

4th Estate Services Requirements Review Board (SRRB) Frequently Asked Questions

SRRBs General Background

What is a Services Requirements Review Board (SRRB)?

An SRRB is a structured review process chaired by senior leaders to inform, assess, and support trade-off decisions regarding requirements cost, schedule, and performance for the acquisition of services. The goal of an SRRB is the validation, optimization, and prioritization of current and future services acquisition requirements. While SRRBs are typically focused on contractor-provided services, a services requirements review can also help inform the decision to use organic capabilities (government civilians or military) vs. contracting for the required service. SRRBs are defined in the DoD Instruction (DoDI) 5000.74 – *Defense Acquisition of Services*.

What are the expectations for 4th Estate organizations with respect to SRRBs?

4th Estate organizations must (1) establish and implement a process for reviewing their services requirements and (2) prepare for and present results to a 4th Estate SRRB Senior Review Panel, a process managed by the Deputy Chief Management Officer (DCMO).

Why is the Department requiring 4th Estate organizations conduct SRRBs now?

Three reasons: statute, declining budgets, and active management of the total force. 10 U.S.C. 2330 requires DoD to actively manage contracted services. Within Public Law 111-383, *Ike Skelton National Defense Authorization Act for Fiscal Year 2011*, Section 863 required DoD to ensure that the military departments and Defense Agencies establish processes for identifying, assessing, reviewing, and validating requirements for the acquisition of services. The military departments have already implemented SRRBs—the 4th Estate SRRBs completes fulfillment of this requirement.

The benefit of validating requirements via SRRBs is active management of services to ensure cost-effective, efficient application of resources to meet mission requirements. In this time of declining budgets and sequestration, SRRBs provide tools to assess relative value of services and to make prudent, cost-effective trade-offs without compromising mission capabilities.

What are possible SRRB outcomes?

The SRRB process seeks the most value for the minimally appropriate cost of contracted services. Every requirement and organization will be different, but outcomes may include:

1. Elimination of partial or entire non-value-added (or limited marginal value) contracted services capabilities.
2. Identification and elimination of redundant contracted capabilities.
3. Restructured work allocation.
4. Re-competing new requirements that better align to mission and marketplace.

5. Improved alignment of labor categories to work provided.
6. Strategic sourcing of services capabilities.
7. Identification of inherently governmental activities not suitable for contracted services.

What are some of the considerations that would lead to the possible outcomes described above?

1. Elimination of parts of, or entire, contracted services capabilities would be appropriate when the work provided is redundant, unneeded, or of less value than other needed work (lower priority). Examples include, but are not limited to, multiple contractors or organizations working on the same or similar function, deliverable reports that no one uses since they have outlived their utility, and the elimination of staff admin services to increase funds for technical analysts.
2. Restructured work allocation can be done when the function is inappropriate for contracted services (inherently governmental or closely related to inherently governmental functions) or when it is more cost effective to have someone else do the work. Examples include moving work from contractor to government when the function is oversight of another contractor (which is inherently governmental), or moving administrative functions from a technical to an administrative services contractor, or even government employees, to lower cost by leveraging better rate structures.
3. Re-competing new requirements that better align to mission and marketplace may improve cost and capabilities through better definition of need. It has been found that requirements have been rolled from one contract to another without significant updating, thus becoming out-of-date. Examples found include statements of work that do not reflect new organizational requirements and structure, or new tools, that would allow vendors better ability to meet the need at a lower price.
4. Improved alignment of labor categories to work provided addresses the requirement versus the people providing the service. SRRBs have identified cost and scope “creep” when an individual contractor remains on the job in a specific title, but increases job responsibilities and salary, usually resulting in higher contract costs. This misalignment of the actual requirement and execution costs more money.

How often are SRRBs required?

Reviews are required at least annually.

Where is the concept of SRRBs documented?

The basis for SRRBs is provided by 10 U.S.C. 2330, which requires DoD to actively manage contracted services. Public Law 111-383, the *Ike Skelton National Defense Authorization Act for Fiscal Year 2011*, Section 863 requires DoD to ensure that the military departments and Defense Agencies each establish a process for identifying, assessing, reviewing, and validating requirements for the acquisition of services. DoDI 5000.74 – *Defense Acquisition of Services* addresses the Congressional mandates and provides recommended requirements review considerations.

Additional guidance may be issued by the DCMO and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics per the tasking outlined in the Deputy Secretary of Defense’s memorandum on “Implementation of Institutional Reform Opportunities,” issued July 24, 2015.

SRRB Requirements and Best Practices

What are the characteristics of a successful SRRB?

Common characteristics of a successful SRRB include, but are not limited to:

- Supported by leadership
- Focuses on the requirements vs. the contracts
- Led by the requiring activity
- Executed at least annually; more often as needed
- Includes all major stakeholders
- Focuses on the need/value of each requirement
- Identifies efficiencies, cost savings, and best practices
- Considers lifecycle costs of a requirement
- Evaluates risks against the impact on mission
- Analyzes marginal benefits vs. marginal costs of changing a requirement
- Assures any associated contract is as efficient and cost effective as possible

Who should present or participate in an organization’s internal SRRB?

