MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: FY 2021 Procurement Management Review “Year in Review” Newsletter

To facilitate management oversight of the procurement function and on my behalf, 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.

To enhance the performance of contracting personnel throughout the Department of Defense (DoD), the DCMA Procurement Management Review (PMR) team has prepared the attached newsletter to share their observations, best practices, and lessons learned. This issue highlights findings from recent PMRs. I encourage your wide distribution of this 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 michael.f.pelkey.civ@mail.mil. You may also address comments or questions to the PMR program manager, COL Joseph M. Davis, at 804-734-1642 or joseph.m.davis2.mil@mail.mil.

Attachment:
As stated
DISTRIBUTION:
COMMANDER, UNITED STATES TRANSPORTATION COMMAND
COMMANDER, UNITED STATES SPECIAL OPERATIONS COMMAND
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    HEALTH SCIENCES.

cc:
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION & PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)
The Procurement Management Review (PMR) enhances the performance of the contracting departments, contributing to the success of their agencies. On behalf of the Principal Director, Defense Pricing and Contracting (DPC), the Defense Contract Management Agency (DCMA) leads teams of volunteers to review the procurement functions of the Other Defense Agencies (ODAs) and 4th Estate Contracting Activities. PMRs give the Director an objective appraisal of the contracting operations at these agencies, the problems they are facing, and the successes they have achieved. Determining an agency's compliance with statutes, regulations, and policies is an essential aspect of the program, but the ultimate objective is to share best practices across the ODAs.

A PMR lasts three weeks. The first week is primarily spent reviewing contracts, while the second and third weeks are generally spent interviewing employees, management, and other staff and compiling notes for the draft report. At the end of the third week, the PMR Program Manager and PMR Team provide an Out-Brief of review results.

DCMA has a Program Manager and a small dedicated staff that lead the reviews. The DCMA staff is augmented by contracting professionals from the ODAs and military departments who volunteer to assist with reviews. The size of the PMR team may vary, but averages around six members who are doing hands-on contracting for their regular jobs and so have current experience in contracting and unique perspectives on the organizations they review. Their work shares knowledge of procedures, policies, and best practices across the 4th Estate. In recognition of the learning that takes place on a review, the Director, DPC, credits volunteers with 10 continuous learning points (CLPs) for their participation.
FY21 AUGMENTEES

Special thanks to the following contracting professionals who volunteered and served as augmentees to the DCMA PMR team:

UNITED STATES SPECIAL OPERATIONS COMMAND
(19 October – 6 November 2021)
Kimberly Rheaume – MDA
Diane Sidebottom – DARPA
Karen Stevens – USAF
Natalie Yacoub-Pugh – DIA

DEFENSE ADVANCED RESEARCH PROJECTS AGENCY
(25 January – 12 February 2021)
Khalil Mack – WHS
Michael Mazie – MDA
Major John Muir – DAU
Jamika Mullen – DCMA
Mark O’Donnell – USSOCOM

DEFENSE COUNTERINTELLIGENCE AND SECURITY AGENCY
(1 March – 19 March 2021)
Natalie Borecki – USSOCOM
Julia Brueggemann – USTRANSCOM
Jennifer Edwards – MDA
LeAnna Stith – DeCA

DEFENSE MEDIA ACTIVITY
(7 June – 25 June 2021)
Terri Goshorn – DIA
Christina Mazzoli – WHS
Timothy Serfass – DCMA
Erik Urban – USAF

MISSILE DEFENSE AGENCY
(19 July – 6 August 2021)
Shaun Bright – DISA
Al Elder – DeCA
Stephen Lee – DIA

Each ODA is reviewed approximately once every three years. Out-of-cycle reviews may be required or requested.

AGENCIES/ACTIVITIES COVERED BY THE PMR PROGRAM:

- Department of Defense Education Activity (DoDEA)
- Defense Advanced Research Projects Agency (DARPA)
- Defense Commissary Agency (DeCA)
- Defense Contract Management Agency (DCMA)
- Defense Finance and Accounting Service (DFAS)
- Defense Human Resource Activity (DHRA)
- Defense Information Systems Agency (DISA)
- Defense Intelligence Agency (DIA)
- Defense Microelectronics Activity (DMEA)
- Defense Media Activity (DMA)
- Defense Counterintelligence and Security Agency (DCSA)*
- Defense Threat Reduction Agency (DTRA)
- Missile Defense Agency (MDA)
- National Geospatial Intelligence Agency (NGA)
- National Security Agency (NSA)
- Defense Health Agency (DHA)
- Uniformed Services University of the Health Sciences (USUHS)
- United States Special Operations Command (USSOCOM)
- United States Transportation Command (USTRANSCOM)
As you may imagine, the most common and reassuring finding is that Contracting professionals across the 4th Estate are customer focused, providing outstanding service and timely results. They take pride in supporting mission requirements, work well as team members, and creatively resolve issues to satisfy warfighter needs.

