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**NAVSEA ACQUISITION SUPPORT OFFICE  
ACQUISITION INFORMATION MEMORANDUM**

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o **ACQUISITION REFORM LEGISLATION.** On 13 October 1994, President Clinton signed the Federal Acquisition Streamlining Act of 1994 (P.L. 103-355). The acronym for the Act is "FASTA". This legislation is based on the recommendations of the DoD Acquisition Law Advisory Panel (better known as the Section 800 Panel). At the signing, the President declared: "This is the kind of thing I'm convinced that we'll be called upon to do more and more--not to do things for people, but to empower people to do things for themselves, both within and beyond the government." The 300 page statute has changes too numerous to list in this small space; however, if you are interested in a short synopsis of FASTA, a copy of the synopsis may be obtained from SEA 91Y3, NC#3, Room 4E20. The synopsis was prepared by the Office of General Counsel. A few highlights of FASTA are listed below:

**Simplified Acquisition Threshold** - The "Small Purchase" threshold of \$25,000 is no more. It has been replaced by a different name and a different threshold. It is now the "Simplified Acquisition Threshold (SAT). SAT provides for simplified procedures for contracts within SAT; prohibits the dividing of requirements for acquisitions; and requires promotion of competitive procedures to the maximum extent practicable. Thresholds are now as follows:

- |                     |  |
|---------------------|--|
| \$2,500 and below   | Small or large business. Government issued purchase cards (i.e., credit cards) may be used by non-procurement personnel. Referred to as the "micro-purchase threshold." Competitive quotes are not required for micro-purchases when the price is determined to be reasonable. Exempt from Small Business Act small business reservation procedures and from the Buy American Act.                                     |
| \$2,501 - \$100,000 | Set-aside for Small Business. <u>\$50,000</u> is the ceiling <u>without an interim</u> Federal Acquisition Computer Network ( <u>FACNET</u> ) capability. <u>\$100,000</u> is the ceiling contingent upon the agency <u>having implemented an interim FACNET</u> . If full FACNET capability is not implemented by 31 December 1999, the threshold will revert to \$50,000 until a full FACNET capability is achieved. |

**Contractor Past Performance** - Requires the Office of Federal Procurement Policy (OFPP) to prescribe guidance regarding consideration of contractor past performance as an evaluation factor in contract award decisions. Guidance shall address evaluation standards, information collection and maintenance policies, and policies for ensuring that offerors are given an opportunity to submit relevant information on past performance under contracts with Federal Government, State and local governments, and commercial entities.

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**Shipbuilding Claim Statute of Limitations** - Extends the time period in which to submit a claim from 18 months to 6 years for contracts entered into after enactment of the Act.

**Major Weapons Guarantees** - Requires DoD to establish guidelines for negotiating and administering contractor guarantees.

**Commercial Items** - Establishes a preference for commercial items, requires elimination of contract requirements that impede acquisition of commercial items, exempts commercial items from many statutes, and expands the definition of commercial items (which includes leased items and licenses, but not real property).

**Procurement Protests** - Amends GAO and GSBCA protest rules: expands definition; changes protest timeframes from working days to calendar days; authorizes GSBCA to dismiss a protest that is frivolous, brought in bad faith, or does not state on its face a valid basis for protest; authorizes agencies to continue the procurement process up to the point of award of a contract, notwithstanding the filing of a pre-award protest.

**Contract Disputes Act (CDA)** - Amends CDA to require all contractor claims and most Government claims regarding a contract to be submitted within 6 years after "accrual" of the claim.

An electronic copy of FASTA may be obtained from Mr. Mike Safina, SEA 91AR, (703) 602-0251. Questions regarding FASTA should be directed to Ms. Donna Scott, SEA 00L121, (703) 602-1776, Extension 117.

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o **DOD ACQUISITION REFORM PROCESS ACTION TEAMS**. There are currently three DoD Acquisition Reform Process Action Teams (PAT's) working under the umbrella of DUSD(AR) and the DoD Acquisition Reform Senior Steering Group. The PAT's are as follows:

Oversight and Review of the Systems Acquisition Process  
Procurement Process  
Contract Administration Services

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o **MILITARY SPECIFICATIONS AND STANDARDS.** In April 1994, the Under Secretary of Defense (Acquisition and Technology) issued the "Report of the Process Action Team on Military Specifications and Standards, Blueprint for Change." Implementation of the PAT report has been directed by the following policy memorandums:

ASN(RD&A)	06 June 1994	Integrating Commercial Standards in Navy Acquisitions
NAVSEA	17 June 1994	Commercialization in NAVSEA Programs - A New Way of Doing Business
SECDEF	29 June 1994	Specifications & Standards -- A New Way of Doing Business
ASN(RD&A)	01 July 1994	Specifications and Standards -- A New Way of Doing Business
ASN(RD&A)	27 July 1994	Navy Implementation of Department of Defense Policy on Specifications and Standards Reform

The major recommendations of the PAT report are as follows:

- *All ACAT programs for new systems, major modifications, technology generation changes, nondevelopmental items, and commercial items shall state need in terms of performance specifications.*
- *Direct that manufacturing and management standards be canceled or converted to performance or nongovernment standards.*

The DoD Standards Improvement Council by memorandum dated 1 November 1994, Subj: Industry Review Panel Recommendation to Cancel Military Specifications and Standards, proposes to cancel ten military standards which the Industry Review Panel has identified as non-value added cost drivers. These military standards are:

MIL-STD-100	Engineering Drawing Practices
MIL-STD-454	General Requirements Standards for Electronic Equipment
MIL-STD-480	Configuration Control
MIL-STD-499	Engineering Management
MIL-STD-965	Parts Control
MIL-STD-973	Configuration Management

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MIL-STD-1520	Corrective Action and Disposition System for Nonconforming Material
MIL-STD-1521	Technical Review & Audit For Systems, Equipment, & Computer Software
MIL-STD-2000	Standard Requirement for Soldered Electrical and Electronic Assemblies
MIL-Q-9858	Quality Program Requirements

The Defense Standards Improvement Council intends to act on these standards 60 days from the date of the memorandum, unless specific justification can be provided for their retention. The Council is currently reviewing comments from both Government and industry.

- *Direct that all new high value solicitations and ongoing contracts will have a statement encouraging contractors to submit alternative solutions to military specifications and standards.*
- *Prohibit the use of military specifications and standards for all ACAT programs except when authorized by the Service Acquisition Executives or designees.*

The PAT report specifically prohibits the use of military unique specifications and standards unless their use can be justified (e.g., for safety reasons, truly military unique, no commercial equivalent, or not cost effective) and a waiver for their use is granted by the Milestone Decision Authority (MDA):

ACATs I and II	ASN(RD&A)
ACATs III and IV	PEO, DRPM, or SYSCOM Commander or Deputy Commander (for ACAT IV) [ASN(RD&A) for special selected ACAT III's]

ASN(RD&A) memorandum of 13 October 1994, Subj: Navy Acquisition Waiver Notification Process, provides the "Waiver Request Format" and establishes the procedure for tracking of waivers.

Last spring a MIL-Document Questionnaire was sent out to determine the status of a sample of 374 Navy military specifications and standards. [i.e., should the document be canceled, made inactive for new designs, converted to a nongovernment standard (NGS),

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replaced by an existing NGS, replaced with a modified NGS, controlled and purchased by DLA, converted to a commercial item description, converted to a FEDSPEC or standard, or is it a military unique document]. Results from this screening revealed the following:

19%	Cancel
7%	Make inactive for new designs
12%	Convert to NGS
1%	Replace with an existing NGS
4%	Replace with a modified NGS
16%	Controlled and purchased by DLA
5%	Convert to a commercial item description
3%	Convert to a FEDSPEC or standard
33%	Military unique

Standards Improvement Program Plans of Action and Milestones (POA&M's) are in the process of being developed by each of the Services and DoD for reforming the entire MIL-document population.

- ***Form partnerships with industry associations to develop nongovernment standards for the replacement of military standards where practical.***

An example of this activity is that NAVSEA 03K is actively participating in the Semi-Annual Joint Government/Industry Standardization Working Group and the Electronic Industry Association (EIA) G-32 Committee for Government Standards.

- ***Direct government oversight be reduced by substituting process control and nongovernment standards in place of development and production testing and inspection and military unique quality assurance systems.***

USD(A&T) memorandum of 14 February 1994 established policy for the use of American National Standards Institute/American Society for Quality Control (ANSI/ASQC) Q90 and the International Organization for Standardization (ISO) 9000 series model quality system standards. Program offices are authorized to use ANSI/ASQC Q90 and the ISO 9000 series standards in contracts as follows:

- ISO 9001 - For quality assurance in design, development, production, installation, and servicing.
- ISO 9002 - For quality assurance in production, installation, and servicing.
- ISO 9003 - For quality assurance in final inspection and test.

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MIL-HDBK-9000 provides guidance on the application of ISO 9000 and ANSI/ASQC Q90 series quality system standards. It allows the contract preparer to cover the requirements that are in MIL-Q-9858 but not found in ISO 9000.

