



SECRETARY OF THE ARMY
WASHINGTON

30 January 1987

MEMORANDUM FOR CHIEF OF STAFF, ARMY
UNDER SECRETARY OF THE ARMY
ASSISTANT SECRETARY OF THE ARMY
(CIVIL WORKS)
ASSISTANT SECRETARY OF THE ARMY
(FINANCIAL MANAGEMENT)
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND LOGISTICS)
ASSISTANT SECRETARY OF THE ARMY
(MANPOWER AND RESERVE AFFAIRS)
ASSISTANT SECRETARY OF THE ARMY
(RESEARCH, DEVELOPMENT AND
ACQUISITION)

SUBJECT: Implementation of the Program Executive
Officer (PEO) Concept

The President's Blue Ribbon Commission on Defense Management (Packard Commission) released its final report, "A Quest for Excellence," in July 1986. I fully support the Commission's findings and recommendations for streamlining the acquisition process. Based on the recommendations of the Commission, the President's National Security Decision Directive (NSDD-219), and the Army Reorganization Commission concerning acquisition organization and procedures, I have made the following decisions:

- The Army acquisition organization will operate according to the attached concept paper.
- The Army Systems Acquisition Review Council (ASARC) functions will be changed as necessary to mirror the emerging functions of the Defense Acquisition Board (DAB). The restructured ASARC will continue to ensure that the total Army force integration process is applied to each program. All other reviews for PEO/AAE managed programs will be as directed by the AAE.

The Assistant Secretary of the Army (RDA) and the Deputy Chief of Staff for Research, Development and Acquisition will develop a comprehensive plan to meet the following basic milestones.

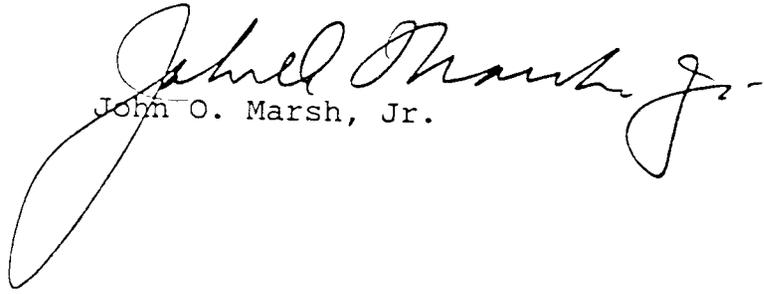
- Identify programs and a PEO structure within 30 days.

- Publish an implementation plan by 20 March 1987.

- Publish necessary changes to regulations dealing with the acquisition process within six months.

- Major (DAB/ASARC) and Designated Acquisition Programs (DAPS) should be operating under the PEO concept by 30 September 1987.

I see this as a challenge and an opportunity to make significant improvements to the Army acquisition process. I expect your full support and look forward to a vastly improved way of doing business to provide our soldiers with the best equipment in the shortest time possible.


John O. Marsh, Jr.

Attachment

CONCEPT PAPER

FUNCTIONS OF THE ARMY ACQUISITION EXECUTIVE

THIS PAPER WAS PREPARED BY THE ARMY REORGANIZATION COMMISSION AND CONTAINS ORGANIZATIONAL CONCEPTS REVIEWED AND AGREED TO BY THE SECRETARY OF THE ARMY AND CHIEF OF STAFF, ARMY IN EXECUTIVE SESSION, 19 DECEMBER 1986.

BACKGROUND:

o The Defense Reorganization Act of 1986 (the Act) states that the Office of the Secretary of the Army (OSA) shall have sole responsibility for the function of "acquisition". The research and development (R&D) function is treated separately from acquisition and is also the sole responsibility of OSA, except that SA may assign responsibility for the "military requirements" and "test and evaluation" aspects of R&D to the ARSTAF.

o The Act does not define "acquisition" nor does it stipulate what the acquisition functions are. However, the Joint Explanatory Statement of the Committee of Conference states that the consolidation of the function of acquisition in the OSA was consistent with the Packard Commission recommendations.

o Acquisition within the meaning of the Act does not include "logistics" (the major elements of which are supplying, servicing and maintaining) or R&D.

o NSDD 219 directs implementation of the Packard Commission's recommendations to establish a Service Acquisition Executive (SAE) and Program Executive Officer (PEO)/Program Manager (PM) system to manage Army major acquisition programs. The Packard Commission report indicated that the duties of the SAE should mirror the duties of the Defense Acquisition Executive (DAE).

o The FY87 DoD Authorization Act created the Under Secretary of Defense for Acquisition (USD(A)) as the DAE and assigned duties that included matters (such as logistics and R&D) that are not within the meaning of acquisition as used in the Act.

o The FY87 DoD Authorization Act also established the "Defense Enterprise Program" (DEP) system. PM's of programs designated as DEP's are required to report directly, without intervening review or approval, to a PEO, who in turn must report directly, without intervening review or approval, to the senior procurement executive of the Army (the AAE). PM's of programs in the DEP system are required by law to be authorized staff positions for a technical staff, including experts in business management, contracting, auditing, engineering, testing, and logistics. The USD(A) is required by law to implement the DEP system by regulation. Under the statute, at least three Army acquisition programs must be designated as DEP's in FY88. The Joint Explanatory Statement of the Committee of Conference indicates that the conferees intend that all major acquisition programs eventually become DEP's.

DISCUSSION.

o In order to arrive at a reasonable conclusion as to the definition of acquisition and the associated functions, the following sources were used:

1. (FAR 2.101) The broadest definition is found in the Federal Acquisition Regulation (FAR). "Acquisition means the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract."

2. DoDD 5000.1/DoDI 5.000.2 and the AR 70-series deal with "major system" acquisitions and the life cycle management function. The policies and procedures also apply to "non-major" systems, although these systems are not reviewed at the DoD level. Examples of functions are: milestone decision reviews, baselining, test and evaluation, system development and integrated logistics support.

3. The Packard Commission defined the functions of the Defense Acquisition Executive (DAE) as policy and oversight for acquisition policy, including contract audit policy; all acquisition programs (including C3I) at all stages (conceptualization, research, development, testing, production), and logistics; advanced technology programs; test and

evaluation (developmental and operational); and small and disadvantaged business utilization. The Commission also indicated that the DAE would be responsible for independent cost assessments; development and implementation of DoD-wide acquisition policy for research and development and operational testing, and contract audit; overseeing execution of weapon system programs so that development and production decisions are validated by program requirements, technical performance and cost.

4. Although the FAR, DoDD 5000.1 and the Packard Commission included "logistics" as a function of acquisition, the conference report recognized the functional separation of acquisition and logistics. The conferees agreed that while acquisition was an appropriate secretariat level function, logistics should be conducted by the Army Staff. The conferees determined that the major elements of logistics are "supplying, servicing, and maintaining."

