THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

07 FEB 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY)

SUBJECT: Management and Oversight of Acquisition of Services Process

I have reviewed your Management and Oversight of Acquisition of Services Process, and approve it for your use in acquiring services throughout the Army. I hereby delegate oversight responsibility for all acquisitions of services by the Army to you, except for those acquisitions of information technology services that will be approved by ASD(C3I), pursuant to paragraph 5.3 of the May 31, 2002 Policy Memorandum, and for those acquisitions that I determine to be of special interest.

I direct that you notify me before approving the acquisition strategy for any acquisition of services with a total planned dollar value equal to or greater than $2 billion, so that I may make a determination as to any OSD special interest. You will also keep me apprised of your actions to address significant cost, schedule, or performance problems on any acquisition of services that exceeds the $2 billion threshold.

Questions may be directed to Dr. Robert Buhrkuhl, 703-697-1660.

E. C. Aldridge, Jr.

Cc: ASD(C3I)

Army Management and Oversight of the Acquisition of Services (AMOAS)

1.0 Purpose:

1.1 This policy implements Section 801(d) of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. 107-107 and Department of Defense policy guidance, dated May 31, 2002, entitled "Acquisition of Services."

1.2 The overarching purpose of this policy is to assure that all service acquisitions are acquired by business arrangements that are of the highest quality, are in the best interest of the Army and DoD, that service acquisitions are properly planned and administered to achieve the intended results, and are to the maximum extent practicable, based upon clear, performance-based requirements with required outcomes that are identified and measurable.

1.3 This policy will result in a strategic, enterprise-wide approach to the acquisition of services within the Army – from obtaining a clearer understanding of range and scope of Army service acquisitions, to avoiding wasteful duplication in the procurement of services, to promoting fiscal stewardship, to developing new ways of doing business.

1.4 The management and oversight process established by this policy will ensure that Army service acquisitions comply with applicable statutes, regulations, directives, and other requirements, regardless of whether the services are acquired by the DoD or by an official of the United States outside the DoD.

2.0 Applicability:

2.1 Oversight of services acquisition is the shared responsibility of requiring activities, contracting activities, and the Army Acquisition Executive (AAE).

2.2 This policy applies to all service acquisitions including any service acquisition determined to be of special interest by either the AAE, or the Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) or the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), (ASD(C3I)).

2.3 Service acquisitions that are part of a weapon acquisition program or automated information systems in accordance with DoDD 5000.1 and/or DoDI 5000.2 will be reviewed and approved as part of the program's management review process.

2.4 This policy applies to all Army organizations and activities.

3.0 Definitions:

3.1 "Service Acquisition" means the execution of one or multiple contracts or other instruments for committing or obligating funds (e.g., fund transfer, placing orders under Federal Supply Schedules or other existing contracts, etc.) to acquire services that meet a specified requirement. Acquisition begins at the point when agency needs are established and includes all functions directly related to the process of fulfilling agency needs by contract, agreement, funds transfer, etc.

3.2 "Service" means a requirement to perform an identifiable task, or tasks, rather than to furnish an end item of supply.

3.3 "Decision Authority" is the official with review and approval responsibility as designated and associated with the thresholds below.

4.0 Review Procedures:

4.1 An acquisition strategy for service acquisitions meeting the review thresholds below will be forwarded for review and approval prior to initiating any action to commit the Government to such strategy. The acquisition strategy will be updated when significant changes occur. For service acquisitions requiring USD(AT&L), ASD(C^3I) or AAE review and approval, the acquisition strategy will be submitted via the Army Contracting Agency (ACA) to the ASA(AL&T). The required acquisition strategy shall be prepared by the requiring activity in conjunction with the supporting contracting activity. The acquisition strategy will include, at a minimum, all information required by Attachment A to this policy.

4.2 The USD(AT&L) or ASD(C^3I) will provide the AAE a determination whether to conduct a review of the acquisition strategy within 10 working days of receipt of the acquisition strategy. If a review is conducted, it will be completed within 30 working days of the determination. If no determination to conduct a review is made within 10 working days of receipt, the acquisition may proceed.

4.3 Program Executive Officers (PEOs), Direct Reporting Program Managers (PMs), and Heads of the Contracting Activities (HCAs) will establish review procedures for service acquisitions to include those requiring USD(AT&L), ASD(C^3I), or AAE review commensurate with review procedures discussed above.

5.0 Review Thresholds:

5.1 The USD(AT&L) may review and approve service acquisitions identified by the USD(AT&L) as Special Interest, regardless of the estimated dollar value.

5.2 The ASD(C^3I) will review and approve Information Technology service acquisitions in accordance with the Major Automated Information System (MAIS) thresholds in DoDI 5000.2. The ASD(C^3I) may also review and approve proposed service acquisitions identified by the ASD(C^3I) as Special Interest or that are submitted under the July 25, 1997 policy memorandum, "Information Technology Investment Management Insight Policy for Acquisition," or its revision (see Attachment C).

5.3 The AAE or designated official will review and approve service acquisitions with a total planned dollar value of $500 million or more and service acquisitions identified by the AAE as Special Interest. The AAE may delegate the review and approval of service acquisitions with a total planned dollar value of $500 million or more to the Deputy Assistant Secretary of the Army (Policy and Procurement), (DASA(P&P)).

