

2



OTIC  
OCT 23 1993

Department of Defense  
**DIRECTIVE**

156-1196

**AD-A271 447**

February 10, 1992  
NUMBER 4205.2



USD(A)

**SUBJECT:** Acquiring and Managing Contracted Advisory and Assistance Services (CAAS)

- References:**
- (a) DoD Directive 4205.2, "DoD Contracted Advisory and Assistance Services (CAAS)," January 27, 1986 (hereby canceled)
  - (b) Office of Management and Budget (OMB) Circular No. A-120, "Guidelines for the Use of Advisory and Assistance Services," January 4, 1988
  - (c) Federal Personnel Manual, current edition
  - (d) DoD Directive 5105.4, "Department of Defense Federal Advisory Committee Management Program," September 5, 1989
  - (e) through (n), see enclosure 1

By		Date	
Availability Codes			
Dist	Avail and/or Special		
A-1			

*per form D*

**A. REISSUANCE AND PURPOSE**

This Directive:

1. Reissues reference (a).
2. Implements reference (b).
3. Updates policy, responsibilities, and procedures for a disciplined approach to the management, acquisition, and use of CAAS resources to meet DoD requirements.

**B. APPLICABILITY AND SCOPE**

This Directive:

1. Applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").
2. Applies to advisory and assistance services acquired directly by contract from non-governmental sources to support or improve organization policy development, decision-making, management and administration, program and/or project management and administration, or to improve the effectiveness of management processes or procedures. Such services may take the form of information, advice, opinions, alternatives, analyses, evaluations, recommendations, training, and technical support. Examples (not to be interpreted as an exhaustive list) of the kinds of advisory and assistance services covered include:
  - a. Obtaining specialized opinions and professional and technical advice or assistance not available within the Department of Defense or another Government Agency.

Approved for public release

93

10

**93-24434**



b. Obtaining outside points of view to enhance understanding or develop alternative positions and/or solutions to various issues or problem areas.

c. Obtaining reviews, analyses, appraisals, or summaries of information on subjects of highly specialized areas of concern.

d. Obtaining improved program and/or project management of DoD systems or programs through advice; assistance or training to include program monitoring; resource management, planning, and programming; and milestone and schedule tracking.

e. Supporting or improving the management and/or administration of DoD organizations.

f. Providing advice for the efficient and/or effective operation of fielded weapons, weapon support and communication systems, equipment, or components.

g. Assisting in the introduction and transfer of engineering and technical knowledge for fielded systems, equipment, and components; for example, contracted technical representatives providing information, instruction, or hands-on training associated with the operation of such systems.

3. Does not apply to advisory and assistance services obtained by personnel appointments under FPM (reference (c)) procedures or from chartered Federal advisory committees (DoD Directive 5105.4 (reference (d))).

4. Does not apply to:

a. The National Foreign Intelligence Program.

b. The General Defense Intelligence Program.

c. Tactical Intelligence and Related Activities.

d. Programs managed by the Director, National Security Agency/Central Security Service.

#### C. DEFINITIONS

Terms used in the Directive are defined in enclosure 2.

#### D. POLICY

It is DoD policy that:

1. The acquisition of the CAAS is a legitimate way to support DoD services and operations. Accordingly, the CAAS may be used at all organizational levels to help managers achieve maximum effectiveness or economy to meet mission requirements.

2. The CAAS shall not be:
  - a. Used to perform inherently governmental functions. (See definition 9 of enclosure 2.)
  - b. Used to bypass or undermine personnel ceilings, pay limitations, or competitive employment procedures.
  - c. Awarded on a preferential basis to former Government employees.
  - d. Used under any circumstances specifically to aid in influencing or enacting legislation.
  - e. Procured through grants or cooperative agreements.
3. The following guidelines should be used to determine when the CAAS is an appropriate resource:
  - a. When suitable in-house capability is unavailable or cannot be obtained in time to meet the needs of the DoD Component, or it is not cost-effective to establish an in-house capability (for example, because the special or unique skills or expertise are not required full-time).
  - b. When the requirement is anticipated to be of a short-term, temporary period of time. If the requirement is for a long or continuing period, an analysis should be performed to determine if in-house or contracting out is the most efficient means of performance.
4. The DoD Component must retain the technical capability to prescribe, monitor, and evaluate the work of the contractor.
5. The work to be done must be specific enough so that a contract can be written describing the services required in clear and unambiguous terms.
6. The requirements of the FAR and DFARS (references (e) and (f)) shall be met in the solicitation, award, and administration of all CAAS. Requirements for the CAAS shall be identified as far in advance as possible to permit competition to the maximum practical extent.
7. Contracts for the CAAS may not be continued for longer than 5 years without review by the DoD Component CAAS Director, or designee, for compliance with this Directive.

