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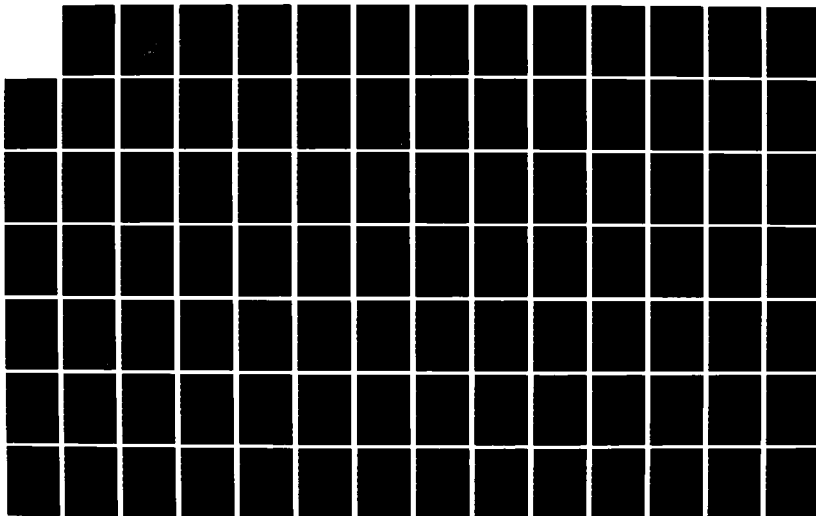
EVALUATION OF CONTRACTING AND PRODUCTION ACTIVITIES AT:
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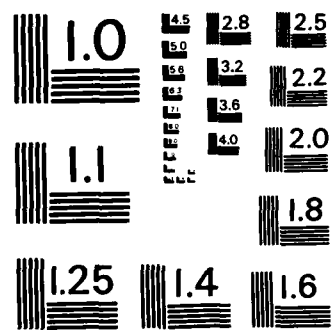
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FINAL REPORT

EVALUATION OF CONTRACTING AND
PRODUCTION ACTIVITIES AT:
THE DEFENSE LOGISTICS AGENCY'S
DEFENSE SUPPLY CENTERS

VOLUME III DEFENSE PERSONNEL SUPPORT CENTER REVIEW

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March 1, 1984
Coopers & Lybrand

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DEFENSE SUPPLY CENTERS

VOLUME III

DEFENSE PERSONNEL SUPPORT CENTER REVIEW

March 1, 1984

Contract No.: DLA 600-83-C-5001

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DEFENSE PERSONNEL SUPPORT CENTER REVIEW

TABLE OF CONTENTS

	<u>Page No.</u>
I. INTRODUCTION	
A. OBJECTIVE OF THIS REPORT	I-1
B. METHODOLOGY AND APPROACH	I-1
C. ORGANIZATION OF THIS REPORT	I-2
II. OVERVIEW OF THE DEFENSE PERSONNEL SUPPORT CENTER	
A. OFFICE OF CONTRACTING	II-1
B. DIVISIONS OF CONTRACTING AND PRODUCTION	II-3
C. GENERAL OBSERVATIONS	II-4
III. DIRECTORATE OF CLOTHING & TEXTILES	
A. ORGANIZATIONAL STRUCTURE	III-4
B. STAFFING/PERSONNEL.....	III-5
Current Operations.....	III-5
Opportunities for Improvement.....	III-7
Recommendations:	
III-1. Reestablish the five procurement clerk slots taken from the Contracting and Production Division (to support the word processing center) and hire into these positions.....	III-7
III-2. Highlight matters of key classification significance in position descriptions.....	III-8
III-3. Involve the C&T/TP Production Management section more extensively in preaward surveys and contractor production responsibility.....	III-9
III-4. Increase the emphasis on buyer training as an investment in continued high performance.....	III-9

III-5.	Strengthen buyer performance standards to reflect job content more closely.....	III-10
C. WORKLOAD		III-11
Current Operations.....		III-11
Opportunities for Improvement.....		III-19
Recommendations:		
III-6.	Conduct an indepth study to assess DLA's capabilities to adequately support the clothing and textiles mission through effective/efficient contract administration.....	III-19
III-7.	Track all contract deliveries, using the C&T Single Agency Automated Data System (SAADS) until some other form of automated capability becomes available.....	III-20
III-8.	Institute a more aggressive and coordinated program to manage delinquent contractors.....	III-21
III-9.	Develop a single automated data system to manage the incoming workload, its internal distribution and tracking and postaward tasks, until SAMMS modernization is implemented.....	III-23
III-10.	Study the high cancellation rate of PR's and determine causes and solutions.....	III-25
III-11.	Design and implement a comprehensive program to increase automation.....	III-26
III-12.	Perform a complete audit on the SPUR team PR workload; assign and distribute workload by specific categories of items or commodities...	III-27
III-13.	Investigate the use of indefinite delivery type contracts (IDTC's) and requirement type contracts (RTC's) for SPUR team procurements.....	III-28

III-14.	Investigate the advantages and practicality of implementing a SASPS II operation in the SPUR area.....	III-28
III-15.	Expand the current practice of conducting postaward orientation conferences with new contractors whenever the PCO feels there is substantial reason to doubt the company's capabilities to perform.	III-29
III-16.	Proceed on a priority basis to implement SASPS II procedures in the Equipment and Footwear Branch for procurement of FSC 8455 items.	III-30
III-17.	Consider simplified methods of awarding under SASPS II small purchase procedures.....	III-30
D. MANAGEMENT INDICATORS.....		III-31
Current Operations.....		III-31
Opportunities for Improvement.....		III-33
Recommendations:		
III-18.	Use PR's in lieu of line items as a basis for measuring workload.	III-33
III-19.	Adopt "ontime shipments" as a management indicator in lieu of delivery effectiveness.....	III-33
III-20.	Set reasonable, attainable and negotiated procurement performance goals.....	III-34

IV. SUBSISTENCE DIRECTORATE

A. ORGANIZATIONAL STRUCTURE	IV-3
Current Operations.....	IV-3
Opportunities for Improvement.....	IV-10
Recommendations:	
IV-1. Improve staff-line communications....	IV-10
IV-2. Consider co-location of C&P Subsistence and Supply Operations Divisions by commodity.....	IV-10

IV-3. Divide Operations Analysis Branch functions into formal sections.....	IV-11
B. STAFFING/PERSONNEL.....	IV-11
Current Operations.....	IV-11
Opportunities for Improvement.....	IV-13
Recommendations:	
IV-4. Restrict team leaders to functioning exclusively as technical reviewers without other supervisory responsibilities.	IV-13
IV-5. Highlight matters of key classification significance in position descriptions..	IV-14
IV-6. Strengthen performance standards to reflect job content more closely.....	IV-15
IV-7. Review options available for off-season utilization of procurement staff.....	IV-16
IV-8. Expand Subsistence-C&P intern program.	IV-17
IV-9. Increase emphasis on training as an investment in continued high performance.....	IV-17
C. WORKLOAD	IV-18
Current Operations.....	IV-18
Opportunities for Improvement.....	IV-21
Recommendations:	
IV-10. Review procedures for assigning and accomplishing the unliquidated obligation (ULO) workload.....	IV-21
IV-11. Encourage DCAS collaboration in payment recordkeeping and in reduction of the overpayment problem.....	IV-22
IV-12. Design and implement a comprehensive program to increase automation.....	IV-23
IV-13. Organize and institute an aggressive and coordinated program to manage delinquent contractors.....	IV-24
IV-14. Consider using Basic Ordering Agreements (BOA's) in place of some IDTC's.	IV-24

IV-15. Analyze and reduce workload problems and systems failures in the Commissary Support Branch.....	IV-25
IV-16. Permit a third party to review the organizational, staffing, and workload impact of DISMS on Subsistence/C&P operations.....	IV-25
D. MANAGEMENT INDICATORS.....	IV-26
Current Operations.....	IV-26
Opportunities for Improvement.....	IV-28
Recommendations:	
IV-17. Formalize an IDTC management indicator.	IV-28
IV-18. Adopt a single definition of the line item and shift to counting PR's in lieu of line items as the major quantitative indicator of preaward workload.....	IV-29
IV-19. Subsistence/C&P should develop a price effectiveness indicator.....	IV-29
IV-20. Encourage development of a strong vendor/ commodity performance indicator.....	IV-30
V. DIRECTORATE OF MEDICAL MATERIEL	
A. ORGANIZATIONAL STRUCTURE	V-2
Current Operations.....	V-2
Opportunities for Improvement.....	V-3
Recommendations:	
V-1. Continue to assign all contracts to DCAS for administration, but test the "cradle to grave" concept for awards administered by DPSC.....	V-3
B. STAFFING/PERSONNEL.....	V-5
Current Operations.....	V-5
Opportunities for Improvement.....	V-6
Recommendations:	
V-2. Highlight matters of key classification significance in position descriptions.....	V-6

V-3. Strengthen performance standards to reflect job content more closely.....	V-7
V-4. Increase the emphasis on commodity knowledge and procurement training as an investment in continued high performance.....	V-9
V-5. Establish two procurement analyst positions in the MED/C&P.....	V-10
C. WORKLOAD	V-10
Current Operations.....	V-10
Opportunities for Improvement.....	V-16
Recommendations:	
V-6. Assess the cost-benefit of MEDSTOCK Program carefully.....	V-16
V-7. Reprogram SAMMS to accommodate unique contracting and production systems...	V-18
V-8. Automate the Request for Quotation (RFQ) System in Central Contracts Branch.....	V-19
V-9. Strengthen internal controls to minimize postaward financial subsystem violations.....	V-20
V-10. Establish a systematic workload priority system for the buying branches within MED/C&P.....	V-21
V-11. Institute a series of higher level reviews for problem purchase requests; place a "cap" on unprocurables.....	V-23
V-12. Expand the Automated Federal Supply Schedule (FSS) program.....	V-24
V-13. Expand the use of Decentralized Blanket Purchase Agreements (DBPA's).....	V-25
V-14. Place terminals in buying sections to reduce PALT.....	V-25
D. MANAGEMENT INDICATORS.....	V-26
Current Operations.....	V-26
Opportunities for Improvement.....	V-27

Recommendations:

- | | |
|--|------|
| V-15. Use PR's in lieu of line items as
a basis for measuring workload..... | V-27 |
| V-16. Develop PALT performance goals and
management indicators based on auto-
mated systems and PR priorities..... | V-28 |
| V-17. Amend time periods at which PR's are
considered overaged for both management
indicators and performance goals..... | V-28 |

APPENDIX A - SUPPORTING DATA

APPENDIX B - PROTOTYPE POSITION DESCRIPTIONS

APPENDIX C - ACRONYMS AND TERMINOLOGY

I. INTRODUCTION

I. I N T R O D U C T I O N

A. OBJECTIVE OF THIS REPORT

The objective of this report is to present Coopers & Lybrand's independent analysis and evaluation of the contracting and production (C&P) functions performed at DPSC. The purpose of the evaluation is to determine: (1) whether DPSC's contracting and production activities are organizationally structured and operated in the most effective, efficient manner; (2) if lines/levels of authority and responsibility, staff assignment patterns, and other position management aspects are appropriate; and (3) whether management indicators used by DLA-P to determine the contracting and production performances of the defense supply centers (DSC's) are valid and responsive.

B. METHODOLOGY AND APPROACH

Following delivery of the draft final report on the hardware centers, the Coopers & Lybrand study team prepared an interview guide for the DPSC study. Because DPSC has three distinct commodity directorates, each with different acquisition environments and strategies, it was decided that the report would comprise three separate reviews. In addition, the study team prepared a list of specific data requirements and contacted representatives of each of the commodity directorates in advance of the initial onsite visit.

Over the course of the initial 3-day site visit and a 3-day followup session, the study team conducted interviews with over 75 DPSC staff. Besides interviewing most of the procurement managers and supervisors in all three commodity directorates, discussions were held with DPSC staff in the centralized support

Offices of Planning and Management, Comptroller, Civilian Personnel, and Contracting. Within the commodity directorates, supply and technical operations staff were also interviewed.

In addition to the site visits, the study team interviewed those DLA-P headquarters personnel most familiar with DPSC operations. Interviews were conducted with six headquarters staff on the topic of DPSC contracting and production operations. Both DLA-P and DPSC staff were extremely cooperative during the research phase of this study, and a free and open exchange of observations and ideas enabled the study team to compile the information required to begin the analysis.

C. ORGANIZATION OF THIS REPORT

The report has been divided into separate reviews of the three commodity directorates. Within each review, an assessment of current operations is made for each of the major study areas (i.e., organization, staffing/personnel, workload, management indicators) to orient the reader to the directorate's specific organizational and commodity environment. Also included are a number of study recommendations distributed by directorate under the major study areas. (These recommendations appear in report sections entitled "Opportunities for Improvement.") Many of the recommendations in the four study areas are interrelated, and some are applicable to each of the commodity directorates. In addition, there are exhibits throughout the report and a series of appendices to illustrate our observations and recommendations.

to have awareness and control of their workload, priority requirements, and problem PR's.

In general, we found procurement contract specialists to be professional and knowledgeable about their duties, both in preaward and postaward functions. We believe that the number of authorized GS-1102 procurement personnel should remain at the current level. Any reductions contemplated in this area to compensate for other position changes are ill advised. Considering the continued scrutiny of C&T by the media and other organizations, any reductions would not be commensurate with division requirements for the most experienced, knowledgeable, and professionally trained contract specialists, PCO's, and top-level managers. In addition, it should be noted that there is a serious problem emerging in the loss of procurement clerk positions to a central word processing center. The value of a dedicated procurement clerk to the C&T's team procurement operation is too significant to be lost in this manner.

C&T/TP position descriptions need to be strengthened (see Recommendation III-2). We have provided prototype position descriptions (see Appendix B) illustrating how the Factor Evaluation System (FES) format would apply to most procurement agent positions at DPSC. These prototype descriptions (for GS-11 and GS-12 levels) are consistent with the most recent draft of the new U.S. Government Office of Personnel Management (OPM) standard for the Contract and Procurement Series; they show the appropriate FES points for each of the nine factors and confirm the existing grades at DPSC. We have also provided evaluation statements for the prototype positions confirming the FES grade levels, which show how the existing OPM standard would apply.

Finally, more emphasis should be placed on developing staff skills through formal training programs. Much of the current training is occurring informally.

buying. It also improves postaward contract administration because procurement agents become more knowledgeable about the total industrial environment, including contractors, products, market availability and prices. This "cradle to grave" approach ensures efficient use of resources at C&T/TP. In the small business environment, the major area of contracting work, professional procurement agent-contractor relationships and repeated communications are essential for effective delivery of products. Additionally, this type of organization reinforces the cooperative relationship between the Contracting and Production and Supply Operations Divisions regarding both the PR in the preaward phase and contract delivery in the postaward phase. This one-to-one relationship enhances professionalism and leads to mission accomplishment.

B. STAFFING/PERSONNEL

CURRENT OPERATIONS

C&T/TP is authorized to employ 151 personnel. As of our visit, 11 positions were unfilled -- five GS-1102 procurement agents, four GS-1150 industrial specialists, and two personnel (a GS-0667 and GS-0699) in DOFC in Boston.

The current personnel ratio of GS-1102 buyers/contract administrators to PCO/team leaders appears to yield results. The team structure enables C&T/TP to manage the procurement workload adequately and at the same time balance the knowledge, experience, and overall skill level needed in this acquisition area.

The alinement of PGC-oriented procurement teams of one PCO, four agents, and a procurement clerk provides for an adequate span of control over people and workload, promoting more effective buying and postaward contract administration. Also, supervisors at the various levels (branch, section, and team) appear

A. ORGANIZATIONAL STRUCTURE

The organizational structure of the C&T Contracting and Production Division (C&T/TP) is illustrated in Exhibit III-2. The division consists of four branches: Production, Contract Processing, and two branches that perform the procurement functions (both buying and postaward) -- the Clothing & Textile Branch (C&T/TPC) and the Equipment and Footwear Branch (C&T/TPE).

C&T/TPC and C&T/TPE are each divided into two sections; each section comprises three or four procurement "teams" for specifically designated Federal Supply Class (FSC)/NSN items in Supply Status Code (SSC) #1. Each procurement team consists of one team leader/Procuring Contracting Officer (PCO) and generally three to four procurement agents (contract specialists). In addition, C&T/TPE includes a Special Purchase (SPUR) team, which buys all direct vendor delivery (DVD), NSN, and non-NSN items and the Defense Orthopedic Footwear Clinic (DOFC) in Boston. A list of the 15 SSC #1 procurement teams, SPUR, and DOFC is displayed in Exhibit III-3. The specific FSC items for which C&T has procurement responsibility are listed in Exhibit III-4.

All PCO's (except for the SPUR team), the section chiefs, and the deputy division chief have unlimited contracting officer warrants. This distribution appears reasonable based on the dollar amounts of C&T/TP procurements.

The procurement branches are organized by type of product (or commodities) using the Procurement Group Code (PGC). Each item procured has a PGC (separate PGC's are given to the shirt, trousers, hat, and shoes of a uniform). Further breakdown is provided by NSN; each size of a specific PGC has a separate NSN.

As such, both large and small purchases (the latter at \$25,000 or below) within an FSC and PGC category are handled by the same staff, a system that makes maximum use of buyers' professional knowledge and experience and produces more effective

C&T's procurement problems have engendered contractor protests to the General Accounting Office (GAO), inquiries from congressional staff, and military complaints. Despite the "bad press," however, C&T appears to be well run; it is a professionally managed, mission-oriented organization. C&T uses a team management concept in the acquisition process. The Supply Operations Division forecasts estimated requirements 10 months before the anticipated requisitions, providing a "safety" level to meet military services' needs. When the Standard Automated Material Management System (SAMMS) indicates stock levels are at the reorder point, the inventory manager prepares the necessary documentation. Purchase requests (PR's) are generated on a 6- to 12-month procurement cycle, thus avoiding a "dump" of large-quantity PR's into C&T's Contracting and Production Division. The inventory manager coordinates PR's with the procurement buyer, providing an advance notification sheet for PR's above \$25,000, and with Technical Operations for review of specifications and codes. All PR's for \$300,000 or more are routed to the directors for a directorate team meeting involving the Contracting and Production, Supply Operations, and Technical Operations Divisions and the legal staff. (Team management procedures are documented in Supply Manual 4140.20.)

C&T's supply availability goal is 92 percent, which the directorate has exceeded on a day-to-day basis. C&T supply personnel advised the study team that backorders in supply, which currently number about 23,000 lines, are normally due to inaccurate forecasting because of unusual customer demands or to contractor delinquencies. In the latter case, the inventory manager and the Contracting and Production Division determine the most critical delinquencies and work together to resolve the problems.

On balance, the three primary division elements -- Contracting and Production, Supply Operations, and Technical Operations -- appear to have a cooperative and professional working relationship in meeting the day-to-day requirements of the acquisition process.

the responsibility of DPSC. For example, the military services determine what material is needed where and when and the priority of that need. DPSC is responsible for determining when to replenish stocks through new procurements, what quantities to buy, and where to position the stock for eventual issue.

To fulfill its responsibilities, C&T must correctly predict customer demand for individual sizes of clothes and shoes and ensure that contractors meet Government delivery schedules, quality standards, and item specifications. The magnitude of the procurement effort is illustrated by the issue of sizing. A particular uniform for women comes in 47 sizes for the coat and 58 sizes for the blouse; the standard combat boot is manufactured in 111 different sizes. Sizing from one uniform to another may differ, as it does in commercially available clothes and shoes, and specific sizes of new personnel entering the services are not always predictable. However, sizing is only one aspect of the C&T mission. As in any procurement activity, contractors/suppliers also play a major role.

The C&T industrial environment consists of a wide variety of contractors -- from large, seasoned businesses to very small firms, entering this industry for the first time. Competitive solicitations are routinely sought, which frequently result in low bids from inexperienced and sometimes technically incapable firms. While firms are evaluated through the Defense Contract Administration Services (DCAS) preaward survey process and the Small Business Administration (SBA) certificate of competency program (see Section III-C), unfortunately, the screening does not always eliminate technically incapable firms. Often, the procurement process must be repeated -- a timely and costly procedure. The clothing and textile mission of DLA is complex and a number of problems in current operations exist. Many of our observations in this report reflect the concerns and available information in the C&T Directorate of DPSC. We firmly believe that a structured dialogue should be established between DCAS, the C&T Directorate of DPSC and, possibly, the SBA to ameliorate the problems and issues perceived by each organization.

III. DIRECTORATE OF CLOTHING & TEXTILES

The mission of the Directorate of Clothing & Textiles (C&T) is to provide clothing and textile commodities to the armed forces. This involves management, procurement, stocking, and distribution of over 27,000 NSN items and includes:

- Dress and combat uniforms.
- Field protective and special purpose clothing.
- Footwear.
- Insignia, flags, and pennants.
- Tents, mattresses, and sleeping bags.
- Textiles, most of which are furnished as Government Furnished Material (GFM).

C&T supports over 13,000 customers, processes over 2.5 million requisitions annually, and maintains an inventory of over \$1.2 billion; procurement awards in each of FY 1982 and FY 1983 have exceeded \$1 billion. C&T stock availability has been at or above 90 percent for the last 6 months (see Exhibit III-1).

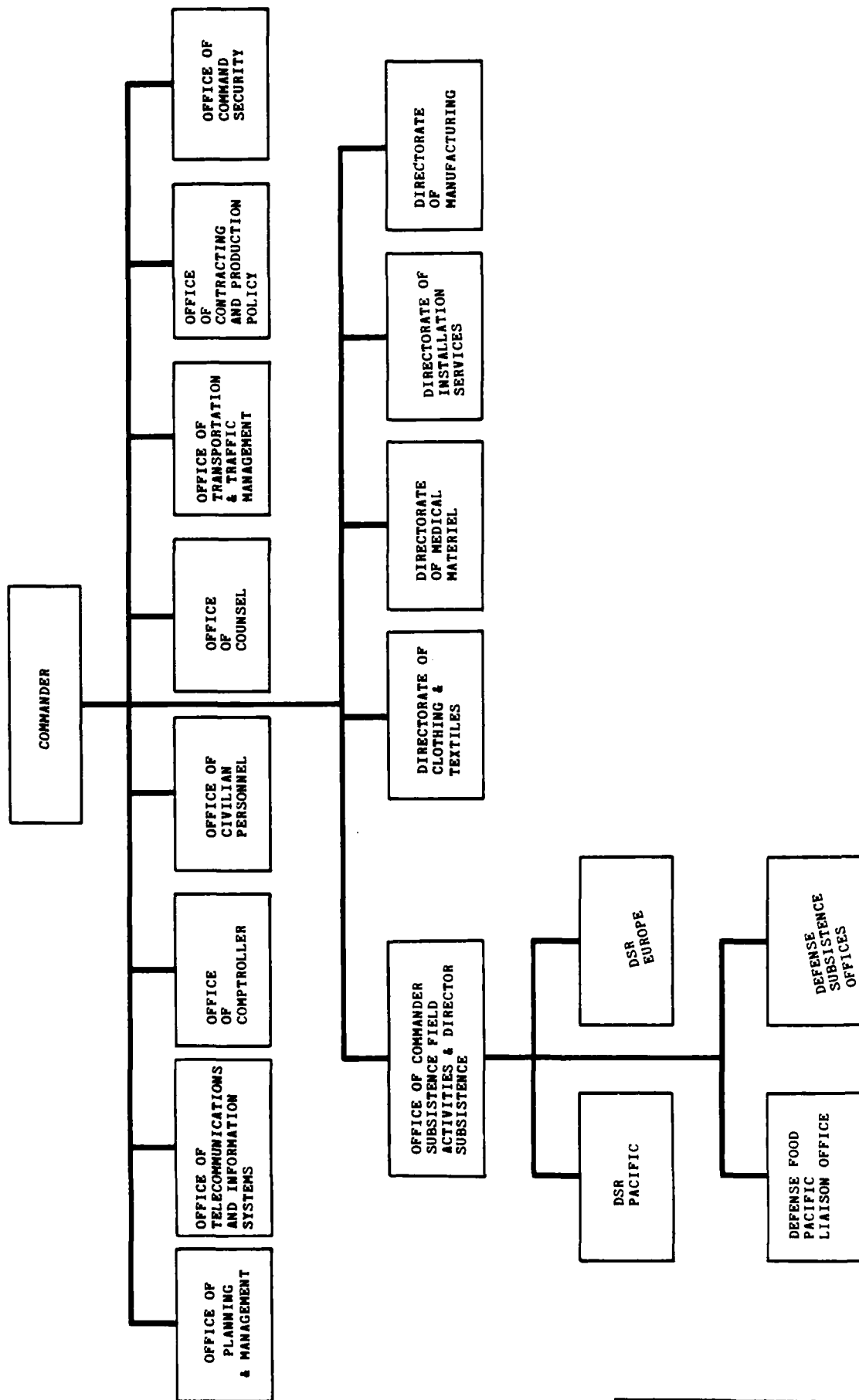
C&T is jointly headed by a military O6 and a civilian deputy director and is organized into four major areas, staffed by 564 personnel as follows:

- Management Support Office -- 43
- Supply Operations Division -- 192
- Technical & Quality Assurance Division -- 159
- Contracting and Production Division -- 151.

Determining C&T requirements is the sole prerogative of the military services; computing and fulfilling those requirements is

III. DIRECTORATE OF
CLOTHING & TEXTILES

EXHIBIT II
DEFENSE PERSONNEL SUPPORT CENTER



In the past, there have been a number of major problem areas at DPSC. A few years ago, the comptroller organization had significant difficulties with its unliquidated obligations; Subsistence meat purchasing and inspection was also a major problem area in the 1970's. While operational improvements have been implemented to reduce the likelihood that these situations will recur, DPSC's problems have attracted considerable notoriety and the perception of continuing difficulties seems to persist.

In order to get a range of viewpoints regarding DPSC's operations and effectiveness, we interviewed a number of DLA Headquarters staff. Our inquiries about DPSC problems uncovered an almost predictable pattern of responses. Initially, most headquarters interviewees identified DPSC as a center with basic operating problems that have "existed for years." After more detailed questioning, these individuals indicated that most of DPSC's problems existed in the past, and current operations appear to have overcome those historical issues. Finally, by the close of discussions, almost all those with whom we discussed DPSC readily admitted that the organization was doing an adequate if not excellent job of accomplishing its contracting and production functions. We believe this pattern of responses illustrates that DPSC is highly regarded by DLA Headquarters staff; however, past problems and a lack of exposure to and understanding of DPSC have affected DLA's perception of the organization's effectiveness.

CONTRACTING AND PRODUCTION DIVISION, SUBSISTENCE DIRECTORATE

The Contracting and Production Division of the Subsistence Directorate provides procurement services on a worldwide basis to the DoD and selected Federal civil agencies. Included in its mission is subsistence purchasing of troop issue and brand-name resale to commissaries, mainly in perishable and nonperishable item categories. Over \$1.4 billion in awards were obligated by DPSC Subsistence in FY 1982, more than twice the obligation level of any of the hardware centers and more than the other two commodity directorates of DPSC combined. In excess of 1.7 million line items were awarded by its C&P division in FY 1982, representing over 52 percent of all line items awarded by DLA.

CONTRACTING AND PRODUCTION DIVISION, DIRECTORATE OF MEDICAL MATERIEL

The Contracting and Production Division, Directorate of Medical Materiel, is responsible for the acquisition, direction, and control of wholesale medical materiel for all military services as well as acquisition of noncataloged items for Army, Air Force, and various civilian Federal agencies. The division has centralized acquisition responsibility for over 18,000 line items and received 1.5 million requisitions against those lines during FY 1982. Awards this year will exceed one-half billion dollars.

C. GENERAL OBSERVATIONS

DPSC is probably the most visible of DLA's supply centers. Besides being the largest DSC (in every respect except dollar obligations), DPSC commodities -- food, medicine, and clothing -- represent most of the basic elements of daily survival. By virtue of the commodities involved, the industry base, and the number of transactions, DPSC appears to be more vulnerable than the other DSC's to inquiries from Congress, the Government Accounting Office, its customers, and the media.

provided by Super-P, however, almost all C&P management and operations take place separately in each of the commodity directorates.

We can see no reasonable justification for again attempting to centralize all center C&P activities under one organizational entity. Continuing Super-P's current role of inhouse consultant retains the autonomy of the three commodity C&P organizations and maintains a common focus for DPSC contracting activities. We believe that maintaining this balance between commodity procurement autonomy and a common procurement management focus for DPSC is a necessary and important organizational objective that Super-P is successfully accomplishing.

B. DIVISIONS OF CONTRACTING AND PRODUCTION

DPSC was reorganized along commodity lines in 1972 to focus more attention on commodity management and improve customer support. Each commodity now has a dedicated management level, although DPSC staff support functions remain centralized. These support functions are also furnished to tenant activities and other Federal organizations such as the Defense Contract Administration Services Region, U.S. Army Support Activity, U.S. Air Force Services Office, U.S. Army Health Clinic, etc.

CONTRACTING AND PRODUCTION DIVISION, DIRECTORATE OF CLOTHING & TEXTILES

The Contracting and Production Division, Directorate of Clothing and Textiles (C&T), is responsible for acquisition, direction, and control of clothing and textile commodities to the armed forces. This involves management, procurement, stocking and distribution of over 27,000 National Stock Number (NSN) items. C&T processes over 2.5 million requisitions annually, and contract awards this year will exceed \$1 billion.

clothing and textile, and subsistence items were consolidated under DPSC. The original objective in consolidating was to "combine those elements that cater to the well being and morale of the individual." The first DPSC organization included a centralized functional directorate for all procurement activities, but this structure proved too unwieldy; in 1972 the C&P function was decentralized by commodity. Although current operations are decentralized, the Office of Contracting, a 30-person staff-level organization, assists both the DPSC Commander and DLA Headquarters in representing all center procurement activities.

