



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MAY 31 2007

Ms. Nina Rose Hatfield
Deputy Assistant Secretary for
Business Management & Wildland Fire
U.S. Department of Interior
1849 C Street NW
Washington, DC 20240

Dear Ms. Hatfield:

Thank you for your letter dated May 23, 2007. While we are encouraged by the noted substantial improvement in compliance with Defense procurement requirements by the Southwest Acquisition Branch, we continue to be disappointed by the findings with regard to the support provided to DoD by GovWorks as identified in the attached May 7, 2007 Department of Defense (DoD) Inspector General (DOD IG) letter to the Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L).

In his letter regarding the recently concluded audit of the Department of the Interior's contracting support to DoD required by section 811 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163), the DoD IG concluded that "GovWorks, DoI's franchise fund, has not adequately improved its funding and contracting practices" and recommended the Under Secretary of Defense (AT&L) restrict DoD Components from utilizing GovWorks in accordance with section 811 (d) of the Act. The purpose of this letter is to notify you that we concur with the DoD IG's recommendation.

We direct that no interagency agreement in excess of \$100,000, be accepted by GovWorks Federal Acquisition Center of the Department of Interior's National Business Center from DoD unless a determination has been made in writing by the Under Secretary of Defense (AT&L) that it is "necessary in the interest of the Department to procure the particular property or services...". This restriction shall remain in effect until rescinded. As requested previously, DoI must cease the practice of advanced funding and must comply with DoD's policy of "no advance" payments with respect to all interagency agreements.

You are advised that any funds in excess of \$100,000 provided through an interagency agreement to GovWorks before the date of this letter that have not already been placed on contract by GovWorks must be returned to the Department immediately. GovWorks should continue to provide contract administration of all existing contracts.



In addition to the above, we must insist that no Contracting Officer who was involved with any of the potential Anti-Deficiency Act violations previously identified conduct any future contracting actions on behalf of DoD until those potential violations are resolved.

We are available to meet with you and your team at your earliest convenience to discuss this matter. My POC is Mr. Michael Canales and he can be reached at 703-695-8571 or via e-mail, at michael.canales@osd.mil.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shay D. Assad', with a large circular flourish at the end.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Cc: Douglas J. Bourgeois, DoI