OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

ACQUISITION
TECHNOLOGY
AND LOGISTICS

MAR 28 2008

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Revision to DoD Prohibition to Order, Purchase, or Otherwise Procure Property or Services through the Acquisition Services Directorate of the Department of the Interior's National Business Center locations, Herndon, Virginia (formerly known as GovWorks and now known as AQD-Herndon) and Sierra Vista, Arizona (formerly known as Southwest Barnch and now known as AQD-Sierra Vista).

By letter of June 14, 2007, (attached), and in accordance with section 811 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163), the Department imposed limitations on using the Department of the Interior's (DoI's) contracting organization in Herndon, Virginia, formerly known as GovWorks and now referred to as AQD-Herndon. No limitations were ever imposed on AQD-Sierra Vista, Arizona (formerly known as Southwest Branch) contracting support to the Department.

Based on recent findings and recommendations of the DoDIG, I am rescinding previous restrictions imposed on AQD-Herndon. However, I am imposing a new restriction specifically related to DoI's acquisition of furniture on DoD's behalf. The restriction is as follows: Interagency agreements with the Department of the Interior's Herndon and Sierra Vista locations for requirements for furniture may only be accepted and executed by the Associate Director, Acquistion Services, or his designee(s). In no event may DoD Components send an interagency agreement for any furniture requirement after July 1, of any fiscal year, regardless of the expected delivery date of the requirement.

On March 28, 2008, I issued a letter notifying DoI that previous restrictions inposed by my letter of May 31, 2007 (attached) had been rescinded, but that new restrictions with respect to procurements of furniture have been imposed. These restrictions shall remain in effect until rescinded.

My POC is Mr. Michael Canales and he can be reached at 703-695-8571, or via e-mail at michael.canales@osd.mil.

Shay D. Assad
Director, Defense Procurement,
Acquisition Policy, and
Strategic Sourcing

Attachments:
As stated.

DISTRIBUTION:
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OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, DC 20301

MEMORANDUM FOR: SEE DISTRIBUTION

JUN 14 2007

SUBJECT: DoD-Wide Prohibition to Order, Purchase, or Otherwise Procure Property or Services in an Amount in Excess of $100,000 through the GovWorks Federal Acquisition Center of the Department of the Interior's National Business Center

In accordance with section 811 of the National Defense Authorization Act for Fiscal Year 2006 ( Public Law 109-163), the Department of Defense Inspector General (DoDIG) and the Department of Interior Inspector General (DoI IG) jointly have completed a review of the Department of Interior's (DoI's) contracting support to the Department of Defense (DoD). By letter of May 7, 2007 (Attachment 1), the DoD IG stated that "GovWorks, DoI's franchise fund, has not adequately improved its funding and contracting practices" and recommended to the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L) that he restrict DoD Components from utilizing "GovWorks" for procurements in excess of $100,000, until DoI has taken corrective action.

You are directed to take immediate action to ensure that no interagency agreements for requirements in excess of $100,000 are entered into by your organization with GovWorks, the Federal Acquisition Center of the Department of the Interior's National Business Center, unless a determination has been made in writing by the Under Secretary of Defense (AT&L) that it is necessary in the interest of the Department to continue to procure property or services through GovWorks. Additionally, you may not submit multiple purchase requests for the same requirement cumulatively exceeding $100,000. These restrictions include contracts that are incrementally funded as well as the award of options on existing contracts.

You must ensure that any funds provided to GovWorks before the date of this memorandum, in excess of $100,000, that have not already been placed on contract are returned to the Department, unless a written determination to continue has been made the by USD(AT&L). Requests to continue must be forwarded to the Director, Defense Procurement and Acquisition Policy, for review. GovWorks is authorized to continue to perform contract administration on all existing contracts.

A letter notifying the Department of the Interior of the restrictions outlined in this memorandum was issued by the Director, Defense Procurement and Acquisition Policy on May 31, 2007 (Attachment 2). The aforementioned restrictions shall remain in effect until rescinded.

This restriction does not apply to the Department of the Interior's Southwest Branch of the National Business Center since the recent DoDIG review has shown substantial improvements in compliance with Defense procurement requirements. Accordingly, the DoDIG recommended that DoD continue to use the Southwest Acquisition Branch for its procurements where it is in the Department's best interest. The POCs are Mr. Michael Canales (703-695-8571 or via e-mail, at michael.canales@osd.mil) and Ms. Kathryn Gillis (703-697-6875 or via e-mail at kathryn.gillis@osd.mil.

