



Defense Pricing and Contracting YEAR IN REVIEW REPORT 2020

DoD Contracting Professionals,

This Year in Review report for calendar year (CY) 2020 provides the opportunity to capture and reflect on the significant contributions that DoD's Contracting professionals delivered in support of the Department's mission this past year, particularly in the face of unprecedented challenges presented by the COVID-19 pandemic. Similarly, and as a subset of the DoD Contracting workforce, our team at Defense Pricing and Contracting (DPC) stepped up during this emergency to provide responsive policy and guidance for complex matters that enabled DoD Components to effectively acquire goods and services that met warfighter needs, including urgent requirements associated with the COVID-19 response. As DPC's mission statement indicates, we did this by overseeing and implementing business enterprise initiatives; developing and maintaining responsive policy, guidance, and the essential eBusiness tools that DoD contracting professionals need to effectively carry out their responsibilities. We appreciate you reading this Year in Review Report for 2020 to gain a fuller understanding about the impact that DoD's Contracting workforce of over 30,000 strong made by using both tried and true and innovative approaches to support our Nation's warfighters at the speed of relevance.

I'd like to take this opportunity to thank and recognize Mr. Kim Herrington for his outstanding leadership as the Acting Principal Director of DPC for the past two years and for facilitating an easy transition for me when I arrived (back) on November 9, 2020.

In 2021 we look forward to implementing what will be a significant transformation in the way we train, develop, and certify our workforce with a leaner slate of foundational courses supplemented by "credentials" that provide tailored, just-in-time training that is relevant to an individual's present assignment and career objectives. In addition to shepherding this fundamental change, in collaboration with DAU and the Components' senior contracting leaders, DPC will stay true to its core competency—adapting contracting/pricing policies and tools that enable the Department's access to innovative technologies, products, systems, and services that enhance and maintain readiness and warfighting capabilities for the men and women who defend our Nation.



A handwritten signature in cursive script that reads "John M. Tenaglia".

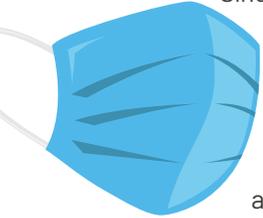
John M. Tenaglia

Principal Director, Defense Pricing and Contracting
Office of the Under Secretary of Defense
(Acquisition and Sustainment)

COVID-19 Response

The past year has surfaced unprecedented challenges to our nation, the Department, and the contracting community, as we come together in global efforts to combat the Coronavirus (COVID-19).

Since early March, DPC has continued to take proactive, immediate actions in response to the COVID-19 crisis by implementing Congressional direction, empowering the contracting workforce, and ensuring a healthy Defense Industrial Base (DIB) through continued guidance and direction.



Despite a significant shift to telework, DPC recognizes the mission oriented approach taken by the contracting community as contract execution remained essentially on pace or ahead of 2019 productivity.*

During the COVID-19 pandemic DPC has focused on policy that:

- **Allows Contractors to Continue to Work**
- **Provides Liquidity to the Industrial Base**
- **Implements Legislation**
- **Enables Efficiency in a Virtual Environment**
- **Provides Spending Transparency**

- * Comparing FY20 to FY19, there was a 4% decrease in contract actions and an 11% increase in contract obligations for the Military Services.
- * Comparing FY 20 to FY 19, there was an 8% decrease in contract actions and a 9% increase in contract obligations for the Military Services and DLA.
- * Comparing Quarters 3 and 4 of FY 20 to Quarters 3 and 4 of FY 19, there was an 11% decrease in contract actions and a 9% increase in contract obligations for all DoD.

Data retrieved on January 1, 2021 Source: FPDS

DPC has taken measures to ensure the widest dissemination of COVID-19 related guidance to the contracting community by establishing a webpage that is regularly updated and currently contains:

38 guidance documents (including 3 frequently asked questions (FAQs) documents),

15 Military Component memorandums,

2 early engagement opportunities,

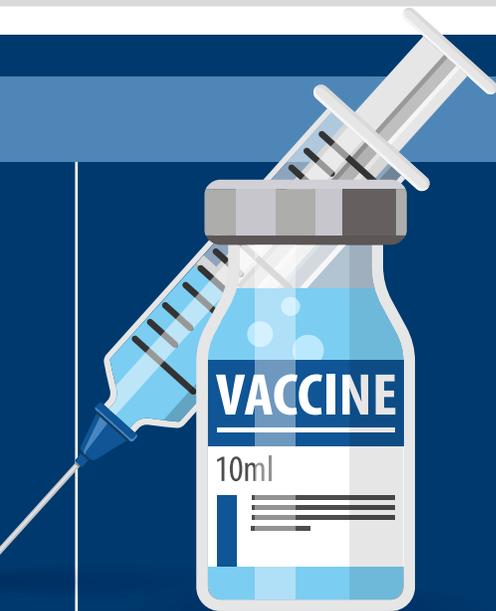
& a variety of acquisition related resources pertaining to COVID-19.

