The past year saw our Nation navigating a post-pandemic world in the face of new and growing challenges. High inflation, the conflict in Ukraine, and turbulence in the supply chain impact not only our defense industrial base, but are felt by all throughout the country, from the grocery store to the gas station. Delivering and sustaining solutions through timely and effective contracting policies, tools, and solutions has never been more important.

In 2022, you, the Pricing and Contracting Professional, demonstrated resolve and adaptability to address the impact of this new environment on purchasing power for acquiring national defense capabilities. In driving access to innovative and affordable capabilities to support the Nation’s warfighters, Departmental spend reached ~$418B, with the highest Competition rates seen since 2014.

This Year in Review report for CY 2022 affords the opportunity to capture and reflect on your contributions, while also highlighting key initiatives Defense Pricing and Contracting (DPC) continues to undertake on your behalf.

John M. Tenaglia
Principal Director, Defense Pricing and Contracting
Office of the Under Secretary of Defense
(Acquisition and Sustainment)
Inflation Response

Mitigating the Effects of Inflation – Guarding our Buying Power While Protecting the Defense Industrial Base

To combat levels of inflation not experienced since the 1970’s, DPC provided strategic guidance and partnered with Defense Acquisition University (DAU) to launch additional training while also advising numerous teams on how best to address inflationary impacts and challenges.

Guidance


- Explained the distribution of cost risk under existing contracts in inflationary environments is predominantly determined by contract type
- Provided guidance to contracting officers (CO) regarding the appropriate utilization of Economic Price Adjustment (EPA) clauses to mitigate risk associated with variability in one or more cost elements due to economic instability
- Identified higher price volatility and longer contract duration as primary considerations when incorporating EPA into the contract strategy

To view the guidance memo, click here.

“Managing the Effects of Inflation with Existing Contracts” issued 9 Sep 2022.

- Provided additional guidance in relation to firm-fixed-price contracts and highlighted there may be circumstances where a contract modification is appropriate via mutual agreement of parties, assuming adequate consideration is obtained in exchange for contractual relief
- Identified FAR Part 50 as a potential option for contractors to seek upward contractual adjustments in situations warranting “Extraordinary Contractual Relief”

To view the full memo, click here.

Training


For more information, click here.

“Constructing EPA Clauses” webinar conducted 23 Aug 2022.

- Over 1,000 virtual attendees, both Government and industry, of a two-hour deep-dive into the construction of EPA clauses
- Provided detailed, actionable training on the selection and application of appropriate indices and clauses while delving into more advanced topics, such as trigger bands

To learn more, click here.

Category Management (CM)

To address the 2022 President’s Management Agenda’s call to action related to Cross-Agency Priority Goal 7 on CM, the Principal Director, DPC, committed to serve as DoD Senior Accountable Official for CM.

Leveraging the DoD OMB CXO Committee (DOCC) ability to create sub-committees, the DOCC Category Management (DOCC-CM) sub-committee was established as the primary body for DoD’s CM activities and a sub-committee working group to implement its directives.

In 2022, the DOCC-CM approved five lines of effort (LOEs) to improve DoD CM practices in 2022, while the working group continues to meet biweekly to implement the LOEs and improve overall communications on CM across the Department.

Continuing this focus into 2023, and in collaboration with the Office of Small Business Programs (OSBP), DPC recently issued guidance advising use of CM best practices to increase participation by small disadvantaged businesses and other socioeconomic small businesses in DoD procurement.
**National Priorities**

**Equity in Procurement**

As required by Executive Order (EO) 13985 “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government,” in January 2022 the Department submitted its Equity Action Plan to the White House Domestic Policy Council.

DPC is the DoD lead for LOE 4, External Equity, overseeing progress of actions in the Defense Action Equity Implementation Plan. Through partnership with the OSBP and administration of the AbilityOne Representative (ABOR) program, DPC is championing Departmental initiatives to address and achieve the EO requirements.

**Small Business**

In 2022, DPC directed much focus toward supporting and advancing small business initiatives.

Through partnership with DAU, Defense Contract Audit Agency (DCAA), and OSBP among others, DPC championed efforts to inform both small businesses, as well as the contracting workforce, by demystifying pricing and accounting-related topics.

In conjunction with DCAA, DPC participated in the “All Things Small Business” podcast, available on the DAU small business channel—All Things Small Business – DAU (dau.edu). The recorded session tackled topics that enable small business owners to be better equipped to do business with the DoD, including accounting system requirements.