CONCLUSIONS:

o Compliance with the Act, the expressed preferences of the conferees concerning logistics, NSDD 219, and the DoD implementation of the USD(A) can best be accomplished by establishing within OSA an Assistant Secretary of the Army for Acquisition (ASA(A)) who also serves as the AAE, and by assigning those official functions that include but are not limited to "acquisition" within the meaning of the Act. The ASA(A) will have a lieutenant general (current DA DCSRDA) deputy, whose duties will be specified to ensure compliance with 10 U.S.C. 973b.

o The broad and general functions which could be assigned to the AAE may be subdivided as follows:

- oo Procurement Activities (FAR/DARS/AFARS).
- oo Program Management Activities (DoDD 5000.1/2).
- oo Research (technology base/exploratory development)
- oo Development (advanced/engineering development).
- oo Integrated Logistics Support (ILS)(translation of the users supportability requirements into the system design and development process).

o The activities leading up to the appropriation of funds (planning, programming, budgeting) are not generally classified as "acquisition"; however, the activities are accomplished largely by the same HQDA level agencies (ODCSRDA, ODCSLOG, COA, PAE, etc...). The AAE will be required to participate in this process.

o Integrated Logistic Support (ILS) is critical to meeting the users supportability requirements and is one of the major responsibilities of a program manager; however, logistics overall, which includes supplying, sustaining and maintaining the force, may be treated as an adjacent function, to be performed by the ARSTAF. ILS is an important early design and engineering consideration, which impacts training, facilities, transportation, and other areas. Although ILS policy and procedures are developed by the logistic community, the integration of these procedures into materiel development is an AAE responsibility.

CONCEPT OF OPERATIONS:

o The Army will implement the President's directive (NSDD 219) and the Packard Commission's recommendations for a Program Executive Officer/Army Acquisition Executive (PEO/AAE) system of management for Army materiel acquisition programs. The AAE is responsible for the policy and programmatic aspects of all Army acquisitions, to include weapons, support and other equipment, information/ADP systems, installation support and other supplies and services. The development and execution of programs will be decentralized, but under the overall policy guidance of the AAE.

o The scope of the PEO/AAE system depends on the number and type of acquisition programs placed under PEO/AAE management. There are four basic "groups" of programs.

1. Major and Designated Acquisition Programs (DAPS) constitute the basic "Packard Model" of about forty systems that are reviewed at the JRMB (DoD) or the ASARC (AAE).

2. Major, DAP's, and all other PM managed programs. This is about 100 COL and LTC level program managers of approx 600 programs in advanced/engineering development or production.

3. Major, DAP's, all PM managed programs, plus programs managed at the project leader level within a commodity command or laboratory. Approx 800 programs.

4. All of the above plus the "Item Managed" programs

from the National Inventory Control Points (NICP's) at each commodity command. Over 16,000 line items.

o To retain the focus on major programs recommended by Packard/NSDD 219, and to be consistent with what the DAE will observe in the other two services, implementation will be as follows:

- The AAE will develop a phased implementation plan. Major (ASARC/JRMB) and designated acquisition programs (DAP) (ASARC only) will make up the initial PEO groupings. The Army should plan to have these PEO's in place by September 1987. Non-major and other programs will be placed under PEO management in accordance with the plan developed by the AAE. PEO's appointed over non-major programs will have in-process review (IPR) decision authority.

- The AAE will appoint other PEO's as necessary to provide management oversight for other/nonmajor acquisition programs to include dualhatting within the materiel development command structure where it makes sense to do so. This will provide the AAE with a direct programmatic link to all four groups of programs.

- The structure for laboratory and materiel item (NICP) management will remain basically as it is now. The PEO/PM will procure services from these agencies as needed.

o The materiel development command (e.g. HQAMC and major subordinate commands) will be responsible for functional support to the acquisition system, the PEO's and the PM's, beyond that provided by the PEO/PM core staff. Functional support includes such elements as contracting, quality assurance, and financial management. Personnel support (matrix concept) for the PEO/PM TDA organization, from the functional directorates at the major subordinate commands, will be required to supplement the PEO/PM core staff; exact specialities will depend on the phase of program development/production. The major commands could continue to perform an integration function for the PEO/AAE in areas such as LRRDAP, POM and budget; however, the interface between the PEO's and the commands will be specified by the AAE, except that the commands will have no supervisory authority over AAE managed PEO's or PM's.

o Functions currently performed by the Department of the Army Systems Coordinator (DASC) will be performed by the PEO office for AAE managed programs; however, there will still be a need to apply corporate perspective to information coming from the field. This will be accomplished by a core group of

personnel in the AAE office working with liaison officers from the PEO's. This concept will be developed in more detail later in this paper.

- o The creation of a PEO system will eliminate HQAMC from the programmatic supervision and reporting chain for PEO/AAE designated programs. This will eliminate the need for Weapons System Staff Managers (WSSM's) at HQAMC for PEO/AAE designated programs, thereby freeing up spaces that may be applied to staffing PEO offices, and/or absorbing additional functions at the HQAMC level.

OPERATION OF THE OFFICE OF THE AAE:

- o **Systems Evaluation and Review:** The AAE will require the capability to conduct systems evaluation and review and to prepare major programs for review by the Joint Requirements and Management Board (JRMB). This office will be responsible for monitoring the approved baseline, the Selected Acquisition Report (SAR), and the program management reports submitted in accordance with the Program Management Control System (PMCS). This office will also have the capability to evaluate testing results. To provide a cost assessment capability, the AAE may negotiate a support agreement with the Cost and Economic Analysis Center (CEAC).

- o **International Research and Development:** The AAE will provide the HQDA interface with OSD for this function; however, the RSI activity now performed by the DCSRDA international office will be transferred to DCSOPS. International activities are covered in a separate issue paper; however, the AAE will provide policy oversight for cooperative R&D and coproduction planning.

- o **Technology Management:** The AAE will need the capability to direct technology base activities, assess new/emerging technology for application to systems development, provide policy oversight to the Army laboratory system, conduct trade-off studies/analysis, and interface with OSD, particularly the Defense Advanced Research Projects Agency (DARPA). An assessment of how much of this function can be absorbed by agencies like the Laboratory Command/HQAMC still needs be made. The nucleus for this capability will be derived from the current DCSRDA Directorate for Army Research and Technology.

- o **Procurement Policy/Contracting Oversight:** The AAE will be required to interface with OSD and the other services during the development of procurement policy for the Federal

Acquisition Regulation (FAR) and the Defense FAR Supplement (DFARS).

- The AAE will meet the policy responsibility for the procurement/contracting function by publishing the Army FAR Supplement (AFARS), issuing Acquisition Letters to the field pending changes to the FAR/DARS/AFARS, and fulfilling statutory responsibilities for approval of Acquisition Plans (AP) and Justification and Approval (J&A) for other than full and open competition.

