

Defense Logistics Agency

Fiscal Year 2014 Annual Historical Report



Supporting the Warfighter

DLA History Program
1 April 2015

Defense Logistics Agency

Fiscal Year 2014 Annual Historical Report

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Defense Logistics Agency

Message from the Chief of Staff

Fiscal Year 2014 (FY14) was a milestone year for the Defense Logistics Agency (DLA). Our numerous accomplishments are documented in this Annual Historical Report (AHR) – the first compiled at DLA – and include unmatched support to Warfighters around the globe.

As America's Combat Logistics Support Agency, DLA provides the Army, Marine Corps, Navy, Air Force, other Federal Agencies, combined and allied forces with the full spectrum of logistics, acquisition, and technical services – amounting to annual revenues of approximately \$38 billion in FY14. DLA sources and provides nearly 100 percent of the consumable items America's military forces need to operate, to include food, fuel, uniforms, medical supplies, construction and barrier equipment. DLA also supplies more than 85 percent of the military's spare parts. In addition, DLA manages the reutilization of military equipment, provides catalogs and other logistics information products, and offers document automation and production services. Headquartered at Fort Belvoir, Virginia, DLA is a global enterprise. Wherever the United States has a significant military presence, DLA is there.

This AHR serves as an objective record of DLA's performance for FY14 and as its institutional memory and guide for future operations. We can use the Agency's AHR to add historical perspective to our decision-making process. It is a primary source of background facts in support of the staff and is used to orient new commanders and personnel on the organization's mission, recent activities, accomplishments, and issues. The AHR is very valuable, a compilation of all DLA activities and operations each year in a single document and a ready reference for the leadership and workforce. It is the primary document that helps preserve DLA's record of operations and achievements and perpetuates DLA's military history and heritage.


Renee L. Roman
Chief of Staff

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Defense Logistics Agency

Historians and History Points of Contact

Fiscal Year 2014 (FY14) Annual Historical Report

| | |
|------------------------------|-----------------------|
| DLA Chief Historian | Dr. Harold Raugh |
| DLA Staff Historian | Ms. Chrissie Reilly |
| Land and Maritime | Mr. Tony D'Elia |
| Troop Support | Ms. Diana Stewart |
| Aviation | Ms. Amy Clement |
| Energy | Mr. Al Lamson |
| Disposition Services | Mr. Ken MacNevin |
| Distribution | Ms. Stacy Umstead |
| J1 | Ms. Laurie Hall |
| J3 | Mr. Dennis Gauci |
| J5 | Mr. Marcus Bowers |
| J6 | Ms. Sonya Rose |
| J7 | Mr. Glenn Starks |
| J8 | Ms. Emma Edmiston |
| J9 | Mr. Philip Knight |
| Installation Support | Ms. Juanita Shanks |
| Small Business Programs | Mr. Christopher Hall |
| General Counsel | Ms. Michele Pavlak |
| Chaplain | SSG John Edmisten |
| Inspector General | Ms. Sharon Levy |
| Intelligence | Mr. Derrick Broussard |
| Legislative Affairs | Mr. Cordell Francis |
| Equal Employment Opportunity | Ms. Janice Samuel |
| Public Affairs Office | Ms. Deborah Parker |
| Joint Secretariat | LTC Richard Marzan |



Supporting the Warfighter

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Defense Logistics Agency

Overview

Fiscal Year 2014 Annual Historical Report

1. DLA's Responsibilities, Customers, and Functions

a. Responsibilities

DLA is a Defense Department Combat Support Agency. The DLA Director is a three-star flag or general officer who reports to the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)).

DLA had annual revenues of approximately \$38 billion in Fiscal Year (FY) 2014.¹ These revenues are from the sales of goods and services to its customers. As a distributor and integrator, DLA either (1) buys items from manufacturers and suppliers which it then resells to its DOD (and other) customers, often with additional services added -- e.g., warehousing, packaging, and transportation; or (2) contracts for items that are provided directly by the manufacturer to the DOD customer. This is known as Direct Vendor Delivery (DVD).

DLA is responsible for the supply (purchasing), storage, and distribution of most consumable and repairable items for DOD. Its primary purpose is to meet the logistics requirements of the Armed Forces for food, clothing fuel, repair parts, and other items. Noticeably absent from this list are major end items (Class VII) – weapon systems and related equipment -- which are procured by the military departments. Also absent is ammunition (Class V), which, with some exceptions, is an Army responsibility, as executive agent. DLA is also responsible for the disposition of all excess or surplus DoD materiel, including Class VII weapon systems.

To accomplish these responsibilities, DLA has a staff of 24,000 personnel divided into:

- several supply chains that contract for the above items;
- a worldwide distribution system;
- logistics and staff support to DOD's geographic Combatant Commands;
- a "reverse logistics" operation that disposes of surplus or excess materiel from the Military Services and DLA
- headquarters; and
- other responsibilities that have flowed to DLA over the years.

Additional responsibilities include the provision of human resources support (back office) functions for OSD and many of the defense agencies, as well as the management of the strategic

¹ *Defense Logistics Agency Fact Sheet*, January 2015.

materials stockpile, the provision of document services, the Defense Logistics Information Service, and the Defense Automated Addressing System.

DLA operates with a revolving Defense-Wide Working Capital Fund (DWCF). Its customers purchase items from DLA with their own appropriated funds that are deposited into the DWCF. In turn, DLA purchases items from its suppliers out of the revolving fund. The prices DLA charges to its customers for each product include an additional amount to recover DLA's operating costs, which were approximately \$4.4 billion in FY 2013. The "cost recovery rate" (which is actually a composite of separate rates covering all the different business areas) is determined by the OSD Comptroller every year; it is used to encourage DLA to keep its costs under control, and to ensure that its "profit" every year is zero; i.e., that ideally the amount of cash in the revolving fund neither increases nor decreases over time.

b. Customers

DLA has four distinct classes of customers: (1) deployed forces, (2) non-deployed forces, (3) military industrial facilities (depots and shipyards), and (4) others, including other U.S. Government agencies and foreign military sales (FMS). These distinctions are important because each class of customers has unique needs.

Deployed forces are those operating forces apportioned to a combatant commander and deployed to an active theater of operations. DLA must deliver supplies to various distribution points near or within the combat zone, as in Afghanistan and Iraq, where tactical distribution is generally handled by one of the Military Services.

Non-deployed operating forces are normally assigned to bases or installations in the United States and around the world. This includes everything from a base that is home to an Air Force wing or Army division, to an installation containing support functions such as hospitals or other service providers. DLA is the wholesale supplier to these operational customers (again, this includes items for which DLA contracts but which are delivered directly by the suppliers to the customers), who in turn provide their own retail services—the sale or distribution of individual items—to the final customer or user assigned to or transiting the base.

DLA's military industrial customers include the 17 primary maintenance depots and shipyards in the four Military Services: three Air Logistics Complexes (ALCs) in the Air Force, the three main Fleet Readiness Centers (FRCs) in the Navy and Marine Corps, four Navy shipyards, two Marine Corps depots, and five Army depots. DLA is responsible for both wholesale and retail supply, storage, and distribution to the Air Force and Navy industrial facilities. It is responsible only for wholesale supply for the Army and Marine Corps depots. This reflects the mixed implementation of the 2005 BRAC decisions, discussed in the next chapter.

DLA also provides goods and services, including storage and distribution, to a wide range of other customers. The most notable are other U.S. Government agencies, including the Federal Emergency Management Agency, other parts of the Department of Homeland Security, and the General Services Administration. DLA also supplies FMS customers.

c. Functions

DLA's central functions are to (1) buy, (2) store if necessary, and (3) distribute approximately 6 million distinct consumable and repairable items. To do this it must know how much to buy; whether and where to store it; and how to distribute it most efficiently. This requires effective demand planning, inventory management, contracting, and storage and distribution capabilities, together leveraging a powerful IT/ERP10 backbone and an effective governance structure. It also requires tight retail-wholesale-supplier-customer integration. Working closely and in an integrated fashion with its customers -- seeking effective and efficient supply chain integration -- is critical to DLA's success.

DLA is responsible for the delivery of consumable and repairable items where and when they are needed by its customers. For deployed forces, therefore, the expectation is that DLA will deliver items to the distribution point required by the customer. DLA is not responsible for tactical theater distribution.¹¹

DLA delivers wholesale and retail goods to its customers. Wholesale is the procuring of goods, usually in large quantities, to be retailed -- sold or distributed -- by others. Retail is the selling or providing of goods in relatively small quantities to the final user or consumer. This distinction, and particularly the importance of DLA's retail capabilities to its current and future operations, is an important theme of this paper.

For non-deployed forces and some military industrial facilities, the expectation is that DLA will provide on-time wholesale delivery to Service retail providers. For other military industrial customers, DLA is the retail supplier. In these cases the customers' expectations are that DLA will have the individual parts needed for the mechanics and artisans -- the final users who are DLA's retail customers at the depots and shipyards.

2. DLA's Mission, Vision, and Values

a. Mission. As America's Combat Logistics Support Agency, we provide effective and efficient worldwide support to Warfighters and our other customers.

b. Vision. Warfighter-focused, globally responsive, fiscally responsible supply chain leadership.

c. Values. Our values are DLA's foundation for all we do, our basic guiding principles:

- Warfighter needs guide us.
- Integrity defines us.
- Diversity strengthens us.
- Excellence inspires us.

3. DLA's Organization

a. General. Reporting to the DLA Director are six primary line organizations and numerous staff organizations (Figure 1). Four of these line organizations are the buying commands -- Aviation, Land and Maritime, Troop Support, and Energy -- that are directly responsible for meeting their Service customers' needs for spare parts, fuel, food, medical supplies, and other commodities. The Distribution Command provides storage and distribution services, and DLA Disposition Services is engaged in "reverse logistics," disposing of surplus or excess materiel from the Military Services and DLA.

The DLA Director and line managers are supported by several staff organizations. Human Resources (J1), Finance (J8), and Strategic Plans and Policy (J5) perform the functions implied by their names. Logistics Operations (J3) is responsible for coordinating DLA support to deployed forces, as well as support to non-deployed operating forces. It is also responsible for coordinating many of the actions (e.g., inventory management) between DLA's line and staff (headquarters) organizations. Information Operations (J6) is responsible for DLA's IT infrastructure, including, most importantly, the maintenance and development of DLA's ERP system, the Enterprise Business System (EBS). Acquisition (J7) is responsible for procurement and contracting policy and oversight.

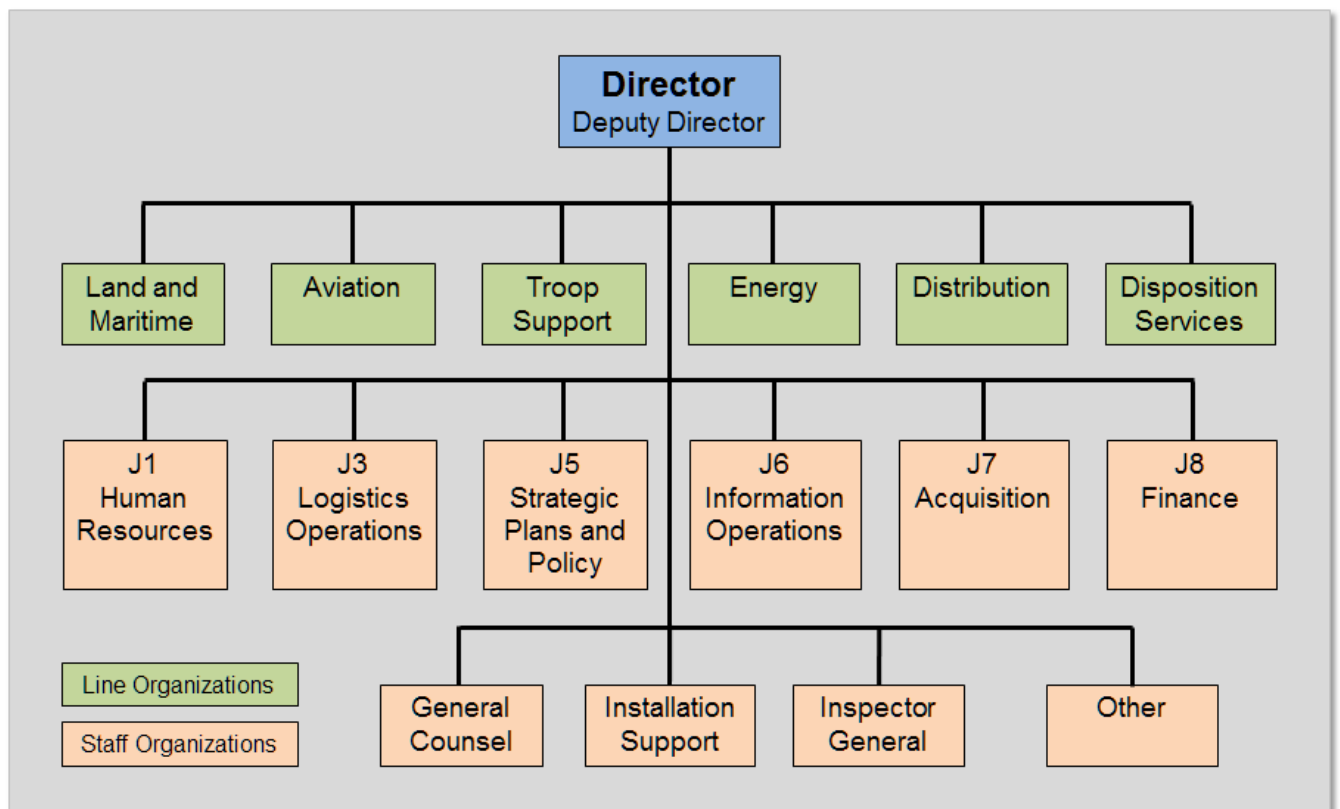


Figure 1. The Main Components of the Defense Logistics Agency

DLA's day-to-day work is performed by approximately 20,000 personnel in its line organizations. These are supported by a headquarters staff and other functions totaling approximately 4,000 people

