



Policy & Legislation

DFARS CHANGE NOTICE 20050916

On Sept. 16, 2005, the Office of the Director of Defense Procurement and Acquisition Policy published the following final and proposed changes to the Defense FAR Supplement (DFARS). Additional information can be found at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

Final Rules

MULTIYEAR CONTRACTING (DFARS CASE 2004-D024)

Finalizes, without change, the interim rule published in DFARS Change Notice 20050509 to implement Section 814 of the National Defense Authorization Act for Fiscal Year 2005 and Section 8008 of the Defense Appropriations Act for Fiscal Year 2005. Section 814 requires DoD to provide notice and supporting rationale to Congress before awarding a multiyear contract containing a cancellation ceiling exceeding \$100 million that is not fully funded. Section 8008 places additional restrictions on the award of multiyear contracts for supplies using fiscal year 2005 funds.

PROVISION OF INFORMATION TO COOPERATIVE AGREEMENT HOLDERS (DFARS CASE 2004-D025)

Finalizes, without change, the interim rule published in DFARS Change Notice 20050222 to implement Section 816 of the National Defense Authorization Act for Fiscal Year 2005. Section 816 increased, from \$500,000 to \$1,000,000, the threshold at which DoD contracts must include a requirement for the contractor to provide to cooperative agreement holders, upon their request, a list of the contractor's employees who are responsible for entering into subcontracts.

Proposed Rules

ACQUISITION PLANNING (DFARS CASE 2003-D044)

Proposed change increases the dollar thresholds for preparation of written acquisition plans; updates acquisition planning requirements for consistency with changes to the DoD 5000 series publications; deletes unnecessary text relating to contract administration and class justifications for other than full and open competition; clarifies requirements for funding of leases; and relocates to Procedures, Guidance, and Information (PGI) at

<http://www.acq.osd.mil/dpap/dars/pgi/index.htm>, text addressing the contents of written acquisition plans.

TYPES OF CONTRACTS (DFARS CASE 2003-D078)

Proposed change streamlines text on the use of economic price adjustment clauses; increases, from 3 to 5 years, the standard maximum ordering period under basic ordering agreements; deletes obsolete text on the use of cost-plus-fixed-fee contracts for environmental restoration; deletes unnecessary text on design stability and use of incentive provisions; and relocates to PGI, procedures for selecting contract type and for use of special economic price adjustment clauses, incentive contracts, and basic ordering agreements.

SPECIAL CONTRACTING METHODS (DFARS CASE 2003-D079)

Proposed change clarifies text on the use of option clauses for industrial capability production planning; deletes unnecessary text on determinations for interagency acquisitions under the Economy Act; deletes restrictive requirements relating to the use of master agreements for vessel repair; deletes obsolete procedures for acquisition of bakery and dairy products; lowers the level for approval of profit on undefinitized contract actions for which substantial performance has been completed; and relocates to PGI, guidance on the use of options and procedures for preparation of master agreements and job orders, for breakout and acquisition of spare parts, and for acquisition of work over and above contract requirements.

ACQUISITION OF INFORMATION TECHNOLOGY (DFARS CASE 2003-D068)

Proposed change deletes text that is obsolete or unnecessary; clarifies text addressing charges for special construction or assembly related to telecommunications services; clarifies the text of clauses used in basic agreements for telecommunications services; and relocates to PGI, information on acquiring telecommunications services from foreign carriers.

EXCHANGE OR SALE OF GOVERNMENT- OWNED INFORMATION TECHNOLOGY (DFARS CASE 2003-D094)

Proposed change deletes obsolete procedures for exchange or sale of government-owned information tech-



nology. DoD now handles the exchange or sale of information technology equipment in the same manner as other personal property, in accordance with DoD 4140.1-R, Supply Chain Materiel Management Regulation.

DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20050930

DoD published the following DFARS changes on Sept. 30, 2005. Link to the *Federal Register* notices for these changes through the following Web site: <<http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>>.

Interim Rule

PROHIBITION OF FOREIGN TAXATION ON U.S. ASSISTANCE PROGRAMS (DFARS CASE 2004-D012)

Implements a statutory prohibition on foreign taxation under contracts funded by U.S. assistance programs. Foreign governments receiving U.S. assistance are prohibited from imposing taxes on commodities acquired under contracts funded by such U.S. assistance. The interim rule addresses the responsibilities of the contractor and the contracting officer regarding this prohibition.

