DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

05 DEC 2008

MEMORANDUM FOR ALMAJCOM/DRU/FOA (CONTRACTING)

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Updated Guidance Memorandum on Acquisition of Services (24 April 2008)

The attached Guidance Memorandum on Acquisition of Services remains in effect until rescinded or incorporated in AFI 63-101, Operations of Capabilities Acquisition System. To the extent its directions are inconsistent with other Air Force publications; the information herein prevails, in accordance with AFI 33-360, Publications and Forms Management. Questions should be directed to the AFPEO/CM Deputy Director of Operation, Policy, and Process Team, (703) 588-7068, DSN 425-7068, email: afpeocm-shared@pentagon.af.mil.

SUE C. PAYTON
Assistant Secretary of the Air Force
(Acquisition)

Attachment:
Acquisition of Services

DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

OFFICE OF THE ASSISTANT SECRETARY

APR 2 4 2008

MEMORANDUM FOR ALMAJCOM/DRU/FOA (CONTRACTING)

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Guidance Memorandum on Acquisition of Services

The attached document is a Guidance Memorandum that immediately implements changes to the USAF Management and Oversight of Acquisition of Services Process (MOASP), as cited in AFFARS 5337.503-9002 and in AFI 63-101, Operation of Capabilities Based Acquisition System, 29 July 2005. Compliance with this memorandum is mandatory. To the extent its directions are inconsistent with other Air Force publications, the information herein prevails, in accordance with AFI 33-360, Publications and Forms Management.

This guidance memorandum supercedes the USAF MOASP that was issued by SAF/AQ memorandum on 3 Jun 03 in its entirety. It incorporates the USD(AT&L) memorandum of 2 Oct 06, "Acquisition of Services Policy," and changes in the pending rewrite of DODI 5000.2, Enclosure 8. Additionally, this guidance is to be used pending publication of the rewrite of AFI 63-101, "Acquisition and Sustainment Life Cycle Management."

Publications and forms are available for downloading or ordering on the e-Publishing website at www.e-Publishing.af.mil. Copies of this memorandum may also be obtained from the AFPEO/CM website on the Air Force Portal.

Questions should be directed to the AFPEO/CM Director of Operations, Policy, and Process Team, (703) 588-7069, DSN 425-7069, e-mail: afpeocm-shared@pentagon.af.mil.

The directions of this memorandum will become void after 180 days have elapsed from the date of this memorandum, or upon publication of an Interim Change or rewrite of the affected publication, whichever is earlier.

Sue C Payton

SUE C. PAYTON
Assistant Secretary of the Air Force
(Acquisition)

Attachment:
Acquisition of Services

This attachment implements changes to the USAF Management and Oversight of Acquisition of Services Process (MOASP) cited in AFFARS 5337.503-9002 and in AFI 63-101, Operation of Capabilities Based Acquisition System, 29 July 2005. To the extent its directions are inconsistent with other Air Force publications, the information herein prevails, in accordance with AFI 33-360, Publications and Forms Management. The directions of this attachment become void after 180 days have elapsed from the date of the issuing memorandum, or upon publication of an Interim Change or rewrite of the affected publication, whichever is earlier.

Chapter 3

ACQUISITION OF SERVICES

3.1. **Purpose.**

3.1.1. Contracted services are a growing portion of Air Force staffing resources. Proper management of these contracted resources from requirements determination through contract execution is critical to Air Force mission success and maximizing Air Force resources. This chapter defines the framework and expectations for acquiring and ensuring delivery of promised performance of contracted services. As used herein, "Services Designated Officials" has the same meaning as "Decision Authority" in USD(AT&L) memorandum of 2 October 2006, referred to hereafter as USD(AT&L) Acquisition of Services Policy. Related references include Title 10 United States Code §2330, §2330a and §2463; FAR Part 37; *Service Contracting*, DFARS Part 237; *Service Contracting*, DoD Instruction 1100.22, *Guidance for Determining Workforce Mix*, AFFARS Part 5337, *Service Contracting*, AFI 63-124; *Performance-Based Services Acquisition (PBSA);* AFI 38-203, *Commercial Activities Program*; and, SECAF memorandum of 9 March 2006, *Contractor Support Approval Policy Memo 06A*-002.