The overall mission of the Office of Contracting is to act as principal staff advisor for contracting matters, review and approve designated procurement actions, monitor operational performance of the commodity divisions, and manage mandatory contracting programs. To accomplish its mission "Super-P," as it is referred to by center staff, has channeled its resources into three divisions: Policy, Contract Review, and Programs and Management Review.

Policy Division staff implement U. S. Department of Defense (DoD) and DLA contracting policy, promulgate local contracting policy, and develop contracting tools for the commodity directorates (e.g., new clauses, handbooks, master solicitation documents, etc.). The Contract Review Division evaluates proposed awards requiring approval by the DPSC Commander or DLA Headquarters and advises the Commander and others on contracting matters. The Programs and Management Review Division helps set workload objectives and program goals for the commodity directorates, manages review and assistance programs, and performs special study projects pertaining to contracting.

Currently, the DPSC Office of Contracting performs a variety of policy, advisory, and service functions for the commodity directorates. In addition, it provides DLA with a single focal point for C&P matters, an invaluable feature given DPSC's staffing and organizational complexity. Despite the services

II. OVERVIEW OF THE DEFENSE PERSONNEL SUPPORT CENTER

The Defense Personnel Support Center, located in Philadelphia, is the largest of the Defense Logistics Agency's (DLA's) six supply centers. It is responsible for procurement and supply management of subsistence, medical, and clothing and textile items used by its customers, which include the military services, some Federal civil agencies, and authorized foreign governments.

During FY 1982, DPSC filled 11.2 million requisitions for members of the four military services, including 7 million for subsistence, 2.5 million for clothing and textiles, and 1.7 million for medical materiel. Although based in Philadelphia, the 5,000-employee operation has a network of offices and depots located all over the world and because of its size also provides some administrative support services to 25 other Federal activities located in the Philadelphia area.

The center conducts a multibillion-dollar materials management operation, with contracting dollar obligations for FY 1982 alone in excess of \$2.8 billion. To a great extent, the center's three commodity directorates -- Medical, Clothing & Textiles, and Subsistence -- operate independently. Staff in the Offices of Planning and Management, Civilian Personnel, Comptroller, Data Systems, Counsel, Transportation and Traffic Management, and Security and Contracting, support the activities of the three commodities and other area organizations and are centralized under the DPSC Commander. (See Exhibit II.) In total, more than 800 DPSC personnel are dedicated to the C&P function.

A. OFFICE OF CONTRACTING

During the past 18 years, DPSC has undergone a number of organizational changes that have shaped the structure of the C&P area. In 1965, the three separate supply centers for medical,

II. OVERVIEW OF THE
DEFENSE PERSONNEL SUPPORT CENTER

OPPORTUNITIES FOR IMPROVEMENT

Recommendation III-1. Reestablish the five procurement clerk slots taken from the Contracting and Production Division (to support the word processing center), and hire into these positions.

C&T has established a central word processing center under one organization to support all C&T organizational typing, including various procurement-related material. Procurement documents envisioned for typing include solicitation and contractual correspondence, waivers of preaward survey, reports of discrepancies, procurement action reports, and mailing labels.

Resources were drawn from various C&T divisions, with C&T/TP giving up five slots, all procurement clerks. As a result, instead of each procurement buying/administration team having one procurement clerk for direct support, every two teams must now share a clerk.

We believe that a ratio of one procurement clerk for each buying/administration team is essential to effective and efficient mission accomplishment in this type of procurement organization. A proficient and dedicated procurement clerk is an indispensable asset in enabling buyers, contract administrators, and PCO's to perform their primary duties. The procurement clerk's professional and procedural knowledge and ability to process numerous procurement documents (often on only verbal direction) and retain information and data pertaining to a multitude of contracts is absolutely essential to an effective and efficient contracting organization. In the absence of a procurement clerk (typically graded GS-04 to GS-06), these functions fall to the buyer/PCO (grade levels GS-9 through GS-12). On a cost and time basis, this is an inefficient use of resources and detracts

from the buyer's primary responsibilities. In addition, processing documents peculiar to procurement in a central word processing center is not always useful. (The major duties of a procurement clerk are shown in the position description in Exhibit III-13.)

The concept of a central word processing center has considerable merit. However, with C&T under almost constant scrutiny from congressional, military, and media sources, it would appear that "trading off" procurement clerk positions for word processing positions is not in the best interest of C&T or DPSC. In lieu of reassigning procurement clerks to a C&T central word processing center, it may be more efficient to purchase and implement word processing in C&T/TP.

Recommendation III-2. Highlight matters of key classification significance in position descriptions.

Position descriptions need to be strengthened to reflect more closely specific job content and position responsibility. Most position descriptions, although current, tend to be lengthy and redundant. Discussions of buyer responsibilities (practices and procedures) are extensive; however, the differences between grade levels are not sufficiently emphasized. The recent experiences of hardware centers prove that this problem ultimately leads to difficulty in defending and retaining grades.

Although we agree that position descriptions at each grade level within C&T should contain the same general wording, each should also contain a short background information paragraph that provides more specific information concerning the types of items to be purchased by the position occupant. Such a background paragraph should be identical for all or most positions within a branch. The background paragraph would be used to document the value of specific commodity knowledge in the ranking of candidates during the selection process. Other things being equal, specific experience with the type of items to be purchased by the branch should be given additional credit in ranking candidates.

Recommendation III-3.

Involve the C&T/TP Production Management Branch more extensively in preaward surveys and contractor production responsibility.

In recent years, the C&T/TP Production Management Branch has been reduced by several positions as DCAS assumed a greater role in preaward surveys. As a result, the branch's role in preaward surveys is that of minor evaluation support, with some participation on survey teams in a few cases.

Based on: (1) the lack of C&T knowledge and experience to judge contractor technical and financial responsibility; (2) the large number of small, inexperienced firms bidding on C&T contracts; and (3) the adverse publicity that C&T often receives, C&T should consider authorizing additional preaward survey positions in the Production Management Section to augment the technical ability of DCAS to perform preaward surveys.

Recommendation III-4.

Increase the emphasis on buyer training as an investment in continued high performance.

The emphasis placed on commodity knowledge at DPSC continues to be a fundamental strength of job performance -- it should be retained and strengthened. Our interviews in the buying branches brought out the need for continued management emphasis in training, both for commodity and procurement knowledge. Although most of the buyers we interviewed claimed that they had received the required sequence of procurement training courses, team leaders and supervisors often professed difficulty in either acquiring training slots or freeing the time of buyers to receive training.

We recognize that commodity knowledge is as vital as procurement knowledge in the distinctive industrial environment of clothing and textiles. At present, commodity knowledge seems to be acquired through informal rather than formal means. We suggest increased management emphasis on formal commodity training programs to prevent a general decline in commodity knowledge due to turnover and reliance on informal training means.

Recommendation III-5. Strengthen buyer performance standards to reflect job content more closely.

In most cases, the critical job elements shown on the position performance standards we reviewed are related to procurement procedures or, if appropriate, to supervisory functions. Only in a few instances did we see any critical elements about commodity knowledge. We suggest that one critical element for all buyers is knowledge of the commodity being bought or knowledge of the market forces that influence the pricing of the commodity. This knowledge should be part of a buyer's position performance standards.

Additionally, our view is that many of the performance standards reflect misplaced emphasis on quantification. A standard needs to be measurable but not necessarily quantifiable. Placing high emphasis on numeric standards often results in quantification that is trivial or in data base requirements that are clearly excessive. Examples of needlessly quantified standards are:

- Accuracy of the letters/modifications shall be 96 percent (98 percent for exceptional).
- Replies to correspondence/telephone queries within three days (two days for exceptional).

Other performance standards are perhaps measurable but are unclear as to what the calculation units are that would produce the standard -- for example: "Should find no more than three percent deficiency on work products."

We suggest that all standards be reexamined for relevance to the buying function and to ensure adequate explication of the procurement agent's job functions.

Following is an example of the performance range of a critical element of a buyer position:

Critical Job Element:

Displays knowledge of appropriate industry, market, and product characteristics.

Minimum

Has working knowledge of industry and product vocabulary, characteristics, and performance.

Fully Acceptable

Has detailed knowledge of industry and product characteristics. Is comfortable with the vocabulary particular to the commodity(ies) procured.

Exceptional

Has extensive knowledge of industry and product characteristics. Uses knowledge effectively in negotiations to improve Government purchasing.

C. WORKLOAD

CURRENT OPERATIONS

The C&T/TP acquisition environment differs extensively from other DLA centers. Although firms vary from very large to very small, over 80 percent of C&T/TP's contract dollars are awarded to small businesses. A significant number of awards are also made to firms located in labor surplus areas (42.5 percent of C&T/TP's contract dollars awarded), to the National Industries for the Blind, and to the Federal Prison Industries.

Most of C&T/TP's procurements are formally advertised through Invitations for Bid (IFB). Formal advertising is possible when the specifications are complete, adequate, and clear; when there is adequate leadtime; and when competition is anticipated. Without any one of these conditions, C&T/TP must negotiate the procurement. For FY 1983, over 27 percent of its dollars awarded resulted from formal advertising, versus a goal of 37 percent. (DPSC has requested that DLA-P reduce this goal to 26 percent.) However, nearly 98 percent of dollars awarded by C&T/TP this fiscal year have been through competition. In fact, the only noncompetitive awards were Section 8(a) set-asides to minority- and female-owned businesses awarded through SBA and

mandatory awards to the Federal Prison Industry, National Institute for the Blind, and National Institute for the Severely Handicapped. (C&T/TP's FY 1982 performance in various categories of awards is compared with other DLA commodity organizations in Exhibit III-5.)

DPSC and C&T have taken positive steps to reduce noncompetitive procurements even more. DPSC has directed PCO's to ensure that, among other actions:

- The quantities being procured are suitable to all potential bidders (economic levels).
- Production leadtimes and deliverable quantity increments are reasonable and can be achieved by the industry.
- Specifications are not restrictively unique to only one or a few firms.

Difficult economic conditions have encouraged the entry of many small firms into the clothing industry. Many of them are not capable of sustaining Government business because of one or more of the following reasons: lack of technical ability, lack of financial stability, inexperienced management, and lack of experience in Government contracts, particularly in meeting standards and specifications. When the low bidder is a small business, the process to determine its competency and responsibility starts with a preaward survey performed by DCAS. This process includes analysis of the firm's personnel, machinery, technical expertise, and financial resources. If the information is available, it may also include reviewing the firm's past performance on Government contracts.

If either: (1) the DCAS preaward survey is "negative" and the contractor is judged "nonresponsible" or (2) the preaward survey is "positive" but the PCO does not concur, the contractor can appeal to SBA. SBA has 15 days to evaluate the case and determine whether a certificate of competency (COC) should be issued. If it recommends issuance and the PCO disagrees, a

lengthy justification process ensues in which the PCO, representatives from DLA Headquarters, and SBA review the case. If SBA still votes in favor, the certificate of competency and contract are issued to the firm.

Unfortunately, both of these "fail safe" methods have proven to be inadequate in preventing awards to companies incapable of meeting contractual commitments. To investigate the problem, DLA has formally examined the quality and timeliness of preaward surveys. In its 1979 report, DLA declared that 29 percent of the surveys examined contained sufficient deficiencies to render the entire survey inadequate. Discussions with C&T/TP PCO's and top-level managers indicate that this problem still exists. Although the performance of individual DCAS regions may differ, this does highlight a significant problem. In fact, in the same DLA study, several cases were found where erroneous preaward survey findings allowed less than responsible bidders to receive contract awards. In each case, DPSC was forced to terminate the contract because of contractor default, which delayed item delivery.

There have been just over 900 preaward surveys processed for C&T by DCAS in the past 2 fiscal years (as shown in Exhibit III-6). Many C&T waivers of preaward surveys are attributed to past DCAS criticism of unnecessary preaward requests for repetitive contracts. As a result, DPSC instructed its PCO's to be more selective in requesting preaward surveys. But there are factors that may contribute even more to such waivers. One is the lack of confidence of PCO's in these surveys. Another is the fact that even if DCAS does submit a negative finding, contractors can still appeal to SBA and obtain a COC. DPSC's FY 1981 statistics show that in those cases where small businesses elected to file for a COC with SBA, SBA declined to issue a certificate in only 12 percent of the cases.

In addition to hampering the procurement process, SBA also significantly adds to procurement administrative leadtime (PALT). In the 1979 report referenced above, DLA found that PALT increased from 19 to 76 days for C&T/TP items awarded through a

certificate of competency action, despite established procedures that allow SBA only 15 days to complete this action. Current experience in C&T/TP is comparable.

C&T/TP's workload problems are also adversely affected by bid protests. Bid protest procedures permit any losing bidder or other interested party to file a protest with either GAO or the PCO for referral to GAO. These protests may be based on any of the following factors related to the winning contractor: (1) responsiveness; (2) responsibility; (3) small business status; (4) labor surplus status; and (5) Walsh-Healy status. Almost routinely, these protests delay contract awards by 2 to 3 months and in the vast majority of cases are unfounded. For example, in FY 1982, there were 67 protests filed with GAO; GAO sustained only 1.

The Maybank Amendment also complicates both the bidding and award process. Normally, the DoD Appropriation Act precludes DoD from paying a price differential on contracts awarded for labor surplus area (LSA) set-asides. This restriction, known as the Maybank Amendment, was modified in the FY 1981 DoD Appropriation Act to permit the payment of such a price differential (up to 5 percent on LSA set-aside contracts awarded by DLA). This differential is permitted as a test to judge the impact of the Maybank Amendment; DLA is the only DoD component participating in the test. DoD's FY 1983 Appropriation Bill changed the 5 percent differential to 2.2 percent. Irrespective of the price differential size, C&T/TP personnel believe that the frequency of bid protests has increased as a consequence of the bidding complications introduced by the Maybank revision. Of the 67 protests filed with GAO in FY 1982, 21 involved labor surplus/Maybank status.

In recent years, C&T has experienced serious supplier problems, particularly with item quality, on-time delivery, and the proper size mix/quantity delivered. A significant number of problems are with dress and semidress uniforms and such special-purpose items as fire and weather protection clothing. One

solution to these difficulties would be the development of a Qualified Manufacturers List (QML). However, since the large majority of supplier problems are associated with small businesses, any QML would require support from SBA. DLA Headquarters recently advised SBA of the nature of these supplier problems and formally requested that support. This action was a result of two recent studies performed within DLA, namely, a study on behalf of the Marine Corps in 1981 and a C&T Task Force currently in progress. There is merit in the implementation and use of QML's, and pursuit of this goal is encouraged.

Individual buyer workload (other than SPUR) appears to be reasonable and well managed. Each procurement team has about 14 to 20 purchase requests at one time, all SSC #1 items. (The SPUR team, addressed later, purchased all the DVD, non-SSC #1 items.) Workload is normally assigned according to quantity of PR's, procurement complexity, and commodity involved. PR's are evenly distributed among buyers, and the workload is monitored and shifted as necessary by the team leaders/PCO's. Most large procurements are IFB's, involving large quantities and awards in either hundreds of thousands or millions of dollars.

Workload priorities are defined by the nature of the business: (1) exigencies, where immediate action is necessary; (2) material obligations (backorders); and (3) all other PR's on a first-in, first-out basis. There is very little use of overtime.

Currently, unlimited contracting officer warrants have been issued to the C&T/TP deputy division chief, each section chief, and each procurement team leader/PCO (except for the SPUR team). This appears to be a sensible distribution of warrants, both in numbers and unlimited restriction. Since the great majority of awards are in the hundreds of thousands of dollars level or above, it is more effective and efficient for each team leader to have an unlimited warrant. The SPUR team leader's warrant is limited to \$25,000, which appears reasonable as nearly all awards in this area are small purchase (less than \$25,000).

C&T/TP supervisors use a variety of manual records, locally developed Single Agency Automated Data System (SAADS) reports, and selected SAMMS reports to manage PR and contract workload. Although this approach is somewhat effective, by and large such a variety of management tools leads to inefficiency and ineffectiveness, especially in the nonautomated contract administration area.

C&T/TP supervisors and contract specialists are reluctant to use SAMMS. Personnel lack confidence in its accuracy and see it as a time-consuming waste of effort. This problem reflects a need to implement automation on a broader scale throughout C&T/TP.

C&T/TP management of overage PR's is good when compared to that of the hardware centers. As of the last reporting periods, there were only 14 PR's in C&T/TP that were overage (over 90 days old), with the following age breakout:

<u>Number of Days Old</u>	<u>Number of PR's</u>
90	11
120	2
150	0
180	<u>1</u>
	<u>14</u>

C&T/TP gives maximum attention to overage PR's. The 10 oldest PR's are briefed on a weekly basis at the directorate level, involving representatives from Supply and Technical Operations, the legal staff, the PCO, and C&T/TP staff. The most serious problems are elevated to the DPSC Commander for monthly review.

C&T uses two primary data reports to track overage PR's: the SAADS CPJWW011 Report, "Purchase Requests Over 90 Days Old" and SAMMS PF-35 Report, "Weekly Purchase Request Aging." Generally, the primary causes of overage PR's are DCAS preaward surveys, SBA certification of competency, and protests to the GAO.

C&T is planning to install a SAMMS Automated Small Purchase System II (SASPS II) operation this calendar year in the Equipment and Footwear Branch. This operation will concentrate on FSC 8455, consisting of over 6,000 NSN's. (Exhibit III-7 contains a list of the type of items in this FSC.) This is an excellent management decision and ought to be pursued on a priority basis.

The SPUR team handles DVD nonstocked items with almost all PR's being small purchases under \$25,000. At the moment, the SPUR team is manned by one team leader/PCO (with a \$25,000 limited warrant), five procurement agents, and a procurement clerk. According to the PF-33-2 Report, "Monthly Status of Purchase Requests," there were 549 PR's (567 Purchase Request Line Items (PRLI's)) in SPUR at the end of August. This is an extensive workload for the number of SPUR procurement specialists, considering the variety of items to be procured. Many incoming PR's have to be transferred to Technical Operations for clarity.

It should be noted that the above referenced workload is considerably less than other months in this fiscal year, and the overall trend of PR's on hand in SPUR is downward -- from highs of 1,501 in November 1982 and 1,216 in January 1983 (see Exhibit III-8). But while this onhand total has been dropping, the small purchase PALT for SPUR has been increasing, from a low of 27 days in May 1983 to 39 in August.

All PR workload assignments and control in SPUR are accomplished through manual records, as is all postaward contract administration. This method is ineffective and inefficient and perpetuates a continued "out-of-control" situation. In addition, antiquated and inefficient means are used to determine possible sources for solicitation. Buyers rely extensively on history cards or the PR trailer listing for previously known sources. Multiple detailed bidders lists would be a more effective and efficient means of determining reliable sources and obtaining competition.

There appears to be an extraordinary number of PR's canceled after being assigned to C&T/TP. According to the PF-33-2 Report, "Monthly Status of Purchase Requests," part 2 (Cancellations), the PR cancellation rate (based on the onhand workload) has ranged from 13 to over 38 percent this fiscal year. As shown in Exhibit III-9, over 7,000 PR's have been canceled in the last 14 months after being assigned to C&T/TP. The process of reviewing and canceling PR's is a waste of resources, and more efficient methods should be considered.

C&T/TP conducts postaward contract administration through a "cradle to grave" approach; procurement agents perform both the buying and contract administration functions. Procurement agents reportedly spend from 30 to 50 percent of their time on post-award activities, depending on the complexity of the contract, the priority need for the products, and the degree of problems the contractor experiences in meeting product quality standards or contract delivery dates and quantities. Contract administration involves a large variety of problems, the most common of which are listed in Exhibit III-10.

As shown in the exhibit, delinquent contracts occupy the greatest amount of the procurement agent's postaward time. These delinquencies are primarily associated with inadequate sized items. This condition is caused by a general industry production practice which does not respond to delivery requirements for the broad spectrum of sizes. The current delinquency rate by size is approximately 38 percent, even if only a moderate portion of the sizes were actually not shipped on schedule. However, in any one delinquent sized increment, about 88 percent of sizes are actually shipped on time. The delinquency rate by total quantity is about 7 percent.

Although the contract administration functions are being performed, there is considerable room for improvement, particularly in enhancing efficiency. Specifically, automated reports should be used to track contract deliverables and identify repeated delinquent contractors. Current methods rely on manual

recordkeeping, which is unreliable, time consuming, costly, and ineffective in combating delinquencies and other supplier problems.

Although certain contract administration functions are delegated to the Defense Contract Administration Services Region (DCASR) for contracts over \$25,000, C&T/TP claims they retain a number of PCO functions to be performed inhouse. Two major reasons are used to justify this approach:

- The prevailing belief in C&T/TP at all managerial levels is that DCAS does not appear to have sufficient time to deal with problems in clothing and textiles because priority is given to weapon systems and related contracts. Consequently, C&T/TP contract administration problems are not addressed in a timely manner. For example, DCAS does not react to contractor delinquencies until such delinquencies are over 30 days old. With so much attention given to C&T items by congressional sources and military commanders, such delayed DCAS action may be inappropriate for resolving problems in the clothing and textiles area.
- It is also the opinion of C&T/TP that DCAS is not sufficiently knowledgeable in the clothing and textiles area. DCAS does not know the industrial environment, the contractors, the commodities, or the impact on specific military installations when problems occur. As such, DCAS is unable to provide the personal, immediate attention needed to resolve these problems.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation III-6. Conduct an indepth study to assess DLA's capabilities to adequately support the clothing and textiles mission through effective/efficient contract administration.

Based on the concerns and comments voiced by C&T regarding their ability to perform effective contract administration and the support they are receiving from DCAS, DLA should conduct a study to assess the strengths and weaknesses of current approaches to contract administration.

Specifically, the study should determine:

- Quality of DCAS preaward surveys and how to improve this process.
- Strengths and weaknesses in C&T/TP current contract administration methods.
- Adequacy of DCAS' current postaward contract administration support.
- Specific postaward functions C&T/TP should delegate to DCAS.
- DCAS collaborative efforts with C&T/TP in automating postaward reports, including contract line item deliveries and delinquent contractors.

Both DCAS and C&T, and possibly SBA, should be active participants in exploring the existing problems and issues.

Recommendation III-7. **Track all contract deliveries, using the C&T Single Agency Automated Data System (SAADS) until some other form of automated capability becomes available.**

C&T/TP contracts normally provide for delivery of multiple sizes of uniforms, shoes, and equipment to be delivered to several military installations. Tracking on time deliveries, in correct quantities and sizes at the correct locations, is an astronomical task. Because of the manufacturing processes unique to these industries, contractors often produce and deliver varying quantities of selected sizes at periods and locations not commensurate with contract requirements. Consequently, it is not uncommon for contractors to deliver the right quantity of items, but not in the sizes needed at given locations, with the intent of eventually correcting the situation on subsequent deliveries. Attempting to track contract deliveries in this environment is complex; manual tracking is inadequate and costly.

formula used can lead to negative statistical results in spite of positive efforts of postaward contract administrators to obtain deliveries of delinquent items.

Furthermore, there is no real measurable link between the efforts of contract administrators and "initial" ontime deliveries (the first time the item is due for delivery). Postaward contract administrators cannot control ontime shipments (nor delivery effectiveness). Generally, in spite of any contract administrator's influence, other factors ultimately determine whether the contractor meets the contractual delivery date. Therefore, ontime shipments should not be viewed as a goal for DSC's to attain but should be used as a management indicator of vendor effectiveness.

It should be noted that one problem associated with any measurement of contractor shipment is inadequate reporting, especially of direct vendor deliveries. DLA should develop an effective and timely method of both reporting and machine recording ontime shipments.

Recommendation III-20. Set reasonable, attainable, and negotiated procurement performance goals.

At C&T/TP, there are "normal" patterns and trends that influence procurement awards. These may include routine delays in awards due to preaward surveys, issuance of COC's by SBA, or protests to GAO, or delays for specific items that are more time consuming to procure, such as protective weather and fire-fighting clothing/equipment. Because these factors are peculiar to C&T/TP (and make up the "norms"), they should influence the goals that DLA-P establishes for C&T/TP and should be negotiated with the division chief.

In some cases, present goals are incompatible -- for example, striving for PALT (award in the shortest time) and competition, or trying to reduce aging PR's while simultaneously meeting a public exigency procurement priority. Some goals may simply be unattainable because procurement has no direct control over the

for increased management attention in postaward contract administration, as recommended in Section III-C.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation III-18. Use PR'S in lieu of line items as a basis for measuring workload.

DLA should consider using PR's instead of PRLI's as a basis for measuring preaward workload. The contracting directorate of DLA and C&T/TP both use line items as the basis for measuring procurement activities while the PR remains the basic unit of work for other elements of DLA and the rest of the Government. The major argument in favor of using line items is that PRLI's are the smallest common denominator for measuring buying activity; those opposed to using line items see them as incompatible with what other DLA/DoD elements use, serving mainly to inflate perceptions of the workload. There is no real benefit to measuring the workload by line items; DLA-P should consider using PR's as the measurement base.

Recommendation III-19. Adopt "ontime shipments" as a management indicator in lieu of delivery effectiveness.

DLA-P should adopt "ontime shipments" as a management indicator in lieu of delivery effectiveness. Delivery effectiveness is a questionable management indicator, because it does not identify receipt nor qualify the effectiveness of the contractor's product. The only postaward factor that can be justifiably measured in this regard is ontime shipments, which should be used primarily as a vendor performance indicator rather than a DSC management indicator.

The criteria and formula currently used to compute delivery effectiveness tend to distort the results. First, the system treats all deliverable line items the same, regardless of value; a \$1 item is just as important as a \$10,000 item. Second, the

- Small Business Awards -- Against a goal of 75 percent, C&T/TP's June actual was over 98 percent. This represents an annual cumulative rate of 88 percent to date, ahead of last year's 74 percent at the same time.
- Awards to Labor Surplus Areas -- As of 30 June C&T/TP had awarded \$533M, compared to \$252M last year.
- Awards to Small Disadvantaged Firms -- As of 30 June, C&T/TP had awarded \$22M this year versus \$6M at the same time last year.

According to the PF-33-2 Report, "Monthly Status of Purchase Requests," part 3 (Actions), the C&T/TP onhand workload has reached a steady level of between 1,380 and 1,500 PR's monthly over the last 5 months. This follows 4 consecutive months of near or over the 2,500 level, as shown in Exhibit III-11. The monthly contract award rate, as shown in Exhibit III-12, reflects a significant effort to resolve the backlog in SPUR. (The PALT figures in this exhibit are taken from the previously referenced PF-33-2 Report. Interestingly, the statistics are not consistent with those in the PF-36 Report, "Procurement Management Data," on a month-to-month basis.)

At this time, it may be beneficial to point out that PRLI counts for C&T/TP are computed differently than at other DLA supply centers. Each size for a particular shoe or uniform shirt, pants, or jacket is assigned a separate NSN. C&T/TP contracts involve delivery of these multiple NSN's to different locations. Thus, total PRLI's reflect the multiple sizes of uniforms delivered to various stock points.

In postaward contract administration, there are some serious problems, especially in the number of delinquencies. As of the end of August, there were 427 delinquent contracts, consisting of 7,727 contract line items (CLIN's) (4,300 over 90 days delinquent) valued at \$266M. Delinquent purchase orders and delivery orders (347) increase the delinquent CLIN's by another 1,500. Although these figures represent a healthy reduction from earlier periods in this fiscal year, they nevertheless highlight a need

relationships between the Government and its vendors, the use of minimum documentation is probably sufficient.

Additionally, SASPS II is not programed to process awards over \$10,000. With the increase of the small purchase threshold to \$25,000, special efforts should be made to expedite all awards at this higher level.

D. MANAGEMENT INDICATORS

CURRENT OPERATIONS

As of the end of August, C&T/TP was performing at or near the FY 1983 performance goals established by DLA-P. (The only serious performance problem is in the formal advertising rate.) Assigned goals and actual performances are as follows:

- Rate of Competition (percent of total dollars awarded) -- Goal is 97 percent; actual is over 99 percent.
- *Rate of Formal Advertising (percent of total dollars awarded) -- Goal is 37 percent; actual is less than 28 percent.
- Large Purchase PALT -- Goal and actual are both 70 days.
- Small Purchase PALT -- Goal is 36 days; actual is 39 days.
- Line Item Aging Over 90 Days -- Goal is 5 percent; only 14 PR's in C&T are over 90 days old.

In addition to the above, C&T is outperforming some DPSC goals as well:

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- * C&T has formally asked DLA-P to lower this goal to 26 percent.

may enhance eventual performance or help a contractor reevaluate his capability to perform.

Recommendation III-16. Proceed on a priority basis to implement SASPS II procedures in the Equipment & Footwear Branch for procurement of FSC 8455 items.

C&T/TP is planning to break out FSC 8455-type items (insignia, badges, flags, and pennants), which consist of over 6,000 NSN's, and implement SASPS II operations for these procurements during FY 1983. This is a good management decision, for it should reduce workload and enhance acquisition effectiveness and efficiency.

C&T plans to load the SASPS II data base with: (1) contractors with whom C&T/TP has conducted prior business; (2) other known contractors in these commodity areas; and (3) other firms who, responding to future inquiries, indicate a desire to be placed on solicitation lists.

The SASPS II operations should be installed in the same working area as the current manual operation to maintain commodity integrity.

Recommendation III-17. Consider simplified methods of awarding under SASPS II small purchase procedures.

