

# Inspector General

United States  
Department of Defense



World-Wide Satellite Systems Program

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### **Acronyms**

DFARS	Defense Federal Acquisition Regulation Supplement
FAR	Federal Acquisition Regulation
NAICS	North American Industry Classification System
WWSS	World-Wide Satellite Systems



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

July 23, 2007

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Report on World-Wide Satellite Systems Program (Report No. D-2007-112)

We are providing this report for information and use. We considered management comments on a draft of this report in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Jacqueline L. Wicecarver at (703) 604-9077 (DSN 664-9077) or Mr. Sean A. Davis at (703) 604-9049 (DSN 664-9049). See Appendix C for the report distribution. The team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

Richard B. Jolliffe  
Assistant Inspector General  
Acquisition and Contract Management

## Department of Defense Office of Inspector General

Report No. D-2007-112

July 23, 2007

(Project No. D2007-D000AS-0062.000)

### World-Wide Satellite Systems Program

#### Executive Summary

**Who Should Read This Report and Why?** Civilian and military personnel involved in developing indefinite-delivery, indefinite-quantity contracts and personnel who order off of indefinite-delivery, indefinite-quantity contracts should read this report. This report discusses compliance with Federal and DoD acquisition and contracting policy related to indefinite-delivery, indefinite-quantity contracts, participation of small businesses, information assurance requirements, effectiveness of internal controls, and the use of brand names.

**Background.** The World-Wide Satellite Systems program is procured through six indefinite-delivery, indefinite-quantity contracts that have a ceiling value of \$5 billion and are available for up to 5 years. The World-Wide Satellite Systems contracts were awarded to six prime contractors, including four small businesses. The World-Wide Satellite Systems program encompasses six satellite terminals and associated support services for those terminals. In addition to the basic contracts, we reviewed 16 orders valued at \$58.7 million.

**Results.** We performed this audit to determine whether the award and administration of the World-Wide Satellite Systems contracts were consistent with Federal and DoD acquisition and contracting policy, including information assurance requirements and small business participation. We determined that the World-Wide Satellite Systems contracts were consistent with Federal and DoD acquisition and contracting policies for acquisition planning, commercial acquisition, contract clauses, ordering, performance-based contracting, solicitation, and source selection. However, we also determined that program officials did not adequately justify the specification of brand names for delivery orders awarded off of the World-Wide Satellite Systems contracts, as required by the Federal Acquisition Regulation. Using brand name requirements without justification potentially precludes consideration of similar or better products manufactured by another company at a lower cost. Therefore, we recommended that the contracting officer for the World-Wide Satellite Systems program comply with the Federal Acquisition Regulation policy regarding brand names and ensure future contract files contain written justification for every order using brand names. See the Finding section for the detailed recommendation.

**Management Comments and Audit Response.** We received comments from the Principle Assistant Responsible for Contracting, responding for the Director, Communications-Electronics Life Cycle Management Command Acquisition Center. The Principle Assistant Responsible for Contracting concurred with the recommendation. The comments were fully responsive and no additional comments are needed. See the Finding section for a discussion of the management comments and the Management Comments section for the complete text of the comments.

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## Background

The World-Wide Satellite Systems (WWSS) program acquires commercial satellite terminals and associated support services, such as hardware, software, and data. Specifically, the acquisition consists of equipment used in the transmission of data, video, and voice communications worldwide, including the following six satellite terminal types:

- combat support service very small aperture terminal,
- fixed station terminal,
- flyaway very small aperture terminal,
- military-certified terminal,
- prime-mover/trailer-mounted terminal, and
- deployable terminal.

WWSS terminals and services are acquired using six multiple-award contracts valued at \$5 billion over 5 years. The WWSS contracts are firm-fixed-price, indefinite-delivery, indefinite-quantity\* contracts available to DoD and other Federal agencies. The contracts were awarded to six contractors on August 29, 2006. From August 29, 2006, through March 16, 2007, the contracting officer awarded 16 delivery orders valued at \$58.7 million. See Appendix B for a detailed list of the 6 basic contracts and 16 delivery orders we reviewed.

The program is jointly managed at the Communications-Electronics Life Cycle Management Command at Fort Monmouth, New Jersey, by the Program Manager, Defense Communications and Army Transmission Systems and the Program Manager, Warfighter Information Network - Tactical.

