



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

IN REPLY REFER TO  
BUMEDINST 4200.5B  
BUMED-M46  
23 Aug 2018

BUMED INSTRUCTION 4200.5B

From: Chief, Bureau of Medicine and Surgery

Sub: CONTRACT SERVICES MANAGEMENT AND OVERSIGHT

Ref: (a) Department of the Navy, Simplified Acquisition Procedures Guide  
(b) OPNAVINST 4200.7  
(c) BUMEDINST 4200.2D  
(d) NAVSUPINST 4200.81G  
(e) SECNAVINST 4200.37  
(f) DoD Instruction 5000.74 of January 5, 2016

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, including all Navy Medicine services requirements as defined in the Federal Acquisition Regulation, subpart 37.101 over the Simplified Acquisition Threshold (SAT). This instruction is a complete revision and should be reviewed in its entirety.

2. Cancellation. BUMEDINST 4200.5A.

3. Scope and Applicability. This policy applies to service requirements whose aggregate value is at the SAT (\$150,000) and greater. Reference (a) must be used for guidance on service requirements valued at less than \$150,000, as well as contracts that do not require the use of contracting officer representatives (COR). Reference (a) can be located at <http://www.secnave.navy.mil/rda/Pages/PolicyGuidance.aspx>. The scope of this instruction does not include those instances, 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 service 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. A list of exceptions can be found in reference (b).

#### 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 service contracts must have appropriate governance, disciplined oversight, and management procedures to achieve best value and mission accomplishment.

b. For Class VIII medical materiel and equipment contracts, the Defense Logistics Agency 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. Chief, BUMED has mandated the use of standard operating procedures (SOP) across Navy Medicine as a means of ensuring standardization and readiness for potential audits across the enterprise. SOPs, such as that for CORs, must be used for guidance in preparing and executing contracts. All SOPs can be found electronically at:  
[https://esportal.med.navy.mil/navy/M82/SOP\\_Program/SitePages/All\\_SOPs.aspx](https://esportal.med.navy.mil/navy/M82/SOP_Program/SitePages/All_SOPs.aspx).

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

#### 5. Policy

a. Navy Medicine contracting offices operate under the authority of Naval Supply Systems Command (NAVSUP). Reference (a) must be used for Simplified Acquisition Procedures for Activities ashore and afloat. Reference (d) 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 service contract management and oversight for Navy Medicine contracts. Reference (e) provides guidance and mechanisms for each HCA to execute oversight and review responsibilities of subordinate contracting organizations.

b. All Navy echelon 2 commands must establish a SRRB to identify, validate, assess, plan, and monitor service contract requirements. The SRRB process should be used to facilitate meaningful discussion about the generation, management, and oversight of service contracts. Navy Medicine must conduct an annual SRRB per the procedures outlined in this instruction.

c. Requirements originating at BUMED Headquarters (including all requirements under centrally managed programs) and non-personal service requirements from Navy Medicine echelon 3 and below commands will be reviewed by SRRBs conducted at BUMED. Per reference (b), current and prospective BUMED Headquarters requirements and Navy Medicine echelon 3 and below non-personal service requirements must be approved by the BUMED SRRB prior to a funding document for the procurement of contractual services being released. The approved SRRB unique identification number (UID) must appear on the released funding document.

d. Personal service requirements originating from medical treatment facilities will be reviewed by the SRRB conducted by the echelon 3 commands. Current and prospective personal service requirements must be approved by the respective echelon 3 SRRB prior to a funding document for the procurement of contractual services being released. The approved SRRB UID must appear on the released funding document.

## 6. Responsibilities

### a. Chair, SRRB must:

- (1) Be appointed by Chief, BUMED.
- (2) Be a Navy Flag Officer or Senior Executive Service (SES) official.
- (3) Lead BUMED SRRBs.

### b. Deputy Chief, Business Operations must:

- (1) Examine all financial data of applicable service contracts.
- (2) Serve as a member of SRRBs conducted at BUMED.
- (3) Submit an Office of Government Ethics (OGE) Form 278e Executive Branch Public Financial Disclosure Report annually.

### c. Chairperson of the BUMED SRRB must:

- (1) Conduct a review of requirements per enclosure (5) of reference (f).

(2) Develop “out of cycle” procedures for requirements that emerge after the annual SRRB has been completed and require approval prior to the next annual SRRB.

(3) Submit an OGE Form 278e annually.

d. Assistant Deputy Chief, Fleet Support and Logistics (BUMED-M4) must:

(1) Serve as a member of the SRRBs conducted at BUMED.