Common commendable PMR findings include flexible work schedules and fitness programs to sustain employee health, fitness, and morale. PMRs consistently found that communications across the Contracting function in the 4th Estate are timely and effective and keep the workforce informed of news, management expectations, organizational changes, and policy updates. Many agencies have well-organized online portals to provide users such information as templates, internal guidance, and external DoD resources.

PMR teams noted that many best practices being employed at 4th Estate contracting activities and many best practices are codified in FAR, DFARS, and PGI. Electronic contract files are widely but not universally used. Contract files should include correspondence between the contracting officer, or contracting officer’s representative, and the contractor. Electronic tools provided in the Procurement Integrated Enterprise Environment (PIEE) automate some processes and facilitate electronic record-keeping and distribution of the contract and related artifacts.

Other best practices observed by the PMR teams include:

- **Establish estimates of Procurement Administrative Lead Time for common contract actions at the activity and share those estimates with requiring offices for their use in planning acquisition schedules.**

- **Provide a variety of training opportunities,** such as briefings on the activity’s contracting portal, brown bag lunch sessions, or broader training by agency senior leaders.

- **Frequent outreach to industry,** both to enhance the agency’s market research efforts and to inform industry of upcoming procurement opportunities.

- **Leverage appropriate Adaptive Acquisition Pathways.** Alternatives to the traditional Major Capability Pathway, like the Software Pathway or Middle Tier of Acquisition, provide streamlined processes that enable capability to be delivered as quickly and economically as possible.

- **Consideration of the full spectrum of available procurement instruments.** In addition to various contract types, ODAs are leveraging Other Transactions, Commercial Solutions Openings, and other innovative ways to satisfy user needs.

The attachment to this newsletter has more examples of contracting best practices.

As in years past, the overwhelming majority of PMR recommendations were related to documenting contract files. Contracts and related documentation must be complete, correct, and retrievable. If the PMR team can’t find it, they can’t determine that it is complete and correct. Each documented decision also needs to be supported by appropriate rationale in the contract file, including competitive source selection decisions, Justifications and Approvals, Determinations and Findings, determinations of price reasonableness, actions taken by the Contracting Officer’s Representative, reviews by legal counsel, and more. PIEE tools, standard templates, and electronic contract file systems all help to ensure that the file is complete and retrievable.

Other common recommendations include:

- **Strengthen management and oversight of Government Purchase Card programs.** Conduct regular reviews to independently verify and validate acceptance of GPC purchases. PIEE tools can help document and track the appointment of GPC roles and officials.

- **Ensure Independent Government Cost Estimates are based on sound methodology when used to determine price reasonableness.**

- **Properly identify the authority for each contract modification** (unilateral mods cannot cite “mutual agreement of the parties,” and option exercises and changes should cite the applicable contract clause).
FY22 PMR Schedule

18 October – 05 November 2021: Defense Threat Reduction Agency (DTRA)
07 March – 25 March 2022: Department of Defense Education Activity (DODEA)
25 April – 13 May 2022: Defense Health Agency (DHA)
06 June – 24 June 2022: Defense Information Systems Agency (DISA)
18 July – 05 August 2022: Defense Contract Management Agency (DCMA)

FY23 PMR Schedule

TENTATIVE (Dates TBD):
Defense Microelectronics Activity
Defense Finance and Accounting Service
Defense Intelligence Agency
Washington Headquarters Services

*NSA rescheduled PMR twice.

Announcement of the FY22 PMR schedule and call for volunteers is available at:

Why Participate on a PMR?

- PMR participation provides:
  - An excellent learning experience and opportunity for professional growth.
  - An opportunity to obtain insight on ODA acquisition programs and processes.
  - A chance to refresh your knowledge on acquisition lifecycle compliance requirements.
  - A chance to obtain awareness on gaps your agency/activity may have.
  - An opportunity to gain alternative perspectives on how to approach problems your ODA may be experiencing.
  - Benefits to the individual and their parent organization.
- DPC recognizes each PMR participant with 10 CLPs.

Agencies/Activities want to know...

Question: Why are contract-specific findings not provided?
Answer: The PMR is intended to recommend improvements to processes and policies, not to cite deficiencies in individual contract files. The PMR report is an overarching assessment of procedures and oversight.

Agency/Activity follow-up actions to a PMR:

- Agency comments to the DRAFT Report are due 14 days after receipt of the DRAFT Report.
- Agency corrective action plan (CAP) is due 60 days after receipt of FINAL Report.
Electronic filing system. Electronic files help to ensure that files are complete and facilitate long term records management. Electronic files may mimic paper files to act as reminders of necessary documentation to include in the file.