3.1.2. In addition, this instruction defines approval processes to ensure services requirements are properly vetted and periodically re-validated in order to maximize Air Force use of scarce resources consistent with evolving mission requirements, technology, and concepts of operations.

3.2. **Acquisition of Services Objectives.** Acquisitions of services shall support and enhance the warfighting capabilities of the Air Force and the Unified Commands.

3.2.1. All acquisitions of services shall be based on clear, performance-based requirements; include identifiable and measurable cost, schedule, and performance outcomes consistent with customer requirements; and receive adequate planning and management to achieve those outcomes.

3.2.2. Managers shall use a strategic approach for both planning and execution of the acquisition; use an enterprise-wide approach that encompasses activities, processes, data standards, business rules, operating requirements, and information

exchanges; and use business arrangements that are in the best interests of the Department of Defense and the Air Force.

3.2.3. All acquisitions of services shall comply with applicable statutes, regulations, policies, and other requirements, whether the services are acquired for the Air Force or on behalf of the Department of Defense.

3.3. **Acquisition of Services Applicability.**

3.3.1. This policy applies to:

3.3.1.1. Services acquired with appropriated funds, above the simplified acquisition threshold (SAT), from private sector entities, by or for the Air Force;

3.3.1.2. Advisory and assistance services even if those services support research and development or construction activities; and,

3.3.1.3. Acquisitions of services occurring after a weapons, automated information system, or other acquisition category program achieves full operational capability, if those services were not subject to previous milestone reviews or are under a PEO portfolio other than that of AFPEO/CM.

3.3.2. This policy does not apply to research and development, construction activities, housing and utilities privatization, architect-engineering services, or services that are an integral part of an acquisition weapons system or automated information system program managed in accordance with DODI 5000.2 and reviewed and approved as part of that program.

3.3.3. This policy shall not impede the ability of Senior Officials and Services Designated Officials to rapidly respond to emergency situations.

3.4. **Acquisition of Services Responsibilities.**

3.4.1. The **Air Force Acquisition Executive (AFAE)** is the Senior Official for the Air Force for Services Acquisitions. The AFAE establishes life-cycle management structures to ensure effective implementation of this policy. The AFAE delegates these responsibilities to Services Designated Officials as defined in Table 3-1, *Services Acquisitions within the US Air Force.*

3.4.1.1. The AFAE shall conduct an annual review of the Air Force policy for the acquisition of services within their purview and assess the Air Force progress in achieving its purpose.

Table 3-1. Services Acquisitions within the US Air Force

Services Category	Threshold [Notes 1, 2, 3]	Services Designated Official
Special Interest	As designated by USD(AT&L), ASD(NII)/ CIO, or Senior Official	AFAE, AFPEO/CM; or other PEO
Services Category I	Acquisitions >= $1B [Note 4]	AFPEO/CM, delegable with USD(AT&L)/DPAP review
	Acquisitions >= $100M but < $1B	AFPEO/CM, delegable
	A76 >= 300 FTEs or >= $100M	AFPEO/CM, delegable
	IT Services >= $500M [Note 4]	AFPEO/CM, with ASD(NII) review
Services Category II	Acquisitions >=$10M but < $100M A76 < 300 FTEs or < $100M	MAJCOM HCA or as delegated by HCA; SAF/AQC for DRU or FOA
Services Category III	Acquisitions >= Simplified Acquisition Threshold but < $10M	MAJCOM HCA or as delegated by HCA; SAF/AQC for DRU or FOA

NOTES:

1. Dollar amounts are in Fiscal Year 2006 constant year dollars.
2. The threshold is the cost/price estimate for the total planned acquisition.
3. Related task orders and/or options within an ordering vehicle shall be viewed as one effort for the purpose of determining the appropriate thresholds.
4. If a proposed acquisition includes both hardware and services, and the estimated value of the services portion exceeds $1B for services or $500M for IT acquisitions, the provisions of paragraph 3.6.2 shall apply.