- Oversight of the contracting function, to include all types of acquisitions (hardware, software, installation support and other supplies and services) will be provided by a combination of the current DCSLOG Directorate for Contracting and the OASA(RDA) procurement specialists. To retain this capability for the Army, and reduce the staff numbers, the contracting personnel are transferred (less the Competition Advocate) to the current Contracting Support Agency FOA. This FOA will act as the operating arm of the AAE for excellence in contracting.

- o **Competition Advocate General (CAG):** The competition advocate was designated in compliance with 41 USC, Sec 418, to be responsible for challenging barriers to and promoting full and open competition including unnecessarily detailed specifications and unnecessarily restrictive statements of need.

- By law, the CAG is required to report on opportunities and actions taken, and make recommendations to the senior procurement executive (ASA(RDA)).

- Currently, the CAG is assigned to the DCSLOG; however, the CAG exerts influence over the competition function through oversight of the advocates at the MACOM and HCA level, and by reporting to the ASA(RDA) on their (and his) activities. The CAG also provides advice to the ASA(RDA) on J&A's for other than full and open competition. The CAG should be transferred to the OSA to retain his advocacy role, be responsible to the SA, and be responsive to the AAE in the same manner he is responsive to the ASA(RDA) now.

- The allocation of the eight spaces now provided to the CAG (1-CAG, 7-Support Team) will be retained. However, three spaces will be transferred to OSA and the remaining five will be transferred to the Contracting Support Agency FOA, but remain physically collocated with the CAG. The AAE will provide the CAG with additional support from the FOA as required.

o **Small and Disadvantaged Business Utilization (SADBU):**

This function was aligned with the Defense Acquisition Executive (DAE) by PL 99-500. SADBU should continue to be responsible to the SA, and be responsive to the AAE to enhance oversight of this activity for HQDA.

o **Acquisition Policy and Procedures:** The AAE will be responsible for Army materiel systems policy and procedures and the life cycle management of materiel systems. The AAE will be the proponent for AR 70-1, Systems Acquisition Policy and Procedures, DA Pam 11-25, Life Cycle System Management Model for Army Systems, and other directives that implement the requirements of OMB A-109, and DoD 5000.1 for Major Systems Acquisition.

o **Program Management/Execution:** The AAE will need the capability to provide management oversight to the PEO managed programs. Although the PEO's may be functionally aligned (e.g. PEO Air Defense), the AAE will need the capability to pull the programs developed by the PM's and PEO's into a coherent program and budget across each appropriation. This is a function now performed by the DA Systems Coordinator (DASC) and the hardware division program/budget teams in DCSRDA. A portion of this function will be transferred to the PEO. However, the AAE will still require a "core" group of RDA technical experts to exert the proper corporate perspective.

- The core group will ensure that the PEO managed programs are properly interfaced with the Army Staff, assist the PEO/PM in preparing for JRMB reviews, maintain the formal baseline record for the AAE, and be responsive to the CSA.

- The core group will be organized by hardware division. Equipment unique to a functional area would be handled within the same division. Divisions are collocated within the Deputy Assistant Secretary for Acquisition Policy, Plans and Programs, to ensure close monitoring of the interrelationships of business decisions on all the related materiel items in a functional area. Under this concept, the appropriation could be pulled together by the responsible division, a separate program/budget division, or a MACOM, depending on the level of AAE/PEO management. Those appropriations that have few or no major programs, such as ammunition, could be the responsibility of HQAMC.

- Initially, the hardware elements would be as follows: aviation, missile, ground combat, and command/control surveillance divisions. These core divisions will provide the AAE linkage to the associated major PEO's. Smaller cells for ammunition, tactical and support vehicles, and other support

equipment would provide the programmatic link from the AAE to the commodity command/non-major equipment PEO's.

- The HQDA RDA/PPBES staff functions for conventional ammunition, tactical and support vehicles, and other support equipment could be transferred to HQAMC, less spaces. Major program managers for items such as SADARM, Family of Heavy Tactical Vehicles, and COPPERHEAD would report to a PEO at the commodity command (TACOM/AMCCOM), or could report directly to the AAE. Under this concept, HQAMC would have responsibility for pulling the program/budget together for HQDA, interfacing with the HQDA organizational integrators, and executing programmatic decisions. Ammunition is addressed in a separate SARC issue paper.

o **Program Executive Officer (PEO):** The PEO will be an extension of the AAE's management oversight for major programs. The PEO will be responsible for a reasonable number (5-7) of similar acquisition programs. Management responsibilities include providing a buffer for the PM by representing the programs to HQDA, congress and others; coordinating inter-PEO relationships; and interfacing with other Army organizations.

- A single supervisory and reporting chain will be maintained. The PEO will be rated on his performance by the three-star deputy AAE and senior rated by the AAE. For those PEO's receiving support or technical assistance from the materiel development command or involved in conduct of "hand-off" activities to AMC, the commander of that command will provide the AAE with a letter assessing the performance of the PEO in complying with the functional aspects of the acquisition process that are the responsibility of the materiel development command. This is intended solely to provide information to the AAE for his use in evaluating the PEO's performance.

- Within AMC, the PEO will ensure that his PM's are resourced by assignment of a core staff to the PM, by supporting the PM with the core staff of the PEO, and by negotiating the appropriate MOU's with the adjacent commodity command. Funds will be distributed as now through financial channels; however, below threshold reprogramming authority will be vested in the PM-PEO-AAE chain. The PM will have full authority over all funds necessary to execute the program and will be completely responsible for program execution. The PM will be rated by the PEO and senior rated by the AAE, or his military deputy. The PM will not have an intermediate rater.

- Although the PM will continue to coordinate user requirements with the schools and centers (TSM'S), the PEO will be the mission area interface with HQ TRADOC.

- The PEO will enforce the program baseline (cost, schedule and performance). The baseline will be developed by the PM and PEO and approved by TRADOC, the AAE and the CSA. The PEO will monitor PM and contractor performance, solicit and support PM corrective actions.

o **PEO Organizational Structure (TDA):** It is envisioned that the PEO structure will be contained in a separate TDA. This would be a non-AMHA TDA created out of assets currently in the capstone PM offices, HQAMC, subordinate commands, OSA and the ARSTAF.

- The PEO will have a core office of 25-35 senior personnel depending on the types/numbers of PM's under his supervision. A typical PEO office will contain a program/budget office, a system integration office, a Pentagon liaison office, a review and analysis office, an international office if required, and an administrative section.

- The PEO will be a tenant of the commodity command and will acquire support services (e.g., personnel, finance, travel, medical, legal and other housekeeping activities) from the installation where the PEO offices are actually located.

- The PEO will provide liaison officers for the major (ASARC/JRMB) or other AAE interest programs to the office of the AAE.