## Objective

Our audit objective was to review the award and administration of WWSS contracts. Specifically, we determined whether the acquisition was consistent with Federal and DoD acquisition and contracting policy, including information assurance requirements and small business participation. See Appendix A for a discussion of the scope and methodology.

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\* An indefinite-delivery, indefinite-quantity contract provides for an indefinite quantity of supplies or services during a fixed period of time. It is also referred to as a “delivery order contract” or “task order contract” because it provides for the issuance of orders for the delivery of supplies or performance of tasks during the period of the contract.

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## **Review of Internal Controls**

The internal controls over the award, administration, and management of WWSS contracts were adequate as they applied to the audit objective.

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## **Compliance With Federal and DoD Policy**

The World-Wide Satellite Systems (WWSS) program and contracting officials adequately documented the acquisition, followed prescribed procedures, had sufficient small business participation, and followed appropriate information assurance requirements. In addition, WWSS contracts were consistent with Federal and DoD acquisition and contracting policies for acquisition planning, commercial acquisition, contract clauses, ordering, performance-based contracting, solicitation, and source selection. However, program officials did not adequately justify the use of brand names for delivery orders awarded off of the WWSS contracts, as required by the Federal Acquisition Regulation (FAR). Specifically, program and contracting officials did not have written justification for the specification of brand names for 10 of 16 delivery orders reviewed because they did not believe the requirement applied to the program. As a result, WWSS program and contracting officials did not comply with FAR guidance designed to enhance competition and encourage innovation and best value for Government procurements.

## **Completion of Required Documentation and Prescribed Procedures**

Except for compliance with FAR criteria regarding the justification of brand names, WWSS contracts were consistent with Federal and DoD policies. We reviewed documents that supported acquisition planning, commercial acquisition, contract clauses, ordering, performance-based contracting, solicitation, and source selection. The following table illustrates how the WWSS program officials' actions satisfied the FAR and Defense Federal Acquisition Regulation Supplement (DFARS) criteria, as reflected in the contracting documentation.

## Compliance With the FAR and DFARS

Subject Reviewed	Applicable Regulation	Compliance with Regulation
Acquisition Planning	FAR Subpart 7.1, “Acquisition Plans”	The acquisition plan included all of the required elements of FAR Subpart 7.1. For example, it described the need for the WWSS program and a strategy for full and open competition and small business participation.
Commercial Acquisition	FAR Part 12, “Acquisition of Commercial Items”	The program officials conducted market research to determine the availability of the WWSS requirements (satellite terminals and associated services), as prescribed by the FAR. Also commensurate with the policy on commercial items, the resulting contracts are firm-fixed price.
Contract Clauses	DFARS Subpart 212.3, “Solicitation Provisions and Contract Clauses for the Acquisition of Commercial Items”	The basic contracts included all required contract clauses except two related to levies on contract payments and payments by Government-wide purchase card. Contracting officials justified why these clauses were excluded. The omission of the two clauses is immaterial relative to the overall program and excluding them had no adverse effect on contract execution.
Ordering	FAR Subpart 16.5, “Indefinite-Delivery Contracts”	As required by FAR Subpart 16.5, all delivery orders we reviewed were issued within the scope, the period of performance, and the maximum value of the basic contracts.
Performance-Based Contracting	FAR Subpart 37.6, “Performance-Based Acquisition”	The performance work statement describes the satellite terminals and associated services required for the program. Each description is appropriately described in “performance-based” terms. In other words, the program requirements are given to the contractors in terms of the required <i>results</i> and not <i>how</i> the work is to be accomplished.
Solicitation	FAR Subpart 15.2, “Solicitation and Receipt of Proposals and Information”	The request for proposal adequately described the Government’s requirement and the procedures required by the contractor to be awarded the contract.
Source Selection	FAR Subpart 15.3, “Source Selection”	The prime contractors were selected in a competitive environment and by using a consistent set of evaluation factors for each offeror. This maximized competition and the best value to the Government.

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## Small Business Participation

Small businesses were afforded the opportunity to compete for WWSS contracts. In fact, four of the six basic contracts were awarded to small businesses. The level of participation was affected by the steps the contracting officer took leading up to the contract awards. Specifically, the contracting officer selected the appropriate North American Industry Classification System (NAICS) code and involved the Office of Small and Disadvantaged Business Utilization early in the acquisition process.