(2) Submit an OGE Form 450e annually.

e. Assistant Deputy Chief, Manpower and Personnel (BUMED-M1). Must provide advice and guidance as requested to requiring activities, Navy Medicine Regions, and SRRBs to ensure a manpower and personnel perspective is maintained throughout the SRRB process.

f. BUMED Director, Logistics Execution (BUMED-M46). Must develop and issue contract services management policy for the Navy Medicine enterprise in coordination with BUMED Director, Logistics Policy (BUMED-M42).

g. Commanding Officer NAVMEDLOGCOM must:

(1) Ensure the appropriate medical service contracts defined by requirements of the requesting activities are awarded.

(2) Serve as the Senior Contracting Official for all applicable service contracts.

(3) Facilitate the SRRB for Navy Medicine, including the collection, analysis, and reporting of relevant services contracting data.

(4) Serve as member of SRRBs conducted at BUMED.

(5) Submit an OGE Form 450e annually.

h. NAVMEDLOGCOM's Office of Counsel must:

(1) Serve as the contract law office for the BUMED Budget Submitting Office 18.

(2) Provide legal review, advice, concurrence or approval, as appropriate, on Navy Medicine's acquisition, contractual, business, and commercial matters.

(3) Serve as a member of SRRBs conducted at BUMED.

(4) Submit an OGE Form 450e annually.

i. Navy Medicine Echelon 3 Commanders must:

(1) Serve as the chairperson for their regional SRRB focused on personal service requirements.

(2) Conduct the SRRB per enclosure (5) of reference (f).

(3) Develop “out of cycle” procedures for requirements that emerge after the annual SRRB has been completed and require approval prior to the next annual SRRB.

(4) Submit an OGE Form 278e annually.

j. Commanding Officers and Officers in Charge must:

(1) Develop, define, and submit service contract requirements to the appropriate contracting authorities. Prospective service contract requirements must be approved locally and then by the respective SRRB before being forwarded to the contracting office.

(2) Obtain the approval of the SRRB chairperson before forwarding “out of cycle” requirements that have not been before the SRRB to the contracting office.

(3) Ensure that CORs are appointed and receive the appropriate level of training detailed in reference (c).

(4) Ensure that contracts meeting the scope of this instruction are reviewed annually by the SRRB.

(5) Ensure that all required SRRB data is accurate for their requirement and provided to the SRRB per the timeline established by the contracting office.

k. Comptrollers and Financial Managers must:

(1) Not release a funding document for the procurement of contractual services without verifying the requirement has been approved by the respective SRRB.

(2) Ensure the SRRB UID appears on the released funding document.

7. Procedures

a. NAVMEDLOGCOM will publish the schedule for the coming year’s SRRBs no later than 1 December annually. 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 2018 for actions with periods of performance beginning from 1 April 2018 through 31 March 2019.” “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 information from the previous SRRB to compile the initial list of requirements for consideration and assign UID to each requirement. Requiring Activities are responsible for adding or removing, as applicable, forecasted requirements to the initial list to form the total list of requirements under consideration. Activities are responsible for providing updated and projected information pertaining to each requirement submitted for board consideration.

c. The SRRB members will review the total list of requirements under consideration and decide which ones will be brought before the board during the “pre-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. The SRRB may elect to board other requirements at members’ discretion. Requirements not brought before the board will be annotated “Reviewed, Not Boarded” (RNB) and considered approved unless otherwise noted.

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 contained in enclosure (2), Key Focus Areas. Requiring Activity representatives must be prepared to address all Key Focus Areas; however, the SRRB may not address every focus area for every requirement.

e. All requirements need Flag Officer or SES level approval before being submitted to the funding office for execution. Funding offices are responsible for validating that funding documents have a board approved UID. 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 Flag Officer or SES in the chain of command before the contracting officer may award the contract.

f. NAVMEDLOGCOM will record and maintain all data relative to SRRB. This includes meeting minutes, action items, key requirements, and findings. All SRRB records will be

uploaded and maintained to the NAVMEDLOGCOM SharePoint site located at:

<https://es.med.navy.mil/sites/navmedlogcom/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2Fsites%2Fnavmedlogcom%2FShared%20Documents%2FBUMED%2DEchelon%20I%20Missions%20at%20NMLC%2FBUMED%20Acquisition%20Procurement%20Authority%2FServices%20Requirements%20Review%20Board%20%28SRRB%29&InitialTabId=Ribbon%2EDocument&VisibilityContext=WSSTabPersistence>.

g. Requirements emerging after the respective board has been conducted require “out of cycle” approval from the first Flag Officer or SES within the respective Activity’s chain of command per their respective local SOPs. The “out of cycle” approval is only valid until the next annual SRRB is conducted. Funding offices are responsible for validating the requirement has been approved by checking the NAVMEDLOGCOM SRRB SharePoint page and verifying that the UID is listed as approved for the fiscal year.

