



THE ASSISTANT SECRETARY OF THE NAVY
Research Development and Acquisition
1000 Navy Pentagon
Washington DC 20350-1000

OCT 20 2006

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Acquisition Integrity Analysis

Attached is Under Secretary of Defense for Acquisition, Technology and Logistics memo of August 1, 2006, which prescribed six best practice policies to be included in Department of Defense business processes and directed that these policies be implemented immediately. The best practices resulted from a review of Department of Defense agencies' acquisition policies and procedures. We previously concluded that the Department of the Navy's acquisition policies and procedures contain adequate levels of oversight, accountability and checks and balances to ensure the appropriate separation of functions in all acquisitions, including sole source contract modifications. However, I believe incorporation of these best practices will highlight our ongoing commitment to ensuring integrity in our business processes.

Accordingly, I direct contracting activities to take immediate steps to incorporate the six best practice policies into applicable acquisition policies and procedures. Appropriate changes will be made to the Navy Marine Corps Acquisition Regulation Supplement and SECNAV 5000.2 once OSD completes the necessary Defense Federal Acquisition Regulation Supplement revisions.

A handwritten signature in black ink that reads "Delores M. Etter".

Delores M. Etter

Attachment

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Subj: ACQUISITION INTEGRITY ANALYSIS

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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

AUG 1 2006

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

SUBJECT: ACQUISITION INTEGRITY ANALYSIS

On March 1, 2005, my office requested each acquisition executive to prepare policy, for my review, that reflects your procedures for ensuring the separation of functions for oversight, source selection, contract negotiations and contract awards, including sole source contract modifications. This request stemmed from a recommendation of the Defense Science Board task force on "Management Oversight in Acquisition Organizations" that authority for such functions not reside in one person.

I have reviewed submissions from 22 agencies, and noted steps they already had taken. After the review, I am prescribing the following best practice policies to be included in each of your business processes:

- 1) Senior leaders are prohibited from performing multiple roles in source selection for any one major weapon system or major service acquisition.
- 2) Vacant acquisition positions must be filled on an "acting" basis from below until a permanent appointment is made, and accretion of oversight duties shall not be accrued at the top. This will provide promising professionals an opportunity to gain experience by temporarily filling higher positions.
- 3) Acquisition Process Reviews (APRs) of the Military Departments will be conducted to assess and improve acquisition and management processes, roles, and structures. The scope of these reviews should include the distribution of acquisition roles and responsibilities among personnel, processes for reporting concerns about unusual or inappropriate actions, and application of DoD Directive 5000.2 and the disciplines in the Defense Acquisition Guidebook.



- 4) Source selection processes shall be reviewed and approved by cognizant organizations responsible for oversight, documented by either the Head of the Contracting Activity (HCA) or at the agency level, and periodically reviewed by outside officials independent of that agency/office.
- 5) Legal reviews shall be conducted of major acquisition system source selection documentation prior to award, including supporting documentation of the Source Selection Evaluation Board (SSEB), Source Selection Advisory Council (SSAC), and the Source Selection Authority (SSA).
- 6) Procurement Management Reviews (PMR)s shall determine whether clearance threshold authorities are clear and that independent review is provided for procurements over the simplified acquisition threshold.

The Heads of DoD Contracting Activities shall implement these policies immediately. Appropriate changes will be made to the Defense Federal Acquisition Regulation Supplement and Procedures, Guidance and Information (PGI). Thank you for your cooperation and the support your staffs provided for this analysis.



Kenneth J. Krieg