3.4.2. **Services Designated Officials** provided authority in Table 3-1 shall:

3.4.2.1. Manage and oversee acquisitions of services in accordance with Table 3-1.

3.4.2.2. Evaluate and coordinate strategic sourcing objectives for the acquisitions of services.

3.4.2.3. Conduct or evaluate periodic spend analyses for services acquisitions.

3.4.2.4. Coordinate with AFPEO/CM for all services acquisitions with an estimated value of $100 million or greater, and for notification of OSD of all IT requirements over $500 million and other services requirements over $1 billion.

3.4.2.5. Conduct annual execution reviews to assess the progress of the acquisition against approved cost, schedule, and performance metrics. Conduct an annual assessment of the health of the organization's acquisition and management of services and review the risk mitigation plan.

3.4.2.6. Review policies within their authority for the acquisition of services and assess the organization's progress in achieving the purpose of the policy.

3.4.2.7. Ensure acquisition of services are coordinated with the appropriate Air Force manpower authority in advance of contracting for operational support

services to ensure tasks and duties that are designated as inherently governmental or exempt are not contracted.

3.4.2.8. Ensure services are being obtained at the most cost effective and efficient means and, in accordance with Air Force policy.

3.4.3.9 **Contract Tracking and Oversight**. Ensure an adequate planned and resourced management approach following contract award. Monitor contractor performance including quality assurance surveillance and tracking procedures.

3.4.3.10 **Performance Evaluation**. Review the performance plan to determine whether the metrics identified to guide the acquisition have been achieved.

3.4.3. The **Program Executive Officer for Combat and Mission Support** (AFPEO/CM) shall:

3.4.3.1. Manage and oversee the acquisitions of services equal to or greater than $100 million, and A-76 actions with 300 or more full-time equivalent employees.

3.4.3.2. Dedicate full-time Program Directors to coordinate acquisitions of services, delegations of responsibilities, enterprise level analyses, and policy guidance.

3.4.3.3. Determine key categories of services for the Air Force.

3.4.3.4. Evaluate annual execution reviews for the acquisitions of services to assess progress against approved cost, schedule, and performance metrics.

3.4.4. **Major Commands (MAJCOM/CC)** shall:

3.4.4.1. Provide guidance for Services Categories for which they are the SDO and issue MAJCOM Acquisition of Services Supplements which address organizational roles and responsibilities, training, and reporting. Supplements will be coordinated with AFPEO/CM.

3.4.4.2. Designate a single Services Advocate to be the liaison to AFPEO/CM for acquisitions of services management and reporting.

3.4.4.3. Ensure command personnel are properly resourced and trained on the acquisition of services life cycle from requirements generation through contract closeout.

3.4.4.4. Ensure validation and periodic re-validation of MAJCOM services requirements between $10 million and less than $100 million.

3.4.4.5. Ensure all MAJCOM requirements for services of $100 million or greater are forwarded through AFPEO/CM for validation by the AFAE.

3.4.5. **The MAJCOM Services Advocate** shall:

3.4.5.1. Serve as the principal point of contact for acquisitions of services, actively ensuring their organization remains a learning organization with respect to changes in services acquisition processes, policies, and procedures.

3.4.5.2. Ensure that data for acquisitions of services is maintained in a tracking system.

3.4.5.3. Coordinate periodic reports and responses to data calls for acquisitions of services within their organizations.

3.5. **Services Requirements Determination and Approval.**

3.5.1. Valid requirements documents shall be submitted to the appropriate requirements authority in Table 3-2, *Requirements for Services within the US Air Force*, for review and approval, in accordance with SECAF Contractor Support Approval Policy Memo 06A-002 of 9 March 2006. Consistent with the size and complexity of the program, the SDO shall consider the elements cited:

3.5.2. The source of the requirement, the outcomes to be achieved, and what metrics will be used;

3.5.3. How the requirement was previously satisfied;

3.5.4. The nature and extent of market research conducted;

3.5.5. If a benefit analysis was performed for bundled requirements in accordance with the DoD Benefit Analysis Guidebook.

