR TEAM UP FOR SUCCESS:**1**

Building security and computer access are often the biggest challenges on Day 1. Iron out these issues before the review begins.

2

Orient the PMR team to your unique challenges and share your successes in your in-brief. This gives the team perspective.

3

Provide access to the same systems available to the workforce for reference to policies, tools, training, and other electronic files.

TAKE NOTE – Workplace excellence enhances the mission:

The team observed many exceptional practices, tools, and environmental factors that contribute to mission success. Some of the more noteworthy are:

- A dedicated Agency workforce and commitment to mission success.
- Comprehensive collaboration and communication throughout the acquisition team.
- Flexible schedules, telework, and wellness programs contribute to high employee morale.
- Several agencies have developed outstanding intranet or electronic libraries. These act as ready resources to contract specialists for access to templates, policies, samples & guidance, and eliminate the need to search multiple portals.
- The Defense Information Systems Agency (DISA) and the Defense Advanced Research Projects Agency (DARPA) have successfully made the leap to electronic contract files! We found that electronic files facilitate consistency in contract file organization and clearly show if required documents are present. They also enable collaboration between geographically separated offices and easy transfer of documents for review.
- DISA developed a Cyber Procurement Certification covering IT, telecom, and cyber purchasing competencies. Certification will ensure their workforce has technical knowledge and skills that enhance support of complicated cyber procurement requirements; a great example of the importance of understanding what you buy!
- The Missile Defense Agency (MDA) has a dynamic small business program that is highly active in industry outreach and small business development. Efforts include hosting small business industry days that provide information regarding upcoming opportunities, and facilitating partnerships between high performing small businesses and large companies under the Mentor Protégé Program, or through joint ventures and other partnering relationships.
- The Defense Threat Reduction Agency (DTRA) designates "Training Weeks" twice a year where the entire contracting department focuses on refining their acquisition knowledge with access to training on a broad range of topics from in-house and guest speakers. These training weeks also support workforce attainment of Continuous Learning Points (CLPs).
- The Defense Contract Management Agency (DCMA) has established a Service Acquisition Review Board (SARB) and the Department of Defense Education Activity (DoDEA) has established an Advance Acquisition Review Board (AARB). Both boards engage top level leadership and cross-functional stakeholders in review and approval of acquisition requirements, providing for enterprise perspective and strategic purchasing decisions.

WHAT WE NEED TO WORK ON:

- **Document, Document, Document!** Insufficient documentation was the most prevalent finding. Together with interviews of agency personnel, reviews of contract files are the primary basis of a PMR assessment. FAR 4.801 specifically states the documentation in the files shall be sufficient to constitute a complete history of the transaction for the purpose of –
 - (1) Providing a complete background as a basis for informed decisions at each step in the acquisition process;
 - (2) Supporting actions taken;
 - (3) Providing information for reviews and investigations; and
 - (4) Furnishing essential facts in the event of litigation or congressional inquiries.

If an action isn't documented, reviewers can only assume it wasn't done. The file must clearly explain to someone with no knowledge of the action (say a PMR reviewer) exactly what took place, what analysis was done, and why the decision maker made the decision they did.

Definitely document... but not this way. Actual examples of statements found in files; "The price is what it is," "Consideration could be an old piece of furniture around your house that you don't want anymore," "My contracting officer is a stickler and is making me ask."

- **Checklists/Templates are tools** - PMR teams noted a distinct trend toward use of checklists and templates. While intended to guide personnel in compiling appropriate documentation, reliance on checklists and templates sometimes has the effect of reducing the depth of analysis and substance reflected in contract files. Checklists and templates are good tools that facilitate presentation of information in a consistent manner, serve to ease or streamline the effort needed to prepare documents, and ensure required documents or elements are present. But don't let them become a crutch. Use of these tools should enhance critical thinking, analysis, and application of business acumen to support program management and contract actions.
- **Technical Evaluations** often lacked evidence of critical analysis, were insufficient as a basis for negotiation, or were inconsistent with stated evaluation criteria. The technical analyst must document the basis for his/her findings, not merely state that "the proposal is acceptable."
- **Pricing** – Documentation reflects a propensity to accept proposed prices and an aversion to negotiation. Independent government estimates were not supported with information on how the estimates were developed. Cost and/or price analysis often did not reflect enough detail to support a fair and reasonable price determination.
- **Post Award** - Contract awards and obligation of dollars are only half the battle. Documentation of post award actions needs improvement. Focus on obligations is ineffective if the Government doesn't actually get what we contracted for. PMR teams consistently failed to see evidence that Contracting Officers are reviewing COR actions/files, documenting issues as they arise, holding meetings to discuss problems, and/or taking action to resolve problems. Contract completion documentation and timely close-out was often lacking.
- **Modifications** - Supporting documentation for modifications was often minimal, with little explanation of the authority, content, or price for the modification.
- **Details Matter** – Misalignment of effective dates created confusion. Contracting officers must ensure effective dates align with periods of performance, funding dates, and signatures.

AFTER THE REVIEW

The 5 Stages of Post-PMR Grief

The nature of a PMR tends to put the organization under review in a defensive posture. Let's face it, you worked hard to prepare for the review and put your organization's best foot forward. You feel like you're under the microscope. You have strangers questioning your actions and making judgments based on what you often feel is an incomplete picture. Post-PMR feelings can be strong and resentful. (We know, we've been there.) The process of working through those feelings is very much like working through the stages of grief:

1. Denial - "Those PMR team members don't know what they're talking about." "They

- don't understand what we have to deal with here!"
2. Anger or Defensiveness - "Who is to blame for this? The PMR team? The customer? Lucy (who has since left the organization)?"
 3. Bargaining - "I know! We can regain control by challenging every finding in the draft report."
 4. Depression - "I guess we just don't know what we're doing."
 5. Acceptance - "I may as well accept the findings. I will use them as a roadmap for improvement."

You're going to go through it (or perhaps you're mired in it now). Our advice: Focus on the future. Don't dwell in the past -- learn from it. Get through these stages as quickly as possible and commit yourself to action.

PMR POST-MORTEM

Follow-up actions to your PMR must be submitted to the PMR Program Manager per the following timeline:

Agency Comments on Draft Report

- Due 30 days following receipt of the Draft Report

Corrective Action Plans (for each Recommendation in the report)

- Due 60 days after receipt of Final Report

Don't forget the 1 year follow-up!

- Due 1 year after receipt of Final Report

WE'RE IN THIS TOGETHER:

Most Defense Agencies (not just yours!) struggle with...

- Unrealistic customer expectations and pressure to obligate funds, leaving little time for acquisition planning, proposal analysis and negotiations.
- Poorly described requirements, necessitating rework after receipt by contracting office.
- Experienced contracting professionals walking out the door, leaving too few experienced personnel to mentor and train new contracting professionals, and get the work done right.
- Plans for replacement of SPS.
- New reporting requirements that must be compiled manually, taking time away from core responsibilities.

Question: Why aren't contract specific findings provided?

Answer: The PMR is intended to recommend improvements to agency processes and policies, not cite deficiencies in individual contract files. While a serious problem in a particular contract may be identified, the PMR report is an overarching assessment of agency procedures and oversight.

FY 15 PMR Schedule:

Oct 20-Nov 7	Defense Human Resource Activity	Apr13-May 1	Washington Headquarters Service
Jan 26-Feb 13	Defense Microelectronics Activity	Jun 1-19	Defense Security Service
Mar 2-12	Defense Finance and Accounting Service	Jul 13-31	Defense Intelligence Agency