

**GAO High Risk Series: DoD Contract Management  
2007 DoD Improvement Plan, (as updated on 8 Sep 08)**

**OMB Contact:** Ms. Lesley Field  
Ms. Curtina Smith  
Mr. Bill McQuaid

**DoD Owner:** Mr. John J. Young, Jr.  
Mr. Shay D. Assad

**DoD Contact:** Mr. John Tenaglia

**GAO Contact:** Mr. Tim DiNapoli  
Mr. John Hutton

**Update Notes:**

(1) Enclosure 1 is a visual aid depicting the new architecture for acquisition of services.

**Scope:** DoD Contract Management with a focus on implementation of current policies.

**Overall:** Develop a long-range strategic vision and department-wide coordinated approach to improve the effectiveness of DoD contract management, with specific emphasis on contracting for services including information technology and management support services; application of appropriate commercial best practices; use of appropriate contracting techniques and approaches; enhanced training; and development of a human capital strategic plan for its civilian workforce.

**Short-Term:** Develop outcome-oriented goals, including savings targets that measure the success of contract management reform and produce significant improvements within two years to put DoD on a path to removing DoD Contract Management from a “high risk” level to a lower level and then to a no risk level.

**Focus Areas:**

- 1. Contracting for Services: Strategic Approach.** (See Enclosure 1 for visual aid.)  
Continue implementation of section 812, Management Structure for Procurement of Contract Services, Public Law 109-163, National Defense Authorization Act for FY2006.
- Initiated by USD(AT&L) policy memorandum dated October 2, 1006.
  - Incorporation of policy into DoD 5000.2.

Develop a comprehensive Defense-wide architecture for the acquisition of services.

- Fundamental tenets of the strategy are:
  - Effective and efficient, in terms of both timeliness and cost effectiveness, acquisition of the services necessary to meet the needs of our warfighters.
  - Utilization of contract tools that ensure competition whenever possible.
  - Maximum small business participation and opportunities to compete.
- Tactical methods to implement the strategy are:
  - Ensure clear identification of requirements.
  - Use incentive arrangements with metrics tied to expected outcomes.
  - Identify early-on appropriate performance metrics;
  - Use quality assurance or surveillance plans in contracts;
  - Designate properly trained contracting officer representatives.
  - Select the most efficient and effective tools to acquire particular services.
    1. Apply best practices.

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2. Make maximum use of competition.
  3. Emphasize small business participation and opportunities.
- Drive consistency and discipline across the Department.
  - Enhance contract performance management.

**2. Use of appropriate contracting techniques and approaches.**

- Participate on the Interagency Contracting Working Group under the separate GAO High Risk Series Area, Inter-Agency Contracting.
- Review and update, if necessary, guidance on contract vehicle selection, use of task orders, competition, and price reasonableness determinations.
- Develop a Continuous Learning Module on Commercial Item Pricing with the following terminal learning objective: Given a commercial item acquisition, students will be able to determine how to evaluate price reasonableness by understanding:
  1. The order of preference in determining the type of information required;
  2. The sources of information for sales of commercial items;
  3. The need for “information other than cost or pricing data;”
  4. The exception for submission of “cost or pricing data;” and
  5. The use of General Services Administration Federal Supply Schedules.
- Improve Award and Incentive Fee usage.
- Revise regulatory guidance regarding use of pricing information for commercial item procurements.

**3. Contract administration concerns.**

Provide for enhanced contract administration by ensuring - -

- Early-on designation of properly trained contracting officer representatives, and identification of appropriate performance metrics, and
- Inclusion of quality assurance surveillance plans (QASPs) in solicitations and contracts.

**4. Right skills and capabilities in the acquisition workforce.**

Develop a future DoD AT&L Workforce shaped and recapitalized to enable smart workforce decisions:

- Evolve AT&L Human Capital Strategic Plan.
- Improve and standardize AT&L workforce competencies.

**Responsible Organizations:** The Under Secretary of Defense (Acquisition, Technology and Logistics) is responsible for identifying the goals and overseeing the initiatives cited in the Plan, but he relies on the Military Departments and Defense Agencies to implement the initiatives and measure and report their results.

**Goals:** DoD’s goals under this plan are to enhance the effectiveness of contract management, including planning, awarding, and administering contracts and task orders.

