



**MOST EFFICIENT ORGANIZATION  
CORPORATE MANAGEMENT GUIDE**

**JULY 2002**

**DIRECTORATE OF CORPORATE RESOURCES**

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## FOREWORD

This Guide outlines policies, procedures, and responsibilities of the DFAS Most Efficient Organization (MEO) Corporate Management Program. Specifically, the information provided focuses on activities after an A-76 Cost Comparison study is complete and the decision has been announced to implement the government's Most Efficient Organization.

The MEO Corporate Management Program is a centralized program established to effectively manage DFAS MEOs from both an administrative and operational perspective. This program is a partnership between the operational management of a MEO by the DFAS Business Line and the corporate management and administrative oversight of the MEO by Corporate Resources-Arlington and in the field. The objectives of this partnership are to:

- Ensure DFAS MEOs comply with all obligatory requirements, and
- Ensure MEO services continue to be the best value for the American taxpayers by meeting our customers' mission needs.

This Guide is effective immediately and is applicable to  
all current and future DFAS MEOs. Recommended changes to this instruction should be forwarded to DFAS Corporate Planning Directorate, 1931 Jefferson Davis Highway, Arlington, Virginia 22240-5291.

//signed//  
Thomas R. Bloom  
Director

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## **REFERENCES**

- (a) Office of Management and Budget Circular A-76, Performance of Commercial Activities, August 4, 1983 (as amended in 1987, 1988, and 1999).
- (b) Revised Supplemental Handbook (RSH) to OMB Circular A-76, March 1996 (as amended in 1999).
- (c) Title 10 U.S.C. Section 2461
- (d) DoD A-76 Cost Comparison Handbooks #1-8 (Draft), September 2000)
- (e) DoD A-76 Costing Manual, March 14, 2001
- (f) DoD Directive (DODD) 4100.15, Commercial Activities Program, March 10, 1989
- (g) DoD Directive (DODD) 4100.33, Competitive Sourcing Program Procedures, (Draft), April 27, 2001
- (h) DoD Strategic and Competitive Sourcing Programs Interim Guide
- (i) Federal Acquisition Regulations (FAR)

References (a)-(h) can be found on the DoD Share A-76 website at:

<http://emissary.acq.osd.mil/inst/share.nsf/>

Reference (i) can be found on the FAR Index website at:

<http://farsite.hill.af.mil/VFFARA.HTM>

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## **DEFINITIONS**

**A-76 Cost Comparison Study.** An A-76 Cost Comparison Study is the complete process, from announcement to final award and implementation of either a commercial contractor, a government MEO, or an Inter-Service Support Agreement (ISSA) service provider under the guidelines established by the OMB Circular A-76 and associated guidance.

**Civilian Employee.** The term, “civilian employee” used in this guide applies to U.S. direct-hire civilian personnel of the Department of Defense paid from appropriated funds and serving on permanent appointments. Non-appropriated fund employees, direct hire non-US citizen employees, indirect non-US citizen employees, temporary employees or term employees are not included in the term “civilian employee” unless otherwise stated.

**Commercial Activity (CA).** A commercial activity is an activity that provides a product or recurring service obtainable (or obtained) from a commercial source. It may be an entire organization or part of an organization. It must be a type of work that is separable from other functions or activities so that it is suitable for performance by contract. Commercial activities fall into three categories: (1) in-house CA operated by military and/or civilian personnel and (2) contracted CA operated by a private sector contractor or (3) CA operated by another non-DoD Federal Agency (i.e., ISSA).

**Continuing Government Activity (CGA).** The organization that is composed of inherently governmental functions or core activities outside the scope of the cost comparison. This organization exists regardless of the outcome of the cost comparison decision and may include functions such as Quality Assurance, contract administration, and command and control.

**Core Capability.** A core capability is a commercial activity operated by a cadre of highly skilled employees, in a specialized technical or scientific development area, to ensure that a minimum capability is maintained. The core capability does not include the skills, functions or FTE that may be retained in-house for reasons of National Defense, including military mobilization, security or rotational necessity, or to the patient care or research and development activities, as provided in Part I, Chapter 1 of the RSH. Core functions should be defined prior to conducting an analysis on the function for possible study under A-76 procedures. If a function is determined to be core to DFAS by management, it should not be considered for an A-76 study.

**Cost Comparison.** A cost comparison is the process whereby the estimated cost of Government performance of a commercial activity is formally compared, in accordance with the principles and procedures of the OMB Circular A-76 and RSH, to the cost of performance by commercial or ISSA sources.

**Inherently Governmental Activity.** An activity that is so intimately related to the public interest as to mandate performance by Federal employees. Activities that meet these criteria are not in competition with commercial sources, are not generally available from commercial sources and are, therefore, not subject to Circular A-76 or the RSH.

**Management Plan.** The Management Plan is the document that outlines the changes that will result in the MEO to perform a CA in-house. It provides the staffing patterns and operating procedures that serve as a baseline for In-House Cost Estimates. It consists of a MEO, Quality Control Plan (QCP), the In-House Cost Estimate (IHCE), Technical Performance Plan (TPP), Transition Plan (TP), and supporting documentation.

**Most Efficient Organization (MEO).** The Government's in-house organization deemed the most efficient for competition with the private sector in accordance with A-76 guidance and 10 USC 2461.

**Performance Measures.** Performance measures provide a series of indicators, expressed in qualitative, quantitative or other tangible terms that indicate whether current performance is reasonable and cost effective. Performance measures can include workload and output-to-cost ratios, transaction ratios, error rates, consumption rates, inventory fill rates, timeliness measures, completion and back order rates, etc. Quality service measures may include responsiveness rates, user satisfaction rates, etc.

**Performance Standard.** A performance standard reflects the minimum, sector-specific, Federal requirement for the performance of a commercial activity. It incorporates both quality measures and cost measures. Cost measures reflect the cost comparability procedures of Part II of A-76 Revised Supplement Handbook to assure equity in the comparison of performance standards with private industry standards.

**Performance Requirements Documents.** A document, e.g., Performance Work Statement, Statement of Work, Statement of Objective, etc., that outlines the requirements needed by the Government for a specific service or services and issued as part of a formal solicitation.

**Performance Requirements Summary (PRS).** A synopsis of the scope of work and the specific output performance measurements.

**Performance Work Statement (PWS).** A document that accurately describes the essential and technical requirements for items, materials, or services, including the standards used to determine whether the requirements are met. The PWS is written in compliance with the FAR, as supplemented, serves as the scope of work, and is the basis for all costs entered on the win.COMPARE<sup>2</sup> cost comparison form.

**Post-MEO Performance Review.** A Post-MEO Performance Review confirms that implementation of the Government MEO is in accordance with the Transition Plan, establishes the MEO's ability to perform the services of the PWS, and confirms the Government MEO is operating within costs identified in the Government's In-House Cost Estimate for resources including materials, supplies and total labor categories by grade and hours. Adjustments may be made for formal mission or scope of work changes. (OMB Circular A-76 – Revised Supplemental Handbook)

**Quality Assurance Evaluator (QAE).** A QAE inspects and certifies contractor/ISSA/ Government MEO performance to the contracting officer or other designated authority.

**Quality Assurance Surveillance Plan (QASP).** An organized, written document containing sampling guides, checklists, and decision tables used to monitor the quality of performance by the service provider (contractor, ISSA, or MEO). It describes the methods of inspection to be used, the reports required, and the resources to be employed.

**Technical Performance Plan (TPP).** A TPP represents the technical approach and resources to be expended in meeting the requirements of the PWS. It is prepared in accordance with the requirements specified in the solicitation. A Government TPP is part of the Management Plan when using the Cost/Technical Tradeoff acquisition process and depicts the requirements specified in the MEO.

**Transition Plan (TP).** A written plan for the transition from the current organizational structure to Government MEO, contract, or ISSA performance designed to minimize disruption, preclude adverse impacts, and establish capitalization and start-up requirements. The TP verifies the Government MEO, contract, or ISSA implementation will begin within the time frame specified in the solicitation after the final cost comparison decision has been made. The TP also ensures that all actions required to be completed prior to full performance have been identified and milestones for their completion have been established. The Government's Transition Plan outlines the transition requirements and is written by the CART. The MEO or Contractor TP describes how the Service Provider will execute the Government's transition requirements.

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**ABBREVIATIONS AND/OR ACRONYMS**

ASD	Acquisition Services Division
BCA	Business Case Analysis
BLE	Business Line Executive
BMR	Business Management Redesign
BOD	Business of DFAS
CA	Commercial Activities
CAC	Cost Account Code
CAMIS	Commercial Activities Management Information System
CAMP-T	Commercial Activity Management Plan Team
CART	Commercial Activity Requirements Team
CCF	Cost Comparison Form
CDRL	Contract Data Requirements List
CE	Client Executive
CGA	Continuing Government Activity
COR	Contracting Officer's Representative
CR	Corporate Resources
CSB	Competitive Sourcing Branch
CSU	Customer Service Unit
DFAS	Defense Finance and Accounting Service
DoD	Department of Defense
DRP	Deviation Request Package

FAIR	Federal Activities Inventory Reform (Act of 1998)
FAR	Federal Acquisition Regulation
FTE	Full-Time Equivalent
GFE	Government Furnished Equipment
GFP	Government Furnished Property
HR	Human Resources
IHCE	In-House Cost Estimate
IR	Internal Review
ISSA	Interservice Support Agreement
KO	Contracting Officer
MEO	Most Efficient Organization
MP	Management Plan
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OPR	Office of Primary Responsibility
OSD	Office of the Secretary of Defense
PD	Position Description
POA&M	Plan of Action & Milestones
PLE	Product Line Executive
PRD	Performance Requirements Document
PRS	Performance Requirements Summary
PWS	Performance Work Statement
QA	Quality Assurance

QAE	Quality Assurance Evaluator
QASP	Quality Assurance Surveillance Plan
RADSS	Resource Analysis Decision Support System
RFP	Request for Proposals
RI	Resource Integrator
RIF	Reduction in Force
RM	Resource Management
RSH	Revised Supplemental Handbook
SAV	Staff Assistance Visit
SP	Service Provider
TP	Transition Plan
TPP	Technical Performance Plan
VERA	Voluntary Early Retirement Authority
VSIP	Voluntary Separation Incentive Pay

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C1. CHAPTER 1

GENERAL INFORMATION

C1.1. PURPOSE.

C1.1.1. The purpose of this guide is to outline policies, procedures, and responsibilities of the DFAS Most Efficient Organization (MEO) Corporate Management Program. Specifically, the information provided focuses on activities after an A-76 Cost Comparison study is complete and the decision has been announced to implement the government's Most Efficient Organization.

C1.2. APPLICABILITY AND SCOPE.

C1.2.1. This guide is effective immediately and is applicable to all DFAS MEOs and DFAS personnel who interact, manage, or monitor any DFAS MEO. No components are excluded. This MEO Corporate Management Program is administered by the DFAS Competitive Sourcing Division-Arlington.

C1.3. POLICY.

C1.3.1. This guide provides standardized procedures for MEO oversight and management functions.

C1.3.2. This guide addresses the partnership of the Corporate A-76 Program Management with the Business Line to ensure DFAS MEOs provide continued services to meet requirements.

C1.3.3. This guide addresses program procedures to ensure DFAS MEOs comply with both mission and administrative/obligatory requirements. The program procedures addressed in this guide include:

C1.3.3.1. Establishing the Continuing Government Activity (CGA) and defining the roles and responsibilities of CGA personnel.

C1.3.3.2. Transition to, implementation of, and continued operation of the MEO.

C1.3.3.3. Key roles and responsibilities in the Corporate MEO Oversight Program.

C1.3.3.4. Requested modifications to the MEO through the MEO Deviation Request Process.

C1.3.3.5. Post-MEO Reviews, Staff Assistance Visits (SAVs), and other MEO Audits after the first year of full performance.

C1.3.3.6. Recompensation of the MEO.

C1.3.4. This guide supplements available Office of Management and Budget (OMB) and DOD A-76 guidance concerning MEO management after conducting an A-76 Cost Comparison Study.

C1.3.5. *This guide is not intended and should not be construed to create any right or benefit, substantive or procedural, enforceable by law by any party against the United States, its officers or any person. This guide should not be construed to create any substantive or procedural basis on which to challenge any DFAS action or inaction*

#### C1.4. BACKGROUND.

C1.4.1. The basic directives for competitive sourcing are OMB Circular A-76, Performance of Commercial Activities; the Revised Supplemental Handbook (RSH) to OMB Circular A-76; DoD Directive 4100.15, Commercial Activities Program; DoD Instruction 4100.33, Commercial Sourcing Program Procedures; DoD A-76 Cost Comparison Draft Handbooks #1 through #8; and the DoD A-76 Costing Manual.

C1.4.2. DFAS continually seeks innovative, but proven methods to improve finance and accounting services across the DoD. The greatest asset for providing improved DFAS service is the current work force. No one else knows the DFAS business better. The A-76 Cost Comparison process unleashes the innovative capabilities of DFAS employees to improve operations through the development of the MEO, which will compete with the best industry bid to perform the same service listed in the Performance Work Statement (PWS).

C1.4.3. Many of the DFAS A-76 Cost Comparison studies have resulted in award to the MEO, and consequently, many questions and concerns have arisen concerning MEO operation. A misconception has been that the MEO is “the same old organization” to be dealt with and managed the same as before. **It must be clearly understood that the MEO is a new organization that is constrained by the operational and financial requirements established in the PWS and Management Plan (MP).** It is beneficial to think of the MEO as a new Service Provider – they are **NOT** the same old organization. This difference is the driving requirement for the MEO Corporate Management Program and this guide.

#### C1.5. RESPONSIBILITIES.

C1.5.1. When an A-76 Cost Comparison study of a commercial activity results in an award to a commercial contractor, there is a definitized relationship between the government and the contract Service Provider. This relationship works through the Federal Acquisition Regulation (FAR) defined requirements and responsibilities of a Contracting Officer (KO), Contracting Officer Representative (COR), and Quality Assurance Evaluators (QAEs). When an A-76 Cost Comparison study results in award to the government MEO, the FAR requirements do not apply. Historically, because the FAR requirements are not applicable, the functions and duties of the KO, COR, and QAEs have been neglected when a MEO is implemented. The resulting lack of oversight is the driving need for establishing the DFAS MEO Corporate Management Program. Although the specific roles and responsibilities of all key players are discussed in more detail throughout this guide, Table 1.1. describes the general relationship/comparison of duties when a MEO is chosen as the new Service Provider (SP) versus a Commercial Contractor.

<b>Service Provider is a Commercial Contractor</b>	<b>Service Provider is a MEO</b>	<b>Key Role &amp; Responsibility or Issue</b>
Contract	MEO Letter of Obligation	<ul style="list-style-type: none"> <li>• Binding agreement between the Service Provider and the Government</li> </ul>
Contracting Officer (KO)	<ul style="list-style-type: none"> <li>• Director for Corporate Planning (CP)</li> <li>• Chief , DFAS Competitive Sourcing Division</li> </ul>	<ul style="list-style-type: none"> <li>• Authority to direct the Service Provider in specific actions, approve changes to the contract/PWS/MP, obligate funds, and enter the government into agreements with the service provider</li> </ul>
Contracting Officer Representative (COR)	Continuing Government Activity (CGA) Manager	<ul style="list-style-type: none"> <li>• Direct representative of the KO (for Contract SP)</li> <li>• Oversees performance of the Service Provider</li> <li>• Reviews deliverables</li> <li>• Reviews requested changes to the scope of work, PWS, MP, etc.</li> </ul>
Contract Administrator	Competitive Sourcing Division (through the MEO Oversight Team Leader/Site Representatives)	<ul style="list-style-type: none"> <li>• Handles contract/PWS administration</li> </ul>
Contract Manager	MEO Manager	<ul style="list-style-type: none"> <li>• Manages operation of the Service Provider organization</li> <li>• Key Service Provider representative to the government</li> </ul>
QAE	QAE	<ul style="list-style-type: none"> <li>• Conducts Quality Assurance (QA) program and inspections</li> </ul>
BLE	BLE	<ul style="list-style-type: none"> <li>• Responsible for the operational performance and mission accomplishment of Business Line services.</li> </ul>
CGA	CGA	<ul style="list-style-type: none"> <li>• Provides Business Line command and control to the Service Provider</li> <li>• Performs inherently governmental duties</li> <li>• Monitors the Service Provider from an operation perspective</li> </ul>

Table 1-1: MEO vs. Contractor Key Role Comparison

C1.5.2. With the implementation of a MEO, organizational relationships and the standard procedures to make changes to and within the organization are different than previous methods. To ensure compliance with A-76 guidance, changes to the MEO (deviations) must be approved by the DFAS Director for Corporate Planning (CP). Table 1-2 helps to illustrate these differences between the old “standard” way of approving organization changes at the lowest level and the new requirement for approval for MEO deviations.

Issue/Management Area	Actions with Previous DFAS Organization	Actions under MEO
Budget, Fund Expenditures	Changes coordinated and approved within Business Line with inputs provided into DFAS budget process.	Changes must be coordinated through the Business Line and a deviation request must be submitted to and approved by DFAS Director CP, Arlington prior to making changes.
Manpower Changes	Changes coordinated and approved within Business Line with inputs provided into DFAS manpower systems process.	Changes must be coordinated through the Business Line and a deviation request must be submitted to and approved by DFAS Director CP, Arlington prior to making changes.
Operational Service	Changes coordinated through product line with approval within Business Line.	If a service will be added, changed, or discontinued, an amendment to the PWS and MP is required, approved through the MEO Deviation Request Process by DFAS Director CP, Arlington
Workload Levels, Customers Supported	Changes coordinated through product line with approval within Business Line.	Workload changes (an increase or decrease) must be documented for audit purposes. If the workload change requires a change to the MEO, a formal MEO Deviation Request, approved by DFAS Director CP, Arlington must be completed.