(Table 3). The direct line management responsibility for meeting customer requirements rests primarily with the four buying commands. Their customers, once again, comprise (1) deployed forces; (2) other outside CONUS (OCONUS) and CONUS operating forces, installations, and activities; (3) CONUS military industrial facilities; and (4) other customers, including the U.S. Government and FMS.

b. DLA Aviation

DLA Aviation is located in Richmond, Virginia. Its commander is a one-star flag or general officer who reports directly to the DLA Director. It has approximately 3,200 employees, with sales of approximately \$3.5 billion in FY 2013. It manages approximately 1.1 million items. Nearly all of these are Class IX repair parts, required by the fixed and rotary wing aviation fleets of the four Military Services. DLA Aviation has seven main industrial customers: the three Air Force Air Logistics Complexes, the three main Navy Fleet Readiness Centers, and the Corpus Christi Army Depot. These customers are responsible for approximately one-third of DLA Aviation's sales. Operating forces based in the United States and overseas are responsible for approximately two-thirds of its sales. Some of the items managed by the Aviation Command are supplied to the Land and Maritime Command's customers at the Navy shipyards and the Army and Marine Corps depots.

For all but the Army depot in Corpus Christi, DLA Aviation is responsible for both wholesale and retail supply to its main military industrial customers. That is, it is responsible for getting individual parts into the hands of the artisans or mechanics -- the final consumers -- who need them to perform specific maintenance or repair tasks. In the case of Corpus Christi, the Army handles its own retail operations, and DLA Aviation is a wholesale supplier to the Army retail store at Corpus Christi.¹⁷ DLA Aviation is also responsible for the wholesale supply of items to the operating forces. Those forces, at their bases and installations, are then responsible for the retail distribution, via their own retail stores, of parts and other consumable items to the final user or consumer.

c. DLA Land and Maritime

DLA Land and Maritime is located in Columbus, Ohio. Its commander is a one-star flag or general officer who reports directly to the DLA Director. It has approximately 2,450 employees and FY 2013 sales of approximately \$3.1 billion. It manages approximately 2 million items. These are Class IX repair parts required by land and naval systems, as well as numerous electronics items required by all systems, including aviation. Some of the items managed by DLA Land and Maritime, including many electronics items, are supplied to the Aviation Command and its customers at the Air Force and Navy aviation depots.

DLA Land and Maritime has eight main industrial customers: the four Navy shipyards and four of the Army depots. (The fifth Army depot is the aviation depot supported by the Aviation Command.) DLA Land and Maritime is the wholesale and retail supplier to the four shipyards and the wholesale supplier to the four Army depots. These account for approximately 30 percent of its total sales. It also supplies operating forces based in the United States and overseas, which account for approximately 70 percent of sales.

d. DLA Troop Support

DLA Troop Support is located in Philadelphia, Pennsylvania. Its commander is a one-star flag or general officer who reports directly to the DLA Director. It has approximately 2,300 employees, and \$13.3 billion in FY 2013 sales. It manages approximately 3 million items. It contracts for food and other subsistence (Class I), clothing and textiles (Class II), construction materials and equipment (Class IV), personal items (Class VI), and medical supplies (Class VIII) for its customers in all four Military Services. In addition, it is responsible for the purchase of certain Class IX repair parts, primarily industrial hardware and fasteners.

e. DLA Distribution

DLA Distribution has its headquarters in New Cumberland, Pennsylvania. Its commander is a one-star flag or general officer who reports directly to the DLA Director. It is responsible for the storage and distribution of all DLA-stored items. It has approximately 7,100 employees spread across 25 distribution centers worldwide, 18 of which are in the United States. The two largest distribution centers are in San Joaquin, California and Susquehanna, Pennsylvania; they are Strategic Distribution Platforms where the largest portion of warehoused items are stored before being re-packaged (if necessary) and delivered to DLA's customers around the world. DLA Distribution's costs in FY13 were approximately \$1.5 billion. These costs are recovered through surcharges to its customers for the specific products stored and delivered by DLA.

f. DLA Disposition Services

DLA Disposition Services has its headquarters in Battle Creek, Michigan. Its commander is a civilian Senior Executive Service, who reports directly to the DLA Director. Its business is to dispose of all excess DOD property. DLA Disposition follows a statutory disposition process whereby property is initially reutilized within DOD and federally-established Special Programs, then offered for transfer to other federal agencies, and finally donated to authorized state and local governments, and to other organizations, before being offered for sale at auction or destroyed as scrap. Disposition Services has played a major role in the demilitarization and disposal of large quantities of equipment and other items in Iraq and Afghanistan.

g. DLA Energy

DLA Energy acquires, stores, and distributes bulk petroleum worldwide and collaborates extensively with other DOD components in the planning, management, and operation of fuel infrastructure and support capabilities. Over time, DLA Energy and its predecessor organizations have taken on additional missions beyond bulk petroleum, including contracting support for installation energy in the form of electricity, natural gas, and coal. Its aerospace division manages the U.S. Government supply chain for liquid propellants, cryogenics, chemicals, and gases for space launch applications.

DLA Energy is directed by a one-star flag or general officer and employs a staff of approximately 1,000 worldwide. In addition to its internal support units, the organization divides

its main activities across Customer Operations, Supplier Operations, and four regional commands (Americas, Pacific, Europe and Africa, and Middle East).

With approximately \$17 billion in sales in FY 2013, DLA Energy accounts for close to half of DLA's total sales. Customer shares are relatively stable, with the Air Force accounting for close to half of sales, the Navy for another quarter, and the Army, Marine Corps, and all other customers for the final quarter. The large majority of those sales are for petroleum products, approximately 75 to 80 percent of which is aviation fuel. In total, DLA Energy customers purchased just over 100 million barrels of petroleum products in FY 2013. Almost 90 percent of that total is bulk petroleum, for which DLA Energy manages the entire supply chain for DOD.

DLA Energy also manages approximately 600 Defense Fuel Support Points (DFSPs) worldwide, ranging from simple base gas stations to major fuel farms and terminals. Around two-thirds of the DFSPs are located on military bases, but others are located in major port facilities, along pipeline routes, and afloat. Most DFSPs are government owned, government operated (GOGO), government owned, contractor operated (GOCO), or contractor owned, contractor operated (COCO). Across these different types of operations the day-to-day responsibility for operation or oversight of these facilities is divided among DLA Energy and the three Military Departments.

In addition to management of the bulk petroleum inventory stored in the global network of DFSPs, DLA Energy also manages the maintenance of that infrastructure. It fulfills that responsibility, in cooperation with its Military Department partners, through the Sustainment, Restoration, and Modernization (SRM) program. SRM projects account for close to \$500 million in expenditures annually and are pursued in one of four pillars:

- a. Centrally Managed Programs address a wide range of inspections and other regulatory compliance activities.
- b. Planning Studies provide comprehensive infrastructure reviews every five years to identify infrastructure restoration and modernization investment priorities.
- c. Recurring Maintenance and Minor Repair covers small-scale maintenance.
- d. Emergent projects are those identified outside the other preventative-oriented pillars.²

4. Key Personnel (as of 30 September 2014; Figure 2):

- Director: VADM Mark Harnitchek
- Vice Director: Mr. Edward Case
- Foreign Policy Advisor: Dr. Judith R. Baroody
- Chief of Staff: Dr. Renee Roman
- Command Senior Enlisted Leader: CSM Sultan Muhammad
- Commander, DLA Land and Maritime: RDML John G. King, SC, USN
- Commander, DLA Troop Support: BG Steven Shapiro, USA
- Commander, DLA Aviation: Brig Gen Mark K. Johnson, USAF

² The preceding information in Sections 1-3 has been extracted basically verbatim, with the exception of selected updated figures, from Paul H. Richanbach, et al., "Independent Review of the Defense Logistics Agency's Role and Mission," Draft, IDA Paper P-5210 (Alexandria, VA: Institute for Defense Analysis, December 2014), 17-20

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- Commander, DLA Energy: Brig Gen Mark McLeod, USAF
- Commander, DLA Disposition Services: Col Michael Cannon, USAF
- Commander, DLA Distribution: BG Richard Dix, USA
- DLA Human Resources (J1): Mr. Brad Bunn
- DLA Logistics Operations (J3): RADM Vince Griffith, SC, USN
- DLA Strategic Plans and Policy (J5): Ms. Phyllisa Goldenberg
- DLA Information Operations (J6): Ms. Cathy Cutler
- DLA Acquisition (J7): Mr. Matthew Beebe
- DLA Finance (J8): Mr. Tony Poleo
- DLA Joint Reserve Force (J9): RDML Ron MacLaren, USN
- DLA Installation Support: Mr. David Rodriguez
- DLA Small Business Programs: Ms. Amy Sajda
- DLA General Counsel: Mr. Fred T. Pribble
- DLA Inspector General: Mr. Marshall W. Evers
- DLA Intelligence: Ms. Stephanie Samergedes
- DLA Legislative Affairs: Mr. Robert Wimple
- DLA Equal Employment Opportunity: Mr. Ferdinand LeCompte
- DLA Public Affairs: Mr. Joseph Yoswa
- DLA Chaplain: Chaplain (COL) Richard Quinn



Figure 2. Key Personnel

5. Fiscal Year 2014 Director’s Guidance³

a. In the preface to his published *Defense Logistics Agency Fiscal Year 2014 Director’s Guidance*, VADM Mark Harnitchek wrote:

Team,

Our theme this year is Staying The Course. That makes my guidance to you pretty easy -- keep doing what you’re doing. You’ve made great strides in the goals set out in my 2013 Guidance -- in fact we’ve exceeded those goals in several key areas thanks to your focused efforts, hard work and dedication. I’ve told you nobody knows this stuff better than you do, and you’re proving that every day.

This Guidance will give you a quick snapshot of how we’re doing with our Big Ideas and a few things we need to focus on in the year ahead. We’re maintaining our goals to significantly improve support to our customers while dramatically driving down costs for operations and material. But the targets get more aggressive as we go forward. We’ve upped 10-in-5 to create even more savings; our new goal is to slash \$13.1 billion in operating and

³ Information in this section is extracted from *Defense Logistics Agency Fiscal Year 2014 Director’s Guidance*.

material costs over the next six years. We'll get there by doubling down on the hard work you've done so far. There are more savings out there and I'm depending on you to find them. We're doing great, but we still have a long way to go.

As we face the significant fiscal and strategic challenges ahead, we must remain resolute and continue to lead the way in innovation and transformation. Acting together, with enthusiasm, optimism and focus, we WILL continue to achieve great things. What you do makes a difference so keep charging. I am very proud of you and this great organization!

b. Staying The Course: Our priorities to significantly improve performance while dramatically reducing cost remain the same. These are:

- Decrease Direct Material Costs
- Decrease Operating Costs
- Right-size Inventory
- Improve Customer Service
- Achieve Audit Readiness

(1) Decrease Direct Material Costs: “Be smart buyers of the right stuff”

Reduce material costs to achieve \$13 billion in overall savings in six years through a combination of reverse auctions, commercial-type contract terms, substantial industry partnerships, performance-based logistics and prime vendor contracts, significantly reduced lead times and increasing small-business opportunities. We've made a big impact here. DLA has substantially increased its reverse auction opportunities, which have led to savings of more than \$1.6 billion over the past year, including \$400 million from three DLA Energy auctions alone. And we're just getting started. The First Destination Transportation and Packaging Initiative is a collaborative, interagency effort that is expected to save DLA hundreds of millions of dollars in the near future. And across the enterprise, we're using strategic sourcing – which includes initiatives like PBLs and prime vendor contracts – to gain more than \$4 billion in savings through 2019. Early results are promising: DLA Troop Support is negotiating better manufacturing discounts and decreased prime vendor distribution fees to save millions of dollars every month – \$6 million to \$7 million a month on our pharmaceutical contracts alone. And this is how we'll continue to find savings – negotiate harder, be aggressive, do more research, work with our partners, and make smart decisions.

