

Recently the Department of Defense (DOD) announced significant changes to the way in which its contracting officers will be trained. For months, DOD evaluated how to obtain increased performance in its acquisition system, striving to move at the “speed of relevance” instead of the traditional plodding pace in which it literally took longer to acquire a replacement [handgun](#) for the US Army than it did to fight the entirety of World War II.

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Thus, in September, 2020, the USD (A&S), Ms. Ellen Lord, issued a [memo](#) announcing that DOD was going to get “back-to-basics” (BtB) when training its acquisition workforce—

i.e.

, those “who develop, acquire, and sustain operational capability.” (Acronym: AWF.) Her memo announced (and we are

not

making this up) “the BtB 21st Century AWF talent management framework, beginning on October 1, 2020 with full deployment by October 1, 2021.”

So: BtB 21st Century AWF talent management framework. Because what had been passing for training up to that time just wasn’t getting it done.

At Apogee Consulting, Inc., there always seems to be a blog article. That’s what we get for writing about this stuff for more than a decade. Anyway, in 2011 we [wrote](#) about the lack of skills at DCMA. Both GAO and DCMA expressed concerns with loss of key skillsets between 2000 and 2010, as the DCMA workforce shrank precipitously. With our usual diplomatic nuanced language, we wrote that GAO was calling-out DCMA for “mismanagement,” which we also characterized as “sabotage” of the acquisition workforce (now called the “AWF”).

We wrote in that 2011 article (link above)—

What we’re saying is that you can look at this from (at least) two points of view. One point of view says DCMA mismanagement created a lack of necessary skill sets (including knowledge and experience) which led to ‘cost risks’ in the pricing of DOD contracts. The other point of view says DCMA mismanagement created a lack of necessary skill sets that made effective management and administration of those contracts nearly impossible.

At that time, DCMA announced that its plan to address those gaps in necessary skillsets was to centralize command and control. As GAO reported—

Ironically, this focus on providing CMOs the flexibility to meet their customers' needs as well as the absence of specific guidance and procedures resulted, according to DCMA officials, in a level of confusion among their program office customers. ... Relatedly, the decentralized nature of DCMA guidance led each product division to develop and execute its own policies and provided CMOs the leeway to develop additional policies and procedures to respond to their own customers' needs. This led to inconsistent oversight and surveillance activities among CMOs. Another unintended consequence was inefficiencies in how CMOs operated. For example, CMOs in close proximity but under different product divisions sometimes did not share resources or expertise and thus did not leverage their workforces to help meet workload surge requirements.

We're not going to rehash that decade-old blog article any more. You can follow the link above if you want to read it. However, those points are foundational for understanding that DCMA centralized its command and control in order to curb AWF flexibility, while at the same time training the AWF using sub-optimal methods. Flash-forward a decade to 2020, and the DOD announcement of "the BtB 21st Century AWF talent management framework" now has some context. Also, keep in mind the centralization theme, as it's going to come in handy later on.

Let's talk about that 2020 memo.

In late 2020, when USD (A&S) Lord made her announcement, the Defense Acquisition University (DAU), which had been responsible for implementing the suboptimal training, called the memo "perhaps the most significant update to the Defense Acquisition Workforce certification construct and governance we've seen in many years." Which is a bit disingenuous because it was DAU's failure to adequately train the AWF that led to the need to significantly restructure AWF training.

Let's move on to today.

Training Contracting Officers

Written by Nick Sanders

Monday, 08 March 2021 09:18

A year later, a [new memo](#) issued by the new Principal Director of the Defense Pricing and Contracting (DPC) Directorate, provided details of the new BtB training plan. His focus was on one of the six new AWF functional areas: contracting. His memo focused on the training of DOD contracting officers. After seven months of detailed planning, his memo announced the new training plan for those people who acquire billions of dollars of goods and services for the DOD and its warfighters.

As we understand the new plan, DOD is now adopting NCMA's Contract Management Standard. There will be one certification, a certification that requires only "foundational training" and an examination. You pass—you're certified. The exam will cover "the American National Standards Institute/National Contract Management Association (ANSI/NCMA ASD 1-2019) accredited Contract Management Standard."

In addition—

The Contracting Competency Model represents a set of competencies that are foundational and common among the Contracting workforce, regardless of the organization or mission area, and will form the basis of the Contracting training program. In addition to achieving certification in Contracting, a workforce member may earn credentials and complete specialty training relevant to the needs of their current job assignment, and will engage in continuous learning throughout their career. All positions in the Contracting Functional Area will follow the DoD Acquisition Workforce requirement to achieve 80 Continuous Learning points within a two-year period.

But wait, there's more (or less, if you will)—

Under the new structure, mandatory training for Contracting certification has been significantly reduced from approximately 650 hours to 200 hours. Beginning on 1 October 2021, the new training courses for certification will be: CON 1100 Contract Fundamentals; CON 1200 Contract Pre-Award; CON 1300 Contract Award; and CON 1400 Contract Post-Award. *Additionally, there will no longer be a requirement for a baccalaureate degree as part of the DoD Contracting Professional Certification*

; however, 10 U.S. Code § 1724 requires a baccalaureate degree for 1102 series positions and similar military positions.

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(Emphasis added.)

So basically, less training is now required. You don't even need a college degree unless you want to be an 1102-level contracting officer. Take a test and you're in. Already have a DAWIA Level I, II, or III certification and you're in.

