



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

DEC 31 2015

MEMORANDUM FOR COMMANDER UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: FY15 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. This second annual 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.

Claire M. Grady
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

cc:
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)

DOD PROCUREMENT MANAGEMENT REVIEW PROGRAM

FISCAL YEAR 2015 – A YEAR IN REVIEW

TWO PERSPECTIVES ON PMR PARTICIPATION

The Defense Microelectronics Activity (DMEA), located in Sacramento, California, underwent their first DoD PMR in January 2015. Having previously been delegated authority through the US Army Corps of Engineers, DMEA was delegated contracting authority via DPAP in Sept 2013 making them subject to the PMR program. Kathleen Griest volunteered as a PMR team member to help her organization prepare for their upcoming review, she offers her thoughts on the experience both from a team member's perspective and from the activity under review:

Since we knew DMEA was on the FY15 schedule for a PMR, I immediately volunteered to attend another agency's PMR as a team member. I had the pleasure of participating in the PMR for the Defense Human Resources Activity (DHRA) in Oct/Nov 2014 which became an extremely valuable information gathering session. Not only did I learn how in-depth the PMR team goes into the contract files and all of the processes to conduct a PMR, I gathered lessons learned from DHRA on how they put their welcome package together and what to do to prepare for the PMR. It also gave me a perspective of how another agency conducts business. One of my favorite things during the three week review was

when the PMR team members would have in-depth discussions about policies and procedures and the applicability as to why they were in place and how they fit into each organization.

I knew for DMEA, this was going to be an important PMR. When I returned, we gathered information, reviewed files, organized processes, briefed DMEA personnel on what to expect in this process, and put together the required packages for the PMR team. The team arrived on Jan 26, 2015 and because of all of the upfront preparation, the in-processing went smoothly. It was a day filled with briefings and orientations. The review began and the findings provided multiple

YOUR PMR TEAM

PROGRAM MANAGER:

Tora Petersen, DCMA
tora.petersen@dcma.mil
804-734-0487

PERMANENT PMR TEAM MEMBERS:

Welcome:

Harry Simmons, DCMA
Harry.Simmons.Jr@dcma.mil
804-734-0439

Farewell:

*Beth Brown, DCMA
(*departed team Feb 2015)

A huge THANK YOU to our FY15 Augmentees:

Kathleen Griest, DMEA
Patricia Watson, WHS
Luke Baey, DCMA
Jill Wodochek, USTRANSCOM
Sal Cianci, DAU
Jean French, DLA
Lisa Schneider, DAU
Donna Berry, NSA
Damon Moore, DLA
Glenna Paulson, DIA
Daniel Fadely, DLA
Cassandra Pendergraft, MDA
Debbie Dean, DCMA

The call for FY17 volunteers will be issued in the May/June timeframe. PMR team participation is a career enhancing opportunity and a great learning experience.

commendations, great suggestions and great recommendations. What impressed me most during the review was that the team was very open to discussions with DMEA contracting management. There were brainstorming sessions around our current processes and how

to implement some of the suggestions/alternatives to best fit the DMEA mission. The suggestions helped improve what we already had in place and they offered suggestions to streamline processes that seemed excessive. DMEA was able to make changes real time and complete some of these

before the PMR team left. Other areas of improvement took more time and change continued following the team's departure. We took to heart all that was given to us in this PMR, received invaluable information and look forward to future PMRs.

IT ALL COMES DOWN TO THE DOCUMENTATION!

DOCUMENTATION! The official contract file should reflect all actions taken with respect to any contract. Thorough and complete documentation is not only required by FAR 4.801, it is critical to ensure anyone who picks up a file can fully understand not only WHAT took place, but WHY it was done. We continued to observe insufficient documentation across the board in FY15 reviews. The following list represents some of the most common documentation issues:

- Files often document decisions without documenting the rationale. For example, files often don't explain the reason for a contract modification or for a determination that the mod is within contract scope. Similarly, files should document the information considered in making decisions like commercial item determinations, technical evaluations of proposals, or changes in contracting strategy.
- Market research documentation didn't explain how it was used to determine strategies.
- Official contract files are often missing key documents. Many contracting requirements are implemented using centralized electronic systems (CPARS, CORT, FedBizOps, etc.), but official contract files still need to reflect complete documentation of actions taken. If hard copies are not retained in the file, then the file should reference where the appropriate record is retained. Keep in mind that those records need to be continuously accessible, not deleted or archived.
- Official conversations leading to contract action (i.e. modifications, changes in strategy) were not sufficiently documented...[See page 3 for what DMEA is doing!](#)
- Pricing of GSA orders didn't demonstrate traceability back to schedule prices to show compliance.
- IGCEs were often relied on to determine prices fair and reasonable, but documentation didn't establish why the IGCE was a good basis for comparison.
- COR documentation is not being retained in official contract files.
- Technical evaluation documentation didn't reflect compliance with evaluation criteria outlined in solicitations.

WHAT ELSE NEEDS WORK?

Negotiation: The team often observed acceptance of proposed prices without negotiation. These may represent lost opportunities to save money or obtain better business deals

COR Oversight: Annual COR file reviews are not being accomplished. CORs often stated that their files had never been looked at by the contracting office and they were often unaware of what documentation they are required to retain. Contracting officers must ensure that duties delegated to CORs are being executed appropriately.

