

AIR FORCE EXECUTIVE SUMMARY

The following is the Air Force Executive Summary provided to Dr. Kaminski at the conclusion of the Acquisition Reform Acceleration Day. The information was current as of 30 Jun 96. For detailed inputs from our MAJCOMs/Direct Reporting Units, access the Air Force consolidated report through the Acquisition Reform Acceleration Day feedback on our Home Page (<http://www.safaq.hq.af.mil/contracting/>).

Air Force acquisition activities were tasked to provide feedback on seven acquisition reform areas: Federal Acquisition Computer Network (FACNET), Simplified Acquisition Threshold (SAT), Commercial Items, Past Performance, Debriefing Policies, new rules in Cost and Price Analysis, and Performance Work Statements. A common theme throughout the feedback was a call for further practical training, quicker dissemination of policy, and better communication on lessons-learned. The feedback on these seven areas is summarized below.



FACNET. FACNET allows our buyers to electronically purchase fixed price supplies up to \$100,000, using the Request for Quote, Quote, and Purchase Order process, and is the officially preferred method of purchasing above the micro-purchase threshold of \$2,500. Currently, 86 of the 90 Air Force contracting sites slated for Electronic Data Interchange (EDI) implementation have FACNET capabilities.

Four Air Force MAJCOMs reported a benefit in reduced lead time for requirements solicited via FACNET that would have otherwise required Commerce Business Daily synopsis. Other benefits cited as resulting from electronic commerce through FACNET include improved price competition and increased vendor base.

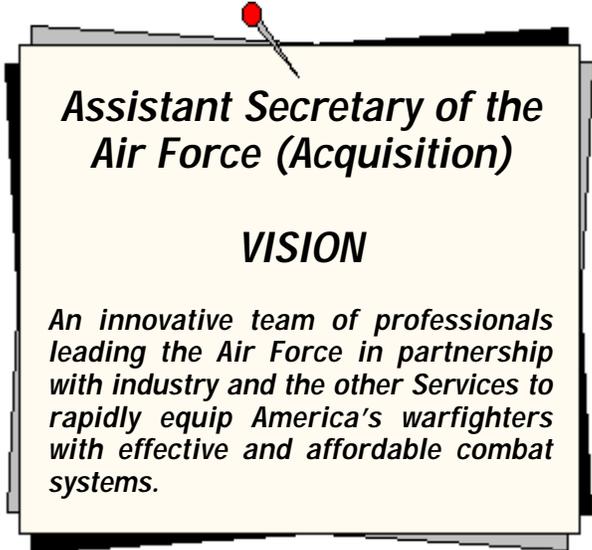
The major obstacles reported by the MAJCOMs were frequent difficulty in obtaining consistently reliable communication of EDI contracting transactions; delays in the transmission of EDI data between Air Force contracting offices and vendors within a computer/communications network under the network design responsibility of the Defense Information System Agency (DISA); a DISA system that is not user-friendly and offers a limited degree of flexibility; and a need for more FACNET training.

An important point regarding the MAJCOMs' identification of FACNET benefits and obstacles is the absence of metrics that measure FACNET lead time, improved prices, increase in industry participation, and the DISA network reliability and availability. Some units suggest using the Internet for FACNET vice the DISA solution being used for current FACNET electronic purchasing.

The issue of the appropriate FACNET technical solution that best meets the business process requirements and operational performance requirements needed to use FACNET on a reliable basis has been a difficult OSD problem. While the joint procurement community has recognized that the current DISA network for FACNET needs changing, there is no current solution.

SIMPLIFIED ACQUISITION THRESHOLD (SAT). Under Acquisition Reform, the SAT was raised from \$25,000 to \$100,000, thereby allowing simplified procedures for purchases of supplies or services below the \$100,000 threshold. This reform is reported to be a success. The change has reduced contracting lead-times and lessened workload as complex, formal contracts are no longer required on actions from \$25,000 to \$100,000. The SAT, in conjunction with use of the Government Purchase Card (IMPAC), has improved our ability to get our customers what they want, when they want it, at a reasonable price.

Unfortunately, not all thresholds for associated contracting actions were raised commensurate with SAT and the field suggests we look at raising thresholds to the same \$100,000 level for such things as contract reporting, Commerce Business Daily (CBD) synopsis of non-FACNET simplified acquisition actions, and the requirements of the Service Contract and Davis Bacon Acts.