When the SASPS II operation is initiated in the Equipment & Footwear Branch, SASPS II awards should be issued via letter notices to vendors immediately after award, followed with the complete award package at a later time. Experience at the hardware centers indicated that the DSC's contribute to contractor delinquencies by mailing award documents late or permitting such clerical errors as unsigned or unnumbered contract documents. Also, significant backlogs occur in SASPS II because pending reviews and signature requirements are not promptly executed by contracting officers. Since small purchases are not contractual

Recommendation III-15. Expand the current practice of conducting postaward orientation conferences with new contractors whenever the PCO feels there is substantial reason to doubt the company's capabilities to perform.

Although many problems can be avoided through effective preaward conferences and preaward surveys, some issues do not come to the fore until after award.

The most complex and most frequent problems in postaward contract administration occur with first-time Government contractors. These problems generally involve:

- Unfamiliarity with the meaning and impact of terms/conditions of Government contracts.
- Inability to meet Government specifications or standards after contract award.
- Inaccurate bidding followed by an alteration of performance to reduce adverse cost impacts.
- Delinquent deliveries.

C&T/TP policy requires postaward conferences with all new contractors. At this time, Government contractual requirements are reiterated so that the contractor fully understands contract terms and conditions; quality, specifications, and standards required in material and products; and delivery dates. This practice is quite helpful for new (and especially smaller) contractors in understanding the full extent of what they have contracted to do. It can clarify minor misunderstandings that can become major discrepancies later and, in some cases, perhaps encourage small contractors to refuse a contract award when it appears nonperformance is highly possible.

Such conferences should continue to be encouraged and perhaps expanded. New conferees might include small contractors who have performed on Government contracts in the past but whose current performance may be questioned by the PCO. Such a conference

pursue some form of SPUR team workload automation for PR assignment, workload control, PR progress, and postaward contract delivery functions. Since there are apparently no SAMMS resources readily available, C&T/TP should use its own SAADS for this automation.

Recommendation III-13. Investigate the use of indefinite delivery-type contracts (IDTC's) and requirement-type contracts (RTC's) for SPUR team procurements.

C&T/TP should investigate using IDTC's and RTC's for SPUR team procurements. Considering the number of items that must be procured and the relatively small number of buyers assigned, a more defined commodity orientation for SPUR team members may lend itself to IDTC and RTC procedures. The hardware centers have used these instruments successfully (though on a limited basis), and C&T/TP should consider them as a possible means of improving effectiveness and efficiency.

Recommendation III-14. Investigate the advantages and practicality of implementing a SASPS II operation in the SPUR area.

The SPUR team's workload is almost entirely small purchases (below \$25,000). Although these procurements may be nonsupply status code #1 items, it is possible and practical to organize these procurements by commodity, especially for the NSN items. When considering the extent of the PR workload, combined with minimum staffing, a SASPS II capability may enhance PR processing and awards. C&T/TP should investigate the merit of this recommendation.

- Communications with delinquent contractors (standardized letters informing them of unsatisfactory performance and Government action)
- Reports of discrepancies (ROD's)
- Second material receipt follow-up
- Postaward contract administration workload listings
- Contract closeout procedures/process.

Recommendation III-12. Perform a complete audit on the SPUR team PR workload; assign and distribute the workload by specific categories of commodities.

The SPUR team, consisting of five full-time procurement agents and one PCO, currently processes over 500 PR's. Manual records are maintained to annotate buyer workload and to distribute and control new incoming workload. The SPUR team currently uses the SAADS PCPAW02 Report, "Purchase Requests/Branch-Buyer Sequence," and the SAMMS PF-30-1 Report, "Buyer-Branch Weekly Transaction Summary Listing." However, these reports are inadequate to track buyer assignments and PR progress and do not contribute to effective inventory control.

C&T/TP should institute a more precise method of initial workload distribution, workload control, and determination of buyer "saturation" level (when the maximum number of PR's have been assigned and PR workload should be shifted to other buyers). A PR commodity category listing may prove helpful, with specific buyers assigned particular commodities and all workload distribution made accordingly. Also, the heavy buyer PR workload in SPUR leaves almost no time for any postaward contract administration. (Generally, the only contract administration performed by the SPUR team occurs when customers have problems.)

A complete internal audit is required to determine how many PR's are actually inhouse, to whom they are assigned, and the current workload capacity of each buyer. C&T/TP should also

either through a more exacting review process or by returning PR's to their originator.

Recommendation III-11. Design and implement a comprehensive program to increase automation.

C&T should design and implement a comprehensive program of increased automation throughout the procurement division, considering both SAMMS options and other automation alternatives. Such a program should be a major agency goal of the 1980's and should focus on the following:

- Increasing the general proportion of automated procurements and the number of NSN's available through SASPS II.
- Improving the vendor data base.
- Implementing postaward automation initiatives, which should include delivery forms, data base of NSN sole-source awards, comprehensive vendor performance system, and, eventually, automated contract files.

Following is a representative sample of potential automation initiatives:

- SASPS II contractors, by NSN, for solicitation
- Purchase order preparation
- PR distribution and workload progress tracking
- Commonly used forms
- SF-129 for a comprehensive bidders' mailing list
- Contractor performance history file
- Lists of contractors for QML's by NSN (when such a process is approved)
- Applicable bidders' lists by Federal class
- Typewriter processing of sequential contract page numbers and procurement instrument identification numbers (PIIN's)
- Various stages of the award preparation process, including notice of award

of how the system works and a general unwillingness to take time to learn. However, regardless of the reasons for the data disparities and personnel reluctance to rely on SAMMS, the current method of using three forms of data records is managerially ineffective and inefficient. A more acceptable means of workload data presentation is needed immediately.

Recommendation III-10. Study the high cancellation rate of PR's, and determine causes and solutions.

C&T should study the high PR cancellation rate that occurs after PR's reach C&T/TP. According to the PF-33-2 Report, part 2 (Cancellations), a considerable amount of processing time is expended by contract specialists or clerical personnel canceling PR's.

The extent of this problem is illustrated in Exhibit III-9, which shows the number of PR's canceled by month from July 1982 through August 1983. According to the PF-33-2 Report, 5,933 PR's were canceled in the last 12 months; in the last 7 months, between one-fourth to over one-third of all PR's coming into C&T/TP were canceled, and the percentage for March, April, and August exceeded 36 percent.

Of the 7,453 PR's canceled in the last 14 months, the four primary reasons coded in SAMMS are shown below, together with the percentage of the total cancellations applicable to that cause:

- Inability to identify correct NSN or part number -- 21.7 percent.
- Request by the requisitioner or manager -- 18 percent.
- Alternate supply action to be taken on NSN MILSTRIP requisition -- 17.1 percent.
- Inability to procure; reasons forwarded to Supply Operations -- 17.1 percent.

Reviewing and canceling PR's is a waste of C&T/TP resources that could be used in more productive tasks. Perhaps PR's could be canceled in Supply Operations prior to entering C&T/TP --

There is strong opposition to SAMMS. Supervisors resent the time required and the procedures that must be performed to input the system, and they lack confidence in the accuracy of the output. SAMMS report usage, therefore, is limited primarily to mass data collection for monthly information reporting plus very isolated use by supervisors for workload management.

The lack of confidence in SAMMS report accuracy is somewhat justified. For example, the PF-33-2 Report, "Monthly Status of Purchase Requests," has three parts, which present summaries of purchase requests awarded, canceled, and requiring action. Since the system works from the same inputs, logically, parts 2 and 3 should agree, regardless of data omission. However, there is a wide variance in the number of PR's canceled as shown in parts 2 and 3.

Also, logical additive and subtractive processes do not provide anticipated results. Illustratively, part 3 of the PF-33-2 Report displays PR's and PRLI's for the following categories: received, canceled, awarded, returned, reinstated, and on hand. The following process would seem logical:

PR's and LI's on hand last month (PLUS) PR's and LI's received and reinstated this month (MINUS) PR's and LI's canceled, awarded, and returned to Supply/Technical and Quality Assurance this month (SHOULD EQUAL) PR's and LI's on hand this month.

Yet, if one performs the above calculations for a series of consecutive monthly PF-33-2 (part 3) Reports, the final results do not equal the statistical output from SAMMS.

A further example is that the data on the PF-33-2 Report do not always match the information presented on the PF-36 Report, "Procurement Management Data." Consequently, C&T/TP personnel often question the accuracy of these data, resulting in limited confidence in and acceptance of SAMMS.

These inadequacies, as well as a history of "existing for many years without it," foster a negative attitude among workers and supervisors toward SAMMS. There is a lack of understanding

performance capabilities are questionable. If the preaward survey deems the contractor nonresponsible, or if the preaward survey is favorable but the PCO believes that the firm is not responsible, the firm may file for a certificate of competency (COC) from SBA. SBA conducts its own survey, and if it finds the firm to be competent, it will certify the company as such and the firm is then awarded the contract.

This is a lengthy process, requiring a great deal of the PCO's time, and it includes extensive documentation, especially if the contractor's past performance is poor. DPSC FY 1981 statistics show that in cases where small businesses elected to file with SBA for a COC, SBA declined to issue a certificate in only 12 percent of the cases. It is small wonder that PCO's are reluctant to put forth considerable effort to counter preaward surveys or COC issuances when they believe a contractor is nonresponsible.

This situation proves the value of documenting cases as they occur. Documentation should include results of DCAS preaward surveys and SBA COC issuances. In cases of contractor delinquencies or eventual nonperformance, PCO's must have readily available data files to substantiate their nonconcurrences. Documenting such instances on an "as it happens" basis will provide more accurate case files and make such evidence available when needed in the future.

Recommendation III-9. Develop a single automated data system to manage the incoming workload, its internal distribution and tracking, and postaward tasks until SAMMS modernization is implemented.

C&T/TP supervisors now use a variety of manual records and two locally developed SAADS reports to manage PR and contract workload. Unfortunately, these methods do not provide adequate information to optimally manage the workload. Although SAMMS modernization will eventually address this issue, a more immediate solution is required.

An automated vendor performance measurement system for post-award monitoring should be developed. This would include a series of reliable and effective automated reports to track delinquencies, highlight repeated offenders, and simultaneously code this information for future buyer reference and use throughout each buying branch. For the present, it appears that the existing PF-38 Report, "Contract Delinquency," is useful in meeting the immediate needs of C&T/TP until a more effective report is available.

Currently, there is no effective method within C&T/TP to provide feedback to other buyers when a contractor is repeatedly delinquent. Contractors with repeated delinquencies should not be rewarded for their poor performance with additional Government contracts. Therefore, some internal reference system should be implemented to alert buyers prior to making an award to a chronic delinquent contractor.

Where appropriate (e.g., in cases of repeat offenders), C&T/TP should begin using a series of notices to delinquent contractors. For example, the first letter would inform the subject contractor that its repeated delinquent deliveries have been detrimental to the Government, and as a result, preaward surveys will be initiated prior to any future awards to ensure on-time delivery. Periodic update notices should be used, signifying that delivery performance is or is not improving. If performance improves sufficiently to end disciplinary actions, firms should be so advised.

For repeat offenders, procurement agents and PCO's should be instructed to initiate and retain case files of delinquency problems. For their information, higher level managers should also be encouraged to review delinquency reports and case files.

In cases where the low bidder is a small business concern, a DCAS preaward survey is required (unless waived by the PCO) if the firm has never performed on a Government contract or if its

C&T/TP should institute a vigorous effort to convert existing and future delivery schedules to automated tracking. Computer data reports are needed to give procurement agents and managers more accurate information regarding the thousands of items due for delivery. At a minimum, for every contract, the following information should be available to C&T/TP for easy tracking:

- Contractor name, address, and telephone number
- Number of line items due delivery
- Location of deliveries, by size and quantities
- Dates items are due for delivery
- Total dollar value of deliverables.

C&T/TP should use these reports to track pending deliveries. In those cases where C&T/TP has had previous delivery problems with the same contractors or where delivery problems are anticipated, these data reports will serve as a management "tool" to aid delivery tracking. C&T/TP has approximately 1,500 active contracts. Without these automated reports to track deliveries on a regular basis, attempting to manage this workload through manual records is both ineffective and inefficient, leaving the Government in a relatively defenseless and costly position.

Recommendation III-8. **Institute a more aggressive and coordinated program to manage delinquent contractors.**

Currently, manual reports are maintained to track delinquent contractors. However, this method is not effective or efficient in enabling procurement agents or managers to determine the extent of contractor delinquencies in numbers of contracts, number of line items due delivery, quantity of items in different sizes, delivery locations, and dollar values. Furthermore, manual records do not identify contractors who are repeatedly delinquent. These contractors cause the Government the most expense in contract administration, possible termination, and reprocurement, often leading to shortages in military requirements.

events that influence a goal. For example, there are numerous factors outside C&T/TP's control that affect PALT, which has been increasing in C&T/TP over the past several years. Two causes are lengthy COC or preaward survey processes. Other reasons are industry unique and include:

- U.S. Environmental Protection Agency limitations on the type of dyes that can be used in finishing fabrics. Leadtime in obtaining "substitute dyes" has increased.
- Unusual (noncommercial) fabrics that require special machine tooling or production processes by Governmental suppliers.
- Diminishing sources for components of some end items.

To be effective, goals should be attainable. It is unreasonable to measure individuals or organizations by factors that are beyond their control. Goals that are not attainable cannot motivate people and may actually be counterproductive to mission accomplishment. Management indicators should enable DLA-P and C&T procurement supervisors to determine the effectiveness of mission performance. And goals should provide meaningful, attainable objectives to help C&T/TP personnel accomplish their procurement mission.

EXHIBIT III-1

DIRECTORATE OF CLOTHING & TEXTILES

END-OF-MONTH STOCK AVAILABILITY FY 1982 AND 1983

	<u>MONTH</u>	<u>% STOCK AVAILABILITY</u>		<u>MONTH</u>	<u>% STOCK AVAILABILITY</u>
1981	OCT	91.2%	1982	OCT	86.3%
	NOV	87.8		NOV	89.0
	DEC	90.1		DEC	89.8
1982	JAN	89.7	1983	JAN	89.7
	FEB	91.2		FEB	90.6
	MAR	91.2		MAR	91.7
	APR	89.8		APR	91.5
	MAY	90.7		MAY	89.9
	JUN	91.7		JUN	92.5
	JUL	90.6		JUL	93.1
	AUG	89.6		AUG	
	SEP	89.6		SEP	

Accumulative Stock Availability for the year:

- o FY 1982: 90.3%
- o FY 1983: 92.7% (through June 1983)

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EXHIBIT III-2

DIRECTORATE OF CLOTHING & TEXTILES
CONTRACTING & PRODUCTION DIVISION

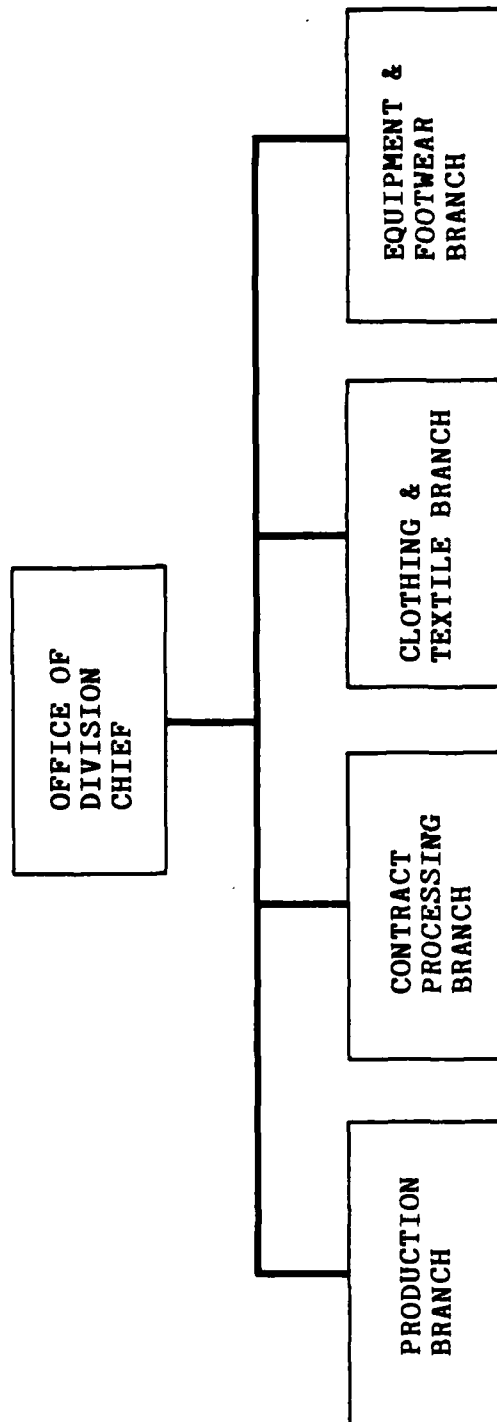


EXHIBIT III-3

DIRECTORATE OF CLOTHING AND TEXTILES

PROCUREMENT TEAMS
IN THE
CONTRACTING & PRODUCTION DIVISION

Clothing & Textiles Branch

- Special Purpose Clothing
- Men's and Women's Wool Blend Dress Clothing & Hoods
- Cotton, Outerwear Clothing, and Caps
- Wool and Wool Blends
- Women's Polyester Clothing, Rainwear, and Socks
- Webbing and Synthetics
- Cotton Blends and Domestics
- Battle Dress Camouflage

Equipment & Footwear Branch

- Individual Equipment and Tentage
- Metal Insignia and Decoration
- Footwear
- Hardware and Leather Products
- Mandatory and Special Programs
- Embroidered Insignia and Flags
- Defense Orthopedic Footwear Clinic (DOFC)
- Special Purchase (SPUR)

EXHIBIT III-4

DIRECTORATE OF CLOTHING & TEXTILES
FEDERAL SUPPLY CLASSES OF ITEMS PROCURED

7210	Household Furnishings
8305	Textile Fabrics
8320	Padding & Stuffing Materials
8330	Leather
8310	Yarn & Thread
8345	Flags & Pennants
8455	Badges & Insignia
8315	Notions & Apparel Findings
8410	Outerwear, Women's
8405	Outerwear, Men's
8415	Clothing, Special Purpose
8420	Underwear & Nightwear, Men's
8440	Hosiery, Handwear, & Clothing Accessories, Men's
8445	Hosiery, Handwear, & Clothing Accessories, Women's
8340	Tents & Tarpaulins
8460	Luggage
8465	Individual Equipment
8470	Armor, Personal
8335	Shoe Findings/Soling Materials
8430	Footwear, Men's
8435	Footwear, Women's

EXHIBIT III-5

DIRECTORATE OF CLOTHING & TEXTILES

COMPARISON OF CLOTHING AND TEXTILES (C&T) TO OTHER DLA COMMODITY ORGANIZATIONS

CONTRACT AWARD DATA

FY 82

<u>COMMODITY RANKING BY DOLLARS AWARDED</u>			<u>RANKING OF C&T BY CATEGORY</u>		
ORDER OF			C&T		
<u>RANKING</u>	<u>COMMODITY</u>	<u>\$(M) AWARDED</u>	<u>RANKING</u>	<u>CATEGORY</u>	<u>DATA</u>
1	Fuel	10535	1st	Competitive Awards	98%
2	Subsistence	1447	1st	Formal Advertising	30%
3	Clothing & Textiles	991	2nd	Small Business	\$765.9M
4	Construction	714	1st	Small Business	81%
5	General	687	1st	Labor Surplus	61%
6	Electronics	630	1st	LS by Preference	\$340M
7	Industrial	485	1st	Women Owned	\$18M
8	Medical	415	3rd	Lowest Large Purchase Palt	68 Days

EXHIBIT III-6

DIRECTORATE OF CLOTHING & TEXTILES

PREAWARD SURVEYS PROCESSED
FY 1982 & 1983

<u>MONTHS</u>	<u>FY 82</u> <u>NUMBER</u> <u>OF</u> <u>SURVEYS</u>	<u>FY 83</u> <u>NUMBER</u> <u>OF</u> <u>SURVEYS</u>
OCT	36	25
NOV	36	41
DEC	40	31
JAN	23	48
FEB	32	43
MAR	33	78
APR	27	42
MAY	34	41
JUN	46	39
JUL	34	48
AUG	49	28
SEP	54	

TOTALS

For: FY 1982: 444
FY 1983: 464 (for 11 months)

EXHIBIT III-9

DIRECTORATE OF CLOTHING & TEXTILES

SUMMARY OF PURCHASE REQUESTS CANCELED BY MONTH ^{1/} FY 1982 AND 1983

		NUMBER 2/ OF PR'S CANCELED	PERCENTAGE OF PR'S CANCELED	\$ (M)
1982	JUL	804	33.6	\$18.9
	AUG	716	28.5	61.6
	SEP	788	40.0	32.7
	OCT	358	18.1	30.4
	NOV	351	13.4	57.8
	DEC	398	15.5	32.0
1983	JAN	424	17.4	7.4
	FEB	583	24.6	91.5
	MAR	636	38.5	7.9
	APR	563	38.5	5.1
	MAY	419	29.1	25.0
	JUN	507	35.6	19.6
	JUL	407	27.2	113.7
	AUG ^{3/}	499	36.2	14.7

^{1/} Source of data: PF-33-2 Report, "Monthly Status of Purchase Requests," part 2 (Cancellations).

^{2/} Represents percentage of PR's canceled compared to number of PR's on hand.

^{3/} Total PR's canceled in last 12 months - 5,933.

EXHIBIT III-10

DIRECTORATE OF CLOTHING & TEXTILES

SUMMARY -- MOST COMMON CONTRACT
ADMINISTRATION ISSUES, CONTRACTING & PRODUCTION DIVISION

- Contract delinquencies (most time consuming)
- Dealing with new suppliers
- Defective GFM
- Settlement of GFM
- Deviation requests
- Waiver requests due to nonconforming material
- Inadequate production capacity
- Specification changes
- Size changes
- Over/undershipments
- Change in plant location
- Value Engineering Change Proposals (administrative and payment)
- Diversion of shipments

EXHIBIT III-11

DIRECTORATE OF CLOTHING & TEXTILES

COMPARISON OF MONTHLY WORKLOAD IN NUMBERS OF PURCHASE REQUESTS AND LINE ITEMS *

FY 1982 AND 1983

		<u>NUMBER OF PR'S ON HAND</u>	<u>NUMBER OF PRLI's ON HAND</u>
1982	MAR	2,587	12,740
	APR	3,156	15,659
	MAY	3,039	18,277
	JUN	2,747	18,665
	JUL	2,393	18,953
	AUG	2,514	16,321
	SEP	1,969	15,423
	OCT	1,982	12,816
	NOV	2,662	15,636
	DEC	2,563	17,189
1983	JAN	2,438	17,463
	FEB	2,372	16,639
	MAR	1,650	16,788
	APR	1,463	14,355
	MAY	1,440	13,516
	JUN	1,424	15,439
	JUL	1,497	16,824
	AUG	1,380	16,057

* Source of data: PF-33-2 Report, "Monthly Status of Purchase Requests," part 3 (Actions).

EXHIBIT III-12

DIRECTORATE OF CLOTHING & TEXTILES COMPARISON OF LARGE AND SMALL PURCHASE CONTRACT AWARDS * AND PROCUREMENT ADMINISTRATIVE LEAD TIME (PALT) FOR FY 1983

		<u>CONTRACTS AWARDED</u>		<u>PALT</u>	
		<u>LARGE PURCHASES</u>	<u>SMALL PURCHASES</u>	<u>LARGE PURCHASES</u>	<u>SMALL PURCHASES</u>
1983	AUG	180	211	79	40
	SEP	164	252	77	34
	OCT	190	215	89	47
	NOV	143	182	83	34
	DEC	121	104	70	39
	JAN	209	253	86	45
	FEB	145	188	81	39
	MAR	189	346	81	38
	APR	182	263	68	37
	MAY	152	198	68	30
	JUN	135	225	62	34
	JUL	128	156	57	36
	AUG	154	248	65	40

* Source of data: PF-33-2 Report, "Monthly Status of Purchase Requests," part 1 (Awards).

EXHIBIT III-13

DIRECTORATE OF CLOTHING & TEXTILES

JOB DESCRIPTION OF PROCUREMENT CLERKS

POSITION DESCRIPTION (Please Read Instructions on the Back)

1. Agency Position No.

16979

2. Reason for Submission



Reassignment



New

3. Service

Dept'l



Field

4. Employing Office Location

Phila, Pa.

5. Duty Station

6. CSC Certification No.

Reestablishment
Expiration (Show any positions requested)


Other

Procurement Clerk (Typing)
GS-1106-4 #16391/16396

7. Fair Labor Standards Act

Exempt

☒ Nonexempt

8. Employment/Financial Stmt Required

Yes

☒ No

9. Subject to IA Action

☒ Yes

☐ No

10. Position Status

☒ Competitive

☐ Excepted (Specify)

11. Position is

☐ Supervisory

☐ Managerial

☒ Neither

12. Sensitivity

☐ Critical

☐ Noncritical

☒ Nonsensitive

13. Competitive Level Code

4-16

14. Agency Use

15. Classified/Graded by	Official Title of Position	Pay Plan	Occupational Code	Grade	Initials	Date
a. Civil Service Commission						
b. Department, Agency, or Establishment						
c. Bureau	Procurement Clerk (Typing)	GS	1106	4	WJG	2/6/79
d. Field Office						
e. Recommended by Supervisor or Holding Office						

16. Organizational Title of Position (if different from official title)

17. Name of Employee (if vacancy, specify)

18. Department, Agency, or Establishment

Defense Logistics Agency

c. Third Subdivision

Contracting & Production Division

a. First Subdivision

Defense Personnel Support Center

d. Fourth Subdivision

b. Second Subdivision

Directorate of Clothing & Textiles

e. Fifth Subdivision

19. Employee Review This is an accurate description of the major duties and responsibilities of my position

Signature of Employee (optional)

20. Supervisory Certification. I certify that this is an accurate statement of the major duties and responsibilities of this position and its organizational relationships, and that the position is necessary to carry out Government functions for which I am responsible. This certification is made with the knowledge

that this information is to be used for statutory purposes relating to appointment and payment of public funds, and that false or misleading statements may constitute violations of such statutes or their implementing regulations

a. Typed Name and Title of Immediate Supervisor

FRANCIS R. KELLEY, III, Lt Col, USAF
C, Proc & Prod Div, Dir of Clothing & Textiles

b. Typed Name and Title of Higher-Level Supervisor or Manager (optional)

Signature

Francis R. Kelley

Date

2-13-79

Signature

Date

21. Classification/Job Grading/Certification. I certify that this position has been classified/graded as required by Title 5, U. S. Code, in conformance with standards published by the Civil Service Commission or if no published standards apply directly, consistently with the most applicable published standards.

22. Standards Used in Classifying/Grading Position
Substantially identical to USGSC Std for Procurement Clerical and Assistance Series, GS-1106 dated 6/72.

Typed Name and Title of Official Taking Action

WILLIAM J. GRIBBIN

Position Classification Specialist

William J. Gribbin

Date

2/13/79

Information for Employees. The standards, and information on their application, are available in the personnel office. The classification of the position may be reviewed and corrected by the agency or the Civil Service Commission. Information on classification/job grading appeals, and complaints on exemption from FLSA, is available from the personnel office or the Commission.

23. Position Review	Initials	Date	Initials	Date	Initials	Date	Initials	Date	Initials	Date
a. Employee (optional)										
b. Supervisor										
c. Classifier										

24. Remarks

III-50

25. Description of Major Duties and Responsibilities (see attached)

5010-105

U.S. Government Printing Office: 1979-261-647/2471

Optional Form 8 (Revised 8-77)
U.S. Civil Service Commission, FPMR (41 CFR) 101-11.6

JOB SUMMARY

des clerical assistance and support services to the buyer staff, in connection with accomplishing the procedural routine, paper work, document processing and verification, maintaining control and status information, preparing lists, etc. Is required to be thoroughly familiar with the variations in processing and handling for the various types of transactions, understand the work office practices and other aspects of administrative detail and be thoroughly familiar with the procedures and regulations governing the procurement program.

JOB CONTROLS

Provides general supervision consisting of guidance on the interpretation of new revised procedures and assistance in the solution of unusual problems. Incumbent is responsible for independent accomplishments of day-to-day work, based on thorough understanding of procedures and regulations governing the various aspects of procurement actions. Work is spot checked for adequacy, progress and compliance with established guides.

MAJOR DUTIES

Prepares a variety of documents and performs clerical tasks incident to the accomplishment of central procurement functions: Prepares all documents, forms, letters and correspondence required during the pre-award stages of formally advertised and/or negotiated central procurement transactions, including Pre-Invitation Notices, Requests for Preparation of Invitations to Bid/Request for Proposals, Request for Proposed Procurement Action (required for Small Business Specialist), Request for Pre-Award Plant Surveys, Bidder's Financial Responsibility Record, Request for Approval of Award, Individual Procurement Action Report, Abstract of bids and routine correspondence to various Agency elements requesting e.g. reproduction services, evaluation of sample kits, mailing of specifications, review of documents for legal sufficiency, completion of Affidavit of Bidder/Offeror/Proposed Contractor, Investigative clearances, bidder's quality history, preparation of contracts, mailing of patterns, etc. In accomplishing the foregoing, works from source documents as Purchase Requests, MIPR's, Bids, and Report of Bid and Bid Analyses, in extracting such information as item nomenclature, specification pattern number, unit price, P/R and bid quantities and delivery schedules, location of bid, name and address of bidder's and/or sub-contractor's plant locations, and any bid qualifications. Completes other required information in accordance with verbal or written instructions of buyer. Refers to Contractor Record Cards to determine whether or not bidders have active contracts at plants cited in bid, extracting such information as contract number, quantity and delivery schedule for inclusion in Requests for Plant Surveys. Maintains current knowledge and awareness of the following information regarding individual transactions in order to independently complete portions of various procurement reports; e.g. whether procurement was advertised or negotiated; whether items and/or quantities are procurable from Small Business; whether preferential treatment was given (i.e. none, SB set-aside, labor of war area set-aside; number of SB and large businesses on bidder's lists; whether Military Specification, Military Specification, or Purchase Description, with or

Experienced division buyers are typically GS-11's, and team leaders are usually GS-12's. As a rule, perishable commodity purchases are managed in a "cradle to grave" fashion, whereas nonperishable buyers utilize DCAS for field administration. All buyers are in the 1102 series, and a significant portion of the division's workforce are 1106 procurement technicians tasked with much of the postaward, document preparation, and recordkeeping duties of the function. A current division staffing list is presented in Exhibit IV-3.