Table 1-2: Deviations to the MEO vs. Prior Organization Comparison

C2. CHAPTER 2

MEO CORPORATE MANAGEMENT PROGRAM

C2.1. OVERVIEW OF MEO CORPORATE MANAGEMENT PROGRAM.

C2.1.1. The DFAS MEO Corporate Management Program is a centralized program established to effectively manage DFAS MEOs from both an administrative and operational perspective. This program is a partnership between the operational management of a MEO by the DFAS Business Line and the corporate management and administrative oversight of the MEO by Corporate Resources management. The objectives of this partnership are to:

- Ensure DFAS MEOs comply with all obligatory requirements (administration oversight).
- Ensure MEO services continue to be the best value for the American taxpayers by meeting our customer's mission needs (operational management).

C2.1.2. MEO Corporate Management can be divided into two areas of responsibility, the Business Line and Corporate Resources. In general, Corporate Resources staff is responsible for MEO administrative oversight while the Business Line staff is responsible for the actual operational capability of the MEO. However, the bottom line of this partnership is that all program agents are responsible for the ultimate success of DFAS MEOs. This partnership can be shown using the MEO Corporate Management Model, Figure 2-1.

C2.1.2.1. DFAS Corporate Resources is responsible for administrative and A-76 procedural compliance of the MEO. The Director for Corporate Planning is responsible for the overall program while the Competitive Sourcing Division is the key office of program management. In short, MEO administrative management and oversight is designed to ensure DFAS MEOs remain in compliance with all A-76 laws, regulations, and guidance and in accordance with their respective PWS and MEO Management Plans (MP).

C2.1.2.2. The obligation of the Business Line is to ensure that the MEO performs the services to meet their customers' mission needs. Through their agents, the PLE and the CGA Manager, the BLE maintains the MEO's operational capabilities and DFAS functional processes as described in the PWS and the MEO's MP. Simply, the Business Line ensures MEO compliance

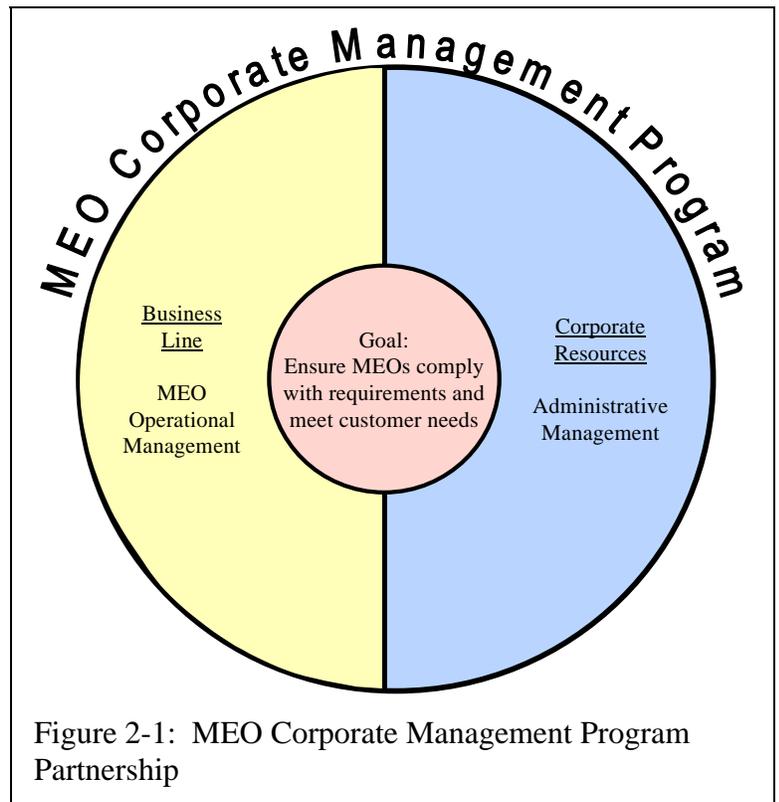
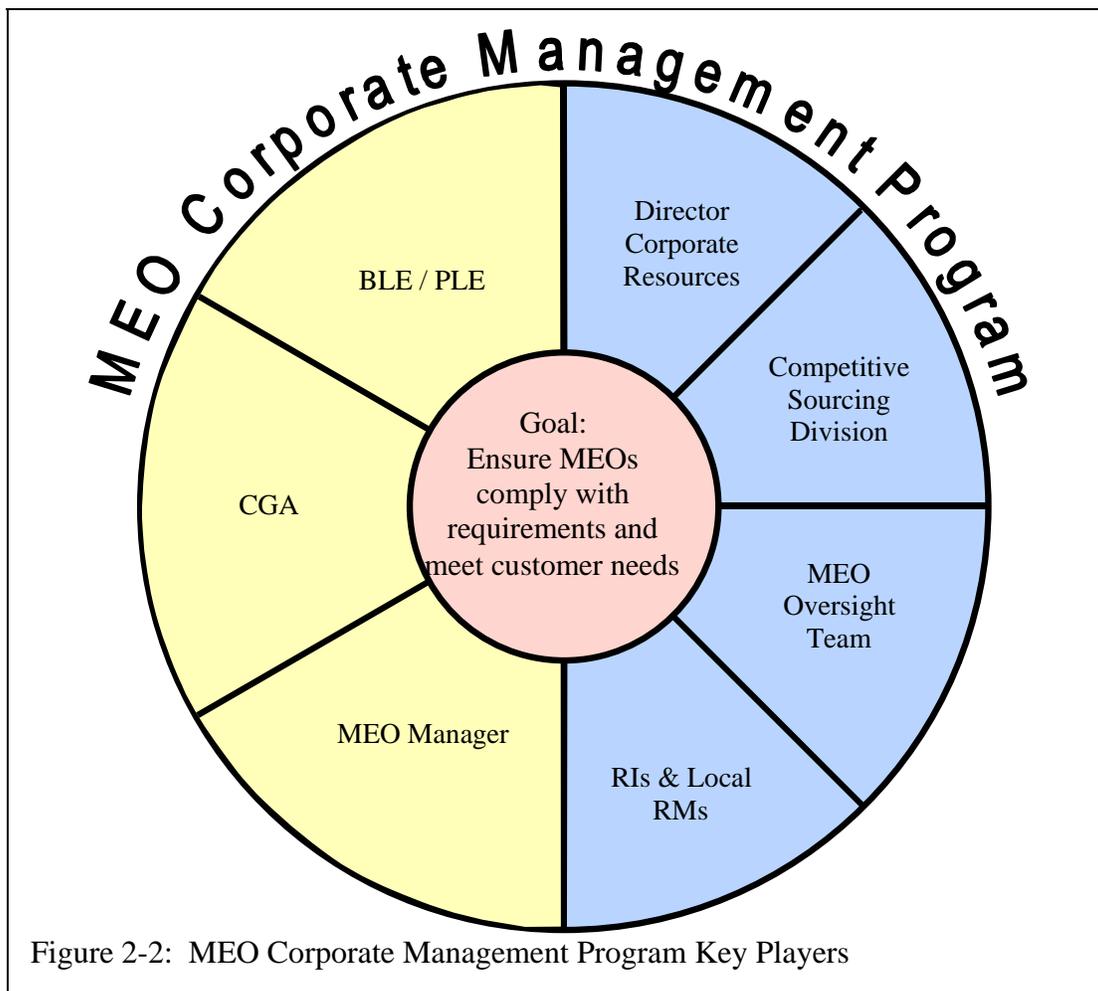


Figure 2-1: MEO Corporate Management Program Partnership

with operational standards detailed in the PWS, Performance Requirements Summary (PRS), and the Quality Assurance Surveillance Plan (QASP).

*NOTE: If the MEO is organizationally within a DFAS Support Service rather than a Business Line, the Support Service Director performs the associated BLE's responsibilities*

C2.1.3. Each area of responsibility (operational and administrative “halves”) can be broken down further, as shown in Figure 2-2. The key players for corporate administration are the Director for Corporate Resources (through the Director Corporate Planning), DFAS Competitive Sourcing Division, MEO Oversight Team, Resource Integrators and local RM staff. Key players for MEO operational management include the BLE / PLE, the Continuing Government Activity (CGA) Manager and staff, and the MEO Manager.



C2.1.4. The MEO Corporate Management Program formalizes the efforts of all key players involved with DFAS MEOs. This partnership requires a concerted effort towards the goal of ensuring DFAS MEOs remain in compliance with regulatory requirements and maintain the most effective service for DFAS customers.

## C2.2. CORPORATE MEO ADMINISTRATIVE OVERSIGHT.

C2.2.1. DFAS Corporate Resources is responsible for managing the MEO Corporate Management Program. The Director for Corporate Planning through the Director, Corporate Resources, has been tasked by the DFAS Director, under DFAS Business Evolution (DBE) principles, for the responsibility of the program.

C2.2.2. The CP Director's key agents in orchestrating the success of this program are the DFAS Competitive Sourcing Division and the MEO Oversight Team, with assistance from the Resource Integrators (RIs), local Resource Management (RM) staff, and from DFAS Corporate Functional Partners (Office of General Counsel, Functional Representatives, Human Resources, etc.). Each agent has an important role in this program, with detailed responsibilities, summarized as follows:

C2.2.2.1. Director for Corporate Resources:

- Responsible for integration and oversight of DFAS Competitive Sourcing functions, to include the MEO Corporate Management Program.

C2.2.2.2. Director for Corporate Planning:

- Responsible for overall MEO Corporate Management Program to the Director for Corporate Resources.
- Provide administrative program resources (manpower, budget, training, etc).
- Provide program guidance and Corporate authority as needed.
- Provide MEO Deviation Approval Authority.

C2.2.2.3. Arlington Competitive Sourcing Division:

- Program manager for MEO Corporate Management Program. Responsible to the Director Corporate Planning for program function and operation.
- Provide A-76 and MEO procedural guidance as the DFAS A-76 authority and Commercial Activities (CA) office.
- Manage MEO Oversight Program Team.
- Coordinate MEO Deviation Approval Authority.

C2.2.2.4. MEO Oversight Team:

- Execute the MEO Oversight Program and coordinate MEO issues through the team leader to the DFAS Arlington Competitive Sourcing Division Chief.
- Represent the Competitive Sourcing Division. Advise and assists DFAS organizations on MEO development, implementation, administration and compliance issues.
- Monitor and record MEO status and report information to the Competitive Sourcing Division as required.
- Educate DFAS personnel on the MEO Corporate Oversight Program.

C2.2.2.5. Resource Integrators (RIs):

- Provide accurate, meaningful, and timely resource information to the Business Line Executives (BLE), Client Executives (CE), and Support Service Managers.
- Provide advice on funding decisions to the BLE, CE, and Support Service Managers.
- Provide direction and instruction to resource managers and staff within the business line.

C2.2.2.6. Local Resource Managers (RMs):

- Interface with the BLE's Resource Integrator (RI).
- Provide local guidance and operational expertise on manpower, budget, and financial issues.
- Assist MEO Manager and CGA Manager in gathering MEO cost/manpower data for reporting requirements.

C2.2.2.7. Functional Partners (Office of General Counsel, Human Resources, Functional Representatives, etc.)

- Provide assistance in area of expertise as needed.

C2.3. BUSINESS LINE MEO OPERATIONAL MANAGEMENT.

C2.3.1. The Business Line is responsible to the Director DFAS and ultimately to the customer to ensure the MEO continues to provide the services at the levels described in the PWS, PRS, QASP, Management Plan, and the In-House Cost Estimate (IHCE).

C2.3.2. The BLE's responsible agent in executing this requirement is the Continuing Government Activity (CGA) Manager, who is responsible for all CGA functions. Simply, the CGA is the government organization composed of the inherently governmental, out of scope, and Quality Assurance (QA) functions not included in the A-76 Cost Comparison Study. The CGA includes the oversight functions of the Service Provider (SP), either the MEO, ISSA, or Contractor. The CGA Manager is the BLE's direct representative to the MEO, (similar to the MEO Oversight Program Team Leader to the Competitive Sourcing Division). Depending on Business Line structure, or if the MEO includes the complete Product Line, the Product Line Executive (PLE) may be designated as the CGA Manager.

C2.3.3. The MEO Manager is the last part of the MEO Corporate Management Program, as the operational manager of the MEO organization. The program responsibilities of the key Business Line agents are listed as follows:

C2.3.3.1. BLE/PLE:

- Responsible for overall Business Line functions, to include the implementation and operation of the CGA and MEO.
- Provides operational program resources (manpower, budget, training, etc).
- Provides operational guidance and authority as needed.
- Provides operational concurrence of MEO Deviation Requests.

C2.3.3.2. Continuing Government Activity (CGA):

- Direct representative of the BLE to the MEO.
- Monitors the MEO performance to provide the services at the levels described in the PWS, PRS, and QASP.
- Performs inherently governmental and out-of-scope functions (if required) not included in the A-76 Cost Comparison study.
- Partners with the MEO Oversight Program Team to ensure compliance of the MEO.

C2.3.3.3. MEO Manager:

- Manages the MEO Operation to ensure it fulfills all requirements per the PWS and MP.

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### C3. CHAPTER 3

#### CONTINUING GOVERNMENT ACTIVITY (CGA)

##### C3.1. CONTINUING GOVERNMENT ACTIVITY (CGA) OVERVIEW.

C3.1.1. The CGA is the organization that is composed of inherently governmental, out-of-scope activities, and Quality Assurance (QA) of the MEO and exists regardless of the outcome of the A-76 Cost Comparison Study decision. With award to the MEO, the CGA is the direct interface between the MEO (and MEO Manager) and the DFAS Business Line. The CGA is the focal point to actively encourage a positive partnership between the Business Line, DFAS customers, and the MEO.

C3.1.2. The CGA is an integral function that must be established no later than the start of transition to the MEO. Optimally, the CGA should be established at the earliest possible date after the final award decision to assist with the transition issues as well as being fully operational at the MEO full implementation date. If properly established, the CGA will be the interface between the customer and the MEO as well as a point of accountability for these functions. It allows for a centralization of the QA program, the inherently governmental and out-of-scope functions, and command and control for the operation. The establishment of the CGA helps to define clear lines of responsibility and communication as well as facilitate the new organizational relationships with the implementation of the MEO.

C3.1.3. In the long term, the CGA will remain in place during and after MEO recompetitions and resolicitations of contracts regardless of changes of Service Providers.

C3.1.4. The Objectives of the CGA are to:

- Establish a defined command and control structure from the BLE to the MEO.
- Monitor the MEO from an operational perspective. Record, track and report MEO data and information to the Business Line.
- Conduct Quality Assurance as defined in the QASP.
- Provide inherently governmental and out-of-scope functions not included in the cost comparison.

**C3.1.5. The CGA *cannot* assist the MEO in performing any services required by the PWS. Performance of the services defined in the PWS is entirely the responsibility of the MEO.**

C3.1.6. The CGA will:

- Monitor the MEO and ensure its compliance with PWS and QASP requirements.
- Act as an interface between the Business Line and the MEO resolving issues at the lowest level.
- Assist the MEO in responding to MEO Audits or Inspections, developing MEO Deviation Requests, or requesting guidance on MEO issues.
- Act as a liaison between customers and the MEO in case of service or standards disputes.

## C3.2. DEVELOPING THE CGA ORGANIZATION

C3.2.1. The structure of the CGA is defined by the BLE or their appointed representative. It is highly recommended that the CGA Manager be appointed as early in the A-76 Cost Comparison Study process as possible and begin to design the CGA while the PWS requirements are developed.

**NOTE: The CGA should be designed with the minimum amount of resources required to perform all CGA functions since the expense of operating the CGA will impact overall DFAS operating costs.**

C3.2.2. Figure 3-1 is a proposed generic outline of a CGA structure and the communication flow between key players. A CGA should be organized with the key components of Command and Control, Quality Assurance, and Inherently Governmental (and Out-Of-Scope) functions. A minimal support staff may be assigned to the CGA for administrative/budget purposes as justified by the CGA workload. Figure 3-1 is a generic model to be used as a beginning for BLEs to design their CGAs. This model only shows the key pieces, allowing the BLEs flexibility to develop the specific structure of their CGAs.

C3.2.3. Once appointed, the CGA Manager must develop a CGA transition plan for the BLE that addresses manpower, scheduling, and resources required to stand up the CGA. This plan must be completed with enough time prior to service provider start for the BLE to allocate the required resources.

C3.2.4. Throughout the process, the BLE and the CGA Manager must coordinate with the Competitive Sourcing Division in developing the CGA. Manpower, Human Resources (HR), and Budget personnel will provide expertise in staffing, obtaining manpower assignments, developing Position Descriptions (PDs), and cost accounting requirements. The specific manpower structure of the CGA should be based upon a valid workload analysis of the work required of the CGA.