Assistant Secretary of the Air Force (Acquisition)

VISION

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AIR FORCE EXECUTIVE SUMMARY (CONT)

COMMERCIAL ITEMS. FASA introduced the preference for Government acquisition of commercial items, both supplies and services. Although operational contracting offices have always bought commercial items (almost exclusively), the addition of FAR Part 12, "Acquisition of Commercial Items," has provided us with a great tool for reducing the size of solicitations and contracts by reducing the number of provisions and clauses.

We are now beginning to receive reports of improved lead-times and increased customer satisfaction. The Air Force was the first Service to implement the use of SF 1449. Acquisition of commercial items requires a good understanding of the commercial marketplace and requires our people to conduct more extensive market research than they did before. There are many unanswered questions as to how this should be done, who should be doing it, and how the information can be shared. Likewise, the technical community must be educated on how to write item descriptions for commercial acquisitions. The Defense Finance and Accounting Service (DFAS) must also buy into the acceptability of commercial practices and align their payment procedures accordingly.

PAST PERFORMANCE. The Air Force has been successfully using past performance as an evaluation factor on contracts in excess of \$1M. The FAR contains a phase-in period where the use of past performance data on contracts less than \$1M will be required (for more information, see page 9 of this issue). The biggest obstacle to full implementation of the lower threshold has been the mechanics of collecting data. Without a Government or DoD-wide database, each of our activities has been forced to individually develop a system for collecting this data, then sharing it with other activities, as

requested.

DEBRIEFING POLICIES. In FY93, the Air Force implemented a policy of providing open and frank debriefings to industry. Since then, protests have declined by approximately 33 percent through FY95. The open debriefing procedures are promoting better cooperation and communication between the Government and industry. Aside from a call for further training and a way to share lessons learned, no changes were requested by the field.

COST AND PRICE ANALYSIS. FASA did not change the Contracting Officer's fundamental obligation to determine price reasonableness. However, obtaining "certified" cost and pricing data now becomes an action of last resort, vice the norm. Our contracting activities recognize that this new policy is aligning Government practice with methods followed in the private sector and they generally applaud the change as a positive one. Most of the acquisitions conducted by our operational activities either fall below the applicable threshold or meet one of the exceptions to cost or pricing data; therefore, they don't have any significant problems or recommendations.

PERFORMANCE WORK STATEMENTS. The Air Force policy is to use performance-based concepts in developing work statements for service contracts. The objective is to move away from specifying how contractors should perform work to specifying what the desired outcome is. An important part of this policy involves preplanned surveillance activities to ensure contractors meet performance standards. Functional activities responsible for writing performance work statements need continued training and assistance in developing performance outcomes and standards.



RECENT CHANGES TO THE AIR FORCE CONTRACTING HOMEPAGE

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| <p>FRONT PAGE *Acquisition Reform Acceleration Day Feedback</p> | <p>NEW TRAINING BUTTON *Professional Development *Self-Study Training *Training Development *Common Questions/Helpful Tips **APDP Questions and Answers</p> |
| <p>LIBRARY *Desktop Guides **Operational Contracting Desktop Guide (see updates) *Directives and Instructions **63 Series (Acquisition) **64 Series (Contracting) **All other Air Force Directives and Instructions *FARSite **Link to Federal Register **Open FAR and DFAR Cases **Most MAJCOM FAR Sups **Electronic Forms Library</p> | <p>MANAGEMENT INFO *Contract Reporting Status (J001) **Missing DD 350 and DD 1057 Information *GAO Information **New GAO Bid Protest Regulations **Revised Bid Protest Guide (Advance Edition) **GAO Comptroller General Decision Database (Searchable) *Contract Links **AFLMA Contracting Division Home Page (Multiple Reports on Contracting Studies) **Plus Links to other MAJCOM Contracting Home Pages *Answers to Frequently Asked Questions about Contracting *Recommended Hardware/Software Configuration Letter</p> |
| <p>PEOPLE *Professional Development **DAU FY97 Catalog **APDP Application (for Military) *Air Force Reserve IMAs **IMA Contracting Assignments, TDYs, etc.</p> | |

SPECIFIC AIR FORCE COMMENTS/SOLUTIONS

Electronic Commerce/ Electronic Data Interchange (EC/EDI)

FAC: 90-29
FAR Case: 91-104
FAR: 4.5

DFAS rules still require a signed paper copy of (FACNET) awards, and buying personnel must still generate paper documents for DFAS in order for vendors to receive payment.