This partnership led to DAU’s Summer 2022 Small Business Pricing series, a seven-part series for small businesses already in or seeking to enter the Defense Industrial Base. Recordings of the sessions, covering accounting system requirements, audit process overview, and other financial topics are available on the DAU “Explore Event Series” web page (found here) under the “Small Business” heading.

These efforts continue DPC’s partnership with DAU to bring the contracting community pricing-related resources, such as the “Striking the Balance” series, available on the DAU Striking the Balance channel (found here).

**AbilityOne Representative (ABOR) Program**

A recommendation of the Panel on Department of Defense and AbilityOne Contracting Oversight, Accountability and Integrity, the ABOR Program strives to increase employment opportunities through DoD contracts with AbilityOne contractors for individuals who are blind or have significant disabilities.

Under the program, each Component developed a strategic plan and procurement pledge for growth in AbilityOne Program participation. Participating DoD Components include Air Force, Army, Navy, Defense Logistics Agency (DLA), Defense Health Agency (DHA), Missile Defense Agency (MDA), and Defense Counterintelligence and Security Agency (DCSA).

The Defense Equity Action Plan includes the DoD ABOR Program, and a procurement pledge for growth in AbilityOne Program participation from .55 to 1% of the total DoD spend over the next five years.

The ABOR Program has created a fundamental shift in the AbilityOne Program by appointing advocates in Federal agencies and across the DoD.

In FY22, DoD procured more than $2.5B of products and services from AbilityOne companies, a $125M increase from the previous year’s total. This increase in contract spend is a clear indicator that the ABORs are making a positive difference.

For more information about the ABOR Program, visit the AbilityOne webpage here.

**Made in America**

The President’s EO 14005, “Ensuring the Future is Made in All of America by All of America’s Workers” encourages preference for U.S. goods in support of American workers through the full use of domestic preference laws and regulations within federal contracting. It also created the OMB, Director, Made in America Office to review use of non-availability exceptions to the Buy American Statute.

In order to apply continued support to these initiatives, DPC created a DoD Senior Accountable Official network comprised of members from the Services and DLA to support policy development and implementation steps in rulemaking, along with refining the waiver review processes and shaping and publishing bi-annual reports on Made in America Laws.

To ensure the widest dissemination of information related to President Biden’s Made in America agenda throughout the defense contracting workforce, last year DPC updated its Foreign Acquisition website with information to support Made in America initiatives. This includes contracting policies and regulations related to domestic and foreign purchasing plus information to promote purchasing from domestic sources and DoD efforts to build domestic manufacturing resilience.

For more information click here.

For additional details, click here to see DoD’s bi-annual reports.
Defense Contract Finance Study

In 2022, DoD concluded its Defense Contract Finance Study, which examined defense industry financial performance over a twenty-year timeframe. Led by DPC, the study effort is the first comprehensive review of contract financing since 1985. DPC collaborated with three universities and an FFRDC, conducted its own analysis, obtained public comments and ultimately synthesized inputs from these various elements.

The two-volume study will become available on the DPC website in 2023.

VOLUME 1: Report

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Peer Reviews

The peer review program embodies a world-class practice where senior leaders work together regarding the most important enterprise investment decisions. DPC conducts thorough reviews of major procurements throughout the solicitation, source selection, and negotiation process. Sharing lessons learned and best practices ensures policies and regulations are implemented in a consistent manner, resulting in improved quality of Departmental contracting processes.

In FY22, the DPC team conducted 36 sole source peer reviews representing 26 acquisitions valued at $124B and 5 competitive peer reviews with an estimated total value of $155.7B. Through this process, DPC provided expert advice engaging over 500 participants with representation spanning Air Force, Army, Navy, Space Force, DLA, and MDA.

In addition to tools and training material, guidance, best practices, and lessons learned captured during sole source peer reviews are published on the DPC website here. For Best Practices/Lessons Learned for Competitive Acquisitions click here.
Defense Pricing and Contracting
YEAR IN REVIEW REPORT 2022

DPC improved the operations of eBusiness systems in 2022 through the expanded use of common
data standards and implementation of standard Procure-to-Pay (P2P) business procedures that
enforce procurement policy while allowing flexible and rapid response to emerging needs.

**P2P Initiatives and Data Standards**

P2P encompasses all business functions necessary to obtain goods and services using procurement processes and
procedures including: executing procurement requirements, strategy, procurement award and management, receipt and
acceptance, entitlement, disbursement, and closeout.

In 2022, DPC partnered with Comptroller to finalize standard procedures, data formats, and associated compliance
measures for financial interchanges in the P2P business process.