Subsistence/C&P staffing levels and the skills and abilities of incumbents appear to be adequate for mission performance. Staff seem to be motivated and experienced, with a good working knowledge of their assigned commodities. Most postaward activities are handled by 1106 personnel or DCAS, and the buying function is adequately staffed with 1102 staff.

The staff of this diverse organization ranges from field buyers of fresh fruits and vegetables, who spend the entire season in the fields purchasing directly from growers, to procurement clerks, who maintain hundreds of brand-name supply bulletins for worldwide commissary purchasing of U.S. commercial products.

The division places significant emphasis on the buying function in utilizing its procurement (P-100) account resources. Whereas the most recent figures indicate that the hardware centers devote approximately half of their resources to buying, Subsistence/C&P directs more than 67 percent of its P-100 (procurement) resources to the buying function. Since the major focus of a DLA contracting organization is PR processing and award, it is appropriate that the proportions of resource utilization reflect an emphasis on buying. In June 1983, Subsistence/C&P resource utilization of P-100 was as follows: administration -- 10.9 percent; buying -- 67.3 percent; and postaward -- 21.7 percent (see Exhibit IV-4).

in colocating the C&P and Supply Operations Divisions, branches and sections of each organization are contiguously arranged by commodity. The Defense Construction Supply Center has successfully colocated these organizations, resulting in improved communication between item managers and buyers.

Recommendation IV-3. Divide Operations Analysis Branch functions into formal sections.

The Operations Analysis Branch divides the activities of its 26 staff into three informal teams. Team leaders are responsible for providing technical guidance and supervision. Given the number of staff and the diversity of functions, consideration should be given to dividing Operations Analysis Branch functions into two formal sections, each with a supervisor, and retaining the team structure. Dividing the branch into sections will improve the current supervisory span of control (1-26) and permit team leaders to function more effectively as technical reviewers and procurement management analysts.

B. STAFFING/PERSONNEL

CURRENT OPERATIONS

Subsistence/C&P has approximately 250 staff positions. Our overall assessment of the staffing of the division is that personnel resources are both adequate and appropriate to meet functional responsibilities.

Division branch chief positions run the gamut of grades (i.e., Mil. 04, 05; GS-12, -13, -14), whereas section chief incumbents are primarily GS-13's. In most sections, the span of control exceeds one supervisor to twenty staff; however, each section is broken down into teams, thereby giving some relief to the supervisory level. Team leaders distribute work within teams and are often tasked with other supervisory responsibilities.

they must also be familiar with processing, manufacturing, and marketing practices of the industry.

A number of opportunities exist to improve the efficiency and effectiveness of operations through fine tuning of the current organizational structure. The next section of the report identifies some of those opportunities for improvement.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation IV-1. Improve staff-line communications.

One of the few operating difficulties noted by the study team is the Subsistence/C&P perception of a general lack of timely support from DPSC staff offices. Possibly because of the size of DPSC and the varied combination of commodities, the staff level of the organization is constantly trying to balance the competing needs of the three commodity organizations. Although this is not an unusual position for a staff organization, at DPSC the strain is somewhat more acute because the three major commodity directorates are so dissimilar and in many ways constitute separate, self-contained organizations vying for the same support services. At this time, the greatest difficulties appear to be with data processing support, planning, and management and with the comptroller organization. Steps should be taken to either improve communications between DPSC staff and line activities, establish a staff workload priority system, or, if required, dedicate more resources at the staff level to serve the needs of individual commodity directorates.

Recommendation IV-2. Consider colocation of Subsistence/C&P and Supply Operations Divisions by commodity.

The impending physical move of Subsistence/C&P operations will require the supply and procurement organizations to share the same location. Commodity orientation can be reenforced if,

Field Administration

Depending on the type of item procured, DCAS has varying administrative responsibilities, which include preaward surveys, transportation-related matters, and payment authority. There have been communication difficulties and allegations of a lack of responsiveness on the part of DCAS, which will be discussed later in this report. However, no improvements to efficiency and effectiveness are evident should Subsistence/C&P delegate more or less administrative responsibility to DCAS.

For nonperishable items, DCAS is responsible for contract administration and payment. Perishable items are administered and payment authority is retained by Subsistence/C&P. In the case of brand-name products, DCAS is responsible for payment; all other administrative responsibilities are performed by the Subsistence/C&P. While improvements in DCAS operations (discussed later in this report) would be welcome, no changes in workload distribution are recommended.

Commodity Orientation

The Subsistence/C&P organization is commodity oriented, and buyer commodity knowledge is viewed as essential for superior performance. Historically, Government subsistence purchasing was primarily based on the buyers' familiarity with items, markets, and vendors. Today, the pendulum has swung to a more even balance of commodity knowledge and knowledge of Federal purchasing practices and procedures. During the study, concern was voiced by Subsistence/C&P managers and supervisors that some new buyers are not fully exposed to their assigned commodities and therefore lack that edge to superior performance. It is essential that the structure of the organization reinforce the need for commodity knowledge. To reach optimal performance, buyers require exposure to buying the same or similar items and to familiarity with the item as it is evaluated by the customer;

The 664 supply bulletins prepared by this branch for U.S. commissaries list over 55,000 items. Purchases for overseas commissaries by the Commissary Support Branch in FY 1982 totaled more than \$465 million (43 percent of DPSC total award value). Branch operations rely on DICOMSS, a system plagued with complex procedures, input errors, and other problems, resulting in a significant manual workload for Commissary Support staff.

Generally, the Subsistence/C&P organizational structure supports the mission and provides a good framework for accomplishing the functional requirements of a complex and diverse procurement organization. There are a number of alternative organizational configurations that could be considered -- such as dividing the organization into perishable and nonperishable branches or centralizing such activities as chill and freeze. However, no major change to the organization's structure promises to significantly improve the efficiency or effectiveness of operations and thus is not recommended.

"Cradle to Grave" Approach

An element of the scope of this study is to evaluate the appropriateness of "cradle to grave" purchasing in DSC's. Although the recommendation prepared for the hardware centers suggests that for them, cradle to grave purchasing is a less effective mode of operation, Subsistence perishable purchasing benefits greatly from this type of approach. Large purchases, fast track awards, and complete familiarity with commodities characterize Subsistence buying. Given the highly competitive, fast paced, volatile perishable commodities purchasing environment, effective contract administration is best accomplished by the same individual or group responsible for preaward activities.

for nonperishable purchases. The Fresh Fruit and Vegetables Order Receipt System (FFAVORS) also provides an automated assist for the F&V Section.

General Products Branch. The General Products Branch is divided into two sections staffed with approximately 62 positions. The Operational Rations Section is composed of two teams, while the Depot Stock Section is divided into three large purchase teams and one requirements/small purchase team. The Operational Rations Section purchases several different rations, including Meal-Ready-To-Eat (MRE). Within the Rations Section, the components team purchases items for the assembly of rations by providing components to contractors as GFM. The assembly team contracts for the actual assembly (packaging) of rations. The Depot Stock Section procures general nonperishable items and nonperishable items for overseas that would normally be procured locally. These include sugar, coffee, flour, shortening, rice, and other staples.

Operations in the Depot Stock Section are almost entirely manual. However, large purchase award data are entered in ASPSS, and small purchase requirements and award data are entered in the Direct Commissary Support System (DICOMSS). Both systems are scheduled to be replaced by DISMS.

Commissary Support Branch. The Commissary Support Branch consists of two sections and is staffed with approximately 47 procurement positions. Both sections are further divided into four teams each. The Commissary Support Branch is responsible for ordering brand-name perishable and nonperishable resale items for U.S. Army and Air Force commissaries worldwide. In addition, the branch publishes and distributes supply bulletins for worldwide use. The Contract Administration Section acts as prime administrator for brand-name contracts and coordinates activities between distribution points, contractors, customers, and the paying DCASR.

meats and seafood for troop issue through the award of firm fixed-price contracts. The Requirements Section, also known as the IDTC Section, purchases meats for commissary resale using IDTC's and formula pricing.* Although the branch uses some automation, most functions are accomplished manually.

In FY 1982, 4,210 contracts were awarded by the branch, and the dollar value of awards exceeded \$330 million. Commissaries can issue delivery orders directly to the IDTC's. The total number of commissaries supported by the branch's IDTC's in FY 1982 was 208.

Fruits & Vegetables Branch. The Fruits & Vegetables (F&V) Branch is divided into two sections with 41 permanent positions. The Processed Products Section consists of five teams purchasing chill and freeze items, cold storage warehouse space, and canned and dehydrated items. The section awards only firm fixed price contracts. The F&V Section consists of 9 personnel at DPSC and 12 field buyers and one GS-1106-5 who are assigned to the branch but permanently located in major U.S. agricultural areas. These buyers follow the growing season around the country, making "visual best value selections." They then draw up on-the-spot contracts against Blanket Purchase Agreements (BPA's).

The F&V branch is responsible for awarding the majority of the contract line items procured by DPSC and in FY 1982 awarded contracts totaling more than \$256 million. Three independent automated systems are used by branch staff. Besides PSASS, the Automated Supply/Procurement Support System (ASPSS) is used by the Processed Products Section to get "automatic" bid evaluation

* Formula pricing is a method of bidding for Government business in a highly volatile market. The basic formula is base price (variable) + special factor (constant) = unit price. The base price changes as the market price for items changes; the special factor representing all other costs remains constant.

division. It is staffed with approximately 26 employees separated into three teams. Each team has between six and twelve assigned positions and is coordinated by a designated team leader. Team leaders are responsible for providing most supervisory actions for their respective teams.

Operations Analysis Branch responsibilities include price analysis, resolution of funds control violations, and automated systems monitoring and problem resolution. This last item, system problem resolution, is complicated in Subsistence/C&P because of the existence of four independent systems and the development of a fifth (see Exhibit IV-2), which is expected to replace most of the other systems.

Dairy & Poultry Branch. The Dairy and Poultry Branch comprises two sections: the Milk and Bread Section, consisting of three teams, and the Freeze and Chill Section, which is divided into two teams. Total branch staffing is approximately 38 permanent positions. All preaward and postaward tasks for the assigned items are accomplished by this branch. The only automation currently used by the branch is the Perishable Subsistence Automated Supply System (PSASS). As a supply system, PSASS has only limited utility for contracting and production activities, and most branch operations are performed manually.

The Milk and Bread Section buys fresh milk, bread, ice cream, and other dairy and bakery products using IDTC's. Customers include troop issue dining halls, military resale, and civilian agencies. The Chill and Freeze Section buys fresh and frozen eggs, poultry, butter, margarine, and cheeses in carlot and less than carlot quantities. The total dollar value of items purchased by this branch in FY 1982 was over \$136 million.

Meat & Seafood Branch. This branch is composed of two sections: the Freeze & Chill Section, comprising four teams, and the Requirements Section, with three teams. In FY 1982, the branch was authorized 38 positions. The Freeze and Chill Section buys

The Subsistence/C&P Division Chief reports directly to the Commander, Subsistence Field Activities/Director, Subsistence, who in turn report to the DPSC Commander. Subsistence/C&P currently comprises six branches. Each branch performs functions related to subsistence acquisition for assigned commodities with the exception of the Operational Analysis Branch, which provides a range of management support functions to the five contracting and production branches. Each of the C&P branches is composed of either two or three sections, and each section is typically broken down into teams.

The C&P Division provides procurement services on a worldwide basis to the Department of Defense and selected Federal civil agencies. Included in its mission are subsistence purchasing of troop issue and brand-name resale to commissaries. Two major categories of subsistence products purchased are perishable and nonperishable. Nonperishable commodity items are distributed through a worldwide network of supply depots, while perishable items are purchased and distributed through Defense Subsistence Offices (DSO). Although the DSO's are organizationally separate from the Subsistence/C&P, the division does provide technical support and assistance to DSO's.

Over \$1.4 billion in awards were obligated by DPSC Subsistence in FY 1982, more than twice the obligation level of any of the hardware centers and more than the other two DPSC commodity directorates combined. Also, in excess of 1.7 million line items were awarded, which represent over 52 percent of all line items awarded by DLA. The organization chart in Exhibit IV-1 depicts Subsistence/C&P's current structure and manpower distribution.

Branches

Operations Analysis Branch. The Operations Analysis Branch provides data gathering, management information analysis, and problem solving support to the five operational branches of the

hardware centers. The use of DCAS for field administration of contracts appears to be appropriate, and because Subsistence/C&P workload tends to be more stable than that of the hardware centers, workload prioritization is not as critical a need.

In the area of management indicators, many DLA-P indicators for DSC's are not applicable to Subsistence/C&P and therefore are not used. Consistent with the study team's hardware centers recommendation, using PR's in lieu of line items as the standard measurement of preaward workload would also be more appropriate for Subsistence/C&P.

For years, Subsistence/C&P has been unable to adopt the DLA-SAMMS system and has been plagued with a collection of antiquated, independent automated systems. In the near future, the Defense Integrated Subsistence Management System (DISMS) will be operational and will have considerable impact on the organization, staffing, and workload of Subsistence/C&P. Because of the imminent arrival of DISMS and its uncertain impact on operations, a review of automation actuality and potential is probably not timely for Subsistence/C&P.

The major recommendations suggested for the hardware centers are, for the most part, either being accomplished or are not applicable to Subsistence/C&P. Because DISMS is in the process of being implemented, it is difficult to anticipate the issues and problem areas Subsistence will confront in the coming months. However, an assessment of current Subsistence/C&P contracting operations follows.

A. ORGANIZATIONAL STRUCTURE

CURRENT OPERATIONS

Subsistence/C&P is responsible for direction and control of contracting functions for food and related nonfood supplies. Leadership of the division is vested in the Office of the Chief.

When Subsistence/C&P is judged against the major improvement areas identified for the hardware centers, it tends to reenforce the perception that the division is doing a good job of accomplishing the procurement function. Organizationally, Subsistence/C&P is fully organized by commodity; automated systems are integrated throughout the buying branches; and small and large purchasing is combined in all purchasing branches. Although the Coopers & Lybrand study team has suggested that standardizing the hardware center divisions and branches would improve their operations, the diversity of Subsistence/C&P purchasing functions makes organizational standardization less appropriate.

The study team has also suggested that "cradle to grave" purchasing for the hardware centers is not the preferred procurement management approach. At Subsistence/C&P, however, the opposite is true. Purchasing of perishable items is so fast paced, and commodity/vendor knowledge so crucial, that postaward responsibilities can only be effectively accomplished if administration is retained by the buyer or buying group. (As is the case in the hardware centers, most postaward responsibilities for nonperishable purchases are accomplished by DCAS.)

In terms of staffing and personnel, all Subsistence/C&P buyers are currently classified in the 1102 series, and no classification changes are recommended. Whereas the hardware centers do not provide a good career progression for buyers, Subsistence/C&P has a strong intern program, and the 5-7-9-11 grade progression is the career ladder for most buyers. In the area of position descriptions, Subsistence/C&P could benefit from improvement in defining job content and in highlighting matters of key classification significance. A recommendation addressing the improvement of position descriptions is discussed later in this section.

Resource applications to meet the workload appear to be a strength for Subsistence/C&P. The proportion of P-100 resources dedicated to the buying function, as opposed to postaward or administration, is consistent with the level we recommend for the

IV. SUBSISTENCE DIRECTORATE

The basic mission of the Contracting and Production (C&P) Division of the Directorate of Subsistence (Subsistence/C&P) is to direct and control all subsistence acquisition functions and operations. An onsite review of Subsistence/C&P operations at DPSC was conducted in August and September of 1983 by members of the Coopers & Lybrand study team. Interviews were conducted with all management and supervisory staff through the branch and section level of the division. The study team's overall impression of the organization, staffing, and workload management of Subsistence/C&P is that division management and staff are doing a good job of managing the function and accomplishing the mission of procurement. It was immediately obvious to the study team that DPSC acquisition operations are extremely different from purchasing activities at the hardware centers. In addition, operations in Subsistence/C&P are vastly different from those in the Directorates of Clothing & Textiles, Medical Materiel, and Installation Services. Subsistence, in not using the SAMMS system and in purchasing highly perishable items, is the most graphic example of this nonconformity within DPSC and in comparison to other DSC's.

Operating as it does in highly competitive and volatile commodity markets, Subsistence/C&P has developed many unique solutions to some of the cumbersome aspects of Government purchasing. These solutions include national cartoting and distribution of perishable products; award of the same item more than once weekly; evaluation, approval, and award of commodity items hours after closing; and multisimultaneous buying worldwide. Because of the diversity of acquisition strategies, uniqueness of commodities, and lack of comparable management information, it is difficult to evaluate the effectiveness and efficiency of Subsistence/C&P operations fully and accurately.

IV. SUBSISTENCE DIRECTORATE

without deviation was used; whether 100% or partial SB set-aside; and contract purpose (i.e. supply or production test). Assists buyers in purifying bidder's lists. As required, pro-rates monthly delivery schedules for quantities bid on if for less than the I/B quantity. Initiates appropriate form letters or correspondence to bidders regarding such matters as legally insufficient bid bonds submitted, award notification, transmittal of sample kits, or pre-award sample deviations. Verifies all duplicate copies of bids with original copy, referring any discrepancies to buyer. Assists buyer in verifying I/B's and Contracts prepared by the Procurement Processing Branch. As required, attends bid openings and records bid information on worksheet as they are read aloud by Contracting Officer/Bid Opening Officer. Arranges in appropriate sequence all unit prices quoted in all bids in order to reflect bid price range for buyer. Computes total quantity bid on, by all bidders, to reflect coverage secured on I/B quantity advertised. Prepares all forms and correspondence required to effect award to the successful awardees.

2. Performs post award document preparation, processing and related administrative/clerical operations: Extracts from available records, status of contract delinquencies, summarizing as required for report/information purposes by use of others. Refers to contract files to locate special data requested, such as, performance of contractor in meeting deliveries on various contracts; status of payments; and/or presence of non-conformance reports, etc. requiring and understanding documents and papers supporting the contract. Reviews/edits change orders modifications prior to typing to assure continuity of changes, the completeness of data, the accuracy of mathematical computations/ costs, compliance with format requirements, etc.

3. Establishes and maintains related files and records: Establishes and progressively maintains a record of the status of incoming P/R's and modifications; reflects name of Contracting Officer and buyer, date received, P/R number, item, quantity, type of procurement, proposed and actual delivery schedule, dates to Procurement Processing Branch, date mailed, date of bid opening, estimates and actual award date, contractor and award price, quantity, and Contract number. Sets up P/R file folder, labels and standard forms required. Posts pertinent award information to Procurement Records. Maintains time and attendance records for personnel assigned to the team.

4. Performs typing duties: Types a variety of correspondence, reports, forms and documents associated with the needs of procurement mission. Material is received in the form of rough drafts, brief notes or verbal instructions. In the majority of instances types material in final form. Assures that format, arrangement, punctuation, spelling, and other requirements governing preparation of the typed material are followed; checks reference materials, office files and records to verify or complete citations or obtain other information to be incorporated into finished product; proofs typewritten material for accuracy and assures that all related attachments are included before presenting for signature and/or mailing.

Performs other duties as assigned.

In 1982, there was a general downgrading of the branch chief and supervisory positions in the Commissary Support Branch. The immediate impact of this change has been a significant lowering of morale throughout the branch. In the long run, quality staffing of these positions at their current grade level will become exceedingly difficult. In particular, the branch chief position, currently a GS-12, is a highly visible and responsible post. The branch chief manages branch operations and provides an important liaison between DPSC and major U.S. brand-name food manufacturers. Because of the high-level interface with industry, creating the position of special assistant to the Office of the Commander of Subsistence for brand-name products or some other alternative to enhance branch leadership should be considered.

Although Subsistence/C&P appears to be functioning well, we have identified a number of areas where improvements to current staffing arrangements may prove beneficial. The following section presents recommendations and explanations identifying opportunities for improvement.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation IV-4. Restrict team leaders to functioning exclusively as technical reviewers without other supervisory responsibilities.

In the Subsistence/C&P Operations Analysis Branch, team leaders are responsible for technical guidance and most supervisory responsibilities. Although this branch is the most glaring example of supervisory fragmentation, all C&P sections are subdivided into teams and supervisory responsibilities are often unofficially delegated to team leaders. In this recommendation, we are not discussing the relative merits of delegating responsibilities when the span of control is excessive. The more pragmatic concern of this recommendation is that supervisory responsibilities are diluted by informal delegations. The appropriate

role for team leaders is to act exclusively as senior technical staff and to divide their productive time between accomplishing complex technical responsibilities and providing guidance and direction to less senior staff. Administrative and evaluative supervisory duties should be the sole responsibility of the supervisor.

Recommendation IV-5. **Highlight matters of key classification significance in position descriptions.**

Position descriptions need to be strengthened to reflect specific job content and position responsibility more closely. Most position descriptions, although current, tend to be lengthy and redundant. Discussions of buyer responsibilities (practices and procedures) are extensive; however, differences between grade levels are not sufficiently emphasized. As the recent experiences of the hardware centers prove, this problem ultimately leads to difficulty in supporting and retaining grades.

Although the study team agrees that position descriptions at each grade level within DPSC should contain the same general wording, each should also contain a short background information paragraph that provides more specific information concerning the types of items to be purchased by the incumbent of that position. Such a background paragraph should be identical for all or most positions within a branch. Its value would be in documenting "commodity" knowledge in the ranking of candidates during the selection process. Other things being equal, specific experience with the type of items to be purchased by the branch should be given some additional credit in ranking candidates.

Prototype position descriptions are provided in Appendix B illustrating how the FES format applies to most commonly found procurement agent positions at DPSC. These prototype descriptions (for GS-11 and GS-12) are consistent with the most recent draft of the new OPM standard for the Contract and Procurement Series; they show the appropriate FES points for each of the nine factors and confirm the existing grades at DPSC. Evaluation

statements for the prototype positions are also provided, which confirm the FES grade levels and show how the existing OPM standard would apply.

Recommendation IV-6. Strengthen performance standards to reflect job content more closely.

In most cases, the critical job elements shown on the position performance standards reviewed by the study team are related to procurement procedures or, if appropriate, to supervisory functions. Only in a few instances did the team find any critical element about commodity knowledge. It is strongly suggested that one critical element for all buyers is knowledge of the commodity being bought or knowledge of the market forces that influence commodity pricing.

Additionally, it is our opinion that many of the performance standards reflect misplaced emphasis on quantification. Standards do not need to contain numbers to be measurable -- what is important is to be able to know when a standard is met and when it is not met. Thus, a standard needs to be measurable, but not necessarily quantifiable. Placing high emphasis on numeric standards often results in quantification that is trivial or in data base requirements that are clearly excessive. Examples of needlessly quantified standards are:

- Accuracy of the letters/modifications shall be 96 percent (98 percent for exceptional)
- Replies to correspondence/telephone queries within 3 days (2 days for exceptional).

Other performance standards are perhaps measurable but are unclear as to what the calculation units are that would produce the standard -- for example, "should find no more than 3-percent deficiency on work products." We suggest that all standards be reexamined for relevance to the buying function and for capturing the essence of the procurement agent's job functions.

The following is an example of the performance range of a critical element of a buyer position:

Critical Job Element:

Displays knowledge of appropriate industry, market, and product characteristics.

Minimum

Has working knowledge of industry and product vocabulary, characteristics, and performance.

Fully Acceptable

Has detailed knowledge of industry and product characteristics. Is comfortable with the vocabulary particular to the commodity(ies) procured.

Exceptional

Has extensive knowledge of industry and product characteristics. Uses knowledge effectively in negotiations to improve Government purchasing.

Recommendation IV-7.

Review options available for offseason utilization of procurement staff.

The F&V Branch (43 personnel) is a seasonally oriented organization. Workloads in both the Processed Fruits & Vegetables and Fruits and Vegetables Sections are cyclical and surge during the major harvest seasons. Field buyers and "other" branch procurement staff are often assigned to perform other duties during the winter and early spring months. While nothing can be done to restructure the growing seasons and permit a more evenly distributed workload, options for more productive use of offseason time should be studied. Currently during the offseason, Processed F&V staff perform contract administration and file maintenance work; field buyers fill in for DSO or other field office personnel on sick leave or vacation. Identifying opportunities for function automation, training and development assignments, and contracting strategy improvement should be high priorities for seasonally oriented procurement staff during offseason periods.

Recommendation IV-8. Expand the Subsistence/C&P intern program.

Of the DSC's, DPSC appears to have the strongest intern program. Entry-level procurement interns begin as GS-1102-5's and progress through the 7 and 9 levels. Currently, the Meat and Seafoods and Dairy and Poultry Branches each have one assigned intern; the General Products Branch has three. Division managers and supervisors look to the intern program as their major source for new buyer talent. Experience has shown that subsistence buyers hired through other staff sources (e.g., upward mobility programs, transfers from other commodities, etc.) are not of the caliber of those progressing through the intern program. Given the intern program's past success in Subsistence/C&P, it is recommended that the program be expanded throughout the division.

Recommendation IV-9. Increase emphasis on training as an investment in continued high performance.

The emphasis placed on commodity knowledge at DPSC contributes to strong job performances, but emphasis on formal training also should be strengthened. Interviews in Subsistence/CP& brought out the need for continued management emphasis in training -- both for commodity and procurement knowledge. Although most of the buyers interviewed claimed that they had received the required sequence of procurement training courses, team leaders and supervisors often professed to have experienced difficulty in either acquiring training slots or freeing buyer's time for training.

Reliance on on-the-job training and other informal means is widespread. Although a delay in training would have a negative effect on any buyer, those buyers not resident at DPSC are of most concern, particularly the field buyers of the FF&V Branch. These buyers, hired primarily for their commodity knowledge, act independently without much supervision. Their knowledge of the commodity far outshines their relatively new knowledge of procurement. Here, the quality of the buy would be most affected by

procurement inexperience, rather than a lack of commodity knowledge.

Because of the distinctive markets within which DPSC works (medical, clothing & textiles, and subsistence), commodity knowledge is as vital as procurement knowledge. Commodity knowledge also seems to be acquired through informal rather than formal means. However, management emphasis on acquiring commodity knowledge through formal training programs should be strengthened since turnover and reliance on informal training tends to erode the reservoir of skills.

C. WORKLOAD

CURRENT OPERATIONS

Subsistence/C&P purchased over \$1.4 billion in perishable and nonperishable food items during FY 1982 (see Exhibit IV-5). More than 1.7 million contract line items were awarded in FY 1982, which represents over 52 percent of all line items awarded by DLA in that year. Subsistence/C&P primarily serves commissaries and institutional troop issue through the purchase of perishable and/or nonperishable meats, fruits and vegetables, brand-name items, dairy products, and general products.

The division workload differs greatly from that of the hardware centers. Large purchases predominate, and there is no centralized automated system such as SAMMS to assist in workload management. (DISMS purports to be capable of providing a completely integrated data base for all aspects of subsistence supply management and purchasing but will not be operational until January 1984.)

Resource management and productivity improvement are major concerns of Subsistence/C&P. However, the high backlogs, low grades, high-volume workloads, and predominance of small purchases that are evident throughout the hardware centers do not really exist in the C&P Division. There are some swings in the

workload volume because of the growing seasons but nothing as severe as the quarterly "dump" of purchase requests experienced by the hardware centers. The most significant workload disruption factor mentioned by Subsistence/C&P managers and supervisors is the constant stream of congressional and Inspector General review teams and other "inspection" groups. Because of the nature of the commodities purchased and the vendor industries involved, Subsistence/C&P is a highly visible organization, and this visibility sometimes has a negative impact on productivity.

Acquisition and Distribution of Commercial Products (ADCoP) Program

The FY 1983 Supplemental Appropriations Act, signed into law on 30 July, contains an amendment that precludes continued use of the Acquisition and Distribution of Commercial Products (ADCoP) Commercial Market Acceptability Program. (This law has been extended until a FY 1984 Appropriations Act can be enacted.) The impact of this legislative initiative on Subsistence/C&P is considerable, and exceptions to the law should be actively pursued by DLA. ADCoP is a purchasing program that asserts that if a brand-name product has been accepted in the commercial marketplace, it should be satisfactory for U.S. Government acquisition and consumption.

Subsistence/C&P had taken the lead in successfully implementing the ADCoP program. Almost 200 NSN's have until recently been purchased under the program, and an additional 273 decentralized items have been converted to ADCoP in the Subsistence Supply Catalog. Items procured through ADCoP carry purchase price savings of almost 10 percent. The heart of the program is the elimination of lengthy specifications. For example, the frankfurter specification was reduced from 33 to 2 pages under the ADCoP program. To revert to unnecessarily long specifications, reduce customer satisfaction, increase acquisition leadtime, increase the Government's cost, and narrow the supply base would represent a giant step backwards for DLA.

Commerce Business Daily Synopsizing

The time period required from the publication of a solicitation synopsis in the Commerce Business Daily (CBD) until bid opening has recently been extended through legislation from 30 to 45 days. In addition, the Department of Commerce has notified the Federal procurement community that 16 days are now required from receipt until publication of a procurement synopsis. These changes affect agencies throughout the Government, because acquisition leadtime is now mandated to be at least 61 days. Although the impact throughout the procurement community is significant, Subsistence/C&P -- with its volatile markets and untraditional procurement strategies -- is strongly affected and in fact severely hampered by these changes.