The OSD Comptroller and HQ DFAS are committed to improving their processes. HQ DFAS is closely involved with the Los Angeles AFB Barcoding/EDI project and is aggressively doing proof of concept testing on the Electronic Data Access (EDA) projects which are both aimed at eliminating paper from the contract payment process. If successful, the Los Angeles AFB project will not only eliminate paper, but will also eliminate a separate electronic invoice. In addition, SAF/AQC will work with DFAS through Defense Acquisition Regulation Council (DARC) to determine possible solutions.

The DoD EDI architecture (FACNET) is not reliable. As a result of the Acquisition Reform Acceleration feedback, this issue was raised to DISA through the Air Force EC/EDI PMO. Unfortunately, the results were inconclusive. On 19 Sep 96, SAF/AQC sent a memo to all MAJCOMs asking for empirical data to define the problem. Feedback is due in early October. An action plan will be developed based on these findings.

SAT needs to be delinked from final, full FACNET certification. FAC 90-40, Item 11, effective 26 Sep 96, removed the requirement for interim FACNET certification before a contracting office could use simplified acquisition procedures for contracting actions exceeding \$50,000. However, synopses have not been delinked from FACNET certification.

For simplified acquisitions, FACNET has increased lead time over the oral process. In some cases, lead time has tripled from two days to six days. FACNET may not always be the most appropriate purchasing method. This is especially true in high priority, urgent acquisitions due to slow transmission times for data to flow to and from vendors. Buyers and PCOs should select the purchasing method that is most practicable and cost effective to the instant purchase.

Use of the Central Contractor Registration System (CCR) is mandated in FAR, but is not functioning well. Less than 4000 vendors are currently registered. Contracting offices are forced to award to nonregistered vendors to provide customer support. DUSD AR/EC expects delivery of an on-line registration capability in early October. This new capability will ensure a more straightforward, concise, and user-friendly product. In the absence of a DoD policy regarding award/nonaward to nonregistered vendors, the Air Force Contracting Functional Requirements Board agreed that the Air Force will not refuse to award to vendors who are not registered in CCR.

The definition of EC needs to be broadened to allow for interchange of information on the World Wide Web and Air Force Business Opportunities page to be considered valid alternatives. We agree that the Internet is the current electronic medium of choice for industry and government, and have suggested to DoD that we need to quickly migrate electronic commerce to the Internet.

FACNET has numerous problems in the overseas environment, i.e., lack of Value Added Networks (VANs) for overseas vendors; excessive cost for overseas vendors; incompatibility of ANSI X12 software protocol with European standards. The original two-year pilot program did not specifically target the overseas environment. SAF/AQCI will work with the DUSD EC Director to determine when the overseas environment will be targeted for implementation.

More training and written guides are needed. On 23 Aug 96, SAF/AQCI distributed a memo to the field to obtain feedback and determine exactly what type of training and written guides are needed. Based on the feedback, an action plan will be implemented.

Simplified Acquisition Threshold

FAC: 90-29/90-40
FAR Case: 94-772
FAR: Part 15

DFAS has some problems which need attention such as nonpayment of SF 1449s, lost discounts, interest penalties, and recurring misplacement of invoices at DFAS Operating Locations (OPLOCS). Many of these problems are due to the consolidation of base payment offices into DFAS OPLOCs at remote locations and the loss of locally based team payment practices that previously ensured prompt payment of invoices. Lessons learned have been gathered and disseminated, DFAS desktop guidance has been revised, and numerous working groups are underway to minimize short term problems and ensure long term, lasting improvements in the vendor payment process.

The lack of standard thresholds for simplified actions complicates the process, specifically, DD 350 at \$25,000, synopsis at \$25,000, DD 2579 at \$10,000, Service Contract Act at \$2,500, and Davis Bacon Act at \$2,000. SAF/AQC has included the initiative to raise the threshold for the Davis Bacon and Service Contract Acts to be consistent with the Simplified Acquisition Threshold in the Air Force FY98 Omnibus legislative proposal. We will continue to monitor and support this initiative through the necessary channels.

