



DEPARTMENT OF THE NAVY
BUREAU OF MEDICINE AND SURGERY
7700 ARLINGTON BOULEVARD
FALLS CHURCH, VA 22042

IN REPLY REFER TO
BUMEDINST 4200.5A
BUMED-M42
11 Jun 2015

BUMED INSTRUCTION 4200.5A

From: Chief, Bureau of Medicine and Surgery

Subj: CONTRACT SERVICES MANAGEMENT AND OVERSIGHT

Ref: (a) NAVSUPINST 4200.85D
(b) OPNAVINST 4200.7
(c) BUMED memo 5200 Ser M82/11UM82757 of 5 Jan 2012
(d) BUMEDINST 4200.2D
(e) NAVSUPINST 4200.81G
(f) SECNAVINST 4200.37
(g) DASN(AP) memo, Service Requirements Review Board Guidance of 13 Apr 2012

Encl: (1) Services Requirements Review Board Tripwires
(2) Services Requirements Review Board Key Focus Areas

1. Purpose. To prescribe policy, responsibility, and procedures for services contract requirements management and oversight for Navy Medicine. To revise Navy Medicine Service Requirements Review Board (SRRB) processes from retrospective review to prospective approval. This instruction should be read in its entirety for new guidance on the service contract requirements approval process.

2. Cancellation. BUMEDINST 4200.5.

3. Scope. This policy applies to services contracts valued at \$150,000 and greater. Reference (a) should be used for guidance on services contracts valued at less than \$150,000, as well as contracts that do not require the use of contracting officer representatives (COR). The scope of this instruction does not include those instances, described above, where an external mission partner has established a governance process. In those instances where Navy Medicine activities share contract responsibilities with an external mission partner, this instruction applies to areas within the Navy Medicine activity's control. For example, if a services requirement is generated by the Bureau of Medicine and Surgery (BUMED) headquarters and executed by Fleet Logistics Center Norfolk, Philadelphia Detachment, this instruction governs those aspects of the action that are the responsibility of the requiring activity: requirements development, market research, planning, funding, and contract oversight by qualified CORs.

4. Background

a. Navy Medicine relies on organic assets and external mission partners to successfully execute its contracting mission, functions, and tasks. Broadly speaking, Navy Medicine organic contracting assets acquire medical supplies, equipment, and services; and external mission partners acquire non-medical commodities. Regardless of the contracting office executing the

requirement, reference (b) requires that contractor support services contracts must have appropriate governance, disciplined oversight, and management procedures to achieve best value and mission accomplishment.

b. For Class VIII medical material and equipment contracts, the Defense Logistics Agency (DLA) serves as the executive agent and has established governance processes for the execution of requirements using prime vendor and electronic catalog ordering vehicles accessed through the Defense Medical Logistics Standard Support system. For facilities service, design, construction, engineering consulting/studies, leasing, master planning, and initial outfitting and transition contracts, Navy Facilities Engineering Command and United States Army Corps of Engineers serve as Navy Medicine's contracting authorities and have established governance processes in place.

c. Per reference (c), Chief, BUMED has mandated the use of standard operating procedures (SOPs) across Navy Medicine as a means of ensuring standardization and readiness for potential audits across the enterprise. SOPs, such as COR, should be used for guidance in preparing and executing contracts. All SOPs can be found electronically at:
<https://www.nko.navy.mil/group/financial-improvement-program-fip/>.

d. Reference (d) provides detailed guidance for development, review, and execution of Navy Medicine health care services contracts.

5. Policy

a. Navy Medicine contracting offices operate under the authority of Naval Supply Systems Command (NAVSUP). Reference (a) should be used for Simplified Acquisition Procedures for activities ashore and afloat. Reference (e) authorizes Naval Medical Logistics Command (NAVMEDLOGCOM) to establish an oversight process for managing procurement authority and conducting Procurement Performance Management Assessment Program reviews of Navy Medicine activities exercising NAVSUP Head of Contracting Activity (HCA) authority. As part of these functions, NAVMEDLOGCOM will facilitate services contract management and oversight for Navy Medicine contracts. Reference (f) provides guidance and mechanisms for each HCA to execute oversight and review responsibilities of subordinate contracting organizations.

b. Reference (g) instructs all Navy echelon II commands to establish an SRRB to identify, validate, assess, plan, and monitor services contract requirements. The SRRB process should be used to facilitate meaningful discussion about the generation, management, and oversight of services contracts. Navy Medicine shall conduct an annual SRRB per the procedures outlined in this instruction.

6. Responsibilities

a. Chief, BUMED shall appoint a Senior Executive Service (SES) official and/or Navy Flag Officer to serve as the chairperson(s) of SRRBs conducted at BUMED. Requirements

originating at BUMED Headquarters and non-personal service requirements from Navy Medicine Regions will be reviewed by SRRBs conducted at BUMED. Prospective service contract requirements must be approved locally at each BUMED M-code and then by the BUMED SRRB before being forwarded to the contracting office. Requiring activities must obtain the approval of the SRRB chairperson before forwarding “out of cycle” requirements that have not been before the SRRB to the contracting office.

b. Deputy Chief, Installations and Logistics (BUMED-M4), shall serve as a member of the SRRBs conducted at BUMED.