#### **E. RESPONSIBILITIES**

1. The Under Secretary of Defense (Acquisition) shall ensure compliance with this Directive and shall designate and oversee the activities of a DoD CAAS Director to:
  - a. Provide, in coordination with the appropriate DoD functional areas, general policy guidance for the identification, acquisition, management, and use of CAAS resources.

b. Review any DoD Components' implementing instructions before publication to ensure compliance with this Directive.

c. In coordination with the Comptroller of the Department of Defense (C, DoD), ensure that adequate and consistent procedures are implemented within the DoD Components to identify planned and actual obligations for the CAAS.

d. Promote DoD Component cooperation and coordination of CAAS related policy and procedures among DoD functional areas and the DoD Component Directors of CAAS.

e. Serve as DoD focal point on all matters related to CAAS involving other Federal Agencies, except on matters about clearance of research and studies with foreign affairs implications (DoD Directive 2002.3, reference (g)).

f. Provide an annual assessment to the Under Secretary of Defense (Acquisition) on DoD Component implementation of CAAS policy for the identification, acquisition, and management of CAAS resources.

2. The Comptroller of the Department of Defense shall provide budget and accounting guidance for reporting CAAS, coordinated with the DoD CAAS Director, to ensure compliance with this Directive.

3. The Assistant Secretary of Defense (Force Management and Personnel) shall provide manpower policy and guidance to assist in determining when procurement of CAAS is appropriate to perform necessary DoD requirements.

4. The Head of each DoD Component shall designate and oversee the activities of a DoD Component Director for CAAS, who shall be at the flag or general officer or Senior Executive Service (SES) level, to ensure:

a. The DoD Component's overall CAAS process, procedures, and practices for the identification, acquisition, and management of CAAS resources comply with this Directive and other applicable policy guidelines.

b. Adequate controls are established at the appropriate level of accountability so that CAAS resources are used for the purposes identified in the CAAS operating plan. When changes to the operating plan occur, adhere to procedures established by the DoD Component for review, approval, and reporting.

c. CAAS operating plans are periodically reviewed at an appropriate organizational level to identify opportunities for savings through consolidation of similar requirements.

d. That compliance with DoD Directive 5010.38 (reference (h)) covers CAAS through internal management control assessable units.

e. Implementation of DoD Component CAAS training for the identification, acquisition, management, and use of CAAS.

f. The CAAS contract action is properly evaluated at its conclusion or when otherwise deemed appropriate (e.g., prior to renewal of an option, completion of a separate task or service, etc.) to assess its utility to the organization and the performance of the contractor.

g. Accurate and timely reporting of appropriate CAAS contract actions and outputs (especially studies) to the Defense Technical Information Center (DTIC) (DoD Directive 3200.12, reference (i)), and other relevant data repositories.

## F. PROCEDURES

### 1. Identifying and Reporting CAAS

a. The activity having the requirement for contractor support has the primary responsibility for the identification and reporting of CAAS.

b. The requiring activity shall identify its CAAS requirements to the organization and/or functional area responsible for compiling the annual CAAS budget exhibit.

c. The functional area and/or organization compiling the DoD Component's annual CAAS budget exhibit shall ensure that it is accurate, complete, and coordinated with the DoD Component's CAAS Director.

d. When interdepartmental transfers of funds, such as a *Military Interdepartmental Purchase Request* or *Inter-Agency Cost Reimbursable Order* are used to procure CAAS, the organization issuing the funds, rather than the organization receiving the funds, shall ensure the funds are properly reported in the DoD accounting system and CAAS budget exhibit.

e. In the instance where the requiring activity provides funding to another activity and may not have knowledge whether a specific requirement will be accomplished in-house or by contract, the organization placing the requirement is responsible for notifying the organization requesting the service whether the requirement was performed with in-house or contractor support to ensure accurate recording of obligation and expenditure information into the accounting system and CAAS budget exhibit.

f. Each proposed contract action shall be evaluated separately to determine if the services required meet the CAAS definition.

g. The DoD Component CAAS Director, during disagreement as to whether a specific contract action constitutes CAAS, shall make the final determination. This determination may be delegated.