**NAICS Code.** The Small Business Administration establishes small business size standards on an industry-by-industry basis. These industries are classified by a NAICS code. The NAICS code describes the principal nature of the product or service being acquired. Small business standards are applied by selecting the NAICS code and the size standard established for that industry. The NAICS code selected for the WWSS program is 334220, “Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing,” and the associated size standard for a qualifying small business under this code is 750 employees. In other words, a contractor can be considered a small business under NAICS code 334220 if it has 750 or fewer employees.

Four of the six prime contractors met the requirements of the WWSS solicitation while also satisfying the criteria for small business participation. Additionally, 13 of the 16 subsequent orders we reviewed were awarded to small businesses, which includes \$41.2 million of the total \$58.7 million (70 percent) of delivery orders awarded. This level of small business participation was directly affected by the selection of the NAICS code and size standard.

**Office of Small and Disadvantaged Business Utilization.** During a site visit to Fort Monmouth, New Jersey, we met with the chief of the Office of Small and Disadvantaged Business Utilization at the Communications-Electronics Life Cycle Management Command. According to the chief, the Office of Small and Disadvantaged Business Utilization was involved with the WWSS acquisition even before the acquisition was solicited to the general public. Supporting documentation shows that a representative from the Office of Small and Disadvantaged Business Utilization was involved during the process to select and approve the NAICS code. Also, the chief stated that the Office of Small and Disadvantaged Business Utilization reviewed the acquisition plan and source selection evaluation plan and helped draft certain contract sections.

## Information Assurance Requirements

Program and contracting officials incorporated appropriate information assurance requirements into the WWSS contracts. After reviewing the basic contracts and the subsequent orders awarded to date, we did not observe any material omissions of information assurance content in the acquisition documents.

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## Effectiveness of Internal Controls

Except for compliance with FAR policy on brand name justifications, program and contracting officials developed effective policies, procedures, techniques, and control mechanisms over contract execution to ensure adherence to Federal and DoD policies. The control environment consists of the use of centralized ordering from the contracts, consistent application of stringent policies, and adequate oversight of program operations.

**Centralized Ordering.** All ordering off of WWSS contracts has been centralized at the program management and contracting offices in Fort Monmouth, New Jersey. This means that a customer, whether DoD or other Federal agency, must submit requirements for satellite terminals or services to a WWSS contracting officer representative. The contracting officer representative, along with the program manager, then considers whether the requirement is within scope of the WWSS program and organizes the requirements for the contracting officer. The contracting officer then solicits the requirements to the contractors who compete to perform the services or provide the products.

The alternative to the WWSS method is decentralized ordering. With decentralized ordering, a contracting officer from the requiring entity will follow a similar process; however, the contracting officer works from another location and potentially has a different method to solicit and award the contract. With centralized ordering, all contracting functions remain with the contracting officer responsible for the overall contracts, in this case in Fort Monmouth, New Jersey. Because the responsibility rests with the same office for all orders during this 5-year program, solicitation and award procedures can be applied consistently.

**Stringent Policies.** The contracting officer enforces a number of stringent policies that add to the control environment. For example, when an order is solicited and the contractors are given a deadline to submit bids, the contracting officer does not accept late bids. According to a contracting official, in one case a prime contractor submitted a bid less than 5 minutes late and was disqualified from competition for that particular delivery order. The contracting officer emphasized the importance of consistency in applying these rules to set a standard for all future bids. Similarly, the contracting officer described an instance where a contractor was awarded a delivery order off of a WWSS contract and was required to deliver certain products and perform services within a specified period of time. The contractor completed the requirements of the delivery order but did not perform within the allotted time period, so the contracting officer required and received monetary consideration as a result. The contracting officer required consideration to encourage timely performance and to emphasize the importance of enforcing contract requirements for current and future orders.

The contracting officer is also focused on maximizing competition for all orders competed among the six prime contractors. During the source selection process, the contractors submit their bids to the appropriate contracting officer representative. The proposals are not identified with the name of the contractor until the award process is complete. The contracting officer, who is also the source selection authority responsible for choosing which contractor will be

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awarded a delivery order, chooses the contractor based solely on predefined evaluation factors, such as technical ability and price. This process affords objectivity in source selection and prevents a potentially biased selection of a contractor for award of delivery orders.