(1) Logistics (BUMED-M42) develops and issues contract services management policy for the Navy Medicine enterprise.

(2) NAVMEDLOGCOM shall carry out the mission of awarding the appropriate medical services contracts that are defined by the requirements of the requesting activities. NAVMEDLOGCOM shall also serve as the lead contracting executive (LCE) for all applicable services contracts and is responsible for facilitating the SRRB for Navy Medicine, including the collection, analysis, and reporting of relevant services contracting data. NAVMEDLOGCOM shall also be responsible for facilitating SRRBs conducted at BUMED. NAVMEDLOGCOM’s Commanding Officer and LCE shall serve as members of SRRBs conducted at BUMED.

(3) NAVMEDLOGCOM’s Office of Counsel, as a component of the Office of the General Counsel of the Navy, serves as the contract law office for the BUMED Budget Submitting Office and provides legal review, advice, concurrence or approval, as appropriate, of Navy Medicine’s acquisition, contractual, business and commercial matters. NAVMEDLOGCOM’s Counsel shall serve as a member of SRRBs conducted at BUMED.

c. Deputy Chief, Resource Management/Comptroller (BUMED-M8) shall examine all financial data of applicable services contracts. BUMED-M8 shall serve as a member of SRRBs conducted at BUMED.

d. Deputy Chief, Total Force/Manpower (BUMED-M1) shall provide advice and guidance as requested to requiring activities, Navy Medicine Regions, and SRRBs to ensure a Total Force perspective is maintained throughout the SRRB process.

e. Navy Medicine Regions shall conduct SRRBs for personal services contract requirements originating from medical treatment facilities (MTFs) in their respective regions. Navy Medicine Regional Commanders shall serve as the chairperson for their regional SRRB or delegate the responsibility no lower than the Region Chief of Staff. Prospective personal service contract requirements must be approved locally at each command and then by the BUMED or Regional SRRB before being forwarded to the contracting office. MTFs must obtain the approval of the SRRB chairperson before forwarding “out of cycle” requirements that have not been before the SRRB to the contracting office.

f. Navy Medicine activities are responsible for developing, defining, and submitting services contracts requirements to the appropriate contracting authorities. Prospective service contract requirements must be approved locally and then by the BUMED SRRB before being forwarded to the contracting office. Requiring activities must obtain the approval of the SRRB chairperson before forwarding “out of cycle” requirements that have not been before the SRRB to the contracting office. Activities are responsible for ensuring that CORs are appointed and receive the appropriate level of training detailed in reference (d). CORs are responsible for ensuring that contracts meeting the scope of this instruction are reviewed at least annually by the SRRB.

7. Procedures

a. NAVMEDLOGCOM will publish the schedule for the coming year’s SRRBs no later than 31 October. The schedule will list when SRRBs will occur and the approval period for actions considered by the SRRB. For example, “The SRRB for BUMED Headquarters requirements will be conducted on 15 January 2015 for actions with periods of performance beginning from 1 April 2015 through 31 March 2016.” “Period of performance beginning” is either the start of a new contract or the beginning of the next option period of a continuing contract.

b. NAVMEDLOGCOM will use the Federal Procurement Data System and information from the previous SRRB to compile the initial list of requirements for consideration. Requiring activities will add forecasted requirements to the initial list to form the total list of requirements under consideration.

c. The SRRB members will review the total list of contracts under consideration and decide which requirements will be brought before the board. The board will always review new requirements (those never brought before the board), requirements with potential savings identified in a previous year, and requirements expected to hit tripwires [see enclosure (1)]. A tripwire is a threshold metric requiring further review and approval. See paragraph 7e for additional requirements regarding tripwires. The SRRB may elect to board other requirements at members’ discretion. Requirements not brought before the board will be annotated “Reviewed, Not Boarded” (RNB).

d. The SRRB will convene with requiring activity representatives to review the boarded requirements. Requiring activity representatives must include the requirement’s proponent (the head of the functional unit that the contract supports) and the appointed or prospective COR. Commanding officer and executive officer participation is highly encouraged and expected. The scope of SRRB review is described in reference (g) and contained in enclosure (2), Key Focus Areas. Requiring activity representatives should be prepared to address all Key focus Areas; however, the SRRB may not address every focus area for every requirement.

e. All requirements expected to hit tripwires require SES or Flag officer level approval before being submitted to the contracting office for execution. For BUMED SRRBs, SES/Flag Officer approval is obtained if the SRRB chair is a SES member or Flag Officer. For Navy

Medical Region SRRBs, approval must be obtained from the Navy Medicine Region Commander for all requirements expected to hit a tripwire. For requirements that are approved by the SRRB as “not expected to hit a tripwire” and that later hit a tripwire during contract execution, the requiring activity must obtain approval from the first SES or Flag Officer in the chain of command before the contracting officer may award the contract.

f. As a result of the SRRB, a services contract requirement may be sustained, reduced in scope, or marked for non-renewal or termination.

g. NAVMEDLOGCOM will prepare and submit annual reports per reference (g).

