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OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH, DEVELOPMENT AND ACQUISITION  
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DEC - 1 2006

MEMORANDUM FOR DISTRIBUTION

Subj: ACQUISITION OF SERVICES

Ref: (a) Section 812 of the National Defense Authorization Act for FY 2006  
(b) USD(AT&L) memorandum of October 2, 2006 (Attachment 1 to Enclosure (1))  
(c) DASN(ACQ) memorandum of March 10, 2003

Encl: (1) Department of the Navy (DoN) Management and Oversight Process for the Acquisition of Services (Revised) (MOPAS 2)

Acquisition of services has become a key element in allowing the Department to meet its mission. Services should be acquired as strategically and efficiently as practicable. Reference (a) established new requirements for the management and oversight of the acquisition of services within the Department of Defense. Reference (b) implemented reference (a), promulgating current DoD policy intended to strengthen management of the acquisition of services at both the strategic and tactical levels.

Acquisition of services is broader than contracting for services. It includes execution of one or multiple contracts, purchase orders, work orders, MIPRs or other instruments for committing or obligating funds to acquire services that meet a specified need.

Enclosure (1) implements references (a) and (b) throughout DoN. It builds on the existing acquisition management structure through tiered approval levels based on the total estimated value of the service acquisition.

This Department of the Navy Management and Oversight Process for the Acquisition of Services (Revised) (MOPAS 2) supersedes reference (c), and is effective immediately. These policies will be incorporated into appropriate Department of the Navy regulations and/or instruction(s).

A handwritten signature in black ink, appearing to read "M. J. Brown", is positioned above the typed name.

M. J. BROWN  
RDML, SC, USN  
Deputy Assistant Secretary of the Navy  
(Acquisition Management)

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**Department of the Navy (DoN)  
Management and Oversight Process  
For the Acquisition of Services (Revised)  
(MOPAS 2)**

**PURPOSE**

This document establishes the DoN process for oversight and management of the acquisition of services. MOPAS 2 will ensure that service acquisitions support DoN objectives; are, to the maximum extent practicable, based on clear, performance-based requirements; that required outcomes are identified and measurable; and are properly planned and administered to achieve the intended results.

**APPLICABILITY**

MOPAS 2 applies to all activities and organizations within DoN.

MOPAS 2 implements the requirements of Section 812 of the National Defense Authorization Act for Fiscal Year 2006, and Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) guidance of October 2, 2006, Acquisition of Services Policy (Attachment 1). (<http://akss.dau.mil/docs/2006-3064-ATL%20Complete.pdf>). MOPAS 2 supersedes the DoN MOPAS of March 10, 2003.

MOPAS 2 does not apply to major and non-major defense acquisition programs and major and non-major information technology acquisition programs managed and reviewed under DoD/DoN 5000 series documents.

**DEFINITIONS:**

For purposes of MOPAS 2:

“Decision Authority” means the individual delegated authority to review and approve strategies for the acquisition of services. Decision Authority delegations are summarized Table (1).

“Senior Official” means the Assistant Secretary of the Navy for Research, Development and Acquisition (ASN(RDA).)

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

“Service Acquisition” means the execution of one or multiple contracts or other instruments for committing or obligating funds (e.g., funds transfer, placing orders under 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, agreements, funds transfer, etc..

“Total planned dollar value” means the total value of an acquisition based on the value of the total planned requirement, including options, contingencies, fund transfers, provisioning, etc.

### **RESPONSIBILITIES:**

Oversight of service acquisitions within DoN is the shared responsibility of requiring activities, contracting activities and the Senior Official (ASN(RDA)). MOPAS 2 is based on existing DoN acquisition oversight structure with review and approval levels based on total planned dollar value.

Requiring activities, in conjunction with supporting contracting activities, shall prepare a DoN Acquisition Strategy (AS) for Decision Authority review/approval. Each AS shall be up-dated and submitted to the Decision Authority for review/approval as significant changes occur. Contracting activities shall ensure that competition and statutory socio-economic programs are given proper consideration in the AS.

### **ACQUISITION STRATEGY REQUIREMENTS**

Each AS shall address the DoN Acquisition Strategy Requirements identified in Table 2: DoN Acquisition Strategy Content Requirements.

### **DECISION AUTHORITY – REVIEW/APPROVAL THRESHOLDS:**

USD(AT&L) is the Decision Authority for service acquisitions and IT service acquisitions identified by USD(AT&L) as Special Interest, regardless of the purpose or total planned dollar value. Each AS for USD(AT&L) approval shall be submitted via DASN(ACQ).

ASD(NII) is the Decision Authority for Information Technology (IT) service acquisitions in excess of \$500 million and any IT service acquisition identified by ASD(NII) as being of special interest. Each IT AS for USD(AT&L) or ASD(NII) approval shall be submitted via DASN(C<sup>4</sup>I/SPACE).