Final Rules

EXTENSION OF PARTNERSHIP AGREEMENT-8(A) PROGRAM (DFARS CASE 2005-D020)

Reflects the extension of the partnership agreement that permits DoD to award contracts to eligible 8(a) Program participants on behalf of the Small Business Administration. The expiration date of the agreement has been extended to Sept. 30, 2006.

DEFENSE LOGISTICS AGENCY WAIVER AUTHORITY (DFARS CASE 2005-D019)

Authorizes the Defense Logistics Agency (DLA) Component Acquisition Executive to waive domestic source restrictions on the acquisition of ball and roller bearings, when adequate domestic supplies are not available to meet DoD requirements on a timely basis. The authority provided to DLA is in addition to the authority already provided to the military departments for such waivers.

QUALITY CONTROL OF AVIATION CRITICAL SAFETY ITEMS AND RELATED SERVICES (DFARS CASE 2003-D101)

Finalizes, with changes, the interim rule published in DFARS Change Notice 20040917 to implement statutory

requirements for quality control in the procurement, modification, repair, and overhaul of aviation critical safety items. The changes in the final rule clarify that the head of the design control activity is responsible for identifying items that meet the criteria for designation as aviation critical safety items and that the head of the design control activity may delegate authority for acceptance of minor nonconformances in aviation critical safety items.

CENTRAL CONTRACTOR REGISTRATION (DFARS CASE 2003-D040)

Finalizes, with changes, the interim rule published in DFARS Change Notice 20031114 to eliminate policy on central contractor registration that duplicated policy added to the Federal Acquisition Regulation. The changes in the final rule clarify that contracting activities must include the contractor's Commercial and Government Entity code, instead of the DUNS number, on contractual documents transmitted to the payment office.

ADVISORY AND ASSISTANCE SERVICES (DFARS CASE 2003-D042)

Deletes obsolete/unnecessary text on the acquisition of advisory/assistance services; and relocates to PGI, a list of DoD publications that govern the conduct of audits.

DFARS CHANGE NOTICE 20051011

On Oct. 11, 2005, the Office of the Director of Defense Procurement and Acquisition Policy published the following change to the Defense FAR Supplement (DFARS). Additional information on this change can be found at <<http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>>.

Final Rule

PAYMENT AND BILLING INSTRUCTIONS (DFARS CASE 2003-D009)

Improves procedures for payment and billing under DoD contracts. The revisions include: (1) addition of a contract clause addressing line item information needed in contractor payment requests; (2) amendment of material inspection and receiving report requirements to update invoice instructions; and (3) relocation of text addressing distribution of contracts and numbering of contract line items to PGI. In addition, to eliminate the need for non-standard local payment clauses, a list of standard payment instructions has been added to PGI for use in Section G of the contract.



DOD INSTRUCTION ON THE JOINT TEST AND EVALUATION PROGRAM

On Sept. 12, 2005, the Department of Defense published DoD Instruction 5010.41, Joint Test and Evaluation (JT&E) program. A JT&E is an operational test and evaluation (OT&E) that brings two or more military departments or other components together; the reissuance of DoDI 5010.41 updates the policies and defines the responsibilities to be carried out by the JT&E participants. The JT&E program complements the acquisition process under DoD Directive 5000.1, focusing on providing quantitative OT&E information used for analyzing joint military capabilities and developing potential options for increasing military effectiveness. View the directive online at <http://www.dtic.mil/whs/directives/corres/html/501041.htm>.

DOD PUBLISHES NEW POLICY DOCUMENT ON CONTRACTOR PERSONNEL AUTHORIZED TO ACCOMPANY U.S. ARMED FORCES

On Oct. 3, 2005, the Department of Defense published DoD Instruction 3020.41, "Contractor Personnel Authorized to Accompany the U.S. Armed Forces." The new policy was published under the authority of Section 133 of Title 10, United States Code, and Deputy Secretary of Defense Memorandum, "DoD Directive Review—Phase II," July 13, 2005. It establishes and implements policy and guidance, assigns responsibilities, and serves as a comprehensive source of DoD policy and procedures concerning DoD contractor personnel authorized to accompany the U.S. Armed Forces. This includes defense contractors and employees of defense contractors and their subcontractors at all tiers under DoD contracts, including third country national (TCN) and host nation (HN) personnel, who are authorized to accompany the U.S. Armed Forces under such contracts. Collectively, these persons are hereafter referred to as contingency contractor personnel.