### 2. CAAS Operating Plans

a. All DoD Components shall maintain CAAS operating plans. Operating plans shall be maintained at the appropriate organizational level as determined by the DoD Component CAAS Director.

b. CAAS operating plans shall be kept current at all times.

c. Details of the content and format of CAAS operating plans shall be determined by the DoD Component CAAS Director, but shall include as a minimum the following information for each ongoing and projected CAAS requirement:

- (1) Description of the requirement.
- (2) Justification of the need.
- (3) Estimated cost.
- (4) Explanation of why contractual services are needed to satisfy the requirements.

3. Procurement and Contract Administration. The project office and/or officer, contracting officer's technical representative, and the contracting officer must all be involved in ensuring a successful procurement. The responsibilities and duties shift from one to another throughout this part of the overall process. The following guidelines apply:

a. CAAS should be procured through a separate contract action, if possible. When CAAS is a portion of a contract action, it shall be a separately identified contract line item number and separately priced.

b. Each purchase request package for CAAS, including task orders, shall include the following information:

(1) The type of CAAS being procured as defined by the CAAS reporting categories defined in enclosure 2. (The appropriate category shall be designated by the requiring activity to ensure proper accounting and/or object classification.)

(2) A statement of work describing in as clear and unambiguous terms as possible the work to be performed, the deliverable(s), and a specified period of performance.

(3) Certification by the requiring activity that such services have been reviewed for the most cost-effective or efficient means of accomplishment. If the requirement is being met with CAAS resources but is considered long-term and could be more cost-effective done by in-house resources, a statement citing action being taken to hire additional resources or an explanation of why contracting out is necessary shall be included.

(4) Procurement requests for studies must contain a statement that the DTIC and other applicable information sources have been queried and that no known existing scientific, technical, or management report could fulfill the requirement.

(5) Estimated cost and level of effort expressed in staff-years, staff-months, or staff-hours.

(6) Proposed evaluation and selection criteria for competitive awards.

(7) Surveillance plans specifying how contractor performance, performance standards, and deduction schedules, as required, shall be assessed.

(8) Properly chargeable funds certified by the cognizant fiscal and/or budget office.

c. All CAAS procurement requests shall, as a minimum, be approved by an official at a level above the requiring activity. Additionally, approval for all CAAS procurement requests initiated during the fourth quarter of the fiscal year, for award during the same fiscal year, shall be by an official at a second level or higher, above the requiring activity.

d. For proposed contract actions estimated at \$50,000 or more, the approval authority may not be delegated below:

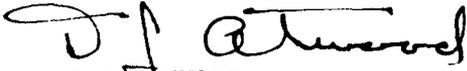
- (1) An SES manager.
- (2) A general or flag officer.
- (3) An officer in the grade of O-6 filling a general or flag officer position.
- (4) An officer in the grade of O-6 who has subordinate SES personnel.

e. All CAAS obligations shall be recorded in the accounting system of each DoD Component in accordance with DoD 7220.9-M (reference (j)).

f. A file shall be maintained by the requiring activity to include a copy of the approved procurement request and appropriate supporting documentation, listing, or summary of contract items delivered, and documentation of Government acceptance.

#### G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing documents to the Under Secretary of Defense (Acquisition) within 120 days.