ASN(RDA) will review service acquisitions designated as Special Interest by USD(AT&L) and IT service acquisitions requiring ASD(NII) approval. ASN(RDA) is the Decision Authority for

service acquisitions and IT service acquisitions with a total planned dollar values in excess of \$1 billion and those identified by ASN(RDA) as Special Interest.

The Deputy Assistant Secretary for Acquisition Management (DASN(ACQ)) will review service acquisitions requiring USD(AT&L) or ASN(RDA) approval. DASN(ACQ) is the Decision Authority for non-IT service acquisitions with a total planned dollar values between \$250 million and \$1 billion.

The Deputy Assistant Secretary for C<sup>4</sup>I and Space (DASN(C<sup>4</sup>I/SPACE)) will, in coordination with DASN(ACQ), review IT service acquisitions requiring ASD(NII) approval and USD(AT&L) or ASN(RDA) IT special interest acquisitions. DASN(C<sup>4</sup>I/SPACE) is the Decision Authority for IT service acquisitions with a total planned dollar values between \$250 and \$500 million.

Program Executive Officers, Direct Reporting Program Managers and/or Heads of the Contracting Activity will review service acquisition strategies under their cognizance requiring higher-level approval and will review and approve service acquisitions with total planned dollar values below \$250 million.

For service acquisitions identified by activities outside of the acquisition commands, the Head of the DoN Contracting Activity normally providing contract support to the requiring activity will provide acquisition planning support for developing the AS for service acquisitions at all levels. The appropriate contracting office will ensure that procurement issues (competition, contract type, unique conditions, socio-economic issue, etc.) are addressed in each AS.

Each Echelon II command is responsible for developing internal procedures to implement MOPAS 2. Approval authority for service acquisitions less than \$250 million is delegable, but, for service acquisitions with a total planned value over \$100 million, delegation is limited to Flag and General Officers, members of the Senior Executive Service, or the Commander/Commanding Officer of the requiring activity.

Review/Approval thresholds/delegations are summarized in Table I: Decision Authority Delegations for DoN MOPAS 2.

### **REVIEW PROCEDURES**

Each AS meeting the Decision Authority thresholds above should be forwarded for review/approval prior to initiating significant action to commit to such strategy (e.g., before releasing any solicitation).

Each AS requiring USD(AT&L), ASN(RDA) or DASN(ACQ) review and approval shall be submitted via DASN(ACQ).

Each IT AS requiring USD(AT&L), ASD(NII), ASN(RDA) or DASN(C<sup>4</sup>I/Space) approval shall be submitted via DASN(C<sup>4</sup>I/Space).

#### **OSD NOTIFICATION PROCEDURES – Non IT**

DASN(ACQ) shall notify the Director, Defense Procurement and Acquisition Policy (DPAP) of each AS with a total estimated value over \$1 billion. Notification shall address total estimated value of the acquisition and include a copy of the AS. If the acquisition strategy includes other than full and open competition, address the rationale for other than full and open competition. If the Justification and Approval (J&A) for other than full and open competition has been executed, provide a copy of the J&A. Within 10 working days of receipt of the notification, the Director, DPAP, will advise DASN(ACQ) if USD(AT&L) will review the acquisition. If USD(AT&L) determines to review the acquisition, the review shall be completed within thirty working days of that determination. If the Director, DPAP does not notify DASN(ACQ) within ten days of receipt of the notification that USD(AT&L) will conduct a review, the acquisition may proceed.

#### **OSD NOTIFICATION PROCEDURES – IT**

DASN(C<sup>4</sup>I/Space) shall notify the Director, Acquisition, OASD(NII) of each IT AS with a total estimated value over \$500 million. Notification shall address total estimated value of the acquisition and include a copy of the AS. If the acquisition strategy includes other than full and open competition, address the rationale for other than full and open competition. If the Justification and Approval (J&A) for other than full and open competition has been executed, provide a copy of the J&A. ASD(NII) shall notify USD(AT&L) of each AS with a total estimated value in excess of \$1 billion. Within 10 working days of receipt of the notification from DASN(C<sup>4</sup>I/Space), the Director, Acquisition, OASD(NII) shall notify DASN(C<sup>4</sup>I/Space) if OSD will review the acquisition. If the Director, Acquisition, does not notify DASN(C<sup>4</sup>I/Space) within ten working days of receipt of the notification that the acquisition will be reviewed within OSD, the acquisition may proceed.

Program Executive Officers/Direct Reporting Program Managers/Heads of Contracting Activities will establish review procedures commensurate with the review process above.