Table 3-2. Requirements for Services within the US Air Force

Services Category	Threshold	Requirements Authority
Contracted Services Requirements	All Requirements =/> $100M	AFAE
	MAJCOM Requirements between $10M and less than $100M	MAJCOM/CC
	MAJCOM Requirements <$10M	Delegable by MAJCOM/CC to Wing Commander or equivalent
	DRU/FOA Requirements between $50M and less than $100M	SAF/AQC
NOTE: Requirements submissions should support the goal of reducing contractor support in accordance with SECAF policy of 9 March 2006		

3.5.6. The Requiring Activity, the organization responsible for obtaining funding or developing the Program Objective Memorandum (POM), shall notify the appropriate requirements approving authority (based on total planned acquisition value) as soon as new or changes to recurring requirements are identified in order to effectively plan for requirements approval and the acquisition business process.

3.5.6.1. New or changes to recurring requirements include any proposed actions that result in a change in the total acquisition value by more than 10 percent of the total estimated value and/or which would have the potential to

change the Service Category Threshold and applicable SDO as defined in Tables 3-1 and 3-2.

3.5.6.2. For acquisitions of services with a total estimated value of $100 million or more, the Requiring Activity is responsible for obtaining MAJCOM approval and for staffing the requirement through AFPEO/CM for AFAE review and approval.

3.5.6.3. Requirements approval for programs valued at $10 million or more and less than $100 million rests with the MAJCOM responsible for the execution of the associated funding or POM.

3.5.6.4. Requirements for contracts for existing services acquisitions shall be validated prior to exercising options. Requirements for new contracts shall be validated and approved two years prior to contract award.

3.5.6.5. If there are multiple requiring activities, a Memorandum of Agreement (MOA) shall be executed under MAJCOM guidance identifying the lead activity and, if appropriate, the lead MAJCOM for execution of the acquisition.

3.6. **Services Acquisitions Review and Approval.**

3.6.1. The Service Designated Official is designated for review and approval of acquisitions based on the services categories and thresholds in Table 3-1. Information Technology (IT) service acquisitions must comply with the Clinger-Cohen Act of 1996.

3.6.2. The following procedures shall apply to all services that require OSD approval (see Table 3-1):

3.6.2.1. MAJCOM focal points shall, before the final solicitation is issued or for other than full and open competition, before negotiations commence, coordinate with AFPEO/CM and assist in the preparation of AF notification to USD(AT&L). The notification shall include the expected value of the acquisition of services for the projected life (base year and options) of the contract, along with a copy of the acquisition strategy briefing. A Justification and Approval (J&A) and an acquisition plan will be submitted if the acquisition strategy uses a sole source approach or if directed by the AFPEO/CM.

3.6.2.2. Per USD(AT&L) policy, within 10 working days after receipt of the notification, the USD(AT&L) or ASD(NII)/DOD CIO or designee may direct a review of the proposed acquisition to be accomplished within 30 days of such direction. Issues arising from the review shall be resolved in accordance with procedures specified by the USD(AT&L), ASD(NII)/DOD CIO, or designee, in direct coordination with the AFAE through AFPEO/CM. If the Director, DPAP, or the Director, Acquisition, does not notify the AFAE within 10 working days, the acquisition may proceed.

3.7. **Data Collection.** The collection of the following data shall be automated, and the data may be requested by the AFAE or AFPEO/CM at any time. For all services

acquisitions greater than or equal to $100M, including those with delegations, this data shall be provided to AFPEO/CM upon contract award.

3.7.1. Contract identification

3.7.1.1. Program name

3.7.1.2. Contract number(s)

3.7.1.3. Prime and first-tier subcontractors by contract number

3.7.1.4. Award Date

3.7.1.5. Mobilization and Performance Start Date

3.7.1.6. Contract End Date

3.7.1.7. Base Year(s) and Option Years

3.7.1.8. Points of contact (Contracting Activity, PCO name, e-mail, and phone)

3.7.1.9. Initial performance evaluation date (projected)

3.7.1.10. Annual Execution Review date (projected)

3.7.2. The type of services purchased.

3.7.3. The total estimated value (base year(s) and options) of the contract/task order/interdepartmental purchase request.