One significant sub-category of contingency contractor personnel, called contractors deploying with the force (CDF), is subject to special deployment, redeployment, and accountability requirements and responsibilities. Read the new instruction at http://www.dtic.mil/whs/directives/corres/pdf/i302041_100305/i302041p.pdf.

DEPUTY ACQUISITION EXECUTIVE DUTIES EXPANDED

Acting Deputy Secretary of Defense Gordon England has signed DoDD 5134.13, Deputy Under Secretary of Defense for Acquisition and Tech-

nology (DUSD(A&T)), effective Oct. 5, 2005, which significantly expands the duties and responsibilities of the deputy under secretary of defense (acquisition and technology), a position previously held by Michael Wynne prior to his confirmation on Oct. 28, 2005, as Secretary of the Air Force. The directive adds several duties and responsibilities to the DUSD(A&T)'s position description, including but not limited to:

- Assisting in determining what military technologies are appropriate for sharing with friendly nations
- Developing and leading key initiatives involving the integration of weapons systems and platforms into integrated capability architectures
- Supervising activities related to technology transfer
- Supporting the new Defense Business Systems Management Committee in carrying out its duties to coordinate business transformation and system modernization
- Identifying any impact on national security and on the defense industrial base of a proposed foreign acquisition of a U.S. defense supplier
- Supervising activities relating to technology transfer, including cooperative research and development.
- Exercising oversight of the Military Critical Technology Program, which influences which items are placed on the Militarily Critical Technologies List.

View the new directive at http://www.dtic.mil/whs/directives/corres/pdf/d513413_100505/d513413p.pdf.

GAO REPORTS

The following Government Accountability Office (GAO) reports may be downloaded from the GAO Web site at <http://www.gao.gov>.

Government Operations

Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies, GAO-06-15, Oct. 21, 2005

Federal Real Property: Reliance on Costly Leasing to Meet New Space Needs Is an Ongoing Problem, GAO-06-136T, Oct. 6, 2005

Human Capital: Preliminary Observations on the Administration's Draft Proposed "Working for America Act," GAO-06-142T, Oct. 5, 2005

Agency Telework Methodologies: Departments of Commerce, Justice, State, the Small Business Administration, and the Securities and Exchange Commission, GAO-05-1055R, September 27, 2005

Human Capital: Designing and Managing Market-Based and More Performance-Oriented Pay Systems, GAO-05-1048T, Sept. 27, 2005



Improvements Needed to the Federal Procurement Data System-Next Generation, GAO-05-960R, Sept. 27, 2005

Managing For Results: Enhancing Agency Use of Performance Information for Management Decision Making, GAO-05-927, Sept. 9, 2005

Framework for Assessing the Acquisition Function at Federal Agencies, GAO-05-218G, Sept. 1, 2005

Federal Procurement: Additional Data Reporting Could Improve the Suspension and Debarment Process, GAO-05-479, July 29, 2005

Interagency Contracting: Franchise Funds Provide Convenience, but Value to DoD is Not Demonstrated, GAO-05-456, July 29, 2005

Human Capital: Symposium on Designing and Managing Market-Based and More Performance-Oriented Pay Systems, GAO-05-832SP, July 27, 2005

Contract Management: Opportunities Continue for GSA to Improve Pricing of Multiple Award Schedules Contracts, GAO-05-911T, July 26, 2005

Federal Contracting: Share-in-Savings Initiative Not Yet Tested, GAO-05-736, July 26, 2005

21st Century Challenges: Transforming Government to Meet Current and Emerging Challenges, GAO-05-830T, July 13, 2005

National Defense

Information Security: The Defense Logistics Agency Needs to Fully Implement Its Security Program, GAO-06-31, Oct. 7, 2005

DoD's High-Risk Areas: High-Level Commitment and Oversight Needed for DoD Supply Chain Plan to Succeed, GAO-06-113T, Oct. 6, 2005