- The liaison officers will be supervised by the PEO. The AAE core hardware division chief will serve as the POC for PEO liaison officers. The liaison officers will be rated by the PEO and senior rated by the Deputy Assistant Secretary for Acquisition Policy, Plans and Programs. Their function will be to represent PEO programs to HQDA, OSD, OMB, and the Congress, and to relay information and requirements between the PEO and the office of the AAE. Their presence will help prevent unnecessary trips back to the Washington D.C. area by the PM/PEO.

o **Program/Budget:** The current DCSRDA procurement and RDTE budget divisions have been transferred to the central budget office under the FM/COA. The residual functions of program control and hardware program/budget analysis have been retained and combined into a new Program/Budget Coordination Office. This office will provide the interface with the central budget

office, PAE, and the AAE's hardware divisions and Deputy Assistant Secretary for Technology Planning and Assessment.

o **Congressional:** The AAE will require the capability to maintain administrative oversight for the myriad questions from Congress, process inserts for the record, schedule briefings between PEO's and representatives of the congress, and to prepare the AAE for testimony. The current DCSRDA Congressional Office can fulfill this function on transfer to the AAE.

o **Industrial Base/Mobilization Activities:** The AAE will need to have policy and oversight responsibility for industrial base preparedness, mobilization requirements, manufacturing methods and technology, production readiness for new development programs, and producibility engineering and planning (PEP). However, most of these functions now performed in DCSRDA are duplicated at the staff level in HQAMC, and should be transferred to AMC, less spaces.

o **Test and Evaluation:** The AAE will be responsible for all acquisition T&E (operational and developmental test) planning, programming, budgeting, and developmental test policy and oversight. Within the T&E guidelines established by the AAE, DUSA(OR) will provide oversight of the operational test area. ODCSOPS will oversee Force Development Test and Experimentation (FDTE) and other user testing conducted by the TRADOC test boards. A separate issue paper discusses the overall T&E concept.

o **Information Mission Area (IMA):** The AAE will perform all acquisition functions, including those required under the Paperwork Reduction Act, and will comply with and implement the requirements contained in the Federal Information Resource Management Regulations (FIMR), as well as continuing to meet requirements for other than "Brooks-related" acquisitions. The AAE will be responsible for processing all General Services Board of Contract Appeals (GSBCA) claims and for matters relating to competition, including sole source justification and selection. The SA's Chief of Information (CIO) will provide input to the acquisition process through the publication of technical system and equipment standards and requirements. The functions of the IMA/CIO are detailed in a separate SARC concept paper.

o **Logistics:** The AAE link to logistics will be through the ILS process and the ILS policy and procedures developed by the ASA(I&L) and the DCSLOG. The AAE will ensure ILS requirements are understood by the PEO/PM and are documented in systems acquisition policy. Life cycle systems management

procedures published by the AAE will include ILS requirements at every stage of the development process. The PEO/PM will be chartered to ensure that ILS is an up front design and engineering consideration. The Logistics Evaluation Agency (LEA) will continue to be the logistician for major programs, and the DCSLOG will ensure that ILS issues are brought to the attention of the Army Systems Acquisition Review Council (ASARC).

ESTIMATED PERSONNEL REQUIREMENTS FOR THE AAE:

<u>OFFICE</u>	<u>PERSONNEL/SENIOR OFFICIAL</u>
Immediate office of the AAE	4/EL4 w/LTG DPTY
Army Science Board	4/COL
Executive	2/COL
Executive for International	4/COL
Congressional Activities	6/COL
Management Support	8/LTC (+ TBD)
Technology Planning & Assessment	26/SES
Contracting Policy	7/GO
Evaluation & Analysis	24/SES
Acquisition Policy, Plans, Programs	113/GO
Total	198
<u>Other/Support Agencies</u>	
U.S. Army Contracting Support Agency (FOA)	53
Competition Advocate General	3/SES
PEO Liaison	37 (+ TBD)

Attached charts depict proposed organization to implement the concept:

- AAE-DAE-V1-R2. Operating Concept For The Acquisition System.

- AAE-HQ-V6.1 R1. Program Management Structure.
- SEC ORG V3 R2. Example of Program Reporting Chain for "Other/Non-Major Aircraft Programs.
- SEC ORG V4 R2. Example of Reporting Chain for Major and "Other/Non-Major" Aircraft Programs.
- AAE--V4.4 R3. Office of the Assistant Secretary of the Army for Acquisition.
- AAE APPP-2 V2.2 R2. Deputy Assistant Secretary for Acquisition, Policy, Plans, and Programs.
- (no ref no) Compliance With Packard Commission/NSDD-219.
- AAE-AMC V1 R1. (no title) ASA(A) vs. AMC Responsibilities

LEGAL REVIEW: (on file)

SARC/LTC COCHRANE

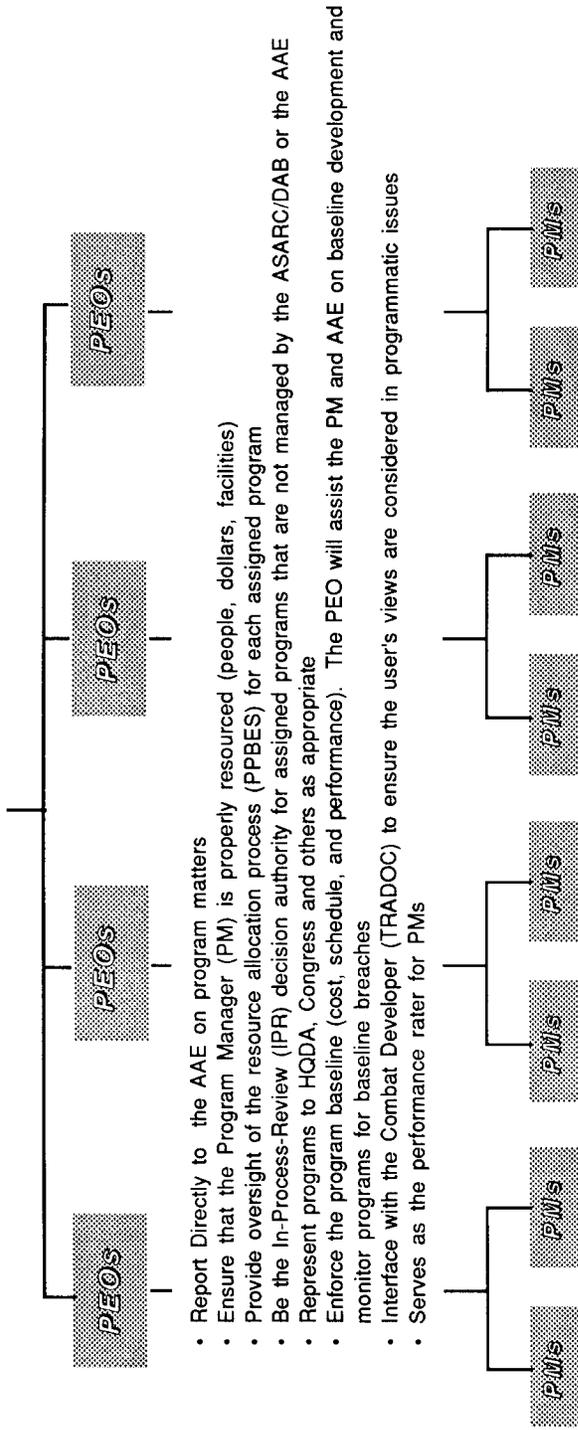
OPERATING CONCEPT FOR THE ACQUISITION SYSTEM



- Establish Acquisition Policy
- Oversight of Acquisition Programs
- Supervise DoD Acquisition System
- Chairs Defense Acquisition Board