3.7.4. The total dollars obligated.

3.7.5. The type of contract action used to make the purchase (i.e., fixed price type, cost type, or time and materials task order/contract). If multiple contract action types, list each type.

3.7.6. The extent of competition in making the purchase and the number of offerors.

3.8. **AFPEO/CM Acquisition and Management Authority for Air Force Services Delegations.**

3.8.1. Delegation of select PEO/CM level acquisitions and management authorities (e.g. SDO, SSA, Acquisition Plan approval, FDO) may be granted to MAJCOM officials. Delegation decisions shall include consideration of leadership commitment, acquisition maturity toward continuous process improvement, the qualifications and experience of the proposed designee, and the force structure in place to support the management and oversight of the services acquisition. The basis for delegations is an Expectation Management Agreement between AFPEO/CM and the MAJCOM/CC, MAJCOM/CV or MAJCOM/CA.

3.8.2. Delegations will be specific to responsibilities for acquisitions of services under the AFFARS, as applicable; e.g. ASP Chairperson; SSA; Services Designated Official (SDO) for the acquisition; Fee Determining Officials (FDO) for Award Fees; or for post award management and oversight.

3.9. **Initial Contract Performance Review**. The initial evaluation of contractor performance is a joint determination by the multi-functional team that the contractor has successfully started performance, completed transition, is fully operational, and is within the estimated cost, schedule, and performance parameters of the contract. The SDO may waive the initial evaluation for contractors that have continued performance under a successor contract award (prior incumbent), or for contractors which have otherwise demonstrated full compliance with contract start-up. Separate initial contract performance reviews are not required when they would duplicate reviews held and reported under Award Fee or Award Term Plan provisions.

3.9.1. Scheduling: The initial performance review criteria shall be included in the Performance Plan and the review shall take place within thirty days after the contractor assumes full performance responsibility. (i.e., After completion of transition/mobilization)

3.9.2. Reports: For acquisitions greater than or equal to $100 million, results of the initial performance review shall be reported by plain text e-mail or other expedient means to the AFPEO/CM Program Director. Negative variations in cost, schedule, staffing, and/or performance shall be reported with an assessment of the root causes and corrective action plan. The report shall include an assessment of schedule, management, technical, and cost performance. Special interest items to be included in the initial performance report are significant modifications to the contract made since contract award.

3.9.3. Assessment values:

3.9.3.1. Green--No issues

3.9.3.2. Yellow--Issue(s) but contractor has an adequate mitigation or corrective action plan in place

3.9.3.3. Red--Issue(s) with inadequate or no contractor's mitigation or corrective action plan. Any "red" assessment shall include the government proposed actions with respect to the failing contractor.

3.10. **Annual Execution Reviews**. The SDO shall, at a minimum, assess annual execution reviews for progress against approved performance metrics and review the summary of evaluations from the Contractor Performance Reporting System (CPARS).

3.10.1. Review Requirements:

3.10.1.1 For acquisition of services acquisitions greater than or equal to $100 million, including those that have been delegated in whole or in part, an annual execution review is required for services acquisitions in pre-award phases and those on contract, and shall be performed by the program manager, procuring contracting officer, and/or functional staff as applicable. Electronic reports of execution reviews conducted in each fiscal year should be sent to the respective AFPEO/CM Program Director. The cutoff date for submission of all reports of Annual Execution Reviews conducted in the prior fiscal year is the last working day of December. The format for reports on programs in the AFPEO/CM portfolio is available from the AFPEO/CM website.

3.10.1.2 For services acquisitions below $100M, the SDO is responsible for conducting and documenting annual execution reviews.

3.10.2 **Pre-award**. The focus in the pre-award phase is progress-to-schedule and issues for the attention of the SDO and Air Force leadership.

3.10.3 **Post-award**. The focus in the post-award phase is on fulfillment of requirements by comparison of outputs and outcomes to requirements, using cost, schedule, and performance metrics. Separate annual execution reviews are not required when they would duplicate reviews under Award Fee or Award Term provisions and reported to the SDO.