  
D.J. ATWOOD  
Deputy Secretary of Defense

Enclosures - 3

1. References
2. Definitions
3. CAAS Exemptions

REFERENCES continued

- (e) Federal Acquisition Regulation (FAR), current edition
- (f) Defense Federal Acquisition Regulation (DFAR), current edition
- (g) DoD Directive 2002.3, "Clearance of Research and Studies with Foreign Affairs Implications," August 15, 1985
- (h) DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987
- (i) DoD Directive 3200.12, "DoD Scientific and Technical Information Program," February 15, 1983
- (j) DoD 7220.9-M, "Department of Defense Accounting Manual," October 1983, authorized by DoD Instruction 7220.9, October 22, 1981
- (k) DoD 7110.1-M, "Department of Defense Budget Guidance Manual," May 1990, authorized by DoD Instruction 7110.1, October 30, 1980
- (l) Office of Management and Budget (OMB) Circular A-76, "Performance of Commercial Activities," August 4, 1983
- (m) Federal Information Resources Management Regulation (FIRMR) (Title 41, Code of Federal Regulations, Part 201)
- (n) Section 2315 of title 10, United States Code

## DEFINITIONS

1. CAAS Accounting Procedures. DoD accounting procedures to record and report CAAS obligations and expenditures. DoD 7220.9-M (reference (j)) contains specific guidance to be followed by each DoD Component when recording and reporting CAAS obligations, expenditures, and transactions.
2. CAAS Budget Exhibit. The source document from which total CAAS expenditures and estimates are derived and reported by the Department of Defense to the Office of Management and Budget (OMB) and the Congress. DoD 7110.1-M (reference (k)) contains specific instructions for completing the annual CAAS budget exhibit.
3. CAAS Exemptions. Specific kinds of services or activities exempted from the purview of this Directive. (Enclosure 3 contains CAAS exemptions.)
4. CAAS Operating Plan. The document maintained at the requiring activity or a level of organization specified by the DoD Component CAAS Director that identifies projected and ongoing CAAS actions for a specified fiscal year.
5. CAAS Reporting Categories. Categories that group advisory and assistance services for reporting CAAS contract actions in the annual CAAS budget exhibit and in the DoD accounting system. CAAS reporting categories are:
  - a. Studies, Analyses, and Evaluations. These services are organized, analytic assessments to understand and/or evaluate complex issues to improve policy development, decision-making, management, or administration. These efforts result in documents containing data or leading to conclusions and/or recommendations. Databases, models, methodologies, and related software created in support of a study, analysis, or evaluation are to be considered part of the overall effort.
  - b. Management and Professional Support Services. These services provide engineering or technical support, assistance, advice, or training for the efficient and effective management and operation of DoD organizations, activities, or systems. They are normally closely related to the basic responsibilities and mission of the using organization. This category includes efforts that support or contribute to improved organization or program management, logistics management, project monitoring and reporting, data collection, budgeting, accounting, auditing, and administrative and/or technical support for conferences and training programs.
  - c. Engineering and Technical Services. These services (for example, technical representatives) take the form of advice, assistance, training, or hands-on training (that is, direct assistance) necessary to maintain and operate fielded weapon systems, equipment, and components (including software when applicable) at design or required levels of effectiveness. Engineering and technical services consist of:

(1) Contract field services, which are engineering and technical services provided on-site at DoD Defense locations by the trained and qualified engineers and technicians of commercial or industrial companies.

(2) Contract plant services, which are engineering and technical services provided by the trained and qualified engineers and technicians of a manufacturer of military equipment or components in the manufacturer's own plants and facilities.

(3) Field service representatives, which are employees of a manufacturer of military equipment or components who provide a liaison or advisory service between their company and the military users of their company's equipment or components.

6. Contracted Advisory and Assistance Services (CAAS). Those services acquired by contract from nongovernmental sources to support or improve organization policy development, decision-making, management and administration, program and/or project management and administration, or to improve the effectiveness of management processes or procedures.

7. Contracted Services. Services that directly engage the time and effort of a contractor to perform an identifiable task rather than furnish an end item of supply. Includes separately identified services delivered under a contract when the primary purpose is to provide supplies, equipment, or hardware.

8. Contracting Action. Any written action obligating or de-obligating funds for procuring services to meet DoD requirements, to include definitive contracts, purchase orders, job orders, task orders, delivery orders, other orders against existing contracts, and contract modifications, change orders or agreements, supplemental agreements, funding changes, option exercises, and notices of termination or cancellation.

