

Contracting Reorganization Empowers Agency

Matthew Sablan | Staff Writer



From left: Sallee Justis, Defense Contract Management Agency Contracts Directorate deputy executive director, looks over the directorate's manning document with Jim LeRoy, Contracts Directorate management analyst, before submitting it forward for final processing. The Contracts Directorate offers one of many services the Department of Defense relies on the agency to perform day in and day out.

The Defense Contract Management Agency handles the Department of Defense's contracting efforts.

Everything from contracts with small businesses to prime contractors are handled through DCMA's contract management offices.

DCMA has a variety of contracting departments, whose efforts cover every aspect of defense contracting, from establishing policy to small business contracting to contract termination and close out. DCMA's 1102 contracting and pricing workforce is the backbone of its contracting efforts. "Contracting officers are the first responders on contracting issues," Ron Youngs, DCMA Contracts acting

executive director said. "They are DCMA's first line of action; they are our eyes, ears and experts on business matters."

"DCMA is a DoD combat support agency and authorizes disbursements of approximately \$155 billion a year," said Leona Fitzpatrick, DCMA Contracting operations director. DCMA's CMOs are engaged in more than 324,000 prime contracts and are active at more than 18,000 contractor locations and contingency contracting locations.

DCMA provides day-to-day services and support to program executive officers, procuring contracting officers, program managers and other members of the acquisition enterprise. Through that supply

"This is an exciting time in the contracting workforce at the Defense Contract Management Agency. We have laid the foundation for success in the future."

— Leona Fitzpatrick, DCMA Contracting for Operations director

chain, DCMA ultimately provides products and services to warfighters in the field. "Our goal is to give warfighters quality products and services on time and on cost," Fitzpatrick said.

“We are advocating for small business. Basically, we’re making sure they get a fair shake.”

— Mark Olson, DCMA Small Business director

DCMA ensures that contractors bring high-quality, accurate proposals to DoD from the start. The agency also works with contractors to ensure they are using effective business systems. Youngs highlighted the six key areas that DCMA works with contractors on: estimating, purchasing, accounting, property, earned value and material management and accounting systems.

Review Processes and Oversight

The agency’s performance indicators, such as overhead rates and contract closeout, are metrics for the agency’s effectiveness. There are 16 PIs for

Contracting. “They assess our performance of specific contract actions and help ensure we focus on compliance, efficiency and effectiveness,” Fitzpatrick said. DCMA has several review processes in place, such as Boards of Reviews, as checks and balances on the system.

DCMA engaged in multiple Boards of Review in 2010. The boards have implemented partnerships that are helping to ensure the consistency in policy across DoD. The Boards of Review also help to assure that decision memorandums support existing policy.

“One challenge DCMA faces is the management of forward pricing rate agreements and forward pricing rate recommendations,” Youngs explained. “No one influences these costs more than DCMA.”

DCMA’s oversight of these are key to ensuring indirect costs charged to the government are fair and reasonable.