DLA should actively pursue exceptions to these requirements. In an age of increased efficiency through automation in both Government and the private sector, it should be possible for the Government to advertise and the private sector to prepare a reasonable offer in less than 61 days.

In general, the majority of opportunities for operations improvement at Subsistence/C&P are not within the control of the division but rather require change from the DPSC support structure, DCAS, DLA Headquarters, Congress, or other external influences. However, there are of course some opportunities for improving productivity and resource management within Subsistence/C&P.

The following section presents a series of recommendations for improving productivity and workload management within Subsistence/C&P.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation IV-10. Review procedures for assigning and accomplishing the unliquidated obligation (ULO) workload.

The procedure for assigning the unliquidated obligation (ULO) workload to either Subsistence/C&P or the Comptroller is as follows. If no expenditure at all has been made, the ULO is sent to Subsistence/C&P for review. If, however, an expenditure has been made for any of the contract line items, the ULO is retained by the Office of the Comptroller. To illustrate the workload, as of 31 March 1983, 2,400 Subsistence contract lines were in a ULO status. Between 31 March and 30 June, approximately 780 contract lines took on ULO status. Between April and September, Subsistence/C&P was able to close out all but 300 of the original 2,400 ULO lines and a good number of those that developed during the intervening period.

Subsistence/C&P staff feel burdened with the ULO workload because it is perceived as unscheduled and unresourced work. Some staff contend that ULO review is a financial management function and should be the sole responsibility of the Comptroller's Office. Staff in the Comptroller's Office see ULO review as an important aspect of contract administration and therefore a Subsistence/C&P responsibility. During the same period the division was working the 2,400 ULO lines, the Comptroller's Office was working more than 4,000 Subsistence/C&P ULO lines, with the research of many Comptroller lines requiring input from division staff and contract files.

The issue of ULO responsibility is much larger and deeper than it appears on the surface. DLA policy and procedures on dollar commitment and obligation authority contribute directly to the perceived problem. In DLA, the procurement office and not the Comptroller is responsible for commitment and obligation of

funds. This, in effect, removes the Comptroller from the process until time of payment.

DLA should review the appropriateness of the current procedures for the assignment of ULO reviews, the resourcing of the associated activities, and the policy and procedural issues that may have led to the ULO.

Recommendation IV-11. Encourage DCAS collaboration in payment recordkeeping and in reduction of the overpayment problem.

A different orientation to postaward recordkeeping and some communication difficulties are causing serious problems for Subsistence/C&P. In DCAS's field administration role, it has responsibility for vendor payments. When these payments are posted, DCAS usually consolidates contract lines and posts one single contract dollar amount. Subsistence/C&P maintains postaward records by contract line and is unable to confirm proper payment because of the DCAS method of posting. DCAS and Subsistence recordkeeping of vendor payments should be consistent.

A related issue in the DCAS-Subsistence/C&P problem set is contractor overpayments. Due to pressures of prompt and fast pay procedures, contract modifications have occasionally been made after payment. In a number of these cases, modifications resulted in overpayments to Subsistence/C&P vendors. This situation highlights the critical nature of effective communications between DCAS and Subsistence/C&P. At present, Subsistence/C&P attempts to track potential overpayments through an adaptation to its word processing system for data collection and display. Electronically linking DCAS to Subsistence/C&P could assist in reducing the overpayment problem and in other communications issues.

Recommendation IV-12. Design and implement a comprehensive program to increase automation.

For the hardware centers, the study team has recommended the implementation of a comprehensive program of increased automation. The same recommendation applies to Subsistence/C&P. DISMS promises to expand the management information base available to the division; however, as is the case with SAMMS, DISMS should not be viewed as the only source of new automation initiatives. (Even as Subsistence/C&P awaits the implementation of DISMS, adaptations to the local Wang word processing system are providing a new data base management tool for the Operations Analysis Branch.)

DLA-P should plan a procurement automation program as a major agency goal of the 1980's. Most actual automation initiatives can and should be accomplished outside of SAMMS, DISMS, and any other major systems. In Subsistence/C&P, a number of worthy automation initiatives have been identified. These initiatives include:

- Nonperishable vendor mailing list
- On-line commissary supply bulletins
- Management information reports
- Contractor performance history file
- IDTC tracking system
- Electronic communication between Subsistence/C&P and DCAS.

As part of the DLA-P program, automation goals and objectives should be established at Subsistence each year.

Recommendation IV-13. **Organize and institute an aggressive and coordinated program to manage delinquent contractors.**

Discussions with the Subsistence Supply Operations Division revealed the existence of a well-established and highly satisfactory working relationship with Subsistence/C&P. The only area of concern voiced by Supply was Subsistence/C&P's management of delinquent contractors. Although hard data are not readily available for Subsistence/C&P, it can be assumed from other DSC data that only a limited number of poor-performance contractors cause the majority of late deliveries and other performance problems. Subsistence/C&P, DCAS, and the other DSC procurement organizations should develop and institute an aggressive, coordinated program to manage delinquent contractors. A vendor performance measurement system would track delinquencies, highlight repeat offenders, and provide buyers, contract administration staff, and DCAS with an excellent source for assessing contractor performance history and a justification for punitive measures.

Recommendation IV-14. **Consider using Basic Ordering Agreements (BOA's) in place of some IDTC's.**

In some cases (e.g., Chilled Meats for Commissary Support) the use of priced Basic Ordering Agreements (BOA's) instead of IDTC's may improve efficiency. IDTC's are contract instruments that are usually negotiated anew every 6 months in Subsistence/C&P. Use of a priced BOA provides the flexibility of the IDTC but does not require negotiating procurement twice a year.

Subsistence/C&P should carefully review the efficiency/effectiveness of the contract instruments it uses and consider available alternatives when appropriate.

Recommendation IV-15. **Analyze and reduce workload problems and system failures in the Commissary Support Branch.**

The total value of orders placed by the Commissary Support Branch in FY 1982 was in excess of \$400 million. However, the Commissary Support Branch has been plagued by a downgrading of its supervisory level, low staff morale throughout the branch, a constantly high workload, and a severe backlog of contracts. Branch operations are dependent on DICOMSS, but the advantages of automation are lost through system failures, manual edit procedures, and high input error rates. In addition, DCAS has payment responsibilities for branch operations, and communication problems between DCAS and Commissary Support have caused a variety of problems. Payment records are not received or are being received late, which causes delays in file closure and considerable manual effort to determine the status of payments.

Efforts should be directed at improving procedural operations in the Commissary Support Branch by addressing the aforementioned problems and improving communications between the branch and DCAS.

Recommendation IV-16. **Permit a third party to review the organizational, staffing, and workload impact of DISMS on Subsistence/C&P operations.**

With the anticipated arrival of DISMS in Subsistence/C&P, most efforts to improve available management information have been redirected to other areas. Discussions with division staff did reveal a good deal of skepticism regarding the ability of DISMS to integrate the capabilities of the four existing systems and provide the increased range of management information that is anticipated. This lack of confidence in DISMS is in part due to delays that have postponed implementation. It is also a result of the fact that no "outside" group (third party) has been involved in system design or even in an assessment evaluating the

impact of DISMS on the Subsistence/C&P organization, staffing, workload, training requirements, and physical layout/design.

We suggest that DLA request the assistance of an organization, inside or outside of Government, to assess the implementation impact of DISMS and provide a third-party review of the integrity of the system itself. The negative effects of an implementation plagued with mishaps and unanticipated problems outweigh the costs associated with an independent implementation study.

D. MANAGEMENT INDICATORS

CURRENT OPERATIONS

Of the nine major management indicators used by DLA-P to evaluate the effectiveness and efficiency of DSC procurement operations, Subsistence/C&P is responsible for only four. Due to the variety and uniqueness of Subsistence purchasing, the fact that Subsistence does not utilize the SAMMS system, and the current lack of ability to track the range of DLA-P indicators, Subsistence only provides data on the following DLA-P management indicators:

- Formal Advertising Rate (%)
- Competition Rate (%)
- PALT Using Small Purchasing Procedures
- PALT Using Large Purchasing Procedures.

Subsistence/C&P lacks adequate data-gathering tools for collecting and interpreting all necessary management information. With four independently operating automated systems and the introduction of DISMS within the year, the division's current ability to collect standard management data is uneven; future

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EVALUATION OF CONTRACTING AND PRODUCTION ACTIVITIES AT:
THE DEFENSE LOGIS. (U) COOPERS AND LYBRAND WASHINGTON
DC M J TASHJIAN ET AL. 01 MAR 84 DLAG00-83-C-5001

2/2

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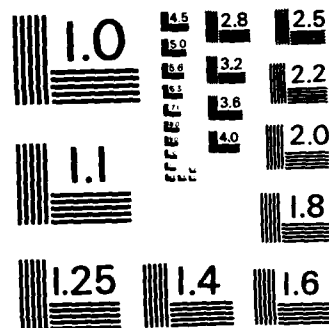
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NL

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DTC



MICROCOPY RESOLUTION TEST CHART
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ability is uncertain. For example, at this time, delivery effectiveness, one of the nine major DLA-P management indicators, is only being tracked by the Brand-Name Branch.

Subsistence/C&P is locally able to collect and display some performance information in the following areas:

- Lines received, awarded, onhand
- PALT
- IDTC awards
- Vendor performance
- Freedom of Information Act requests
- Socioeconomic achievement
- Productivity
- Cancellation.

A problem in interpreting available management information is that the special nature of the Subsistence commodities must be carefully considered before reaching conclusions. For example, in Subsistence/C&P, perishable item purchase requests may exhibit a 30 to 40 percent cancellation rate. A 40-percent PR cancellation rate in a hardware center would bring procurement operations to a halt. However, in perishable purchasing, out-of-season fruits and vegetables (e.g., apples or oranges) requests are often replaced by alternative in-season produce or are canceled completely. This common practice in a unique acquisition environment highlights why Subsistence performance is not easily compared to that of other procurement organizations.

The most effective measures of performance compare productivity today to performance history rather than one purchasing organization to another. If DLA-P accepts this premise, the fact that Subsistence/C&P cannot easily fit into the mold of the other DSC management indicators should not be a major concern. Virtually no management indicator exists for Subsistence perishable purchases. The Operations Analysis Office has been tasked with

developing a perishable indicator based on historical trends rather than standards and is proceeding to do so.

The following recommendations identify what we consider to be important opportunities for improving the management indicators used by DLA-P to assess Subsistence/C&P purchasing.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation IV-17. Formalize an IDTC management indicator.

The IDTC is the primary contract type used by almost half the sections of Subsistence/C&P. IDTC's are contract instruments that permit the purchase and delivery of supply items to designated locations within a specified time frame upon the issuance of orders. In Subsistence/C&P, IDTC's are generally 6-month contracts, which must be renegotiated and awarded before expiration of the existing contract. To judge the efficiency of IDTC award activities, DLA-P should adopt a performance indicator currently being used by Subsistence/C&P. This management indicator assumes that the standard of acceptable performance is award of the next IDTC contract at least 30 days prior to expiration of the existing contract. Awards in the 20- to 30-day range and those of less than 20 days are the two performance levels tracked below the acceptable (30-day) level.

Because these are requirement-type awards and have such a far-reaching impact on organizational performance, IDTC's should be carefully assessed and monitored. Traditional measures of delinquency are inappropriate for IDTC's because there must be an active contract at all times. The study team suggests that DLA-P formalize the IDTC management indicator used by Subsistence/C&P and consider the use of a similar indicator for all DSC's using IDTC's.

Recommendation IV-18. Adopt a single definition of the line item, and shift to counting PR's in lieu of line items as the major quantitative indicator of preaward workload.

The line item is that part of a purchase request -- and ultimately, of the contract itself -- that describes a discrete deliverable to be provided by the contractor. Because of its unique commodities, Subsistence/C&P accepts and uses two different definitions of a line item. The perishable definition says that each NSN delivered to a specific destination on a specific date represents a line item. The nonperishable definition simply identifies each NSN as a separate line item regardless of other circumstances. Division management acknowledges that a problem exists and that they are "working on a single definition of line item." We suggest that the single definition be pursued for standardization but that the PR be used instead of the line item as the basic measure of preaward workload.

In response to the question of whether PR or PRLI is the better measurement of workload, the same range of responses was received in Subsistence/C&P as in the hardware centers. The predominant response from Subsistence/C&P staff was of not really understanding why the line item is used by DLA-P, except that counting line items provides the outside world with a somewhat inflated perception of the actual workload. To reiterate a recommendation cited in the hardware center review, DLA should consider using PR's instead of PRLI's as the basis for measuring preaward workload. The DLA contracting and production organizations are the only ones within DLA who do not use the PR as the basis for measuring work, and any real benefit for using line items has yet to be put forth.

Recommendation IV-19. Subsistence/C&P should develop a price effectiveness indicator.

A qualitative assessment of purchasing operations is never an easy objective to pursue. The private sector holds up price

effectiveness as its most important purchasing performance indicator. Subsistence procurement offers more hope than most Government organizations for developing and using a price effectiveness indicator for many of its open market item purchases. In Subsistence/C&P, almost all perishable and some nonperishable buys lend themselves to measuring price effectiveness. We suggest the development of a price effectiveness management indicator that compares actual purchase price to a standard market index (e.g., wholesale price index). This indicator could be reported by purchase item, commodity type, buyer, and vendor and presented in both dollars and percentages. Some of the benefits derived from this type of indicator include:

- Identification of which prices are escalating most by commodity.
- Development of price consciousness and a challenging of the marketplace on the part of the buyers.
- Provision of information to evaluate buyer commodity knowledge.
- Motivation of effective/efficient performance.

Recommendation IV-20. Encourage development of a strong vendor/commodity performance indicator.

DLA-P should encourage DPSC-Subsistence to maintain a vendor/commodity performance indicator that can be used to identify performance history within a commodity area and provide an individual vendor's performance. The purpose of this indicator is to monitor performance and eliminate repeatedly poor performers from future Government business. A comprehensive indicator of vendor performance in the commodity area is an excellent tool in negotiating IDTC's. The centerpiece of postaward operations should be the vendor/commodity performance indicator.

Subsistence/C&P collects vendor performance data for non-perishable (sources: Mechanicsburg & Tracy) and perishable (sources: Bayonne, Cheatham, New Orleans, and Alameda) items. The rates developed are ontime shipment and acceptance (i.e.,

processed, late, rejected) for nonperishable and ontime performance for perishable items. Although these data present an aggregate rating of ontime shipment/delivery for these locations, they do not provide the details of individual vendor and commodity performance.

EXHIBIT IV-1

**DIRECTORATE OF SUBSISTENCE
CONTRACTING & PRODUCTION DIVISION**

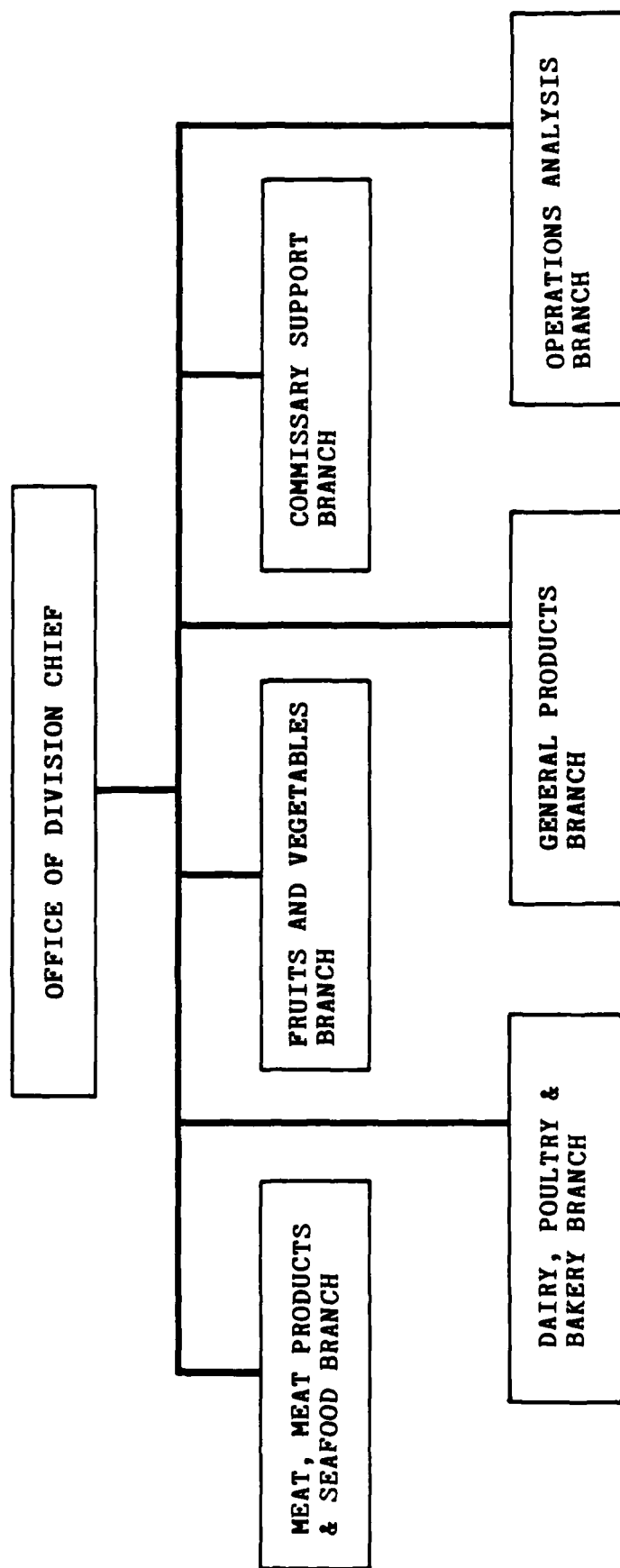


EXHIBIT IV-2

DIRECTORATE OF SUBSISTENCE CONTRACTING AND PRODUCTION DIVISION AUTOMATED SYSTEMS

<u>BRANCH</u>	<u>SYSTEMS</u>				
	<u>DISMS (1/84)</u>	<u>PSASS</u>	<u>ASPSS</u>	<u>DICOMSS</u>	<u>FFAVORS</u>
Dairy & Poultry Branch	X	X			
Meat & Seafood Branch	X	X			
Fruits & Vegetables Branch	X	X	X		X
General Products Branch	X		X	X	
Commissary Support Branch	X		X		

DISMS - Defense Integrated Subsistence Management System
(Operational 1/84)

PSASS - Perishable Subsistence Automated Supply System

ASPSS - Automated Supply/Procurement Support System

DICOMSS - Direct Commissary Support System

FFAVORS - Fresh Fruits and Vegetables Order Receipt System.

EXHIBIT IV-3

DIRECTORATE OF SUBSISTENCE

DIVISION OF CONTRACTING AND PRODUCTION STAFFING

Office of the Chief

1 Chief - Mil. 06
1 GM-1102-15
1 GS-0318-06
3

Dairy and Poultry Branch

1 GM - 1102 - 14
1 GS - 0318 - 06
2

Milk & Bread Section

1 GM - 1102 - 13
1 GS - 1106 - 07
1 GS - 1106 - 05
3

Team 1

1 GS - 1102 - 12
3 GS - 1102 - 11
3 GS - 1106 - 04
7

Team 2

1 GS-1102-12
2 GS-1102-11
1 GS-1102-09
3 GS-1106-04
7

Team 3

1 GS-1102-12
2 GS-1102-11
3 GS-1106-04
6

Freeze & Chill
Section

1 GS-1102-13
1 GS-1102-07
1 GS-1106-05
3

Team 4

1 GS-1102-12
1 GS-1102-11
2 GS-1102-09
2 GS-1106-04
6

Team 5

1 GS-1102-12
2 GS-1102-11
1 GS-1106-04
1 GS-1106-03
5

EXHIBIT IV-3 (cont'd)

Meat & Seafood Branch

1 Chief - Mil 04
 1 GS-0318-05
 2

<u>Chill & Freeze Section</u>		<u>Indefinite Delivery- Type Contracts Section</u>	
1	GM-1102-13		
	<u>Team 1</u>	1	GM-1102-13
1	GS-1102-12		<u>Team 1</u>
1	GS-1102-11		
1	GS-1106-07	1	GS-1102-12
1	GS-1106-05	1	GS-1102-11
1	GS-1106-04	1	GS-1102-09
5		3	
	<u>Team 2</u>		<u>Team 2</u>
1	GS-1102-12	1	GS-1102-12
1	GS-1102-09	3	GS-1102-11
1	GS-1106-07	4	
1	GS-1106-05		<u>Team 3</u>
1	GS-1106-04	1	GS-1106-05
5		4	GS-1106-04
	<u>Team 3</u>	5	
1	GS-1102-12		
1	GS-1102-11		
1	GS-1106-07		
1	GS-1106-05		
1	GS-1106-04		
5			
	<u>Team 4</u>		
1	GS-1102-11		
1	GS-1106-04		
2			

EXHIBIT IV-3 (cont'd)

Fruits & Vegetables Branch

1 GM-1102-14
1 GS-0318-05
2

Processed Fruits & Vegetables Section

1 GM-1102-13

Team 1

1 GS-1102-12
1 GS-1102-11
2 GS-1102-09
4

Team 2

1 GS-1102-12
1 GS-1102-09
1 GS-1102-11
3

Team 3

1 GS-1102-12
1 GS-1102-11
2

Team 4

1 GM-1102-12
1 GS-1102-09
1 GS-1106-05
3

Team 5

1 GS-1106-05
3 GS-1106-04
4

Fresh Fruits & Vegetables Section

1 GM-1102-13
3 GS-1102-12
2 GS-1106-05
3 GS-1106-04
9

Field Buyers

12 GS-1102-12
1 GS-1106-05
13

EXHIBIT IV-3 (cont'd)

General Products Branch

1 Chief - Mil. 05
 1 GS-0318-05
 1 GS-0301-02
3

Operational Rations Section

1 GM-1102-13
 1 GS-1106-05
2

Team 1

2 GS-1102-12
 5 GS-1102-11
 1 GS-1102-09
 3 GS-1106-04
11

Team 2

1 GS-1102-12
 2 GS-1102-11
 3 GS-1102-09
 1 GS-1106-06
 3 GS-1106-04
10

Depot Stock Section

1 GM-1102-13

Team 1

3 GS-1102-12
 8 GS-1102-11
 3 GS-1102-09
 1 GS-1106-05
 4 GS-1106-04
19

Team 2

1 GS-1102-12
 1 GS-1102-11
 1 GS-1102-09
 4 GS-1102-07
 3 GS-1106-05
 2 GS-1106-04
12

EXHIBIT IV-3 (cont'd)

Operations Analysis Branch

1 GM-1102-13
1 GS-0318-05
2

Team 1 (Policy & Procedures)

1 GS-1102-12
1 GS-1102-11
1 GS-1102-09
2 GS-1106-05
1 GS-1106-04
6

Team 2 (Systems & Management Analysis)

1 GS-1102-12
1 GS-1102-11
1 GS-1102-09
2 GS-1106-05
2 GS-1106-04
7

Team 3 (Operations Support Team)

1 GS-1102-12
1 GS-2003-12
2 GS-1102-11
1 GS-1106-05
5 GS-1106-05
10

Recommendation V-5.

Establish two procurement analyst positions in MED/C&P.

Procurement analysts are currently assigned to the Management Support Office. They often have competing demands that distract them from providing the support required by the division, which must operate in the complex systems environment described in the preceding recommendation. We believe the division chief has a valid requirement for dedicated support and that these resources could be more efficiently employed under the division chief's direct control. The rationale for this recommendation is as follows:

- Procurement analysts are required in MED/C&P so that changes to the Defense Acquisition Regulations and Defense Logistics Procurement Regulations may be analyzed to determine their impact on procurement operations and to ensure that they are implemented uniformly division-wide. Currently, each branch chief must review proposed changes; however, the division chief does not have anyone to evaluate impacts across all division branches.
- On numerous occasions, problems are experienced with the processing of awards through SAMMS. A procurement analyst knowledgeable in system operations would be in the best position to investigate the problem area and identify the causes of the problem and necessary corrective measures to avoid future recurrences.
- A dedicated procurement analyst would present a more uniform and professional approach to studies being conducted by the division. Frequently, branch chiefs and operators are asked to perform studies on troublesome functions but either lack the capability or time to devote to the study.

C. WORKLOAD

CURRENT OPERATIONS

MED/C&P has procurement responsibility for 18,650 medical items. These items generally meet the following criteria:

- Used primarily in medical practice.

Fully Acceptable

Has detailed knowledge of industry and product characteristics. Is comfortable with the vocabulary particular to the commodity(ies) procured.

Exceptional

Has extensive knowledge of industry and product characteristics. Uses knowledge effectively in negotiations to improve Government purchasing.

Recommendation V-4. **Increase the emphasis on commodity knowledge and procurement training as an investment in continued high performance.**

The emphasis placed on commodity knowledge at DPSC continues to be a fundamental strength of job performance; it should be retained and strengthened. Our interviews in the buying branches brought out the need for continued management emphasis on training -- for both commodity and procurement knowledge. Although most of the buyers we interviewed claimed that they had received the required sequence of procurement training courses, team leaders and supervisors often professed to have difficulty in either acquiring training slots or freeing the time of buyers to receive training.

Because of the distinctive quality of the markets within which DPSC works (medical, clothing and textiles, and subsistence), commodity knowledge is as vital as procurement knowledge. Commodity knowledge also seems to be acquired through informal rather than formal means. We suggest a strengthened management emphasis on acquiring commodity knowledge through formal training programs. This would prevent a general decline in commodity knowledge since turnover and reliance on informal means tend to erode the reservoir of skills.

a few instances did we see any critical elements about commodity knowledge. We strongly suggest that one critical element for all buyers is knowledge of the commodity being bought or knowledge of the market forces that influence the pricing of the commodity. This knowledge should be part of a buyer's position performance standards.

Additionally, our view is that many of the performance standards reflect misplaced emphasis on quantification. A standard needs to be measurable but not necessarily quantifiable. Placing high emphasis on numeric standards often results in quantification that is trivial or data base requirements that are clearly excessive. Examples of needlessly quantified standards are:

- Accuracy of the letters/modifications shall be 96 percent (98 percent for exceptional).
- Replies to correspondence/telephone queries within three days (two days for exceptional).

Other performance standards are perhaps measurable but are unclear as to what the calculation units are that would produce the standard -- for example: "Should find no more than three percent deficiency on work products."

We suggest that all standards be reexamined for relevance to the buying function and to ensure adequate explication of the procurement agent's job functions.

Following is an example of the performance range of a critical element of a buyer position:

Critical Job Element:

Displays knowledge of appropriate industry, market, and product characteristics.

Minimum

Has working knowledge of industry and product vocabulary, characteristics, and performance.

job content and position responsibility. Most position descriptions, although current, tend to be lengthy and redundant. Discussions of buyer responsibilities (practices and procedures) are extensive, however, the differences between grade levels is not sufficiently emphasized. The recent experiences of hardware centers prove that this problem ultimately leads to difficulty in defending and retaining grades.

Although we agree that position descriptions at each grade level within DPSC should contain the same general wording, each should also contain a short background information paragraph that provides more specific information concerning the types of items to be purchased by the position occupant. Such a background paragraph should be identical for all or most positions within a branch. The background paragraph would be used to document the value of specific commodity knowledge in the ranking of candidates during the selection process. Other things being equal, specific experience with the type of items to be purchased by the branch should be given some additional credit in ranking candidates.

We have provided prototype position descriptions (see Appendix B) illustrating how the Factor Evaluation System format would apply to most commonly found procurement agent positions at DPSC. These prototype descriptions (for GS-11 and GS-12) are consistent with the most recent draft of the new OPM standard for the Contract and Procurement Series, show the appropriate FES points for each of the nine factors, and confirm the existing grades at DPSC. We have provided evaluation statements for the prototype positions which show how the existing OPM standard would apply. They confirm the FES grade levels.

Recommendation V-3.

Strengthen performance standards to reflect job content more closely.

In most cases, the critical job elements shown on the position performance standards we reviewed are related to procurement procedures or, if appropriate, to supervisory functions. Only in

orders within the blanket contract are counted as small purchases, most of which are automated. The average buyer handles 12 to 15 large purchases at a time, with negotiation handled in person between buyer, team leader, and supplier.

The Direct Delivery Branch has three sections; each section is also organized into buying teams. Two sections handle the bulk of DVD orders. The third section, a capital equipment section, will be discussed below. Most DVD purchases are small purchases, generally accomplished through telephone solicitation. Buying teams consist of a GS-11 team leader and GS-7 and GS-9 buyers to make a team of five buyers. One procurement clerk supports each team. One section contains a third buying team that operates an automated procurement system referred to as PET -- Procurement Through Electronic Telecommunication. Described elsewhere in this section, the PET team handles half of the branch's procurement actions, most of them under \$1,000. The team is headed by a GS-1102-9 and consists of eight GS-1105-05 buyers. In handling the system, the 1105 purchasing agents appear to be quite capable.

The third section of the Direct Vendor Delivery Branch consists of two x-ray and capital equipment buying teams. Purchases by these teams include film, customized operating room systems, and entire mobile medical facilities. The teams work in a "cradle to grave" procurement environment, doing their own contract administration. Grades are higher for this section. The team leaders are GS-12's, while three to four GS-11's plus GS-9's and GS-7's make up each team of seven buyers.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation V-2. Highlight matters of key classification significance in position descriptions.

As was the case at the hardware centers, position descriptions need to be strengthened to more closely reflect specific

concept can be expanded to other Medical Materiel Directorate administered contracts.

