



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

**OFFICE OF THE UNDER SECRETARY OF DEFENSE**

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

AUG 20 2010

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  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(ACQUISITION AND LOGISTICS MANAGEMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DIRECTORS, DEFENSE AGENCIES  
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Annual Review of the Acquisition of Services Policy and Oversight

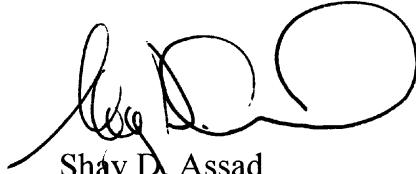
The purpose of this memorandum is to inform you that we will be initiating the annual review to assess the Department's progress in improving the acquisition of services as required by DoDI 5000.02, Enclosure 9, Paragraph 3.f. The focus of last year's review was to understand the measures and criteria you have put in place to ensure proper implementation of your policies and to understand more fully your engagement in the review process for service acquisitions that takes place at various levels within your organization. We also looked at the processes and procedures that you have put in place for identifying and conducting Peer Reviews, including post award/post execution reviews for service acquisitions at thresholds you have established below \$1 billion.

The focus of this year's review is to gain an understanding of the organizational changes you have put in place, or are considering instituting, that provide better management and oversight of the acquisition of services, along with the processes and procedures you have put in place to develop and track appropriate measures of success in the acquisition of services. We will also be addressing management and oversight of contractor provided services that closely support inherently governmental functions, both at the contract and task order level.

The Department continues to work diligently to improve the acquisition of services, which remains identified as a high risk area by the General Accountability Office (GAO). We need to not only ensure that we have effective policies in place, but also ensure those policies are being implemented in a manner that fosters improvement. We will also be following up on your progress to ensure proper contract surveillance to

include the appointment of Contracting Officer Representatives (CORs), and use of quality assurance surveillance plans and other topics as identified in the attachment.

I have asked Ms. Susan Hildner, Deputy Director, Contract Policy and International Contracting, to lead these reviews. She will be joined by other members of my staff. You will be contacted shortly to schedule your review.

A handwritten signature in black ink, appearing to read 'Shay D. Assad', written over a circular stamp or seal.

Shay D. Assad  
Director, Defense Procurement  
and Acquisition Policy

Attachment:  
As stated

## DISCUSSION TOPICS

Please be prepared to provide and discuss the following:

- Total Value of Service Acquisitions for FY 2009 and FY 2010 to date
  - Number of acquisition strategies reviewed at each level and issues identified (e.g. how pricing is used as a meaningful source selection factor, availability of adequate past performance information to distinguish among offerors, and use of meaningful incentive arrangements for service contracts).
  - In reviewing those strategies, how much consideration is given to the following:
    - How services are being obtained, i.e. “C” type contracts, BPAs or IDIQs?  
Please provide a breakout for both years and identify any trends.
    - Use of Time and Materials contracts – are they closely scrutinized and limited in their use?
    - Extent to which contracted services support functions that closely support inherently governmental functions and the extent to which management reviews document consideration given to the use of DoD employees to perform such functions?
    - Unique risks of contracting for these services and what steps, if any, are taken to mitigate such risks.
    - What procedures, if any, have been identified to enhance management oversight when contracts provide services that closely support inherently governmental functions?
  - Number of internal Peer Reviews or Peer Review-like activities at each level in the organization. How are they scheduled?
    - What best practices have been identified in these reviews?
    - Is there any greater emphasis on post award execution reviews? Are we getting what we contracted for?
  - Forecasts of upcoming strategies and related reviews both above and below the \$1 Billion threshold.
  - Detailed information on CORs to include how you are monitoring the assignment and training of CORs and the extent to which CORs are using Quality Assurance Surveillance Plans to provide monitoring and oversight of contracts.
- Any metrics that have been collected to address service acquisition tenets as identified in the February 18, 2009, DPAP memorandum.