Visit DPC's COVID-19 guidance webpage at <https://www.acq.osd.mil/dpap/pacc/cc/COVID-19.html>



Peer Reviews

The peer review program embodies a world-class practice where senior leaders throughout a particular entity work together regarding its most important enterprise investment decisions. In 2020, DPC utilized peer reviews to support Operation Warp Speed's effort to accelerate testing, supply, development, and distribution of safe and effective vaccines, therapeutics, and diagnostics to counter COVID-19. Enabling significant savings, DPC's Price, Cost and Finance team provided negotiation suggestions which assisted an Army procurement team to obtain better pricing during negotiation for COVID-19 vaccines





Acquisition Innovation

DoD has had authority to use transactions other than contracts and grants (Other Transactions (OTs)) for basic research since 1989. OTs can attract non-traditional and small businesses with leading edge technologies that otherwise might not choose to do business with DoD. In 2015, Congress provided DoD authority to use OTs for prototypes and to provide for the award of a follow-on production contract or transaction to the participants in the transaction for prototypes. DPC provides guidance and advocacy for the use of OTs, and over the past six years, the dollars obligated under OTs has grown from \$620 million to over \$16 billion.

DPC continues to develop contracting guidance to implement new statutes and DoD policy with respect to OTs that our workforce used in response to COVID-19.



*FY 20 data retrieved on December 4, 2020
Source: FPDS

2020 OT Outreach:

- Joint Acquisition Solution Summit (OT Guide Review);
- OT Community of Practice

For more information visit:
<https://www.dau.edu/cop/ot/Pages/Default.aspx>

2021 OT Outlook:

- OT Guide Updates
- Revision of 32 CFR 3, Transactions Other Than Contracts, Grants or Cooperative Agreements for Prototype Projects

Defense Acquisition Regulations

- **Published 82 FAR & DFARS revisions**
 - Implemented statutes, Executive Orders, OMB Policy memoranda, DoD policy initiatives
 - Key areas include cybersecurity, supply chain risk management, small business utilization, market research, acquisition of services, and international acquisition
- **During the COVID-19 National Emergency:**
 - Provided temporary contract financing flexibilities
 - Replaced paper-based processes with streamlined flexibilities
- **Maximized public participation in rulemaking**
 - Conducted 6 public meetings to collaboratively develop Intellectual Property regulations
- **Reduced DFARS regulations by 11%**

Industry Collaboration

More than ever, 2020 demonstrated the need to ensure a strong industrial base as the Department partnered with the DIB to combat the spread of COVID-19. In addition to continued collaboration with industry on streamlined contractor proposal processes and implementation of certain commercial practices in the acquisition workforce, DPC worked with A&S partners such as Industrial Policy to maintain an open dialogue with the DIB. DPC actively participated in weekly calls and ad hoc meetings with DIB senior leaders to address concerns raised by COVID-19 and corresponding guidance issued by the Department. Additionally in 2020, DPC engaged industry through public meetings, speaking engagements, and participation in numerous events with industry associations such as: Aerospace Industries (AIA), Coalition for Government Procurement (CGP), Council of Defense and Space Industry Associations (CODSIA), National Defense Industrial Association (NDIA), and Professional Services Council (PSC).

eBusiness Systems

As eBusiness initiatives bring faster processing times, greater data visibility, and fewer manual, error prone transactions, DPC strived to improve procurement business systems in 2020. Partnering with OUSD(Comptroller), DPC made great strides in jointly developing standard procedures to address how the requirements, procurement, accounting, and entitling communities should conduct business across nine critical data exchanges (or "handshakes") when executing Procure to Pay (P2P) transactions. Through the close of 2020, Standard Operating Procedures and metrics have been published for seven of the nine handshakes.

Procure to Pay is a term used to describe one End to End set of procedures in the DoD business enterprise architecture. For more information on P2P, visit <https://www.acq.osd.mil/dpap/pdi/p2p/index.html>

Implementing Congressional Direction

In 2020, DPC submitted 8 interim and 10 final reports to Congress on topics such as Undefined Contract Actions and Other Transaction Authority.

DPC also developed, staffed, and submitted 7 legislative change proposals, 2 of which were enacted in the FY2021 and the NDAA.

In addition to Congressional actions, DPC worked with the Government Accountability Office (GAO) and Inspector General (IG) to submit 9 GAO responses and 9 IG responses in 2020.