## CGA Structure / Chain of Command (MEO Service Provider)

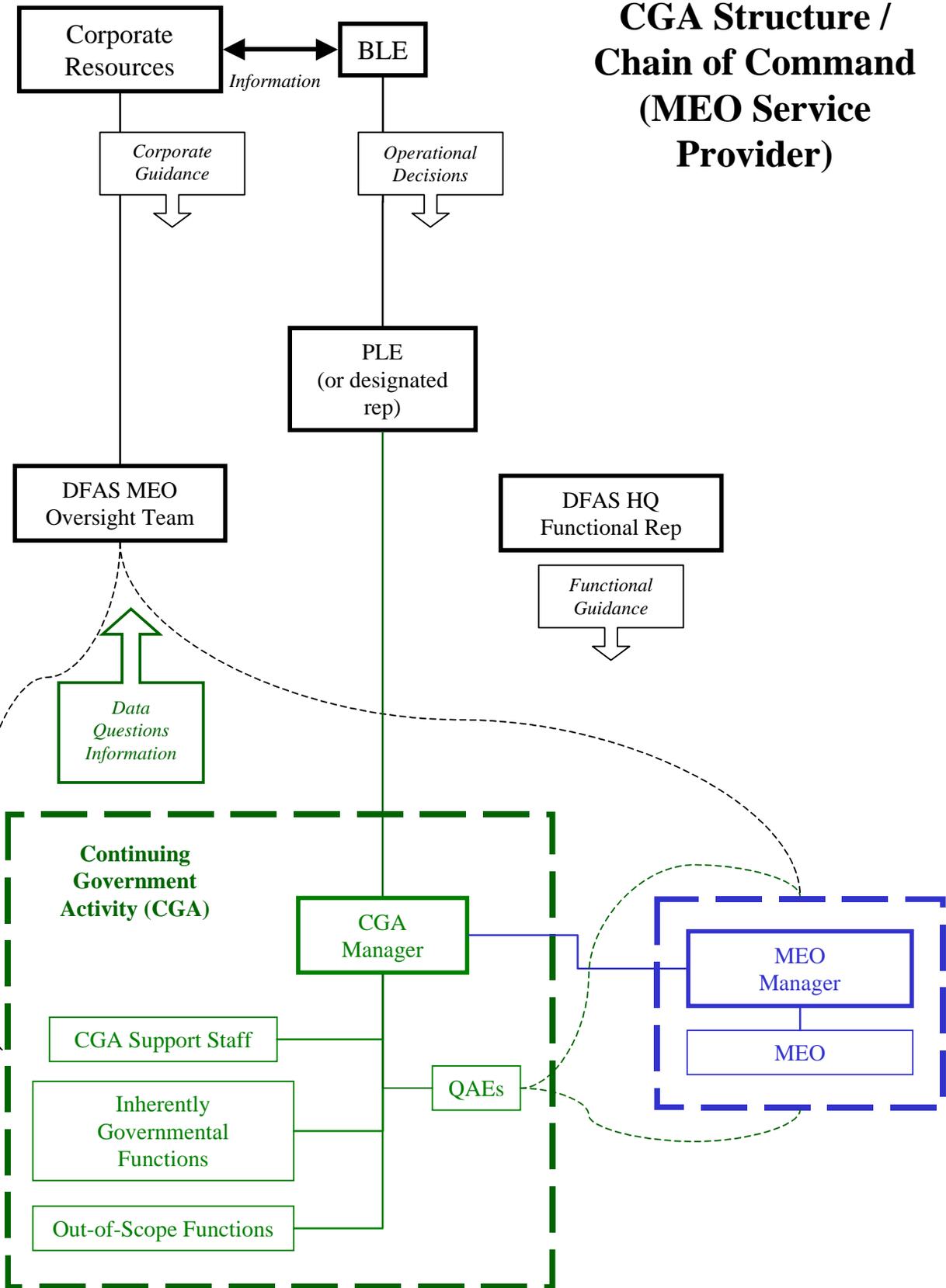


Figure 3-1: CGA Organization Interaction

### C3.3. CGA COMMAND AND CONTROL FUNCTIONS.

C3.3.1. As the representative for the Business Line to the MEO, the CGA is the government point of authority for any deviations, corrective actions, audits, unresolved complaints, or other issues in regards to the MEO.

C3.3.2. The CGA Manager will coordinate with the BLE/PLE as required for operational guidance and procedures that impact the MEO or MEO provided services. The CGA Manager will coordinate any process changes that affect the MEO and will ensure a MEO Deviation Request is submitted.

C3.3.3. The CGA will maintain a record for the government of the MEO workload, QA inspections, cost, manpower and operational data for the duration of the performance periods. Information will be reported as specified in the PWS and QASP. Operation, cost, and manpower data will be required for future analysis and possible MEO recompetition in addition to the normal monthly analysis functions.

### C3.4. CGA QUALITY ASSURANCE FUNCTIONS.

C3.4.1. The CGA is responsible to execute all requirements of the Quality Assurance (QA) program, as specified in the QASP and the PWS. The CGA Manager will ensure the QA program is established and will supervise the QAEs. The QAEs and CGA personnel will partner with the MEO Oversight Program Site Representative for any MEO corporate oversight functions.

C3.4.2. Quality Assurance Evaluators (QAEs) will be assigned to the CGA in skill and number as required to perform all QA requirements. The QAEs should be assigned as soon as possible during the transition to ensure adequate time to attend training and establish the QA program. QAEs should begin ramping up the QA program once assigned and be ready to fully implement the QA program at the date of full performance of the MEO. QAEs should not conduct official QA inspections during the transition, but be available to answer questions concerning QA processes as directed by the CGA Manager.

C3.4.3. DoD has adopted OMB A-76 RSH, Table 3-1, as the guideline to estimate the number of FTEs required for QA administration. The BLE will determine the exact number of required QAEs and the appropriate QAE skill levels based upon this guidance and the functional experience required, surveillance workload requirements of the QASP, geographic impact, and other factors. Human Resources, Manpower, Budget, Acquisition Services Office, and the Competitive Sourcing Division will review the proposed CGA structure and assist the BLE in developing the most efficient QAE and CGA manpower structure. The RSH Table is duplicated in Table 3-1.

<b>MEO Staffing</b>	<b>Contract Administration FTE</b>
10 or less	.5
11-20	1
21-50	2
51-75	3
76-100	4
101-120	5
121-150	6
151-200	7
201-250	8
251-300	9
301-350	10
351-450	11
451 and above	2.5 percent of in-house MEO staffing

Table 3-1: OMB A-76 Revised Supplemental Handbook, Table 3-1

C3.4.4. QAEs will:

- Evaluate and inspect the MEO for compliance with PWS and PRS requirements, as defined in the QASP.
- Notify the CGA Manager of actual or potential performance deficiencies and recommend possible corrections.
- Report all acceptable and unacceptable deliverables to the CGA Manager.

C3.4.5. QAEs will NOT:

- Mediate any disputes and make any decisions to correct deficiencies.
- Waive or alter any requirements in the PWS, PRS, or QASP.
- Make any agreement or commitment involving a change in cost, quantity of work supported, quality of service, period of performance, or delivery schedule.
- Authorize or direct the MEO to perform any work outside the scope of the PWS.

C3.5. CGA INHERENTLY GOVERNMENTAL / OUT OF SCOPE FUNCTIONS.

C3.5.1. Any inherently governmental or out-of-scope functions should be identified in the Pre-A-76 Study Analysis or during the development of the PWS by the Commercial Activity Requirements Team (CART). These functions must be removed from the cost comparison study prior to releasing the Request for Proposals (RFP) to prevent the MEO and commercial contractors from including support in their proposals. Identifying these functions and the required manpower to perform them prior to finalizing the requirements in the PWS will assist the BLE in developing the requirements and manpower structure of the CGA organization.

C3.5.2. In brief, inherently governmental duties are those activities that mandate performance by Federal employees due to the exercise of government authority or the use of value judgements in making decisions for the government. Inherently governmental duties are not Commercial Activities (CAs) and thus cannot be included in the work required by the PWS. Inherently governmental duties associated with the services performed by the MEO (or other Service

Provider) should remain with the CGA as they are critical to the completion of the services required.

C3.5.3. Out-of-scope functions are processes or functions that were performed within the previous organization but were not included in the defined business unit of the cost comparison study. Keeping in mind the best interest of the government, the BLE may realign the out-of-scope functions to another government organization or leave them with the CGA.

C3.5.4. The CGA Manager will oversee the performance of any inherently governmental and out-of-scope functions assigned to the CGA.

### C3.6. ROLES AND RESPONSIBILITIES OF KEY PLAYERS.

C3.6.1. CGA Manager:

- Responsible to the BLE/PLE as the overall point of authority for all CGA functions and MEO operations. Act as the BLE's representative for all "partnering" initiatives and actions with the MEO.
- Manage all CGA operations and supervise all CGA personnel.
- Develop the CGA structure and required Position Descriptions (PDs) for CGA personnel.
- Develop a CGA transition plan for the BLE that addresses manpower, scheduling, and resources required to stand up the CGA. This plan must be completed with enough time prior to service provider start for the BLE to allocate the required resources.
- Participate on or coordinate with the Transition Team to ensure a smooth transition from the current in-house provider to the MEO.

C3.6.2. QAE(s):

- Monitor the MEO and perform periodic reviews, inspections, and surveillance required in the QASP. Report inspection results as required.
- Develop a systematic inspection schedule for monitoring performance of the MEO at the date of full performance and then tailored to specific areas as needed.
- Assist the MEO Oversight Program Site Representative as required by collecting and reporting MEO performance data via QA reports.

C3.6.3. Continuing Inherently Governmental and Out-Of-Scope Function Personnel:

- Perform the required inherently governmental/out-of-scope functions within the CGA.

C3.6.4. CGA Manager Support Staff:

- Provide administrative or other support to the CGA as assigned.

C3.6.5. BLE:

- Determine the scope and responsibilities of the CGA early in the A-76 Competitive Sourcing Study.
- Officially appoint the CGA Manager and QAEs to the CGA via Letter of Appointment.
- Approve the CGA structure, assigned duties, and manpower.
- Oversee the management and operation of the CGA.

C3.6.6. PLE:

- Perform duties as defined by the BLE.
- *Depending on how the MEO fits into the Product Line (the A-76 study may have entailed the entire product line or only part of it), the CGA may report to the PLE, or the PLE may be designated as the CGA Manager.*

C3.6.7. DFAS Competitive Sourcing Division:

- Advise all involved parties on the establishment, structure, and responsibilities of the CGA. Provide guidance and coordination as required.

C3.6.8. MEO Oversight Program Team (Team Leader and Site Representatives):

- Act as the DFAS Arlington site representative to the local CGA.
- Monitor MEO, QAE, and CGA compliance with all A-76 regulatory, PWS, and MP requirements as appropriate.
- Coordinate DFAS Arlington reporting requirements with the CGA.
- Partner with the CGA Manager and assist as needed as a Corporate Resources, Competitive Sourcing Division representative.

C3.6.9. Human Resource (HR) Office:

- Coordinate required MEO and CGA personnel actions.
- Assist with the Position Descriptions (PDs) and classify the positions.

C3.6.10. DFAS Arlington Resource Management Representative:

- Develop Cost Account Codes (CACs) for the MEO and CGA.

C3.6.11. Local Budget Representatives:

- Provide budget expertise for the CGA, Business Line, MEO, and MEO Oversight Program Site Representatives.
- Assist CGA and MEO Managers with MEO cost reporting.

C3.6.12. Local Manpower Representatives:

- Provide manpower expertise for the CGA, Business Line, MEO, and MEO Oversight Program Team Site Representatives.
- Assist CGA and MEO Managers with MEO manpower reporting.
- Coordinate the development of CACs for the MEO and CGA with RM.

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## C4. CHAPTER 4

### MEO TRANSITION, IMPLEMENTATION, AND OPERATION

#### C4.1. MEO TRANSITION, IMPLEMENTATION, AND OPERATION OVERVIEW.

C4.1.1. Once the A-76 Cost Comparison Study final decision is announced, the affected DFAS activities will implement the decision in accordance with the applicable Transition Plan (TP). With the implementation of the TP, all prior organizational relationships are technically removed and new relationships are formed with the transition to the MEO Service Provider. An attitude of “partnering” between the Business Line, the CGA, the MEO, and DFAS customers is key to continued successful accomplishment of the DFAS mission and working out these new relationships.

C4.1.2. When the final award decision is in favor of the government MEO bid, the BLE is responsible for the transition from the traditional government organization to the MEO and the CGA. Upon official announcement of the decision to award to the MEO, the organization shall immediately begin the necessary transition actions to be completed IAW the Transition Plan.

C4.1.3. The BLE will provide government furnished property (GFP) and government furnished equipment (GFE) in accordance with the PWS. The BLE will ensure uninterrupted services to DFAS internal and external customers throughout the transition period. In all cases, it is the DFAS objective to implement the MEO as bid and to achieve success within the outline of the Management Plan. All activities that have completed an A-76 Cost Comparison Study are subject to audit to ensure compliance with regulatory and operational requirements.

C4.1.4. **It is imperative that all involved parties understand that the MEO is not the same organization as before.** Even though the MEO is manned by government civilian workers, the MEO should be treated as a new, independent organization just as if a contractor won. The MEO will not have the manpower to perform more work than is listed in the PWS.

#### C4.2. MEO NOTIFICATION.

C4.2.1. Immediately after the announcement of a final decision for the government MEO, the Director, DFAS will send to the BLE a Memorandum of Implementation that formally documents the award decision to the MEO. This memorandum will identify the transition start and end dates, the official MEO Start Date (the day after the last day of transition), and a tentative post-MEO performance review date (12 months after MEO Start). The BLE or Support Service Business Director will begin the implementation of the Transition Plan.

C4.2.2. Following the receipt of the Memorandum of Implementation from the Director, DFAS, the BLE will issue a MEO Letter of Obligation to the MEO. This obligates the MEO Manager to comply with the PWS and implement the MEO with the resources bid in the cost comparison for all performance periods. This MEO Letter of Obligation is to be considered as the binding agreement between the Government and the MEO (in the same context as a contract award). The BLE will issue an amendment to the MEO Letter of Obligation as needed after a MEO deviation has been approved.

C4.2.3. The MEO Letter of Obligation shall include the following requirements:

C4.2.3.1. The MEO Manager shall be responsible for satisfying the requirements in the PWS by implementing the MEO within the resources in the MP and IHCE for all performance periods.

C4.2.3.2. The MEO Manager shall maintain the PWS as an active requirement document for all performance periods. Any changes to the MEO resulting in modifications to the PWS, MP, MEO manpower, or cost shall be approved using the MEO Deviation Request Process outlined in Chapter 6 of this guide.

#### C4.3. MEO TRANSITION AND IMPLEMENTATION ACTIONS.

C4.3.1. The BLE will establish a Transition Team to plan and facilitate a smooth transition to the MEO, in accordance with the Transition Plan (TP). The Transition Team should be identified after the tentative cost comparison announcement, during the public review period, at the latest. The CGA Manager will assist the Transition Team as required to establish the MEO and the proper working relationship with the CGA.

C4.3.2. If the final decision is in favor of the Government bid (MEO), the Government is required to implement the MEO as described in the transition plan (TP), and carry out the functions described in the Performance Work Statement (PWS) as defined in the Management Plan (MP).

C4.3.3. The DFAS Competitive Sourcing Division will coordinate with the BLE and provide assistance as required during transition to the MEO. The Competitive Sourcing Division acts in a similar role to the MEO as a Contracting Officer (KO) would, if a commercial contractor had won, specifically as an approval authority for any changes. Any delays in the transition to the MEO will be immediately and fully documented and justified by the Transition Team to the BLE and Competitive Sourcing Division. If any delays are identified which may extend the transition period beyond the proposed transition plan, approval must be coordinated and approved through the Competitive Sourcing Division.

C4.3.4. The MEO Oversight Program Site Representatives are the field representatives of the Competitive Sourcing Division and will advise and assist the BLE, PLE, and CGA in implementing and maintaining the MEO as requested.

C4.3.5. DFAS Arlington Human Resources and the local Customer Service Unit (CSU) will plan for reshaping the organization. This will involve the request for VERA/VSIP, 'mock Reduction In Force (RIF)' to determine eligibility of employees for positions and severance packages, notifications to employees, and coordination with local government unemployment agencies to help transition affected personnel. HR will conduct standard personnel procedures to include all RIF actions as required. HR will coordinate with the BLE, Transition Team, and the Competitive Sourcing Division to ensure all key players are advised of the RIF progress.

C4.3.6. A joint inventory of the GFE/GFP as listed in the solicitation will be performed after MEO award during the transition, to get an accurate baseline. After the inventory is complete, the MEO is responsible for the contents of the inventory.

C4.3.7. The milestone schedule proposed in the transition plan will be updated to reflect dates mandated in the Memorandum of Implementation.

C4.3.8. The BLE will expeditiously fill the MEO Manager position using standard HR procedures. The MEO Manager will lead the MEO and ensure implementation per the TP. Update meetings will be held at least every two weeks to discuss the progress of transition to the MEO. The Transition Team will prepare and publish meeting minutes to all participants. The milestone schedule will be discussed and updated at each meeting.

C4.3.9. DFAS Resource Management Arlington will initiate establishment of transition and permanent Cost Account Codes (CAC) for the MEO, CGA, and Transition Team. DFAS Resource Management will assign the appropriate CACs and notify the organization to complete necessary actions to assign personnel and workload to the new CACs.

#### C4.4. MEO OPERATION.

C4.4.1. The MEO will provide the services as defined in the PWS and detailed in the Government's Management Plan. The official MEO Start Date will be the first day after the end of the transition period, as defined in the MEO Memorandum of Implementation.

C4.4.2. The MEO will perform the workload within the requirements of the PWS. The MEO will prepare reports and other deliverables as required by the PWS. The MEO will not perform any services or tasks that are not included in the PWS. Any changes to MEO services or tasks must be approved and documented using the MEO Deviation Request Process as described in Chapter 6. The MEO Manager will ensure that MEO employees fully understand the scope of work and responsibilities they must perform. The MEO Manager will conduct meetings with MEO employees to ensure all fully understand MEO requirements and execution. The civilian performance plans will conform to the position description and performance requirements as defined in the solicitation. After an initial in-brief with employees, the MEO Manager will perform periodic feedback as required by standard HR procedures, with each employee to ensure tasks are being performed in accordance with the civilian performance plan.

##### C4.4.2.1. Manpower/Personnel

C4.4.2.1.1. DFAS Resource Management validates the work-years identified in the Management Plan (MP) and In-House Cost Estimate and ensures these work-years are appropriate for MEO staffing. The MEO will operate within the personnel structure in the MP unless a change has been approved and documented through a MEO Deviation Request. The servicing Customer Service Unit (CSU) works with DFAS Corporate Resources and functional representatives to ensure all personnel actions are processed in order to meet the MEO Start Date. DFAS and OPM personnel policies will govern all personnel actions.