Additionally, DPC made significant strides in the following Data Standards initiatives:

**Catalog Data Standards (CDS)**

In Nov 2022, the draft CDS was published in the Federal
Register for public comment. Subsequently, DPC hosted
a public meeting with industry to explain the CDS and its
objectives.

To view the draft Catalog Data Standard as published in
the Federal Register, [click here](#).

**Procurement Data Standards**

Implemented enhancements to enable tracking of undefinitized contract action
status tracking.

For more information on the P2P for data exchanges, see the [full memo here](#).

**P2P in 2023**

In partnership with Comptroller, DPC is hosting its annual
P2P and Financial Training Symposium in Orlando, FL from
April 11-13, 2023.

If interested in attending the 2023 Symposium, [click here](#).

**4th Estate Contract Writing Capability**

In 2022, 4th Estate contracting
agencies successfully piloted the Air Force
development Contracting Information
Technology (CON-IT) capability for use as the
next generation contract writing capability
to replace Procurement-Desktop Defense.
Operational deployment are in pursuit for the upcoming year.

Additionally, DPC partnered with 4th Estate and the Services
on a jointly-signed Memorandum of Agreement, to promote
streamlined development through continued sharing of
developed modules and code under each of the Service's
and 4th Estate contract writing programs.

**Governmentwide Purchase Card (GPC)**

As the Department's GPC Agency Program Management
Office, DPC oversees and supports the DoD GPC Program
through development and dissemination of policy, as well as
related data capabilities.

To learn more about the DoD GPC program, visit the [website here](#).
Government Furnished Property (GFP)

To equip the workforce with a variety of information on GFP topics, DPC conducted 105 live webinars reaching over 10,000 participants in 2022. Of note, DPC provided tailored training to Air Force contracting personnel which reached over 1,200 participants.

Topics addressed included:
- GFP and Contractor Acquired Property Policy
- Auditability
- Receipt and loss reporting
- Plant clearance capability

PIEE GFP Module's Plant Clearance capability launched in early FY22, which streamlines the dispositioning of excess government property by contractors through utilization of existing data and provides more visibility into the reutilization process for DoD.

For more information on GFP, click here.

Federal DUNS Number to Unique Entity Identifier (UEI) Transition

In April 2022, the federal government transitioned from the DUNS Number to the UEI for uniquely identifying business entities doing business with the government. This change eliminated the need to work through third-party websites to obtain unique identifiers, in turn streamlining the identification and validation process.

In support of this effort, DPC worked closely with component level System for Awards Management administrators to train and prepare DoD for the transition, as well as provided assistance with the entity registration process.

For more information about item unique identification, and its application to data standards, visit the webpage here.

Contracting Officer’s Representative (COR) – Joint Appointment Module (JAM) Improvements

Since 2019’s 6.0.0 release of PIEE, DPC has continuously engaged in developing updates and improvements to JAM. Last year, DPC updated JAM for COR appointments to allow CORs to simultaneously request multiple nominations and to allow Contracting Officers (CO) and Contract Specialists (CS) to process multiple appointments.

JAM was also updated to allow CO and CS send Designation and Termination letters directly to a contractor from JAM.

For more information on JAM, click here.

Request for Equitable Adjustment (REA) Tool

To meet reporting requirements of Section 855 of the 2019 NDAA reporting requirements related to construction contracts, DPC deployed the REA Tool, a centralized database in PIEE to enable DoD components to capture data on their equitable adjustments for change orders under construction contracts.

To learn more about the REA Tool, click here.
The Defense Acquisition Regulations System (DARS) develops and maintains acquisition rules and guidance to facilitate the Acquisition workforce as they acquire the goods and services DoD requires to ensure America’s Warfighters continued worldwide success.

In 2022, DARS:
- **Published 31 FAR, DFARS, & DFARS PGI revisions.**
  - 90% of FAR, DFARS, & PGI revisions implement statutes, Executive Orders, & OMB Policy.
  - Key areas include cybersecurity, supply chain risk management, small business utilization, market research, acquisition of services, and international acquisition.
- **Maximized public participation in rulemaking.**
  - Conducted 4 public meetings associated with FAR & DFARS regulations development.
- **Conducted 4 quarterly DPC/Industry Association meetings.**

**Defense Acquisition Regulations**

Click here for more information on Defense Acquisition Regulations.

