Changes in the Contracting Process
12 May 2009

- Donna Hatfield
- 677 AESG/SYK
- DSN: 937-255-4871
- Donna.Hatfield@wpafb.af.mil
# Changes in the Contracting Process

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KEY POINTS

- Reason for Change
- Process Changes
- Peer Review/Multi-Functional Independent Review Teams (MIRTs)
- Undefinitized Contractual Actions (UCAs)
- PEO/AC UCA Review Results
- New UCA Policy
- Integrated Product Team Pricing Policy
- Recommendations to Improve
**REASON FOR CHANGE**

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- Source selections too complex, too long
  - Measure key discriminators, pass/fail requirements, elevate importance of cost
- Inappropriate use of T&M, LOE, CPAF, UCAs when FFP could be used
- Long service contracts (exceeding 3-5 yrs) weakens competition/change
- Significant criticism for programs over cost & not delivering capability
PROCESS CHANGES

• USAF and General Contracting Authority now within the contracting chain
  – Strengthens role & independence of AF Contracting
  – All Business/Contract Clearances in contracting

• Specific Changes:
  • OSD Pre & Post Award Peer Review - ≥ $1B (Competitive & Sole Source)
  • AF MIRT - ≥ $50M (Competitive)
  • Senior Acquisition Exec approval of PCO & Source Selection Evaluation Team chair for ACAT 1 - $1B
  • UCAs – under scrutiny and increased reporting
  • IPT Pricing – gone
PEER REVIEWS

- OSD pre- and post-award review IAW:
  - OUSD(AT&L)/DPAP 29 Sep 08 direction
  - Section 808 of the National Defense Authorization Act for FY08

- All sole source & competitive contracts ≥ $1B

- Review team of multi-functional OSD personnel

- Pre-award review prior to:
  - Issuance of the RFP
  - Request for final proposal revision (FPR)
  - Contract Award

- IMPACT - Additional contract award schedule needed
• IAW AFFARS Mandatory Procedure MP5301.9001(b) and ASAF(A) direction

• All competitive acquisitions ≥ $50M

• Team consists of Air Force personnel

• IMPACT - Additional contract award schedule needed to conduct reviews of:
  - ASP brief (or Acquisition Plan)
  - Sections L&M of RFP
  - Competitive Range Brief to Source Selection Authority (SSA)
  - Request for FPR brief to SSA
  - Decision Brief to SSA
MILESTONE REVIEWS:
STANDARD SOURCE SELECTION

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PEER REVIEW THRESHOLD ≥$1B

MIRT REVIEW THRESHOLD ≥$50M

- MIRT Formation
- Sufficiency Review
- SSA Appoints SSET and SSAC
- Market Research/Acquisition Planning

Review Prior to Solicitation Issuance
Review Draft RFP
Review Draft FPR
Review Prior to Request for FPR
Review Prior to Contract Award

Issue Draft RFP
Issue RFP/Evaluate Proposals
Discussions w/ Offerors
Draft PAR & SSDD

Business Clearance: Approval to Issue RFP
Request FPRs and Evaluate
Contract Clearance: Approval to Request FPR
Contract Clearance: Approval to Award Contract

Award Contract

ASPM

Contract Clearance: Approval to Issue RFP
Contract Clearance: Approval to Request FPR
Contract Clearance: Approval to Award Contract

STANDARD SOURCE SELECTION MILESTONES
• Increased PEO/AC (Gen Hudson) oversight on use & definitization
  – PEO/AC approves all UCAs over $10M

• More PEO/AC reporting
  – 90 day “look ahead” briefed weekly
  – Oldest 25 briefed every six weeks
  – Wing’s UCA status included with all new requests
PEO/AC UCA REVIEW RESULTS

- Late user requirement changes cause 20% of overage UCAs
- UCAs for Urgent Operator Needs & GWOT actions often cannot be projected/avoided
- Incremental program decisions force UCAs (to prevent production gaps)
- Inadequate, late proposals drive need for UCAs and lengthen definitization
  - Contractors are not submitting timely and complete analyses of supplier proposed prices
NEW UCA POLICY

• Request UCA approval after receipt of qualifying proposal
  – If issued prior to proposal, plan required to stop payments if proposal not delivered on time
  – Proposals must comply with Proposal Adequacy Checklist

• Obligation of 50% of NTE is not automatic
  – Funding should be consistent with spend plan

• Profit/fee should match risk of to-go effort not incurred cost

• Note quality, time issues in CPARS, award fees
• IPT pricing was concurrent requirements refinement, proposal development, fact-finding, and preliminary agreement

• IPT pricing tool rescinded IAW 27 Apr 09 AFMC Policy letter 2009-PK-003

• New direction - traditional approach:
  – Serial process – RFP to contractor
  – Contractor then independently prepares proposal
  – Govt establishes negotiation objective after audit and tech eval
  – Govt obtains approval to enter into negotiations
RECOMMENDATIONS TO IMPROVE

• Better requirements definition upfront brings better understood/priced contracts
• Timely proposal submittal
• Follow proposal adequacy checklist
• Strengthened Industry/Govt overview process
• Increased emphasis on business deal thru MIRTs/Peer Reviews
• More to come