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

i. NAVMEDLOGCOM will prepare and submit annual reports.

## 8. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned for the standard subject identification codes (SSIC) 1000, 2000, and 4000 through 13000 series per the records disposition schedules located on the Department of the Navy/Assistant for Administration (DON/AA), Directives and Records Management Division (DRMD) portal page at <https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx>. For SSIC 3000 series dispositions, please refer to part III, chapter 3, of Secretary of the Navy Manual 5210.1 of January 2012.

b. For questions concerning the management of records related to this instruction [notice, change transmittal] or the records disposition schedules, please contact your local records manager or the DON/AA DRMD program office.

9. Review and Effective Date. Per OPNAVINST 5215.17A, BUMED-M4 will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, Department of Defense, Secretary of the Navy, and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will be in effect for 5 years, unless revised or cancelled in the interim, and will be reissued by the 5-year anniversary date if it is still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.

10. Forms and Information Management Control

a. Forms. Agencies and commands that have adopted the secure, professional, Financial Disclosure Management (FDM) e-filing reporting system, will use FDM for reporting responsibilities. BUMED has adopted FDM as the e-filing reporting system for OGE Form 278 (public) and OGE Form 450 (confidential) disclosure reports. Refer questions to your local Navy Medicine Ethics Counselor.

(1) OGE Form 278e Executive Branch Personnel Public Financial Disclosure Report is available at <https://oge.gov/Web/oge.nsf/OGE+Forms?openview>.

(2) OGE Form 450, Executive Branch Confidential Financial Disclosure Report is available at <https://oge.gov/Web/oge.nsf/OGE+Forms?openview>.

b. Information Management Control. Reports required in paragraph 7 of this instruction are exempt from reports control per Secretary of the Navy Manual 5214.1 of December 2005, part IV, subparagraph 7k.



C. FORREST FAISON III

Releasability and distribution:

This instruction is cleared for public release and is available electronically only via the Navy Medicine Web site, <http://www.med.navy.mil/directives/Pages/BUMEDInstructions.aspx>.



SERVICES REQUIREMENTS REVIEW BOARD TRIPWIRES

1. Non-personal Services Contracts

- a. Is this a bridge contract or will a bridge contract be required?
- b. 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?
- c. Are other direct costs greater or expected to be greater than \$1M or 10 percent of contract value?
- d. 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.
- e. Has a subcontractor been added or is a subcontractor expected to be added after award?
- f. If a competitive procurement, was only one bid received or is only one bid expected to be received?

2. Personal Services Contracts

- a. Does the contract or is the contract expected to contain provision for contractor on-call services?
- b. Does the contract or is the contract expected to contain provisions for contractor overtime?
- c. Does the contract or is the contract expected to contain provisions for contractor travel?
- d. Does the contract or is the contract expected to contain provisions for contractor performance outside medical treatment facilities clinical areas?
- e. Does this requirement have a history of contractor requests for waivers?
- f. 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

- a. Does the requirement have a Statement of Work, Performance Work Statement, or Statement of Objectives? Is the requirement clearly defined?
- b. 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?
- c. Are stakeholders involved in the process from the beginning?
- d. Is the requirement performance-based and outcome-focused?

Focus Area 2: Requirements Validation

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

Focus Area 3: Market Research

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

Focus Area 4: Contract Administration

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

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

Focus Area 5: Competition

- a. What is the extent of competition?
- b. What can be done to increase or enhance competition?
- c. Have strategic sourcing vehicles been considered?

Focus Area 6: Contract Type

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

Focus Area 7: Spend

- a. What is/are the annual obligation(s)?
- b. What is the value of the base and all exercised options?
- c. What is the value of the base and all options?
- d. What are the average labor rates? Are they consistent with the market?
- e. What is the approximate number of Full Time Equivalents?
- f. 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

- a. Does the contracting activity have authority to make the procurement for the requiring activity?
- b. Was the appropriate contracting office selected?
- c. Did the requiring activity pay a fee to use the contracting activity? If so, what was the fee?
- d. Was research conducted on what method of payment the vendor will accept? Does the vendor accept iRAPT payment?
- e. If the contracting activity was outside Navy, was a support agreement signed?
- f. If the contracting activity was outside Department of Defense was a Determination and Findings executed?