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**Milestones and Metrics**

<p><b>Focus Area 1: Contracting for Services - Strategic Approach</b></p> <p><b>Milestones</b>          Implement FY 2006 NDAA section 812, Management Structure for Procurement of Contract Services.</p> <ul style="list-style-type: none"> <li>○ USD(AT&amp;L) October 2, 2006 memorandum initiated implementation.</li> </ul> <p>Develop a comprehensive Defense-wide architecture for the acquisition of services:</p> <ul style="list-style-type: none"> <li>○ Gain concurrence by the Military Departments on architecture.</li> <li>○ Identify the portfolios of services subject to the architecture.</li> <li>○ Implement and quantify DoD Component strategies to include multi-functional support cadre.</li> <li>○ Continue implementation and measurement.</li> </ul>	<p><b>Milestones</b></p> <ul style="list-style-type: none"> <li>✓ Continuous; draft DoDI 5000.02 (final Sep 08)</li> <li>✓ (Sep 07)</li> <li>✓ (Dec 07)</li> <li>• Ongoing</li> <li>• Dec 08</li> </ul>
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<p><b>Focus Area 2: Appropriate contracting techniques and approaches</b></p> <p><b>Milestones</b> Enhance use of appropriate contracting techniques and approaches:</p> <ul style="list-style-type: none"> <li>○ Identify appropriate goals for competition of task orders under multiple award contracts.</li> <li>○ Develop a Continuous Learning Module to provide enhanced guidance on pricing commercial items.</li> <li>○ Improve Award Fee usage. <ul style="list-style-type: none"> <li>● Promulgate policy regarding award fee/incentive fee contract architectures.</li> <li>● Implement policy regarding the establishment of checks and balances associated with Award Fee determinations.</li> <li>● Establish system to gather data on historical performance of award fees.</li> <li>● Establish DAU best practices Web site regarding award fee contracts.</li> <li>● Implement award fee architecture policy and publish DFARS changes as necessary.</li> <li>● Monitor adherence to policy.</li> </ul> </li> </ul> <p>Revise regulatory guidance on pricing of commercial items.</p> <ul style="list-style-type: none"> <li>○ Continuous update and maintenance</li> </ul> <p>Improve oversight and guidance on undefinitized contractual actions</p>	<p><b>Milestones</b></p> <ul style="list-style-type: none"> <li>● Oct 08</li> <li>✓ (Aug 08)</li> <li>✓ (Apr 07)</li> <li>✓ (Apr 07)</li> <li>✓ (Apr 07)</li> <li>✓ (Apr 07)</li> <li>● Jun 09</li> <li>● Ongoing</li> <li>✓ (May 07)</li> <li>● Ongoing</li> <li>✓ (Aug 08)</li> </ul>
<p><b>Focus Area 3: Enhance Contract Administration.</b></p> <p><b>Milestones</b> Ensure early-on designation of properly trained contracting officer representatives and identification of appropriate performance metrics.</p> <p>Enhance guidance in DFARS/DFARS PGI regarding QASPs.</p>	<p><b>Milestones</b></p> <ul style="list-style-type: none"> <li>✓ (Aug 08)</li> <li>● Sep 08</li> </ul>

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<b>Focus Area 4: Right skills and capabilities in the acquisition workforce</b>	
<p><b>Milestones:</b></p> <ul style="list-style-type: none"> <li>• Evolve AT&amp;L Human Capital Strategic Plan.               <ul style="list-style-type: none"> <li>○ Update metrics that support AT&amp;L workforce management.</li> <li>○ Publish version 3.0</li> <li>○ In accordance with section 851 of the FY2008 NDAA, publish AT&amp;L workforce appendix to 2008 DoD Civilian Human Capital Strategic Plan</li> </ul> </li>   <li>• Improve and standardize AT&amp;L workforce competencies.               <ul style="list-style-type: none"> <li>○ Complete Program Management, Logistics, and Contracting.                   <ul style="list-style-type: none"> <li>▪ Pilot Contracting Career Field competency assessment.</li> <li>▪ Conduct Contracting Career Field competency assessment and provide inputs, as appropriate, to OUSD(AT&amp;L) and DoD Component Human Capital Strategic and performance planning efforts.                       <ul style="list-style-type: none"> <li>○ Identify competency gaps</li> <li>○ Identify and prioritize gap closure strategies</li> </ul> </li> </ul> </li> <li>• Update Program Management Career Field competency model</li> <li>• Update Life Cycle Logistics Career Field competency model</li> <li>○ Complete remaining career fields.</li> </ul> </li> </ul>	<p style="text-align: center;"><b>Milestones</b></p> <ul style="list-style-type: none"> <li>✓ (Nov 06)</li> <li>✓ (Jun 07)</li>   <li>✓ Aug 08</li>   <li>• Dec 08</li> <li>✓ (Jan 08)</li>   <li>• Dec 08               <ul style="list-style-type: none"> <li>• Oct 08</li> <li>• Dec 08</li> </ul> </li> <li>✓ (Aug 08)</li> <li>✓ (Aug 08)</li> <li>(Pending funding)</li> </ul>



# Acquisition of Services

09-01-2007

Management Consistent with FY 06 NDAA Section 812