B. PERSONNEL/STAFFING

CURRENT OPERATIONS

The two buying branches of MED/C&P are functionally organized (see Exhibit V-2). The Central Contracts Branch purchases the standardized products stocked at medical storage depots. The Direct Vendor Delivery Branch purchases individual orders for specialized and nonstocked items for direct vendor delivery. Both branches are described below.

Central Contracts Branch is organized into commodity buying teams in three sections: Surgical Equipment, Hospital Equipment, and Drugs & Pharmaceuticals. The surgical section contains two buying teams, while the other two sections have three teams each. Teams are headed by a GS-12 contracting officer and consist of five to seven buyers at the GS-11 and GS-9 levels. A procurement clerk supports each team. The team leaders distribute the work within the team and, even though they are not classified as supervisory personnel, conduct annual performance appraisals of the team members. However, all other personnel actions are handled by the GS-13 section chief. The latter also reviews the work and signs the purchases made by the team leaders.

Retaining the commodity orientation of the buyer is a requirement for effective purchasing; the critical nature of medical supplies requires indepth industry knowledge. An exception to the strict commodity orientation is the Drugs & Pharmaceuticals Section. Most purchases of drugs are specified by trade name and/or patent; thus, buyers have an industry rather than commodity orientation. IDTC's are negotiated with suppliers, effective for 1 year, under which delivery orders are cut. Negotiating a contract is a large purchase, since most range in value from \$50,000 to over \$10 million. The separate delivery

- Direct vendor delivery buys have short delivery dates and involve very little postaward administration.
- Personnel we interviewed, who had "corporate memory" of each of these reorganizational phases, unanimously reported that the MED/C&P enjoyed a higher level of organizational effectiveness and efficiency under the cradle to grave concept.
- Currently, all buying and postaward functions are combined under the cognizance of one contracting officer for capital equipment procurements and purchases under the Procurement Through Electronic Telecommunication (PET) automated system. According to management, the concept works effectively and its extension to Direct Vendor Delivery procurements would improve operations.
- The overly strong emphasis on buying versus postaward functions that exists at the hardware centers does not appear to be present. This could be attributed, in large part, to fewer purchase requests per buyer and the even flow of workload throughout the year. This even flow of workload and balanced emphasis on buying and postaward functions are indicators that the postaward mission would not be subject to degradation.
- Combining these functions would lead to a stronger commodity orientation. Workload in the Contract Management Branch is currently assigned alphabetically. Accordingly, the administrator assigned contracts "P" through "T" would administer awards to Travanol Labs and should, ideally, be knowledgeable in multiple classes (e.g., medical instruments, drugs, etc.). Combining the functions would permit administrators to focus on and broaden their base of knowledge of a specific commodity class.
- A cradle to grave concept would facilitate internal communications as well as liaison with contractors. Interviewees indicated it was quite common to have a buyer requesting an accelerated delivery at the same time a contract administrator was "leaning on" the same contractor for a delinquent delivery. A merger of functions would provide one voice to the contractor community.

Based on these circumstances, we recommend that a pilot test of the cradle to grave concept be initiated for DVD procurements. The test should set measurable performance standards -- resource savings, improved delivery effectiveness, reduction in delinquent contractors, etc. -- which can be easily evaluated during the test period. If the test proves successful, the cradle to grave

OPPORTUNITIES FOR IMPROVEMENT

The division's organizational structure does not appear to be overly complex, and roles, responsibilities, and lines of communication seem clear. The division chief, deputy, and branch chiefs are satisfied with the current organizational alignment, which is primarily commodity oriented. There was, however, a strong opinion that a "cradle to grave" reorganization would enhance organizational efficiency and effectiveness. According to interviewees, the separate postaward function was mandated in order to bring the MED/C&P organization into conformity with other commodities operating under SAMMS.

MED/C&P has a manageable span of control over its 197 employees. The two buying branches are organized into sections that have a commodity orientation, and in turn each section is supported by commodity team leaders. Section chiefs supervise 15 to 22 personnel, and team leaders provide technical direction to 4 to 8 buyers. The Contracts Management Branch is supported by four sections; two sections perform postaward functions for the depot replenishment mission, and two sections provide postaward support to the DVD mission. All contracts are formally assigned to DCAS for administration, while DVD awards are retained by DPSC for administration.

Recommendation V-1.

Continue to assign all contracts to DCAS for administration, but test the "cradle to grave" concept for awards currently administered by DPSC.

Interviewees reported that the medical commodity has undergone several organizational realignments over the years: from cradle to grave to a separate postaward element and vice versa. The most recent realignment occurred in 1976 when the Medical Materiel Directorate received a mandate to establish a separate postaward branch. We believe this decision should be reevaluated. Combining buying and postaward functions would appear to have merit based on the following:

A. ORGANIZATIONAL STRUCTURE

CURRENT OPERATIONS

MED/C&P is responsible for the acquisition, direction and control of wholesale medical materiel for all military services, as well as acquisition of noncataloged items for Army, Air Force, and various civilian Federal agencies. The division has centralized acquisition responsibility for over 18,000 line items and received 1,472,000 requisitions against those lines during FY 1982. To fulfill its mission, MED/C&P is organized as illustrated in Exhibit V-1. In general terms, the roles and responsibilities of the major organizational entities are as follows:

- Office of Division Chief -- Provides direction and control of contracting functions and operations for medical materiel, as well as functional expertise in cost and pricing and industrial preparedness planning.
- Operations Support Office -- Provides a centralized support function for the Division; serves as the principal activity in controlling the flow of purchase requests, solicitations and awards and associated updates and scheduling of inputs to various automated systems.
- Central Contracts Branch -- Assumes responsibility as one of two buying units for the procurement of stocked medical items. This branch is organized along commodity lines (e.g., drug, surgical, dental, etc.).
- Direct Delivery Branch -- Purchases noncataloged and nonstocked items for direct vendor delivery to Army and Air Force requisitioners. This branch also procures nonstandard capital equipment for all three services. It is also generally organized by commodity lines.
- Contract Management Branch -- Assumes PCO functions immediately after awards have been made by the Direct Vendor Delivery and Central Contract Branches; responds as PCO to all inquiries from contractors, DCAS elements, and requisitioning activities. Except for those actions delegated to field contract administration service elements, this branch performs all postaward functions.

V. DIRECTORATE OF MEDICAL MATERIEL

The project team was favorably impressed with the overall effectiveness of the Directorate of Medical Materiel Contracting & Production Division (MED/C&P). This assessment is based on a wide range of DLA-P goals and management indicators. For example, during FY 1982, MED/C&P achieved the following:

- The PRLI's awarded as a percentage of total program was 96.6 percent. This was the highest rate among all DLA commodities.
- The medical commodity attained a 96.4 percent stock availability -- the highest rate within DLA.
- The PALT goal using large purchase procedures was 105 days; actual average monthly PALT was 97 days.
- The PALT goal using small purchase procedures was 20 days; a 14-day PALT was achieved.

During the review, the study team interviewed over 30 personnel at all organizational levels within the division. A particularly strong sense of pride was noted in the division's mission accomplishment, as well as a high degree of professionalism and dedication. There was also a notable absence of employee frustration with such aspects of the work environment as work procedures, workload, conflicting guidance, etc. On balance, we observed a professional atmosphere that we attribute in large part to strong and effective leadership at the division, branch, and section levels.

While MED/C&P received an excellent rating on effectiveness, we did find areas that require corrective action to raise organizational efficiency. Many of these efficiency issues and problems fall within the area of workload management.

V. DIRECTORATE OF
MEDICAL MATERIEL

EXHIBIT IV-5

FY 82 DPSC SUBSISTENCE ACQUISITIONS (IN MILLIONS OF DOLLARS)

\$108 - MEAL READY-TO-EAT
 \$12.8 - BAKERY MIXES
 \$ 12 - COFFEE
 \$ 9.8 - SUGAR
 \$.1 - TRAY PACK

\$43.0 - GROUND BEEF
 \$24.9 - CANNED HAM
 \$24.6 - SEAFOODS

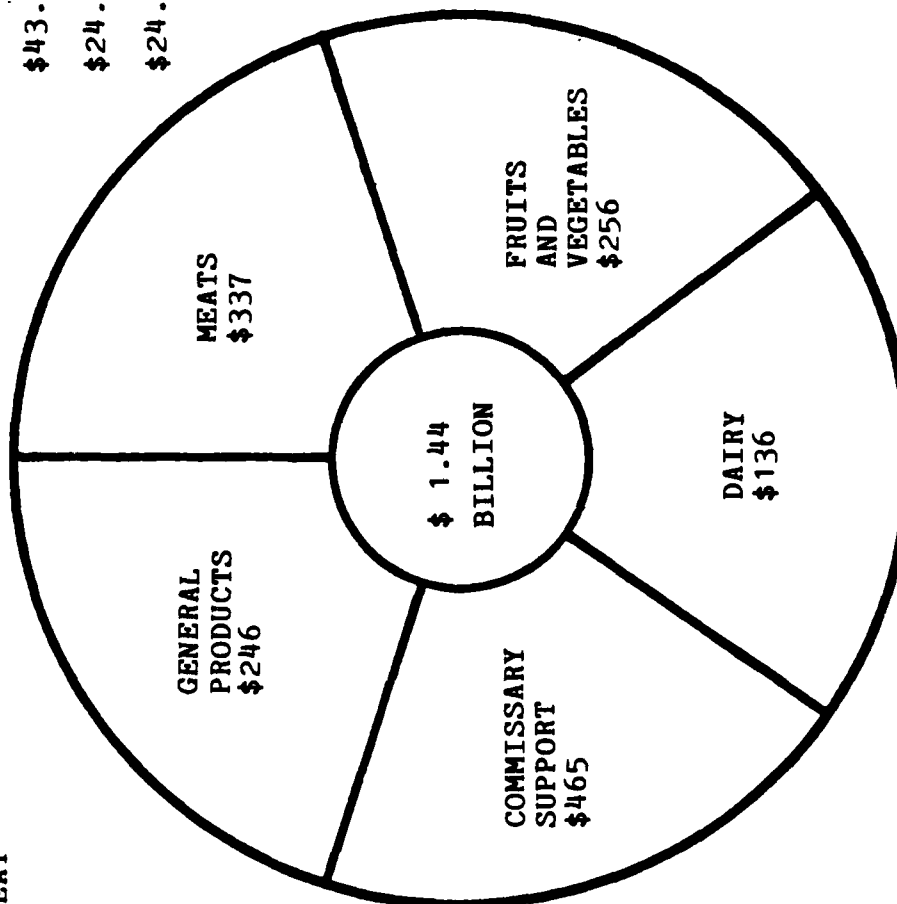


EXHIBIT IV-4
P 100 - PRODUCTIVITY
HDQS - PHILA

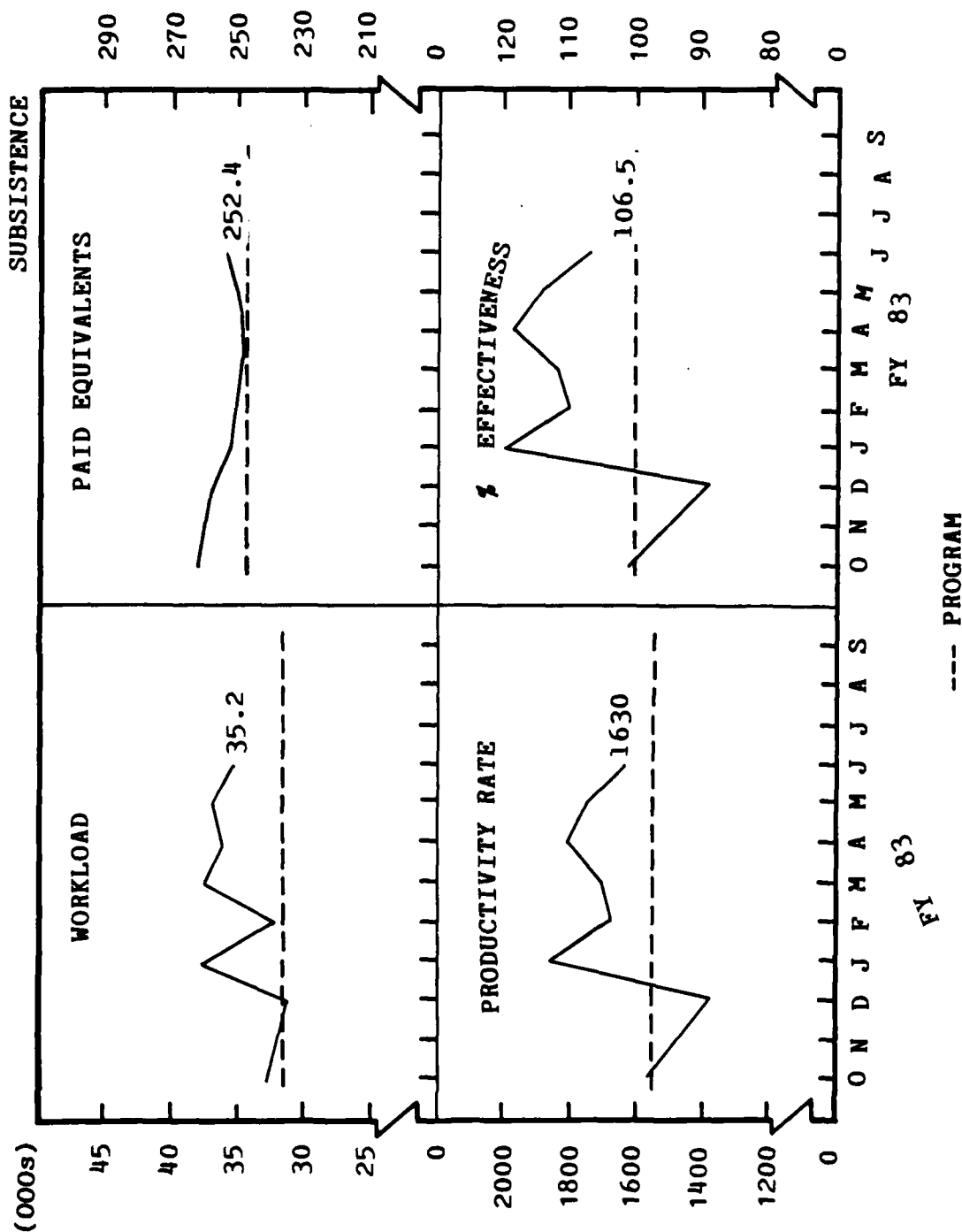


EXHIBIT IV-3 (cont'd)

Commissary Support Branch

1 GS-1102-12
1 GS-1106-04
1 Operations Officer Mil.02
3

	<u>Brand Name Contracting Section</u>		<u>Contract Administra- tion Section</u>
1	GS-1102-09	1	GS-1102-10
<u>1</u> 2	GS-1106-04		
	<u>Team 1 (Supply Bulletin)</u>		<u>Team 1 (Nonperishable Contract Administra- tion)</u>
1	GS-1106-06	1	GS-1106-09
1	GS-1106-05		
<u>2</u> 4	GS-1106-04		<u>Unit A</u>
	<u>Team 2 (Perishable Contracting)</u>	1	GS-1106-07
		<u>3</u> 4	GS-1106-05
1	GS-1106-07		<u>Unit B</u>
2	GS-1106-05	1	GS-1106-07
<u>2</u> 5	GS-1105-05	<u>3</u> 4	GS-1106-05
	<u>Team 3, Unit A (Nonperishable)</u>		<u>Unit C</u>
1	GS-1106-08		
1	GS-1106-07	1	GS-1106-07
4	GS-1106-05	2	GS-1106-05
<u>3</u> 9	GS-1106-05	<u>1</u> 4	GS-0322-03
	<u>Team 3 Unit B (Nonperishable)</u>		<u>Team 2 (Perishable Contract Administra- tion)</u>
1	GS-1106-07	1	GS-1106-07
4	GS-1105-05	<u>1</u> 2	GS-1106-05
<u>2</u> 7	GS-1106-05		

- Essential to operation of hospitals, clinics, and dispensaries.
- Designed for medical use (e.g., laboratory equipment and supplies).
- Are medical and clinical protective garments or medical training aids.

Item Classes and Distribution by Supply Status Code (SSC)

In terms of line items, the more dominant classes managed are pharmaceuticals and chemicals, surgical instruments, dental material, x-ray equipment, optical supplies, laboratory equipment, and medical repair parts. These supply classes constitute 88 percent of the total line items managed. A stratification of line items managed by class and the percentage of total line items for each class is provided in Exhibit V-3. Approximately 50 percent of the items are centrally managed and stocked (SSC 1); 25 percent are centrally managed but authorized for local procurement by DLA (SSC 2); and the remaining items are distributed among SSC 3, SSC 5, and SSC 6. SSC-managed items are illustrated in Exhibit V-4.

Division of Work

All PR's flow either to the Central Contracts or Direct Vendor Delivery Branches for award (see Exhibit V-5). The fundamental criterion for PR assignment is the SSC of the item. All centrally managed and stocked items are awarded by the Central Contracts Branch while all nonstocked and nonstandard purchase requests are awarded by the Direct Vendor Delivery Branch. No distinction is made between small and large buys relative to distribution of PR's to either branch. However, due to its mission, most small buys are made by the Direct Vendor Delivery Branch. The Direct Vendor Delivery Branch processes over 80 percent of the PR's received by MED/C&P, yet it awards less than 20 percent of the total dollars. Most of its PR's are requests for a very small number of low demand, brand-name items, frequently

requisitioned in small quantities for direct delivery to overseas dispensaries and clinics. The distribution of PRLI awards made by each branch during the first 10 months of FY 1983 is as follows:

<u>Month</u>	<u>Direct Vendor Delivery Branch</u>	<u>Central Contracts Branch</u>
Oct 82	9,507	1,792
Nov	8,804	1,819
Dec	13,506	1,821
Jan 83	14,310	2,275
Feb	12,093	2,406
Mar	13,751	3,251
Apr	13,173	3,363
May	11,288	3,133
Jun	11,219	3,277
Jul	10,985	3,259

In terms of award volume, the Direct Vendor Delivery Branch made 82 percent of the 145,032 PRLI awards. Large buys make up only 4.6 percent of the total buys over this 10-month period. Most -- 92 percent -- of the large buys were made by the Central Contracts Branch.

Manpower Resource Allocation

MED/C&P currently allocates 56 percent of its productive manhours to operations (cost account code 120). Procurement administration (cost account code 110) receives about 18 percent of the division's productive manhours while postaward (cost account code 130) is allocated 26 percent. The distribution of actual productive manhours for the most recent 12-month period, as well as FY 1979 through FY 1981 comparative data, is reflected in Exhibit V-6. These data reflect a slight trend toward higher allocation of manhours to administration and postaward functions with a corresponding reduction to operations. There is no "perfect" allocation ratio; however, relative to the hardware centers, which allocated only 48 to 54 percent of their manhours to the buying function, the Medical commodity allocation appears appropriate.

Purchase Request (PR) Management

Buyers and their supervisors generally gave MED/Supply Operations high marks on its management and flow of PR's to the buying branches. The PR quarterly "dump" observed at the hardware centers was nonexistent. Indeed, we found that requirements are generated essentially in a perpetual inventory system, which reviews inventory levels three times per week. Our PR analysis during the first 10 months of FY 1983 indicated that MED/C&P received an average of 13,287 per month, and the high-low range over that same period was 17,210 and 10,670. The division's FY 1982 PRLI annual program was established at 171,993. It awarded 166,122 line items, 96.6 percent of its goal -- the highest rate among all commodity directorates within DLA.

Purchase Request (PR) Cancellations

PR cancellations were not considered a problem by any of the managers interviewed. This was particularly true in the Direct Vendor Delivery Branch with its short PALT. Managers indicated that many items, particularly those purchased by the PET system with its single digit PALT, were ordered and shipped before cancellations could be received and processed from customers. Our analysis of purchase request cancellations (Exhibit V-7) for the most recent 10 months of operations (Oct 82 - July 83) indicates that the overall cancellation rate is 6.5 percent. This figure is three percentage points below the hardware center average cancellation rate and appears to be at a manageable level. Moreover, total cancellations during this period reflect an aberration during the month of April in which 2,695 PR's were canceled. Within this total, 2,046 cancellations pertained to the Hospital Assembly Build Program and were generated due to insufficient PR data submitted by the Army. Management indicated, however, that all or most of these requirements were valid and subsequently regenerated. If these requirements had been properly coded by

the Army initially, the overall cancellation rate for FY 1983 to date would be no more than 5 percent.

Overage Purchase Requests (PR's)

PR's are placed on the SAMMS PF-35-1 Reports after only 22 days, which generates a lengthy list of overaged PR's. Analysis of the July 1983 report indicates that many overaged PR's fall within the area of capital equipment buys. For example, the oldest PR in the capital equipment section was 1,144 days overage. There were also several others in the section that were over 1 year old. Within the Direct Vendor Delivery Branch, there were over 60 purchase requests that were overage by more than 200 days.

Automation

MED/C&P buying branches utilize multiple and in many cases unique automated systems to accomplish their workload. Perhaps the system that is relied on the least for management support is SAMMS. The extent of management use of SAMMS output is reflected by the survey results in Exhibit V-8. These survey findings indicate that at all levels of management, less than 25 percent of the SAMMS reports are utilized. Interviewees reported that SAMMS output was not useful because it took too long to update and interrogate the system. Interviewees also felt that other systems, such as SAADS, provided more timely data in more usable formats.

MED/C&P has made considerable use of automation in its buying functions by developing a number of unique systems that interface with SAMMS. Perhaps the most sophisticated system in terms of state-of-the-art technology is PET. This is a computerized ordering system that electronically transmits requirements to a

contractor, obtains prices and availability, and evaluates quotations; the system then automatically makes the award. The current threshold for PET awards is \$1,000. This essentially paperless system also offers the following advantages:

- Reduced Medical Directorate processing time
- Reduced contractor processing time
- Timely shipping information
- Greater accuracy.

The following data illustrate the extent of PET as well as other automated assisted purchases within the Medical Directorate over the first 10 months of FY 1983.

<u>MONTH</u>	<u>PRLI AWARDED</u>	<u>PET AWARDS</u>	<u>AUTOMATED DO'S</u>	<u>AUTOMATED FSS</u>	<u>PERCENT OF AUTOMATED AWARDS</u>
OCT 82	11,299	4,410	1,468	78	53
NOV	10,623	4,095	1,408	102	53
DEC	15,327	6,315	1,895	102	54
JAN 83	16,585	6,496	1,818	11	50
FEB	14,499	5,978	1,881	39	55
MAR	17,002	7,055	1,914	127	54
APR	16,536	5,823	1,890	124	47
MAY	14,421	5,449	1,750	114	51
JUN	14,496	5,050	1,666	139	47
JUL	14,244	5,201	1,998	120	51

It is significant to note that over 50 percent of total buys are automated, and one-third of all buys are processed through the PET system. PET has been the principal contributor to a 10-day reduction in nonstocked item order-ship time for overseas customers. Under PET, PALT routinely runs less than 10 days.

New Programs Impacting Workload

Two new programs will impact workload within MED/C&P. Deployable Medical Systems (DEPMEDS) is a multimillion-dollar capital equipment procurement program extending through FY 1989.

Items programed for procurement under DEPMEDS range from minor medical assemblies -- such as a medical kit common to more than one service -- to large major assemblies -- such as 1,000-bed hospitals. It is anticipated that 34,322 major assemblies will be procured under this program over a 6-year period. The workload forecast is depicted in Exhibit V-9. Based on the anticipated increase in PR volume, DPSC has requested an additional end-strength of 24 personnel.

The second program, Demand-based Stockage of Nonstandard Medical Items (MEDSTOCK), will significantly increase the number of centrally managed and stocked items. "Nonstandard," as used by the Medical commodity community, is a term to describe any item that has not been approved by the Defense Medical Materiel Board. Nonstandard items do not have NSN's assigned and are purchased on a DVD basis in response to customer requisitions. Many of these items are brand-name or proprietary items that have just been introduced by the medical industry. At least 50 percent of the items used in the medical community are nonstandard. Under MEDSTOCK, many of these items, based on certain demand and dollar volume criteria, will be given standard stock numbers and will be procured by the Central Contracts Branch. This, in turn, could reduce the PR volume in the DVD Branch by as much as 50 percent, with a corresponding increase in the Central Contracts Branch workload.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation V-6. **Assess the cost-benefit of the MEDSTOCK program carefully.**

The demand-based stockage of nonstandard medical items (MED-STOCK) will undoubtedly improve supply support effectiveness by reducing the order-ship time to overseas customers. Nonstandard items, which make up 50 percent of the items used by the medical community, have traditionally been procured by the Direct Vendor

Delivery Branch. DVD is an inherently slower process when compared to the order-ship time of the depot system. MEDSTOCK will reduce order-ship time by as much as 30 days, but it will also have the following implications for MED/C&P as well as for the depots:

- The number of centrally managed and stocked items could potentially double.
- The Direct Vendor Delivery Branch procurements will be reduced by perhaps 50 percent, but there will be a corresponding increase in workload for the Central Contracts Branch for stock items procured in very small quantities.
- Depot costs and workload will increase by adding 10-15,000 items at the three depots (Memphis, Mechanicsburg, and Tracy) stocking medical items. A 30-day reduction in order-ship time will unquestionably be viewed as more responsive supply support to overseas customers who have for years voiced their complaints that order-ship time was excessive. From a logistician's view, this is a commendable program. On the other hand, the cost effectiveness (added costs) of such a program should be closely scrutinized. We believe that the stockage criteria are set at unusually low levels. For example, to meet the MEDSTOCK criteria, an item must have:
 - Three or more demands in 1 year -- The Medical Materiel Directorate will review quarterly the SAMMS demand history for nonstandard items to identify those receiving three or more demands in the past 365 days. Excluded from stockage will be items with less than an 18-month shelf life and electromechanical items subject to speedy obsolescence.
 - Annual demands of \$300 or more -- Items that have received three or more demands within the preceding 365 days will be further reviewed to determine total dollar value of demands. If the total dollar value of demands is \$300 or more, the Medical Materiel Directorate will initiate procurement action for centralized stockage.

These low stockage thresholds may not be cost effective because of the additional costs and workload for MED/C&P as well as the depot system. We strongly recommend that the stockage

criteria be carefully assessed and the threshold raised if MED-STOCK costs significantly outweigh its increased effectiveness.

Recommendation V-7. **Reprogram SAMMS to accommodate unique contracting and production systems.**

The Medical commodity is commonly referred to as a SAMMS supported commodity. This appears to be something of a misnomer. The Medical commodity is, in fact, supported by multiple, unique automated systems, which ultimately update SAMMS files. Use of these multiple systems does enhance effectiveness (e.g., shorter PALT and reduced order-ship time to overseas customers); however, maintenance of these multiple systems reduces operational efficiency. The unique Medical commodity systems are:

- Single Agency Automated Data System (SAADS) -- This system was the forerunner to SAMMS, and many of its features are still used. SAADS output is utilized to track the PALT of buying sections as well as PALT by various contractual instruments and systems (e.g., BPA's, delivery or purchase orders, and the PET system).
- Procurement Through Electronic Telecommunications (PET) -- This is an effective and efficient system utilized for procurements under \$1,000. In essence, it is a computerized ordering system that electronically transmits requirements to a contractor, obtains price and availability, and evaluates quotations; the system then automatically makes the award.
- Automated Supply/Procurement Support System (ASPSS) -- This system is basically a subsystem of SAADS. Its principal use is to generate automated delivery orders.

Automated systems support for PET and SAMMS is provided by the DLA Systems Automation Center. Systems maintenance for SAADS and ASPSS is provided by DPSC. Data processed by one system must interface with other systems until the data are ultimately entered into SAMMS. For example, awards made through the PET system are then fed into SAADS, which will in turn update SAMMS data files. This process can take an average 6 to 8 days from the time the award is made by PET until the transaction is reflected in SAMMS. As a result of this time-consuming process, managers

complain that SAMMS cannot be interrogated for almost a week following input of original transactions. Another major and inefficient drawback to multiple systems utilization is the reprogramming resources required to maintain them. When a program change is made to SAMMS, each system must be reprogrammed to ensure continuous SAMMS interface.

Recommendation V-8. **Automate the Request for Quotations (RFQ) system in the Central Contracts Branch.**

The Medical Materiel Directorate can be commended for its positive initiatives to increase productivity and improve responsiveness through automation. We did note, however, that additional automation opportunities exist. Interviewees generally agreed that top priority should now be given to an automated RFQ system in the Central Contracts Branch.

Unfortunately, existing systems such as SASPS or PET cannot be utilized for this purpose without establishing and maintaining requisition conversion files for SASPS or major enhancements to PET. For example, dissimilar identifying numbers are often used by customers in submitting requisitions for DVD items being converted to MEDSTOCK that will be purchased by the Central Contracts Branch. These items will be given a unique alpha code designator to identify them as MEDSTOCK. SASPS requires the use of one identifying number for each item. Accordingly, SASPS implementation may not outweigh the effort necessary to establish and maintain required SASPS files. On the other hand, PET cannot accommodate automated RFQ's without major enhancements.

We understand that RFQ automation has been under consideration for some time by DPSC. Also, there will be an increasing need for automation as the number of Central Contracts Branch PR's increase under the MEDSTOCK program. We therefore recommend that an expeditious decision regarding the most feasible system should be reached by DPSC in close coordination with DLA-P and the DLA Systems Automation Center.

Recommendation V-9.

Strengthen internal controls to minimize postaward financial subsystem violations.

The DPSC Comptroller has primary responsibility for the automated SAMMS Financial Subsystem where funding and control levels for commitment and obligations are maintained. The Comptroller has responsibility for the control of, accounting for, and reporting on the use of funds.