(2) Decrease Operating Costs: “Improve process and productivity”

Reduce operating costs through a combination of eliminating, consolidating, and co-locating infrastructure, achieving BRAC “Day 3” efficiencies, optimizing the global distribution network, enhancing retail industrial support, incorporating process improvements, Going Green at DLA operating locations. We've achieved significant success with our forward stocking initiative in the CENTCOM AOR. At the 5th Fleet, we slashed our logistics response time 81 percent, from 40 days to eight days. We've had the same success with casualty reports, significantly reducing them for patrol craft, mine countermeasure ships and ballistic missile defense ships. In fact, there have been no CASREPs against any forward stocked items for the past nine months. And thanks to our focus on Strategic Network Optimization, we're reducing excess inventory and limiting

the number of warehouses we maintain around the globe. This is also allowing us to save money on operating expenses, utilities, maintenance and sustainment. Our Information Operations team is eliminating unnecessary or redundant systems to reduce IT costs. And we're paying more attention to ensuring we're maximizing the usable space of containers shipped overseas. While we're in the early stages of these initiatives, we're already seeing them pay dividends. Pressing hard on these will result in big savings down the road.

(3) Right-size Inventory: "Clean out the attic and keep it clean"

Right-size both War Reserves and operational inventory by reviewing and adjusting strategic requirements, leveraging commercial supply chains without redundancy, and improving planning and forecast accuracy. Our short-term goal is to reduce excess inventory by \$6 billion by the end of 2014 without sacrificing military readiness. We've already reduced inventory by \$2 billion since 2012, including a reduction in contingency stock from \$2 billion to about \$500 million. These kinds of savings wouldn't be possible without a whole agency effort, from DLA team members at our inventory control points to DLA Distribution, DLA Disposition Services and DLA Information Operations. Our military Service partners are important members of this team as well. And we're not just "cleaning the attic," we're also focusing on the way we plan for, forecast and contract for items to ensure we don't just fill the attic back up again. Rightsizing inventory also allows us to reduce our logistical footprint – less stock means fewer warehouses, which leads to even greater savings in the years ahead.

(4) Improve Customer Service: "Delight our customers"

Improve customer service and measure performance by customer standards by expanding and strengthening customer/supplier collaboration and ensuring excellence in inventory management. How do we know how well we're doing? We ask our customers and partners. Earlier this year we surveyed our senior warfighting partners to find out what they thought we were doing well and where they'd like to see us improve. It came as no surprise to me to learn that, overall, they thought we were doing a very good job. They know we understand the mission, they believe we're responsive and that we deliver on our commitments. These results aren't talking about me, they're talking about all of you – the DLA team. We do have areas of concern, however, and we're aggressively attacking those to ensure we meet the needs of our Service partners and warfighting customers. I need you to be proactive in finding solutions to outstanding issues, improve our procurement responsiveness and award contracts quicker, and to make sure what we do, even the little things, make sense. If things don't make sense, change them.

(5) Achieve Audit Readiness: "Prove it"

Demonstrate our commitment to transparency and accountability through our culture of judiciousness, meeting assertion dates, identifying and driving improvement opportunities, and expanding audit readiness beyond process integrity to process excellence. We are aggressively pursuing audit readiness at DLA. Instead of planning for the 2017 deadline mandated by the Department of Defense, we're targeting the end of fiscal 2015 as our deadline, and we're making steady progress. DLA's Hire-to-Retire program has already achieved assertion, three months earlier than planned. This coming year we're focusing on really proving our numbers, and I need every one of you engaged in this important effort. Understand your processes and the internal controls within them, and make sure the data is accurate and in compliance with the rules. Audit

readiness makes us a stronger organization and enhances the trust the public places in us to get things done and done right.

(c) **Key Focus Areas for DLA in 2014:**

As we begin the new fiscal year, there are three areas I'd like us to pay particular attention to:

(1) **Afghanistan: Support the troops in the current fight and pivot to reset, retrograde and transition:** Stay on task; continue to be at the forefront of support to reset and retrograde. One way in which we add tremendous value to our warfighting partners is our willingness to anticipate, plan and move out. Innovative, proactive approaches will continue to push timely disposal, retrograde and lines of communication usage.

(2) **Contingencies and Humanitarian Assistance and Disaster Relief Support:** Build on the monumental successes of our Hurricane Sandy support. Get ahead of requirements and have the right material positioned with contingency contracts in place to provide immediate support. Responsiveness is the coin of the realm, so act with a sense of urgency. Our fellow citizens and those in need are counting on you.

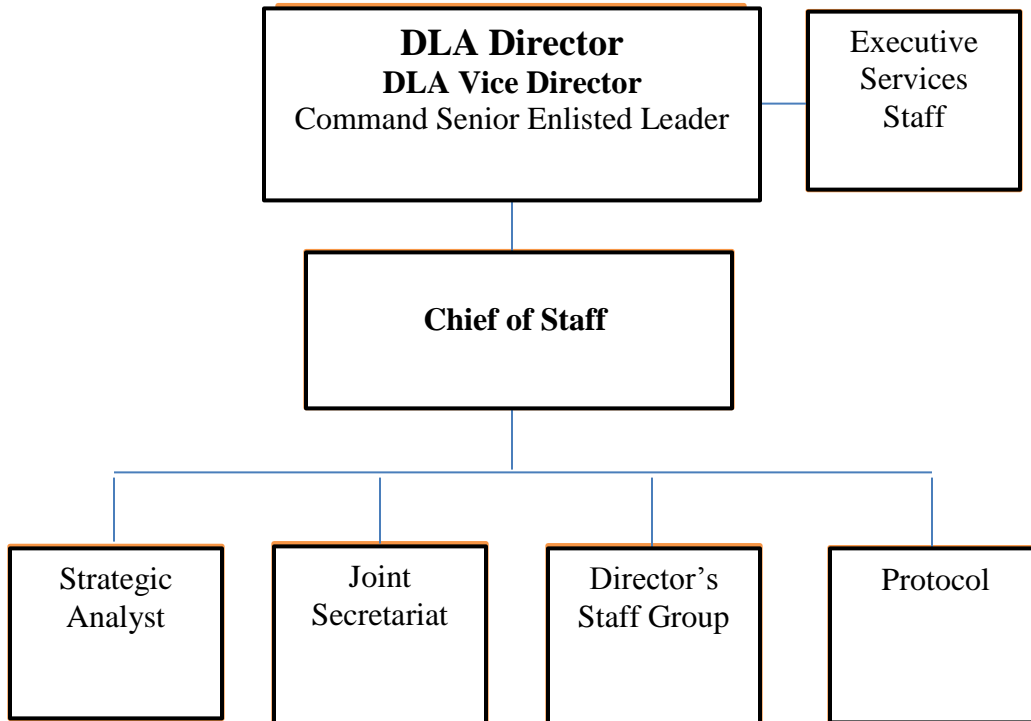
(3) **Industrial & Platform Support:** Deliver world-class logistics support by leveraging Enterprise Performance Based Logistics and PBL efforts. Optimize Inventory Management and Stock Positioning at Service industrial activities while supporting Strategic Network Optimization, Peak Policy and Next Generation forecasting and inventory rightsizing.

Defense Logistics Agency

Office of the Director

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1. **Organization.** The immediate Office of the Director, Defense Logistics Agency, is organized in this manner:



2. **Director/Vice Director/Command Senior Enlisted Leader**

a. The Director directs controls the DLA in the accomplishment of assigned missions, programs, plan, and projects.

b. The Vice Director acts for and advises the Director, DLA in the direction, control and management of the Agency mission. He also coordinates and directs plans, initiatives and activities to attain mission, strategic and performance goals.

c. The Command Senior Enlisted Leader assists the Director as the Senior Enlisted Advisor, DLA. Facilitates communication and works closely with the leadership and executive management team of the field Commands and J-Staff to ensure the Director's annual guidance is carried out; understands organizational policies and procedures, law and regulation to ensure appropriate decision-making protocols are followed. Coordinates with Senior Enlisted Advisors for Defense Agencies and the Military Services on issues of common interest.

d. Incumbent Personnel.

- (1) Director: VADM Mark E. Harnitchek, USN
- (2) Vice Director: Mr. Edward Case
-(Foreign Policy Advisor: Dr. Judith R. Baroody)
- (3) Command Senior Enlisted Leader: CSM Sultan Muhammad, USA

3. **Executive Services Staff.** The Executive Services Staff provides direct support to the Director and Vice Director, DLA.

a. Incumbent Personnel.

- (1) Executive Officer: CAPT Joseph (Doug) Noble, USN
- (2) Flag Aide: Lt. Col. Scott Hopper, USAF
- (3) Executive Assistant: Ms. Jean Ellis
- (4) Executive Secretary: Ms. Nancy Walley
- (5) Senior Advisor for Supply Chain Management: Mr. Dana Fuller
- (6) Executive Chauffeur: SFC Julio Valles, USA
- (7) Executive Chef: CS1 Jonathan Trotman, USN
- (8) Executive Chef: CS2 Darrell Harvey, USN
- (9) Office Services Assistant: Ms. Carrie L. Smith

4. **Chief of Staff.** The DLA Chief of Staff is the senior or principal member or head of a staff who acts as the controlling member of the staff. The DLA Chief of Staff is responsible for coordination of all DLA Headquarters operations, in the areas of Strategic Planning, Agency Governance, Strategic Communications, Legislative Affairs, Installation Support, and Protocol.

a. Incumbent. Dr. Renee Roman

5. **Strategic Analyst.** The incumbent serves as a principal staff advisor to the Director, Vice Director and Chief of Staff, Defense Logistics Agency, responsible for synchronization of operational activities and issues across the Agency's Senior Staff and Primary Logistics Field Agency (PLFA) Leadership as well as providing high-level studies, projects, advice, and support involving critical and time-sensitive strategic matters. These efforts are internal and external to both DLA and overall DoD operations. The incumbent must combine comprehensive logistics experience and expertise, broad awareness of current and projected capabilities in support of logistics, in-depth knowledge of DLA, DoD, and private sector management effectiveness concepts, tools, techniques and processes, and significant experience in strategic planning and communications.

a. Incumbent. Mr. Marty Binder

6. **Joint Secretariat.** The Joint Secretariat is responsible for maintaining an understanding of all major operational and management issues and to be able to engage HQ Staff and PLFA

leadership and action officers to ensure all plans and products developed for senior leadership approval are aligned with the Agency's strategic vision and the Director's intent. Liaises with other DLA headquarters groups, DLA activities, and external agencies on strategic issues, ensuring communication of the purpose, scope, and maturity to the enterprise strategic plan and synchronization of effort across the agency. Also conducts special studies and analyses.

a. Personnel

- (1) Chief: CDR Jay Turner, USN, September 2013-April 2014
- (2) Chief: LTC Richard Marzan, USA, April 2014-June 2015 (projected)
- (3) Dr Harold Raugh, Historian
- (4) Ms. Chrissie Reilly, Historian
- (5) Rotational Developmental Assignments:
 - (a) Ms. Melissa Safreed, January-July 2014
 - (b) Ms. Debra Dobbins, March-September 2014
 - (c) Ms. Eileen Granfield, September 2014-March 2015

7. **Director's Staff Group.** The Director's Staff Group is responsible for providing administrative and office management support to Agency senior leadership and their immediate staffs.

a. Incumbent Personnel.

- (1) Mr. Juan Aldape
- (2) Ms. Stephanie McRae
- (3) SSG Antoinette Bansen

8. **Protocol.** Protocol is responsible for providing protocol support and advice to all DLA Headquarters senior leadership and staff directorates.

a. Incumbent Personnel.

- (1) Ms. Denise M. Young, Chief
- (2) Mr. Randy Taft
- (3) Ms. Sandy Haynes
- (4) Ms. Elsie Valdes

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Defense Logistics Agency

DLA Land and Maritime

Fiscal Year 2014 Annual Historical Report

1. Introduction

The overall goal of DLA Land and Maritime is to provide world class support to U.S. military and other customers in a fiscally responsible manner while maintaining a sharp focus on the culture and development of its associates.

2. DLA Land and Maritime

DLA Land and Maritime is the headquarters for DLA's Land and Maritime supply chains with over 2,500 employees in 37 locations around the world. It manages 19 million items, and supports more than 17,600 customers throughout the military services, civil agencies and other DoD organizations. DLA Land and Maritime awards over 651,000 contracts annually, supports nearly 1,900 weapon systems, and handles more than 9 million orders annually, with annual sales topping \$3 billion. The DSCC installation operated by DLA Land and Maritime and DLA Installation Support Columbus leverages the resources of state, federal and defense organizations such as the Ohio National Guard, the Veterans Administration Hospital, and the Defense Finance and Accounting Service, which are collocated on or near the site. DSCC installation activities focused on sustained and timely warfighter support, stewardship excellence and workforce development throughout CY14 to provide supplychain logistics excellence.