Defense Transportation: Air Mobility Command Needs to Collect and Analyze Better Data to Assess Aircraft Utilization, GAO-05-819, Sept. 29, 2005

DoD Business Transformation: Preliminary Observations on the Defense Travel System, GAO-05-998T, Sept. 29, 2005

Force Structure: Actions Needed to Improve Estimates and Oversight of Costs for Transforming Army to a Modular Force, GAO-05-926, Sept. 29, 2005

Global War on Terrorism: DoD Should Consider All Funds Requested for the War When Determining Needs and Covering Expenses, GAO-05-767, Sept. 28, 2005

Briefing on DoD's Report on Commercial Communications Satellite Services Procurement Process, GAO-05-1019R, Sept. 27, 2005

Defense Procurement: Air Force Did Not Fully Evaluate Options in Waiving Berry Amendment for Selected Aircraft, GAO-05-957, Sept. 23, 2005

Global War on Terrorism: DoD Needs to Improve the Reliability of Cost Data and Provide Additional Guidance to Control Costs, GAO-05-882, Sept. 21, 2005

Defense Transportation: Opportunities Exist to Enhance the Credibility of the Current and Future Mobility Capabilities Studies, GAO-05-659R, Sept. 14, 2005

Defense Logistics: Better Strategic Planning Can Help Ensure DoD's Successful Implementation of Passive Radio Frequency Identification, GAO-05-345, Sept. 12, 2005

Defense Management: DoD Needs to Demonstrate That Performance-Based Logistics Contracts Are Achieving Expected Benefits, GAO-05-966, Sept. 9, 2005

Radiological Sources in Iraq: DoD Should Evaluate Its Source Recovery Effort and Apply Lessons Learned to Future Recovery Missions, GAO-05-672, Sept. 7, 2005

Defense Acquisitions: Actions Needed to Ensure Adequate Funding for Operation and Sustainment of the Ballistic Missile Defense System, GAO-05-817, Sept. 6, 2005

Defense Logistics: Better Management and Oversight of Prepositioning Programs Needed to Reduce Risk and Improve Future Programs, GAO-05-427, Sept. 6, 2005

Defense Management: Munitions Requirements and Combatant Commander's Needs Still Require Linkage, GAO-05-765R, Aug. 12, 2005

Defense Logistics: DoD Has Begun to Improve Supply Distribution Operations, but Further Actions Are Needed to Sustain These Efforts, GAO-05-775, Aug. 11, 2005

Military Transformation: Actions Needed by DoD to More Clearly Identify New Triad Spending and Develop a Long-term Investment Approach, GAO-05-962R, Aug. 4, 2005

Department of Defense's Assessment Addresses Congressional Concerns but Lacks Detail on High Energy Laser Transition Plans, GAO-05-933R, July 28, 2005

Defense Ammunition: DoD Meeting Small and Medium Caliber Ammunition Needs, but Additional Actions Are Necessary, GAO-05-687, July 27, 2005

DoD Business Systems Modernization: Longstanding Weaknesses in Enterprise Architecture Development Need to Be Addressed, GAO-05-702, July 22, 2005

Defense Acquisitions: Progress and Challenges Facing the DD(X) Surface Combatant Program, GAO-05-924T, July 19, 2005

Industrial Security: DoD Cannot Ensure Its Oversight of Contractors under Foreign Influence Is Sufficient, GAO-05-681, July 15, 2005

Financial Management

Understanding the Primary Components of the Annual Financial Report of the United States Government, GAO-05-958SP, Oct. 1, 2005



SECRETARY OF DEFENSE
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SEP 7



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, NET ASSESSMENT
DIRECTOR, FORCE TRANSFORMATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Ethics and Integrity

Recently, I reviewed the Defense Science Board task force study on Management Oversight in Acquisition Organizations <www.acq.osd.mil/dsb/reports/2005-03-MOAO_Report_Final.pdf>, which assessed the structure and methods of oversight to ensure integrity of acquisition decisions in the Department. While this study was specifically aimed at reviewing the Department's acquisition organizations, I am convinced that the lessons learned from this review have broad application throughout the Department.

The task force observed, in discussions with industry and respected academic organizations, that ethical behavior is a function of leadership. I strongly agree. As a result, I want to stress to all members of the Department the importance of placing ethics at the forefront of our vision and values. Ethical conduct and integrity must be modeled by the Department's leadership, in every office and agency. It is not enough merely to pay attention to our Standards of Conduct during annual required training sessions. Integrity is a daily responsibility that must be an intrinsic part of our everyday decision-making processes and practices.