DPC AWARDS

DPC develops contracting and pricing policy and strives to improve procurement business systems. But it is you, the contracting workforce, who puts it into action. In the field you are enabling the warfighter to achieve the mission. To recognize excellence, DPC sponsors the following three annual awards:

The Pricing and Contracting Legends Award

The Pricing and Contracting Legends Award recognizes leaders at all levels in the DoD acquisition/contracting community who inspire us to be our best every day, in every situation, by developing, motivating, and inspiring others through formal and informal initiatives. The 2020 Pricing and Contracting Legends award to be awarded and presented at the March 2021 Senior Leader Meeting. For more information regarding the Pricing and Contracting Legends Award, visit: https://www.acq.osd.mil/dpap/ops/acquisition_contracting_legends_award.html

The Ginman Contingency Contracting Officer Excellence Award

The Ginman Contingency Contracting Officer Excellence Award is named after Richard 'Dick' Ginman, a retired Navy Supply Corps Admiral and former Director of Defense Procurement and Acquisition Policy. This annual award honors those whose actions as a Contingency Contracting Officer are truly inspirational. The 2020 Ginman Contingency Contracting Officer Excellence Award winner is **MSgt Timothy M. Thulin**, Air Force Contracting (SAF/AQC), for his exceptional achievements while supporting Operations Inherent Resolve and Spartan Shield.



Flexibility in Contracting Award

The Congressionally-mandated Flexibility in Contracting Award was established in section 834 as part of the National Defense Authorization Act for FY17. This award recognizes defense acquisition programs and acquisition workforce professionals that make the best use of the flexibilities and authorities granted by the FAR and the DoDI 5000.02 (Operation of the Defense Acquisition System). The 2020 Flexibility in Contracting Award winner is the Department of the Air Force Acquisition COVID-19 Task Force for accomplishments in support of the National Defense Strategy and in the Nation's response to the COVID-19 pandemic. For more information regarding the Flexibility in Contracting Award, visit: https://www.acq.osd.mil/dpap/ops/flexibility_in_contracting_award.html

To find out more about our awards and nomination instructions, visit <https://www.acq.osd.mil/dpap/ops/awards.html>

SPECIAL RECOGNITION

In addition to the aforementioned awards, DPC recognizes the following award recipients:

Office of the Secretary of Defense Group Achievement Award

For contributions to include timely and proactive guidance and policy implementation in response to the COVID-19 pandemic that challenged the Department's ability to continue its mission, DPC is proud to receive the OSD Group Achievement Award presented by USD(A&S) in January 2021.

2020 Government Contract Pricing Summit Service Recognition Award for Contract Pricing Excellence

On June 24, 2020, Ms. Janice Muskopf, DPC Director of Price, Cost and Finance, was awarded the GCP Summit Service Recognition Award for Contract Pricing Excellence. Presented annually, the award honors a nationally renowned and distinguished pricing and acquisition professional who has made significant and continuing contributions to the pricing landscape.

For more information about Ms. Muskopf's contributions in Defense Pricing, see: <https://www.acq.osd.mil/dpap/DP/biography.html>

Acquisition Exchange Program

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. The tour culminates with a presentation to DPC at a Town Hall. Candidates work in a DPC Directorate to enhance their pricing and contracting skills as well as to develop their managerial and leadership skills as they prepare for future positions within the acquisition community.

14 ACQUISITION PROFESSIONALS PARTICIPATED IN THE PROGRAM IN 2020. THE PROGRAM HAS BEEN IN PLACE SINCE 2001 AND OVER 250 CANDIDATES HAVE PARTICIPATED FROM THE SERVICES AS WELL AS DEFENSE AGENCIES

- Air Force
- Army
- Defense Contract Audit Agency
- Defense Contract Management Agency
- Defense Counterintelligence and Security Agency
- Defense Finance and Accounting Services
- Defense Information Systems Agency
- Defense Intelligence Agency
- Defense Logistics Agency
- Department of Labor
- Environmental Protection Agency
- National Aeronautics and Space Administration
- National Geospatial-Intelligence Agency
- National Guard Bureau
- Navy
- Small Business Administration
- Special Operations Command

Looking Ahead

As we move into 2021, DPC plans to focus on the following key initiatives:

- Transforming certification for the Contracting Workforce
- Adapting policies to enable access to innovative technologies
- Implementing policies that support supply chain risk management and cybersecurity
- Continuing to address COVID-19
- Deploying eBusiness systems improvements
- Instituting pilots for streamlined contract pricing

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 \$500 million? Does the implementation of regulations interest you? Applications for the FY22 cohort will be accepted fall 2021. Find out more about the program by visiting https://www.acq.osd.mil/dpap/ops/acquisition_exchange_program.html

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