C4.4.2.1.2. The MEO is not immune from DFAS imposed manpower reductions. If reductions of the MEO are required, they must be negotiated for both cost and scope of work. This will be accomplished through coordination between the BLE, Corporate Resources, and the Leadership Council. The BLE should coordinate with their DFAS customers prior to changing or reducing services. After a final decision is made a MEO Deviation Request must be processed to document actions that result in changes to the PWS requirements. DFAS

Management should consider the effect of a reduction on the quality and quantity of the work described in the PWS and then adjust the in-house workload accordingly.

C4.4.2.1.3. Manning shortfalls may occur due to a variety of circumstances. Temporary alternatives are available to mitigate this shortfall. These could include a work force of military, contractor, or both. Temporary is defined as 120 calendar days or less. A temporary workforce is not allowed to correct manpower structure deficiencies in the MEO, (i.e. number of employees authorized or grade and step of employees). Organizations requesting temporary or other adjustments must request approval through the DFAS MEO Deviation Temporary Waiver Request process, as detailed in Chapter 6.

#### C4.4.2.2. Cost

C4.4.2.2.1. The MEO will operate within the Government In House Cost Estimate (IHCE) as updated in a detailed IHCE Adjusted-Baseline. The MEO Manager, CGA Manager, and the local RM office will coordinate with the Arlington budget office and the Competitive Sourcing Division to develop a realistic MEO IHCE Adjusted-Baseline, from the IHCE used in the cost comparison. This baseline will adjust for actual personnel grade and step (versus the standard Step-5 level used in the IHCE), saved pay, and any other inflation costs. The IHCE Adjusted-Baseline should be completed during initial full MEO implementation. Once established, this new IHCE Adjusted-Baseline becomes the standard to measure MEO cost expenditures against and will be used in future MEO audits, inspections, and cost reports. Any changes to the MEO that will impact on budget or cost expenditures must be documented using a MEO Deviation Request as detailed in Chapter 6.

C4.4.2.2.2. ALL MEO costs will be tracked from beginning of the transition period through completion of the MEO performance periods. The Government's IHCE, using the adjusted MEO cost baseline, will be compared with actual MEO costs through the MEO life. The BLE, CGA, and MEO will take action to keep costs within the IHCE Adjusted-Baseline or document changes using a MEO Deviation Request, as detailed in Chapter 6.

#### C4.4.2.3. MEO Discrepancies

C4.4.2.3.1. MEO performance discrepancies will be noted during QAE inspections. Minor cost or performance deficiencies may be corrected on the spot to maintain the integrity of the MEO in relation to the MP, Transition Plan, and IHCE. As determined by the CGA Manager, a short period of time consistent with that given to a contractor may be given to the MEO to correct any deficiencies found.

C4.4.2.3.2. The Federal Acquisition Regulation (FAR) Part 46.407 states:

*(b) The contracting officer ordinarily must give the contractor an opportunity to correct or replace nonconforming supplies or services when this can be accomplished within the required delivery schedule.*

*(d) If the nonconformance is minor, the cognizant contract administration office may make the determination to accept or reject, except where this authority is withheld by the contracting office of the contracting activity.*

C4.4.2.3.3. If any discrepancies have not been or cannot be corrected within the identified time frame, the QAE will prepare and submit a Discrepancy Report through the CGA Manager, to the MEO Oversight Program Site Representative. The Site Representative will forward the report to the MEO Oversight Program Team Leader who will submit it to the DFAS Competitive Sourcing Division.

C4.4.2.3.4. The DFAS Competitive Sourcing Division will assess the magnitude and seriousness of the MEO Discrepancy Report to determine if the MEO may be in default or has failed to perform as specified in the OMB Circular A-76 Revised Supplemental Handbook (RSH) and inform the Director Corporate Planning of the situation. A failure to correct deficiencies that would individually or in aggregate invalidate the original cost comparison shall be addressed by the BLE, Director Corporate Planning, Director Corporate Resources, Contracting Officer, General Counsel, and Director DFAS. If an in-house failure to perform is identified, the Director DFAS will direct the Contracting Officer to award the work to next lowest offeror who participated in the cost comparison, if feasible. If award to the next lowest offeror is not feasible the Contracting Officer will immediately resolicit to conduct a revised and updated cost comparison.

C4.4.2.4. Changes to the MEO / MEO Deviation Request

C4.4.2.4.1. All changes to the MEO, to include scope and level of work, changes to the PWS, MP, or QASP, or funding or manpower changes, will be documented and approved using a MEO Deviation Request.

C4.4.2.4.2. A detailed description of the MEO Deviation Request process and the approval authority matrix are provided in Chapter 6 of this guide.

#### C4.5. ROLES AND RESPONSIBILITIES OF KEY PLAYERS.

C4.5.1. Director, DFAS:

- Announce tentative and final cost comparison decisions to Congress, OSD, BLE, DFAS personnel, and local union representation as required and issue appropriate documentation.
- Send the Memorandum of Implementation to the BLE.

C4.5.2. BLE:

- Establish the Transition Team.
- Issue MEO Letter of Obligation.
- Monitor MEO implementation to ensure compliance with the Transition Plan (TP) and ensure surveillance is conducted by the CGA in accordance with the Quality Assurance Surveillance Plan (QASP) for the MEO.

C4.5.3. Continuing Government Activity (CGA) Manager:

- Manage CGA functions that interact with the MEO to include Quality Assurance and out of scope functions, and oversee MEO operational performance.
- Direct representative of the BLE/PLE to the MEO.

C4.5.4. MEO Manager:

- Manage the MEO. Responsible for the day-to-day activities of the MEO organization and ultimately for the MEO performing to the requirements in the PWS and MP and avoiding default under OMB Circular A-76.

C4.5.5. Competitive Sourcing Division:

- Provide guidance to A-76 MEO Oversight Program Team, MEOs, CGAs, BLEs, and Quality Assurance Evaluators as required.
- Draft all notification documentation from Director, DFAS on MEO implementation.
- Monitor the Transition Plan and implementation progress for the MEO in conjunction with the MEO Oversight Team Leader.

C4.5.6. MEO Oversight Program Team Leader / Site Representatives:

- Execute MEO Oversight Program functions.
- Provide corporate oversight of DFAS MEOs.
- Advise and assist the development, implementation, and execution of DFAS MEOs.

C4.5.7. Human Resources / Local CSU:

- Plan for reshaping the organization. This will involve the request for VERA/VSIP, ‘mock RIF’ to determine eligibility of employees for positions and severance packages, notifications to employees, and coordination with local government unemployment agencies to help transition affected personnel.
- Assist in filling the CGA and MEO positions.
- Issue the required personnel notifications.

## C5. CHAPTER 5

### MEO OVERSIGHT PROGRAM

#### C5.1. MEO OVERSIGHT PROGRAM OVERVIEW.

C5.1.1. When services are performed by the government MEO as a result of a cost comparison study, an ongoing, standardized system must be in place to ensure the MEO is performing as required.

C5.1.2. The Director for Corporate Planning is responsible for DFAS MEO oversight and has established an ongoing program to monitor all DFAS MEOs and coordinate resolution of MEO issues. The Competitive Sourcing Division Chief is the key point of contact for the management, operation, and application of this program. The MEO Oversight Program Team Leader and Site Representatives will act as “corporate representatives” of the DFAS Competitive Sourcing Division.

C5.1.3. The objectives of the MEO Oversight Program are to:

- Monitor DFAS MEOs from a corporate perspective. Record, track, and report MEO data and information.
- Provide corporate representation in the field. Program representatives will advise and assist DFAS participants (MEO, CGA, BLE, CART/CAMP-T, etc) in MEO development, implementation, operation, and evaluation.
- Ensure standard methods and procedures are published, understood, and utilized for MEO oversight and management.
- Promote an open communication channel for questions, MEO issues, new guidance, etc. through active participation and guidance.
- Educate DFAS organizations concerning MEO Oversight Program objectives and functions.

#### C5.2. MEO OVERSIGHT TEAM.

C5.2.1. The MEO Oversight Team is responsible for executing the functions of the MEO Oversight Program. The MEO Oversight Team is comprised of the Team Leader and Site Representatives. The MEO Oversight Program Site Representatives are critical to the success of the MEO Oversight Program. The Competitive Sourcing Division Chief appoints Site Representatives in concurrence with Site RMs. Site Representatives are tasked by the Competitive Sourcing Division Chief through the Team Leader concerning all MEO Oversight issues. (See [Organization Chart Figure 5-1.](#))

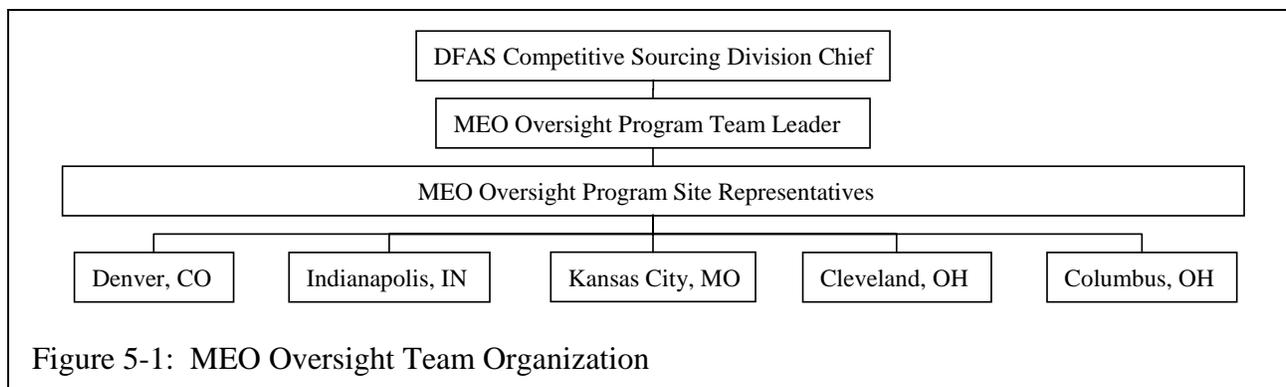


Figure 5-1: MEO Oversight Team Organization

C5.2.2. Site Representatives should have a sound working knowledge of the DFAS A-76 process and experience with DFAS MEOs. Also, MEO Oversight Program Site Representatives should attend the following training courses, listed in Table 5-1:

<b>Training</b>	<b>Delivery</b>	<b>Mandatory or Recommended</b>
DFAS Basic “4” (Overview, PWS, MEO, Cost Comparison/winCompare)	Course	Mandatory
A-76 Study Process	Briefing	Mandatory
PWS Approach/Firewall	Orientation	Recommended
MEO Approach/Firewall	Orientation	Mandatory
Service Provider (MEO) Manager Role	Briefing	Mandatory
DFAS A-76 Competitive Sourcing Policies	Briefing	Mandatory
DoD A-76 Competitive Sourcing Policies	Briefing	Mandatory
Team Leader Role	Course or Orientation	Mandatory *
Team/Consensus Building	Course	Mandatory *
Interacting With: Program Management Group/Staff Advisors Affected Functional Manager/Workforce Union Representatives	Briefing	Mandatory
Contracting Interface	Briefing	Mandatory
Budgeting/Unit Costing	Orientation	Mandatory
Reporting Requirements	Briefing	Mandatory
Audit Trail Documentation	Briefing	Mandatory
Deviation Documentation	Briefing	Mandatory
Data Collection & Analysis	Course	Mandatory
Meeting Management	Course	Recommended
A-76 Institute (or Symposium)	Conference	Recommended

Note: \* = Team Leader Only

Table 5-1: MEO Oversight Team Recommended Training

### C5.3. MEO OVERSIGHT PROGRAM FUNCTIONS.

#### C5.3.1. Monitor DFAS MEOs.

C5.3.1.1. The first and foremost objective of the MEO Oversight Program is to monitor DFAS MEOs from a corporate perspective. MEO Oversight reporting utilizes a combined approach of data reports and interactive dialogue with the CGA and MEO to ensure comprehensive oversight. MEO Oversight Program reporting is not intended to duplicate measurement of operational data or any quality assurance reports by QAEs. This reporting system is designed to keep the DFAS Arlington Competitive Sourcing Division informed of MEO status, efficiency, and areas requiring improvement. Site Representatives will coordinate with the QAEs, CGA Manager, and the MEO Manager to collect required MEO data as needed. Site Representatives will identify and report uncorrected and recurring discrepancies, with recommended corrective actions, to the Team Leader who will inform the DFAS Competitive Sourcing Division Chief.

C5.3.1.2. Site Representatives will record and report MEO data on a monthly basis or as otherwise requested. MEO Oversight Program Reports will encompass cost data, manpower data, customer satisfaction (if required by applicable PWS), audit and inspection status reports, and deviation request status, (as described in the following sub-sections). Reports should be submitted via electronic means (E-mail) whenever possible.

C5.3.1.3. Reports will be forwarded from all Site Representatives to the Team Leader. The Team Leader will forward a consolidated report to the Competitive Sourcing Division Chief or other offices as required. The consolidated report will be provided to the BLEs via email from the Competitive Sourcing Division to improve communication on MEO issues between corporate and business line offices. Site Representatives will provide an information copy of the reports to location Resource Managers (RMs) as requested.

#### C5.3.1.3.1. Cost Data Reports.

C5.3.1.3.1.1. The site Budget Office representative will record and report labor and non-labor costs for the transition period and all performance periods. This representative will use the standard DFAS Cost Account Code (CAC) structure, as tailored to each MEO, for recording and reporting the costs.

C5.3.1.3.1.2. The Budget Office representative will provide costing data to the MEO Manager who will address variances in the costs to the CGA Manager in writing. The CGA Manager will provide a copy of the completed report to the MEO Oversight Program Site Representative. The Site Representative will forward the information to the MEO Oversight Program Team Leader for use to prepare the monthly report to the Competitive Sourcing Division Chief.

C5.3.1.3.1.3. Cost Data Collection Method. The site Budget Office representative will collect and record the cost data by use of the DFAS Resource Analysis Decision Support System (RADSS) or other alternate system such as Business of DFAS (BOD) or Business Management Redesign (BMR). The representative will transfer the cost data to the Cost Comparison Format. Local queries and/or spreadsheets may be used to facilitate this process. For example, a spreadsheet may be needed to record costs included and costs not included in the cost

comparison. MEO operational costs will be compared to the IHCE Adjusted-Baseline to ensure the MEO is operating within financial limits.

#### C5.3.1.3.2. Manpower Data Reports

C5.3.1.3.2.1. A site Manpower (and/or Budget) Office representative will record and report MEO manpower related data during the transition to the MEO and for all performance periods. Reported manpower data should include the execution of regular and overtime hours (expressed in Full-Time Equivalents (FTEs)) within the MEO CAC and the number of on board personnel in the MEO accounting code. Data will be reported for the last day of the reported month. The Manpower (and/or Budget) representative will use the most appropriate system to compare actual FTEs to the authorized position structure as documented in the IHCE and MEO's Management Plan.

C5.3.1.3.2.2. The Manpower (and/or Budget) Office representative will coordinate with the MEO Manager and the CGA Manager. The MEO Manager will explain variances from the Management Plan to the CGA Manager in writing to include planned corrective actions if required. The CGA Manager will provide a copy of the completed report to the MEO Oversight Program Site Representative. The Site Representative will forward the information to the MEO Oversight Program Team Leader who will use the data to prepare the monthly MEO Manpower Report to the Competitive Sourcing Division Chief. If discrepancies are noted and not corrected, the Competitive Sourcing Division Chief will coordinate with the BLE to resolve manpower problems.

C5.3.1.3.2.3. Manpower Data Collection Method. The site Manpower (and/or Budget) Office representative will collect and record the manpower related data by use of the appropriate system (RADSS, BOD, BMR, etc.). The representative will transfer the manpower data to the report. Local queries and/or spreadsheets may be used to facilitate this process.

C5.3.1.3.2.4. Manpower Report Mode. MEO Manpower Reports will be submitted using the approved format.

#### C5.3.1.3.3. Customer Service Data Reports

C5.3.1.3.3.1. Unlike other required reporting areas, a method to track and report customer service data may or may not be established, depending on requirements in the PWS. If customer satisfaction reports are required in the PWS, the MEO Oversight Program Site Representative will coordinate with the CGA Manager to receive copies of the reports or submitted data. If no customer satisfaction measurement process is in place, the MEO Oversight Site Representative should recommend the CGA Manager coordinate with the PLE/BLE and the DFAS Survey Program Team (DFAS-CP/IN) to establish a customer satisfaction survey process to comply with DFAS Strategic Goals and Objectives. Changes to the MEO will require approval via the MEO Deviation Request Approval process (Chapter 6).

C5.3.1.3.3.2. MEO customer satisfaction measurement criteria should consider:

- Access: MEO personnel are available to meet with customers, answer questions, and address issues during customer service hours (as established in the PWS).

- Professionalism: MEO personnel present a professional appearance and are courteous and attentive to customers. MEO workcenters are clean, well maintained, and positively represent the MEO and DFAS.
- Knowledge: MEO personnel are technically proficient in their assigned duties.
- Reliability: The MEO provides the required services consistently to the standards required and in a timely manner. Customer questions and issues are consistently responded to in a timely and thorough manner.
- Recovery: MEO personnel are willing to correct deficiencies and take steps to ensure problems are not recurring, effectively being proactive to reduce errors in the future.
- Quality Improvement: The MEO continually seeks feedback on services provided and looks for process improvement opportunities to reduce MEO process inefficiencies, service-time and operating costs.

C5.3.1.3.3.3. Customer Satisfaction Data Collection Methods. The MEO Oversight Program Site Representatives will coordinate with the CGA Manager to obtain customer satisfaction data. Customer satisfaction may be monitored and tracked via use of paper surveys, telephone surveys, email, post-service interviews and other methods as appropriate, as coordinated with the DFAS Survey Program Team.