We're *sure* this new approach will not have any deleterious impacts on the skillsets or competency of future contracting officers.

But maybe the next generation of contracting officers won't need as much training or, at least, not as much training in things such as contracting. Maybe their training should focus on following written direction.

What do we mean? Well, remember that DCMA has spent the past decade centralizing its command and control. Back in the ancient days of yore, there was a "One Book," which was a resource for all contracting officers. That's long gone. Instead, now there are a myriad of Instructions that prescriptively tell DCMA contracting officers exactly what to do. If a contracting officer follows their Instructions, they won't be criticized, even if nothing gets done. But if they try to take initiative and make things happen outside of those prescriptive Instructions, then they are at risk.

Evidence in support of that assertion was recently provided by the DOD Office of Inspector General via Audit Report No. [DODIG-2021-056](#), dated February 26, 2021. The audit focused on how DCMA contracting officers dispositioned DCAA audit findings at "two of the largest DoD contractors." The IG auditors looked at 30 DCAA audit reports to see whether the contracting officers "complied with applicable Federal Acquisition Regulation (FAR), DoD Instruction 7640.02, and DCMA policy" when they dispositioned those reports. Spoiler alert: In about half of the 30 audit reports (14/30), the contracting officers did not—

... adequately document or explain why they disagreed with \$97 million in questioned costs from eight DCAA incurred cost audit reports, as required by FAR subpart 42.7; or comply with FAR 30.605 when they addressed six DCAA CAS audit reports.

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The DOD IG audit report lists a number of Instructions with which contracting officers must comply, including:

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DOD Instruction 7640.02 ("Policy for Follow Up on Contract Audit Reports") establishes policy, assigns responsibilities, and includes reporting requirements and follow-up procedures for DCAA audit reports, including incurred cost audit reports, CAS audit reports, and business system deficiency audit reports. It also "requires the contracting officer to indicate whether the contracting officer agrees with each DCAA finding or recommendation and, if not, to document the rationale for the disagreement in the negotiation memorandum" and "establishes recordkeeping and reporting requirements for reportable contract audit reports."

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DCMA Instruction 108 provides procedures for the administration of the CAS, including how to process CAS noncompliances and how to resolve the cost impact of a noncompliance.

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DCMA Instruction 125 requires the contracting officer to evaluate all DCAA findings, appropriately settle final indirect rates, and document the results in a negotiation memorandum. The instruction also requires the contracting officer to retain documents associated with the settlement of the final indirect cost rate proposal.

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DCMA Instruction 126 "reiterates the requirements of DoD Instruction 7640.02 for taking action on all DCAA findings and recommendations and emphasizes that contracting officers must include sound rationale in the negotiation memorandum when they disagree with audit findings and recommendations."

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DCMA Instruction 131 “requires the contracting officer to determine the acceptability of the contractor’s business system in accordance with DFARS business system criteria and approve or disapprove the contractor’s business system.”

According to the DOD Inspector General, in 14 out of the 30 audit reports reviewed, the cognizant contracting officer failed to comply with either the FAR or the appropriate Instruction. Specifically the contracting officer did not—

... adequately document or explain why they disagreed with \$97 million in questioned costs from eight DCAA incurred cost audit reports as required by FAR 42.705-1(b)(5)(iii) and DoD Instruction 7640.02; or comply with FAR 30.605 and DCMA Instruction 108 when they took action to settle six DCAA CAS audit reports.

(We note that there was no opinion expressed on the quality of the DCAA audit reports and whether the findings within those reports had merit.)

Why such a high failure rate? The IG cited three causes:

1.

DCMA contracting officers did not obtain a required legal review.

1.

DCMA supervisors did not provide effective oversight of DCMA contracting officer actions to settle the DCAA audit reports.

1.

DCMA contracting officers did not maintain detailed contract file documentation, such as documents provided by the contractor during negotiation to support not upholding DCAA audit report findings and recommendations.

Importantly, the audit report stated—

DoD Instruction 7640.02, Enclosure 3, paragraph 3(b), and DCMA Instruction 126 require that DCMA contracting officers consult legal counsel and document the legal basis when their disagreement with DCAA findings or recommendations is based on an interpretation of law or regulation. In all four instances, the DCMA contracting officers' disagreement was based on an interpretation of the FAR that differed from the DCAA's interpretation and should have had a legal review.

There it is. Remember that centralization policy? This is the result. Essentially, DCMA contracting officers must not exercise independent thought or action without appropriate reviews. They must follow their Instructions or risk criticism.

And the Director of DCMA agreed with the findings and the recommendations, which included "Review the contracting officer's decision to not uphold the \$97 million in [DCAA] questioned costs and determine whether the costs are unallowable in accordance with the Federal Acquisition Regulation."

Given all of the above, doesn't it make sense to stop training contracting officers in critical thinking skills and judicial interpretations of the regulations? Why train them in something that they will never use or, worse, be criticized for using? Just train them in the fundamentals (e.g., "what is a contract?") and focus on making sure they understand the Instructions that will guide their day-to-day decision making. Make sure they escalate any judgment calls to the appropriate centralized authority so that they can then be told what to do. Document, document, document.

Meanwhile, DOD Leadership wonders why the acquisition system can't move any more quickly.

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¹ Hat tip to Vern Edwards for that piece of shocking information.