To control funds, various procedures and conditions must be followed and met before the financial transactions are considered valid for input into the subsystems. Many of these inputs are generated by MED/C&P. The conditions to be met include the following:

- Obligation data must be recorded in a timely and accurate manner.
- Expenditure data must be recorded in a timely and accurate manner.
- Files of source documents reflecting the transactions posted to the system must be maintained in a current status.
- Comparisons of transactions posted to the source documents to assure ULO balances must be accurate and open.

After the above conditions have been met, the validated transactions are processed through the financial records to update files for daily report preparation. During this processing mode, the system may recognize certain conditions that it will not accept. In these cases, the transaction will be rejected for manual examination and reentry. A rejected transaction will appear as an "exception" on the Daily Controlled Violation Report, and the appropriate action must be taken to clear this transaction.

During the study team's review of ULO's last year, the Medical commodity had a backlog of approximately 450 rejected transactions. Interviews indicated that subsequent to our review 50 violations onhand represented a normal workload. Recently,

however, this balance has risen significantly and is now over 200. We believe this level is unacceptably high.

The reason for this sharp increase was attributed to PET interface with SAMMS. PET awards were made and vendor invoices for shipments were received prior to establishing obligations in SAMMS. Financial subsystems will most likely continue to be a management problem until the unique medical commodity systems are integrated into SAMMS. In the interim, internal controls should be implemented to keep violations at a manageable level.

Recommendation V-10. Establish a systematic workload priority system for the buying branches within MED/C&P.

Supervisors and buyers are continually confronted with conflicting sets of priorities. One set, DLA-P goals and management indicators, tells the buyer to give priority to PALT or overaged purchase requests. On the other hand, these priorities compete with other workload priorities such as Rapid Item Entry (new products with high demand) or MEDSTOCK priority "walk-thru" PR's for items moving from DVD to depot stock. Buyers do not have a systematic process to effectively integrate these competing priorities. For example, one PR may be 100 days old but will not generate a backorder while another PR only 10 days old will soon cause a backorder if it is not given a high priority.

To reconcile the dilemma presented by conflicting priorities, DLA-P should consider adopting a priority system for the Medical Materiel Directorate similar to the one used by the Defense Industrial Supply Center (DISC).

In response to the conflicts created by attempting to integrate various priorities, DISC developed a standard system for determining the significance of each buy, relating urgency of award to customer priority. This customer-oriented system offers a rational method for organizing buyer workload. DISC system objectives are as follows:

- Improve customer support.

- Increase supply effectiveness.
- Decrease internal communications.
- Provide tools for operational/management control.

Consistent with these objectives, DISC developed criteria to assign significance codes to all buys, stock, and direct delivery. Assignment of these codes is based on the Uniform Materiel Movement and Issue Priority System.

Significance codes range from A through G and Z, with the following meanings:

<u>Significance Codes</u>	<u>Meaning</u>
A	All stock or direct delivery buys that will release one or more priority designator 01 backorders.
B	Buy that will release priority group 1 special coded or Not Operational Ready System (NORS)-type backorders.
C	Buy that will release all other priority group 1 actual backorders or expected priority group 1 backorders.
D or E	Buy that will release actual or expected priority group 2 or 3 backorders.
F or G	All other stock buys (based on the essentiality of the item being procured).
Z	Military Interdepartmental Purchase Requests (MIPR's) and such error conditions as a direct vendor delivery unmatched to the backorder file, or a stock buy for an NSN not in the supply control file.

A workload prioritization system is an essential tool for improving buyer efficiency and effectiveness. DLA-P should consider adopting the DISC or a similar system for the Medical Materiel Directorate and develop a set of management indicators to track the ability of the directorate to meet customer priorities.

Recommendation V-11.

Institute a series of higher level reviews for problem purchase requests; place a "cap" on unprocurables.

As of 9 July 1983, the PF-35-1 Report, "Weekly Purchase Request Aging," reflected 68 PR's over 200 days old. Distribution of these PR's was as follows:

<u>Section</u>	<u>Number of Purchase Requests Over</u>			
	<u>200 Days</u>	<u>300 Days</u>	<u>400 Days</u>	<u>500 Days</u>
Drug Section, Central Contracts Branch	1			
Hospital Section, Central Contracts Branch	1			
Capital Equipment Section Direct Vendor Delivery Branch	31	20	10	5
Sections A and B, Direct Vendor Delivery Branch	35	22	7	5
TOTALS	68	42	17	10

Most overage PR's exist in the Direct Vendor Delivery Branch. It is significant to note that several PR's were over 500 days old; the oldest was overage by 1,144 days. We recognize that capital equipment buys can represent one of the more difficult procurement classes; however, the validity of some of these PR's may be questionable. Does the customer still require the item after 3 years?

A series of higher level reviews and management decisions for problem purchase requests should be instituted. Also, a "cap" (number of days) ultimately should be determined at which a PR is classified "unprocurable" and deleted from the workload inventory. The customer can then be advised of the action by a word-processed letter specifying the reason for cancellation. This process could be established as follows:

For Small Purchases -- Institute a series of high-level reviews and management decisions to occur at the following intervals:

- After the PR is 100 days old, escalate the problem to the division chief.

- After the PR is 150 days old, escalate the problem to the director.
- After the PR is 200 days old, revalidate customer need, and, if appropriate, cancel the PR from the workload inventory. Advise the customer by word-processed notice of the action taken.

For Large Purchases -- Institute the same series of higher level management reviews at intervals of 180, 230, and 280 days.

The above process should be tested for a period of perhaps 1 year. At that time, DLA-P management may determine that the intervals (100/150/200 and 180/230/280) should be shortened in the PR life cycle.

Recommendation V-12. Expand the automated Federal Supply Schedule (FSS) program.

The automated Federal Supply Schedule (FSS) program is another excellent example of the Medical Directorate's application of automation in the contracting function. Under this system, Army and Air Force nonstandard catalog items are matched with items on the contractor's FSS and coded into SAMMS. Each item is coded with the minimum quantity, unit price, discount terms, delivery days, free-on-board (FOB) point, and any additional price and quantity breaks. When a PR enters the system referencing one of the coded nonstandard numbers, the computer automatically prints a delivery order (DO). The system has been programmed so that all items for a particular company that enter on the same day print on one DO.

Currently, there are 29 companies loaded on this system with a total of 1,583 line items. Since October 1, 1982, approximately 1,000 lines have been awarded under this program. Interviewees indicated that over 500 manhours have been saved in FY 1983 through use of this automated system. It is also significant to note that PALT for these automated orders is 1 day as compared to approximately 16 days for manually processed DO's. The automated FSS program offers a significant opportunity to

EXHIBIT V-9

DIRECTORATE OF MEDICAL MATERIEL

DEPMEDS COMBINED MAJOR ASSEMBLY REQUIREMENTS

<u>Year</u>	<u>Number of Assemblies</u>	<u>Number of Lines</u>	<u>Materiel Cost</u>
FY 84	9,196	908,000	\$158,000,000
FY 85	12,063	1,055,000	192,000,000
FY 86	8,124	798,000	222,000,000
FY 87	4,423	489,000	184,000,000
FY 88	175	130,000	90,000,000
FY 89	<u>341</u>	<u>141,000</u>	<u>45,000,000</u>
TOTALS	34,322	3,521,000	\$891,000,000

EXHIBIT V-8

DIRECTORATE OF MEDICAL MATERIEL

SAMMS REPORTS MOST OFTEN USED BY PROCUREMENT MANAGERS

<u>REPORT REFERENCE</u>	<u>BUYING BRANCH</u>	<u>BUYING SECTION</u>	<u>BUYING TEAM</u>
F14	X		
F16	X		
F22		X	X
F27		X	X
F30	X	X	X
F31		X	
F33	X	X	
F35	X	X	
F36	X	X	
F37	X	X	
F38	X		
F46	X		
F56		X	
F57		X	
F58		X	
F61		X	
F70		X	X
F71		X	X
F80		X	X
F81		X	X
F82		X	X
F84		X	X
F86		X	X
F96	X		

EXHIBIT V-7

DIRECTORATE OF MEDICAL MATERIEL

MEDICAL DIRECTORATE PURCHASE REQUEST CANCELLATIONS -- OCTOBER 1982 - JULY 1983

	<u>NUMBER OF PR'S</u>	<u>NUMBER OF PRLI'S</u>	<u>DOLLAR VALUE</u>	<u>AVERAGE AGE</u>
OCT 82	811	1,954	\$2,409,072	70
NOV	557	606	961,714	50
DEC	686	791	2,121,816	43
JAN 83	784	862	1,678,125	64
FEB	677	728	823,867	59
MAR	925	1,021	30,105,937	59
APR	2,695	2,785	10,966,535	35
MAY	435	538	2,034,166	55
JUN	711	791	1,621,687	82
JUL	412	486	1,702,582	47

EXHIBIT V-6

DIRECTORATE OF MEDICAL MATERIEL

PERCENT OF ACTUAL PRODUCTIVE MANHOURS -- P-100 ACCOUNT

	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>JUNE 82-MAY 83</u>
P-110	15	13	16	18
P-120	63	63	57	56
P-130	22	24	27	26

EXHIBIT V-5

ASSIGNMENT OF PURCHASE REQUEST

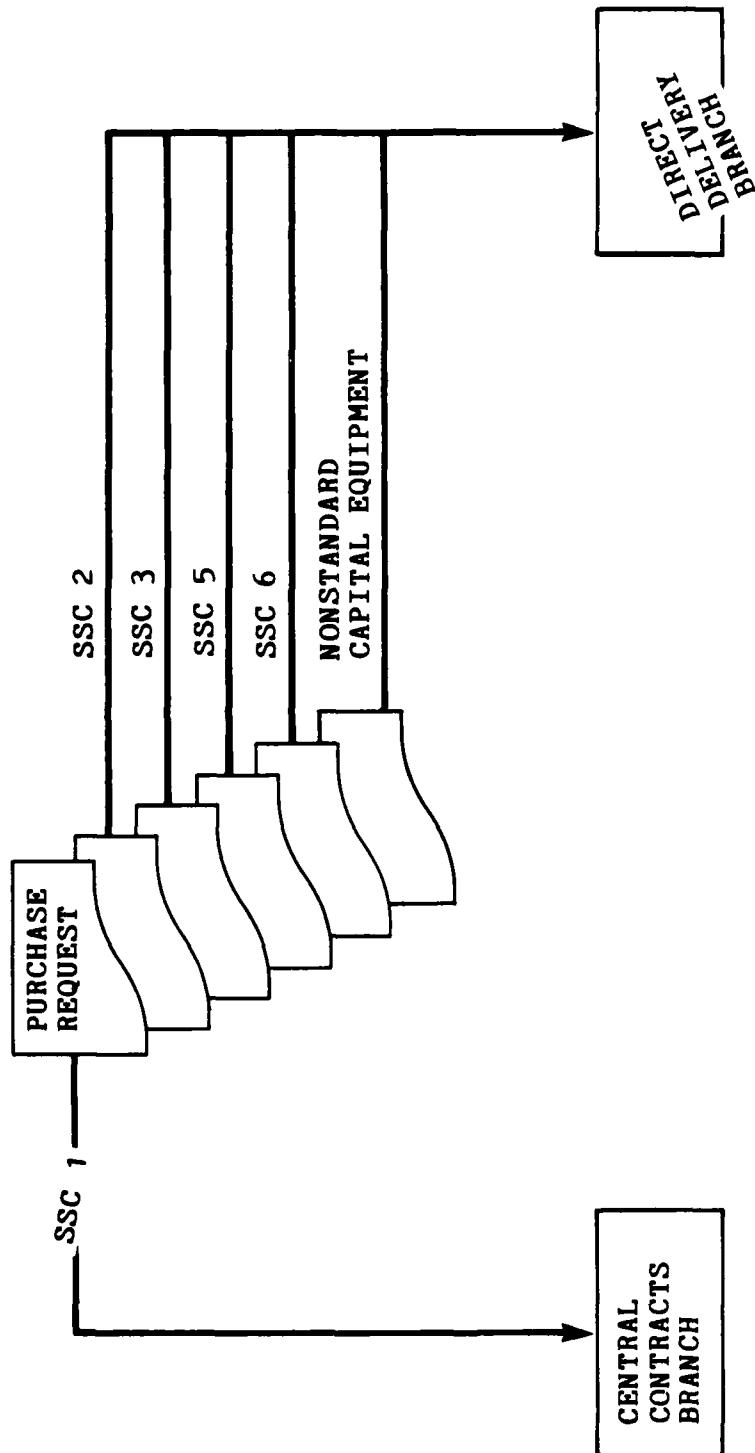


EXHIBIT V-4

DIRECTORATE OF MEDICAL MATERIEL

MEDICAL COMMODITY ITEMS MANAGED BY SUPPLY STATUS CODE

<u>SSC</u>		<u>LINES</u>
1	Centrally Managed and Stocked	9,389
2	Locally Procured	4,810
3	Centrally Procured, Not Stocked	1,540
5	Cataloged for Reference Purposes	33
6	Limited Standard	2,723
	Other (Insurance Items and Government Furnished Materials)	<u>155</u>
		18,650

EXHIBIT V-3

DIRECTORATE OF MEDICAL MATERIEL

MEDICAL MATERIEL LINE ITEMS MANAGED

<u>CLASSES</u>	<u>LINES</u>
Pharmaceuticals and Chemicals	2,013
Surgical Dressing	226
Surgical Instruments	2,359
Dental Material	1,408
X-Ray Equipment	1,151
Hospital Equipment	639
Hospital Clothing	367
Optical Supplies	4,361
Medical Kits	402
Laboratory Equipment	3,172
Medical Repair Parts	1,938
Miscellaneous	<u>604</u>
	<u>18,650</u>

EXHIBIT V-2

DIRECTORATE OF MEDICAL MATERIEL

BUYING BRANCHES

Central Contracts Branch
05

4	GM-1102-15
8	GS-1102-12
18	GS-1102-11
13	GS-1102-09
<u>3</u>	<u>GS-1102-07</u>
46	

4	GS-1106-05
4	GS-1106-04
<u>8</u>	

Direct Delivery Branch
04

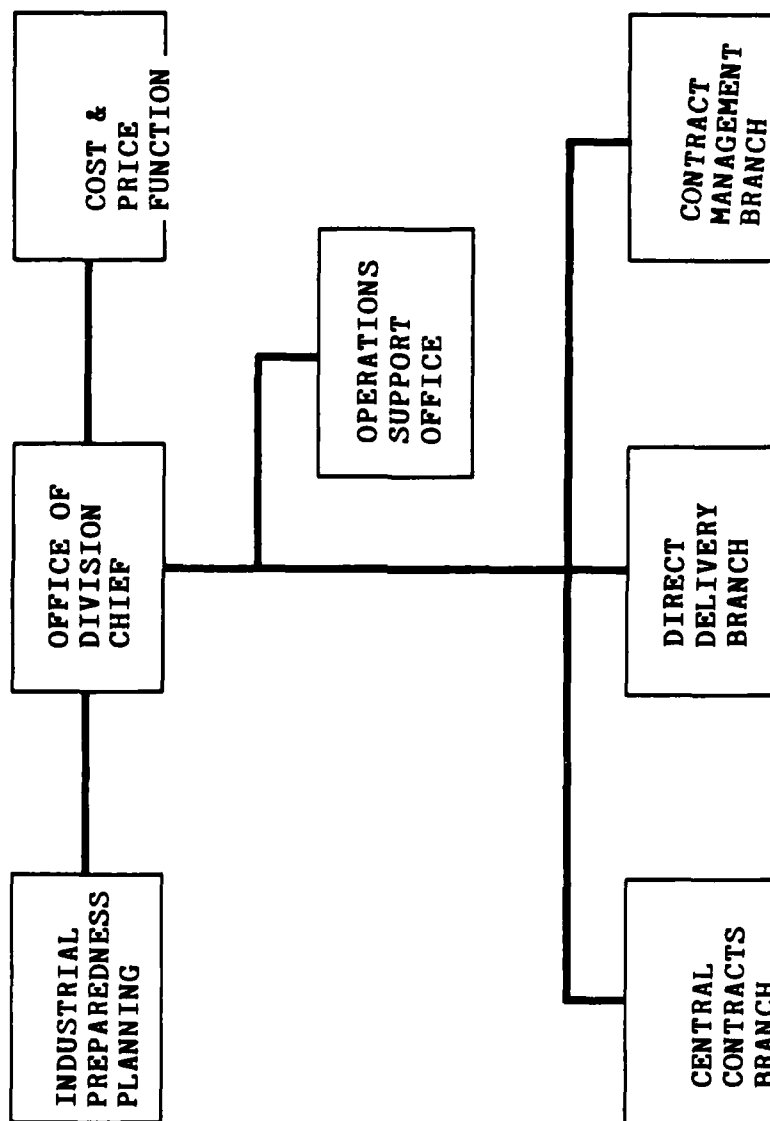
5	GS-1102-12
10	GS-1102-11
11	GS-1102-09
<u>12</u>	<u>GS-1102-07</u>
38	

1	GS-1105-07
<u>7</u>	<u>GS-1105-05</u>
8	

6	GS-1106-05
<u>3</u>	<u>GS-1106-04</u>
9	

EXHIBIT V-1

DIRECTORATE OF MEDICAL MATERIEL ORGANIZATIONS
CONTRACTING & PRODUCTION DIVISION



PR Category

Time Period

PET

Over 15 days

Manual Purchases,
less than \$25,000

Over 100 days

Over 150 days

Over 200 days

Large Purchases

Over 120 days

Over 180 days

Over 230 days

Over 280 days

Recommendation V-16.

Develop PALT performance goals and management indicators based on automated systems and PR priorities.

In lieu of using an aggregate PALT to measure the efficiency and effectiveness of small and large purchases, performance goals and management indicators should be developed based on workload scenarios (e.g., PET, automated FSS, and high-priority PR's received through the Emergency Supply Operations Center (ESOC)). Using an aggregate PALT for small and large purchases can often be misleading. Lumping all PALT together prevents DLA-P managers from distinguishing the actual time required to award PR's through PET as compared to small manual procurements. Furthermore, buying branches process many critical MEDSTOCK and ESOC priority PR's efficiently and effectively, but these "values" are not recorded.

Recommendation V-17.

Amend time periods at which PR's are considered overaged for both management indicators and performance goals.

DLA-P should amend the periods (i.e., 60 and 90 days) used for aging PR's in management indicators and performance goals so that the number of days measured is more commensurate with "typical" procurement leadtime. Aging PR's at periods of 60, 61 to 89, and over 90 days is not management effective, since these numbers are in range of the normal PALT. To be an effective gauge for management decisionmaking, aging PR's should be segregated by small and large purchases and by automated and manual purchases.

The following time periods, shown by category, are recommended for measuring aging PR's:

years, leaving no alternative to sole-source buys for a long period of time.

Aggregate PALT, which incorporates a 1-day automated FSS buy with a 200-day-old manual buy for capital equipment, can often be misleading. Consolidating the PALT for all small purchases does not provide DLA-P with the actual time required to procure medical items through highly efficient and effective systems (such as PET and automated FSS) as compared to a time-consuming, manual small-purchase buy. Also, PR aging, which is well below normal PALT levels, generates massive computer data output; only approximately 10 percent of it, however, is useful information. PR aging reports identify PR's in MED/C&P after 22 days, yet normal large-purchase PALT is over 90 days.

OPPORTUNITIES FOR IMPROVEMENT

Recommendation V-15. Use PR'S in lieu of line items as a basis for measuring workload.

DLA should consider using PR's instead of PRLI's as the basis for measuring preaward workload. The DLA-P and the Medical Materiel Directorate have traditionally used the line item as the basis for measuring procurement workload while the PR remains the basic unit of work for other elements of DLA and the rest of the Government. The major argument in favor of using the line item is that it is the smallest common denominator for measuring buying activity. At the same time, those opposed to using the line item see it as incompatible with what other DLA/DoD elements use and hold that its main purpose is to inflate the perception of DSC workload. There is no real benefit to measuring workload by line items; DLA-P should consider using PR's as the measurement base.

appears to be an excessive amount of time, which personnel attributed to the slow movement of award packages from the buyer's desk to OSO and the queue of files in OSO to be coded. This process could be more efficiently accomplished by placing terminals in each buying section. Direct entry by the buyer would eliminate the need for time-consuming completion of award coding sheets, would place responsibility for accurate data entry on the buyer, and would reduce the time required to prepare and distribute awards by up to 2 days.

D. MANAGEMENT INDICATORS

CURRENT OPERATIONS

Many of the project team's hardware center observations and findings relative to goals and management indicators are applicable to the Medical Materiel Directorate. For example, SAMMS as a management information system is used infrequently. Its data output is not timely nor does it provide some of the more essential management information required to effectively monitor operational efficiency. Managers also complained that it was almost impossible to make corrections to SAMMS input. Once the data are loaded, they become practically irreversible. To overcome SAMMS deficiencies, the Medical Directorate developed its own automated systems for processing workload, data collection, and retrieval and display. Output from these systems is both timely and more responsive to the informational needs of directorate managers.

Some of the major issues and problem areas with DLA-P management indicators include goals or targets that are, in large measure, beyond the influence or control of C&P personnel (e.g., formal advertising and competition rates). Many medical items have been patented, and there are no comparable items produced by other manufacturers. Also, many of the patents are good for 17

increase both efficiency and effectiveness. Interviewees indicated that the program can also be expanded after requested system changes have been made. In view of the program's proven success and the potential it offers for resource savings, we recommend that these system changes be expedited.

Recommendation V-13. **Expand the use of Decentralized Blanket Purchase Agreements (DBPA's).**

The Medical Directorate currently has approximately 100 Decentralized Blanket Purchase Agreements (DBPA's) in effect for a broad range of medical and dental supplies. This program has expansion potential by perhaps as much as 20 percent. DPBA's have been established with "high-demand" firms that either have Federal Supply Schedules or are sole/single sources for medical items. These firms are generally willing to maintain their prices over a specified period of time.

This type of contractual instrument offers significant benefits to DPSC and its customers. Some of the principal benefits are as follows:

- It enables the customer (medical supply officer) to place his own order directly with the contractor, bypassing both his own procurement officer as well as DPSC.
- It reduces workload for DPSC, particularly in the area of order administration. The responsibility for obtaining invoices, receiving reports, and completing vouchers for payment rests with the field finance office supporting the customer.

Recommendation V-14. **Place terminals in buying sections to reduce PALT.**

The MED/C&P Operations Support Office (OSO) is responsible for tracking a PR from receipt by the division until it is ultimately awarded by the buyer. Award files are forwarded to the OSO where they are coded for input to automated systems. Interviewees indicated that normal turnaround time from award to contract preparation and distribution ranged from 6 to 8 days. This

APPENDIX A

SUPPORTING DATA

BRANCH -
MONTH -

PERFORMANCE INDICATORS (Tr)

A. PRE-AWARD WORKLOAD

LARGE - TOTAL NO. PR'S	<u>139</u>	:	TOTAL OVER 105	<u>5</u>
SMALL - TOTAL NO. PR'S	<u>19</u>	:	TOTAL OVER 105	<u> </u>
SPUR - TOTAL NO. REQNS	<u> </u>	:	TOTAL OVER 105	<u> </u>

B. PROCUREMENT ADMINISTRATIVE LEADTIME

OVERALL (MINUS SPUR)		NEGS IN	NEGS OUT
TOTAL	- AVERAGE DAYS	<u>63</u>	<u>63</u>
SANITIZED	- AVERAGE DAYS	<u>54</u>	<u>54</u>

IFB

* FORMAL	- AVERAGE DAYS	<u>63</u>	; TOTAL NO. OF AWARDS	<u>61</u>
** SA	- AVERAGE DAYS	<u> </u>	; TOTAL NO. OF AWARDS	<u> </u>

NEGOTIATED

SS	- AVERAGE DAYS	<u> </u>	; TOTAL NO. OF AWARDS	<u> </u>
CN	- AVERAGE DAYS	<u>43</u>	; TOTAL NO. OF AWARDS	<u>2</u>
8(A)'S	- AVERAGE DAYS	<u> </u>	; TOTAL NO. OF AWARDS	<u> </u>

SMALL PURCHASES

TOTAL ; AVERAGE DAYS

C. AWARDS

TPC/TPE	- TOTAL NO. LARGE	<u>62</u>	; TOTAL NO. SMALL	<u> </u>
*** SPUR	- TOTAL NO. SMALL	<u> </u>	; TOTAL NO. LARGE	<u> </u>

D. CONTRACTOR PERFORMANCE

DELINQUENT AGAINST ORIGINALS RDD -	TOTAL NO. LARGE	<u> </u>	EX	INEX
	TOTAL NO. SMALL	<u> </u>	EX	INEX
	TOTAL NO. MANDATORY	<u> </u>	EX	INEX

DELINQUENT AGAINST CURRENT RDD -	TOTAL NO. LARGE	<u> </u>	EX	INEX
	TOTAL NO. SMALL	<u> </u>	EX	INEX
	TOTAL NO. MANDATORY	<u> </u>	EX	INEX

* Exclude any over 120 days
** Exclude any over 60 days
*** SPUR Buys made by TPC/TPE

PURCHASE REQUESTS STATUS REPORT

Report due 1st and 15th of each month

PCO _____	BRANCH _____	DATE _____
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	<u>PRs</u>	<u>LINES</u>
Total of large PRs	139	146
Total of small PRs	19	21
TOTAL	158	167

BREAKDOWN

a. Large PRs received since last report	21	21
b. Large PRs awarded during reporting period	44	44
c. Large PRs cancelled during reporting period	0	0
d. Small PRs received since last report	6	7
e. Small PRs awarded during reporting period	17	22
f. Small PRs cancelled during reporting period	0	0
g. Total number of small purchases (other than PRs)	0	0

AGE OF LARGE PRs - ACTION COPIES ONLY

	<u>1-29 days*</u>	<u>30-59 days</u>	<u>60-89 days</u>	<u>90 & over</u>
PRs	67	47	20	5
Lines	68	53	20	5
	<u>A B</u>	<u>A B</u>	<u>A B</u>	<u>A B</u>

*A - Total Action PRs 1-29 days

B - PRs over 15 days old but solicitation not yet issued

AGE OF SMALL PURCHASES

	<u>1-29 days</u>	<u>30-59 days</u>	<u>60-89 days</u>	<u>90 & over</u>
PRs	14	4	1	
Lines	16	4	1	

PRs over 90 Days (PR, Item, Programmed Palt,
Actual Age & Estimated Award Date

PR	ITEM	PROGRAMMED PALT	AGE	ESTIMATED AWARD DATE
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MANUAL REPORTING OF PRLIs (MIPRs, SAUDI, OPTIONS)

REPORTING PERIOD _____

BRANCH _____

1. PRLIs awarded for MIPRs:

large 0

small 0

2. PRLIs awarded for SAUDI MIPRs:

large 0

small 0

3. PRLIs awarded under OPTIONS:

large 32

NOTE: PRLI count reflects each NSN by destination by date.

APPENDIX B

PROTOTYPE POSITION DESCRIPTION

APPENDIX B

PROTOTYPE POSITION DESCRIPTION

BACKGROUND:

This position is located in the Clothing & Textiles Directorate, Contracting and Procurement Division. The Directorate is responsible for the acquisition, direction, and control of clothing & textile commodities for the armed forces. Typical items purchased by the Directorate include: special purpose clothing; dress clothing cotton, wool, blends, and polyester clothing; individual equipment and tentage; metal insignia and decorations; footwear; leather products; and embroidered insignia.

SENIOR PROCUREMENT AGENT AND TEAM LEADER

GS-1102-12

DUTIES:

The incumbent serves as a procurement agent and team leader within the Directorate of (). Assignments include formal advertising and negotiation activities involved in the procurement of supplies or equipment to meet the consolidated requirements of various Defense organizations.

The incumbent personally performs assignments involving difficulties such as: items which are modified or designed for special purposes and which are characterized by multiple specifications, highly contested specifications, or special testing and sampling requirements; items with records of past procurement difficulties and rigid specifications; and negotiations with sole source vendors whose dealings with the Directorate have been confrontive.

Major duties include:

1. Analyzing purchase requests and planning, coordinating, and executing the procurement action. This includes duties such as: ensuring that all needed and useful information is available; locating and encouraging quality competition and developing new sources of supply; and ensuring that all requirements are stated clearly and unambiguously, and all competitors understand the requirements.
2. Analyzing bids and proposals and making or recommending awards. This includes duties such as: determining responsiveness and responsibility of vendors; coordinating the technical acceptance of alternative proposals, substitutions, or changes; negotiating prices and delivery dates; evaluating the completed procurement files; and approving or recommending approval of the award.
3. Administering contracts. This includes duties such as:
 - monitoring contractor performance through review and inspection of reports and shipping and delivery documents, customer complaints, and discussions with vendors;
 - initiating action and following up to resolve problems arising from poor performance, inspection failures, deviations from specifications, delinquent deliveries, over or under shipments, vendor default, delivery of nonconforming supplies, deviations in quantity or delivery date, problems with Government-supplied materials, or changes in Government requirements;
 - advising vendors on problems of packaging and delivery;
 - deciding on or arranging for inspections; and,
 - coordinating actions with organizations for whom the purchases are being made.
4. Serving as a working leader. As a work leader, the incumbent assists the supervisor by performing such duties as: instructing lower level purchasing agents; assigning them with new or unusual problems; rejecting work not meeting

quality requirements; reviewing and approving awards within delegated authority; and, monitoring and reporting the status of procurement actions and estimating completion times.

KNOWLEDGE REQUIRED BY THE POSITION - Level 1-7 - 1250 Points

Knowledge of the requirements and flexibilities of applicable procurement regulations sufficient to allow the incumbent to plan the approach to complex or problem procurement actions, assess the acceptability of final awards, and administer the procurements once they are awarded.