#### C5.3.1.3.4. Audit Data Reports

C5.3.1.3.4.1. MEO Oversight Program Site Representatives will report the status of MEO audits or other official inspections or reviews. Information reported may address:

- Schedule of upcoming audits or inspections
- Status of MEO Pre-Audit actions
- Update of current audit or inspection
- Audit or inspection findings
- Status of MEO corrective actions to audit findings (progress to correct open issues)

C5.3.1.3.4.2. Audit or other Official Inspection/Review Collection Methods. The MEO Oversight Program Site Representatives will coordinate with the CGA Manager to obtain required information required to complete the “Audit” sections of the monthly MEO Oversight Executive Summary.

#### C5.3.1.3.5. Deviation Request Package Status Reports

C5.3.1.3.5.1. MEO Oversight Program Site Representatives will report the status of MEO deviations to the Team Leader, who will forward the information to the Competitive Sourcing Division Chief. Information reported will include:

- Status of MEO Deviation Request Packages (DRP) in work at MEO/CGA/BLE level
- Status of approved MEO Deviation implementation (timeline, expected completion, etc.)
- Changes to the MEO that were not previously reported or that require a DRP (i.e. MEO changed a service, standard, etc. and did not submit a DRP prior to implementing action).

C5.3.1.3.5.2. Deviation Request Package Information Collection Methods. The MEO Oversight Program Site Representatives will coordinate with the CGA Manager to obtain the required information. During preparation and development of the DRP, the MEO and CGA

Managers will provide a monthly status update to the MEO Oversight Program Site Representative using the MEO Oversight Deviation Summary report. The Site Representative will forward the report to the Team Leader. After the DRP is approved and returned, the CGA Manager will provide a monthly implementation update to the Site Representative.

C5.3.1.3.5.3. Deviation Request Package Information Report Mode. MEO Deviation Request Status Reports will be submitted using the approved example.

C5.3.2. Provide Corporate Representation in the Field.

C5.3.2.1. In addition, MEO Oversight Program Site Representatives will monitor the CGA from a corporate-level perspective to ensure CGA personnel are fulfilling their responsibilities as government representatives. In essence, Site Representatives are the eyes and ears of the Competitive Sourcing Division Chief in the field. As such, they concentrate on monitoring the big picture of MEO and CGA operations to ensure DFAS compliance with OMB, DoD, and DFAS A-76 guidelines for MEO operations by identifying problem areas and recommending resolution. Site Representatives will inform the Competitive Sourcing Division Chief through the Team Leader of corrections required or areas for improvement that require DFAS Arlington support or involvement.

C5.3.2.2. The MEO Oversight Program Representatives will act as the corporate-level, site representatives and will partner with BLEs, PLEs, RIs, local RMs, CGA Managers, and MEO Managers to actively ensure DFAS MEOs perform as required.

C5.3.2.3. Provide program clarification to all DFAS organizations as issues and concerns arise. Assist with the application of MEO Oversight Program procedures. As a corporate A-76 expert in the field, advise and assist operational and MEO personnel with all aspects of the MEO Oversight Program, MEO Deviation Request Process, MEO Reviews and Audits, MEO recompetition procedures, and other A-76 programs as required.

C5.3.2.4. As a DFAS corporate-level representative, serve as a partner with the MEO Transition Team to ensure that all transition issues are identified and properly dealt with from the Government's perspective. Assist the CGA Manager and the Transition Team to ensure the MEO has been implemented in accordance with the Transition Plan and lessons learned are recorded and reported.

C5.3.2.5. Provide a corporate-level perspective to the Commercial Activities Requirements Team (CART) and Commercial Activities Management Plan Team (CAMP-T) on questions concerning the MEO Corporate Management Program or MEO Oversight.

C5.3.2.6. The MEO Oversight Program Team Leader will coordinate with the DFAS Office of Internal Review (IR) concerning the official Post-MEO Performance Review or any other reviews/audits of the MEO. Coordinate published audits/reports with all parties and monitor the progress of corrective actions. The MEO Oversight Program Site Representative's responsibilities with any MEO audits or inspections can be broken down into 3 phases: pre-audit actions, during-audit actions, and post-audit actions.

C5.3.2.6.1. Pre-Audit Actions. Before any official audit or inspection of a DFAS MEO, the MEO Oversight Program Site Representative will coordinate with the CGA Manager and the MEO Manager to ensure that all key players fully understand their roles in the audit process and the expected outcomes of the audit. If available, provide copies of past inspection results, checklists, findings, and reports to the MEO and CGA Managers to assist the MEO in avoiding repeat write-ups. Ensure the inspectors understand the role of the MEO Oversight Program. Be available to assist the CGA and MEO Managers to educate the inspectors on the operations and limitations of the MEO. This will help ensure they are familiar with the MEO operations and organization so that they may conduct a fair audit.

C5.3.2.6.2. During-Audit Actions. Attend the Audit In-Brief. Provide corporate level MEO Oversight Program expertise and answer questions as appropriate. Elevate audit concerns to the Competitive Sourcing Division Chief.

C5.3.2.6.3. Post-Audit Actions. Attend the Audit Out-Brief. Report status of MEO's corrective plan of action to the Competitive Sourcing Division Chief. Review audit reports and add "lessons-learned" to the MEO Oversight Program library.

C5.3.3. Publish and Enforce Standard Program Procedures.

C5.3.3.1. Ensure standard MEO Oversight Program Management procedures are developed, publicized, and updated as required. Review policy, instruction, or guidance documents to ensure accuracy and efficiency in administering the MEO Oversight Program.

C5.3.3.2. Advise and assist DFAS MEOs, CGAs, and other DFAS personnel with the application of MEO Oversight Program procedures. Ensure all participants understand defined procedures.

C5.3.3.3. Enforce the use of defined DFAS MEO Oversight Program procedures. Coordinate with the appropriate offices (DFAS Competitive Sourcing Division, BLEs, etc) to resolve conflicts.

C5.3.4. Promote Open Communication

C5.3.4.1. Actively promote and guide an open communication channel between all participants (BLE, PLE, CGA, customers) for MEO issues, questions, new regulations, etc. to be addressed. It is imperative that this communication system provides a means for information to flow out to all MEOs from the DFAS Competitive Sourcing Division and also to the DFAS Competitive Sourcing Division from all MEOs.

C5.3.4.2. Communication tools will rely on electronic methods of data transmission to include email and web pages whenever possible to reduce turnaround time and increase information dispersal.

C5.3.4.3. Questions, concerns and issues requiring guidance or decision will be routed through the local Site Representative, to the Team Leader, and then to the Competitive Sourcing Division Chief. Executive Summaries or issue papers will be forwarded as attachments via email rather than staffing paper copies whenever possible. Email addresses of MEO Oversight Program Site

Representatives will be posted on the DFAS Competitive Sourcing web page. The MEO Oversight Program Team Leader is responsible to ensure posted email addresses are current. Responses to issues or questions will be returned by the same method and routing.

C5.3.4.4. Institute a MEO Oversight Program library to record and catalog lessons learned, benchmark or process improvement ideas, copies of MEO Deviation Request Packages (DRPs), and MEO audit and inspection results and reports. Whenever possible, information should be maintained in an electronic format rather than paper copy.

C5.3.4.5. Information that could improve operations or processes for all DFAS MEOs should be posted on the Competitive Sourcing web page for easy access and dispersal. Site Representatives will submit information for posting to the MEO Oversight Team Leader for approval. The Team Leader will coordinate all information with the Competitive Sourcing Division and the DFAS “Web Team” to ensure information is current. Information not posted on the web site will be kept in the MEO Oversight Program Library for future use. Items not capable or available in electronic format will be filed and archived in the Arlington Competitive Sourcing Division. Site Representatives will proactively publicize the availability and use of library information to improve DFAS MEO operations. Beneficial information to be posted on the web site may include:

- MEO Oversight Program directives (documents available for download)
- Appropriate MEO Oversight Program forms (documents available for download)
- Important news or policy changes
- Benchmark improvement ideas for all DFAS MEOs
- Contact information for all MEO Oversight Program Management Representatives
- Links to appropriate references, other A-76 websites, etc.
- Other information as deemed appropriate

C5.3.5. Educate Participants on MEO Corporate Oversight Program

C5.3.5.1. Educate all customers, MEOs, CGAs, PLEs, BLEs, and other DFAS personnel of the functions and responsibilities of MEO operations and oversight. This education program should include:

- Overall objectives, procedures, and operation of the MEO Corporate Management Program and the MEO Oversight Program
- Responsibilities of all involved parties in the MEO Corporate Management and MEO Oversight Programs
- MEO Implementation and Operation processes
- MEO Deviation Request Process
- Communication systems to find and promote best practices/benchmarks of other MEOs

C5.3.5.2. MEO Corporate Oversight Training will be designed to best meet the needs of the target audiences. Training format may include briefings, formal classes, seminars, “Roadshow” briefings, or other means.

C5.3.5.3. Provide input to DFAS Training Team to ensure DFAS A-76 training programs adequately address training needs and effectively improve DFAS A-76 knowledge.

#### C5.4. ROLES AND RESPONSIBILITIES OF KEY PLAYERS.

##### C5.4.1. Director for Corporate Resources

- Support the MEO Corporate Oversight Program and ensure the required personnel and resources are assigned as needed.

##### C5.4.2. Director for Corporate Planning

- Responsible for the MEO Corporate Oversight Program. Ensure the required personnel and resources are assigned as needed.

##### C5.4.3. Competitive Sourcing Division Chief

- Program manager for all DFAS A-76 and MEO Issues. Manage the MEO Oversight Program.
- Provide guidance to MEO Oversight Program Team. Approve MEO Oversight Program procedures.

##### C5.4.4. MEO Oversight Program Team Leader

- Execute the MEO Oversight Program and report directly to the Competitive Sourcing Division Chief on all MEO Oversight Program issues.
- Manage the MEO Oversight Team in relation to program functions. Decide appropriate course of action as new issues and questions arise.
- Advise and assist DFAS field organizations in the development, implementation, and execution of DFAS MEOs.
- Review and approve team items for posting to the MEO Oversight Program website.
- Collect reports and information from Site Representatives and forward a consolidated, monthly report to the Competitive Sourcing Division.

##### C5.4.5. MEO Oversight Program Site Representatives

- Execute MEO Oversight Program functions and report to the MEO Oversight Team Leader on MEO Oversight issues.
- Advise and assist DFAS field organizations in the implementation, operation, and revision of DFAS MEOs.
- Monitor and report DFAS MEO status.
- Coordinate with involved participants on MEO audits.
- Educate all participants on MEO operation and oversight procedures.
- Provide inputs to update MEO Oversight Program procedures.
- Collect reports and information from CGA Manager and forward a monthly report to the Team Leader for compilation.

##### C5.4.6. Continuing Government Activity (CGA) Manager

- Partner with the MEO Oversight Program Site Representative and supports MEO Oversight Program objectives as required.

MEO OVERSIGHT PROGRAM -- EXECUTIVE SUMMARY														
Submit Monthly to DFAS Director for Resource Management										As of:				
BUSINESS OR SUPPORT SERVICE	N					A					B	P		
A = Accounting Services B = Commercial Pay Services C = Resource Mgt Services N = Administrative Services P = Military & Civilian Pay Svcs T = Technology Services	Facilities, Logistics & Admin - Cleveland	Facilities, Logistics & Admin - Columbus	Facilities, Logistics & Admin - Denver	Facilities, Logistics & Admin - Indianapolis	Facilities, Logistics & Admin - Kansas City	DeCA Accounting - Columbus	Depot Maint. Accounting - Kansas City	Depot Maint. Accounting - Norfolk	Depot Maint. Accounting - Rock Island	Depot Maint. Accounting - San Bernardino	Depot Maint. Accounting - San Diego	Transportation Accounting - Omaha	DeCA Vendor Pay - Columbus	
MEO & SITE >>>>														
<b>INTERFACE WITH BUDGET, MANPOWER, HUMAN RESOURCES &amp; INTERNAL REVIEW</b>														
<b>MANPOWER EXECUTION</b>														
Is the MEO executing its allotted FTEs?														
Is the MEO fully-staffed?														
Are staffing/training actions underway?														
Are position changes being pursued?														
<b>COST PERFORMANCE</b>														
Are labor/other costs w/in estimates?														
Are all costs properly posted?														
<b>AUDIT ACTIVITY &amp; RESPONSES</b>														
Is an audit/survey scheduled?														
Is there a report of findings?														
Has a formal reply been prepared?														
Are corrective actions complete?														
<b>INTERFACE WITH CONTINUING GOVERNMENT ACTIVITY (CGA) &amp; MEO MANAGERS</b>														
<b>TRANSITION MANAGEMENT</b>														
Are minutes/taskings documented?														
Are milestones being met/adjusted?														
Is the CGA maintaining an active role?														
<b>WORKLOAD INDICATORS</b>														
Is there a significant change in work?														
Are changes being recorded/tracked?														
Are performance metrics being met?														
Is the QAE monitoring the work?														
<b>CUSTOMER MEETINGS &amp; EVALUATIONS (as required by PWS)</b>														
Are regular meetings being held?														
Has a customer survey been issued?														
Is the customer reporting "satisfied"?														
Are needed corrections complete?														
<b>REQUESTS FOR DEVIATION</b>														
Is a request under development?														
Is a request in local coordination?														
Is a request awaiting HQ approval?														
No Entry Required	STATUS		Milestones Complete - OR - Not Applicable - OR - May Be (Is) Next Action											
Yes (In Compliance)		Y	Action Underway - OR - Action Complies with Plans/Requirements											
No (Not in Compliance)		N	Inhibitor at Play/Corrective Actions (Being) Identified/Tracked											
Both (Part Yes & No)		B	Some Actions Complete/Underway; Others Awaiting Follow-up/Resolution											
Prepared by:							Date Prepared:							

Figure 5-2: MEO Oversight Program Executive Summary

## C6. CHAPTER 6

### MEO DEVIATION REQUEST PROCESS

#### C6.1. MEO DEVIATION REQUEST OVERVIEW.

C6.1.1. This chapter provides information on the DFAS MEO Deviation Request Process, to include types of MEO Deviation Requests, details on the deviation process, and process requirements and responsibilities. The objectives of this process are to clarify and define the submission and approval of MEO Deviation Requests and provide a centralized point of control for all DFAS MEO deviations. As the program manager for DFAS A-76 issues, the Competitive Sourcing Division Chief is responsible to ensure effective operation of this process.

C6.1.2. As stated in the draft DoD A-76 Cost Comparison Handbook #8, Section C7.6: Adjustments Over Time:

*During full performance, it may become necessary to make adjustments to PWS requirements, the QASP, and Government MEO resource requirements. PWS requirements may be the result of unexpected or increased workload or a minor expansion in the scope of the PWS. QASP adjustments should mainly change the surveillance methods or timing, but they may also involve a tightening or loosening of the standards of the PWS. Any adjustment to the standards in the PWS will be scrutinized as a possible 'gaming' of the PWS requirements, so they must be fully supported throughout the chain of command, and backed by in-depth analysis and rationale for the changes. Changes to Government MEO resource requirements may be due to changes in PWS requirements, changes to the QASP, or changes to implementation of the Government MEO.*

C6.1.3. A deviation request can originate from three sources: customers, DFAS management, or the MEO.

- The customer may request a change to the current level of support or an additional service.
- DFAS management, the BLE, or PLE may request a change to the current work supported or support for an additional service.
- The MEO may request a deviation to increase the quality of service, streamline a process, or improve upon a PWS requirement.

C6.1.4. While the idea behind a deviation request may originate from almost any source, it is the responsibility of the MEO Manager to begin the deviation request process. The MEO Manager will coordinate with the CGA Manager to develop the complete Deviation Request Package (DRP).

C6.1.5. Upon identifying the need for a Deviation Request Package (DRP), the MEO Manager will prepare and develop the DRP by following the documentation requirements outlined in this guide. The MEO Manager may need to enlist the assistance of Budget (and/or Manpower) Office, functional support, organizational analysis, position classification, personnel staffing or other staff support office representatives to research and/or develop the documentation. During

the coordination and approval process, the MEO Oversight Program Site Representative, with assistance of the DFAS Competitive Sourcing Division, will monitor the status of the DRP and advise the CGA and MEO Managers as needed.

C6.1.6. Any deviation request must be documented, coordinated and approved for A-76 audit purposes. A Deviation Request Package must be submitted for any change that results in a modification to:

- PWS, QASP, TP, or MP documents
- MEO staffing, organization or manpower
- MEO cost
- MEO workload or performance standards

C6.1.7. Central approval authority for MEO Deviation Requests is the responsibility of the DFAS Director for Corporate Planning. Approval authority for minor operational issues may be delegated to the CGA Manager, while deviations that impact more than just the MEO may require higher approval authority (DFAS Leadership Council) as detailed in the Approval Authority Matrix, Figure 6.2. Regardless of the approval authority, the Deviation Request must be documented for stringent A-76 audit requirements.

C6.1.8. The only variation to the MEO Deviation Request Process is if a change is mandated by Public Law, Congressional Legislation, DoD Budget changes, or significant audit findings from DoD IG or equivalent. These changes will be staffed according to the normal Deviation Request Process but justification can be streamlined to accommodate the mandatory execution of the change.

## C6.2. MEO DEVIATION PROCESS.

C6.2.1. The MEO Deviation Request Process is represented in the following flowchart, Figure 6-1.