#### **OUTCOMES**

This review process is to ensure that the acquisition of services within DoN is strategic in nature, represents sound business practices and complies with applicable laws, regulations, directives and other requirements, (including ASN(FMC)/ASN(RDA) memo on "PROPER USE OF NON-DOD CONTRACTS" of DEC 20, 2004

(<http://acquisition.navy.mil/index.php/navyaos/content/view/full/3802>)).

## **METRICS**

The preferred acquisition strategy is performance based. The AS should include cost, schedule and performance metrics that measure service acquisition outcomes against requirements. Decision authorities will approve metrics for service acquisitions as part of their review and approval of the AS. If metrics are not submitted with the AS, 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<sup>3</sup>I) metric review are identical to those for review of an acquisition strategy.

## **DATA COLLECTION**

Acquisition strategies may be based on obligations and commitments under contract as well as obligations and commitments made outside of contracts. The program manager (requirements officer, class desk, etc.) responsible for initiating the AS is responsible for the collection and maintenance of data identified in Table 3: Acquisition of Services Data Collection Requirements. Data collection shall be automated. Reports/data may be requested by the appropriate Decision Authority at any time. To the extent feasible, reports should be maintained in electronic spreadsheet or data based format.

## **EXECUTION REVIEWS**

Program progress toward meeting approved metrics will be continuously monitored within the requiring activity. Program progress reports will be submitted to the decision authority annually unless the decision authority has identified an alternate reporting schedule. More frequent progress reports shall be submitted in cases where demonstrated program progress is unsatisfactory.

**Table 1:**

**Decision Authority Delegations for  
DoN MOPAS 2**

<b>Service</b>	<b>Total Planned Dollar Value</b>	<b>Requirements Review</b>	<b>Acquisition Strategy Review</b>	<b>Decision Authority</b>
Non-IT	AT&L Special Interest	Budget Submitting Office	ASN(RDA)	USD(AT&L)*
Non-IT	> \$1 billion or ASN(RDA) Special Interest	Budget Submitting Office	DASN(ACQ)	ASN(RDA)*
Non-IT	Between \$250 million and \$1 billion	Requiring Activity	HCA	DASN(ACQ)
Non-IT	< \$250 million	Requiring Activity	In accordance with HCA procedures	PEO/DRPM/HCA
IT	> \$1 billion	DASN (C <sup>4</sup> /Space)	DASN(ACQ)	ASD(NII)** or ASN(RDA)
IT	> \$500 million	DASN (C <sup>4</sup> /Space)	DASN(ACQ)	ASD(NII)** or DASN (C <sup>4</sup> /Space)
IT	Between \$250 and \$500 million or ASN(RDA) Special Interest	DASN (C <sup>4</sup> /Space)	DASN(ACQ)	DASN (C <sup>4</sup> /Space) or, if Special Interest ASN(RDA),
IT	< \$250 million	Requiring Activity	In accordance with HCA procedures	PEO/DRPM/HCA

\* Non-IT acquisitions over \$1 billion, notify OSD (see REVIEW PROCEDURES)

\*\* IT acquisitions over \$500 million, notify ASD(NII) (See REVIEW PROCEDURES)

**Table 2:**

## **DoN ACQUISITION STRATEGY CONTENT REQUIREMENTS**

Each AS shall address the following points:

### **1. Requirements Development and Management:**

- a. The source of the requirement, the outcomes to be achieved and, if performance-based, the metrics to measure the outcomes.
- b. Identify as a new requirement or indicate how the requirement was previously satisfied.
- c. The nature and extent of market research conducted.
- d. If a consolidated requirement, whether it complies with Defense Federal Acquisition Regulations Supplement (DFARS) 207.
- e. For bundled requirements, address the benefit analysis as prescribed in the DoD Benefit Analysis Guidebook ([www.acq.osd.mil/sadbu/news/contractconsolidation.pdf](http://www.acq.osd.mil/sadbu/news/contractconsolidation.pdf)).

### **2. Acquisition Planning**

- a. The acquisition approach including appropriate milestones.
- b. Cost/price estimate for the total planned acquisition. This includes Military Interdepartmental Procurement Requests (MIPR) or work orders issued to support the acquisition that did not result in contracting action.
- c. How the acquisition will be funded and availability of funding.
- d. Technical, business. Management and other significant considerations.
- e. Opportunities for Strategic Sourcing.
- f. Implementation of performance-based acquisition methods or rationale for not using performance-based methods. If a non-performance-based strategy is proposed, address actions to convert to performance-based for future acquisitions.
- g. Implementation of socio-economic business considerations.
- h. Top level discussion of the planned source selection process: formal or informal; proposed evaluation criteria; and basis for award.
- i. Required waivers or deviations.
- j. If other than full and open competition, address why full and open competition will not apply and cite appropriate statutory authority. Address actions to improve the competitive environment for foreseeable follow-on acquisitions.
- k. Include a Lease-Purchase analysis required by Office of Management and Budget (OMB) Circular A-94, Section 13, if proposed.
- l. Multi-year Contracts: If the acquisition strategy calls for a multi-year contract (as defined in Part 17.1 of the Federal Acquisition Regulation (FAR)), address compliance with 10 U.S.C. 2306c and OMB Circular a-11. Address the budget scorekeeping that will result from the proposed contracting strategy.