The Small Business Manufacturer's Rule at FAR 19.102 (f) is cumbersome at camp, post, and station locations which have the great bulk of contracting actions. Offers/proposals are received from numerous small businesses that may not result in award if the product offered is not manufactured by a small business. This results in canceling solicitations and reinitiating the contracting process which degrades the timeliness of mission support and lowers customer satisfaction. SAF/AQC forwarded this issue to SAF/SB who is the AF OPR for Small Business policies. At this time, the Small Business Administration (SBA) is not planning to revise the Small Business Manufacturer's Rule, nor the threshold.

Buyers do not understand how to use "best value" for Simplified Acquisition Procedures. FAC 90-40 plus publication of the FAR Part 15 rewrite and FAR cases 94-772 will finalize the definition, policy, and process of best value procedures and will provide the baseline for additional training. SAF/AQCO will publish desk guides training materials and provide information to the schoolhouses for use in their training curriculum.

GS-1105s award most of the simplified acquisitions. With the increased threshold and resulting requirement to include many other clauses and provisions required by statute or policy, the workload of the 1105 is becoming more complex. An assessment of the role of the 1105 should be accomplished. The role of the GS-1105 is being reviewed by DoD. Among other options, the Defense Contracting Career Management Board is reviewing a plan that would transition vacated GS-1105 positions to, primarily, GS-1102 positions. The GS-1105s that remain in the work force would be allowed, as necessary, to attend basic contracting courses to help prepare them for the more complex work (Contract Fundamentals (CON 101), Contract Pricing (CON 104) and potentially, Contract Law (CON 201).

There is no benefit to requiring representations and certifications, provisions, and clauses in electronic, unilateral RFQs. A master listing is currently being prepared, plus FAR Case 94-772 contains language to minimize clauses in simplified acquisition. AQCO is working a FAR deviation for commercial item RFQs over \$2,500 to create a master listing of clauses on the Internet. The RFQs would direct contractors to the electronic site to view the FAR Part 12 provisions and clauses. This will reduce the size of RFQs. Contracting Policy memo 96-C-05 was issued on 28 Aug 96. This memo provides authority to contracting activities to eliminate clauses in written orders under the micro purchase threshold. This memo should be implemented by all contracting activities to resolve issues raised by industry that the contents of orders for commercial items under \$2,500 are inconsistent across the Air Force. Industry pointed out that very small orders in the Air Force contained as few as 14 clauses at some locations and as many as 32 clauses at others for exactly the same items.

Past Performance

FAC: 90-26
OFPP Policy Ltr: 92-5
FAR: 9.104-1, 14.404-2, 13.106-1(a)(1), 15.605

As the use of past performance data is expanded below the \$1M threshold to actions which are not formal source selections, contracting personnel will need training and guidance to make best value decisions and apply to low-cost, technically acceptable acquisitions. Currently, the dollar threshold and applicability of past performance at thresholds below \$1M are being reexamined by OFPP and OSD.

There is no centralized data collection system, nor standard form, to collect and disseminate past performance data to the diverse contracting activities who award contracts below \$1M. DoD's Past Performance Coordinating Council is examining several alternatives to this issue including a reexamination of the requirement for collection and use on contracts below \$1M. A DFARS case is under consideration which addresses processes and thresholds for performance evaluations. SAF/AQC issued a deviation to postpone further preparation of past performance reports below \$1M until the DFARS case is decided.

There is a perception that the Small Business Administration (SBA) will not support past performance assessment when awarding contracts to other than the low price, small business. SBA is reserving the right to issue a Certificate of Competency (CoC) to the low price, small business. Specifically, must a PCO request a CoC for the low price offeror if he/she desires to award to other than the low offeror who has the best value proposal? This question involves two somewhat unrelated issues. SBA and CoC decisions are matters of responsibility determination; past performance considerations under Lightning Bolt 6 are matters of performance risk evaluation. SBA does not plan to take any action on this issue at this time. Also see the response on page 8 of this newsletter for information on best value procedures.

Past performance may not be appropriate in OCONUS in certain cultures. Use of past performance has the potential to cause "loss of face" and may result in entanglements which will require State Department resolution. SAF/AQC will work with PACAF and USAFE to establish a tailored approach to implement past performance requirements without causing conflict.

Additional Sources of Information
OFPP Guide to Best Practices for Past Performance
<http://www.arnet.gov/BestP/BestP.html>

CPARs for use in the Labs needs to be modified. Either increase the level of detail in CPARs or use another system that will allow Labs to rate researchers and teams on projects. The process needs to consider other than just corporations on ACAT programs. We support tailoring past performance to specific areas and have made this an agenda topic in the November S&T Contracting Conference.