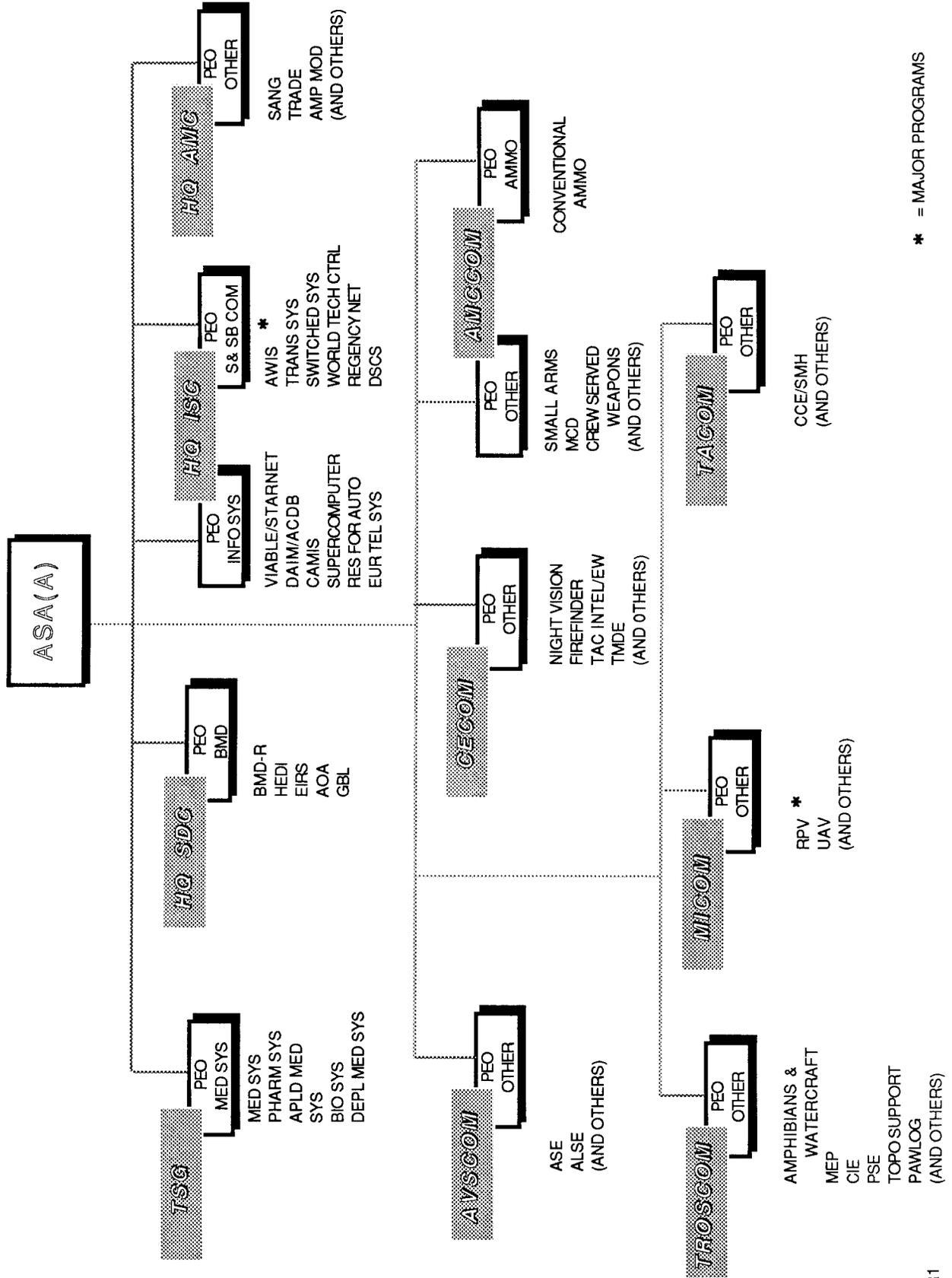
- Designate Program Executive Officers (PEOs) and the programs under each PEO's oversight
- Ensure proper oversight for AAE/PEO programs to include streamlining program reporting/review procedures and limiting staff involvement in programmatic issues
- Co-Chair the Army Systems Acquisition Review Council (ASARC) with the Vice Chief of Staff
- Represent the Army on the Defense Acquisition Board
- Serves as senior performance rater of the PEO's



- Report Directly to the AAE on program matters
- Ensure that the Program Manager (PM) is properly resourced (people, dollars, facilities)
- Provide oversight of the resource allocation process (PPBES) for each assigned program
- Be the In-Process-Review (IPR) decision authority for assigned programs that are not managed by the ASARC/DAB or the AAE
- Represent programs to HQDA, Congress and others as appropriate
- Enforce the program baseline (cost, schedule, and performance). The PEO will assist the PM and AAE on baseline development and monitor programs for baseline breaches
- Interface with the Combat Developer (TRADOC) to ensure the user's views are considered in programmatic issues
- Serves as the performance rater for PMs