**3. Solicitation and Contract Award:**

- a. The proposed business arrangement(s) anticipated (*e.g.*, single/multiple contract award(s), multiple award task order contracts; task order under existing task order contract, interagency purchase request or interdepartmental work order, etc.).
- b. The timing and duration for each business arrangement including base period and option periods.
- c. Pricing arrangements for each business arrangement (*e.g.*, fixed price, cost reimbursement, labor hour, etc. based on FAR/DFARS Parts 16 and, for commercial services, Part 12.
- d. Address contract administration and oversight considerations.

**4. Risk Management:**

- a. An assessment of current and potential technical, cost, schedule and performance risks and plan for mitigating or retiring those risks.

**5. Contract Tracking and Oversight:**

- a. Existing or proposed management approach for contract administration, quality assurance surveillance plans, oversight plans and responsibilities.
- b. Tracking procedures/processes to monitor contract performance.

**6. Performance Evaluation**

- a. Plan for evaluating whether performance metrics or other measures identified to guide the acquisition have been achieved. Such measures shall include thresholds for cost, schedule and performance for each proposed business arrangement.
- b. Identify personnel responsible for assessing and reporting contractor performance into the Contractor Performance Assessment Reporting System (CPARS).

**Table 3:**

**Acquisition of Services Data Collection Requirements  
For DoN MOPAS 2**

An acquisition may be accomplished through execution of contracts, placement of task/delivery orders as well as obligations/commitments made outside of contracts. The requiring activity is responsible for collecting/recording data to address the full value of the acquisition and the amount of services required.

Requiring activities will record, by AS, the following data for each contract, task/delivery order; or contract/task or delivery order subsequently placed under a Military Interdepartmental Procurement Request (MIPR) issued to support the acquisition:

1. Types and amounts (man hours) of services acquired.
2. Total estimated value(s) (base and option periods):
  - a. Track by actual and potential obligations.
3. The type of contract vehicle (i.e., fixed price/cost-type/T&M).
4. Whether contract action was:
  - 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/task order/other performance-based arrangement; or
  - c. a contract/task order/other arrangement that is NOT performance-based.
5. The identity of the agency/office that placed the action.
6. The extent of competition received in placing the action (where practicable, include number of offerors).
7. Whether the contractor is:
  - a. a large business;
  - b. an educational or non-profit;
  - c. a small business (type of small business, i.e., small business, small-disadvantaged business; woman-owned business, HUB-zone, etc. [FAR 19] or
  - d. a required source of supply [FAR Part 8].

Requiring activities will record, by AS, the following data for each Military Interdepartmental Procurement Request (MIPR) or work order issued to support the acquisition that did not result in contracting actions:

1. Supporting activity
2. Types and amounts (man hours) of services provided.
3. Total estimated value(s) (base and option periods):
  - a. Track by actual and potential obligations.



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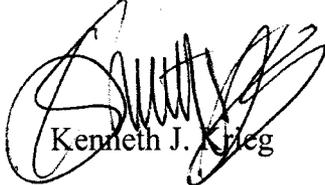
SUBJECT: Acquisition of Services Policy

Section 2330 of title 10, U.S. Code, as amended by section 812 of the National Defense Authorization Act for FY 2006, requires the establishment and implementation of a management structure for the acquisition of services in the Department of Defense. The attached DoD policy implements the statute and supersedes the "Acquisition of Services" memorandum issued on May 31, 2002, and Enclosure 8, "Acquisition of Services," to DoD Instruction 5000.2, dated May 12, 2003.

This policy and other complementary guidance are intended to strengthen DoD management of the acquisition of services at the strategic and tactical level and will be included in the next revision of DoD Instruction 5000.2.

The Secretaries of the Military Departments and the Commanders and Directors of the other DoD Components shall certify, in writing, that they have issued guidance implementing this policy no later than 60 days from the issuance of this policy. Please provide a copy of the written certification to the Director, Defense Procurement and Acquisition Policy (DPAP).

My point of contact for this action is Mr. Skip Hawthorne, Office of the Director, DPAP, at 703-692-9556 or by e-mail at [skip.hawthorne@osd.mil](mailto:skip.hawthorne@osd.mil).

  
Kenneth J. Krieg

Attachment:  
As stated



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# **Acquisition of Services Policy**

## **1. Purpose**

1.1. This policy is intended to ensure that acquisitions of services support and enhance the warfighting capabilities of the Department of Defense and achieve the following objectives:

1.1.1. Acquisitions of services are based on clear, performance-based requirements.

1.1.2. Expected cost, schedule, and performance outcomes are identifiable and measurable.

1.1.3. Acquisitions of services are properly planned and administered to achieve outcomes consistent with customer's need(s).