## **Justification of Brand Names in Delivery Orders**

The WWSS program did not have written justification for the use of brand name products for 10 of the 16 delivery orders we reviewed. Program officials cited specific brand names for delivery order requirements including hardware, software, and ancillary equipment for 10 orders reviewed, valued at \$12 million. Instead of encouraging the contractor to provide products that met the necessary attributes or performance qualities of the user's requirement, many orders specified a particular brand name product.

FAR 11.105, "Items Peculiar to One Manufacturer," states "agency requirements shall not be written so as to require a particular brand name, product, or feature of a product, peculiar to one manufacturer, thereby precluding consideration of a product manufactured by another company." An exception to this rule is allowed when a "particular brand name, product, or feature is essential to the Government's requirements, and market research indicates other companies' similar products, or products lacking the particular feature, do not meet or cannot be modified to meet the agency's needs."

For the 10 orders, the solicitation documents issued to the prime contractors provided only the brand name for products being acquired. The solicitations did not describe the features of the products, as required by FAR 11.105, thereby precluding the consideration of equivalent items.

A program official stated these FAR criteria on brand names did not apply to the WWSS program. The official stated the criteria prescribed in FAR 11.105 apply to the early stages of a system's acquisition and the planning stage that leads up to contract award. However, FAR 11.105 does not indicate that it applies only at the planning phase.

In addition, program officials stated that FAR 11.105 does not require written justification for the use of brand names. Although FAR 11.105 does not explicitly require the WWSS contracting officer to document the justification, additional guidance at FAR Subpart 4.8, "Government Contract Files," is clear on the requirements of the contract files.

FAR 4.801, "General," states that "the documentation in the files shall be sufficient to constitute a complete history of the transaction." The purpose of the documentation is to provide a "complete background as a basis for informed decisions at each step in the acquisition process" and to record "supporting actions taken." FAR 4.803, "Contents of Contract Files," includes common examples of the documentation, including documents that reflect actions taken by the contracting officer pertinent to a contract as well as justifications and approvals, determinations and findings, and associated documents.

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Based on the brand name criteria and the supporting criteria in FAR 4.803, we believe the contracting officer should provide written justification for the use of brand names in the contract file. Although program and contracting officials did not document their justification, they explained to us some of the reasons they used brand names. For example, if the requirement was for a hardware replacement item and the existing item was a particular brand name, they stated the additional effort of training the user or revising user manuals associated with the new product would not be cost-effective. Therefore, program officials would solicit the requirement for the existing brand name product. Their explanations showed that WWSS officials analyzed the reasons for using brand name requirements in the solicitations. However, because they did not document those reasons, we cannot determine that all uses of brand names were justified. Using brand name requirements without justification potentially precludes consideration of a similar or better product manufactured by another company, which can limit competition.

## Summary

WWSS program and contracting officials complied with Federal and DoD policies for acquisition planning, commercial acquisition, contract clauses, ordering, performance-based contracting, solicitation, and source selection. The contracting officer, in particular, showed his commitment to compliance with policy through a focus on appropriate documentation, small business participation, information assurance, competition, and consistent application of contracting policies. However, WWSS program officials could strengthen the controls by requiring written justification for specification of brand name items. Using brand name requirements without justification potentially precludes consideration of a similar or better product manufactured by another company, thus limiting competition.

## Recommendation, Management Comments, and Audit Response

**We recommend the Director, Communications-Electronics Life Cycle Management Command Acquisition Center for the World-Wide Satellite Systems program comply with Federal Acquisition Regulation Subpart 4.8, “Government Contract Files,” and Federal Acquisition Regulation 11.105, “Items Peculiar To One Manufacturer,” and document in the contract file the written justification of brand names specified in all future delivery orders awarded on World-Wide Satellite Systems contracts.**

**Management Comments.** The Principle Assistant Responsible for Contracting, responding for the Director, Communications-Electronics Life Cycle Management Command Acquisition Center, concurred. He stated that the Acquisition Center

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has updated the main contract file with a memorandum explaining the reasons for using brand names. For future orders, the World-Wide Satellite Systems program office will document in the contract file the written justification.

**Audit Response.** The comments were responsive to the recommendation.

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## Appendix A. Scope and Methodology

We conducted this performance audit from October 2006 through May 2007 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

We conducted this audit to review whether the award and administration of WWSS contracts were consistent with Federal and DoD acquisition and contracting policy, including information assurance requirements and small business participation.