Knowledge of the commodities to be procured (and their industries) or ability to gather knowledge quickly concerning unfamiliar commodities sufficient to allow the incumbent to perform such tasks as: identifying problem procurement actions involving specialized items; identifying sources of quality competition; recognizing the realistic manufacturing and marketing choices available to vendors; negotiating prices and delivery dates with vendors; recognizing when the best practical compromise on price and delivery date has been reached; and arriving at practical solutions to problems that arise while the procurement is in effect.

Knowledge of the various supply and procurement systems and how they operate to allow the incumbent to: identify paperwork problems within these systems that might delay or harm the quality of assigned procurement actions; work productively; and document actions clearly.

Knowledge of cost and price analysis techniques sufficient to perform various computations relative to item costs, packaging, delivery charges, and transportation costs to determine the best buy for the Government.

Knowledge of negotiation techniques and skill in negotiating to deal with vendors or manufacturers in resolving such problems as the need to reduce cost, lengthy delivery schedules, or the need to negotiate with sole source suppliers.

Ability to remain highly organized in performance of such duties as: ensuring that voluminous case files are carefully and clearly documented, managing time effectively in coordinating the work of other specialists, and monitoring the progress of all assigned work.

SUPERVISORY CONTROLS - Level 2-4 - 450 Points

The supervisor sets the general area of assignment, the overall objectives of the work, and the resources available. The incumbent and supervisor together develop the schedules and deadlines. The incumbent plans and carries out the assignment, resolves most conflicts personally, coordinates the work with others as necessary, and keeps the supervisor informed of progress and potential controversies.

Completed work is reviewed for overall soundness and effectiveness, and routine quality control reviews are made by the supervisor and various reviewers outside the section.

GUIDELINES - Level 3-4 - 450 Points

Guidelines include statutes; regulations; Federal, DoD, and DLA policies and procedures; Comptroller General decisions; other legal and practical precedents; commercial catalogs; and price indices. Guidelines for analyzing the industry are of limited use or unavailable. The employee uses initiative in developing new information such as locating new sources or stimulating small disadvantaged business participation, identifying and analyzing trends and patterns within the industry, and analyzing and anticipating effects of industrial conditions (e.g., strikes, shortages, surpluses, seasonal demands) on the procurements.

COMPLEXITY - Level 4-5 - 325 Points

In addition to the characteristics found in the GS-11 assignment, this position includes team leader responsibilities. The team leader is responsible for coordinating a variety of large volume procurement actions. Many of the problems dealt

with at this level are not evident when seen from the perspective of a single procurement and require an understanding of the interrelationships between procurements to identify and resolve. The incumbent must see that the needs of the various procurements do not conflict (e.g., overextend the capacity of small suppliers receiving awards under separate procurements). Decisions require both a broad and detailed understanding of the industry. The incumbent is responsible for considering the effects of high dollar contracts on suppliers, on the productive capacity of manufacturers, on small and disadvantaged businesses, on businesses in high unemployment areas, and on the needs of the Government. The work requires careful and well coordinated planning, innovative solicitation development, development of new contract clauses, development of new sources, identification of Government-wide needs, and the practical and effective resolution of problems that arise during administration of the contract.

SCOPE AND EFFECT - Level 5-4 - 225 Points

The purpose of the work is to plan and carry out large volume procurements to meet the consolidated requirements of various Defense organizations, and to administer the contracts after award.

The work includes analyzing the market to determine the availability of items and the quality of competition; issuing clear, unambiguous solicitations; coordinating the assessment of alternative offers; assessing the responsiveness and responsibilities of offerors; ensuring the integrity and completeness of the overall procurement action; and making or recommending the award. The work also requires dealing with problems arising under contract administration. These include responsibilities such as negotiating changes in specifications; recommending relief for vendors to overcome serious problems impeding delivery of supplies; evaluating serious delays to determine whether they are excusable; and conducting termination negotiations as required.

PERSONAL CONTACTS - Level 6-3 - 60 points

Contacts include: private industry representatives, and individual contractors and manufacturers; and, co-workers such as technicians, small business representatives, attorneys, price analysts, auditors, transportation specialists, and managers.

PURPOSE OF CONTACTS - Level 7-3 - 120 points

Contacts are to: negotiate prices and terms to establish agreements that are in the best interest of the Government; persuade quality competitors to increase competition; gather information from various industry sources to gauge availability of items; and to provide information to potential suppliers concerning specific requirements.

PHYSICAL DEMANDS - Level 8-1 - 5 points

The work requires no special physical demands.

WORK ENVIRONMENT - Level 9-1 - 5 points

The work is performed in an office setting, although there may be occasional visits to contractors' facilities.

TOTAL POINTS -- 2,890

EVALUATION STATEMENT
PROTOTYPE POSITION DESCRIPTION
PROCUREMENT AGENT, GS-1102-12

This prototype position description represents the typical GS-12 Procurement Agent recommended for the Defense Personnel Support Center's Directorate of ().

The evaluation is based upon the current position classification standard (dated February 1969) for the Contract and Procurement Services, GS-1102. The grade level, based primarily upon the nonsupervisory work of the position, is consistent with the criteria in the most recent draft (July 1983) of the proposed GS-1102 FES standard issued recently by the U.S. Office of Personnel Management. The Work Leader Grade-Evaluation Guide was not used to establish the proposed grade. It is intended for positions involved with one-grade interval work only.

SERIES:

These positions should be classified in the Contract and Procurement Services, GS-1102. The series definition is:

"This series includes positions involving work concerned with (1) obtaining contractual agreements through negotiation with private concerns, educational institutions, and nonprofit organizations to furnish services, supplies, equipment, or other materials to the Government; (2) assuring compliance with the terms of contracts and resolving problems concerning the obligations of either the Government or private concerns; (3) analyzing negotiations and settling contractor claims and proposals in contract termination actions; (4) examining and evaluating contract price proposals; (5) purchasing supplies, services, equipment, or other materials by formally advertised bid and negotiated procurement procedures; (6) planning, establishing, or reviewing procurement programs, policies, or procedures; (7) formulating policies, establishing procedures, and performing services for small business in contracting and procurement; or (8) providing staff advisory service in one or more of the specializations in this occupation. The work requires a knowledge of business and industrial practices; market trends and conditions; relationships among costs of production, marketing, and distribution; and procurement and contracting policies and methods."

The prototype position description fits the intent of example 5 of the series definition.

TITLE:

The position should be titled Procurement Agent. Page 4 of the standard states:

"In the procurement specialization (covered by part III of this standard), the titles are -

- Procurement Agent: Applies to either (a) employees who buy supplies, services, equipment, or material using formally advertised bid and negotiated procurement methods, or (b) training and developmental positions at grades GS-5 and GS-7.
- Procurement Officer: Applies to employees who have responsibility for managing a procurement program of an agency or activity."

The position meets the definition of procurement agent. At this point, the titles in the proposed FES standard differ somewhat from those of the current standard. These titling recommendations should therefore be reviewed when the final version of the new standard is approved.

GRADE:

The current classification standard describes the characteristics of each grade under two headings - "Assignment Characteristics" and "Level of Responsibility." Positions at different grades often have many individual duties in common. This evaluation discusses some of the characteristics of the GS-7, 9, 11, and 12 levels to give an idea of the trend of increasing duties and responsibilities intended by the standard as a whole.

At GS-7 (under Part III of the standard), assignments have few complexities. For most assignments, work is reviewed in process and upon completion. The supervisor reviews the recommendations of the GS-7 to ensure adequate analysis, sound judgments and adequate justification for recommendations.

Assignments at GS-9:

"Involve more specialized procurements and more independence . . . Employees at grade GS-9 usually perform all aspects of procurement transactions from initiation to recommending awards. . . . Items procured are of a specialized nature. Problems are caused by complex specifications, limited market sources, and close price bidding.

The employee at GS-9 must deal with specialized items which are manufactured to specification for a special purpose. Such items may be common in the trade but are not in general use by the public. The specifications are complex and may include physical, chemical, electrical, or other properties. There may be specified methods of testing and special performance requirements.

Procurements assigned may be complicated by the need to develop new sources of supply to ensure greater price competition. The employee often makes purchases for a number of installations including overseas activities. He must analyze industry distribution patterns and practices, as well as transportation factors in determining the most advantageous proposals.

Some positions at this level are concerned with developing or revising large consolidated procurement contracts. Such assignments require continuing responsibility for establishing long-term indefinite delivery contracts. These procurements meet the consolidated requirements of a large agency or agencies. In these situations, the GS-9 procurement agent either has responsibility for a small number of items or services or he works with a higher grade procurement specialist on the total transaction. Typical of these assignments is the responsibility for a group of items which are part of a major contract or schedule. The higher-grade procurement agent retains basic responsibility for these procurements.

Level of responsibility

The significant distinction from the nature of supervision received at the GS-7 level is that GS-9 employees normally perform the procurement assignments described at this level from time of receipt of the purchase request to recommendation for award with considerable independence. . . .

The supervisor reviews recommendations for awards and supporting documents for soundness of judgment, adequacy of analysis, and adherence to policies and procedures. . . ."

Assignments at GS-11:

"Exceed those at GS-9 in scope and complexity in that they often involve -

- Procurement transactions to meet the consolidated requirements of the agency or agencies.

schedules to be incorporated in invitations for bid and final contracts.

Level of responsibility

... The supervisor gives guidance for planning unusual or significant procurements and in interpreting complex regulations. The procurement agent exercises independent judgment and initiative, sets the priorities or work to be accomplished on a day-to-day basis, and develops the approach to each case. His work proceeds without review up to the point of either award, if appropriate, or recommendation for award. Technical review includes an examination of awards recommended, the completeness of the transactions, and any impact on future procurements. At that point, his actions are reviewed from the standpoint of policy considerations and implications for the procurement program.

. . . .

He may recommend cancelling invitations to bid, readvertising, or negotiating when full coverage is not obtained within the industry, when bids are not responsive, or when offers are unreasonable. He assures that firms in disaster or distressed labor areas have been given opportunity to share in the procurement. He works with small business specialists to determine appropriate procurements for small business."

The positions described in the prototype position description as a procurement agent meet the criteria shown above for the GS-11 level both in type of assignment and level of responsibility.

The positions may therefore be classified as:

Procurement Agent, GS-1102-11.

Assignments at GS-11:

"Exceed those at GS-9 in scope and complexity in that they often involve -

- Procurement transactions to meet the consolidated requirements of the agency or agencies.
- Manufacturing or modification of items to Government specifications.
- Coordination with technical offices and other groups in each phase of the transaction process.

Assignments at the GS-11 level have characteristics such as the following:

1. Items are of special or unique design. They must be manufactured or constructed under close control to meet tight specifications. . . .
2. Assignments often require review of the market to determine the availability of the item or services. Prior procurements do not serve as guides because of obsolescence of previous items, and changes in manufacturing processes.
3. Unfavorable market conditions, such as frequent price changes, unstable supplies of materials, changing labor markets, reluctant suppliers, require constant review and determination of most advantageous method of procurement.
4. . . . Agents at this level coordinate procurement planning and execution within the buying agency. Contacts must be maintained with other contract, procurement, and price analysis personnel, small business representatives, planning, accounting, technical, transportation specialists, and legal counsel.
5. Transactions are often complicated by features such as negotiations concerning components and spare parts, use of Government-furnished property, inspection and testing requirements, ownership of patents, and payment of royalties.
6. Individual procurement may be for quantities needed to satisfy the requirements of an agency or agencies for specific items for a stated period of time. . . . These procurements involve analysis of industrial distribution patterns, merchandising practices, and transportation factors in relation to diverse delivery points, and varying amounts of items needed in the agency or agencies at different times and in different locations. Procurement actions involve developing

Assignments at GS-9:

"Involve more specialized procurements and more independence . . . Employees at grade GS-9 usually perform all aspects of procurement transactions from initiation to recommending awards. . . . Items procured are of a specialized nature. Problems are caused by complex specifications, limited market sources, and close price bidding.

The employee at GS-9 must deal with specialized items which are manufactured to specification for a special purpose. Such items may be common in the trade but are not in general use by the public. The specifications are complex and may include physical, chemical, electrical, or other properties. There may be specified methods of testing and special performance requirements.

Procurements assigned may be complicated by the need to develop new sources of supply to ensure greater price competition. The employee often makes purchases for a number of installations including overseas activities. He must analyze industry distribution patterns and practices, as well as transportation factors in determining the most advantageous proposals.

Some positions at this level are concerned with developing or revising large consolidated procurement contracts. Such assignments require continuing responsibility for reestablishing long-term indefinite delivery contracts. These procurements meet the consolidated requirements of a large agency or agencies. In these situations, the GS-9 procurement agent either has responsibility for a small number of items or services or he works with a higher grade procurement specialist on the total transaction. Typical of these assignments is the responsibility for a group of items which are part of a major contract or schedule. The higher-grade procurement agent retains basic responsibility for these procurements.

Level of responsibility

The significant distinction from the nature of supervision received at the GS-7 level is that GS-9 employees normally perform the procurement assignments described at this level from time of receipt of the purchase request to recommendation for award with considerable independence. . . .

The supervisor reviews recommendations for awards and supporting documents for soundness of judgment, adequacy of analysis, and adherence to policies and procedures. . . ."

The prototype position description fits the intent of example 5 of the series definition.

TITLE:

The position should be titled Procurement Agent. Page 4 of the standard states:

"In the procurement specialization (covered by part III of this standard), the titles are -

- Procurement Agent: Applies to either (a) employees who buy supplies, services, equipment, or material using formally advertised bid and negotiated procurement methods, or (b) training and developmental positions at grades GS-5 and GS-7.
- Procurement Officer: Applies to employees who have responsibility for managing a procurement program of an agency or activity."

The position meets the definition of procurement agent. At this point, the titles in the proposed FES standard differ somewhat from those of the current standard. These titling recommendations should therefore be reviewed when the final version of the new standard is approved.

GRADE:

The current classification standard describes the characteristics of each grade under two headings - "Assignment Characteristics" and "Level of Responsibility." Positions at different grades often have many individual duties in common. This evaluation discusses some of the characteristics of the GS-7, 9, and 11 levels to give an idea of the trend of increasing duties and responsibilities intended by the standard as a whole.

At GS-7 (under Part III of the standard), assignments have few complexities. For most assignments, work is reviewed in process and upon completion. The supervisor reviews the recommendations of the GS-7 to ensure adequate analysis, sound judgments and adequate justification for recommendations.

EVALUATION STATEMENT

PROTOTYPE POSITION DESCRIPTION

PROCUREMENT AGENT, GS-1102-11

This prototype position description represents the typical GS-11 Procurement Agent recommended for the Defense Personnel Support Center's Directorate of ().

The evaluation is based upon the current position classification standard (dated February 1969) for the Contract and Procurement Series, GS-1102. The grade level, based primarily upon the nonsupervisory work of the position, is consistent with the criteria in the most recent draft (July 1983) of the proposed GS-1102 FES standard issued recently by the U.S. Office of Personnel Management.

SERIES:

These positions should be classified in the Contract and Procurement Services, GS-1102. The series definition is:

"This series includes positions involving work concerned with (1) obtaining contractual agreements through negotiation with private concerns, educational institutions, and nonprofit organizations to furnish services, supplies, equipment, or other materials to the Government; (2) assuring compliance with the terms of contracts and resolving problems concerning the obligations of either the Government or private concerns; (3) analyzing negotiations and settling contractor claims and proposals in contract termination actions; (4) examining and evaluating contract price proposals; (5) purchasing supplies, services, equipment, or other materials by formally advertised bid and negotiated procurement procedures; (6) planning, establishing, or reviewing procurement programs, policies, or procedures; (7) formulating policies, establishing procedures, and performing services for small business in contracting and procurement; or (8) providing staff advisory service in one or more of the specializations in this occupation. The work requires a knowledge of business and industrial practices; market trends and conditions; relationships among costs of production, marketing, and distribution; and procurement and contracting policies and methods."

PURPOSE OF CONTACTS - Level 7-3 - 120 points

Contacts are to: negotiate prices and terms to establish agreements that are in the best interest of the Government; persuade quality competitors to increase competition; gather information from various industry sources to gauge availability of items; and to provide information to potential suppliers concerning specific requirements.

PHYSICAL DEMANDS - Level 8-1 - 5 points

The work requires no special physical demands.

WORK ENVIRONMENT - Level 9-1 - 5 points

The work is performed in an office setting, although there may be occasional visits to contractors' facilities.

TOTAL POINTS -- 2,440

responsible for understanding the essential features of the item to be purchased, recognizing the problems facing suppliers, negotiating with suppliers, planning and organizing the work, and interpreting the guidelines as they apply to specific cases or problems.

COMPLEXITY - Level 4-4 - 225 Points

Assignments require use of advertised and negotiated procurement actions and market analysis to evaluate prices and determine availability of supplies and sources. At this level, characteristic complexities encountered include: the need to modify items to Government specifications; multiple specifications, testing requirements, bid and preproduction samples; lack of prior item procurement experience; numerous and hard-to-assess alternative offers; ambiguously stated specifications; multiple delivery points; Government furnished materials; and similar problems.

SCOPE AND EFFECT - Level 5-4 - 225 Points

The purpose of the work is to plan and carry out large volume procurements to meet the consolidated requirements of various Defense organizations. The work includes analyzing the market to determine the availability of items and the quality of competition; issuing clear, unambiguous solicitations; coordinating the assessment of alternative offers; assessing the responsiveness and responsibilities of offerors; ensuring the integrity and completeness of the overall procurement action; and making or recommending the award.

PERSONAL CONTACTS - Level 6-3 - 60 points

Contacts include: private industry representatives, contractors and manufacturers; and, co-workers such as technicians, small business representatives, attorneys, price analysts, auditors, transportation specialists, and managers.

problems within these systems that might delay or harm the quality of assigned procurement actions; work productively; and document actions clearly.

Knowledge of cost and price analysis techniques sufficient to perform various computations relative to item costs, packaging, delivery charges, and transportation costs to determine the best buy for the Government.

Knowledge of negotiation techniques and skill in negotiating to deal with vendors or manufacturers in resolving such problems as the need to reduce cost, lengthy delivery schedules, or the need to negotiate with sole source suppliers.

Ability to remain highly organized in performance of such duties as: ensuring that voluminous case files are carefully and clearly documented, managing time effectively in coordinating the work of other specialists, and monitoring the progress of all assigned work.

SUPERVISORY CONTROLS - Level 2-3 - 275 Points

The supervisor or team leader provides general guidance on the objectives and priorities of assignments, on planning unusual or especially significant procurements and on interpreting complex new regulations or requirements. The employee prepares the procurement plan and analyzes proposals through recommendation for award. Completed work is reviewed for soundness of award recommendations, precedents set for future awards, and conformance with policy.

GUIDELINES - Level 3-3 - 275 Points

Guidelines include procurement regulations, DLA policies, system procedures; Comptroller General decisions; specifications, bidders lists, precedent procurement actions; commercial catalogs; and similar documents. The guidelines provide examples and set limits on available choices, but do not deal with the details associated with individual procurement actions. The incumbent is

3. Administering contracts. This includes duties such as:

- monitoring contractor performance through review and inspection of reports and shipping and delivery documents, customer complaints, and discussions with vendors;
- initiating action and following up to resolve problems arising from poor performance, inspection failures, deviations from specifications, delinquent deliveries, over or under shipments, vendor default, delivery of nonconforming supplies, deviations in quantity or delivery date, problems with Government-supplied materials, or changes in Government requirements;
- advising vendors on problems of packaging and delivery;
- deciding on or arranging for inspections; and,
- coordinating actions with organizations for whom the purchases are being made.

KNOWLEDGE REQUIRED BY THE POSITION - Level 7 - 1250 Points

Knowledge of the requirements and flexibilities of applicable procurement regulations sufficient to allow the incumbent to plan the approach to complex or problem procurement actions, assess the acceptability of final awards, and administer the procurements once they are awarded.

Knowledge of the commodities to be procured (and their industries) or ability to gather knowledge quickly concerning unfamiliar commodities sufficient to allow the incumbent to perform such tasks as: identifying problem procurement actions involving specialized items; identifying sources of quality competition; recognizing the realistic manufacturing and marketing choices available to vendors; negotiating prices and delivery dates with vendors; recognizing when the best practical compromise on price and delivery date has been reached; and arriving at practical solutions to problems that arise while the procurement is in effect.

Knowledge of the various supply and procurement systems and how they operate to allow the incumbent to: identify paperwork

PROTOTYPE POSITION DESCRIPTION
PROCUREMENT AGENT
GS-1102-11

DUTIES:

The incumbent serves as a procurement agent within the Directorate of (). Assignments include formal advertising and negotiation activities involved in the procurement of supplies or equipment to meet the consolidated requirements of various Defense organizations.

The incumbent personally performs assignments involving difficulties such as: items which are modified or designed for special purposes and which are characterized by multiple specifications, highly contested specifications, or special testing and sampling requirements; items with records of past procurement difficulties and rigid specifications; and negotiations with sole source vendors whose dealings with the Directorate have been confrontive.

Major duties include:

1. Analyzing purchase requests and planning, coordinating, and executing the procurement action. This includes duties such as: ensuring that all needed and useful information is available; locating and encouraging quality competition and developing new sources of supply; and ensuring that all requirements are stated clearly and unambiguously, and all competitors understand the requirements.
2. Analyzing bids and proposals and making or recommending awards. This includes duties such as: determining responsiveness and responsibility of vendors; coordinating the technical acceptance of alternative proposals, substitutions, or changes; negotiating prices and delivery dates; evaluating the completed procurement file; and approving or recommending approval of the award.

clauses, development of new sources, identification of Government-wide needs, and the practical and effective resolution of problems that arise during administration of the contract.

The positions described in the prototype position description as a procurement agent meet the criteria shown above for the GS-12 level both in type of assignment and level of responsibility. This evaluation is reinforced by application of the July draft of the proposed FES standard for the GS-1102 standard.

The positions may therefore be classified as:

Procurement Agent, GS-1102-12.

Level of responsibility

Employees at grade GS-12 typically operate more independently and have greater authority to reach agreements than those at GS-11.

The GS-12 contract negotiator is responsible for coordinating the entire negotiation with all interested parties as well as for leading the negotiation conference as spokesman of the agency. Because of the scale of procurements involved, plans for the negotiation are usually checked at higher levels in advance. The negotiator also consults with his supervisors during the most difficult parts of the negotiation process.

Contract administration and termination positions at grade GS-12 carry more authority than those at GS-11 for final commitments within prescribed money limits for all or most contract administration or termination functions. However, there are some administration and termination employees at the GS-12 level who have recommendatory responsibility; these employees typically deal with very complex contracting situations in which they assist senior administrators.

This prototype position includes responsibility for coordinating a variety of large volume procurement actions. The buys may involve resolving the differences in requirements and preferences between services, negotiating and administering complex production and delivery schedules dealing with sole source suppliers; resolving problems with Government-supplied materials; and similar problems. Many of the problems dealt with at this level are not evident when seen from the perspective of a single procurement and require an understanding of the interrelationships between procurements to identify and resolve. The incumbent must see that the needs of the various procurements do not conflict (e.g., overextend the capacity of small suppliers receiving awards under separate procurements). Decisions require both a broad and detailed understanding of the industry. The incumbent is responsible for considering the effects of high dollar contracts on suppliers, on the productive capacity of manufacturers, on small and disadvantaged businesses, on businesses in high unemployment areas, and on the needs of the Government. The work requires careful and well coordinated planning, innovative solicitation development, development of new contract

and initiative, sets the priorities or work to be accomplished on a day-to-day basis, and develops the approach to each case. His work proceeds without review up to the point of either award, if appropriate, or recommendation for award. Technical review includes an examination of awards recommended, the completeness of the transactions, and any impact on future procurements. At that point, his actions are reviewed from the standpoint of policy considerations and implications for the procurement program.

. . . .

He may recommend cancelling invitations to bid, readvertising, or negotiating when full coverage is not obtained within the industry, when bids are not responsive, or when offers are unreasonable. He assures that firms in disaster or distressed labor areas have been given opportunity to share in the procurement. He works with small business specialists to determine appropriate procurements for small business."

Assignments at GS-12:

"Negotiation. - Assignments at the GS-12 level, to a greater extent than at the GS-11 level, include major types of equipment, extensive technical services, or research and development programs. Difficulty in negotiating stems from desired changes and developments in equipment, use of new materials, changes in production facilities, and new operational needs. Further complications are present when procurement can be made with only one supplier. Lack of competition places the contractor in a favored position in negotiating terms and prices.

. . . .

Administration. - GS-12 assignments are more difficult than those typical of GS-11 because they require administration of a group of complex types of contracts (e.g., fixed price with redetermination provisions, cost reimbursement including cost-plus-a-fixed fee, and other complex types). GS-12 employees often have delegated authority to commit the Government in the capacity of a designated contracting officer, within prescribed money limits. However, some contract administrators at this level have recommendatory responsibility only, because of the complexity of the contract arrangement and the complexity of the item, service, or research being procured.

. . . .

- Manufacturing or modification of items to Government specifications.
- Coordination with technical offices and other groups in each phase of the transaction process.

Assignments at the GS-11 level have characteristics such as the following:

1. Items are of special or unique design. They must be manufactured or constructed under close control to meet tight specifications. . . .
2. Assignments often require review of the market to determine the availability of the item or services. Prior procurements do not serve as guides because of obsolescence of previous items, and changes in manufacturing processes.
3. Unfavorable market conditions, such as frequent price changes, unstable supplies of materials, changing labor markets, reluctant suppliers, require constant review and determination of most advantageous method of procurement.
4. . . . Agents at this level coordinate procurement planning and execution within the buying agency. Contacts must be maintained with other contract, procurement, and price analysis personnel, small business representatives, planning, accounting, technical, transportation specialists, and legal counsel.
5. Transactions are often complicated by features such as negotiations concerning components and spare parts, use of Government-furnished property, inspection and testing requirements, ownership of patents, and payment of royalties.
6. Individual procurement may be for quantities needed to satisfy the requirements of an agency or agencies for specific items for a stated period of time. . . . These procurements involve analysis of industrial distribution patterns, merchandising practices, and transportation factors in relation to diverse delivery points, and varying amounts of items needed in the agency or agencies at different times and in different locations. Procurement actions involve developing schedules to be incorporated in invitations for bid and final contracts.

Level of responsibility

... The supervisor gives guidance for planning unusual or significant procurements and in interpreting complex regulations. The procurement agent exercises independent judgment

APPENDIX C

ACRONYMS AND TERMINOLOGY

ACRONYMS AND TERMINOLOGY

ADCoP	Acquisition and Distribution of Commercial Products
ASPSS	Automated Supply/Procurement Support System
BOA	Basic Ordering Agreement
BPA	Blanket Purchase Agreement
CBD	Commerce Business Daily
CLIN	Contract Line Item
COC	Certificate of Competency
C&P	Contracting and Production Division
C&T	Clothing & Textiles (Directorate of)
DBPA	Decentralized Blanket Purchase Agreements
DCAS	Defense Contract Administration Services
DCASR	Defense Contract Administration Services Region
DEPMEDS	Deployable Medical Systems
DFSC	Defense Fuel Supply Center
DISC	Defense Industrial Supply Center
DICOMSS	Direct Commissary Supply System
DISMS	Defense Integrated Subsistence Management System
DLA	Defense Logistics Agency
DLA-P	Defense Logistics Agency Directorate of Contracting
DO	Delivery Order
DoD	Department of Defense
DOFC	Defense Orthopedic Footwear Clinic
DPSC	Defense Personnel Support Center
DSC	Defense Supply Center
DSO	Defense Supply Office
DVD	Direct Vendor Delivery
ESOC	Emergency Supply Operations Center
EOQ	Economics Ordering Quantities
FF&V	Fresh Fruits and Vegetables
FFAVORS	Fresh Fruit and Vegetables Order Receipt System
FES	Factor Evaluation System
FOB	Free-on-Board
FSC	Federal Supply Class
FSS	Federal Supply Schedule (Program)
GAO	Government Accounting Office
GFM	Government Furnished Material
IDTC	Indefinite Delivery-type Contract
IFB	Invitation for Bids
LSA	Labor Surplus Area

MED/C&P	Directorate of Medical Materiel Contracting & Production Division
MEDSTOCK	Demand-based Stockage of Nonstandard Medical Items
MIPR	Military Interdepartmental Purchase Request
MRE	Meal-Ready-to-Eat
NORS	Not Operational Ready System
NSN	National Stock Number
OPM	Office of Personnel Management
OSO	Operations Support Office (MED/C&P)
OA0	Operations Analysis Office
PALT	Procurement Administrative Leadtime
PCO	Procuring Contracting Officer
PET	Procurement Through Electronic Telecommunication
PF-30-1 Report	Buyer-Branch Weekly Transaction Summary Listing
PF-33-2 Report	Monthly Status of Purchase Requests
PF-35-1 Report	Weekly Purchase Request Aging
PF-36 Report	Procurement Management Data
PF-38 Report	Contract Delinquency
PGC	Procurement Group Code
PIIN	Procurement Instrument Identification Number
PR	Purchase Request
PRLI	Purchase Request Line Item
PSASS	Perishable Subsistence Automated Supply System
QA	Quality Assurance
QML	Qualified Manufacturers List
RFP	Request for Proposal
RFQ	Request for Quotation
ROD	Reports of Discrepancies
RTC	Requirements-type Contract
SAADS	Single Agency Automated Data System
SAADS CPJ WW011	Purchase Requests over 90 Days Old (Report)
SAADS PCP AWW02	Purchase Requests/Branch-Buyer Sequence (Report)
SASPS I & II	SAMMS Automated Small Purchase System
SAMMS	Standard Automated Material Management System
SBA	Small Business Administration
SPUR	Special Purchase
SSC	Supply Status Code
SUPER P	DPSC Office of Contracting
ULO	Unliquidated Obligation

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