9. Inherently Governmental Functions. This has the same meaning as Governmental functions in Section 6.e. of OMB Circular A-76 (reference (1)). That section provides as follows: A Governmental function is a function that is so intimately related to the public interest as to mandate performance by Government employees. These functions include those activities that require either the exercise of discretion in applying Government authority or the use of value judgements in making decisions for the Government. Government functions normally fall into two categories:

a. The act of governing; that is, the discretionary exercise of Government authority. Examples include criminal investigations, prosecutions, and other judicial functions; management of Government programs requiring value judgements, as in direction of the national defense; management and direction of the Armed Services; activities performed exclusively by military personnel who are subject to deployment in a combat, combat support, or combat service role; conduct of foreign relations; selection of program priorities; direction of Federal employees; regulation of the use of space, oceans, navigable rivers, and other natural resources; direction of intelligence and counter-intelligence operations; and regulation of industry and commerce, including food and drugs.

b. Monetary transactions and entitlements, such as tax collection and revenue

disbursements; control of treasury accounts and money supply; and the administration of public trusts. An inherently governmental function involves the determination of policy and the direction and control of Federal employees or, in some cases, of activities and property of private citizens. Such functions do not normally include functions that are primarily ministerial and internal in nature, such as building security; mail operations; operation of libraries and cafeterias; housekeeping; and the maintenance of the physical plant, vehicles, or other electrical or mechanical equipment. Inherently governmental functions do not encompass functions considered "commercial," as defined in OMB Circular No. A-76 (reference (1)).

10. Requiring Activity. The organization that identified the requirement for CAAS.

## CAAS Exemptions

CAAS Exemptions. The following kinds of services or activities are exempted from the purview of this Directive:

- A. Activities that are reviewed and/or acquired in accordance with the OMB Circular A-76 (reference (l)) program.
- B. Architectural and engineering services for construction and construction management services procured in accordance with the FAR, Part 36 (reference (e)). Work not related to construction as defined by Part 36 of reference (e), and that meets the CAAS definition under existing architectural and engineering contracts, shall come under the purview of this Directive.
- C. Day-to-day operation of facilities (for example, the Arnold Engineering Development Center and related facilities) and housekeeping services and functions (for example, building and grounds maintenance, and physical security).
- D. Routine maintenance of systems, equipment, and software; routine administrative services; printing services; and direct advertising (media) services.
- E. Initial training services acquired as an integral part of the procurement of weapon systems, automated data processing systems, equipment or components, and training obtained for individual professional development.
- F. Basic operation and management contracts for Government-owned, contractor-operated facilities (GOCOs); for example, the Holston Army Ammunition Plant in Kingsport, TN. Any contract action meeting the CAAS definition in item 5.b. of enclosure 2, and procured under the GOCO basic contract, shall come under the purview of this Directive.
- G. Clinical and medical services for direct healthcare.
- H. ADP and/or telecommunication functions and related services controlled in accordance with the FIRMR (reference (m)) and reported in Budget Exhibit 43a, "Report on Information Technology Systems" (DoD 7110.1-M (reference (k))).
- I. ADP and/or telecommunications functions and related services exempted from FIRMR control pursuant to Section 2315 of title 10 United States Code and reported in Budget Exhibit 43a, "Report on Information Technology Systems," of DoD 7110.1-M (references (n) and (k)).
- J. Services supporting the policy development, management, and administration of the Foreign Military Sales Program that are not paid for with funds appropriated by the U.S. Congress. (Includes CAAS funded with appropriated funds and reimbursed by the foreign customer.)

K. Services (for example, systems engineering and technical services) acquired by or for a program office to increase the design performance capabilities of existing or new systems or where they are integral to the logistics support and maintenance of a system or major component and/or end item of equipment essential to the operation of the system before final Government acceptance of a complete hardware system. Care must be exercised to avoid exempting services acquired to advise and assist the program office and/or manager for program and/or contractor oversight and administration processes, resource management, planning and programming, milestone and schedule tracking, or other professional or administrative services necessary in performing its mission.

L. Research on theoretical mathematics and basic medical, biological, physical, social, psychological, or other phenomena.

M. Auctioneers, realty-brokers, appraisers, and surveyors.

N. Services procured with funds from the Defense Environmental Restoration Account.