



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
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WASHINGTON, DC 20374-5065

IN REPLY REFER TO
ACQ 021
10 Jun 99

MEMORANDUM FOR ACQUISITION PERSONNEL

Subj: COMPETITION AND MULTIPLE AWARD TASK AND DELIVERY ORDER
CONTRACTS (99-21)

Ref: (a) NAVFAC memo of 10 Mar 99 (99-09)

Encl: (1) OASN(RD&A)/ABM memo of 11 May 99
(2) OASN(RD&A)/ABM memo of 24 May 99

1. Enclosures (1) and (2) are furnished for your information and action, as appropriate.
2. Reference (a) provided guidance to be followed in applying the fair opportunity process in the award of orders under multiple award contracts (MACs). A recent DODIG report highlighted concerns regarding DoD's lack of obtaining full benefit from the use of competition in MAC task order arrangements. Contracting officers are reminded that MACs, particularly when used for service contracting, are effective only when they are structured, managed and administered to consistently take full advantage of the fair opportunity process.
3. The DODIG report also called attention to the unreliability of the information on MAC task orders generated by the DD 350 system. The DD 350 system does potentially offer visibility into the extent to which MAC task orders are being made competitively. This potential can be only realized, however, if contracting personnel accurately enter the information called for.

A handwritten signature in black ink, appearing to read "Michael F. Howard".

MICHAEL F. HOWARD
Director, Strategic Programs/
Community Management Section

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
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1000 NAVY PENTAGON
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[96]

OSD + Other:
[97] [96]

May 11, 1999

MEMORANDUM FOR DISTRIBUTION

Subj: COMPETITION AND MULTIPLE AWARD TASK AND
DELIVERY ORDER CONTRACTS

Encl: (1)  [\(1\) OFPP memo dated May 4, 1999](#)

Enclosure (1) is forwarded for your information.



Elliott B. Branch
Executive Director
Acquisition & Business
Management

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

M a y 4 , 1 9 9 9

MEMORANDUM FOR AGENCY SENIOR PROCUREMENT EXECUTIVES

FROM:

Deidre A. Leo
Administrator

SUBJECT:

Competition and Multiple Award Task and Delivery
Order Contracts

I know that you appreciate the innovation and value that competition induces, and the opportunities which multiple award task and delivery order contracts (MACs) provide for agencies to efficiently realize these benefits. A new report issued by the Department of Defense Inspector General (report no. 99-I 16, dated April 2, 1999) serves as an important reminder for all agencies that MACs, particularly when used for service contracting, are effective only when they are structured, managed and administered to consistently take full advantage of the fair opportunity process. For this reason, I ask that agencies keep the following points in mind when using the MAC authority in FAR Part 16.5:

Multiple task and delivery order contracts will not enable agencies to make effective use of competition unless there are two or more contractors that are generally capable of performing all work under the proposed contract.

While all awardees need not be equally capable in all areas, competition will be undermined if some (or all) awardees specialize in only a few areas within the broader statement of work such that, as a matter of course, two or more awardees are not likely to compete for the work.

In order to obtain best value, task order award decisions need to take price into consideration.

All ordering decisions, including use of one of the exceptions to the fair opportunity process described at FAR 16.505(b)(2) or the selection of a higher priced proposal because of its greater technical merit, must be properly and adequately documented. This means that rationales must contain sufficient facts to be sound.

Please disseminate this memorandum to all agency contracting personnel and take any additional steps necessary to ensure proper intra- and inter-agency use of these important procurement vehicles. Due to the increasing amount of interagency acquisition involving the placement of orders under MACs, OMB will ask the President's Management Council to share this reminder with customers of multi-agency contracts and government-wide acquisition contracts for information technology.

I will also ask the Federal Acquisition Regulatory Council to open a case to review the sufficiency of current FAR coverage to ensure competition is used effectively and ordering decisions are appropriately documented.

I appreciate your cooperation and prompt attention to this matter.

cc: Program Managers Council

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May 24, 1999

MEMORANDUM FOR DISTRIBUTION

Subj: USE OF MULTIPLE AWARD TASK ORDER
CONTRACTS

Encl: (1)  [OUSD\(DP/CPA\) memo dated 30 April 1999](#)

Enclosure (1) is forwarded for your information and action, as appropriate. The Director of Defense Procurement has indicated that a recent DODIG report highlighted concerns regarding DoD's lack of obtaining full benefit from the use of competition in multiple award task order arrangements. Mrs. Spector indicated that DoD should take full advantage of the competition made possible by this contracting approach.

Contracting activities should be reminded of the requirements of FAR 16.505(b)(2) and specifically, 16.505(b)(2)(iii), regarding orders under multiple award contracts. In addition, it is requested that contracting personnel be reminded to be diligent in entering accurate information regarding orders under multiple award task order arrangements into the DD350 system.



Elliott B. Branch
Executive Director
Acquisition & Business
Management

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ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

April 30, 1999

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
LOGISTICS AGENCY

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.

A handwritten signature in black ink, reading "Eleanor Spector". The signature is written in a cursive style with a large, prominent initial "E".

Eleanor R. Spector
Director of Defense Procurement

CNR (02)
COMSC (N-10)
DC/S I&L HQMC (MC-LB)
DIRSSP (SPN)