1.1.4. Services are acquired by business arrangements which are in the best interests of the Department of Defense and are in compliance with applicable statutes, regulations, policies, and other requirements, whether the services are acquired by or on behalf of the Department of Defense.

1.1.5. Services are acquired using a strategic, enterprise-wide approach, which is applied to both the planning and the execution of the acquisition.

1.2. This policy implements section 2330 of title 10, United States Code (U.S.C.), as amended by section 812 of the National Defense Authorization Act for Fiscal Year 2006 (Pub. L. No. 109-163), and supersedes the "Acquisition of Services" memorandum issued on May 31, 2002, and Enclosure 8, "Acquisition of Services," to DoD Instruction 5000.2, dated May 12, 2003.

## **2. Applicability**. This policy applies to:

2.1. The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter collectively referred to as "the DoD Components").

2.2. All requirements for acquisitions of services, including those of advisory and assistance services, acquired from private sector entities by or for the Department of Defense. Although this policy does not apply to research and development or construction activities, the policy does apply to any advisory and assistance services in support of those activities. Senior Officials and Decision Authorities may include research and development related activities within the strategic intent of this policy.

2.3. Acquisitions of services -- occurring after a program achieves full operational capability -- that were not subject to previous milestone reviews.

2.4. **Exception:** Acquisitions of services that are part of a weapon system acquisition program or an automated information system that is managed in accordance with DoD Instruction 5000.2 shall be reviewed and approved as part of that program management process.

2.5. Senior Officials and Decision Authorities retain the ability to respond rapidly to emergencies. Implementation of this policy is not intended to impede the timely acquisition of services in emergency situations.

### **3. Definitions**

3.1. Acquisition of Services: The execution of one or multiple contracts or other instruments committing or obligating funds (e.g., funds transfer, placing orders under existing contracts) for a specified requirement. Acquisition begins at the point when agency needs are established and includes all functions directly related to the process of fulfilling those needs by contract, agreements, or funds transfer.

3.2. Information Technology (IT) Services: The performance of any work related to IT and the operation of IT, including National Security Systems. This includes outsourced IT-based business processes, outsourced information technology and outsourced information functions.

3.3. Procurement action: With respect to the acquisition of services, a procurement action includes the following:

3.3.1. Entry into a contract or any other form of agreement including but not limited to basic ordering agreements, blanket purchase agreements, indefinite quantity/indefinite delivery contracts and similar ordering agreements.

3.3.2. Issuance of a task order or any transfer of funds to acquire a service on behalf of the Department of Defense.

3.4. Service: Engagement of the time and effort of a contractor whose primary purpose is to perform an identifiable task, or tasks, rather than to furnish an end item of supply.

### **4. Management Structure**

#### **4.1. Senior Officials:**

4.1.1. The Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) shall be the Senior Official responsible for the management of acquisitions of services by or on behalf of the DoD Components outside the Military Departments, except as provided in paragraph 4.1.3. The USD(AT&L) may delegate decision authority to Commanders and Directors of the DoD Components (see Attachment 4, *Defense Agencies and other Components of*

*the Department of Defense Outside the Military Departments*) under USD(AT&L) cognizance after the Commanders or Directors have certified implementation of this policy and identified subordinate Decision Authorities (see Table 1, *Acquisition of Services Categories*).

4.1.2. The Service Acquisition Executive of each Military Department shall be the Senior Official responsible for the management of acquisitions of services by or on behalf of his or her respective Department, except as provided in paragraph 4.1.3.

4.1.3. The Assistant Secretary of Defense for Networks and Information Integration (ASD(NII))/DoD Chief Information Officer (CIO) shall be the Senior Official responsible for the management of acquisitions of IT services.

#### 4.2. Duties of Senior Officials:

4.2.1. Comply with the requirements contained in this policy.

4.2.2. Assign specific DoD officials as Decision Authorities (subject to the direction, supervision and oversight of the Senior Official) to review and approve the acquisitions of services for each category of acquisitions identified in Table 1.

4.2.3. Establish a management structure that provides for consistent review and approval of acquisitions of services. The review process which is implemented by the Senior Official and used by the Decision Authority shall require and formally consider the information outlined in Attachment 1, *Acquisition Strategy Requirements*, for all categories of acquisitions of services.

4.2.4. Ensure that acquisitions of services comply with applicable statutes, regulations, policies, and other requirements including the "Proper Use of Non-DoD Contracts" policy memorandum issued on 29 October 2004 by the Acting Under Secretary of Defense (Acquisition, Technology, & Logistics) and the Acting Deputy Under Secretary of Defense (Comptroller).