- *Direct a goal of reducing the cost of contractor-conducted development and production test and inspection by using simulation, environmental testing, dual-use test facilities, process controls, metrics, and continuous process improvement.*
- *Assign Corporate Information Management (CIM) offices for specifications and standards preparation and use.*
- *Direct use of automation to improve the processes associated with the development and application of specifications and standards and Data Item Descriptions (DIDs).*
- *Direct the application of automated aids in acquisition.*
- *Direct revision of the training and education programs to incorporate specifications and standards reform. Contractor participation in this training effort shall be invited and encouraged.*

Mr. Steve Brown, SEA 91C (602-3571), is the NAVSEA Acquisition Reform Training Coordinator. Train the Trainer Acquisition Reform Awareness training classes are currently being taught by ASN(RD&A). The short-term plan is awareness training for every member of the acquisition workforce (approximately 32,000 people), with the long term plan to provide training in specific areas; e.g., performance specifications, ISO 9000, etc. The Training Advisory Group is developing the plan.

- *Senior DoD management take a major role in establishing the environment essential for acquisition reform cultural change.*

An Acquisition Reform Kick-Off Meeting was hosted by ASN(RD&A) for senior leaders in the Department of the Navy. The key speakers were the Deputy Secretary of Defense and the Secretary of the Navy. The primary purpose of the meeting was to initiate the critical cultural changes required to successfully reform the acquisition process. For acquisition reform to be successful, cultural changes must begin at the highest levels of the Department and extend throughout the organization.

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- *Formalize the responsibility and authority of the Standards Improvement Executives, provide the authority and resources necessary to implement the standards improvement program within their Service/Agency, and assign a senior official with specifications and standards oversight and policy authority.*

Standards Improvement Executives (SIEs) have been established as follows:

DoD SIE	Mr. Walter B. Bergmann, II
DoN SIE	Mr. Daniel E. Porter
NAVSEA SIE	Mr. Al Crout, SEA 03E, (703) 602-5320, Extension 100

There are Standards Improvement Council's at DoD and DoN. These Councils are currently in the process of developing DoD and Services POA&M's for implementing the standards improvement program.

Copies of the Report of the Process Action Team on Military Specifications and Standards, *Blueprint for Change* dated April 1994, may be obtained from SEA 91Y, NC#3, Room 4E20. Copies of above mentioned policy memoranda may also be obtained from SEA 91Y.

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o **ACQUISITION REFORM POINTS OF CONTACT.** Mr. Dennis Jung (SEA 91Q, (703) 746-4779(v), (703) 746-3548 (F), CPK #1, Room 900) is the Point of Contact for the Department of the Navy Acquisition Reform Steering Group (NARSG). The NARSG provides support to the DoD Acquisition Reform Senior Steering Group chaired by the Deputy Under Secretary of Defense for Acquisition Reform (Ms. Colleen Preston). The entire NAVSEA team supporting NARSG is as follows:

Mr. Dennis Jung (Prime) (SEA 91Q)	Mr. Herbert Upton (SEA 04)
Mr. Steve Brown (Alternate) (SEA 91C)	Mr. Alan Forssell (SEA 08)
Ms. Donna Scott (SEA 00L)	Ms. Sandy Seco-Siligato (SEA 92)
Dr. Ronald Rigby (SEA 01)	Mr. Mike Safina (SEA 91AR)
Mr. Edward Williamson (SEA 02)	Dr. Jerry Cuthbert (SEA 91Y)
Mr. Michael Resner (SEA 03)	Ms. Marge Koebke (SEA 91Y3)

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The Acquisition Information Memorandum (AIM) is prepared by SEA 91Y and is intended to provide acquisition and procurement guidance. Unless otherwise noted in a specific article, the point of contact for information herein is SEA 91Y, NC#3, Room 4E20, (703) 602-8519/8556.

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SEA 025	SEA 03U	SEA 91Z	TAD-T	NSWC
SEA 026	SEA 03U4	PMS 303	PMO 420	NUWC
SEA 028	SEA 03V	PMS 312	PMO-422	
SEA 0283	SEA 03W	PMS 312F	PMO-422-23	
SEA 029	SEA 03X	PMS 312L	PEO-USW	
SEA 03	SEA 03Y	PMS 317	ASTO	
SEA 03A	SEA 03Z	PMS 325	PMO 402	
SEA 03B	SEA 04	PMS 335	PMO 402F	
SEA 03C	SEA 04B	PMS 373	PMO 403	
SEA 03D	SEA 04E	PMS 377	PMO 406	
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