The task force also emphasized that our focus must not only be on "doing things right," but also on "doing the right thing." I agree and would add that expediency must never be an excuse for misconduct. Any breach of integrity in the Department must be taken seriously and requires aggressive action. I call on the Department's leadership, and all defense employees, to take every opportunity to articulate our expectation of high integrity and ethical conduct, and to speak out frequently on the importance of ethical behavior as part of our values. Please provide the widest distribution possible of this memorandum.



SECRETARY OF DEFENSE
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OCT 13 2005

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, NET ASSESSMENT
DIRECTOR, FORCE TRANSFORMATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Legislative Strategy for Fiscal Year 2007—Capable, Flexible, and Responsive

Four years ago we began an aggressive legislative program to bolster our efforts to modernize and transform the way we operate. Congress has enacted several of our most important initiatives, including the National Security Personnel System. Now is the time to accelerate our efforts and obtain those authorities that we still require. The war on terrorism continually highlights areas that necessitate new legislation, and we must react accordingly. Now is not the time to reflect, but to press on.

As we develop legislative proposals for fiscal year 2007, we must continue to pursue changes in the law to modernize and transform the way we operate, enable us to respond to emerging challenges, and give us needed flexibility. If a change in the law is necessary to meet our objectives, whether in removing obsolete legal constraints or providing essential authorities, we must take on the challenge of seeing it through—from drafting, through coordination with the White House and transmission to the Congress, to final enactment into law.

The attached list of legislative priorities will direct you in the development of your proposals. The General Counsel has provided detailed guidance in a “Call for Proposals” memorandum, dated August 31, 2005.

Attachment:
As stated

Editor's note: The attachment to this memorandum is displayed in the sidebar on p. 22 of this issue.





DEPUTY SECRETARY OF DEFENSE
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OCT -7 2005



MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Establishment of the Defense Business Transformation Agency (BTA)

In order to advance defense-wide business transformation, I am directing the establishment of the Defense Business Transformation Agency (BTA) effective immediately. Until a permanent director is named, the Deputy Under Secretary of Defense for Business Transformation and the Deputy Under Secretary of Defense for Financial Management jointly will perform the function of the Director and will report to the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)), as the vice chair of the Defense Business Systems Management Committee (DBSMC). The organization chart for the BTA is attached.

In addition, a two-star joint billet or equivalent Senior Executive Service (SES) position shall be established for a Defense Business Systems Acquisition Executive (DBSAE). The DBSAE will serve in the BTA and will be the Component Acquisition Executive (CAE) for DoD enterprise-level business systems and initiatives. The attached projects, programs, systems and initiatives shall be transferred to the BTA, which shall create the required acquisition organization within 45 days of the date of this letter. This transfer includes manpower and other related resources.

The BTA shall also be responsible for integrating the work of the OSD Principal Staff Assistants in the areas of business process re-engineering, core business mission activities and Investment Review Board (IRB) matters, as determined and revised by the DBSMC. The BTA shall also ensure consistency and continuity across the Core Business Missions of the Department.

In addition to the integrating role of the BTA, it will also provide support to specified Principal Staff Assistant (PSA) functions and responsibilities in order to properly align those functions in a management support organization instead of in OSD billets. Functions, manpower and other resources in the Office of the USD(AT&L) Supply Chain Systems Transformation Directorate, the Business Systems Response Office, the Enterprise Resource Plan (ERP) Support Office, and the Real Property Transformation Office; and the Office of the Under Secretary of Defense (Comptroller) (USD(C)) Financial Management Transition Team (FMTT) and the Defense Finance and Accounting Service Transformation Support Office shall transfer immediately to the BTA in accordance with the organizational alignment. The Under Secretary of Defense Personnel and Readiness (USD(P&R)) will also provide five billets to support the integration function of the BTA.

The Director, Administration and Management, in coordination with the USD(AT&L), USD(C), USD(P&R), the Assistant Secretary of Defense for Networks and Information Integration, the General Counsel of the Department of Defense and Director, Program Analysis and Evaluation shall take actions necessary to align manpower and resources to implement the establishment of the BTA.


