



**DEPARTMENT OF THE NAVY**  
OFFICE OF THE ASSISTANT SECRETARY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

June 24, 2009

MEMORANDUM FOR DEPUTY ASSISTANT INSPECTOR GENERAL,  
ACQUISITION AND CONTRACT MANAGEMENT,  
DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
ARLINGTON, VIRGINIA

SUBJECT: SeaPort Enhanced Program, Department of Defense Inspector General  
Audit Report No. D-2009-082 dated May 6, 2009

The Department of the Navy (DON) agrees with the spirit of the Department of Defense Inspector General (DODIG) report recommendations and acknowledges stronger internal controls and administration need to be maintained in order to further enhance competition. The following provides a plan of action for each recommendation.

Recommendation A.2.a. - Issue a memorandum that requires all contracting officers using SeaPort-e to document in the SeaPort-e portal that adequate competition, as defined in FAR 19.502-2(b), was achieved when setting a task order aside for small businesses, and designate an office or group to verify at least semiannually that contracting officers using SeaPort-e are following FAR 19.502-2(b).

Response - SeaPort-e Portal Change 44.2 dated May 2, 2009 incorporated a requirement for small business reviews to occur in the portal prior to solicitation release. In a future portal change release, anticipated by August 31, 2009, when the contracting officer makes a determination to set-aside a procurement for small business there will be instructions to enter the vendors' names who are reasonably expected to bid.

The DON SeaPort ordering activities and the Defense Threat Reduction Agency (DTRA) have agreed to ensure Contracting Officers are compliant with the small business set-aside requirements as depicted in FAR 19.502-2(b) in their internal review process.

Recommendation A.2.b. - Implement the SeaPort-e Concept of Operations (CONOPS) as requirements rather than guidelines; and designate an office or group to perform quarterly reviews of task orders to verify that all SeaPort-e contracting officers consistently comply with requirements, and develop consequences for contracting officers who do not.

Response - DASN (A&LM) Memorandum dated June 24, 2009 to the Navy SYSCOMS and DTRA established the length of time for bid opening listed in the CONOPS as mandatory.

Consequences for contracting officers are the responsibility of the Head of the Contracting Activity (HCA). HCAs are the agency head's designees for the selection and appointment of contracting officers, and for the termination of their appointments. In addition, HCAs are responsible for oversight and review of their subordinate contracting organizations. Review of task orders will be included as part of their internal review process.

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Recommendation B.1. - Implement the SeaPort-e CONOPS as requirements rather than guidelines, and designate an office or group to verify that contracting officers using SeaPort-e receive training on writing performance-based task orders, issue performance-based task orders, and develop acceptable quality assurance surveillance plans.

Response – As noted in the response to recommendation A.2.b., DASN (A&LM) has established the length of time for bid opening in the CONOPS as mandatory for the area noted in the SeaPort-e findings.

SeaPort-e Portal Change 44.1 dated March 28, 2009 incorporates a requirement for the Contracting Officer to indicate whether or not a task order is performance based through a series of yes/no questions and provides instructions to upload a waiver when it is not performance based. The SeaPort-e portal CONOPS area was updated to include several uploaded reference documents and training materials on performance based services acquisition as well as examples of performance based work statements and quality assurance surveillance plans.

The Navy is currently participating in the subcommittee on Appropriate Contracting Approaches and Techniques under the DOD Panel on Contracting Integrity to support the Defense Acquisition University's (DAU) Service Acquisition Mall, by providing examples of performance based acquisitions, best practices and lessons learned from the Services and Other Defense Agencies. The subcommittee is also soliciting to learn about conferences or other training opportunities that target the program management, engineering, logistics, and contracting communities that the DAU can participate in.

The Navy has reemphasized performance based work statements and training. DAU has recently briefed an interactive PBA session they propose to get the correct expertise together from the beginning to draft performance based requirements and the quality assurance surveillance plan. Each SYSCOM has been tasked with identifying at least one PBA to work with DAU in the upcoming year.

Recommendation B.2. - Enforce the SeaPort-e CONOPS to restrict the scope of each task order to known requirements, and develop consequences for contracting officers who award task orders for requirements that are not defined.

Response – DASN(A&LM) Memorandum dated June 24, 2009 to the Navy SYSCOMS and DTRA reiterates the need to award competitive performance based work statement that are clear, concise and manageable with measurable outcomes.