5.4 PEOs, Direct Reporting PMs, and HCAs will, at a minimum, review and approve service acquisitions not already supported in an approved program acquisition strategy under their cognizance with a total planned dollar value between $100 million and $500 million and any service acquisition identified by the PEO/PM/HCA as Special Interest. HCAs may, at their discretion, delegate review and approval authority for service acquisitions with a total planned dollar value less than $500 million to a level not lower than the Principal Assistant Responsible for Contracting (PARC).

5.5 Major Commands (MACOMs) and the ACA will implement a review and approval process for service acquisitions with a total planned dollar value less than $100 million. Review and approval responsibility has been delegated to the lowest applicable levels of authority consistent with operational impact and risks associated with service acquisitions.

6.0 Metrics:

6.1 The acquisition strategy shall include cost, schedule and performance metrics that measure service acquisition outcomes against requirements. Decision authorities will approve metrics for service acquisitions requiring their review and approval. If metrics are not submitted with the acquisition strategy, the metrics must be submitted for Decision Authority approval prior to execution of any business instrument that initiates the acquisition. The timelines for USD(AT&L) or ASD(C^3I) metric review are identical to those for review of an acquisition strategy.

7.0 Data Collection:

7.1 At a minimum, information (as specified in Attachment B to this policy) shall be collected on each service acquisition with a total planned dollar value of $100

million or more that meets the requirements of this policy. This data shall be consolidated at the Decision Authority level and provided via the ACA to the AAE. Services included in weapon acquisition programs or automated information systems in accordance with DoDD 5000.1 and/or DoDI 5000.2 are excluded from this requirement.

7.2 For purchases accomplished by DoD activities, the DD 350 system provides all the Attachment B information. For purchases accomplished by non-DoD agencies to satisfy DoD requirements, the Federal Procurement Data System (FPDS) provides all the Attachment B information.

8.0 Execution Reviews:

8.1 Once the acquisition strategy is approved, annual reports on program progress toward meeting the approved metrics will be submitted to the Decision Authority unless the Decision Authority requires a more frequent reporting schedule. For covered service acquisitions with a total planned dollar value of $100 million and greater this information shall be consolidated at the Decision Authority level and provided via the ACA to the AAE. Services included in weapon acquisition programs or automated information systems in accordance with DoDD 5000.1 and/or DoDI 5000.2 are excluded from this requirement.

Attachments

Attachment A

Acquisition Strategy Content

The acquisition strategy shall address the following:

Requirement. The outcomes to be satisfied and if such outcomes are performance-based (see FAR Subpart 37.6). The measures of success for the service acquisition. How the requirement was previously satisfied (if it is not new).

Risks. The acquisition strategy shall identify current and potential cost, schedule and performance risks, the level of stated risks, and a risk mitigation plan.

Competition. Explain how full and open competition will be provided. If other than full and open competition applies to the acquisition, provide an explanation of why, and a citation of the statutory authority that allows less than full and open competition. Plans for competition for any foreseeable follow-on acquisitions should also be addressed.

Implications. How the new acquisition will support the achievement of small business goals/targets. How the new acquisition will support any other applicable directed programs.

Business Arrangements. How the acquisition will be funded, the type of business arrangements anticipated (e.g., single contract, multiple award task order contract), the duration of each business arrangement (base period and all option periods), cost estimate for the total planned acquisition, and pricing arrangements (e.g., fixed price, cost reimbursement, time and materials, labor hour, or variations, based on guidance in FAR Part 16 and, for commercial services, in FAR Part 12). Task orders executed within a service acquisition reviewed under this policy do not require a separate review by the CAE or HCA (for those components without a CAE) (unless delegated), provided the task order is issued under the approved conditions.

Multi-year Contracts. If the acquisition strategy calls for a multi-year service contract to be entered into under the authority of 10 USC 2306c, the acquisition strategy must address the DoD Component's plans for budgeting for termination liability for multi-year. Also, OMB Circular A-11 requires that multi-year service contracts be scored as operating leases. Therefore, the acquisition strategy must address the budget scorekeeping that will result from use of the proposed contracting strategy.

Leases. The acquisition strategy will include a lease-purchase analysis if required by OMB Circular A-94, Section 13.

Attachment B

Required Data Collection

The data required to be collected includes, at a minimum, the following:

1. The services purchased.

2. The total dollar amount of the purchase.

3. The form of contracting action used to make the purchase.

4. Whether the purchase was made through:

    a. a performance-based contract, performance-based task order, or other performance-based arrangement that contains firm fixed prices for the specific tasks to be performed;
    b. any other performance-based contract, performance-based task order, or performance-based arrangement; or
    c. any contract, task order, or other arrangement that is not performance-based.

5. In the case of a purchase made through an agency other than the Department of Defense, the agency through which the purchase is made.

6. The extent of competition provided in making the purchase and whether there was more than one offer.

7. Whether the purchase was made from:

    a. a small business concern;
    b. a small business concern owned and controlled by socially and economically disadvantaged individuals; or
    c. a small business concern owned and controlled by women.