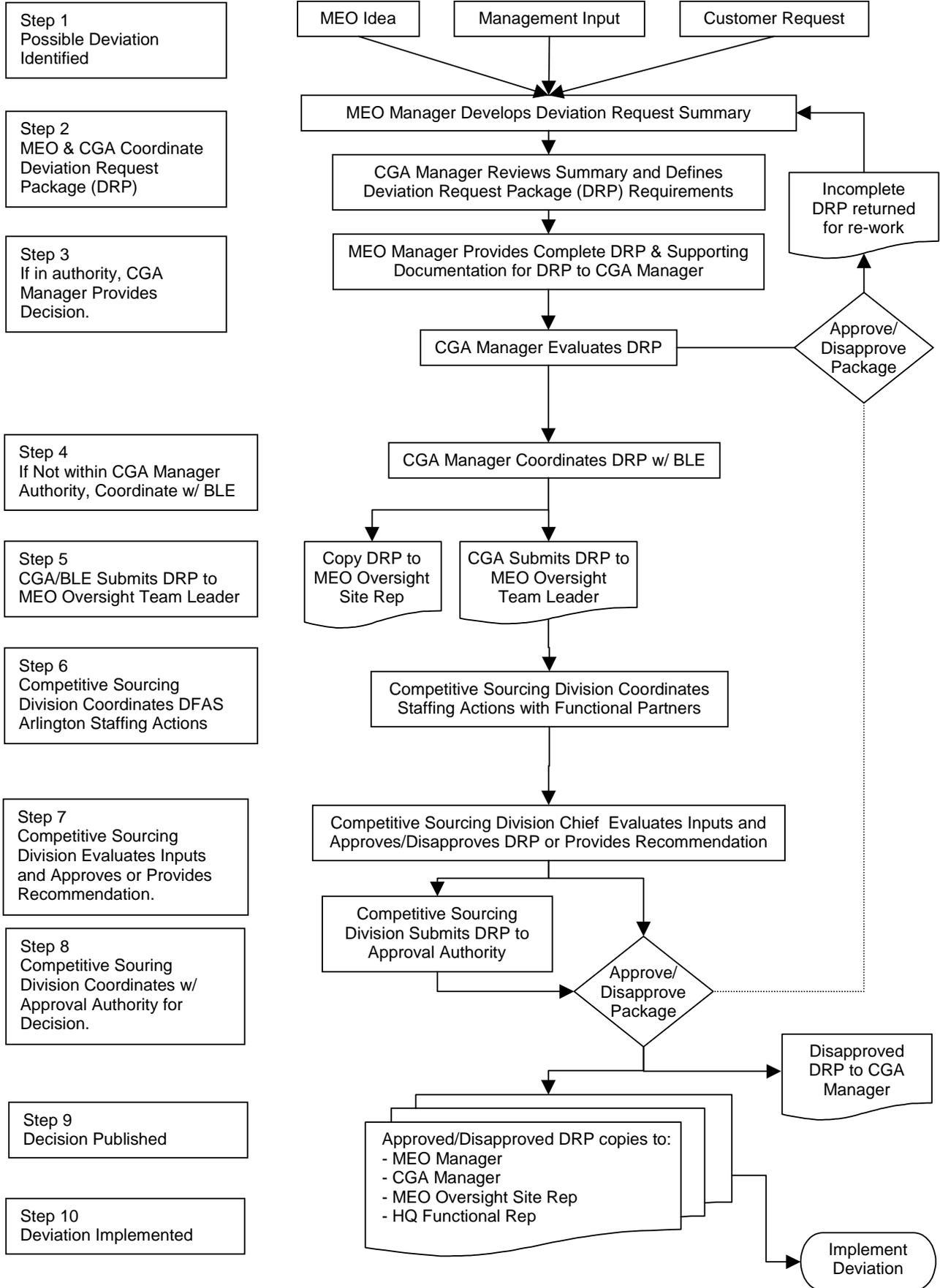


Figure 6-1. MEO Deviation Request Process Flowchart

C6.2.2. Step 1: Customer, DFAS Management, or MEO Identifies Possible Deviation

- The requester must clearly communicate to the MEO Manager what the required change is, why the change is requested, and what benefits are expected after implementation. This information will help the MEO Manager complete the analysis and support documentation for the Deviation Request Package.

C6.2.3. Step 2: Develop MEO Deviation Request Package (DRP)

- The MEO Manager develops a written summary for the requested deviation that will include the impact on resources (cost, manpower, etc) and the required documentation changes (to the PWS, MP, QASP, etc.) and forwards to the CGA Manager. The format for the request summary is flexible, as long as it clearly documents the specifics of the Deviation Request.
- The CGA Manager reviews the Deviation Request summary and evaluates the extent and application of the proposed deviation. The CGA Manager defines the supporting information and analysis required to complete the DRP so a fully informed decision can be made.
- At this point, if the requested deviation is within the CGA Manager's authority to approve and if sufficient support information is included in the Deviation Request summary, the CGA Manager may approve/disapprove the request at this time. (Go to Step 3)
- The MEO Manager collects the required support data and provides a detailed analysis to the CGA Manager for inclusion in the DRP. This analysis will include a detailed description of the deviation impact on manpower, operations, cost, or MEO performance, as tasked by the CGA Manager. The CGA Manager will ensure the DRP has sufficient support documentation to assist the approval authority in making a well-informed decision.
- During the development of the DRP, the CGA and MEO Managers will coordinate with the MEO Oversight Program Site Representative for guidance and assistance on completing the package as well as including a corporate perspective on the deviation early in the process. The CGA Manager will provide a monthly status update of the deviation request to the MEO Oversight Program Site Representative.
- The CGA and MEO Managers may coordinate with the local Government Employee Union Representative for input if the proposed deviation has impact on employees.
- The MEO Manager completes the formal MEO DRP with all appropriate documentation. The requirements for a complete MEO Deviation Request Package are listed in section 3 of this chapter.

C6.2.4. Step 3: CGA Manager Evaluates DRP

- Once complete, the CGA Manager will evaluate the DRP to determine the proper approval authority. Figure 6.2 provides the DRP approval matrix.
- If within CGA approval authority, the CGA Manager will determine if the change is in the best interest of the government and return a decision to the MEO Manager. The CGA Manager should coordinate with the BLE and the MEO Oversight Site Representative for guidance. If approved, the MEO Manager will implement the deviation as outlined in the DRP (Go to Step 9).
- The CGA Manager will provide copies of the (approved/disapproved) package to the required offices within five workdays of decision. This will ensure that a complete record is kept of all requested deviations. Copies will be provided to:
  - DFAS Competitive Sourcing Division
  - MEO Oversight Program Management Site Representative

- DFAS HQ Functional Representative
- Business Line Reporting Authority (BLE, PLE, or other as designated by BLE)
- If higher management approval is required, proceed to Step 4.

C6.2.5. Step 4: CGA Manager Coordinates DRP with Business Line.

- If the DRP requires DFAS Corporate (Arlington) approval, the CGA Manager will coordinate the DRP through the appropriate office within the Business Line as established by the BLE.
- Obtain BLE (or other designated Business Line approval authority) recommendation.  
Step 5: CGA Manager Forwards DRP to MEO Oversight Team Leader.

- After receiving Business Line recommendation, the CGA Manager forwards the DRP to the DFAS MEO Oversight Team Leader, who performs a last step “Quality Check,” before forwarding the DRP to the DFAS Competitive Sourcing Division for Corporate (Arlington) coordination and approval.
- The CGA Manager provides a copy of the DRP to the MEO Oversight Program Site Representative for tracking purposes.

C6.2.6. Step 6: Competitive Sourcing Division Coordinates DRP for Corporate Input.

- Upon receipt from the MEO Oversight Team Leader, the Competitive Sourcing Division ensures the DRP meets all requirements in this appendix.
- If complete, the Competitive Sourcing Division will concurrently send copies of the DRP with a cover letter to all appropriate Arlington offices to obtain concurrence for the proposed deviation. Coordination may be completed via discussion meetings, telephone conferences, paper packages, or other means as required. The Competitive Sourcing Division Chief will determine which Corporate offices are required for coordination. These offices may include but are not limited to:
  - Arlington Functional Representative
  - Human Resources
  - Budget
  - ASO
  - General Counsel
  - DFAS Internal Review (IR)

C6.2.7. Step 7: Competitive Sourcing Division DRP Evaluation.

- Once DFAS Arlington staffing actions are complete and responses returned to the Competitive Sourcing Division, the Competitive Sourcing Division Chief will review all staffing documentation and recommend approval or disapproval of the requested deviation to the Director for Corporate Planning.
- If higher approval authority is required ([see Approval Authority Matrix, Figure 6.2](#)), the Competitive Sourcing Division Chief will recommend approval/disapproval and present the DRP to the proper approval authority. Proceed to Step 8.

C6.2.8. Step 8: DFAS Management Evaluation of DRP.

- The DRP with Competitive Sourcing Division recommendation is forwarded to the appropriate DFAS approval authority (see [Approval Authority Matrix, Figure 6.2](#)) for a decision. Once approved/disapproved, the DRP is returned to the Competitive Sourcing Division.

C6.2.9. Step 9: Publish DRP Decision.

- Once the deviation request is approved/disapproved, the Competitive Sourcing Division will distribute copies of the package to:
  - MEO Manager
  - CGA Manager
  - BLE
  - MEO Oversight Program Team Leader and Site Representative
  - DFAS Arlington Functional Representative
- The DFAS Competitive Sourcing Division will retain a copy of the final DRP for use in the lessons learned library, inclusion on the DFAS Competitive Sourcing Program web page, or other positive communication methods.

C6.2.10. Step 10: Implement Approved Deviation.

- Once approved, the MEO Manager will implement the approved actions as described in the Deviation Implementation Plan. The MEO Manager will coordinate implementation with the CGA Manager to ensure that all actions are completed.
- The CGA Manager will assist the MEO Manager to ensure the deviation is implemented as planned and that required DFAS resources are provided. The CGA Manager will coordinate with the BLE to amend the MEO Letter of Obligation.
- The CGA Manager will provide implementation status to the BLE and the MEO Oversight Program Site Representative.
- When implementation problems are identified, the Competitive Sourcing Division Chief will facilitate resolution with the CGA Manager, PLE, BLE or other appropriate office.

C6.2.11. A step by step timeline for the Deviation Process is provided in Table 6-1.

Step	Action	POC	Recommended Maximum Time Required
1	Possible deviation identified	MEO, BLE, CGA, or Customers	As Needed
2	Develop MEO Deviation Request Package (DRP).	MEO Manager	As Needed
3	CGA Manager Evaluates DRP	CGA Manager	As Needed
4	CGA Manager Coordinates DRP with Business Line	CGA Manager	As Needed
5	CGA Manager Forwards DRP to MEO Oversight Team Leader	CGA Manager	As Needed
6	Competitive Sourcing Division Coordinates DRP for Corporate (Arlington) Office Input	Competitive Sourcing Division	15 workdays
7	Competitive Sourcing Division Chief Evaluates DRP	Competitive Sourcing Division Chief	3 workdays
8	DRP Decision by DFAS Management	DFAS Approval Authority	5 workdays*
9	Publish DRP Decision	Competitive Sourcing Division	5 workdays
10	Implement Approved Deviation.	MEO Manager, CGA Manager,	As described in DRP Deviation Implementation Plan
<i>Approval process may take longer than 5 workdays depending on time required to obtain approval from DFAS Management.</i>			

Table 6-1: MEO Deviation Process Timeline

C6.2.12. Once the DRP is submitted to the Competitive Sourcing Division, the DFAS Corporate (Arlington) decision process should take approximately 30 workdays. After the approved/disapproved DRP is returned, the MEO will institute changes per the submitted Deviation Implementation Plan. All involved offices must make every effort to meet process suspenses to keep response time to a minimum and prevent unnecessary delays in the MEO implementing the requested changes.

**C6.3. DEVIATION REQUEST PACKAGE (DRP) REQUIREMENTS.**

C6.3.1. The focus of the DRP is to provide a detailed level of information to the proper authority so an informed decision can be made concerning the MEO Deviation Request.

C6.3.2. The Deviation Request Package (DRP) should contain the following documents/data elements:

C6.3.2.1. Deviation Request Package Tracking Sheet. This cover sheet is used to track the coordination stages of the Deviation Request Package once received by the Competitive Sourcing Division. Tracking sheet will be added by the Competitive Sourcing Division in Arlington.

C6.3.2.2. Cover Letter with BLE signature, example provided in section C6.8. This letter must be included and signed by the appropriate BLE prior to the package submission for approval. This is to ensure that the BLE has been informed of the MEO Deviation Request and approves of the requested changes.

C6.3.2.3. Executive Summary of the Deviation Request. The Executive Summary is a brief (one or two pages) description of the requested deviation, changes required, and intended outcome if approved.

C6.3.2.4. DRP support data and analysis as defined by the CGA Manager to include:

- Required manpower support data
- Resources required to implement deviation
- Impact of deviation on budget, cost of MEO
- Impact of deviation on customer service
- Required changes to PWS, QASP, MP, workload documentation, etc. in support of deviation request (as needed)
- Other documentation to support requested actions (i.e. customer request for change, recommendation/inputs from Government Employee Union Representative, etc.)

C6.3.2.5. Deviation Implementation Plan. A Plan of Action and Milestones (POA&M) showing a timeline to implement the requested deviation.

C6.3.3. Examples of a DRP, a Deviation Request summary, and other related documents will be provided in the MEO Oversight Program Library.

C6.3.4. Tracking of the DRP will be accomplished using the DRP Tracking sheet included with the DRP. The tracking sheet will be used as an audit trail of the deviation for inspections, audits, and reviews.

C6.3.5. The CGA Manager will keep the MEO Oversight Site Representative informed of deviations in development and request assistance as needed. The MEO Oversight Site Representatives will report the status of DRP development and status of approved deviation implementation to the Oversight Program Team Leader as defined in Chapter 5.

#### C6.4. MEO DEVIATION TEMPORARY WAIVER REQUEST.

C6.4.1. Under extreme mission circumstances, a MEO Deviation Temporary Waiver may be requested to implement a short-term deviation. Waivers may be approved to overcome unexpected, one-time surges in operations or other unique circumstances that require immediate attention. Waiver requests will be submitted through the normal MEO Deviation Process but need only include the BLE signed cover letter and a Deviation Request summary detailing what is being requested, why, and the impact. Approval authority for temporary waivers remains the same as for standard deviation requests.

C6.4.2. Since this process will most likely be needed in a short time frame, the process should be expedited as much as possible. To streamline the approval of a waiver:

C6.4.2.1. Only a signed letter by the BLE with a summary of the temporary changes, the resources required, and associated costs needs to be submitted for approval.

C6.4.2.2. Use of facsimile and email of the documents should be used as much as possible.

C6.4.2.3. All key players will endeavor to complete their requirements as soon as a waiver is received.

C6.4.3. Once submitted to the MEO Oversight Team Leader, a decision should be returned in 5 workdays under most circumstances.

C6.4.4. MEO Deviation Temporary Waivers will only be granted for a maximum of 120 calendar days. A temporary deviation waiver will be granted only once, as this is to overcome unique, short-term situations. At the end of the 120 calendar day period, the MEO must cease actions granted by the waiver.

C6.4.5. If a deviation is requested for more than 120 calendar days or is a permanent requested change, a DRP must be submitted and approved before the 120 calendar day limit expires.

***NOTE: This process is to be for exceptional circumstances only and should not be used as a “work-around” of the normal deviation process. Approval for deviation waivers is not guaranteed and this process is available only as a means to resolve short-term obstacles to MEO operations caused by factors outside of the MEO control.***

#### C6.5. LIMITATIONS TO MEO DEVIATION REQUESTS.

C6.5.1. If a MEO at any time exceeds or requests a deviation that is an expansion of MEO operating cost, manpower, or total capital investment to perform the activity from the original MP, a new A-76 Cost Comparison Study is mandated by DoDI 4100.33 prior to authorizing in-house performance. (See Chapter 8 for MEO recompetition procedures.)

C6.5.2. A MEO may not request a deviation during the first year of MEO performance under normal circumstances. Within the first year, there will not be enough data available for analysis and support for approval of a MEO Deviation from the MP. Also, any deviations requested during this first year of performance may contribute to a perception that the MEO is “gaming the system” and knowingly underbid in the cost comparison. The only exceptions appropriate during the first performance year of the MEO are either changes directed by Public Law or Congressional Legislation or an exceptional or extraordinary change in the MEO’s mission that drastically changes the workload the MEO must support.

#### C6.6. MEO DEVIATION REQUEST DECISION AUTHORITY.

C6.6.1. To maintain a standard evaluation for approval, deviations will be coordinated through the BLE with primary authority to approve the deviation request the responsibility of the Director for Resource Management. Some decision authority has been delegated to the CGA Manager to simplify the process. Deviations that will have impact DFAS wide or deal with sensitive areas require higher DFAS Management approval. The following chart (Figure 6.3) identifies the required decision authority for deviation requests, depending on the specific

changes requested. If the decision authority required is not clear, the default authority is the Director for Resource Management.

