



ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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DP/CPA

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
EXECUTIVE DIRECTOR, ACQUISITION AND BUSINESS
MANAGEMENT, OASN (RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DEPUTY DIRECTOR, (ACQUISITION), DEFENSE
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SUBJECT: Use of Multiple Award Task Order Contracts

A recent Department of Defense Inspector General (DODIG) report ("DoD Use of Multiple Award Task Order Contracts," No. 99-116, dated April 2, 1999) raised the concern that the Department may not be obtaining full benefit from the use of competition in multiple award task order arrangements. I want to ensure that the Department takes full advantage of the competition made possible by this contracting approach.

Multiple award task order contracts shall only be used in situations in which all contractors are generally capable of performing all work under the proposed contract. This does not mean that all awardees must be equally capable in all areas. What must be avoided are situations in which some or all awardees specialize exclusively in one or a few areas within the broader statement of work, thus creating the likelihood that tasks in those areas will be awarded on a sole-source basis.

The DoDIG audit found instances in which a task order was awarded on a sole-source basis as a logical follow-on to a sole-source order. I must remind you that FAR 16.505(b)(2)(iii) permits the award of sole-source orders as logical follow-ons to orders already under contract only when all awardees were given a fair opportunity to be considered for the original order.

The DoDIG audit cited instances in which it was not clear that price had been considered in the ordering decision. Except for architect-engineer contracts, price shall be considered during the fair opportunity to be considered process. While

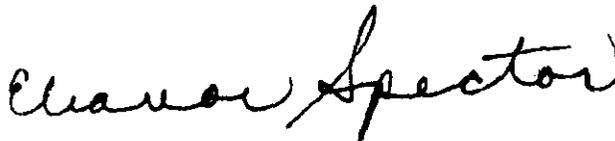


awards should be made on the basis of best value, award decisions shall take price into consideration.

The DODIG also cited examples of ordering decisions that were undocumented or were documented poorly. While this is intended to be a streamlined process, this does not mean that appropriate documentation can be ignored. Critical decisions, such as use of one of the exceptions from the fair opportunity to be considered process described at FAR 16.505(b)(2) or the selection of a higher priced proposal because of its greater technical merit, must be documented in sufficient detail to be convincing.

The DoDIG report also called attention to the unreliability of the information on orders under multiple award task order arrangements generated by the DD 350 system. My staff has verified that this is the case. The DD 350 system does potentially offer visibility into the extent to which orders under multiple award task order arrangements are being made competitively. This potential can be only be realized, however, if contracting personnel accurately enter the information called for. I expect you to emphasize the need to do so to your contracting personnel. My staff will be monitoring this DD 350 information and significant instances of clearly incorrect information may be called to the attention of your contracting activities.

The flexibility and efficiency provided by the use of multiple award task order contracts can contribute strongly to the overall efficiency of the defense procurement system. I do not want to jeopardize the ability to continue to use this approach by incautious and inattentive application of this authority.



Eleanor R. Spector
Director of Defense Procurement