4.2.5. Using procedures outlined in Attachment 2, *Procedures for Proposed Acquisitions of Services with Estimated Values Exceeding Notification Thresholds*, notify the USD(AT&L) of any proposed acquisition of non-IT services with a total estimated value of over 1 billion dollars (base year(s) and options). Notify the ASD(NII)/DoD CIO of any proposed acquisition of IT services with a total estimated value of over 500 million dollars (base year(s) and options). The ASD(NII)/DoD CIO shall notify the USD(AT&L) of any proposed acquisitions of IT services with a total estimated value greater than 1 billion dollars (base year(s) and options).

4.2.6. If a proposed acquisition includes both hardware and services, and the estimated value of the services exceeds the values specified in paragraph

4.2.5, it shall be reviewed by USD(AT&L) or ASD(NII) unless the exception under paragraph 2.4 applies.

4.2.7. Notwithstanding the thresholds in paragraph 4.2.5, the USD(AT&L), the ASD(NII)/DoD CIO, and other Senior Officials may identify any acquisitions of services as a special interest acquisition subject to review.

4.2.8. Consistent with the Department's strategic sourcing objective, Senior Officials shall collaborate with other Senior Officials, determine key categories of services for the Department, and dedicate full-time commodity managers to coordinate procurement of these services.

4.2.9. Ensure that the acquisition of services uses competition and performance based acquisitions to the maximum extent practicable.

4.2.10. Ensure the collection of data on the acquisition of services for their area of responsibility. At a minimum, data collected shall include the information outlined in Attachment 3, *Acquisition of Services Data Collection Requirements*.

4.2.11. Monitor required data collection and conduct periodic spend analyses.

4.2.12. The USD(AT&L) shall conduct an annual review of the Department's policy for the acquisition of services, and assess the Department's progress in achieving its purpose. Senior Officials and DoD Component Decision Authorities reporting to the USD(AT&L) shall conduct similar reviews of acquisitions within their authority.

4.2.13. Senior Officials or their designees shall, at a minimum, conduct annual execution reviews to assess progress against approved cost, schedule, and performance metrics.

4.3. The Director, Defense Procurement and Acquisition Policy (DPAP/PAIC), shall maintain a list of acquisitions of services that are expected to exceed 1 billion dollars (base year(s) and options) based upon information provided by the DoD Components.

**5. Acquisition of Services Categories.** Table 1 defines categories, thresholds, and decision authorities.

**6. Subtitle III of title 40 of the United States Code (40 U.S.C. 11101 et seq.) [formerly Division E of the Clinger-Cohen Act (CCA) of 1996].** All acquisitions of IT services, regardless of acquisition of services category, are subject to 40 U.S.C. 11101 et seq.

6.1. For acquisitions designated as Category IA in Table 1, DoD Component Senior Officials, Decision Authorities, and CIOs shall ensure acquisition planning

addresses the elements of DoD Instruction 5000.2, Table E4.T1, "CCA Compliance Table."

6.2. For acquisitions of IT services with a total estimated value below \$500 million (base year(s) and options), the DoD Component Senior Official or Decision Authority and CIO shall establish procedures that ensure the acquisition strategy and related planning address the relevant aspects of 40 U.S.C. 11101 et seq. before the final solicitation is issued or, for other than full and open competition, before negotiations commence.