THINGS THAT MADE US SMILE

The PMR team continues to observe many exceptional practices and tools that are contributing to mission success.

Multiple agencies displayed the following:

- Just as we observed last year, the overall dedication of the DoD contracting workforce and commitment to mission success is impressive. We also continued to see comprehensive acquisition team collaboration and communication.
- Flexible work schedules, telework, and wellness programs continue to contribute to high employee morale and help retain top performers.
- Contracting leaders are consistently making development of their people a priority. We saw great support of employee development opportunities, robust training programs, and partnerships with DAU.
- Internal and external websites and electronic libraries are in wide use and provide ready resources to customers, CORs and contract specialists with easy access to templates, policies, samples & guidance.
- More agencies are moving to electronic contract file systems. We found these systems to be easy to navigate and noted a distinct improvement in the completeness and consistency of contract files.

And more specifically:

- The Defense Human Resources Activity (DHRA) uses a multi-functional panel to review acquisitions at three stages; acquisition planning, solicitation, and award. Panel meetings offer the opportunity to answer questions and add, delete or clarify information in documents. This boarding process fosters a sense of teaming and facilitates understanding of the technical and contracting requirements.
- The Defense Microelectronics Activity (DMEA) consistently documents a chronology of events for each contract. All actions, whether minor or significant, are incrementally documented to build an informal memorandum that provides a clear timeline of events. The PMR team found this document "filled in the gaps" to create a fully documented contract file and often provided context which aided understanding of other file documents.
- The Defense Finance and Accounting Service (DFAS) is conducting surveillance of Government Purchase Card files in a virtual environment. Documentation is uploaded to an ePortal to facilitate efficient review of geographically separated units.
- The Washington Headquarters Service (WHS) has a highly effective "Suggestion Box" program. The WHS workforce has observed that their leaders thoughtfully evaluate all suggestions and have implemented many of them. Employees view the suggestion box as an effective tool to participate in the improvement of their organization and a viable means of having their voice heard, leading to improved morale and retention.
- The Defense Security Service (DSS) made post award contract management a priority by establishing an agency strategic objective to improve contractor performance through proper oversight. DSS created a Chief COR position to act as a liaison between the contracting office and CORs in requiring activities. The single POC for training, questions, and guidance has greatly improved COR understanding of their roles and responsibilities. DSS leadership emphasis fosters communication and accountability.

THINK BEFORE YOU FILE

The question of what should go into the official contract file is getting harder and harder to answer. Electronic processes and communications increase speed, but have muddied what should go into a file. Every document in an official contract file should have a purpose directly related to the planning, solicitation, evaluation, award, and administration of the contract. The documents need to be sufficient to constitute a complete history of the transaction, but they should communicate that history clearly and efficiently. The PMR team is seeing improper documentation in files, including documentation that is incomplete, creates confusion or is superfluous.

E-mail correspondence is now a primary means of communication concerning contract actions. It is quick and easy to save, however it is often an informal communication method containing personal chit chat and non-contract related comments. PMR teams frequently had to wade through extensive e-mail trails to piece together a conversation to try to determine the decisions made, often having to make assumptions or draw inferences because the documentation available doesn't clearly outline the situation. Decisions documented only in e-mail traffic can be difficult to find as they are buried among other e-mails. E-mails often lack a signature block or the title of the decision-maker, making it difficult to determine who made a decision or whether that person had the appropriate authority.

Contracting personnel must do some critical thinking prior to putting e-mail correspondence into the file. Questions to be considered; Does the e-mail contain verbiage inappropriate for an official contract file? Does the e-mail provide a clear, succinct summary of the information for the contract file? If the e-mail represents a decision, is all necessary information to support that decision contained in the e-mail or is a memorandum more appropriate? Should a formal approval signature be obtained for that decision? A good rule of thumb to keep in mind: make it easy to find and understand both the decision and the rationale for the decision. Use a memorandum for the record to summarize voluminous documentation and retain copies of e-mail for back-up.

One final thought: it isn't true that the thicker the file, the better, especially when it comes to e-mails. E-mail trails often have multiple recipients responding to a single message and contract specialists may file every version of the trail. The PMR team sees a lot of duplicate e-mails in contract files, which makes finding relevant information even harder. The purpose of the contract file is to document and explain the action, and direct, succinct communication is always more effective.

FY 16 PMR Schedule:

Oct 19-Nov 6	Uniformed Services University of the Health Sciences (USUHS)
Jan 25-Feb 12	Defense Health Agency (DHA)
Mar 7-25	Defense Intelligence Agency (DIA)
Apr 18-May 6	Defense Commissary Agency (DeCA)
Jun 6-24	Joint Improvised Explosive Device Defeat Organization (JIEDDO)
Jul 18-Aug 5	United States Transportation Command

Who's on Deck?

Tentative FY17 Reviews:

Defense Security Service (DSS)
 National Geospatial Intelligence Agency (NGA)
 Defense Security Cooperation Agency (DSCA)
 United States Special Operations Command (USSOCOM)
 National Security Agency (NSA)
 Defense Threat Reduction Agency (DTRA)