

Recently the Federal government has awakened to the notion that it has many opportunities available to it to more efficiently and effectively acquire the goods and services it needs to execute its mission. It has awakened like Smaug the Magnificent opened his eyes in the second Hobbit movie: slowly, languidly, and almost lazily. The eyes opened before the vast body moved, searching for an invisible thief who had come for the treasure trove. The eyes opened reluctantly, but open they did. The dragon awoke.

The Federal government has awakened to the notion that acquisition practices can be “strengthened” to “improve efficiency, reduce red-tape, and provide greater benefit for taxpayer dollars.” Indeed, according to a [recent memo](#) from the Office of Management and Budget, steps to strengthen those practices have already been taken, and improvements have already been noticed. (We suspect the author of the memo, Ms. Anne Rung, Administrator, Office of Federal Procurement Policy, has confused correlation with causation, but whatever.) (As a side note, if you are interested in the official duties of the OFPP: Administrator, click [here](#) .)

Ms. Rung’s memo called for continued improvements in acquisition practices. According to the memo, a primary goal is to reduce complexity; to simplify to drive “greater innovation and creativity and improved performance.” The memo stated –

The overwhelming feedback from industry and other stakeholders is that the complexity of the Federal contracting space leads to higher costs, slower procurements, and less innovation. Stakeholders cited as problems, among other things, 100 page request[s] for proposals with overly prescriptive, Government-unique requirements, significant contract duplication across Government, and very little sharing of pricing and other contract information between agencies and industry

The OMB memo establishes several areas of emphasis that (it asserts) should lead to improvements. These areas include:

-

Centralizing purchases of common goods and services under the rubric of “category management.”

## Innovating in Government Contracts

Written by Nick Sanders

Monday, 08 December 2014 00:00

---

-

Train buyers of IT products and other digital systems to be more creative and agile, by employing such methods as cross-functional training, rotational development and assignments, and private sector training ideas.

-

Building stronger relationships between Government buyers and contractors. This effort includes “removing regulatory barriers to innovation,” especially in the areas of commercial item acquisitions. Also included will be opportunities for contractors to provide “frank, open assessment feedback” to agencies regarding the agencies’ acquisition practices.

We here at Apogee Consulting, Inc., are all about acquisition reform. In fact, we have [in the past](#) suggested [certain opportunities](#) for the Federal government and its agencies to reform acquisition practices. Not that anybody ever listened to this minor blog bleating its suggestions.

Another group offering suggestions about acquisition reform, particularly with respect to how the Department of Defense acquires goods and services, is the National Defense Industrial Association. The NDIA recently released “Pathway to Transformation,” which is approximately 70 pages of innovative suggestions for DoD acquisition improvement. Here’s [a link](#).

As with the OFPP memo, the NDIA report groups its suggestions into three categories:

-

Authority and accountability

-

Matching requirements to resources

-

Evidence-based decision-making

Knowing its audience, the NDIA also provided a one-page executive summary of its lengthy report, which you can [find here](#). We won't repeat it in this article.

But we will discuss some of the suggested innovations that fell under the heading of “matching requirements to resources.” The summary of that section stated—

NDIA strongly supports limiting the requirements levied on the acquisition system to the resources provided to it, and likewise making sure that any remaining essential requirements are properly resourced. To that end, the report recommends a process for sunseting new and existing acquisition requirements in statute, or alternatively convening an expert panel to review and reduce the requirements in the current body of acquisition law. The report recommends several approaches to improving the management of both the civilian and military acquisition workforces by making workforce management more strategic, fully funding the Defense Acquisition Workforce Development Fund on a stable basis, and making the acquisition profession more attractive to capable and talented military personnel. *The report recommends more collaboration between Government auditors and the vendors they audit and close oversight of that process by Congress.*

And it recommends taking advantage of the low administrative costs of small businesses by raising their reserve under the Simplified Acquisition Threshold to \$250,000 and raising the Threshold to \$500,000 for all businesses

[Emphasis added.]

See that sentence in the above paragraph, the one we italicized? That one about auditors and auditees? That sentence caught our attention and we researched it in the formal report. Here's what we learned. First, although the sentence in the foregoing paragraph was diplomatically worded, it's worded a bit differently on page 53 of the report, where it carries the following header: “Reducing Inefficient Audit Practices.” That phrasing works for us!

The report states the “root cause” of the problem thusly –

... current audit requirements exceed Defense Contract Audit Agency (DCAA) capabilities and resources. Recent statements by DCAA leaders indicate that 40 percent of DCAA personnel have five or fewer years or less experience in government auditing, which, when combined with vigorous assertions of audit independence, can lead to wastefully expensive audit practices. Decentralized DCAA management allows variation in practice and culture among its auditors which can also be unhelpful.

The NDIA report doesn't offer any panaceas for solving that problem, but it does offer a couple of suggestions for improvement. The report recommends –

1.

Establishing a “risk-based approach to auditing that focuses on materiality”

2.

Creating an “advisory approach to auditing that focuses on helping vendors come into full compliance” instead of “an adversarial approach that seeks to identify every possible error in vendor reporting and documentation and penalize them for it.”

To its credit, the NDIA report recognized that changing DCAA's culture will be a difficult challenge. To that end, it recommended a first step of amending the annual DCAA reporting requirement (10 U.S.C. §2313a) to include reporting on “DCAA's efforts to align its audit policies and practices across its various regions.” The NDIA report also stated—

Because most audit issues are unique to the company in question, the congressional defense committees should encourage DCAA to create outreach opportunities through meetings with companies, industry trade associations, and other contractor groups, to identify vendor complaints, review the facts, and resolve them effectively for both the vendor and auditors involved. Just as companies should not be treated as adversaries by auditors, neither should

auditors be treated as adversaries by companies, and both should approach the audit process with a desire to learn and improve outcomes.

We're okay with that.

To sum this all up, we need to talk about acquisition reform as a cyclic thing. Every decade or so, somebody decides the Federal acquisition system is rife with waste, fraud, and abuse—and then they make some speeches and issue some memos and make some improvement recommendations. More often than not, all that effort goes to waste because the people on whom the system depends are already overworked and undertrained. Just as importantly, their supervisors and managers are also overworked and undertrained. The only people not overworked and undertrained seem to be the ones giving the speeches and issuing the memos and making the improvement recommendations. The people at the top do their thing while the people at the bottom do their thing, and they don't seem to talk to each other very much. And then the people at the top depart for jobs in law firms and think tanks and institutions of higher education, leaving the people at the bottom with the same workload they had before all the improvement recommendations were issued. And so it goes.

We wrote an article in 2011 about the Obama Administration's acquisition reform efforts, comparing those efforts to those of the Clinton era. It was not accepted for publication. One of the less insightful comments we received as feedback was "the Obama Administration is not engaged in Acquisition Reform," and therefore the fundamental premise of the article was flawed. That was the last time we ever submitted an article to anybody at NCMA. In point of fact, it doesn't matter whether it was called "Acquisition Reform" with capital letters or "acquisition improvements" or "better buying power" or "acquisition tradecraft improvements" or "transforming the marketplace." It's all the same thing. A rose is a rose is a rose.

The Federal government has awakened, once again and after its usual slumber, and has realized once again that its acquisition practices might be improved. Memos will be issued. Speeches will be made. And the people at the bottom of the pyramid will receive more top-down driven help, as they always do. This cycle would seem to be endemic to the overall process.