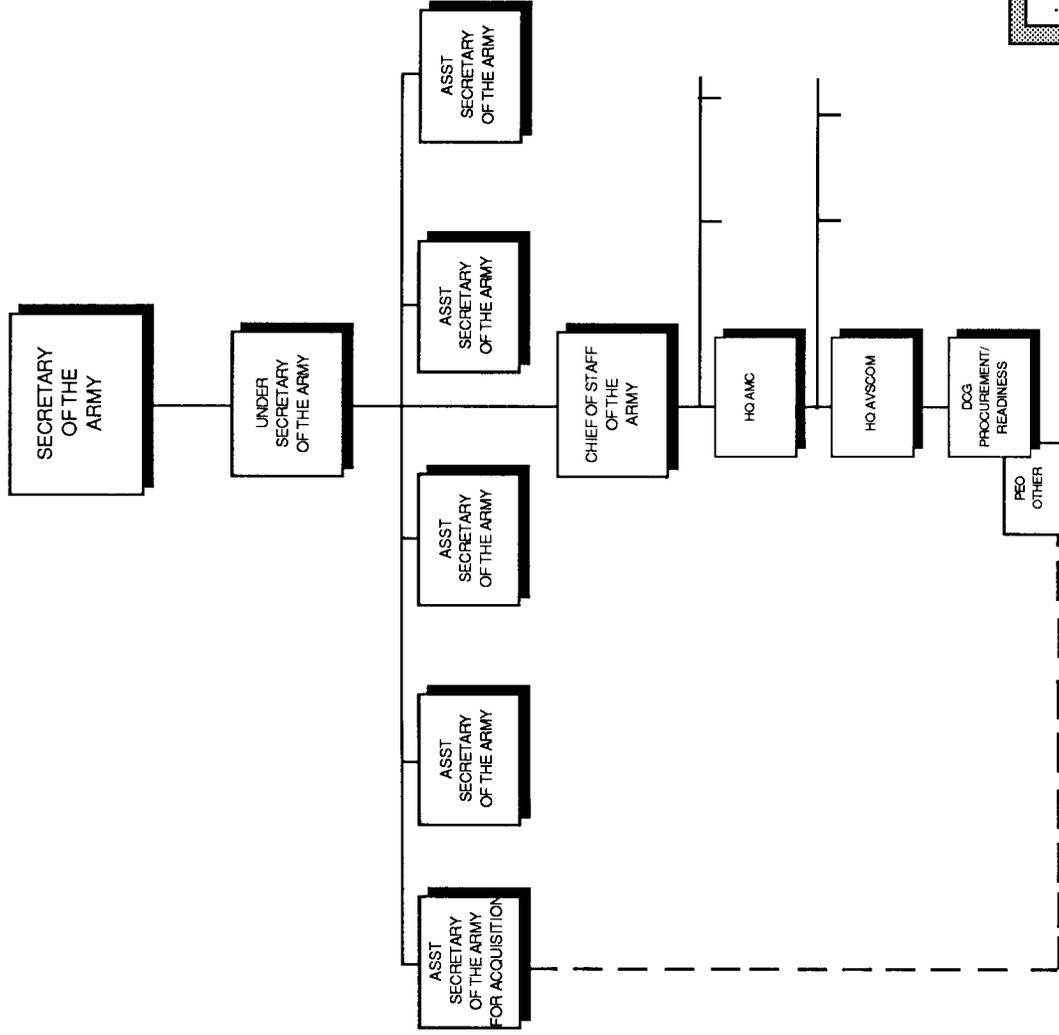
- Report directly to the PEO and the AAE on program matters
- Execute the program within the guidelines established by the PEO and AAE and in accordance with the program baseline
- Develop the acquisition strategy and the program baseline for PEO/AAE approval
- Conduct the day-to-day management of the program in accordance with the current Army acquisition policy and procedures
- Establish and maintain a direct line of communication with the TRADOC System Manager (TSM)

ARMY ACQUISITION STRUCTURE AND PROGRAM REPORTING CHAIN FOR "OTHER NON-MAJOR" PROGRAMS



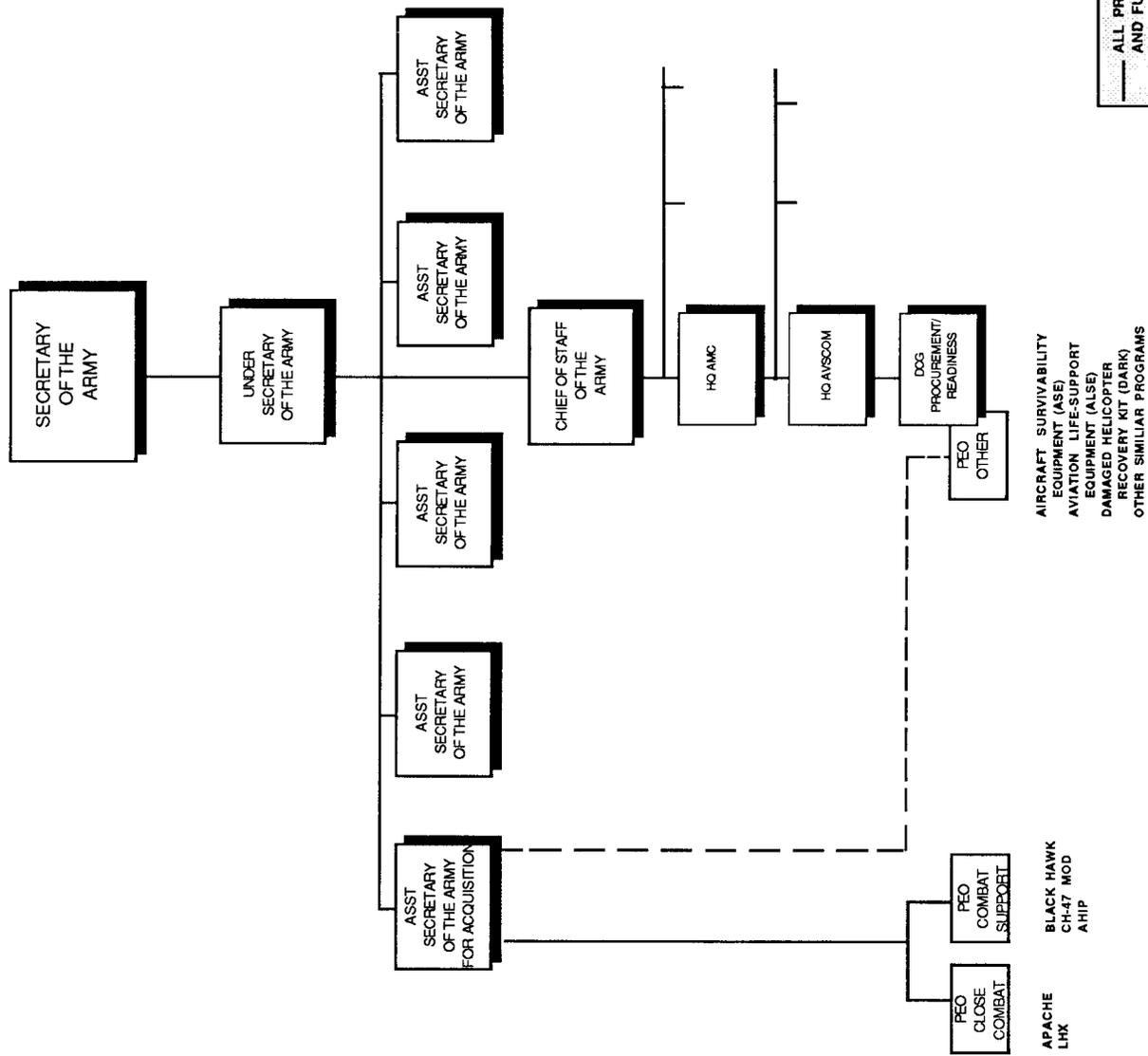
* = MAJOR PROGRAMS

EXAMPLE OF PROGRAM REPORTING CHAIN FOR "OTHER/NON-MAJOR" AIRCRAFT PROGRAMS



- ASA(A) RETAINS DIRECTIVE AUTHORITY ON ACQUISITION MATTERS
- ASA(A) DELEGATES IPR AUTHORITY TO PEOs
- ASA(A) DELEGATES PROGRAM MANAGEMENT AND EXECUTION RESPONSIBILITY TO PEOs
- PEOs REPORT TO AAE ON AN EXCEPTION BASIS IF A PROBLEM EXISTS
- COMMODITY COMMANDER/DEPUTY COULD BE DESIGNATED AS PEO OR PEO COULD BE ESTABLISHED SEPARATELY
- DESIGNATION OF PEO DEPENDS ON NUMBER/IMPORTANCE OF PROGRAMS