**Table 1. Acquisition of Services Categories**

<b>Acquisitions of Services that DO NOT INCLUDE Information Technology</b>		
<b>Category</b>	<b>Estimated Value</b>	<b>Decision Authority</b>
Special Interest	As designated by USD(AT&L) or other Senior Official	USD(AT&L) or Senior Officials
Category I	Acquisitions of services valued at \$250 million or more (see Note 1)	Senior Official or as designated
Category II	Acquisitions of services valued at \$10 million but less than \$250 million	Senior Official or as designated
Category III	Acquisitions of services valued at greater than the simplified acquisition threshold but less than \$10 million	Senior Official or as designated
<b>Acquisitions of Information Technology Services</b>		
<b>Category</b>	<b>Estimated Value</b>	<b>Decision Authority</b>
Category IA	Acquisitions of IT services valued at \$500 million or more, or acquisitions of IT services designated as special interest acquisitions by the ASD(NII)/DoD CIO (See Note 2).	ASD(NII)/DoD CIO or as designated
<b>Notes:</b>		
<ol style="list-style-type: none"> <li>1. Proposed acquisitions of services with a value estimated at greater than 1 billion dollars (base year and options) shall be referred to USD(AT&amp;L) using the procedure in Attachment 2 and formally reviewed at USD(AT&amp;L) discretion.</li> <li>2. Proposed acquisitions of IT services with a total estimated value over 500 million dollars (base year(s) and options) shall be referred to ASD(NII)/DoD CIO using the procedure in Attachment 2 and formally reviewed at ASD(NII)/DoD CIO discretion.</li> <li>3. Dollar amounts are in Fiscal Year 2006 constant year dollars.</li> <li>4. Acquisitions of services that are part of a weapon system acquisition program or automated information system program managed according to DoD Instruction 5000.2 shall be reviewed and approved as part of program oversight.</li> <li>5. For acquisitions of IT services with a total estimated value below \$500 million (base year and options), the DoD Component Senior Official or Decision Authority and CIO shall establish procedures that ensure the acquisition strategy and related planning address the relevant aspects of 40 U.S.C. 11101 et seq. before the final solicitation is issued or, for other than full and open competition, before negotiations commence.</li> <li>6. If a proposed acquisition contract includes both hardware and services, and the estimated value of the services portion exceeds the values specified in paragraph 4.2.5, it may be reviewed by USD(AT&amp;L) or ASD(NII)/DoD CIO unless the exception under paragraph 2.4 applies.</li> <li>7. Related task orders within an ordering vehicle shall be viewed as one effort for the purpose of determining the appropriate thresholds.</li> <li>8. Category I, II, and Special Interest oversight shall be implemented upon policy signature date.</li> <li>9. Oversight of Category III Acquisitions of Services should be implemented as soon as possible but no later than 1 October 2009.</li> </ol>		

## **Acquisition Strategy Requirements**

Consistent with the size and complexity of the program, Senior Officials or their designees shall consider the following requirements for acquisitions of services:

### **1. Requirements development and management:**

- a. The source of the requirement, the outcomes to be achieved and, if performance-based (see Federal Acquisition Regulation (FAR) Subpart 37.6), what metrics will be used to measure the outcomes.
- b. How the requirement was previously satisfied.
- c. The nature and extent of market research conducted.
- d. Whether it complies, if a consolidated requirement, with Defense Federal Acquisition Regulation Supplement (DFARS) 207.
- e. For bundled requirements, determine if a benefit analysis was done as prescribed in the DoD Benefit Analysis Guidebook (see [www.acq.osd.mil/sadbu/news/contractconsolidation.pdf](http://www.acq.osd.mil/sadbu/news/contractconsolidation.pdf)).

### **2. Acquisition planning:**

- a. The adequacy of the acquisition approach including appropriate milestones.
- b. Cost/price estimate for the total planned acquisition.
- c. How the acquisition will be funded and the availability of funding.
- d. Technical, business, management, and other significant considerations.
- e. Opportunities for strategic sourcing.
- f. Demonstrated implementation of performance-based acquisition methods or rationale for not using those methods.
- g. Opportunities to implement socio-economic business concerns.
- h. A top level discussion of the source selection process: formal or informal, proposed evaluation criteria and basis for award.
- i. Any required waivers or deviations.
- j. If other than full and open competition, explain why full and open competition procedures will not apply and cite appropriate statutory authority. Address actions taken to improve competitive environment for the current

requirement and plans to improve competition for foreseeable follow-on acquisitions.

k. **Multi-year Contracts.** If the acquisition strategy calls for a multi-year service contract (as distinguished from contracts that span multiple years — see FAR Subpart 17.1 and DFARS Subpart 217.171), the strategy shall address compliance with 10 U.S.C. 2306c and Office of Management and Budget (OMB) Circular A-11. OMB Circular A-11 requires that multi-year service contracts be scored as operating leases. Therefore, the acquisition strategy shall address the budget scorekeeping that will result from use of the proposed contracting strategy.

l. **Leases.** Include a lease-purchase analysis if required by OMB Circular A-94, Section 13.

**3. Solicitation and contract award:**

a. The type of business arrangements anticipated (*e.g.*, single contract, multiple award task order contract, task order under existing multiple award contract, and interdepartmental transfers, or interdepartmental purchase requests (IPRs)).

b. The duration of each business arrangement (base period and all option periods).

c. 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).

**4. Risk management:** An assessment of current and potential technical, cost, schedule, and performance risks and the plan for mitigating or retiring those risks.

**5. Contract tracking and oversight:** The existing or planned management approach following contract award, quality assurance surveillance or written oversight plans and responsibilities, and tracking procedures or processes used to monitor contract performance.

**6. Performance evaluation:** The plan for evaluating whether the metrics and any other measures identified to guide the acquisition have been achieved. These measures shall include the thresholds for cost, schedule, and performance for the acquisition of a service.