Protests

FAC: 90-32
FAR Case: 94-730
FAR: Part 33

Protest rules should be changed to allow the Government to recover court and other associated costs in those cases where the Government prevails (attempt to deter frivolous protests). Federal Agencies have considered charging costs for frivolous protests and, to date, decided not to for a number of reasons. Within the Air Force, protests have decreased about 50 percent since the Air Force open debriefing policy was instituted (FY93, 493 protests to FY96, about 250 protests). The General Accounting Office (GAO) acts quickly on requests for summary dismissals; few protests are clearly frivolous; and the cost of collecting charges for frivolous protests may likely be higher than what is recouped. Our goal is to maintain the integrity and openness of the acquisition process without undermining the basic right of the contractor to appeal any decision affecting its economic interest.

Additional Sources of Information
Bid Protests at GAO: A Descriptive Guide
<http://www.acq.osd.mil/ar/doc/gaoprot.pdf>

IMPAC Issues

Some organizations on base are not using IMPAC. A joint SAF FM/AQ memo will be written to expand the use of IMPAC as the preferred method for obtaining open market purchases under the micropurchase threshold.

IMPAC procedures require excessive record keeping and coordination/screening; eliminate requirement for coordination of purchases under \$500. The DoD IMPAC IPT is recommending that automation be made available to all organizations with connection to Rocky Mountain BankCard System (RMBCS) with DFAS. This will help to eliminate some of the excessive record keeping. Changes will be incorporated in the new Air Force internal IMPAC procedures to eliminate screening and documentation requirements where possible.

Consider policy changes to IMPAC that would allow for purchase of money orders with IMPAC to pay vendors that don't take VISA. Guidance will be added to Air Force internal IMPAC procedures for use of third party drafts (VISA checks).

The dollar threshold for IMPAC is too low. The DoD IMPAC IPT is recommending that the threshold be increased from \$2,500 to \$25,000. The micropurchase threshold is based on statute; DoD will determine whether they will seek relief based on the DoD IPT report. Air Force will establish new procedures to expand use above \$2,500 as a payment method where use of IMPAC will simplify the ordering process.

Permit IMPAC cards to be issued to organizations as well as individuals. Individual cardholder accounts are necessary in order to maintain control, levy responsibility for purchases, and reconcile billings.

Consider allowing base support contractors limited/controlled use of IMPAC. Air Force internal IMPAC procedures will authorize use of IMPAC by contractors, subject to MAJCOM approval.



Commercial Items

**FAC: 90-32
FAR Case: 94-790
FAR: 7,10,11,12**

No guidance exists on using commercial procedures for construction. Statutory requirements such as the Davis-Bacon Act impede the use of commercial practices for construction.

DFAS has objected to using the SF 1449 as an invoice and the form does not adequately function as a solicitation or award document.

The Commercial Items Drafting Team has been reconvened by OUSD/A&T(AR) to address acquisition reform related issues. The team is chaired by Col Terry Raney (Air Force DAR Council member and SAF/AQC Policy division chief); membership on the team consists of personnel from Army, Navy, DLA, NASA, GSA and OUSD. Specifically the team will address issues raised on the new FAR Part 12 (Acquisition of Commercial Items), including design issues with the SF 1449, use of Part 12 on service contracts, contract type issues, application of Part 12 to construction contracts, environmental issues, and inconsistencies between Part 12 and the rest of the FAR. The goal of the team is to develop proposed new FAR coverage within the authority of FASA and FARA. The estimated completion date, including review of public comments and development of final language, is Feb 97.

The elimination of "brand name or equal" has complicated the buying process at camp, post, and station locations which accounts for the great bulk of contracting actions. The use of "brand name or equal" allowed contracting to state or clarify the requirement into a tangible item which commercial offerors could use to establish a quote or proposal. Currently a solicitation must state either "brand name only" or generic specifications, both of which often result in the failure to meet the customer's needs. FAR Case 96-018 has been opened to consider revised language to address this issue.

Commercial Items (cont)

Without requirements documentation that cites commercial items or services, contracting cannot take advantage of the benefits of using commercial procedures - users need training on how to incorporate commercial specs into their requirements, versus the use of technical specs. SAF/AQC will advise SAF/AQRE of this problem and will seek their assistance in developing a solution. Additionally, contracting activities should make this a subject of their customer education programs.