DLA Land and Maritime's mission is to provide worldwide logistical support to its customers - the Military Services. Land and Maritime directly supports Navy Surface and Subsurface, and Army and Marine Corps customers through dedicated customer relations while working with numerous suppliers to fulfill requirements for assigned stock classes across the DoD. Furthermore, DLA Land and Maritime provides logistical services directly to Navy shipyards and Army/USMC industrial sites.

The successful accomplishment of this mission requires a well-trained, diverse workforce and a professional culture that supports high expectations. This is depicted by DLA Land and Maritime's organizational values shown below:



The scope of the DLA Land and Maritime organization and the results of its efforts are shown below:

WARFIGHTER FOCUSED, GLOBALLY RESPONSIVE SUPPLY CHAIN LEADERSHIP

DLA Land and Maritime Business Profile (FY14)

Wholesale Sales

- FY06 \$2.9B
- FY07 \$3.2B
- FY08 \$3.4B
- FY09 \$4.0B
- FY10 \$4.3B
- FY11 \$4.4B
- FY12 \$4.1B
- FY13 \$3.1B
- FY14 \$3.0B

Sales by Wholesale Chain

- Land \$1.587B
- Maritime \$1.439B

Foreign Military Sales

- Sales: \$278M
- Supporting 107 Nations

Scope of Business

- 9.9M Requisitions/Year
- 651K+ Contracts/Year
- 1,784 Contracts & \$8.2M/Day
- 1.9M NSNs
- 1.9K+ Weapon Systems
- 17.6K+ Customers
- 4.8K+ Suppliers

Our People

- 2,382 Civilians
- 79 Active Duty
- 25 Reserve

With the mandating of \$13.1 billion in budget cuts by the end of FY19, DLA Land and Maritime's FY14 Annual Operating Plan primarily concentrated on stewardship responsibilities while retaining focus on Operating Forces. DLA developed the graduated Big Ideas plan, and DLA Land and Maritime moved aggressively to meet the objectives of the mandate. Big Ideas encompasses four major focus areas to achieve these savings—Land and Maritime has developed levers that focus efforts on stewardship while improving support to the warfighter through Land and Maritime's workforce.

DLA Land and Maritime outlined a definitive course of action in achieving stewardship responsibilities, nested within the Agency guidance. Land and Maritime is dedicated to doing this while still supporting its overall mission; by continuing to foster good relations with Army, Navy, Air Force, and Marine Corps organizations and collaborating to provide world class support to the Services, Operating Forces, and Industrial Sites.

Furthermore, while maintaining high level of customer support, Land and Maritime continued to meet all challenges caused by updating operating systems and business processes with E-procurement roll-outs, Demand Planning changes, uncertainties surrounding any future sequestration or imposed furloughs, and alterations to job role growth in the retail environment. Throughout FY14 and beyond, Land and Maritime executed all the Big Ideas while simultaneously adapting and rolling out new processes and procedures.

Our Mission

Supporting the Warfighter: We are America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to warfighters and our other customers.

Our Vision

Warfighter-focused, globally responsive supply chain leadership

Our Values

Warfighter Needs Guide Us

Integrity Defines Us

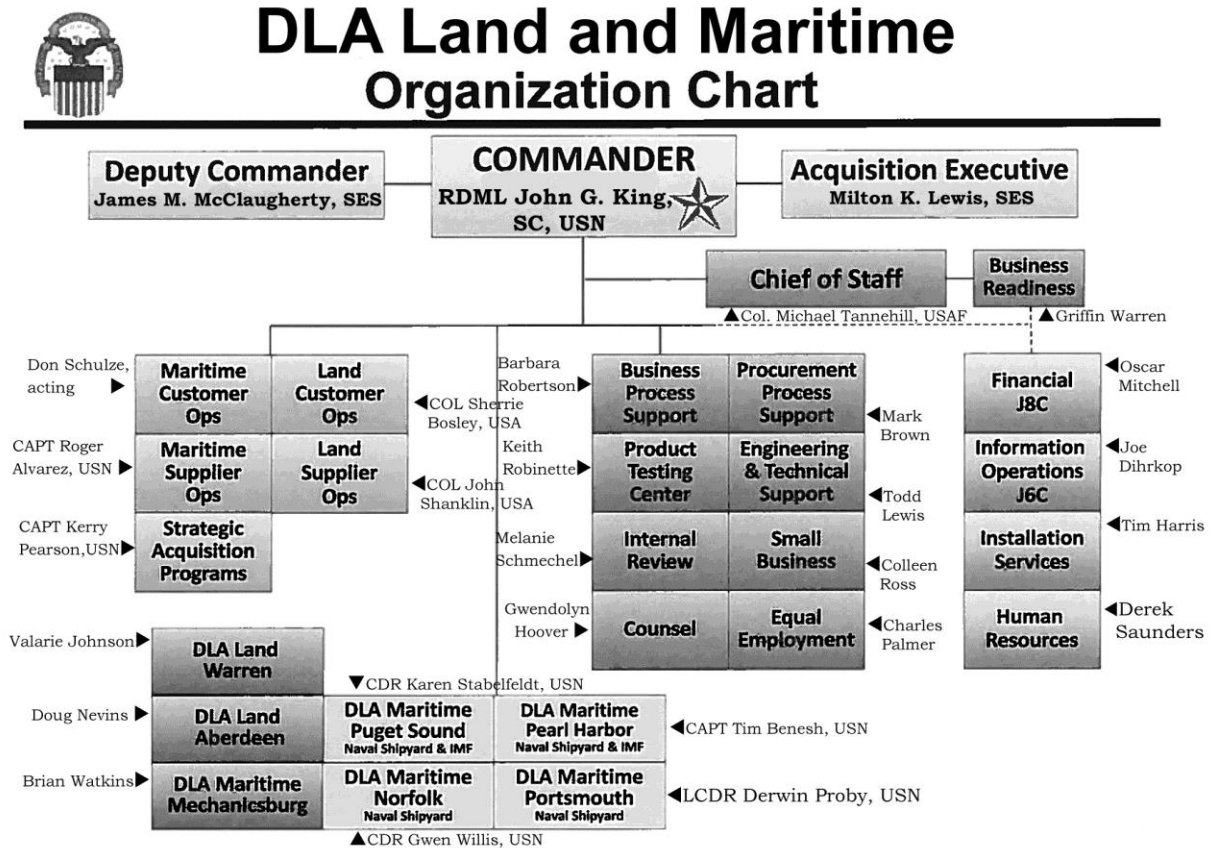
Diversity Strengthens Us

Excellence Inspires Us

The DLA Land and Maritime Way:

We provide Warfighter Logistics Excellence through Accountability, Teamwork, Urgency, Agility, and Innovation built upon a Commitment to Integrity, Diversity, and Mutual Trust and Respect".

3. DLA Land and Maritime -- Organization Chart



4. DLA Land and Maritime -- Key Personnel

- **Commander**
John G. King, RDML, SC, USN
- **Deputy Commander**
James M. McClaugherty
- **Executive Officer**
LT Daniel Hinkley, USN
- **Deputy Commander**
James M. McClaugherty
- **Acquisition Executive**
Milton K. Lewis
- **Chief of Staff**
Col Michael Tannehill, USAF

- **DLA Land & Maritime Internal Review Office**
Melanie Schmechel
- **DLA Land & Maritime Office Of Equal Employment & Diversity**
Charles E. Palmer
- **DLA Land & Maritime Readiness & Business Operations**
Griffin Warren
- **DLA Land & Maritime Small Business Office**
Colleen Ross
- **DLA Land & Maritime Business Process Support Directorate**
Barbara Robertson
- **DLA Land & Maritime Procurement Process Support Directorate**
Mark Brown
- **DLA Land Supplier Operations Directorate**
Col John Shanklin, USA
Linda K. Johnson
- **DLA Maritime Supplier Operations Directorate**
CAPT Roger Alvarez, USN
Ben Roberts, Deputy
- **DLA Counsel – Land And Maritime**
Gwendolyn M. Hoover
- **Associate Counsel, Acquisition**
Susan E. McKee, Associate Counsel
- **DLA L&M Engineering & Technical Support Division**
Todd Lewis
Dave Szczublewski , Deputy
- **DLA L&M Strategic Acquisition Programs Directorate**
CAPT Kerry Pearson, USN
Stephen Rodocker, Acting Director
- **DLA Finance-J8C**
Oscar N. Mitchell, Jr., Comptroller
Janet Bunnell, Deputy
- **DLA Installation Support at Columbus**
Timothy A. Harris, Site Director
Daniel L. Bell, Deputy Site Director
- **DLA Land Customer Operations Directorate**
COL Sherrie Bosley, USA
Eugene Williams, Deputy
- **DLA Maritime Customer Operations Directorate**
Don Schulze (Acting)
CDR Johnetta Thomas, USN, Acting Deputy
- **DLA Product Test Center**
Dennis (Keith) Robinette

- **DLA Land DLR Procurement Operations, Warren**
Valerie Johnson
Victor Vaughn, Deputy
- **DLA Maritime Supply Operations, Pearl Harbor**
CDR Tim Benesh, USN
Robert Stewart, Deputy
- **DLA Maritime Supply, Storage & Distribution Operations, Portsmouth**
LCDR Derwin Proby, USN
Donna Shephard, Deputy
- **DLA Maritime Supply Operations, Norfolk**
CDR Gwen Willis, USN
Joseph Long, Deputy
- **DLA Maritime DLR Procurement Operations, Mechanicsburg**
Brian Watkins
- **DLA Maritime Puget Sound**
CDR Karen Stabelfeldt, USN
Brian Mueller, Deputy
- **DLA Land Dlr Procurement Operations, Aberdeen**
Doug Nevins
Stephen Bianco, Deputy

5. FY 2014 Initiatives

a. Big Idea 1. Improve Customer Service

During fiscal 2014 operations record level customer service achievements were realized through an aggressively restructured operational strategy. Material Availability metrics recorded historical highs while back orders simultaneously reflected targeted lows.

DLA Land and Maritime has continued to provide and improve complete logistics solutions worldwide. This was accomplished by improving acquisition agility and continuing efforts to fully support weapon system requirements.

DLA Land and Maritime's concentration on its top order drivers (Super Kids) across the organization prompted the creation of specialized process teams that prioritized activities across all functional areas, breaking down performance barriers while improving efficiencies. The team's creativity enabled the organization to achieve Material Availability (MA) metrics above 90% for three months in FY14, the highest ever for the organization. In addition, they fueled an unprecedented MA milestone for the entire catalog of items during the same period. This performance was driven by unparalleled availability for forecasted items, including several months above 92%. Customer satisfaction remained the key emphasis as Land and Maritime measurably reduced the age of customer backorders, cutting the average age by 39 days, reflecting a reduction from 28% of the backorder population to a record low 18%.

DLA Land and Maritime sharpened its focus on the Director's "Big Ideas" challenge and continues to dramatically improve mission effectiveness through a comprehensive review and of its operational strategy and philosophy. Incorporating focused efforts on improving Material Availability, Back Order reduction, Time to Award, Improved Customer Service and Audit Readiness have contributed to Land and Maritime achieving record operational readiness metrics during FY 14.

Embracing the Director's Operational Order 12-05 and Time to Award initiatives, DLA Land and Maritime's Technical and Quality communities contributed to significant reductions in Release Strategy Workflows (tech blocks), substantially reducing procurement lead times. From the beginning of the OPOD in September 2012 to November 2014, Land and Maritime orchestrated a 70% reduction in on-hand RSWs and a decrease to 23% of overall tech blocks for released procurements. Efforts to gain these efficiencies included 1.6 million Material Master (MM) updates, 105,000 Technical Ops Review (TOR) code updates, First Article Test template development for auto solicitation and proactive work completed by Product and Product Data Specialists. Additionally, the development of improved reporting tools for supervisor use, additional workforce training and the use of internal engineering assets in lieu of the Military Service Engineering Support Activities (ESAs) aided the Tech/Quality efforts.

Land and Maritime led the Enterprise in reducing procurement cycle-times under the Time to Award Initiative in FY 2014. Land and Maritime rose to the challenge by continually questioning "the way things have always been done," attacking "white space" and finding new ways to "Delight Customers" through cycle time reduction. Through concerted efforts Land and Maritime ended FY14 with a 33% average reduction across the segments. Automated award lead times were reduced to 12 days, representing a 29% reduction. The average time for Manual, Small purchases shrank by 23% and Large, Manual lead times were reduced by 9%. Cycle times for Long-Term Contracts under \$10 million plummeted by 48% to an average of 181-days. LTCs over \$10M posted the largest improvements, logging a 58% reduction and pushing cycle times downward to an average of 252 days. This performance demonstrates Land and Maritime's ability to achieve reductions in lead times, while maintaining OPOD 12-05 successes in reducing Back Orders and sustaining high Material Availability rates.