8. Records. Records created as a result of this instruction, regardless of media and format, shall be managed per SECNAV M-5210.1 of January 2012.

9. Reports. Report required in paragraph 7g are authorized by reference (g).



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<http://www.med.navy.mil/directives/Pages/default.aspx>

SERVICES REQUIREMENTS REVIEW BOARD TRIPWIRES

1. Non-personal Services Contracts

1.1. Is this a bridge contract or will a bridge contract be required?

1.2. Did the government pay or is it anticipated that the Government will pay a best value premium (difference between low offeror and successful offeror)? If so, was it or is it expected to be greater than 10 percent?

1.3. Are other direct costs greater or expected to be greater than \$1M or 10 percent of contract value?

1.4. Are fully burdened labor rates greater than or expected to be greater than \$300,000 per year? [Note: Statistical analysis may be used in place of hard thresholds to determine labor rates outliers.]

1.4. Has a subcontractor been added or is a subcontractor expected to be added after award?

1.5. If a competitive procurement, was only one bid received or is only one bid expected to be received?

2. Personal Services Contracts

2.1. Does the contract or is the contract expected to contain provision for contractor on-call services?

2.2. Does the contract or is the contract expected to contain provisions for contractor overtime?

2.3. Does the contract or is the contract expected to contain provisions for contractor travel?

2.4. Does the contract or is the contract expected to contain provisions for contractor performance outside MTF's clinical areas?

2.5. Does this requirement have a history of contractor requests for waivers?

2.6. If this requirement is currently filled, does the provider have a private practice in the local area?

SERVICES REQUIREMENTS REVIEW BOARD KEY FOCUS AREAS

Focus Area 1: Requirements Definition

- 1.1. Does the requirement have a Statement of Work, Performance Work Statement, or Statement of Objectives? Is the requirement clearly defined?
- 1.2. Was an Acquisition Strategy prepared per Deputy Assistant Secretary of the Navy (Acquisition and Procurement) (DASN(AP)) memo of 1 December 2006, Acquisition of Services?
- 1.3. Are stakeholders involved in the process from the beginning?
- 1.4. Is the requirement performance based and outcome focused?

Focus Area 2: Requirements Validation

- 2.1. Was a review conducted to ensure the requirement contained no inherently governmental functions?
- 2.2. How was the level of effort or quantity of services to be performed validated?
- 2.3. Was adequate acquisition planning performed?
- 2.4. Was the need validated and the requirement approved per local procedures?

Focus Area 3: Market Research

- 3.1. Describe the market research conducted and how it was used to make decisions about the requirement.
- 3.2. How does the requirement reflect or incorporate industry best practices?
- 3.3. Did market research identify opportunities for small business participation at both the prime and subcontract level?

Focus Area 4: Contract Administration

- 4.1. How will contract performance be monitored?
- 4.2. What performance metrics will be or are being collected?
- 4.3. Has a COR been identified (prospective requirements) or formally appointed?

- 4.4. Has proper separation of duties been established?
- 4.5. Has the COR been properly trained?
- 4.6. Has a Quality Assurance Surveillance Plan or Contract Administration Plan been developed?
- 4.7. Is there a process to ensure proof of receipt is obtained and retained?

Focus Area 5: Competition

- 5.1. What is the extent of competition?
- 5.2. What can be done to increase or enhance competition?
- 5.3. Have strategic sourcing vehicles been considered?

Focus Area 6: Contract Type

- 6.1. Is the contract type risk-appropriate for the services?
- 6.2. Is there a plan to move cost-type requirements to firm fixed price as the requirement matures?
- 6.3. Are time and materials or labor hour contracts used sparingly and approved at the proper levels?
- 6.4. Are incentives, if used, structured correctly for the purposes intended?

Focus Area 7: Spend

- 7.1. What is/are the annual obligation(s)?
- 7.2. What is the value of the base and all exercised options?
- 7.3. What is the value of the base and all options?
- 7.4. What are the average labor rates? Are they consistent with the market?
- 7.5. What is the approximate number of Full Time Equivalents?
- 7.6. Does the requirement comply with DASN(AP) memo of 1 Aug 2012, Guidance on Limitation of Amounts Available for Contracted Services?

Focus Area 8: Contracting Activity

- 8.1. Does the contracting activity have authority to make the procurement for the requiring activity?
- 8.2. Was the appropriate contracting office selected?
- 8.3. Did the requiring activity pay a fee to use the contracting activity? If so, what was the fee?
- 8.4. If the contracting activity was outside Navy was a support agreement signed?
- 8.5. If the contracting activity was outside Department of Defense was a Determination and Findings executed?