



DEPARTMENT OF THE NAVY  
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OCT 6 2008

MEMORANDUM FOR DISTRIBUTION

Subj: MONITORING CONTRACT PERFORMANCE IN CONTRACTS FOR SERVICES

Encl: (1) Deputy Secretary of Defense memorandum of August 22, 2008

The acquisition of services is increasingly important in allowing the Department to meet its mission. Reviews by the Government Accountability Office and other audit agencies identified surveillance of services contracts to be an area of vulnerability that may lead to fraud, waste and abuse. The Panel on Contracting Integrity identified timely designation of Contracting Officer's Representatives (CORs) and lack of COR management and COR attention to completing designated functions to be significant factors contributing to vulnerabilities.

Pending incorporation of enclosure (1) into applicable DoD and DoN regulations, directives and instructions, the following policy applies:

1. CORs should be nominated early in the acquisition cycle. Where practicable, the COR nomination should be submitted with the purchase request.
2. When the contracting officer determines that a COR is required, but one has not been nominated, the contracting officer will provide the requiring activity a list of proposed responsibilities for the COR and request that a COR be nominated. CORs must be designated and trained prior to contract award.
3. The requiring activity will nominate CORs qualified to perform the proposed responsibilities. The COR nomination package will comply with the requirements of enclosure (1). The requiring activity is responsible for ensuring continued COR surveillance and shall comply with these provisions for successor CORs.

  
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**AUG 22 2008**

**MEMORANDUM FOR: SEE DISTRIBUTION**

**SUBJECT: Monitoring Contract Performance in Contracts for Services**

Section 813 of the John Warner National Defense Authorization Act for FY 2007 (Pub. L. 109-364), directed the Secretary to establish a "Panel on Contracting Integrity." The DoD Panel on Contracting Integrity identified inadequate surveillance of contracts for services as an area of vulnerability that may lead to fraud, waste, and abuse. The panel recommended several measures to ensure sufficient contract surveillance.

The acquisition of services is a useful method to assist the Department in meeting its mission with agility, but contracts for services require effective surveillance. Trained and ready Contracting Officer's Representatives (CORs) are critical. They ensure that contractors comply with all contract requirements and that overall performance is commensurate with the level of payments made throughout the life of the contract. COR activities should be tailored to the dollar value and complexity of the specific service contract.

Requiring activities shall comply with the attached guidance to ensure that properly trained and ready CORs are assigned prior to contract award. Raters will evaluate the performance of COR duties as part of their performance assessments throughout the period of the contract. The provisions of this memorandum will be incorporated in a forthcoming Department of Defense Federal Acquisition Regulation Supplement regulation in FY 2009.

**Attachment:  
As stated**

2008 AUG 25 AM 8:02  
CENTRAL ADMIN

OSD 10852-08



ENCLOSURE (1)

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## **ATTACHMENT**

### **REQUIRING ACTIVITY RESPONSIBILITIES FOR CONTRACT SURVEILLANCE OF SERVICE CONTRACTS**

The activity responsible for technical requirements (the "requiring activity") is responsible for prescribing contract quality requirements. The Contracting Officer's Representative (COR) is a representative of the requiring activity, nominated by the requiring activity, and designated by the contracting officer, to assist in the technical monitoring or administration of a contract. The COR should be identified early in the acquisition cycle and included in pre-award activities when appropriate.

When a COR is required, the contracting officer will provide to the requiring activity a list of proposed responsibilities for the COR. The requiring activity must submit nominations for CORs to the contracting activity. Where practicable, the requiring activity shall provide the COR nomination to the contracting office as part of the purchase request. The COR nomination package shall:

- Address the qualifications of the prospective COR.
- Affirm that the COR will be afforded necessary resources (time, supplies, equipments, opportunity) to perform the designated functions.

Affirm that the prospective COR and the prospective COR supervisors understand the importance of performance of the designated functions.

- Affirm that performance of the designated functions will be addressed as part of the COR's performance assessments. COR supervisors are encouraged to solicit input on performance of COR duties from the contracting officer.
- Comply with these provisions in the assignment of successor CORs.

**CORs must be designated and trained prior to contract award.**