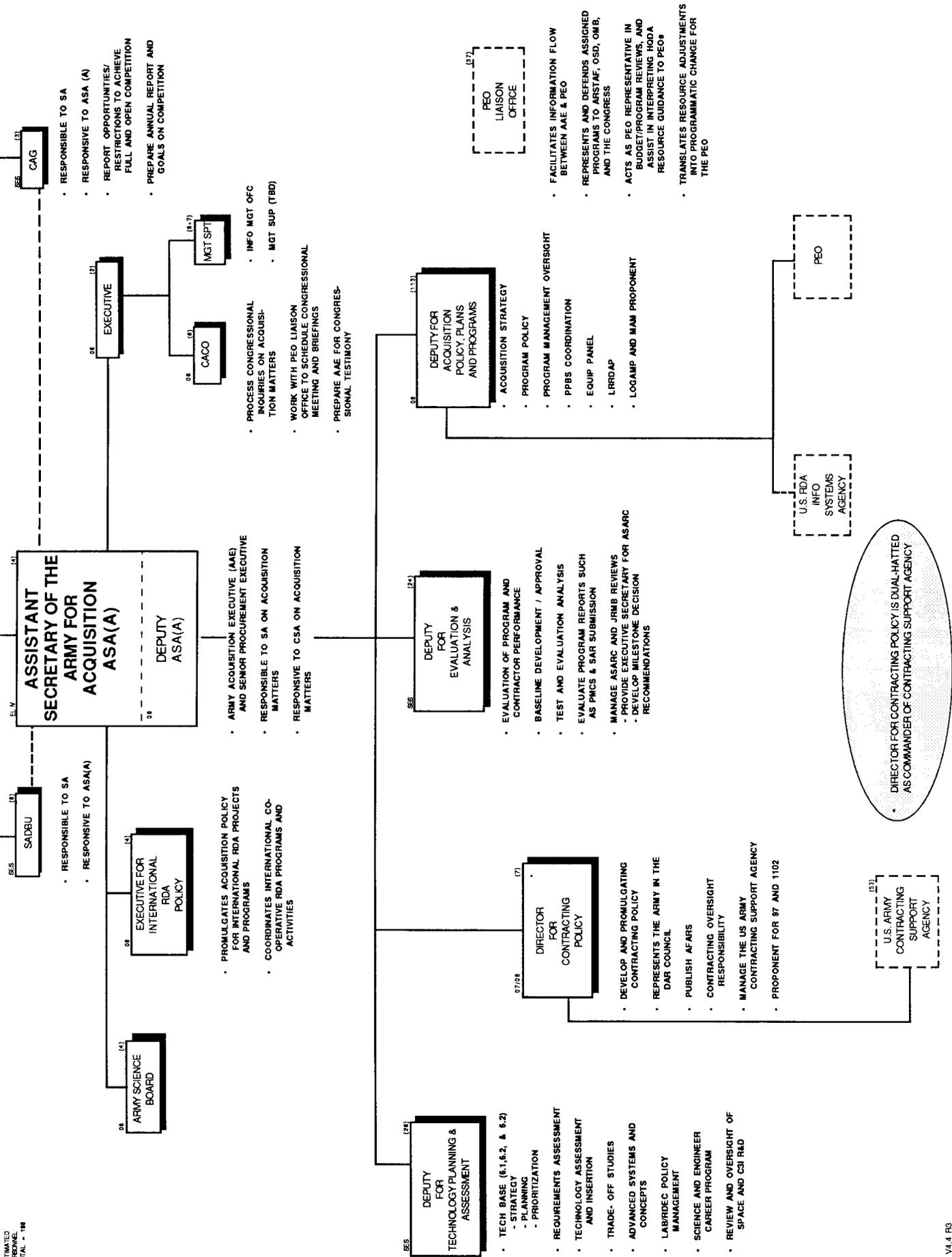
EXAMPLE OF PROGRAM REPORTING CHAIN FOR MAJOR AND "OTHER/NON-MAJOR" AIRCRAFT PROGRAMS



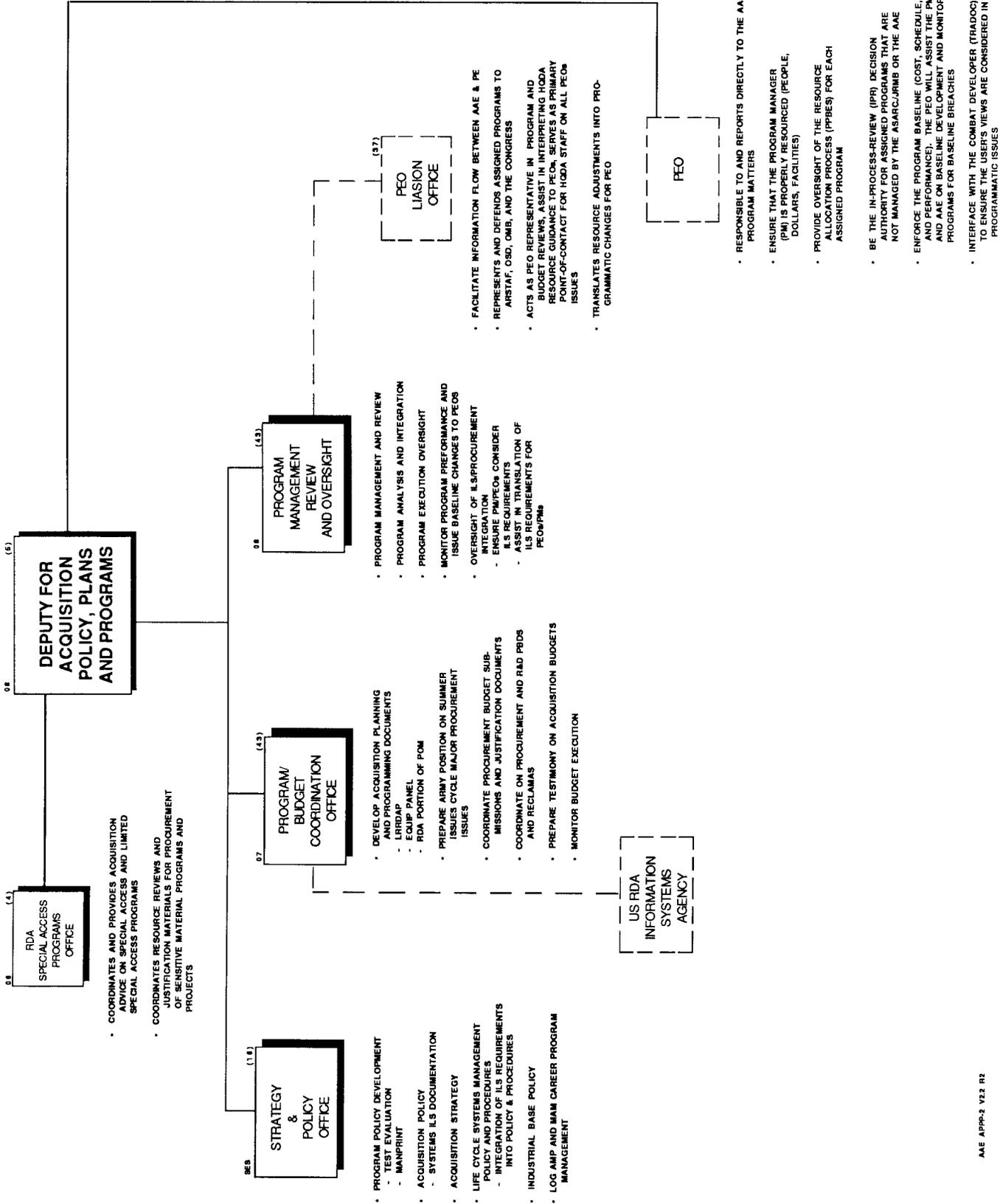
— ALL PROGRAM MATTERS AND FUNDING OVERSIGHT
 - - - - - REPORTS TO AAE BY EXCEPTION ONLY, BUT AAE RETAINS PROGRAMMATIC DIRECTIVE AUTHORITY

OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY FOR ACQUISITION

ESTIMATED PERSONNEL TOTAL = 198



DEPUTY ASSISTANT SECRETARY FOR ACQUISITION POLICY, PLANS, AND PROGRAMS



COMPLIANCE WITH PACKARD COMMISSION/NSDD-219

PACKARD/NSDD-219 REQUIRES:

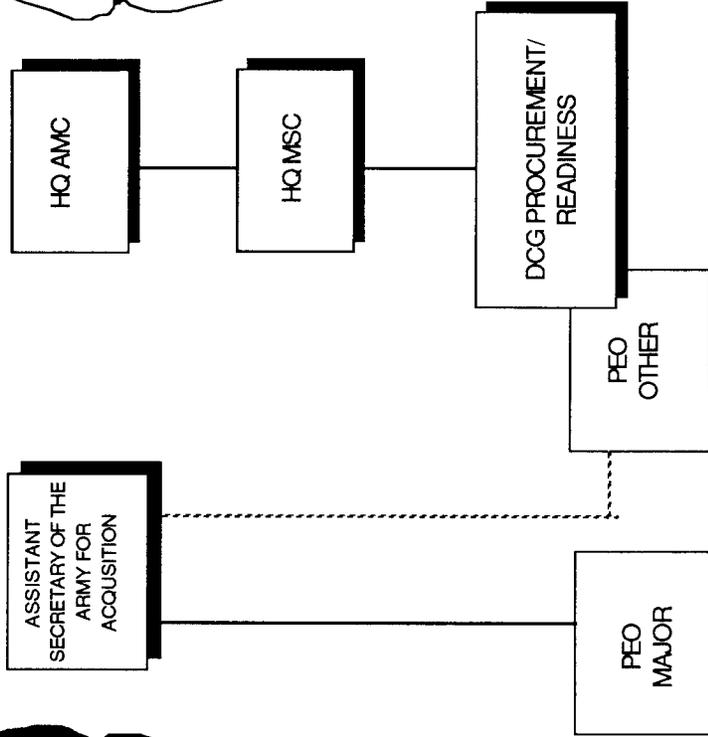
DOES SARC PROPOSAL COMPLY?

- | | |
|--|-----|
| • ESTABLISHMENT OF A SERVICE ACQUISITION EXECUTIVE (SAE) | YES |
| •• FULL-TIME DEVOTION TO ACQUISITION RESPONSIBILITIES | YES |
| •• TOP-LEVEL PRESIDENTIAL APPOINTEE OF RANK EQUIVALENT TO SERVICE UNDER SECRETARY | YES |
| •• SUBSTANTIAL EXPERIENCE IN ACQUISITION | YES |
| • APPOINTMENT OF PROGRAM EXECUTIVE OFFICERS (PEOs) RESPONSIBLE FOR A REASONABLE AND DEFINED NUMBER OF ACQUISITION PROGRAMS | YES |
| • PROGRAM MANAGERS (PMs) RESPONSIBLE DIRECTLY TO THEIR RESPECTIVE PEO AND ON PROGRAM MATTERS REPORT ONLY TO HIM | YES |
| • NO MORE THAN ONE LEVEL OF SUPERVISION BETWEEN THE PM AND THE SERVICE ACQUISITION EXECUTIVE | YES |
| • NO MORE THAN TWO LEVELS OF SUPERVISION BETWEEN THE PM AND THE DEFENSE ACQUISITION EXECUTIVE | YES |

SPLIT BETWEEN FUNCTIONAL AND PROGRAMMATIC RESPONSIBILITIES

RESPONSIBLE FOR DETERMINING PROGRAM SCHEDULE, TYPE OF CONTRACT, ECONOMIC BUY RATES, COST/TECHNICAL TRADE-OFFS, CONTRACTOR PERFORMANCE, ANALYZING TEST RESULTS, INTEGRATING SPARES REQUIREMENTS INTO PRODUCING SCHEDULE, ETC.

RESPONSIBLE FOR IMPLEMENTING THE CONTRACTING PROCESS, SETTING ENGINEERING AND TECHNICAL STANDARDS A PROGRAM MUST FOLLOW, SETTING QUALITY ASSURANCE STANDARDS A PROGRAM MUST FOLLOW, ESTABLISHING SUPPLY PERFORMANCE STANDARDS, ETC.



ALL PROGRAM MATTERS AND FUNDING OVERSIGHT REPORTS TO ASA(A) BY EXCEPTION, BUT ASA(A) RETAINS PROGRAMMATIC DIRECTIVE AUTHORITY

POINTS TO REMEMBER:

1. THE PEO/PM AND THE COMMODITY COMMAND ARE SEPARATE BUT AT THE SAME TIME CLOSELY LINKED.
2. THE AMC ORGANIZATION IS RESPONSIBLE FOR THE STANDARDS IN THE FUNCTIONAL AREAS THAT THE PEO/PM MUST IMPLEMENT.
3. THE AMC ORGANIZATION PROVIDES THE PEO/PM THE FUNCTIONAL EXPERTS (PEOPLE) TO IMPLEMENT THE FUNCTIONAL AREA STANDARDS.
4. FOR THE ACQUISITION PROCESS TO WORK THERE MUST BE A CLOSE AND CONSTANT DIALOGUE AT BOTH THE PEO/PM/MSC LEVEL AND THE ASA(A)/HQ AMC LEVEL.