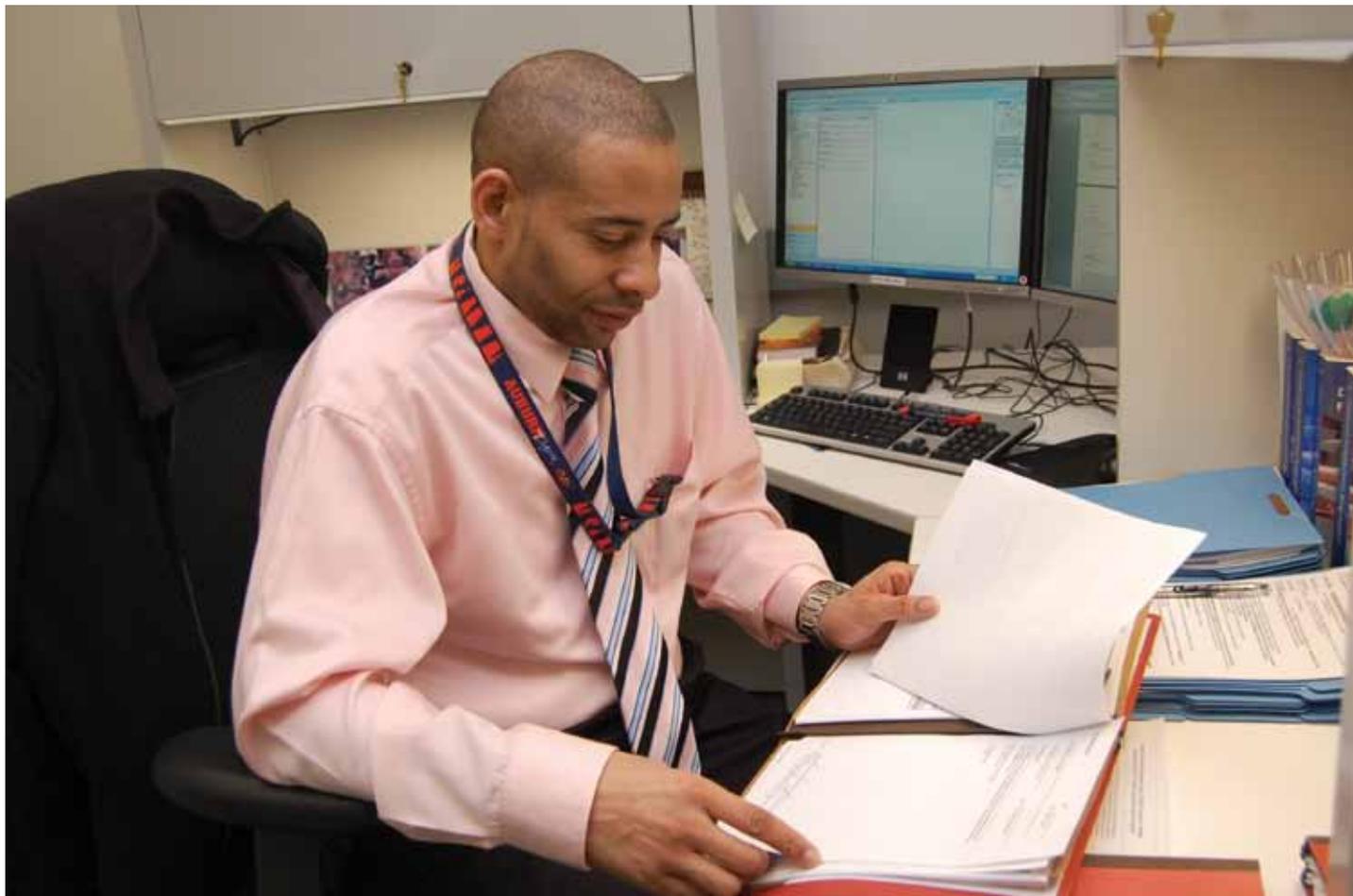
DCMA also provides oversight for DoD’s small business contracting efforts.

All contracts valued at greater than \$650,000 are required to have a small business subcontracting plan, and DCMA’s Small Business Center is the organization that oversees large contractors to ensure that these statutory requirements are met. The center oversees \$70 billion worth of subcontracts. “We are advocating for small business,” Mark Olson, DCMA Small Business director, said. “Basically, we’re making sure they get a fair shake.”

Overseeing Government Property

The Business Operations Center consists of four centers — Property, Plant Clearance, Termination and Contractor Purchasing System Reviews. Each specializes in specific contracting areas of expertise. These are the agency’s vital organs and support the contracting officers and CMOs by securing prompt, cost-appropriate services and products from contractors and vendors.

Property focuses on providing the required property administration support



Sonny Hatcher, Defense Contract Management Agency contract specialist, looks over a contract for accuracy at the DCMA Rivers Bend office in Chester, Va., recently. The Contracts Directorate offers one of the many services the Department of Defense relies on the agency to perform day in and day out.

“Contracting officers are the first responders on contracting issues. They are the Defense Contract Management Agency’s first line of action; they are our eyes, ears and experts on business matters.”