C6.6.2. Definition of Approval Authority Matrix Authority Levels (Figure 6.2):

Approval (A)	=	Final approval authority for the DRP
Coordination (C)	=	Agent/office that reviews DRP and submits comments on deviation request. Final approval authority should take into account comments of Coordination agents, but can disagree with their recommendation.
Information (I)	=	Agent/office that should be kept advised of any changes to the MEO for information, audit, or other purposes.
As Needed (*)	=	As determined by the Competitive Sourcing Division Chief. (i.e. If a MEO request for deviation would exceed the recompetition threshold, approval authority would be the DFAS Leadership Council or DFAS Director)

DFAS MEO Deviation Request Package (DRP) Approval Authority Matrix															
A = Approval Authority I = Information Copy		C = Coordination * = As Needed		Approval Authority											
Requested Change To:		MEO Manager	CGA Manager	BLE / PLE	MEO Oversight Program Site Rep.	MEO Oversight Program Team Leader	Arlington Functional Representative	Acquisition Support Office (ASO)	Office of General Council (OGC)	Union Representative	Budget (RM)	Human Resources	Chief, Competitive Sourcing Division	Director Corporate Planning	DFAS Management / Leadership Council
<b>MEO Operational Procedures</b>															
MEO Internal Process, No Change to PWS, MP, Cost, Manpower, etc.		C	A	I	I	I	I						I		
<b>Quality Assurance Surveillance Plan (QASP)</b>															
Inspection Schedule			C	I	C	C	I						A		
Inspection Method			A	I	I	I							I		
<b>Management Plan (MP)</b>															
Shift MEO Personnel with No Number or Grade Change		C	C	C	C	C	C			*	C	C	A		
Number of Authorized Positions (Increase or Decrease)		C	C	C	C	C	C			*	C	C	C	A	
Position Descriptions (Non-Grade Impacting)		C	C	C	C	C	C			*		C	A		
Position Descriptions (Grade Impacting)		C	C	C	C	C	C			*	C	C	C	A	
<b>Performance Work Statement (PWS)</b>															
Increase/Decrease of Supported Workload		C	C	C	C	C	C	C	C		C	C	A		
Change, Add, or Delete a PWS Task / Service Provided		C	C	C	C	C	C				C	C	C	A	
Change, Add, or Delete Supported Customer		C	C	C	C	C	C				C	C	C	A	
Change, Add, or Delete PWS Deliverable		C	C	C	C	C	C				C	C	A		
Change, Add, or Delete PRS Standard/Metric		C	C	C	C	C	C						A		
Change, Add, or Delete Government Furnished Equipment, Property, Services		C	C	C	C	C	C	C	C		C	C	A		
Change in Use of a Government Data System		C	C	C	C	C	C				C	C	C	A	
<b>Cost</b>															
Decrease MEO Operating Cost		C	C	C	C	C	C	C	C		C	C	C	A	
Increase MEO Operating Cost		C	C	C	C	C	C	C	C		C	C	C	A	*
<b>Other Changes</b>															
DFAS Restructuring (Manpower Cuts, Reorganization, etc.)		C	C	C	C	C	C	C	C	*	C	C	C	C	A
DFAS Business Policy / Process Change		C	C	C	C	C	C		C		C	C	C	C	A
DFAS Mission Change		C	C	C	C	C	C				C	C	C	C	A
MEO Change Exceeding 30% Limit		C	C	C	C	C	C	C	C		C	C	C	C	A
Legislative / Statutory Change		C	C	C	C	C	C		C		C	C	C	C	A
Any Other Change Not Otherwise Listed		C	C	C	C	C	C	*	*	*	*	*	C	A	*

Figure 6-2 MEO Deviation Process Approval Authority Matrix

## C6.7. ROLES AND RESPONSIBILITIES OF KEY PLAYERS.

### C6.7.1. MEO Manager

- Research possible deviations as presented by MEO personnel, customers, or DFAS Management.
- Develop the Deviation Request summary and submit to the CGA Manager.
- In coordination with the CGA Manager, develop the MEO Deviation Request Package (DRP). Specifically, conduct analysis of the proposed change(s) to include data gathering and assessment of possible deviation impacts and outcomes.
- Submit supporting documentation (cost factors, manpower study, mission changes, changes to PWS, MP, QASP or other documents) for the official DRP to the CGA Manager.
- Upon approval, implement deviation actions according to the Deviation Implementation Plan in the DRP.

### C6.7.2. CGA Manager

- Provide guidance to the MEO Manager during the research of a possible deviation request. Specifically, assist the MEO Manager to clearly define the boundaries and specific requirements of the requested change(s). Communicate with the requesting agent (customer, BLE, etc) to clear up any questions.
- Evaluate the Deviation Request summary and define the specific data and analysis required to make a well-informed decision. Review the support data submitted by the MEO Manager and ensure the information meets all requirements and sufficiently supports the requested deviation.
- Ensure the DRP is complete.
- If within approval authority, approve or disapprove the DRP and return decision to MEO Manager. Provide copies of the decision to the BLE, MEO Oversight Program Management Site Representative, DFAS HQ Functional Representative, and the DFAS Competitive Sourcing Division within five workdays of decision.
- If decision authority is outside the CGA, coordinate the proposed deviation with the BLE, PLE, or other designated office to obtain operational recommendation.
- Forward the DRP to the BLE for approval.
- Assist the MEO Manager in implementing approved deviation actions. Ensure government assets are provided as planned.
- Keep the BLE informed of DRP status, implementation of approved actions, and impact of changes.
- After implementation, track and record deviation impact and outcomes for reference in future studies, deviation requests, etc.

### C6.7.3. Chief, Competitive Sourcing Division

- Coordinate the DRP with all appropriate DFAS HQ offices. Ensure process deadlines are not exceeded and a timely response is obtained and returned to the MEO Manager.
- Recommend approval/disapproval of the submitted DRP to the Director Corporate Planning.
- Coordinate the DRP with the appropriate approval authority.
- Monitor the implementation of approved changes. When implementation problems are reported via the MEO Oversight Site Representatives or Team Leader, facilitate resolution with the CGA Manager, PLE, BLE or other appropriate office.

- Monitor implementation outcomes as reported by the MEO Oversight Site Representatives for reference in future studies, deviation requests, and ensure lessons learned are published on the Competitive Sourcing Web Page (or other communication methods).

C6.7.4. MEO Oversight Program Team Leader

- Record and track the DRP as submitted by the BLE.
- Evaluate the DRP as submitted. Ensure the package meets all requirements of this guide and contains sufficient support for requested change(s). Advise the CGA Manager if more information will be needed. Forward package to Competitive Sourcing Division.
- Once it is approved/disapproved, return copies of the DRP to the MEO Manager, CGA Manager, the MEO Oversight Program Management Site Representative, and the DFAS HQ Functional Representative within five workdays of decision.

C6.7.5. MEO Oversight Program Site Representative

- Provide assistance and expertise to the MEO Manager, CGA Manager, and others as requested during the deviation request process.
- Monitor the implementation of approved changes and report progress or problems to the MEO Oversight Program Team Leader.
- After implementation, report deviation outcomes to the Oversight Program Team Leader for information reference in future studies, deviation requests, and lessons learned as possible improvements for other MEOs, DFAS offices, and future studies.

C6.7.6. Functional Representative

- Review the DRP and provide comments/recommendation to the Competitive Sourcing Branch within the required suspense.

C6.7.7. Government Employee Union Representative

- Review the DRP and provide comments/recommendation as required by the local union agreement.

C6.7.8. Human Resources Office (HR)

- Review the DRP and provide comments/recommendation to the Competitive Sourcing Division within the required suspense.
- Provide Human Resources expertise and assist with the implementation of approved changes as required.

C6.7.9. Office of General Counsel (OGC)

- Review the DRP and provide comments/recommendation to the Competitive Sourcing Division within the required suspense.
- Provide legal expertise and assist with the implementation of approved changes as required.

C6.7.10. Acquisition Services Division (ASD)

- Review the DRP and provide comments/recommendation to the Competitive Sourcing Division within the required suspense.
- Provide contracting expertise as required.

C6.7.11. BLE/PLE

- Provide inputs and guidance to the CGA and MEO Managers as required for the DRP to include a final approval recommendation to the Director Corporate Planning.
- Approve and forward the DRP to the MEO Oversight Program Team Leader.
- Provide required resources and support to the CGA and MEO Managers upon implementation of approved deviation. Ensure all required actions are accomplished as planned and take corrective action with the CGA Manager as required.

C6.7.12. Director for Corporate Planning (CP)

- Evaluate the DRP as submitted and approve/disapprove deviation request.
- Provide CP support and assistance for the implementation of approved changes as required.

C6.7.13. DFAS Director, Executive Steering Group, or Leadership Council

- Evaluate the DRP as submitted and approve/disapprove deviation request.

C6.8. DEVIATION REQUEST PACKAGE BLE COVER SHEET EXAMPLE

DFAS-{Insert Office Symbol}

MEMORANDUM FOR DIRECTOR FOR CORPORATE PLANNING,  
ATTN: Chief, Competitive Sourcing Division

SUBJECT: {Insert MEO Organization Here} Most Efficient Organization Deviation Request

The DFAS Competitive Sourcing Program requires the Competitive Sourcing Division to review and approve/disapprove requests for deviations to any current DFAS Most Efficient Organization (MEO).

This deviation request is submitted for {Insert MEO Organization Here} MEO. In summary, the requested deviation includes {Insert Brief Summary Statement of Deviation Actions}. The details of the deviation request are explained in the attached Deviation Request Package. The Deviation Request Package has been developed in coordination with the MEO Manager and the responsible Continuing Government Activity (CGA) Manager.

Questions may be directed to {Insert Name, Phone Number, and Email Here}.

{Insert BLE Name Here}  
{Insert BLE Title Here}

Figure 6-3. Deviation Request Package Tracking Sheet

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## C7. CHAPTER 7

### POST-MEO REVIEW AND MEO AUDIT PROCEDURES

#### C7.1. POST-MEO REVIEW AND MEO AUDIT PROCEDURES OVERVIEW.

C7.1.1. When services are performed in-house as a result of an A-76 Cost Comparison Study, a formal review and inspection of the Most Efficient Organization (MEO) will be conducted. A Post-MEO Review will normally occur after the first twelve months of full performance under the Government MEO.

C7.1.2. The Post-MEO Review confirms that the MEO has been implemented in accordance with the Transition Plan, establishes the MEO's ability to perform the services of the PWS, and confirms that actual costs are within the estimates contained in the IHCE Adjusted-Baseline. Adjustments may be made for formal mission or scope of work changes, with an approved Deviation Request.

C7.1.3. Post-MEO Reviews will be conducted at the direction of the DFAS Director or designee. The Director may order other MEO Audits as necessary. DFAS Internal Review (IR) will normally conduct the Post-MEO Review and other directed audits.

#### C7.2. POST-MEO REVIEWS OR MEO AUDITS.

C7.2.1. Post-MEO Reviews will be conducted on all DFAS MEOs, after the first twelve months of full performance of the MEO.

C7.2.1.1. Formal Post-MEO Reviews will be conducted by DFAS Internal Review (IR) or an outside audit agency (i.e. DOD IG). DFAS Competitive Sourcing Division will coordinate with DFAS IR for Post-MEO Reviews.

C7.2.1.2. Any MEOs that are not inspected by DFAS IR or another audit agency for their one year, Post-MEO Review, will have a Post-MEO Staff Assistance Visit (SAV) that will take the place of the formal review. The Post-MEO SAV will be coordinated by the DFAS Competitive Sourcing Division. SAV Team participants will include:

- Competitive Sourcing Division representative
- MEO Oversight Team Leader
- MEO Oversight Site Representative
- HQ Functional Representative
- Corporate Functional Partner (GC, HR, RM, etc.) representatives, as requested

C7.2.2. MEO audits may be conducted at the discretion of the Director, DFAS. Audits may be conducted at any time during the performance of the MEO to identify problems, evaluate the efficiency of the MEO, or prepare for possible recompetition. Normally, audits are conducted after the first full year of MEO performance but may be initiated at any time at the Director, DFAS direction.

### C7.3. POST-MEO REVIEW OR MEO AUDIT PREPARATORY ACTIONS.

C7.3.1. The inspecting agency (DFAS IR or other official agency) will notify the Competitive Sourcing Division Chief of a pending audit or review of a DFAS MEO at the earliest possible date. The Competitive Sourcing Division Chief will notify the MEO Oversight Team Leader, the Business Line Executive, and the CGA Manager and request an Audit/Review point of contact (POC) from the BLE. Notification may be verbal, electronic, or via formal correspondence. Verbal notification is not recommended but may be necessary to preclude delays. Formal notification will be sent immediately as follow-up and filed for audit tracking purposes after verbal notification.

C7.3.2. The Business Line or CGA Audit POC, in concert with the MEO Manager, will perform preliminary checks to identify problems that may require further action before beginning the audit or review.

C7.3.3. Pre-audit or review actions may include:

- Review prior audit results, previous reviews, and QAE inspections for outstanding issues.
- Review all labor and non-labor cost documentation.
- Review documentation for manpower trends for personnel authorized versus assigned and overtime utilization.
- Review approved MEO Deviation Requests, MEO deviation implementation actions, and the impact on MEO operation.
- Collect all documentation and prepare organized copies to submit to the MEO Review/Audit Team as requested during the review/audit.

C7.3.4. All pre-audit or review actions should be documented. The MEO Manager, CGA Manager, and Audit/Review POC should utilize an established checklist to streamline pre-audit or review actions. A recommended MEO Preliminary Audit/Post-MEO Review checklist is provided at Figure 7-1. More detailed checklists may be used by the MEO to prepare for an audit as needed.

### C7.4. POST-MEO REVIEW OR MEO AUDIT PROCEDURES AND EVALUATION CRITERIA.

C7.4.1. DFAS IR will designate a MEO Review Official who will form a team to conduct the MEO performance review or audit. The person appointed as the Review Official must be independent of the most senior official included in the Government's IHCE. For audits and reviews conducted by agencies other than DFAS (DOD IG, GAO, etc), the inspecting agency procedures will be followed.

C7.4.2. The MEO Manager, CGA Manager, Audit/Review POC, and MEO Oversight Site Representative will attend the Post-MEO Review/Audit In-brief.

C7.4.3. The Post-MEO Review confirms that the MEO has been implemented in accordance with the Transition Plan, establishes the MEO's ability to perform the services of the PWS, and confirms that actual costs are within the estimates contained in the IHCE Adjusted-Baseline.

C7.4.4. In general, the Post-MEO Review will evaluate the MEO in the following areas:

C7.4.4.1. MEO Implementation: MEO implementation may be measured in terms of compliance with the FTE, grade structure, and the contract support included in the Transition Plan and MP.

C7.4.4.2. MEO Performance: MEO performance may be measured in terms of workload, responsiveness, and quality of work. Special inspections and a review of the activity's implementation of the QASP may be necessary.

C7.4.4.3. MEO Cost: MEO Cost conformance may be determined by an analysis of actual labor and non-labor costs against the Personnel, Material, and Other Specifically Attributable costs on the final IHCE and the IHCE Adjusted-Baseline. As previously discussed, a realistic Adjusted-Baseline needs to be established to adjust for the actual personnel grade and step used to fill MEO manpower authorizations versus the standard Step-5 level used in the IHCE, saved pay, and any other inflation costs.

#### C7.5. POST AUDIT / MEO-REVIEW REPORTS AND CORRECTIVE ACTIONS.

C7.5.1. For internally conducted audits and reviews, DFAS IR will provide copies of the audit/review reports to the BLE, CGA, MEO, and the Competitive Sourcing Division Chief. The Competitive Sourcing Division Chief will prepare a cover memo to the Business Line or CGA Audit POC requesting a detailed formal response and Plan Of Action & Milestone (POA&M) for correcting audit findings. The POA&M must include a list of corrective actions for all specific findings as noted in the audit report, office of primary responsibility, start date, and estimated completion date of corrective actions. The POA&M should be provided to the Competitive Sourcing Division within 15 working days after date of letter. The Competitive Sourcing Division Chief will provide a copy of all documentation to the MEO Oversight Program Team Leader and Site Representative for local corporate oversight. The MEO Oversight Program Site Representative will assist and advise the designated POC as requested.

C7.5.2. The MEO, CGA, and BLE will act to resolve issues, correct deficiencies, and report the status of corrective actions as listed in the POA&M to the Competitive Sourcing Division through the MEO Oversight Site Representative. The DFAS Competitive Sourcing Division will coordinate with the BLE and the Director for Corporate Resources as necessary on actions to resolve corporate-level MEO issues.

C7.5.3. For audits and reviews conducted by agencies other than DFAS (DOD IG, GAO, etc), the inspecting agency procedures will be followed in regards to finding corrections and reporting. The Business Line Audit Liaison POC will interface with the inspecting outside agency and provide copies to DFAS offices as required.

C7.5.4. Any changes, corrections, or deviations to the MEO identified during the Post-MEO Review or Audit must be coordinated and approved using the MEO Deviation Request Process as defined in Chapter 6. Past Deviation Requests will be reviewed during the MEO Review.

C7.5.5. Minor cost or performance deficiencies identified during the review/audit may be corrected on the spot to maintain the integrity of the MEO in relation to the MP, Transition Plan, and IHCE. A period of time consistent with that given to a contractor may be given to the MEO to correct any deficiencies found.

C7.5.6. Failure to correct deficiencies that would individually or in aggregate invalidate the original cost comparison, or any finding of a significant deviation from the requirements of the PWS, shall immediately be addressed by the BLE, Director RM, Contracting Officer, General Counsel, and Director DFAS. If an in-house failure to perform is identified, including failure to implement the MEO as provided by the Transition Plan and Management Plan, the Director DFAS will direct the Contracting Officer to award the work to next lowest offeror who participated in the cost comparison, if feasible. If award to the next lowest offer or is not feasible the Contracting Officer will immediately resolicit to conduct a revised and updated cost comparison.

C7.6. ROLES AND RESPONSIBILITIES OF KEY PLAYERS.

C7.6.1. Director, Defense Finance and Accounting Service:

- Direct DFAS IR to conduct a Post-MEO Review one-year after MEO start date or a MEO Audit during the performance of the MEO.

C7.6.2. Competitive Sourcing Division:

- Coordinate with DFAS Internal Review (IR) to conduct a Post-MEO Review or Audit.
- Report results of the DFAS IR review to the Director for Corporate Resources.

C7.6.3. BLE:

- Support the IR and other reviews of the MEO.
- Correct deficiencies found in implementation and performance of the MEO.

C7.6.4. DFAS Internal Review:

- Designate MEO Review Official.
- Appoint the Audit or Post-MEO Review Team.
- Conduct the Audit or Post-MEO Review.
- Report the results of the review to the all key players (BLE, CGA Manager, MEO Manager, MEO Oversight Program Team Leader and Site Representative, and Competitive Sourcing Division).

C7.6.5. MEO Oversight Program Site Representative

- Advise and assist the Auditors, MEO Manager, CGA Manager or others as requested.

C7.6.6. Local RM Office (Budget, Manpower)

- Provide appropriate cost and manpower data to the Auditors as requested.