Kenneth J. Krieg
Under Secretary of Defense
(Acquisition, Technology, and Logistics)

Tina Jonas
Under Secretary of Defense
(Comptroller)

**DETERMINATION IN ACCORDANCE WITH SECTION 811 OF THE 2006 NATIONAL DEFENSE AUTHORIZATION ACT (NDAA) BY THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS TO CONTINUE TO PROCURE PROPERTY AND SERVICES THROUGH THE DEPARTMENT OF THE INTERIOR'S (DoI) SOUTHWEST BRANCH OF THE NATIONAL BUSINESS CENTER**

Section 811 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163) required the Department of Defense (DoD) Inspector General (IG) to perform an audit of certain non-defense agency of the Federal Government that procure property or services behalf of DoD on procurements during fiscal year 2006. Section 811 also required that a second audit be performed where an agency, in this case the Department of the Interior, was found to be not fully compliant with Defense procurement requirements. As a result of the DoD IG's second review of the Department of Interior's contracting support to the Department, the DoD IG issued a letter to the Under Secretary of Defense for Acquisition, Technology, and Logistics dated May 7, 2007 (Attachment 1).

In the letter the DoD IG concluded that "GovWorks," DoI's franchise fund, has not adequately improved its funding and contracting practices and recommended that USD(AT&L) restrict DoD Components from using GovWorks for procurements in excess of $100,000 until DoI has taken corrective action. As a result, the Director, Defense Procurement and Acquisition Policy, issued a letter (Attachment 2) to DoI on May 31, 2007, limiting its support to DoD at GovWorks consistent with the requirements of section 811 of the Act.

The DoD IG also concluded that the Southwest Acquisition Branch (Southwest Branch) of The National Business Center, of DoI, a separate and distinct contracting organization within DoI, that operates under authority of the Economy Act, has made substantial improvement in compliance with Defense procurement requirements. As a result, the DoD IG recommended that DoD continue to use the Southwest Branch for procurements where DoD officials conclude that it is in the best interest of DoD. The Southwest Branch provides necessary, cost effective contracting support for a broad range of products and services to numerous customers in the Department.

DETERMINATION

Based on the foregoing, it is my determination that it is necessary in the interest of the Department of Defense to continue to procure property and services through the Department of the Interior's Southwest Branch of the National Business Center. I authorize DoD components to utilize the Southwest Branch for the procurement of property and services consistent with DoD policy, statute and regulation when appropiate. This determination is valid for a period of one year beginning May 7, 2007 and expires on May 6, 2008.

JUN 14 2007

Kenneth Krieg
Under Secretary of Defense
for Acquisition, Technology, and
Logistics

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MAY 31 2007

Ms. Nina Rose Hatfield
Deputy Assistant Secretary for
Business Management & Wildland Fire
U.S. Department of Interior
1849 C Street NW
Washington, DC 20240

Dear Ms. Hatfield:

Thank you for your letter dated May 23, 2007. While we are encouraged by the noted substantial improvement in compliance with Defense procurement requirements by the Southwest Acquisition Branch, we continue to be disappointed by the findings with regard to the support provided to DoD by GovWorks as identified in the attached May 7, 2007 Department of Defense (DoD) Inspector General (DOD IG) letter to the Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L).

In his letter regarding the recently concluded audit of the Department of the Interior's contracting support to DoD required by section 811 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163), the DoD IG concluded that "GovWorks, DoI's franchise fund, has not adequately improved its funding and contracting practices" and recommended the Under Secretary of Defense (AT&L) restrict DoD Components from utilizing GovWorks in accordance with section 811 (d) of the Act. The purpose of this letter is to notify you that we concur with the DoD IG's recommendation.

We direct that no interagency agreement in excess of $100,000, be accepted by GovWorks Federal Acquisition Center of the Department of Interior's National Business Center from DoD unless a determination has been made in writing by the Under Secretary of Defense (AT&L) that it is "necessary in the interest of the Department to procure the particular property or services...". This restriction shall remain in effect until rescinded. As requested previously, DoI must cease the practice of advanced funding and must comply with DoD's policy of "no advance" payments with respect to all interagency agreements.

You are advised that any funds in excess of $100,000 provided through an interagency agreement to GovWorks before the date of this letter that have not already been placed on contract by GovWorks must be returned to the Department immediately. GovWorks should continue to provide contract administration of all existing contracts.

In addition to the above, we must insist that no Contracting Officer who was involved with any of the potential Anti-Deficiency Act violations previously identified conduct any future contracting actions on behalf of DoD until those potential violations are resolved.

We are available to meet with you and your team at your earliest convenience to discuss this matter. My POC is Mr. Michael Canales and he can be reached at 703-695-8571 or via e-mail, at michael.canales@osd.mil.

Sincerely,

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Cc: Douglas J. Bourgeois, DoI