— Ron Youngs, DCMA Contracts acting executive director

to CMOs, including inventorying and tracking government property. These DCMA associates track government property utilized on DoD contracts and on loan to contractors. The Property Center conducts property audits at contractors’ facilities to ensure government property is adequately stored and maintained by the contractors. Property specialists ensure that contractors have approved property management systems and controls for the use, preservation, protection, repair and maintenance of the government property in their possession. Property creates a chain of custody to validate that equipment is used only for valid government purposes.

Plant Clearance works with contractors, contracting officers and DoD, federal and donation screeners to dispose of excess government-owned property located at contractors facilities. This includes selling excess items, if the property cannot be reutilized on other government contracts. It prevents government waste by recycling materials and sending used and refurbished equipment among government organizations. Plant Clearance prevents the destruction or disposal of usable government property to ensure the government continues getting use out of its property for as long as feasible.

When programs and contracts get canceled, Termination is responsible for reviewing a contractor’s settlement proposal, including reviewing subcontractor costs and negotiating a settlement. Termination reviews a

contractor’s settlement proposal to ensure that it meets all legal, contractual and statutory obligations as stated in the contract’s termination clause. This center also makes arrangements for transfer of title and delivery of any material required by the government. Termination contracting officers and Plant Clearance officers often work together to dispose of these items, including reutilization on another government contracts.

“Highly complex terminations, like the presidential helicopter program and some NASA programs, can take a lot of effort, and it may be years before they are settled,” Joyce Blais, DCMA Business Operations Center director said.

Contractors’ Purchasing System Reviews, according to Blais, prove a contractor’s system “adheres to statutory and regulatory requirements.” CPSRs identify weaknesses in contractor’s purchasing procedures that may lead to increased costs to the government. “CPSRs allow the government to know contractors are doing all the right things in managing their suppliers,” Blais said.

“A lot of agencies come to us to administer their contracts. They depend on us to do these reviews,” Blais continued. DCMA Business Center contracting work impacts every CMO. The whole agency, eventually, comes through one of these four centers for assistance with risk assessment, cost-scheduling or other contracting needs.

Challenges and Successes

The Business Operations Center is facing some of the same challenges the rest of DCMA faces, including having a large percentage of workers eligible for retirement. Blais said that a significant percentage of employees within the centers are eligible for retirement in the next five years. Conversely, Fitzpatrick also noted that a significant number of staff have less than three years’ experience.

The agency is tackling this problem head on by recruiting both experienced and new employees into the contracting workforce; some are new to the workforce (contracting interns), while a number of

more experienced personnel have been recruited from outside government service. “Sustaining the talent of the 1102 workforce is crucial to DCMA,” Youngs said.

DCMA has established a standard intern training plan and reduced the supervisor-employee ratio to better provide employees with mentorship. The DCMA Learning Campus provides courses and training for new employees. DCMA has also recruited cost monitors and other cost and pricing specialists to revitalize core skills.

Contracting has seen several successes over the past year. In addition to hiring 222 of the 300 pricing positions, DCMA has enhanced its existing capabilities in other areas. “We have launched our Cost Recovery Initiative,” Youngs said. The initiative is a joint program between DCMA and the Defense Contract Audit Agency. It was announced in an Oct. 29, 2010, memorandum signed by Charlie E. Williams, Jr., DCMA director, and Patrick Fitzgerald, DCAA director. The two organizations are closing out overage cost accounting standards issues and taking steps to determine the cost impact to the government. The agency has created working groups “to recover funds owed to DoD and the taxpayer,” Youngs said.

Fitzpatrick explained that, in association with Defense Procurement and Acquisition Policy, DCMA is “taking a hard look” at data that came from a recent contracting competency assessment. The data will provide the agency with information to supplement training for the contracting workforce alongside standard courses at Defense Acquisition University.

“This is an exciting time in the contracting workforce at DCMA,” Fitzpatrick said. New faces, the recent changes and updates to policies are all renewing DCMA’s contracting expertise. “We have laid the foundation for success in the future,” Fitzpatrick said. ☐