Presenters of the requirements should always be the individual with the knowledge and authority to manage the capability or contract (i.e., the owner of the requirement should present—they may not necessarily be the owner of the contract). This person should be knowledgeable in all aspects of the requirement and how it supports the broader organization and mission. This will, in most cases, not be the contracting officer’s representative (COR).

Participants in the SRRB process, in general, should include all major stakeholders. This may include:

- Requirements owners
- Customer representatives
- Financial manager
- Personnel & Readiness representatives
- Contracting Officer
- COR
- Legal, Small Business, Administrative Representatives (may be optional)

Past experience indicates that the construct of the SRRB participation is most beneficial when the entire leadership team is present during all presentations and discussions. This provides an opportunity to hear and understand the connectivity and relative prioritization of all organizational requirements, which often leads to improved outcomes from the SRRB.

Participants are cautioned, however, to be aware of the number of participants and ease of discussion. SRRBs must maintain a balance between appropriate oversight and the mechanics of running an efficient, productive SRRB. More participants are not always optimal.

What things should I consider when evaluating value of contracted services?

The primary value of a requirement is first-and-foremost defined on the value it provides to the mission, answerable by the question, “Is this where I should spend money to get the best result for mission support/execution?” Supporting questions to consider during value discussions include, but are not limited to:

- Why am I executing this specific requirement? What is the actual importance of the task? (i.e., Is it a “must have” or a “nice to have”?)
- What is the best way to meet this requirement over the long-run?
- Is the requirement being fulfilled in the most cost-effective way?
- What work can cease and how much money would be saved? (and conversely) What is not being done and how much would it cost?
- How much does the requirement cost relative to the benefit realized (return on investment)?
- Is this a good investment, or would the money be better and more effectively spent on a different requirement?
- Is the cost of the requirement stable, and what was expected, or is it always changing/increasing?
- What is the performance of the requirement provider? Is it excellent and we can save money by reducing our needs, or is it acceptable at an appropriate price?

How should I go about prioritizing requirements?

While every organization will have different specifics and orders of importance, all should include consideration of:

- Mission criticality
- Overall lifecycle cost
- Marginal cost of performance decreases or increases
- Inherently governmental/ closely related to inherently governmental
- Inappropriate personal services
- Industrial base
- Requirements management impacts (workforce makeup, etc.)

What are tripwires and what is their relation to SRRBs?

Tripwires are specific issues that have been identified by the organization as potentially leading to a higher risk of increased cost, contract mismanagement, and/or fraud. If a tripwire is triggered, it is a signal that the SRRB should explore the management processes, risk mitigation, and execution outcomes with the requirements owner to ensure that the outcomes reflect the optimal value for the minimally appropriate cost and risk.

Values are not specified for the tripwires, as no single value is appropriate for all requirements. The values associated with each tripwire should be developed to the specific organization and its requirements. What may be appropriate to one organization may be too high (or too low) for another, so best judgment is required.

What are examples of tripwires?

Examples included in the implementation guidance for all organizations are:

- Labor rates
- Performance Issues
- Use of bridge contracts
- Use of subcontractors
- Single-bid procurements
- Best-value source selection premiums
- Other direct costs
- Economy Act awards

May an organization add other tripwires?

Yes, tripwires that are specific and important to the organization may be added. Examples may include, but are not limited to, the number of contractors seated in government spaces, types of security clearances, and contract type.

If I receive support paid for by someone else, do I review it in my SRRB?

Yes. If you own the requirement and define the associated standards of performance, you must review the requirement regardless of the funding source. Funding trails should be a part of that review discussion as well.

If I provide funds to someone else, do I review it in my SRRB?

Not necessarily. If you pass through funds to other organizations, but do not have a role in defining how those funds will be used to support a specific requirement, the responsibility to review falls to the receiving organization. As a best practice, however, you should identify the value of pass through funding you provide.

How should I handle Working Capital Funds (WCF) in my SRRB?

Where you own the requirement and make decisions on levels of performance and requirements details, include WCF-funded requirements in your review. Where you do not own the requirement, determine which organization(s) are responsible for making decisions on requirements and performance levels and ensure that those organizations conduct SRRBs. If efficiencies are found, work to either pass the savings on to the WCF customers or determine how to repurpose the funds.

How might contracts be changed to realize savings identified during the SRRB process?

The contracting officer can provide the most detailed explanation, but contract changes may include:

- Completely ending a contract by not awarding an option or terminating for convenience, etc.
- De-scoping requirements through a change in the statement of work / performance work statement to eliminate unneeded work
- Removal or changing of deliverables
- Changing acquisition strategies for follow-on requirements to better align with market capabilities. This may include more competition, splitting unrelated requirements, more small business, etc.