(1) Tires Contract

Successor Initiative (TSI) contract. TSI is a Supply Chain Integrator contract which provides planning, warehousing, distribution, retreading, and tire carcass disposal services for DLA managed tires. During FY14 TSI successfully provided nearly 210,000 tires at a Fill Rate of over 97%, exceeding the contract requirement of 95%, while achieving a Material Acceptance Rate of 99.99%. The acquisition strategy used by DLA Land and Maritime saved \$3.37M in transportation costs during FY14. DLA Land and Maritime hosted the 2014 Tires and Tubes Industry Outreach Forum that was attended by 50 industry representatives from 30 different suppliers. DLA met with industry representatives in one-on-one meetings to receive supplier feedback and discuss possible process improvements to the DLA Tire Program and associated contracts. The insight gained from this forum was used to solicit and award over 35 tire supply

contracts, valued at \$433M, which directly support the Supply Chain Integrator and TSI program. TSI is an example of DLA Land and Maritime providing world-class customer support through innovative contracting solutions.

(2) Retail Support

DLA Land and Maritime's Forward Stocking initiative was an exceptional example of organizational brainstorming and decisive action in direct response to a high priority customer requirement. The Maritime Customer Operations Directorate within DLA Land and Maritime plays a pivotal role in providing program and supply support for the weapons systems that keep Naval forces mission- ready. This solution-oriented posture was demonstrated in DLA's response to the Navy's request to position essential parts in support of mine countermeasures (MCM), ballistic missile defense (BMD), and patrol coastal (PC) ships closer to the war zone. Collaborating with Navy partners, DLA identified key readiness drivers and items that receive high operational demand in key areas of operation. DLA Land and Maritime established a dedicated Forward Stocking Team to accomplish the DLA Director's objective of achieving and maintaining 100% on-hand material availability for BMD, PC and MCMs operating in the Fifth, Sixth, and Seventh Fleet areas of operation. The team aggressively reviewed demand and supply plans and expedited backordered parts. The Director's 100% Material Availability directive has been achieved and sustained.

The Navy consistently identifies the Nuclear Reactor Program (NRP) as its top priority weapon system. The safe and reliable operation of the nuclear reactors that power Navy ships and submarines is of vital importance to the country's national defense. The Maritime Customer Operations Directorate leads the support strategy incorporating extraordinary measures to ensure high levels of performance. Land and Maritime maintains a Performance Based Agreement with Naval Supply Systems Weapon Systems Support for NRP supply support, which serves as a model across DLA for performance in a collaborative partnership. DLA Land and Maritime's NRP Team has a mandated 95% Material Availability (MA) requirement, which the organization has successfully achieved for 84 consecutive months (through Oct 14). The team's efforts ensure material availability to all NRP customers and consistently provide the best value with on-time delivery throughout DLA.

DLA Land and Maritime's effective support of the Littoral Combat Ship (LCS) platform has been astonishing, with a continuous focus on warfighter support and structuring the right inventory to support the needs of the LCS program. The Maritime Customer Operations Directorate Weapon System Support Managers, in conjunction with DLA Distribution, effectively coordinated system transactions enabling the receipt of transferred LCS 1 material of more than 2800 DLA NSNs. Their estimated value was \$3.5M and they were transferred from Lockheed Martin's storage facility to DLA Distribution Center in San Diego. The LCS Squadron Commodore (CAPT Randy Garner,) publicly lauded the Maritime Customer Operations team's support efforts by relaying "There are a significant number of supply support challenges associated with a new ship class and your team has been an essential partner in assisting us overcome them. They routinely go above and beyond to ensure the highest level of readiness to my ships. Thank you for your team's support."

b. Big Idea 2. Decrease Direct Material Costs by the FY14 Target Through Agile Acquisition Techniques

Innovative planning and acquisition techniques drove down costs to the Services, and reducing the direct costs of material enables Land and Maritime to lower costs to the customers.

Levers involved were: Demand Planning (to improve forecasts of material requirements to ensure only Strategic Material Sourcing); Leveraging Commercial Capabilities; Performance Based Logistics (PBLs); First Destination Transportation and Packaging Initiative; and Value Management/Breakout.

Efficient operations within DLA Land and Maritime are critical to providing timely, cost competitive service to the customer. Land and Maritime's Maritime Customer Operations Directorate and the DLA detachments at Norfolk, Puget Sound, and Pearl Harbor Naval Shipyards successfully executed critical actions to transfer storage and distribution missions, functions, and associated personnel from the detachments to DLA Distribution. This inter-agency realignment of approximately 350 associates allowed DLA to gain further effectiveness and efficiencies while providing seamless end-to-end distribution and warehouse support to its industrial customers.

c. Big Idea 3. Decrease Operating Costs

By reducing distribution and transportation costs and achieving efficiency gains from personnel, ADP, facility maintenance, travel, and IT, Land and Maritime was able to reduce its operating costs.

DLA Land and Maritime has programmed progressive operational costs reductions into its FY 14 operations strategy. FY14 reductions in non-labor accounts, such as travel and training, accounted for a total of \$2.7 million in operational savings. Land and Maritime saved an additional \$5.4 million in personnel costs, which totals \$8.1 million in FY14 operational savings. Material savings were driven by several factors - including \$3.2 million in Reverse Auction savings, \$13.93 million in savings for Procurement Systems Process Improvements, \$18 million in Strategic Sourcing savings, and \$52.6 million in savings generated by Value Management projects. Total material savings for FY14 was \$87.8 million, and when combined with the FY12/13 savings Land and Maritime achieved a total of \$10.2 million in operational savings and \$226.7 million in material savings, more than doubling the combined savings goals.

DLA Installation Support Columbus (DSCC) works closely with its tenant organizations to disseminate energy conservation policies/ideas, to involve all organizations in reducing energy consumption and encourages full participation in the energy conservation process. DSCC intensified its energy conservation efforts by introducing additional initiatives during FY14. DSCC reduced overall energy consumption by an additional 4.9% from FY13 and has consistently reduced consumption each year for a total reduction of 41.9% below the FY03 operational baseline.

DSCC has exceeded the Energy Independence and Security Act of 2007 goal of reducing facility energy intensity by 30% and expects further improvements in operational efficiency. DSCC also reduced FY14 water consumption by 4.5% from FY13 and will continue reduction efforts in these areas. DSCC has achieved these noteworthy energy savings through enacting efficient solutions including installing new heaters and heater controls to provide only the required level of heating to large warehouse buildings; replacement of incandescent "EXIT" signs with LED signs; and replacement of drive motors that serve the air conditioning systems in the installation's data center.

d. Big Idea 4. Reduce Inventory

Land and Maritime worked to reduce the enterprise logistics footprint by drawing down or disposing of excess stock. For FY 13, Land and Maritime disposed of over \$1 billion in inventory, reducing inventory to below the \$3.2 billion goal. Land and Maritime's inventory reduction plan in FY 14 was designed to result in continued systemic reduction of Potential Reutilization Stock (PRS), increased coordination with the services on Contingency Retention Stock (CRS) reduction and greater reduction of Economic Retention Stock (ERS).

Inventory reduction was a huge FY14 Enterprise effort. Land and Maritime exceeded its FY14 goal, processing over \$415 million in disposals. The final "Big Idea" tenet is Audit Readiness and Land and Maritime met all milestones for its FY14 Plan to Stock assertion by exceeding 90% of all work products delivered on time. This included the generation and validation of 26 Process Cycle Memorandums, dozens of Standard Operating Procedures and hundreds of 'evidential matter' documents that fully described key internal processes, allowing us to standardize operations while discovering and correcting process inefficiencies.

e. Big Idea 5. Achieve Audit Readiness

DLA Land and Maritime continues to support the DLA directive to be completely auditable through the Audit Readiness process. Land and Maritime efforts include the generation and validation of 26 Process Cycle Memorandums and numerous Standard Operating Procedures. These documents fully describe the internal processes allowing Land and Maritime to standardize operations, while discovering and correcting process concerns and inefficiencies. These efforts provided leadership with an enhanced understanding of Land and Maritime's financial situation, enabling more precise operational decisions and improved customer support.

6. Small Business

DLA Land and Maritime has used the skills and abilities of its vast network of small businesses to better support customers. It continued to emphasize socio-economic and small business programs particularly those targeting opportunities for the service disabled veteran owned small business community.

DLA Land and Maritime's Small Business Office expanded customer service efforts beyond last year's stellar performance. The office created a Small Business Set-aside "Tool Box" on its acquisition portal to consolidate policy guidance, posted how-to guides and sample documents to

assist buyers in conducting rigorous market research and developing recommendations for full, partial or socio-economic program set-asides for small businesses. This one-stop resource was designed to help generate more awards to small businesses, while also helping buyers minimize their award application time. Small Business Office specialists conducted five on-site, two-day training opportunities during FY 2014.

The training enabled the office to reach 146 new small business vendors and covered such topics as: doing business with DLA; DIBBS quoting and source approval requests. Additionally, the Small Business Office sponsored a series of 19 webinars streamed to 332 small business suppliers and representatives on topics related to doing business with DLA and successfully managing contract awards.

7. Workforce Development

Land and Maritime continued to imbue the DLA Land and Maritime Way in all operations throughout the organization by improving the culture across DLA Land and Maritime and improving the knowledge, skills, and abilities of the workforce. Land and Maritime's strong workforce supports the execution of all initiatives and efforts throughout.

DLA Land and Maritime is totally committed to developing its workforce and providing opportunities for career advancement. The organization uses a structured Tri-level Mentorship Program as one of its workforce development tools. The Level I Program is one year in duration and currently has 18 protégés assigned. The Level I Program is open to GS-09/WG-09 associates. The Level II Program is 9 months in duration and currently has 54 proteges who graduated in 2014. The Level II Program is open to GS- 9-12 associates. The more comprehensive Level III Program is two years in duration and 11 protégés graduated from that program in 2014. The Level III program is open to GS-13-14 Associates.

DLA Land and Maritime has an employee Apprenticeship Program (PACERS) aimed at recruiting new additions to the Land and Maritime workforce. Junior in grade, PACERS are recruited for Contracting, Supply, Product Specialist and Industrial Specialist career fields. Two PACER classes, each approximately 5 months in duration, are conducted each year. After completing training graduates are moved to identified directorates for on-the-job training for the remainder of the 2 year program. Ninety-two PACERS are currently assigned and 822 PACERS have graduated from the DLA Land and Maritime Program since 2003. The most recent quarterly customer satisfaction survey shows the PACER, supervisor and trainer program satisfaction rates at 99%.

DLA's "Operation Live Well," formerly "Healthy Base Initiative," efforts remain the focal point for the installation and its workforce. Installation associates continue to benefit from ongoing initiatives encompassing increasing the quantity and availability of wellness activities to the addition of multi-use infrastructure. A new community center facility recently opened to accommodate personal event planning, family sponsored functions as well as activities to include installation blood drives. The Morale, Welfare and Recreation office supports a wide range of both social and entertainment opportunities for installation associates. From Farmer's Markets to selected era music-themed luncheons, discounted sporting events, and a host of other outdoor

activities from horseback riding to hiking - all are available at subsidized rates to installation associates. Attention to providing these important quality of life opportunities remain an emphasis area for the installation's leadership.

DLA Installation Support (DSCC) is constructing a "physical fitness/walking trail" as part of the installation's static weapons display area. The one-fifth mile, fitness/walking trail will include four exercise stations and will be conveniently located adjacent to the installation's main population areas.

8. Protect the Supply Chains from Non-Conforming, Counterfeit, and Low Quality Parts and Material

DLA Land and Maritime has continued to protect the supply chains from risks and mitigate those risks to customers including enhancing efforts to prevent, detect and eliminate non-conforming items, to include counterfeit material & unauthorized product substitution.

Supply Chain integrity has remained a vital focal point in Land and Maritime operations. DLA established a counterfeit prevention team in 2012. Since initial implementation of this plan, microcircuits have been DNA-marked by suppliers, distributors, or third party marking organizations. With direction from the DLA Director, the DLA Product Test Center Electronics lab shouldered the task to DNA mark all microcircuits.

DLA Land and Maritime immediately created a plan and formed a cross-functional team to complete the tasking. Implementation is on track to have full capability established by mid-December of 2014 and a full operational process in place by mid-January 2015. Once incorporated, DLA will no longer issue solicitations requiring suppliers to provide DNA marked microcircuits. Land and Maritime will DNA-mark all microcircuits in accordance with procedures established by Applied DNA Sciences. The three-year average number of microcircuits to be processed is about 85,000 components per year.

This new process will create a centralized, streamlined process within DLA that reduces the overall cost of the marking initiative and will ensure maximum participation of industry partners who supply microcircuits. Most importantly, the process will increase quality control while improving product availability for the military customers.

9. Diversity and Inclusion

Land and Maritime leverages its Diversity through strong Equal Employment Opportunity (EEO) Special Emphasis Programs (SEP) and inclusionary management behavior and practices in order to improve diversity participation rates in one third of the 12 HQ EEO AOP diversity metric indicators

DSCC's Federal Women's Program maintains a mentoring program with Whitehall-Yearling High School where installation employees provide tutoring services and work with the youth to help prioritize career aspirations. Installation employees also coordinate with Broadleigh

Elementary School to contribute to their annual winter clothing drive. These are ongoing collaborations to keep communication lines open with installation neighbors.