AFM 64-108, Services Contracts, does not address commercial practices. Commercial practices will be addressed under the new AFM 64-108 which is currently being rewritten to incorporate acquisition reform initiatives. The expected release date for revised guidance is early FY97.

Process of conducting market research is unclear or not understood by buyers, contracting officers, and requirements personnel. The Federal Acquisition Institute has developed training material on commercial contracts. The courses are accessible on the Internet through the Air Force Contracting Home Page (Training, Self-Study Training). Also, on the net is a DoD Commercial Advocates Forum (<http://www.acq.osd.mil/ar/cadv.htm>) for sharing lessons learned, market research information and best practices. Finally, "commercial contracts" that have been successfully worked in the Air Force will be provided as success stories to other activities under Air Force Operational Contracting Desk Guides. These desk guides will be available on the Air Force Contracting web site. DAU is working with the Federal Acquisition Institute to develop comprehensive Government-wide training on use of new commercial procedures and rules. Currently, a two-day seminar on commercial item acquisition and an interactive CD-ROM on the use of market research techniques is in development. Within AFMC, a multi-functional market research and commercial acquisition process action team was formed to develop ways to institutionalize use of market research requirements and processes. They are in the process of developing a commercial acquisition guide. Additionally, the Air Force Logistics Management Agency is writing a market research/analysis guide for Operational contracting. This guide will be useful for ranges of decisions--commercial, outsourcing, acquisition strategy, etc.

COTS which already has a demonstrated utility in the commercial marketplace, should be exempted from statutes that require operational and/or live fire test prior to production. Exempting COTS requires a legislative change to 10 U.S.C. 2366. This statute already permits the SECDEF to waive the live fire test on the entire system by conducting the test on "components, subsystems, and subassemblies, together with performing design analyses, modeling and simulation, and analyses of combat data." Also the statute only applies to major systems (RDT&E) of approximately \$140M in FY66 constant dollars or procurement of approximately \$645M in FY66 constant dollar prior to the system proceeding beyond low-rate initial production. Most COTS would already be exempt from this provision. Additionally DoD 5000.2-R establishes the waiver process. It points out that waivers cannot be granted after Milestone II, except through legislative relief. Since this seems to be an issue in only a small number of programs, it does not warrant the impetus for legislative change.

Limited guidance is available on commercial practices for quality assurance and it appears there is a conflict between AFI 63-504 "QAE Program" and the need for government surveillance in commercial services contracts. AFM 64-108, Service Contracts, is under rewrite to address commercial practices for services contracting and quality assurance. In the meantime, exemptions to AFI 64-108 will be processed. Expect release of revised guidance early in FY97.

Legal review threshold of \$100K for commercial contracts should be reviewed for a potential increase. SAF/AQCP will work with SAF/GCQ and field activities to determine the best solution to this process.

Debriefing

FAC: 90-31
FAR Case: 94-701
FAR: 15.1004

Debriefing is new to the vast majority of contracting personnel who do not use formal source selection procedures. It will take some time and training before all buying personnel have mastered the techniques. The Aeronautical Systems Center Source Selection Office has developed a debriefing guide and power point presentation that provides a good overview and reference tool of the debriefing process. This guide is available through the Air Force Contracting Home Page under Training, Self-Study/Training.

The more information that is given to the unsuccessful offerors, the more is demanded, with offerors feeling entitled to all information. The current policy on debriefing requires the contracting officer to hold timely and meaningful discussions with unsuccessful offerors who request a debriefing. The information discussed during a debriefing is comprehensive and detailed. The MAJCOMs have recommended that no change be made to the current policy, and SAF/AQC concurs. Providing information above that which is already required would be a time consuming task and one that may not yield a return on the time and resources invested.

☆☆☆ Cost and Price Analysis ☆☆☆

Contracting personnel need to have a clear understanding of when to request cost and pricing data, as opposed to just cost information. With respect to contractors, proposals are being submitted without pricing support and contractors don't seem to be increasing their use of commercial pricing to support their proposals. The new FAR coverage on the Truth in Negotiations Act does not relieve the contracting officer of their fundamental obligation to determine price reasonableness. It does, however, shift the preference for the type of information that should be used in assessing price reasonableness. Cost or pricing data is now the data of last resort. Federal Acquisition Institute (FAI), in conjunction with AFIT, has developed the contract Pricing Reference Guide (five volumes) which replaces the ASPM. This Guide will provide contracting personnel with in-depth information on cost and pricing data requirements. The Guide can be accessed through the AF Contracting Home Page (Training, Self-Study Training).