**Documentation.** We reviewed the basic contracts, delivery orders, and associated contracting files for the WWSS program. Appendix B includes a table of the contracts and orders we reviewed.

In addition to reviewing the contracting documents listed in the chart, we reviewed the acquisition plan, request for proposal, performance work statement, market research, independent Government cost estimate, source selection evaluation plan, subcontracting plans, Central Contractor Registration information for each of the four small businesses, and on-line representations and certifications for each of the four small businesses.

We obtained additional information from personnel representing Program Manager, Defense Communications and Army Transmission Systems; Program Manager, Warfighter Information Network - Tactical; Communications-Electronics Life Cycle Management Command; and the Office of Small and Disadvantaged Business Utilization.

**Criteria.** We reviewed FAR Part 2, "Definitions of Words and Terms"; FAR Subpart 4.8, "Government Contract Files"; FAR Part 6, "Competition Requirements"; FAR Part 7, "Acquisition Planning"; FAR Part 11, "Describing Agency Needs"; FAR Part 12, "Acquisition of Commercial Items"; FAR Part 15, "Contracting by Negotiation"; FAR Part 16, "Types of Contracts"; FAR Part 19, "Small Business Programs"; FAR Part 37, "Service Contracting"; and FAR Part 39, "Acquisition and Information Technology."

We reviewed DFARS Part 207, "Acquisition Planning"; DFARS Part 215, "Contracting by Negotiation"; DFARS Part 216, "Types of Contracts"; DFARS Part 237, "Service Contracting"; and DFARS Part 239, "Acquisition of Information Technology."

We also reviewed DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003; Defense Acquisition Guidebook Chapter 7, "Acquiring Information Technology and National Security Systems"; Clinger-Cohen Act of 1996; Under Secretary of Defense (Acquisition, Technology, and Logistics) memorandum, "Acquisition of Services," May 31, 2002; and Under Secretary of

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Defense (Acquisition, Technology, and Logistics) memorandum, "Acquisition of Services Policy," October 2, 2006.

**Use of Computer-Processed Data.** We did not use computer-processed data to perform this audit.

**Use of Technical Assistance.** The Technical Assessment Directorate reviewed the WWSS performance work statement and our analysis conducted on information assurance. In addition, the Office of General Counsel reviewed the FAR policy related to brand names and expressed an opinion on those requirements.

## **Prior Coverage**

There have been no prior audits on WWSS contracts during the last 5 years.

## Appendix B. Contracts and Orders Reviewed

Description of Contracts	Contract Number	Contractor
Basic Contracts		
Basic Contracts	W15P7T-06-D-L215	DataPath
	W15P7T-06-D-L216	TeleCommunications Systems
	W15P7T-06-D-L217	The Boeing Company
	W15P7T-06-D-L218	D & S Consultants
	W15P7T-06-D-L219	General Dynamics
	W15P7T-06-D-L220	Globecomm Systems
Delivery Orders		
Orders for Minimum Buy	W15P7T-06-D-L215 001	DataPath
	W15P7T-06-D-L216 001	TeleCommunications Systems
	W15P7T-06-D-L217 001	The Boeing Company
	W15P7T-06-D-L218 001	D & S Consultants
	W15P7T-06-D-L219 001	General Dynamics
	W15P7T-06-D-L220 001	Globecomm Systems
Orders Issued	W15P7T-06-D-L215 002	DataPath
	W15P7T-06-D-L215 003	DataPath
	W15P7T-06-D-L215 004	DataPath
	W15P7T-06-D-L215 005	DataPath
	W15P7T-06-D-L216 002	TeleCommunications Systems
	W15P7T-06-D-L216 003	TeleCommunications Systems
	W15P7T-06-D-L216 004	TeleCommunications Systems
	W15P7T-06-D-L216 005	TeleCommunications Systems
	W15P7T-06-D-L219 002	General Dynamics
Cancelled Order	W15P7T-06-D-L218 002	D & S Consultants

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## **Appendix C. Report Distribution**

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Auditor General, Department of the Army  
Director, Communications-Electronics Life Cycle Management Command Acquisition Center  
Program Executive Officer, Control, Command, and Communications - Tactical  
Program Manager, Warfighter Information Network - Tactical  
Program Executive Officer, Enterprise Information Systems  
Program Manager, Defense Communications and Army Transmission Systems