3.10.4 **Report content**. Report content for acquisitions above the simplified acquisition threshold and less than $100M shall be determined by the respective SDO. The format for reports for acquisitions within AFPEO/CM cognizance is available from the AFPEO/CM website on the AF Portal.

3.11. **Acquisition of Services Definitions.**

3.11.1. Acquisition of Service. The execution of one or multiple contracts or other instruments committing or obligating funds (e.g., funds transfer, placing orders under existing contracts) for a specified requirement. Acquisition begins at the point when agency needs are established and includes all functions directly related to the process of fulfilling those needs by contract, agreements, or funds transfer.

3.11.2. Information Technology (IT) Services. The performance of any work related to IT and the operation of IT, including National Security Systems (NSS). This includes outsourced IT-based business processes, outsourced information technology, and outsourced information functions.

3.11.3. Multi-functional Team(s). This is a customer-focused team instituted under the authority of the senior leadership. Every functional representative within the multi-functional team brings to the table their unique level of expertise. This expertise is vital to the success of the team. However, the functional perspective each person brings to the acquisition must always be subordinate to the greater perspective of the mission. The purpose of the multi-functional team is to create an environment that shapes and executes an acquisition. The emphasis is on teamwork, trust, common sense and agility. These stakeholders are responsible for the acquisition throughout the life of the requirement. For complex, multi-functional service acquisitions, membership should include all stakeholders impacted by the services performed. This may include subgroup(s) responsible for routine tasks associated with the service acquisition process. For less complex, single-function service acquisitions, membership in this group may include as few members as: the procuring contracting officer, the administrative contracting officer, the program manager, quality assurance representatives; the functional/technical representative; subject matter expert.

3.11.4. Service. Engagement of the time and effort of a contractor whose primary purpose is to perform an identifiable task, or tasks, rather than to furnish an end item of supply, as defined in FAR Part 37.

3.11.5. Services Designated Official (SDO). Responsible for the acquisition of services in accordance with AFFARS 5337, or as otherwise provided in AFFARS 5307 or 5315. These responsibilities include ensuring services acquisitions are performance-based; approving, in advance, any acquisition that is not performance-based; and approving the acquisition of services procured through the use of a contract or task order being awarded by an agency other than DOD. For acquisitions of services of $100 million or greater, if delegated, SDO responsibilities include reports to AFPEO/CM on outcomes of acquisition planning, evaluations, contract awards, and annual execution reviews.

3.11.6. Types of acquisitions of services.

3.11.6.1. Advisory and Assistance (A&AS): Management and professional support services; studies, analyses and evaluations; engineering and technical services. Also see FAR 2.101.

3.11.6.2. Base Operating Support (BOS): A broad grouping of services associated with the general day-to-day operation or functioning of an entire installation or the individual buildings and facilities on that installation. BOS activities include but are not limited to mission services, community services, housing services, physical security and force protection services, and human resource support services.

3.11.6.3. Range Operations Services: Recurring maintenance of real property; operation and management of range services and hardware systems.

3.11.6.4. Operational or Base Level Maintenance Services: Maintenance, overhaul, repair, management, modernizations, supplies, and systems servicing at unit level.

3.11.6.5. Sustainment and Mission Support Service: Maintenance, overhaul, repair, management, modernization, supplies, and systems servicing of equipment.

3.11.6.6. Information Technology: Communications services integral to support and improvement of operations or effective and efficient operations of information systems.

3.11.6.7. Contingency Operations and Support: Services related to emergencies involving military forces, caused by natural disasters, terrorists, subversives, or required military operations.

3.11.6.8. Environmental Support Services: Services associated with remediation or restoration of environmental conditions.

3.11.6.9. Contractor Logistics Support (CLS): Support services used to provide all or part of the logistics support for a system, subsystem, or equipment item,

generally for the entire life cycle. CLS may include Interim Contractor Support (ICS).

3.12. **Points of contact for additional information:**

3.12.1. AFPEO/CM web site (AF Portal).

3.12.2. AFPEO/CM Director of Operations and Policy; DSN 425-7190, (703) 588-7190; e-mail: afpeo_cm-shared@pentagon.af.mil.