Land and Maritime maintains active participation in the Whitehall Chamber of Commerce meetings where it works to increase awareness of economic opportunities from neighborhood business owners to the workforce.

DLA Land and Maritime maintains a Memorandum of Agreement with the City of Whitehall to provide required Emergency Medical Services to the On-Scene Commander in cases where additional capabilities are needed.

10. Environmental and Real Property Stewardship

During FY14, DLA Land and Maritime executed 106 sustainment, renovation, modernization (SRM) and service contract actions totaling more than \$27 million. On-going activity continued to focus on preservation and optimization of existing facilities, the reduction of energy consumption and support of DLA Land and Maritime Detachment sites. Leadership continued to actively pursue reduction of the facilities footprint through the planned demolition of underutilized space. Four buildings were identified for demolition as part of an FY15 project and two additional warehouses are scheduled for FY16 demolition.

The Installation continued to operate throughout FY14 without environmental citations, notices of violation, or fines. Key environmental improvement efforts included the creation of an Environmental Coordination Committee as well as several Object and Target Action Plans. The Environmental Coordination committee includes representatives from all Installation Support divisions and tenant organizations. Adoption of the Object and Target Action plans provided a vehicle to prioritize and engage pressing environmental concerns by employing planning and progress assessments. An example of this was the successful remediation of the Installation's new Yearling Road Gate site, dictated by surprise environmental findings during the construction phase. All actions were flawlessly completed and approved by United States Environmental Protection Agency. DSCC's Environmental Office worked with the Army Corps of Engineers to complete the remediation, while minimizing the impact on the project's budget and work schedule. Moreover, regulatory inspections and audits continued to verify Installation compliance with federal and state regulations, DoD or DLA instructions and various facility plans.

DLA Land and Maritime also maintained a 175 workstation Alternate Work Facility on the DSCC Installation throughout the reporting period in a "Ready State" at all times. Equipped with computers, active phone lines and expansion capabilities, access to the Secret Internet Protocol Router Network (SIPRNet), classified and non-classified video teleconferencing capability and classified voice capability, the facility serves as an immediately available alternative operations site for DLA Land and Maritime. Monthly capability testing is conducted to ensure availability. A reception plan and an individual "User's Guide" are also maintained for the facility. This facility is not only an Alternate Facility for DLA Land and Maritime in Columbus, Ohio, but for six other DLA Activities as well. Six highly successful facility use exercises were conducted during the past 12 months. Additionally, the facility has been used by the Federal Emergency

Management Agency (FEMA) and Ohio Army National Guard during emergency situations requiring reliable communications capabilities.

11. Safety and Health

As the first DLA site to be OSHA certified as a Voluntary Protection Program (VPP) organization, DLA Installation Support Columbus places the safety of its workforce at the top of its priorities and employs an active safety office to coordinate the Installations safety efforts. The Installation's safety office created an Installation safety council that involves representation at monthly and quarterly safety meetings from all Installation tenants. Safety mishaps are tracked by unit safety representatives and reviewed by leadership to identify any emerging safety concerns. Safety training is emphasized and closely monitored. A preventive safety video involving the Flag-level Installation Commander is updated each year and mandatory viewing for all DLA associates.

Targeted safety exercises addressing general and emergency (fire/weather/hazardous spills) preparedness were conducted throughout the year to keep safety foremost in the minds of the workforce. These exercises were coordinated with local safety organizations and included the use of the Installation's Giant Voice and other integrated systems. The Installation Emergency Manager compiled after action reports (AAR) that outlined any corrective action planning needed following each event.

12. Security

The Installation opened the new Yearling Road Gate, a new main access control point. This state-of-the-art gate was designed and commissioned by the Army Corps of Engineers Protective Design Center and included: a gate house; visitor control center; vehicle search office; and 5-ID check booths capable of accommodating the Defense Biometrics Identification System.

DLA Installation Service Columbus (DSCC) opened this new main access control point in response to recommendations from the Defense Threat Reduction Agency (DTRA) and Joint Integrated Vulnerability Assessments (JSIVA). The new entrance now meets all current standards in Anti-Terrorism guidance. DSCC coordinated the security enhancement and its potential impact with installation neighbors: the City of Whitehall, City of Columbus (Water Division) and the American Electric Power, all of whom supported the new construction.

With the gate, DSCC implemented the Defense Biometric Identification System (DBIDS), an electronic card scanning system that strengthens installation security and access procedures. DBIDS verifies the authenticity of all DOD identification cards through the use of handheld scanners at all installation access control points. DBIDS provides enhanced capabilities to security personnel, enabling them to determine the identity and fitness of individuals requesting installation access. DBIDS tracks local barments and driving suspensions as well as those of other installations using DBIDS. It also checks all personnel against the National Crime Information Center and the Terrorist Watch List. The deployment of DBIDS has resulted in numerous personnel who pose a potential threat to the security of DSCC and the safety and well-being of its personnel, being denied access.

Finally, during FY14 DLA Installation Support Security and Emergency Services Division conducted an installation-wide full scale emergency Active Shooter exercise to assess critical installation emergency response procedures. The exercise's focus was to fine-tune the effectiveness of safety procedures protecting the more than 9,000 people located on the Installation. The exercise was evaluated, observed and controlled by members of the DSCC Police, Fire and Ohio State Highway Patrol (OSHP) and observers from DLA HQ. All participating organizations reacted to the emergency announcements and implemented specific emergency action plans (EAP) which included locking down installation work areas.

13. Community Relations

DLA Land and Maritime's community service included donating 23,427 pounds of food, an increase of 13,812 pounds from the previous year, to the 2014 Feds Feed Families program. Land and Maritime associates also participated in the 2014 Combined Federal Campaign generously contributing \$225,000 to needy charities.

DSCC's Federal Women's Program maintained a mentoring program with Whitehall-Yearling High School where installation employees provided tutoring services and assistance to the youth to help them prioritize career aspirations. Installation employees also coordinated with the local Broadleigh Elementary School to contribute to their annual winter clothing drive. DLA Land and Maritime also actively participated in local Whitehall Chamber of Commerce meetings to increase awareness of economic opportunities from neighborhood business owners to the workforce. Finally, DLA Land and Maritime maintained a Memorandum of Agreement with the City of Whitehall to provide required Emergency Medical Services to the On-Scene Commander in cases where additional capabilities are needed. DLA Land and Maritime responded 141 times in FY14 to off-base community members requiring aid.

These ongoing collaborations keep communication lines open with Land and Maritime's important Installation neighbors.

14. Awards Won

Charles Besore received the 2014 Department of Defense Diminishing Manufacturing Sources and Material Shortages Program Achievement Award; Lead Petty Officer Nakeia Brinson (USN) selected for 46th Annual DLA Winner for Outstanding DLA Personnel in Grades – GS/WG/WL 1 thru 6; Roy Pitman GS-12 selected for 46th Annual DLA Winner for Outstanding DLA Personnel in Grades – GS/WG/WL 7 thru 12; Dr. Robert Boggs selected for 46th Annual DLA Winner of DLA Award for Achievement in EEO by a Supervisor or Manager; Tammy Munro-Reyes selected for 46th Annual DLA Winner of the Level 3 DLA Leader Award; DLA Land and Maritime High Value Contracts Branch I selected for 46th Annual DLA Acquisition Excellence Award for Excellence in Pre-Award Contracting; Jonathan Sanders selected for 46th Annual DLA Acquisition Excellence Award for Excellence in Contract Administration; DLA Land and Maritime's Sourcing and Qualifications Division was awarded the DLA Director's Strategic Goals Award for the fourth quarter of FY14; DSCC was the recipient of two American Electric Power awards and the Defense Logistics Agency award in recognition of energy savings; DSCC earned three financial awards in FY14 – two from the local electricity service provider; the Land

Readiness Room and Emergency Buy Team received the Federal Executive Association of Columbus and Central Ohio, “Excellence in Customer Service Award” for their leadership, dedication, and lasting accomplishment to government service.

Defense Logistics Agency

DLA Troop Support

Fiscal Year 2014 Annual Historical Report

1. Introduction

The Defense Logistics Agency (DLA) Troop Support FY14 Annual Historical Report outlines the actions taken across Troop Support's five supply chains, Subsistence, Clothing & Textiles, Construction & Equipment, Medical and Industrial Hardware, during FY2014 to support the needs of our customers around the globe.

DLA Troop Support collaborates with the Military Services, the Combatant Commanders and its multitude of industry partners to balance Service requirements with industry capability in order to successfully meet warfighter demand.

In addition to direct customer support, DLA Troop Support actively supported the agency's goals to reduce inventory, decrease operating costs, decrease material costs, improve customer service and achieve audit readiness.

a. Mission

DLA Troop Support provides effective and efficient support to our customers and warfighters with subsistence, clothing/textiles, construction and engineer equipment, medical supply and hardware solutions in order to allow them to achieve their global missions.

b. Vision

Warfighter-focused, globally responsive, fiscally responsible supply chain leadership.

c. Values

Our values mirror DLA's foundation for all we do, our basic guiding principles: Warfighter needs guide us, integrity defines us, diversity strengthens us, excellence inspires us.

2. Organization Overview

DLA Troop Support is one of six DLA primary-level field activities, and operates five separate and distinct supply chains: Subsistence, Clothing & Textiles, Construction & Equipment,

Medical, and Industrial Hardware. Sales for FY14 totaled \$13 billion accounting for approximately one-third of all DLA sales. Staffing includes 2,232 civilians, 71 active duty military personnel and 50 reservists.

DLA Troop Support provides a wide variety of essential items to members of the armed forces, including utility and dress uniforms, headgear, footwear, personal protective equipment, heraldics, tents and shelters, operational rations and fresh foods, force protection items, diving gear, safety and rescue equipment, fire and emergency equipment, storage, HVAC, plumbing, heavy equipment, metals and lumber, targets for training, pharmaceuticals, medical surgical and medical equipment items, medical capital equipment, and consumable repair parts.

Using long-term contracts, tailored logistics support programs, prime vendor relationships, and traditional contracts, DLA Troop Support procures products needed to meet the requirements of our warfighters serving around the globe. The Philadelphia-based field activity also oversees two forward-based commands, DLA Troop Support Europe & Africa and DLA Troop Support Pacific, headquartered in Germany and Hawaii, respectively, as well as forward-based offices throughout the continental United States. Through this forward presence, DLA Troop Support embeds employees in the continental U.S. and overseas with customers and key industry partners to personally ensure we meet or exceed the needs of our service members.

3. DLA Strategic Focus Areas

- a. Warfighter Support:** Deliver agile and responsive logistics solutions to warfighters.
- b. Stewardship Excellence:** Manage DLA processes and resources to deliver effective warfighter support at optimal cost.
- c. Workforce Development:** Foster a diverse workforce, supporting culture and related personnel practices to deliver sustained mission excellence.

4. Keys to Success/End State

Concentrating on the Enterprise strategic focus areas of warfighter support, stewardship excellence and workforce development, DLA Troop Support leadership identified the keys to success in optimizing performance to support the focus areas and ultimately drive the organization towards its desired end state. Leadership used various workforce engagements to communicate these keys to success to personnel throughout the organization.

a. Keys to Success

- (1) Maintain the integrity of the procurement and acquisition process as we drive down prices, drive up quality and maintain schedule
- (2) Develop the workforce to meet the requirements of the 21st Century business environment... take advantage of every training and education opportunity... mentor two levels down

(3) Maintain our warfighter/customer focus... never lose sight of why we are here

(4) Communicate up, down, laterally... customers, suppliers and stakeholders

b. End State. Become the provider of choice for goods and services DLA Troop Support currently provide and can provide... focus on solutions.