<b>MEO Preliminary Audit/Inspection/Review Checklist</b>			
<b>Submit to</b>			<b>As of:</b>
<i>MEO</i>			
<b>Name</b>			
<b>Location</b>			
<b>DOCUMENTATION ON HAND</b>			
<b>Document Type</b>	<b>YES</b>	<b>NO</b>	<b>REMARKS</b>
Solicitation			
Management Plan			
Quality Assurance Surveillance Plan			
Quality Control Plan			
Position Descriptions			
Cost Comparison (In-House Cost Estimate)			
Actual MEO Cost Worksheets			
Modifications / Approved Deviations			
Quality Assurance Evaluations/Inspections			
Prior Audit Results			
Previous Inspection Results			
<b>MANPOWER EXECUTION</b>			
Is the MEO executing its allotted FTEs?			
Is the MEO fully-staffed?			
Are corrective staffing actions underway?			
Are training actions underway?			
Are position changes being pursued?			
<b>COST PERFORMANCE</b>			
Are labor/other costs w/in estimates?			
Are all costs properly posted?			
<b>PRIOR AUDIT ACTIVITY &amp; RESPONSES</b>			
Has a formal reply been prepared?			
Are corrective actions complete?			
<b>INTERFACE WITH CONTINUING GOVERNMENT ACTIVITY (CGA) &amp; MEO MANAGERS</b>			
<b>TRANSITION MANAGEMENT</b>			
Are minutes/taskings documented?			
Are milestones being met/adjusted?			
Is the CGA maintaining an active role?			
<b>WORKLOAD INDICATORS</b>			
Is there a significant change in work?			
Are changes being recorded/tracked?			
Are performance metrics being met?			
Is the QAE monitoring the work?			
<b>CUSTOMER MEETINGS &amp; EVALUATIONS (If Required by PWS)</b>			
Are regular meetings being held?			
Has a customer survey been issued?			
Is the customer reporting "satisfied"?			
Are needed corrections complete?			
<b>REQUESTS FOR DEVIATION</b>			
Is a Deviation Request under development?			
Is a Deviation Request in Business Line coordination?			
Is a Deviation Request awaiting Arlington approval?			
<b>Prepared by:</b>			

Figure 7-1: MEO Preliminary Audit/Post-MEO Review Checklist Example

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## C8. CHAPTER 8

### MEO RECOMPETITION

#### C8.1. MEO RECOMPETITION OVERVIEW.

C8.1.1. A MEO Recompetition Analysis will be conducted as prompted by one of two factors: either the MEO is nearing the last established performance period or the MEO has expanded or requests a deviation for an expansion more from the original MP of MEO operating cost, manpower, or total capital investment to perform the activity.

C8.1.2. Before the end of the final performance period of the MEO, a decision must be made whether the MEO will be recompeted or left in place. This decision should be based upon a Business Case Analysis (BCA) of the current commercial environment; MEO operation, manpower, and cost data; and customer mission requirements balanced with the fiduciary responsibility of DFAS to the American taxpayers. The DFAS Leadership Council is the decision authority for MEO recompetition and should determine if the MEO functions, the commercial availability of the services, or technology have changed such that a new A-76 Cost Comparison Study could result in overall improvement and should be conducted. If it is decided to recompete the MEO, DFAS will begin the A-76 Cost Comparison Study process as if it is a new study. However, the “new/recompetition” study should in effect take less time to complete since the PWS and Management Plans will only need to be updated rather than developed from scratch.

C8.1.3. Another cause that will require recompetition is an EXPANSION of the MEO from the original MP operating cost, manpower, or total capital investment. A consolidation of two or more existing commercial activities is not an expansion, unless the total operating cost is 30 percent greater than the total of the individual components.

C8.1.3.1. DoDD 4100.33 (Draft, Version 2, 26 March 2001), section 6.4.3 defines an expansion as:

*A expansion is the modernization, replacement, upgrading, or enlargement of an existing in-house CA or capability. If the expansion involves a 30% increase in the operating cost of the CA, a 30% increase in the total capital investment to perform the CA, or an increase of 65 FTEs or more to the CA, a cost comparison shall be performed prior to in-house performance. 10 U.S.C. § 2462 requires that the conversion be based on lower costs and that a realistic and fair comparison of costs is conducted.*

C8.1.3.2. While DoDD 4100.33 provides an absolute limit of 65 FTEs, depending on the size of the MEO, 65 FTEs may be equal to, less than, or greater than 30% of the manpower costs. DFAS policy is that a MEO would exceed the expansion criteria (and a recompetition is required) with either an increase of 65 or more FTEs or a 30% increase in manpower costs.

C8.1.4. Conversely, if the MEO contracts (reduces) by 30% of its total operating cost, manpower, or capital investment to perform the activity, recompetition of the MEO is not

mandated but remains an option. In case of a 30% reduction, DFAS will conduct a MEO Recompetition Analysis to determine if recompetition is appropriate or if the MEO should be left in place.

C8.1.5. As the program manager for all DFAS A-76 issues, the DFAS Competitive Sourcing Division is responsible for the MEO Recompetition Analysis Process. The Competitive Sourcing Division will coordinate with all key players to ensure the evaluation process is completed.

## C8.2. MEO RECOMPETITION PROCESS.

C8.2.1. The MEO Recompetition Analysis Process can be defined in a seven-step process, as shown in Figure 8-1.

- Step 1: Issue MEO Recompetition Analysis notification
- Step 2: Compile data and BCA reports
- Step 3: Submit BCA reports
- Step 4: Evaluate options and reach conclusion
- Step 5: Announce decision
- Step 6: Implement decision to leave MEO in place
- Step 7: Implement decision to conduct new A-76 Cost Comparison Study

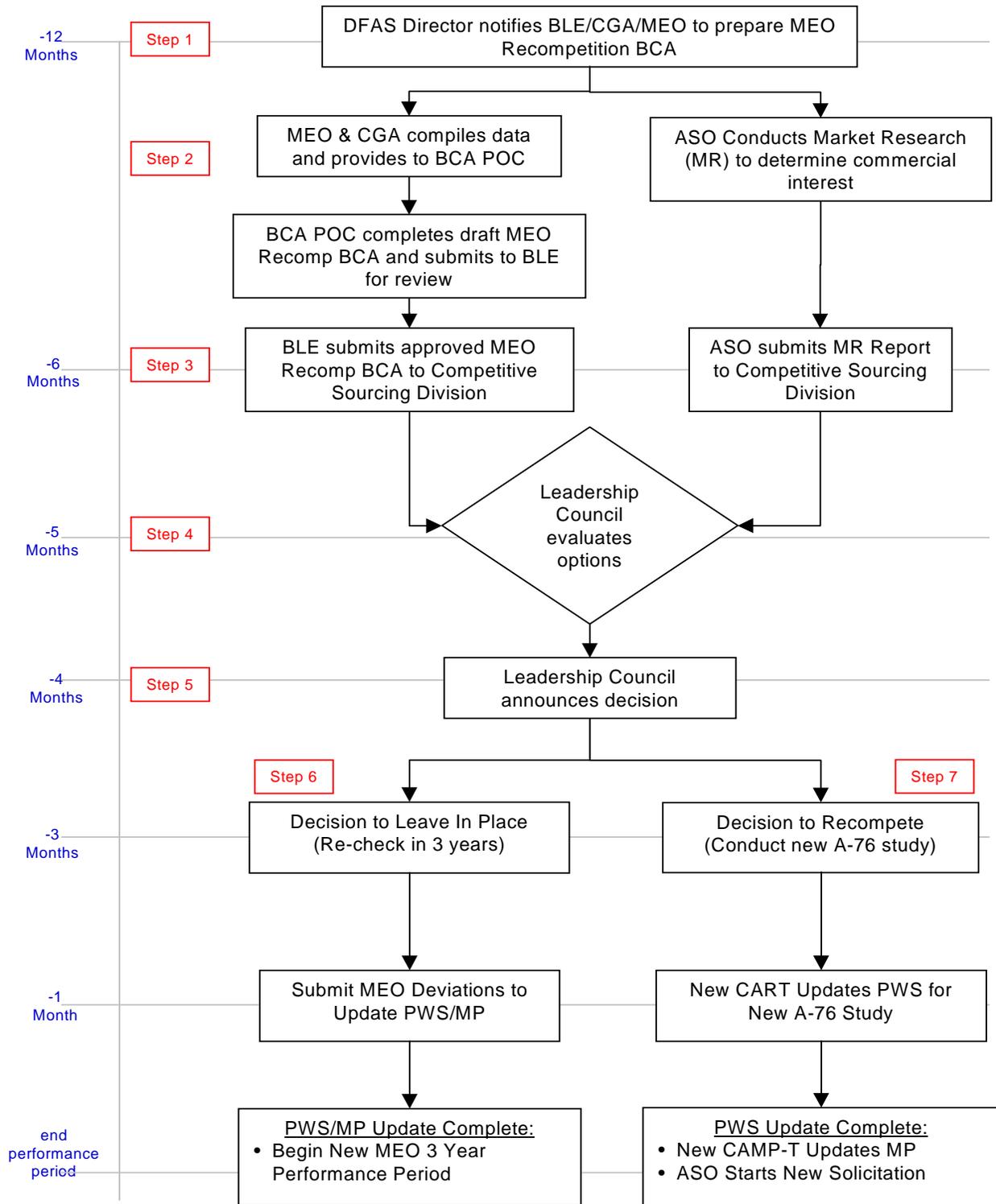


Figure 8-1: MEO Recompetition Process Flowchart

C8.2.2. Step 1: Issue MEO Recompetition Analysis Notification

- The MEO Recompetition Analysis process should begin no later than the beginning of the final MEO performance period. For example, if the MEO performance period is five years, the MEO Recompetition Analysis Process begins NLT the end of the 4<sup>th</sup> year of MEO performance.
- The Director DFAS will issue a notification memorandum to the BLE, directing a MEO Recompetition BCA be submitted on MEO operational, budget, and manpower performance during the MEO performance period. The memorandum will include a BCA suspense due NLT 6 months prior to the end of the final MEO performance period. Once notified, the BLE will appoint a MEO Recompetition BCA POC responsible for completion of the BCA.
- Concurrently, the Acquisition Services Division (ASD) will be given a copy of the notification memorandum to notify them to begin market research actions and submit a Market Research Report NLT 6 months prior to the end of the final MEO performance period.

C8.2.3. Step 2: Compile Data and BCA Reports

- Once notified by the BLE, the CGA Manager and the MEO Manager will compile all appropriate information from data sources and previous reports and provide to the BLE appointed BCA POC. The BCA POC will coordinate with the CGA Manager and Corporate Resources staff to complete the BCA. If requested, the MEO Oversight Program Site Representative will advise the BCA POC and the CGA Manager on issues that should be addressed in the BCA.
- The BCA POC and CGA Manager must begin work on the BCA as soon as notified by the BLE to ensure a quality product is produced and should have a draft ready for BLE review at least one month prior to the BCA submission date.
- Once notified, ASD will begin market research to determine if there is any interest from commercial sources to compete in an A-76 study should DFAS decide to recompute the CA function. ASD should also include in the Market Research Report any findings of technology, process, or service improvements that may impact the decision to recompute the MEO.

C8.2.4. Step 3: Submit BCA Reports

- NLT 6 months prior to the end of the MEO performance period:
  - The BLE will submit the MEO Recompetition BCA to the DFAS Competitive Sourcing Division.
  - ASD will submit the Market Research Report to the DFAS Competitive Sourcing Division.
- The Competitive Sourcing Division will present the BCA, Market Research Report, and other appropriate information to the Director for Corporate Resources for briefing at the next DFAS Leadership Council.

C8.2.5. Step 4: Evaluate Options and Reach Conclusion

- The Director for Corporate Resources and the affected BLE will brief the MEO Recompetition BCA and Market Research Report at the next available DFAS Leadership Council.
- The Leadership Council should take into consideration:

- MEO past performance in relation to the PWS and adherence to fiscal, manpower, and services standards.
- Commercial technology, service, or other improvements in the required area of service.
- Upcoming budget, legislative, process, or organizational changes that could impact the MEO.
- Availability of resources to make capital improvements.
- Possible consolidation, streamlining, or separation of associated MEO services with other DFAS functions that would result in improved service or a more efficient organization.
- Overall long-term DFAS goals and operational strategy.

#### C8.2.6. Step 5: Announce Decision

- Once a conclusion is reached, the DFAS Leadership Council will officially announce their decision to the BLE, MEO, and DFAS employees via an announcement letter, official briefings, or other means as they determine. In case of a decision to recompetete, Congress must be notified prior to any public announcement as required in the A-76 Circular and the RSH.
- Announcement proceedings must be complete NLT 3 months prior to the end of the scheduled MEO performance period.
- Once the decision is announced to either leave the MEO in-place or to recompetete under a new A-76 study, the appropriate actions must be implemented. It is imperative that a decision is announced with ample time prior to the end of the MEO performance period to complete PWS and MP updates (Steps 6 & 7).

#### C8.2.7. Step 6: Implement Decision to Leave MEO In-Place

- If the decision is to leave the MEO in-place, the BLE, CGA, MEO, customers, and DFAS personnel will be informed of the decision and the MEO will continue providing the services defined in the PWS and MP.
  - If any adjustments are required, the MEO will submit a MEO Deviation Request for approval as defined in Chapter 6 of this guide.
- If required, MEO Deviations should be submitted, approved, and implementation started NLT the end of the original MEO performance period.

#### C8.2.8. Step 7: Implement Decision to Recompetete Function

- If the decision is to recompetete the CA function, the standard A-76 Cost Comparison process will be initiated. The DFAS Competitive Sourcing Division will update required reports and A-76 databases as necessary.
- The BLE will appoint a new Commercial Activities Requirements Team (CART) to update the PWS NLT the end of the original MEO performance period.
- The BLE will appoint a new Commercial Activities Management Plan Team (CAMP-T) NLT the end of the original MEO performance period, to begin updating the MP once the new PWS is published.
- ASO will prepare to initiate a new solicitation when the new PWS is published.
- The Director DFAS may extend the performance of the MEO until a recompetition cost comparison study can be completed.

C8.2.9. A breakdown of the MEO Recompetition Analysis Process Timeline is provided in Table 8-1.

<b>Step</b>	<b>Action</b>	<b>POC</b>	<b>Time</b> (Months prior to end MEO performance period)
1	Director issues MEO Recompetition Analysis notification	Director DFAS	12
2	MEO & CGA compiles data and the BCA POC drafts MEO Recompetition BCA	MEO, CGA, BLE,	11-6
	ASO conducts market research and drafts Market Research Report	ASD	11-6
3	Submit MEO Recompetition BCA and Market Research Report	BLE, ASD	6
4	Leadership Council evaluates options and decides best option (leave MEO in-place or recompetete)	Leadership Council	6-5
5	Announce decision	Leadership Council	5-4
6	Implement decision to leave MEO in-place <ul style="list-style-type: none"> <li>• MEO submits deviation request to update PWS &amp; MP</li> <li>• Implement deviations to PWS and MP</li> </ul> Begin new, 3-year MEO performance period.	BLE, CGA, MEO	4-0
7	Implement decision to recompetete CA function via new A-76 Study <ul style="list-style-type: none"> <li>• BLE appoints new CART to update PWS</li> <li>• BLE appoints new CAMP-T</li> <li>• ASO conducts pre-solicitation actions</li> </ul>	All	4-0

Table 8-1: MEO Recompetition Process Timeline

**C8.3. ROLES AND RESPONSIBILITIES OF KEY PLAYERS.**

**C8.3.1. Director, Defense Finance and Accounting Service**

- Issue a memorandum directing the BLE to prepare a MEO Recompetition BCA and ASO to prepare a Market Research Report.
- Announce DFAS Leadership Council decision to either recompetete the MEO Commercial Activity or to leave the MEO in-place.

**C8.3.2. DFAS Leadership Council**

- Evaluate options and decide to recompetete the MEO Commercial Activity or leave in-place.

**C8.3.3. Director for Corporate Resources**

- Brief the DFAS Leadership Council on the MEO Recompensation BCA and the Market Research Report.

C8.3.4. BLE

- Appoint an appropriate MEO Recompensation BCA POC.
- Ensure the BCA POC completes the MEO Recompensation BCA.
- Approve and submit the MEO Recompensation BCA to the DFAS Competitive Sourcing Branch as tasked by the Director DFAS.
- Assist the Director for Corporate Resources with the briefing to the DFAS Leadership Council on the MEO Recompensation BCA.

C8.3.5. Competitive Sourcing Division

- Manage the MEO Recompensation Process.
- Receive ASO Market Research Report and the BLE MEO Recompensation BCA and provide all information to the Director for Corporate Resources.
- Initiate new A-76 Cost Comparison Study if the Leadership Council decides to re-compete the function.

C8.3.6. MEO Recompensation BCA POC

- Prepare the MEO Recompensation BCA and submit to the BLE for final approval.
- Coordinate with the MEO Manager, CGA Manager, MEO Oversight Program Site Representative, BLE, and Competitive Sourcing Division as required to complete the BCA.

C8.3.7. MEO & CGA Managers

- Prepare MEO Recompensation BCA support data as requested by the BCA POC.
- Submit MEO Deviation Request (per Chapter 6) as needed if the Leadership Council decides to leave the MEO in-place.

C8.3.8. Acquisition Services Division (ASD)

- Conduct market research and submit Market Research Report to the DFAS Competitive Sourcing Division as directed by the Director, DFAS.

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AP1. APPENDIX 1

MEO CORPORATE MANAGEMENT PROGRAM LIBRARY

AP1.1. MEO CORPORATE MANAGEMENT LIBRARY. The MEO Oversight Team plans to construct a “MEO Corporate Management” library, with reliance on electronically posting information to a website, linked from the Competitive Sourcing Division website in the future. The following information will be available on the Competitive Sourcing Division website in the future, but may be currently available from a MEO Oversight Representative.

AP1.1.1. MEO Corporate Management Guide

AP1.1.2. Related OMB, DOD, and DFAS regulatory guidance

AP1.1.3. Sample MEO Deviation Request Summary

AP1.1.4. Sample MEO Deviation Request Package

AP1.1.5. Sample Business Case Analysis (BCA)

AP1.1.6. More information, documents, etc as needed.