As previously noted, consequences for contracting officers are the responsibility of the Head of the Contracting Agency (HCA). HCAs are the agency head's designees for the selection and appointment of contracting officers, and for the termination of their appointments. In addition, HCAs are responsible for oversight and review of their subordinate contracting organizations.

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Recommendation B.3. - Designate an office or group to verify at least semiannually that contracting officers using SeaPort-e are designating contracting officer's representatives in accordance with DFARS 201.602.

Response - In a future portal change release anticipated by August 31, 2009, when selecting a Task Order Manager (TOM) in the portal there will be a yes/no trigger question asking if the TOM is a Contracting Officer Representative (COR) in accordance with DFARS 201.602. If the question is answered YES, then there will be a validation check against the 1102 Files panel to ensure documentation is uploaded for the COR appointment and certificate. Verification of COR appointment and certification will be completed by the SeaPort Government Council on a semi-annual basis to ensure ordering activities are in compliance with DFARS 201.602 and that written appointment letters are included in the portal as part of the file documentation.

If you have any questions pertaining to this memo or its attachments, please refer them to Ms. Sherry Bonaiuto at [Sherry.Bonaiuto@navy.mil](mailto:Sherry.Bonaiuto@navy.mil) or at 703-693-2931.



ELLIOTT B. BRANCH  
Executive Director  
Deputy Assistant Secretary of the Navy  
(Acquisition and Logistics Management)

Attachments:  
As Stated

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June 24, 2009

MEMORANDUM FOR DISTRIBUTION

Subj: SEAPORT ENHANCED PROGRAM

Ref: (a) ASN (RDA) Memorandum dated May 9, 2005 subject "EXPANSION OF SEAPORT-E TO THE VIRTUAL SYSCOM

(b) SeaPort Enhanced Program, Department of Defense Inspector General  
Audit Report No. D-2009-082 dated May 6, 2009

1. Reference (a) initiated the Virtual SYSCOM for acquiring Engineering, Financial and Program Management services under the Seaport Enhanced (SeaPort-e) in May 2005. The Naval Sea Systems Command is the designated Program Manager. A Governance Council was established and each SYSCOM appointed a senior procurement representative. The Navy Virtual SYSCOM SeaPort Concept of Operations (CONOPS) was drafted and is posted in SeaPort-e.

2. Reference (b) was issued and identified deficiencies in the implementation of the SeaPort-e Program. The SeaPort Governance Council is working several issues to take the proper corrective action necessary to strengthen the internal controls and administration while enhancing competition. The CONOPS established the SeaPort-e basic ground rules for use. The ground rules were established to obtain cost effective services through competitive and efficient means. If there are issues with the CONOPS, changes/revisions should be recommended through your representative on the SeaPort Governance Council.

Effective immediately:

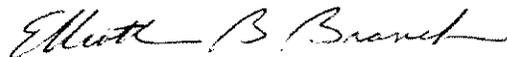
- a. The CONOPS ground rules for length of time that solicitations should be open are mandatory for orders issued against SeaPort-e. Any variation to these recommended timeframes must be approved one level above the contracting officer and documented appropriately; and
  - b. The SeaPort Governance Council will monitor compliance with SeaPort-e CONOPS through quarterly reports generated through the portal and discussed at the bi-weekly council meeting.
3. New functions are being incorporated into SeaPort-e to better accommodate the Contracting Officer in performing and documenting the acquisition process. For example, for small business set aside task orders, solicitation can no longer be released until a small business office review is complete. The portal designates an area for all reviews including market research performed to be uploaded. In addition there will be a drop down function to list all interested vendors.

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Subj: SEAPORT ENHANCED PROGRAM

Another feature added to the portal is a series of yes/no questions documenting PBA and providing instructions to upload a waiver when necessary. The portal also been updated to include several reference documents and training materials on PBA.

4. It's time to reiterate to our Contracting Officers the need to award competitive performance based work statements that are clear, concise and manageable with measurable outcomes. The SeaPort-e portal includes samples for developing requirements, conducting evaluations and implementing surveillance plans. All documentation related to individual orders needs to be uploaded and maintained in the SeaPort-e portal to ensure consistent file documentation.



ELLIOTT B. BRANCH  
Executive Director  
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(Acquisition & Logistics Management)

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Subj: SEAPORT ENHANCED PROGRAM

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