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# SIMULATOR SYSTEMS GROUP



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## Changes in the Contracting Process 12 May 2009

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# Report Documentation Page

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# KEY POINTS



- Reason for Change
- Process Changes
- Peer Review/Multi-Functional Independent Review Teams (MIRTs)
- Undefined 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 -  $\geq$  \$1B (Competitive & Sole Source)**
  - **AF MIRT -  $\geq$  \$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  $\geq$  \$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**



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# MULTI-FUNCTIONAL INDEPENDENT REVIEW TEAMS (MIRTS)

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- **IAW AFFARS Mandatory Procedure MP5301.9001(b) and ASAF(A) direction**
- **All competitive acquisitions  $\geq$  \$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**



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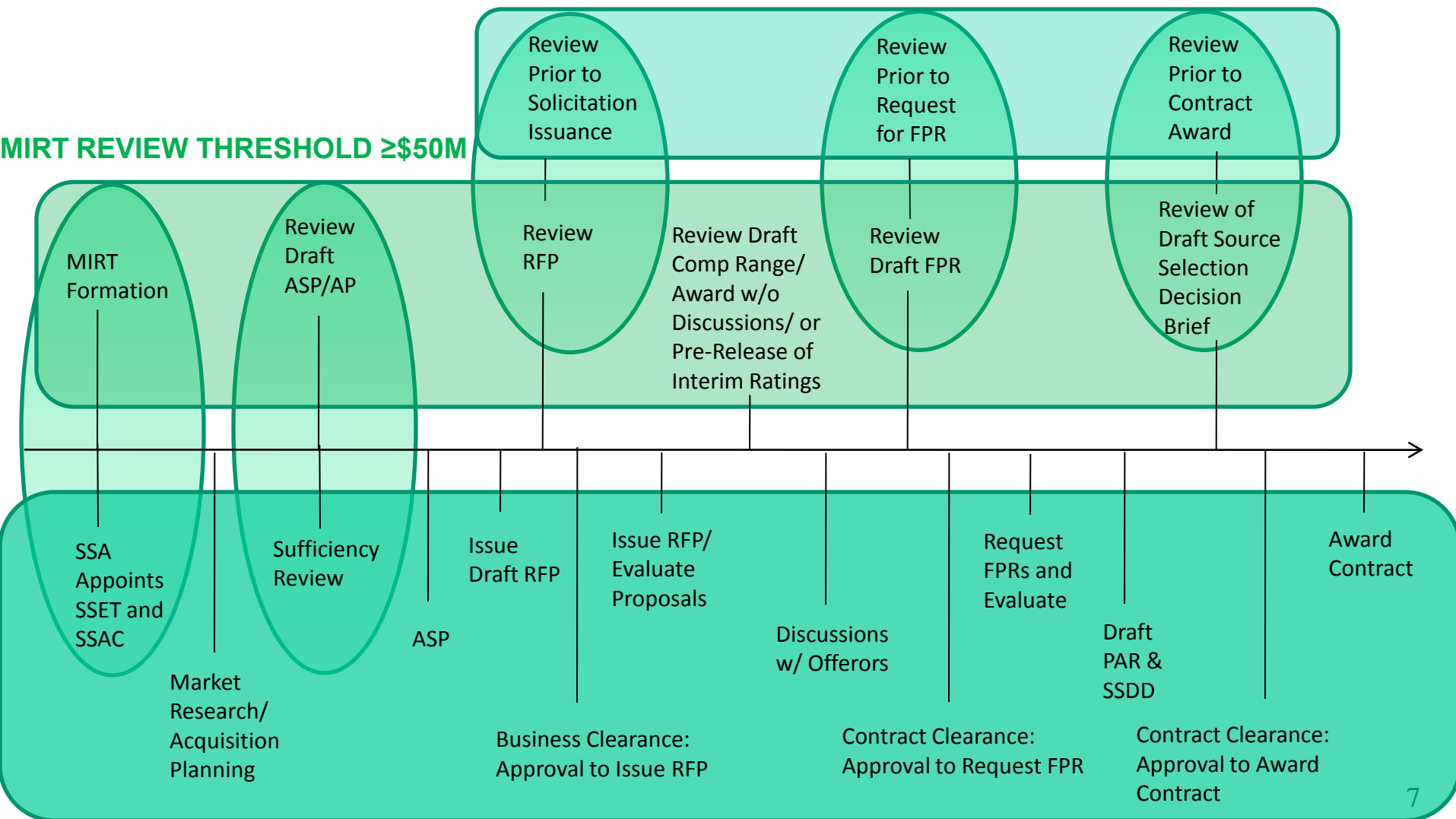
# MILESTONE REVIEWS: STANDARD SOURCE SELECTION

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**PEER REVIEW THRESHOLD ≥\$1B**

**MIRT REVIEW THRESHOLD ≥\$50M**



**STANDARD SOURCE SELECTION MILESTONES**



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# UNDEFINITIZED CONTRACTUAL ACTIONS (UCAs)

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- **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**



# INTEGRATED PRODUCT TEAM (IPT) PRICING



- **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



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- **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...**