**Reciprocal Defense Procurement (RDP) Agreements**

Under RDP agreements, countries afford each other certain benefits on a reciprocal basis, consistent with their national laws and regulations. RDP agreements provide a framework for ongoing communication between or among DoD and its respective counterparts regarding market access and procurement matters, promoting effective defense cooperation.

In 2022, DPC worked to update the DoD’s RDP agreement and Government Quality Assurance Agreement with Japan.

**International Contracting**

The DoD currently has RDP agreements in effect with **28 qualifying countries**

Review reports on International Contracting here.

**Back-to-Basics**

As Functional Area Leader for the DoD Contracting Community, the Principal Director, DPC, takes great pride in partnering with DAU and the Contracting Senior Leaders to strengthen and empower the workforce.


This framework streamlines the certification process and tailors training needs to the individual with the Defense Acquision Credential Program.

Through the end of 2022, the Credential Program reached a major milestone:
- **50 credentials**
- **19 credentials in the contracting functional area**

Click here to learn more about back-to-basics.
Acquisition Innovation

DoD Source Selection Procedures
For the first time since 2016, DPC issued an update to the DoD Source Selection Procedures for conducting competitively negotiated source selections. A major effort of DPC in 2022, this tool supports the workforce in ensuring the source selection process delivers quality and timely products and services at the best value to the taxpayer by outlining a common set of principles and procedures for conducting competitive source selections.

TINA Lite
As authorized by Section 890 of the FY19 NDAA, as amended by Section 825 of the FY20 NDAA and Section 818 of the FY23 NDAA, DPC continues to lead a program to pilot scalable and tailorable processes for streamlining proposal pricing for contracts in excess of $50 million. Once approved for pilot participation, the contracting officer may strategically establish the extent, structure and level of detail required to establish price reasonableness.

To date, the pilot has benefitted multiple follow-on production contracts, leveraging historical actual cost data in lieu of all traditional cost or pricing data to yield time savings.

For more information on TINA Lite, or if interested in participating in the Pilot Program, which is being conducted through January 2, 2024, click here.

Other Transactions (OTs)
Annually increasing in use, in 2022 DPC reported to Congress on the Department’s FY21 use of OTs to acquire innovative products and services in support of rapidly evolving warfighter needs.

In FY22 $10.9B in OT obligations were awarded.

2023 OT Outlook

Updating the DoD OT Guide
Updating 32 Code of Federal Regulations Part 3 OTs, Grants, Cooperative Agreements for Prototype Projects

To date, Project Rabbit has:
- engaged over 588 companies;
- reviewed over 1500 employment records; and
- matched over 6,256 employment records.
As a result, 4,250 Afghans ultimately received Special Immigrant Visas.

Vendor Threat Mitigation
The Vendor Threat Mitigation (VTM) Program is executed in coordination with whole-of-government partners as appropriate, using applicable authorities to mitigate risk associated with vendors that oppose U.S., allies’, or partners’ interests or pose a threat to national security. In 2022, the DoD issued its first policy on VTM via DoD Directive 3000.16, Vendor Threat Mitigation.

In support of VTM efforts, DPC assisted United States Central Command to establish streamlined procedures for identifying and sharing vendor threat information across the Contracting Community. This prevented hundreds of thousands of taxpayer dollars from reaching U.S. adversaries, as well as excluded 14 persons and entities actively supporting U.S. adversaries from future contract award considerations.
Have you ever wondered how acquisition policies are made? Are you interested in how functional process, policy, and data requirements are incorporated in procurement-related business systems? Would you like to participate in the review of procurements over $1 billion? Does the implementation of regulations interest you? Applications for the FY24 cohort will be accepted fall 2024.

The DPC Acquisition Exchange Program (AEP) provides a unique career developmental experience for high-caliber individuals in acquisition and acquisition-related career fields. The program provides participants insight into, and experience in, the development and implementation of DoD-wide acquisition policy.

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For more information regarding the Defense Acquisition Workforce Awards, click here.

To find out more about our awards and nomination instructions, click here.
In CY 2023, DPC is focusing on the following key initiatives:

- Strengthening and empowering the DoD Contracting Workforce.
- Securing and maintaining authorities that enable DoD Contracting Officers to timely execute contracting actions.
- Advancing and adapting policies to enable DoD access to entities and capabilities that fulfill warfighting and other requirements.
- Providing regulatory framework for conducting the business of government with the private sector.

Looking Ahead

Improving eBusiness systems and processes that support efficiencies and enable data-driven decision making.

Cultivating improvements in DoD’s use of contract financing.

Enhancing international procurement partnerships.

Advising USD(A&S) on major programs.