5. DLA Troop Support Organization

The DLA Troop Support Command leadership team includes:

- Brigadier General Steven A. Shapiro, USA, Commander
- Mr. Richard A. Ellis, Deputy Commander
- Mr. William J. Kenny, Executive Director, Contracting & Acquisition Management
- Mr. Robert A. Ratner, Chief of Staff

DLA Troop Support experienced a changeover of several military and civilian directors across the supply chains and staff offices. The following leaders assumed their positions during fiscal year 2014:

CAPT Ricardo Wilson, SC, USN

Col Patrick Owens, USAF

Col Glenn Chadwick, USAF

COL Alex Zotomayor, USA

COL Richard Debany, USA

Mr. Dan Keefe

Mr. Nelson Alvarez

Director, Construction & Equipment

Director, Clothing & Textiles

Director, Industrial Hardware

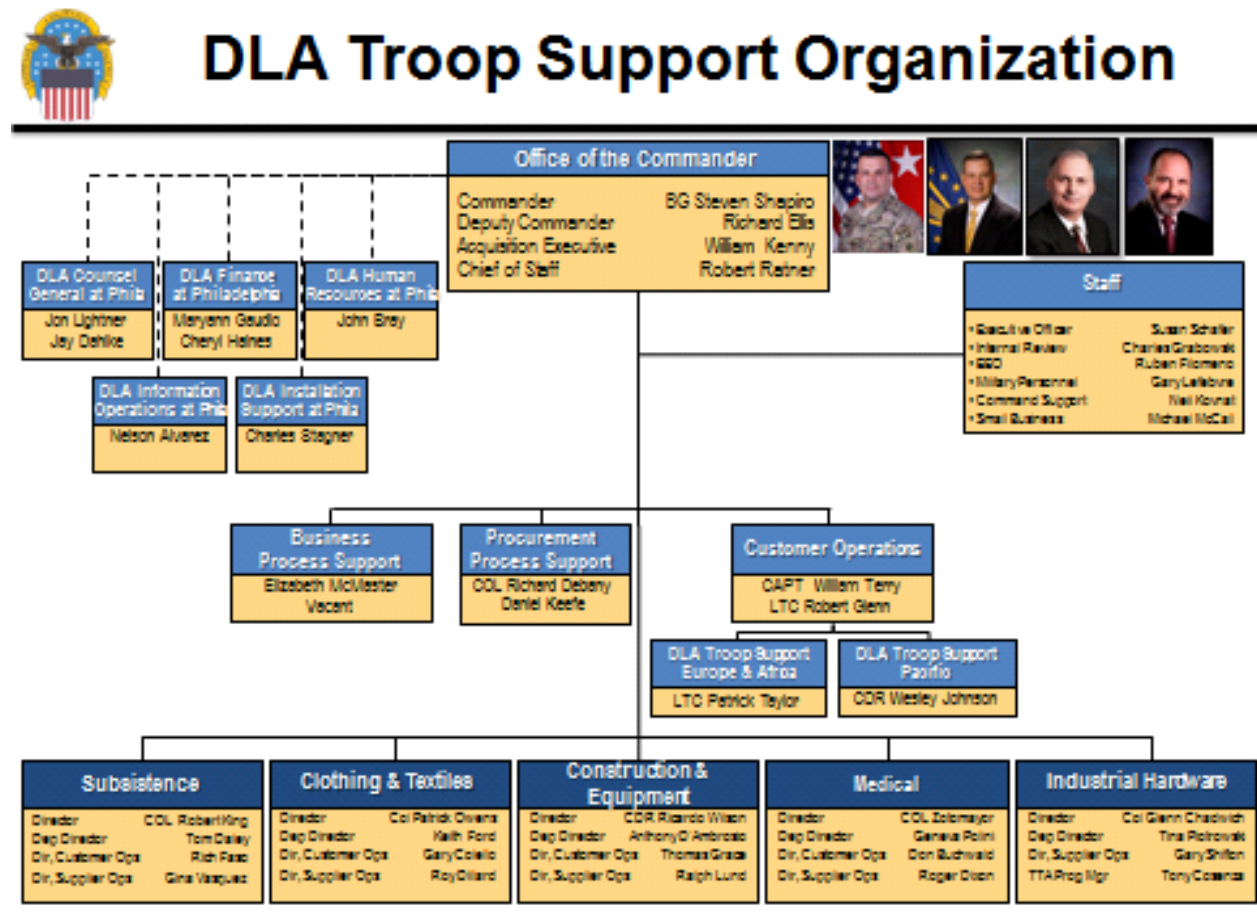
Director, Medical

Director, Procurement Process Support

Dep. Director, Procurement Process Support

J6 Liaison Officer

The DLA Troop Support organization structure follows:



6. DLA Troop Support Strategic Initiatives

During FY 2014, DLA Troop Support Commander, Brigadier General Steven Shapiro identified various strategic initiatives critical to ensuring the success of the organization’s mission. During the course of the fiscal year, various long range customer, industry and workforce engagements were identified and conducted directly related to successfully supporting these initiatives.

- Building the Bench... succession planning, recruitment and retention, training and education for the DLA Troop Support workforce
- National contracts awarded... Medical and Subsistence
- Worldwide Maintenance, Repair & Operations (MRO) Prime Vendor coverage
- Global Medical Prime Vendor contract award

- Solidify DLA Troop Support's relationship with the Defense Health Agency (DHA) and Veterans Affairs (VA)
- Expand C&T reach into supply chain... Recruit Training Centers (RTC), Central Issue Facilities (CIF), Organizational Clothing & Individual Equipment (OCIE) ownership
- Commercial Fastener Integrator (CFI)/Fastener Performance Based Logistics (PBL) timeline and award
- Time to Award
- Performance... backorders, material availability, inventory reduction
- Audit Readiness milestones
- Big Ideas... operational and materiel savings
- Continued engagement of Continuous Process Improvement (CPI) program

7. DLA Troop Support Supply Chain 2014 Accomplishments

DLA Troop Support played a significant role in the Agency's support of Operations United Assistance (OUA). In total, DLA Troop Support provided \$68.4 million in support providing items across all supply chains. Items procured include tents, netting, boots, gloves, personal protective equipment, fresh fruits and vegetables, Meals, Ready-to-Eat (MREs), bottled water, cots, graders, gravel and mechanical items.

The following highlights major accomplishments by Troop Support supply chain during FY14:



Subsistence

Completed a complex wartime food service transition in Afghanistan. The new prime vendor, Anham FZCO, took full responsibility for servicing the region in December 2013 supporting more than 140 locations in Afghanistan. The 66-month indefinite delivery, indefinite quantity fixed price contract with economic price adjustment is estimated at \$8.1 billion. Actions taken ensured troops in Afghanistan continued to receive outstanding support throughout the difficult contractor transition period and beyond.

Evolved Subsistence Prime Vendor support in theater from primary use of the Northern Distribution Network (NDN) to a multimodal (surface-air) concept shortening the transportation pipeline CONUS to Afghanistan by an average of 50 percent or 90 days.

Developed the Integrated Food Service concept and stood up a specialized team in support of an evolving food service environment and modernization of the food service program.

Issued 40 CONUS Subsistence Prime Vendor awards with a projected annual savings of \$70 million.

Developed the Subsistence National Contract program. The first award resulted in price reductions of 20 percent. Future awards will result in similar savings.

Instituted programs to purchase locally produced products including fresh fruits and vegetables in Afghanistan, Jordan and Oman.

Maintained high fill rates and customer support levels while managing the Subsistence Prime Vendor during the Afghanistan drawdown.



Clothing & Textiles

Completed the implementation of RFID technology at all eight Services Recruit Training Centers. This program reduced the time required for recruits to receive their clothing and returns over 500,000 hours annually to the Training Commands.

Completed award of all contracts required to reduce the DLA distribution footprint for Clothing and Textiles items by moving inventory out of government storage in the Defense Distribution system and into commercial Third Party Logistics (3PL) providers. Distribution costs will be reduced by \$5 million annually.

Established the Shade Council of Colonels and Captains as an engagement venue to address Service and industry concerns; completed 5 of 7 major items.

Supported Navy's conversion to Fire Resistant Uniforms for shipboard use. Developed prototypes and supported shipments of approximately 400,000 coveralls within a year.

Supported the Army's conversion to the new OCP uniforms ordering over 450,000 sets of Army Combat Uniforms (ACUs).



Construction & Equipment

Awarded nine long term contracts in six separate product lines (Agricultural Equipment, Construction Equipment, Environmental Equipment, Fire & Emergency Vehicles, Material Handling, Trucks and Trailers and Cranes) in support of the Heavy Equipment Program. 58 total contracts now supporting these product groups.

Supporting worldwide coverage for Maintenance, Repairs and Operations (MRO), awarded MRO contracts for Japan, Korea, Hawaii and the Southeast U.S. region. Collaborating closely with the DLA Troop Support Europe and Africa Office, also awarded the MRO contract for the Africa Region.

Supported procurements totaling \$17.3 million in the Central Asian States. Items procured included transmission conductor cables, transformers, generators, plywood, water heaters, HDPE pipe, smooth bar and rebar.

Implemented and supported successful GSA item transfer. Supported largest volume of items across all supply chains. 35,000+ lines of FSG 80 requisitions filled/2800+ awards in support of FSG 80.



Medical

Implemented the DoD Pharmaceutical National Contracts Program that in FY 14 awarded 20 Pharmaceutical National Contracts and realized a cost reduction of \$14.5 million.

Awarded the \$26 billion Global Pharmaceutical Prime Vendor Program that will reduce DoD pharmaceutical costs by a minimum of \$100M/year.

Managed the National Prime Vendor Program that reduced DLA customer distribution fees realizing \$48.2 million in savings.

Executed the DoD 2014 Flu Vaccine Program distributing 4 million doses valued at \$40 million to warfighters and other DoD beneficiaries worldwide.

Expanded business by \$12 million by purchasing medical stocks for the Centers for Disease Control in support of their Strategic National Stockpile Program.



Industrial Hardware

Awarded a contract to support the Commercial Fastener Initiative (CFI) initiative which changes supply strategy from depot direct to customer direct. The contract supports procurement and delivery of specific industrial hardware items for customers worldwide.

Awarded the follow-on Navy Industrial Prime Vendor contract to SAIC. The 10-year, \$500 million maximum value contract supports 38,000 items for Naval Air Depots Jacksonville, Cherry Point, & North Island.

Completed market research for the AAC J Fastener Project seeking to streamline customer-direct purchase orders for items coded AAC J.

Completed a total of 16 projects under the Strategic Fastener Initiative. This contract was implemented to reduce the number of single item long term contracts managed and gain greater efficiencies.

8. Financial

As reported in the Annual Operating Plan, the FTE goal for FY14 was 2,379, actual FTE number for FY14 was 2,232. The travel goal was set at \$3.292M. Actual for FY14 was \$2.159M. The training execution goal was set at \$2.042M and the actual for FY14 was \$575K.

Net Operating Result (NOR) tracks DLA's revenues and expenses monthly, assesses performance against the budget, identifies variance early in the fiscal year and allows the Agency to take corrective actions necessary to achieve NOR targets. DLA Troop Support measures performance against the plan. For DLA Troop Support, the NOR forecasted for FY14 was \$248M. The Actual NOR was \$268M for FY14.

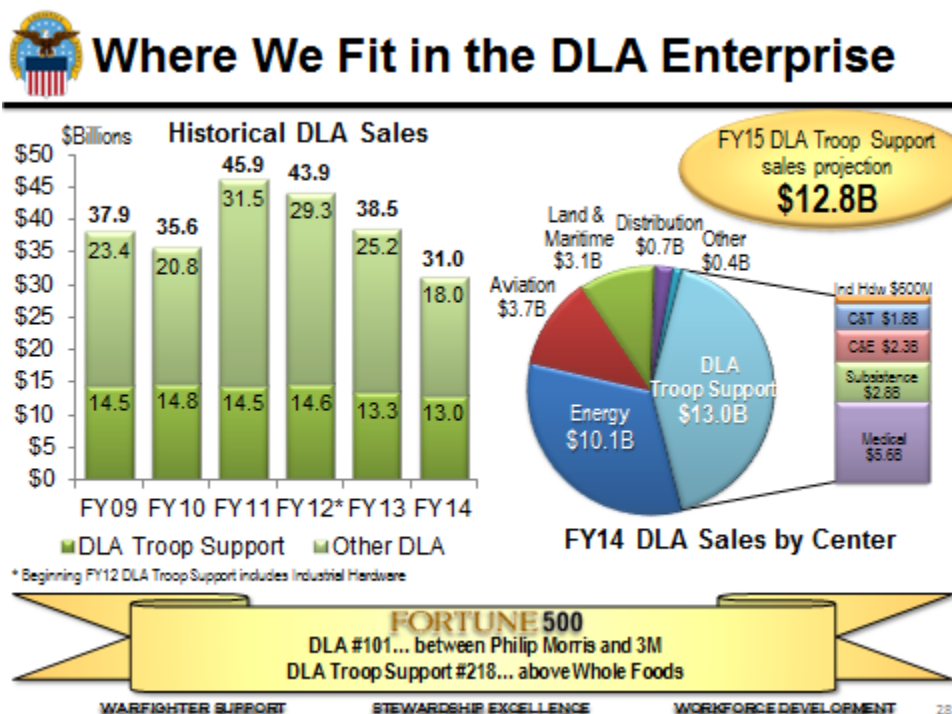
Cash Plan Performance (CPP) is DLA's total disbursements minus DLA's total collections. A negative CPP implies that more cash was collected than disbursed and increases the Cash Balances. A positive CPP implies that more cash was disbursed than we collected and decreases the Cash Balance. For DLA Troop Support, the forecasted CPP for FY14 was \$538M. The Cash FY14 Actual was \$569M.

Overall, DLA Troop Support performed favorably against these FY14 financial goals.

9. FY14 Sales Breakdown

DLA Troop Support sales for FY14 totaled \$13.0 billion. Sales by supply chain breakdown as follows:

- Subsistence: \$2.8 billion
- Clothing & Textiles: \$1.8 billion
- Construction & Equipment: \$2.3 billion
- Medical: \$5.6 billion
- Industrial Hardware: \$600 million



10. Recruitment and Workforce Development

DLA Troop Support workforce is vital to current and long-term success in effectively supporting warfighters at optimal cost. The organization must enable the workforce to capitalize on their skills, experience and potential. During FY14, DLA Troop Support continued efforts to develop and maintain a competent workforce of logistics and acquisition professionals.