Common cost proposal format for small business R&D acquisitions. DARPA implemented a common cost proposal format for R&D acquisitions that reduces the amount of time contract specialists need to spend understanding and, at times recreating, cost proposals. In addition, DARPA has received positive feedback from the Small Business community that the format helps them better understand what DARPA wants to see, minimizing inadequate proposal submissions.

Monthly Newsletters. Another useful communications tool is the periodic newsletter to employees. DSCA’s Office of Small Business Programs (OSBP) provides a newsletter with valuable information on contracting opportunities for SB and other Socioeconomic Programs Communities that support the DCSA mission.

Positive atmosphere for the workforce to suggest new ideas and provide frank feedback. Interviews at some activities reveal a positive work environment where frank feedback is encouraged and new ideas are often implemented. This atmosphere facilitates creativity and innovation and increases morale.

Ensure Proper Contracting Officer’s Representative (COR) documentation and use of the Joint Appointment Module (JAM) and Surveillance and Performance Monitoring (SPM). Use of the JAM and SPM modules in PIEE ensure that contracting officers are properly appointing CORs, including designating in writing the COR’s responsibilities and limits of authority.

Organizational Conflict of Interest (OCI). Contracting officials should ensure potential and actual Organizational Conflict of Interests are identified early in the acquisition process and mitigated or avoided.

ROCKIT Tool. MDA developed the Reporting On The Condition of Contracts In Time (ROCKIT) tool and requires contracting personnel to provide input data on actions. Improvements made to this tool facilitate more consistent data entry and improve data analysis of PALT.

Procurement Planning – Integrating Contracting, Program Managers, and Finance Managers. The PMR Team found that where Contracting Officers engaged with Program Managers and Finance officials early in the acquisition lifecycle, it improved the quality of requirements packages and helped Contracting Officers to meet customers’ needs and acquisition milestones.

Contracting Officer Representative (COR) Program. MDA has added a senior level COR Program Manager to provide structure to their COR Program. The Program Manager has taken a very active role in working to develop CORs through training. The COR Program Manager has implemented a robust training program for all CORs and contracting personnel on essential topics of concern, such as CPARS, contract file documentation with regular uploads to the JAM/SPM modules in the PIEE program, CDRL reporting, Contractor Surveillance, and Closeout documentation. The COR Program Manager monitors training and provides guidance to CORs, enabling program growth and success.

Electronic Subcontracting Reporting (eSRS) Program. Surveillance and monitoring of Subcontracting Plans in eSRS is successfully conducted by Small Business Office personnel. During the PMR Team interview, this inclusive, cooperative relationship of contracting and small business personnel in the eSRS program was reported to be 100% compliant.
Online information portals. Many 4th Estate contracting activities have well-organized online portals providing information for both the Contracting function and its customers. The portals may include helpful links to templates, internal guidance, and external DoD resources.

Small Business Roundtables. The roundtables enhance the activity’s ability to meet small business goals and identify prime contracting and subcontracting opportunities by matching capabilities with mission needs.

A Small Business Database to manage the Small Business Program. A small business database can serve as a valuable market research tool and a mechanism to capture DD 2579s. It may also provide enhanced capability to communicate with small businesses.

Contractor Assessment Reporting System (CPARS) tracking system. All CPARS Program stakeholders (e.g., program managers, CORs, COR Support Team, technical supervisors, and technical monitors) should be fully engaged and vested in the process. A tracking system may enhance CPARS compliance by providing automated reminders in advance of when CPARS assessments are due.

Personnel Spotlight. Email or portal-based spotlight on individual employees, both new hires and existing personnel can build camaraderie and facilitate sharing of information among personnel.

Standard Checklists. Mandatory checklists provide recognizable benefits to the contracting organization. PMR Teams observed measurable improvement on file documentation issues where standardized checklists are used.

Implement Standard Review Thresholds. Establish common review and approval thresholds for procurement contracts, assistance agreements, and OT agreements.

Establish collaborative Other Transaction community. Establish a collaborative environment to share training and advice on OTs to ensure proper use and execution of these often-complex agreements. Senior managers may provide OT training.

Focus on Inherently Governmental Functions. FAR prohibits contractors from performing Inherently Governmental Functions. All personnel (government and contractor) should be aware of this prohibition.

Effective GPC Program Management. Some activities do a very good job with the program’s overall management, effectiveness, and compliance.

Used AI and BOTS to improve the acquisition process. DARPA is making the acquisition process more efficient by increasing the use of automated tools (BOTs) to handle mundane administrative tasks that often take a lot of Contracting Officers’ time.

Better IT Support. While relying on resources outside of the Contracting function, it is a best practice for new employees to have all their IT equipment installed on their first day of employment so that they can hit the ground running. Support should be assigned to the new employee to set up their personal computer and enterprise account, laptop, mobile device, and voicemail and issue business cards.