Gordon England
Acting

Attachments:
As Stated



Editor's note: View the distribution and attachments to this memorandum on the Defense Technical Information Center Web site at <http://www.dtic.mil/whs/directives/corres/memos/btap.pdf>.



DEPUTY SECRETARY OF DEFENSE
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SEP 28 2005

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF ADMINISTRATION AND MANAGEMENT
DIRECTOR OF THE DEFENSE AGENCIES

SUBJECT: Delegation of Authority Supporting Science, Technology, Engineering and Mathematics (STEM) Education

The Department of Defense remains dependent on science and technology to fulfill its national defense mission. Our reliance on the scientists, mathematicians, engineers and technicians who make cutting-edge science and technology available continues to grow. Certain educational, scientific and technological trends in the United States and elsewhere raise concerns regarding our capacity to maintain a technological lead in critical skills and disciplines.

I applaud your efforts in educating and training the current and next generation of scientists and engineers under previously delegated authorities, and support the expansion of effort to develop well-educated, highly competent and highly relevant scientists and engineers for the national-security workforce of the future.

You are hereby assigned the authority and delegated the duties of the Secretary of Defense under subsection 2192(b) of Title 10, United States Code, related to support of educational programs in science, technology, engineering and mathematics. You may re-delegate this authority in writing.

The Director, Defense Research and Engineering (DDR&E), is the principal DoD official responsible for STEM policy and standards regarding workforce education and training. Accordingly, it is required that you provide performance data to the DDR&E to demonstrate compliance with policy and standards.



Gordon England
Acting





THE UNDER SECRETARY OF DEFENSE
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OCT 12 2005



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
(ATTN: ACQUISITION EXECUTIVES)
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
(ATTN: ACQUISITION EXECUTIVE OF USSOCOM
AND USTRANSCOM)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Question Unusual Practices and Organizational Structures

The Defense Science Board (DSB) Task Force on Management Oversight in Acquisition Organizations was asked to assess our structure and methods of oversight to ensure the integrity of acquisition decisions in the Department. One of their recommendations recognized the importance of questioning unusual practices and organizational structures within our system. Specifically, they referenced the March 1998 Secretary of the Air Force memo which consolidated essentially all acquisition authorities, oversight, and management with one individual. Clearly, this was a major change to the Air Force's acquisition process, but the senior acquisition executive in the Department, the Under Secretary of Defense (Acquisition and Technology), was not consulted. Had that happened, it would have been apparent that the Air Force acquisition structure and process were diverging from those of the other two military departments, and the consolidation of authority in a single individual demanded checks and balances not evident in the arrangement. Although the decision may have seemed justified at the time in light of the desire to streamline acquisition practices, its implementation should also have been questioned.

All members of the Department's acquisition, technology, and logistics workforce shall be vigilant and question unusual practices and organizational structures within their areas of responsibility. I'm asking Component Acquisition Executives to report by November 30, 2005, actions they are taking in this regard. I have also requested Defense Acquisition University to identify and incorporate into acquisition courses, as appropriate, best practices, case studies, and lessons learned on prevention of procurement fraud, waste, and abuse. We must maintain focus "not only on doing things right, but also on doing the right thing."



Kenneth J. Krieg





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SEP 29 2005



DPAP/P

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR, ACQUISITION, TECHNOLOGY
AND SUPPLY DIRECTORATE (DLA)

SUBJECT: Extension of Partnership Agreement Between the U.S. Small Business Administration
and the Department of Defense

This provides notification that the Partnership Agreement between the U.S. Small Business Administration and the Department of Defense (DoD) is extended through September 30, 2006, by the attached amendment 2 to the agreement. The amendment maintains the 8(a) streamlined contracting procedures established in the agreement by allowing DoD to award 8(a) contracts directly. The Defense Federal Acquisition Regulation Supplement is in the process of being amended to reflect the extension.

My point of contact for the subject agreement is Ms. Susan Pollack, 703-697-8336,
susan.pollack@osd.mil.

Domenic C. Cipicchio
Acting Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

Editor's note: View the attachment to this memorandum on the Director, Defense Procurement and Acquisition Policy Web site at <<http://www.acq.osd.mil/dpap/policy/policyvault/policy.jsp>>.