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Committee on Oversight and Government Reform



# Department of the Army Comments



DEPARTMENT OF THE ARMY  
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AMCIR

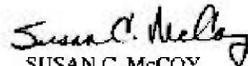
21 June 2007

MEMORANDUM FOR Mr. David Lawson, Chief, The Army Audit Liaison Office, U.S. Army Audit Agency, 3101 Park Center Drive, Alexandria, VA 22302-1596

SUBJECT: DODIG Draft Report, World-Wide Satellite Systems Contract (Project No. D2007-D000AS-0062.000) (AMC No. D0702)

1. Headquarters, U.S. Army Materiel Command (HQ AMC) has reviewed the subject draft report and U.S. Army Communication-Electronics Life Cycle Management Command's (C-E LCMC) comments. HQ AMC concurs with the summary and reported findings and with C-E LCMC's comments.
2. The point of contact for this action is Mr. Gary Irving, commercial (703) 806-9844, DSN 656-9844 or email address gary.irving@us.army.mil.

FOR THE COMMANDER:

  
SUSAN C. McCOY  
Director, Internal Review and  
Audit Compliance Office

AMSEL-AC-CS-BC

13 June 2007

MEMORANDUM FOR Mr. Dominic D'orazio, Chief, C-E LCMC Internal Review

SUBJECT: C-E LCMC Acquisition Center Reply to Recommendations in Department of Defense Office of Inspector General (DoDIG) Draft Report on World-Wide Satellite Systems Program (Project No. D2007-D000AS-0062.000) dated 24 May 2007

1. Enclosed is the C-E LCMC Acquisition Center reply to recommendations contained in subject DoDIG Draft Report.
2. POC for this action is Michael Cermak, who may be reached at 732-427-1622, or by e-mail at [michael.cermak@us.army.mil](mailto:michael.cermak@us.army.mil).
3. One Vision, One Mission – The Warfighter

  
EDWARD G. ELGART  
Principle Assistant Responsible for Contracting

**COMMUNICATIONS-ELECTRONIC LIFE CYCLE MANAGEMENT COMMAND**  
**REPLY TO**  
**DoDIG DRAFT REPORT: World-Wide Satellite Systems Programs**  
**(Report No. D2007-D000AS-0062.000)**

**AUDIT CONCLUSION**

The World-Wide Satellite Systems (WWSS) contracts were consistent with Federal and DoD policies for acquisition planning, commercial acquisition, contract clauses, ordering, performance based contracting, solicitation, and source selection. The Contracting Officer, in particular, showed his commitment to compliance with policy through a focus on appropriate documentation, small business participation, information assurance, competition, and consistent application of contracting policies. However, WWSS program officials did not adequately justify the specification of brand names for delivery orders awarded off the WWSS contracts, which is a requirement of the Federal Acquisition Regulation (FAR).

**RECOMMENDATION FOR: the Director, Communications-Electronics Life Cycle Management Command Acquisition Center**

For the WWSS program comply with FAR Subpart 4.8 "Government Contract Files", and FAR 11.105, "Items Peculiar to One Manufacturer", and document in the contract file the written justification of brand names specified in all future delivery orders awarded on the WWSS contracts.

**COMMAND COMMENTS AND ACTION TAKEN**

Concur. The Acquisition Center (AC) has documented the main contract file per the audit recommendation justifying the use of FAR 11.105, "Items Peculiar to One Manufacturer." The main contract file has been updated with a Memorandum for File explaining the reasons for using directed sources of supply when the need arises, and each requirement (Delivery Order), when appropriate, will be so documented if necessary.

In addition, each time a requirement is received by the AC and the Performance Work Statement (PWS) directs specific items to be purchased by the prime contractors from one or more specific sources of supply, the program office will provide a technical determination as to the reasons for this recommended source. The AC will either concur or non-concur with the proposed determination. The program office, either PM DCATS or PM WEN-T, along with the Contracting Officer will be responsible for providing written justification each time a directed source is recommended in the individual PWS for that effort. The individual requirement files will contain the appropriate documentation.

## **Team Members**

The Department of Defense Office of the Deputy Inspector General for Auditing, Acquisition and Contract Management prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

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# Inspector General Department *of* Defense