FAC: 90-32
FAR Case: 94-721
FAR: 15.8

Methodology for determining profit (Weighted Guideline Method (WGM)) is outdated and needs to be revised to be consistent with other acquisition reform initiatives. It is not performance based and emphasizes facilities capital investment in a time when many contractors are divesting and choosing leasing arrangements to remain streamlined. The suggestion to modify the WGM has been brought to the attention of OSD; at this time, OSD has no plan to revise the WGM.

☆☆☆ Specifications and Standards Reform ☆☆☆

Need to develop a mechanism for negotiating shared risk (level of indemnification) for product liability in military systems in the absence of military specs and standards. The Indemnification PAT, chartered by AQCS, met in Aug 96 and was tasked to gather data, determine extent of issue, establish action plan, and make recommendations. Among the resolution options are, (1) obtaining commercial insurance; (2) providing War Risk Insurance under 49 SC 44301; (3) indemnification under P.L. 85-804; and (4) enactment of legislative authorization for indemnification.

Contracting activities need more guidance and policy in the area of developing Performance Work Statements. Standardized performance work statements are being developed for use in the Air Force--this will reduce the content of the PWSs and provide for more innovation in contractor proposals. In the interim, visit the Air Force Civil Engineering Support Agency's Home Page for samples of various PWSs and SOWs (<http://www.afcesa.af.mil/AFCESA/Contracts/>). Also, the revised AFM 64-108, Service Contracts, will streamline the PWS process; look for release in early FY97.

Additional Sources of Information

The Defense Standardization Program MILSpecReform Home Page <http://www.acq.osd.mil/es/std/stdhome.html>

OTHER AREAS WHERE YOU GAVE US FEEDBACK

Expanded Acquisition Reform

Overall, the feedback reported that you are pleased with the acquisition reform that has been enacted to date. You are satisfied with the increases in thresholds and the flexibility and empowerment that has been put into the hands of the people at the working levels. While it is still too early to judge the long-term effects, the short-term results are favorable.

A strong message that you transmitted is the need for reform to affect areas tangent to the acquisition process: auditing, requirements definition, spares procurement and other logistics functions, finance, safety, and configuration management. Specifically, you suggested that a financial policy and legislative reform PAT needs to be chartered to address reform in financial policy: eliminate funding appropriation categories, budget funding for entire program, and allow SPOs to directly benefit from achieved savings. The OSD Comptroller and SAF/FM are becoming involved in streamlining and reform areas in the financial area; SAF/AQC will advocate, support, and team with Financial Management to implement reform initiatives.



You reported that the contract closeout process is still too time-consuming and cumbersome. It was suggested that the following areas need to be reformed: plant clearance, equipment disposition, negotiation of final rates, government furnished property. On 15 Oct 92, AFMC/CC chartered the Interagency Contract Closeout PAT, which included representatives from field PK and FM organizations, SAF/AQC and FM, Army, Navy, DCMC, DFAS, DCAA, and industry. The final report, distributed Mar 94, included 40 recommendations to improve process flow and measures, and remove barriers. These recommendations were endorsed by the OSD chartered Contract Administration Services PAT in Mar 95. The last of these recommendations was closed out in Jun 96; several dealt with increased use of quick closeout procedures and an added emphasis on overage overhead proposals by DCMC and DCAA. The final report and recommendations can be viewed on HQ AFMC's Home Page (<http://www.afmc.wpafb.af.mil/organizations/HQ-AFMC/PK/pkp/pkpb/closeout.htm>). In addition, the current effort led by OSD to rewrite FAR Part 45, Government Property, is incorporating further improvements in property management and disposition. SAF/AQC will continue to support initiatives from the commands as well as from other DoD components that will improve the contract closeout process.

Contract Closeout



Synopsis

Synopsis procedures should take advantage of the Internet as the communication medium in lieu of the Commerce Business Daily. A pilot program is underway involving changes to the CBD program. Department of Commerce is proposing to use the Government Printing Office to automate the CBD process. This pilot program proposes to reduce costs from the current \$18 charge to approximately \$6. Other initiatives are also being examined and costs associated with the synopsis requirement are being questioned.