**Procedures for Proposed Acquisitions of Services**  
**With Estimated Values Exceeding Notification Thresholds**

1. For proposed acquisitions of services (non-IT) with a total estimated valued over 1 billion dollars (base year(s) and options), Senior Officials or designated Decision Authorities shall notify the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L)) before the final solicitation is issued or, for other than full and open competition, before negotiations commence. The following procedures shall apply:

a. Brief or submit written notification to the Director, Defense Procurement and Acquisition Policy (OUSD(AT&L)DPAP) indicating the expected value of the acquisition of services for the projected life (base year and options) of the contract. Attach a copy of the acquisition strategy (consistent with Acquisition of Services Policy, paragraph 4.2.3. and Attachment 1). If the acquisition strategy uses a sole source approach, attach a Justification and Approval (J&A).

b. The Director, DPAP, shall notify the Senior Official or Decision Authority within 10 working days of receipt if USD(AT&L) will review the acquisition. If DPAP does not notify the Senior Official or Decision Authority within 10 working days, the acquisition may proceed. If a review is conducted, it shall be completed within 30 working days of the determination.

c. If the USD(AT&L) decides to review the acquisition, issues shall be resolved in accordance with procedures specified by the USD(AT&L) or designee in direct coordination with the originating Senior Official or Decision Authority.

2. For proposed acquisitions of IT services with a total estimated valued over 500 million dollars (base year(s) and options), Senior Officials or Decision Authorities shall notify the ASD(NII)/DoD CIO before the final solicitation is issued or, for other than full and open competition, before negotiations commence. The following procedures shall apply:

a. Brief or submit written notification to the Director, Acquisition, OASD(NII), indicating the expected value of the acquisition of services. Attach a copy of the acquisition strategy (consistent with Acquisition of Services Policy, paragraph 4.2.3. and Attachment 1). If the acquisition strategy uses a sole source approach, attach a J&A.

b. The Director, Acquisition, OASD(NII), shall notify the Senior Official or the Decision Authority within 10 working days of receipt if the ASD(NII)/DoD CIO will review the acquisition. If the Director, Acquisition, does not notify the

Senior Official or Decision Authority within 10 working days, the acquisition may proceed. If a review is conducted, it shall be completed within 30 working days of the determination.

c. If the ASD(NII)/DoD CIO decides to review the acquisition, issues shall be resolved in accordance with procedures specified by the ASD(NII)/DoD CIO or designee in direct coordination with the originating Senior Official or Decision Authority.

**Acquisition of Services Data Collection Requirements**

Senior Officials and DoD Component Decision Authorities under the cognizance of USD(AT&L) shall establish procedures to collect the following types of data on acquisition of services contracts. The collection of this information shall be automated and may be requested by the USD(AT&L), ASD(NII)DoD CIO or Senior Official at any time:

1. The services purchased.
2. The total estimated value (base year(s) and options) of the contract/task order/interdepartmental purchase request.
3. The total estimated value of the instant acquisition and the total dollar amount obligated to date on the contract.
4. The type of contract action used to make the purchase (*i.e.*, fixed price type, cost type, or time and materials task order/contract).
5. 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.
6. If the purchase was made on behalf of the Department of Defense, the identity of the agency that made the purchase.
7. The extent of competition in making the purchase and the number of offerors.
8. 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.

**Defense Agencies and other Components of the Department of  
Defense Outside the Military Departments**

The Commanders or Directors of the following DoD Components identified in Table 4-1 shall report to the USD(AT&L) consistent with responsibilities as stated in paragraph 4.1.1.

**Table 4-1**

<b>Acronym</b>	<b>DoD Component</b>
AFIS	American Forces Information Service
BTA	Defense Business Transformation Agency
CIFA	DoD Counterintelligence Field Activity
DARPA	Defense Advanced Research Projects Agency
DAU	Defense Acquisition University
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DECA	Defense Commissary Agency
DFAS	Defense Finance and Accounting Service
DIA	Defense Intelligence Agency
DISA	Defense Information Systems Agency
DLA	Defense Logistics Agency
DMEA	Defense Microelectronics Activity
DoDEA	Department of Defense Education Activity
DoDHRA	DoD Human Resources Activity
DPMO	Defense POW/Missing Personnel Office
DSCA	Defense Security Cooperation Agency
DSS	Defense Security Service
DTIC	Defense Technical Information Center
DTRA	Defense Threat Reduction Agency
MDA	Missile Defense Agency
NDU	National Defense University
NGA	National Geospatial-Intelligence Agency
NSA	National Security Agency
OEA	Office of Economic Adjustment
OIG	Office of the Inspector General
OJCS	Office of the Joint Chiefs of Staff
PFPA	Pentagon Force Protection
TMA	TRICARE Management Activity
TRMC	Test Resource Management Center
USJFCOM	United States Joint Forces Command
USNORTHCOM	United States Northern Command
USSOCOM	United States Special Operations Command
USSTRATCOM	United States Strategic Command
USTRANSCOM	United States Transportation Command
USUHS	Uniformed Services University of Health Sciences
WHS	Washington Headquarters Services