Recruitment strategy: Developed a management plan by reviewing organizational structure, FTEs and controlled personnel costs. Skills analysis accomplished by meeting with directors, managers and contracting officers so requirements for future recruitments could be identified.

Building the bench: Established the DLA Troop Support Mentoring/Succession Program to prepare upcoming leaders to fill senior level positions in the future. Starting at the GS-14 level, participants will rotate for a six-month period to gain experience and skills across various disciplines in the organization. Deployment of the program to the GS-13 level will occur in the future.

Professional development: DLA Troop Support encourages and supports professional development opportunities for the workforce. Leadership workshops and training was provided to managers and supervisors during FY14 to improve communication skills.

Workforce development: Based on feedback from the workforce regarding employee development, DLA Troop Support command established a plan for the enhancement of contracting skills, emphasizing Life Cycle Logistics career path and establishing a DLA Troop Support Diversity Program.

11. Continuous Process Improvement (CPI)

During the fiscal year, DLA Troop Support continued to enhance its Continuous Process Improvement competency. Numerous projects for improving processes across the organization were identified and completed. Additionally, personnel in both the supply chains and staff offices received CPI training.

| FY14 | CPI Projects | Identified Savings |
|-------------|---------------------|---------------------------|
| | | |

| Personnel Trained | Green Belt Certification | Black Belt Certification |
|--------------------------|---------------------------------|---------------------------------|
| | | |

12. Support to Small Business

DLA Troop Support continued to strengthen its relationship with the small business community and special emphasis program partners. In the face of increased obstacles and many regulatory changes, small businesses continued to demonstrate the ability to successfully complete for a wide variety of DLA Troop Support acquisitions.

- Overall awards to small businesses exceeded \$1.75 billion, including \$144 million awarded to small businesses located in Historically Underutilized Business Zones (HUBZones).
- Awards to small disadvantaged and small women owned business concerns totaled more than \$350 million.
- Awards to veteran-owned small business concerns totaled more than \$172 million.

- Other related socioeconomic programs include awarding contracts to non-profit agencies such as those under the AbilityOne Program – National Industries for the Blind (NIB) and SourceAmerica which employ individuals who are blind or have other severe disabilities. DLA Troop Support continued to be a major supporter to these organizations awarding over \$111 million to AbilityOne entities. DLA Troop Support is also a strong supporter of Federal Prison Industries (UNICOR) with over \$44 million awarded to UNICOR facilities.
- Six DLA Troop Support employees received awards from the National Industries for the Blind for support of programs for the blind under the AbilityOne Program.
- In 2014, small businesses concerns as well as AbilityOne partners continued to be a vital part of DLA Troop Support’s robust industrial base across its five supply chains.

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Defense Logistics Agency

DLA Aviation

Fiscal Year 2014 Annual Historical Report

1. Organizational Overview

A primary-level field activity of the Defense Logistics Agency, DLA Aviation is the aviation demand and supply chain manager for DLA and much of the Defense Department. Employing more than 3,500 civilian and military personnel in 18 locations across the United States, it provides aviation weapons systems and environmental logistics support to the defense aviation community and other government customers.

DLA Aviation supports more than 1,900 weapon systems with focused support to 143 major weapon systems and is the U.S. military's integrated material manager for more than 1.1 million national stock number items, industrial retail supply and depot-level repairable acquisitions. DLA Aviation supports nine major product lines: engines and airframes; instrumentation and gauges, electrical hardware; chemicals and petroleum products; green products; industrial gases and cylinders; ozone depleting substances; topographic, hydrographic, aeronautical maps/charts (digital and print) and industrial plant equipment services.

DLA Aviation delivers unique customer support capabilities through its Industrial Plant Equipment Services (IPES) and Mapping Customer Operations divisions. IPES operates the only industrial plant equipment management facility and maintenance depot in the federal government dedicated to procuring, rebuilding, retrofitting, and repairing metalworking machinery for the Department of Defense and other federal agencies. Mapping Customer Operations delivers exceptional supply and demand chain support by providing digital and print map products to our military services and other geospatial intelligence customers.

DLA Aviation directly supports the warfighter through weapons systems management, industrial retail supply and strategic acquisition support operations. Using a comprehensive demand planning process and tailored logistics solutions, its priorities align with customer priorities.

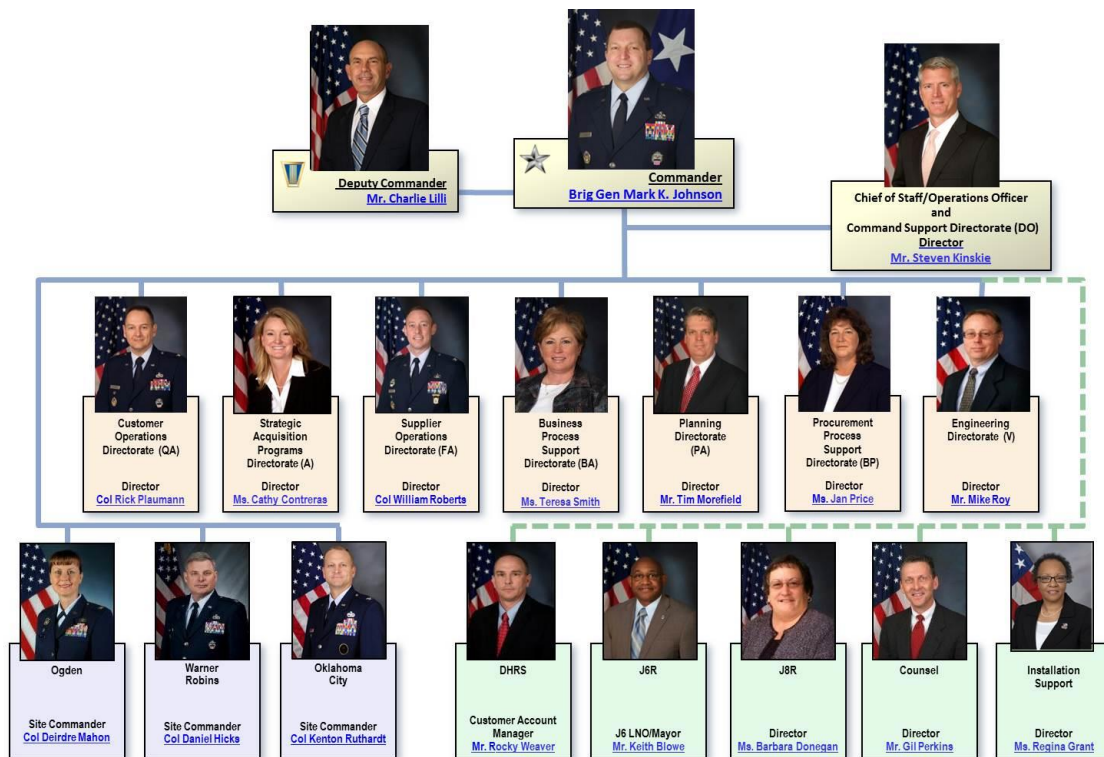
What Guides Us



DLA Aviation is responsible for supply at six major industrial maintenance, repair, and overhaul facilities and for storage operations at three. Our five depot-level reparable (DLR) procurement organizations execute procurements of more than \$1.9 billion annually. DLA Aviation is “The Power Source Behind the Force.” As such, we strive to deliver excellence in performance, and responsiveness in support of our worldwide customer network.

The activity’s dedication to customer support and a results-driven management style resulted in an effective and efficient supply chain management organization despite a fiscally constrained environment and a 3 percent reduction in personnel in fiscal 2014.

2. DLA Aviation Organization Chart/Leadership



DLA Aviation’s Annual Operating Plan (AOP) is an outward-focused, strategic instrument reflecting the “Voice of the Customer.” The plan targets specific objectives to deliver high-impact, customer-based outcomes. DLA Aviation Commander Brig. Gen. Mark K. Johnson, United States Air Force, continuously engages military service senior leaders and asks for their input. By listening and committing to acting on and delivering the desired customer outcomes below, DLA Aviation is able to align its priorities with our customers’ priorities.

a. Voice of the Customer

- Deliver niche, targeted support solutions

- Provide responsive procurement
- Strengthen supportability analysis
- Redefine retail procurement
- Engage and communicate

DLA’s business functionality consists of six basic core processes representing key functions in supply chain management. These processes enable DLA Aviation to interact, support and meet warfighter requirements.

Core Processes



Our AOP is built around four pillars that align with performance objectives and key initiatives as well as the agency’s strategic focus areas. Each pillar addresses DLA Aviation’s commitment to its customers; the agency’s strategic focus areas; Aviation’s core mission areas; and its processes, resources, and people.

Our Supporting Pillars



b. Mastering Basic Business

To master basic business, DLA Aviation implemented various initiatives in 2014 which improved key performance metrics such as material availability (MA) and unfilled orders.

The activity implemented a workload prioritization schema, followed by all functional disciplines, focused on maximizing MA. This management tool is based on business drivers such as the Annual Demand Frequency (ADF) of the items and Required Award Dates (RAD). The schema, also known as the Planning Prioritization Table, resulted in a 21 percent reduction in purchase requests (PR).

A second web-based commercial tool, Operational Assessment Support Information System (OASI), was implemented throughout DLA Aviation and significantly improved the material availability of critical items by providing DLA Aviation supply planners a 'one-stop-shop' view of essential Enterprise Business System (EBS) data, alerting them to situations needing their attention, and providing them with a decision-making tool to aid in resolving potential future material availability issues.

DLA Aviation also instituted the use of MA-Driver Reviews. The reviews provide item-level visibility of national stock numbers (NSN) affecting DLA Aviation's MA performance. Additionally, the reviews promote a team-approach to identifying solutions and process improvements.

Combining the three tools above with the dedication and expertise of the entire DLA Aviation Team, the activity's overall percent improvement for MA was 87.9 percent in fiscal 2014, 1.4 percent higher than in fiscal 2013. The activity saw its most dramatic procurement improvements in the categories of repeat offenders (improved from 14.6 percent to 60.51); F-16 Wing support (77.18 percent to 94.63) and industrial support to the Air Force's Air Logistics Complex at Hill Air Force Base, Utah (93.5 percent to 96.2)

DLA Aviation senior leaders embraced the agency's Time to Award (TTA) initiative to improve basic business and provide the best support possible to our warfighters. TTA initiatives produced a 26 percent reduction in administration-lead time for procurement actions and a 79 percent decrease in aged purchase requests. Overall, PRs on-hand was reduced by 34 percent from 35,932 in September 2013 to 23,498 in September 2014.

Process improvements were initiated in the areas of technical/quality (TQ) blocks, with a one-day turnaround goal, and no quote procurement challenges. The activity improved TQ by developing processes that prevented TQ blocks from occurring. The processes include PR pre-screening; using mass data updates; attacking technical operations review codes; creating and implementing processing time standards; establishing team goals and engaging TQ supervisors in the training and tracking of performance. These actions resulted in a 61 percent reduction in blocks and a 25 percent reduction in PR processing time in fiscal 2014.

PRs without a quote were reduced by 13 percent and the average age of no quote PRs were reduced by 44 percent during the same timeframe by establishing Procurement Readiness Teams and a No Quote Team. The No Quote Team, focusing on open solicitations, makes approximately 1,000 contacts per week, reaching 82 percent of all contractors that have not provided a quote. Forty percent of all calls made by the team in 2014 resulted in receipt of a quote and in a contract award within a week from contact.

3. Retail Supply Excellence

By focusing on basic business, the activity also accomplished significant gains in achieving retail supply excellence. In fiscal 2014, DLA Aviation expanded its internal elevation process and standardized use of the enterprise's non-procurement policy for procurement actions, ensuring command involvement from first-line supervisors through the commander. This proactive focus resulted in a 41 percent decrease in backorders greater than three years and a 96 percent decrease in aged-backorders (PRs over 270 days old).

Retail Supply Excellence works hand-in-hand with rightsizing inventory and was achieved by increased responsiveness to our industrial customers. In fiscal 2014, DLA Aviation expanded its relationships with its military customers. The activity improved Army depot support through focused item support and a joint contracting effort to provide a single contract for repairables and consumables. The activity worked closely with the Navy on the successful implementation of the agency's Inventory Management Stock Positioning (IMSP) initiative; and also with inventory investments to sustain aged aircraft weapon system platforms and lean forward in inventory investments on growing Navy systems. Through relationship building, DLA and Air Force senior leaders came to a shared understanding of the end-to-end procurement process and developed targeted solutions to provide greater value in stock positioning and the development of long-term contacts (LTCs) based on weapon system platforms.

Brig. Gen. Johnson's leadership helped DLA Aviation Industrial Support Activity (ISA) commanders obtain additional command and control authorities impacting procurement authority from DLA Headquarters that allowed the activities to significantly reduce backorders at Air Force Air Logistics Complexes supported by DLA Aviation at Hill Air Force Base, Utah; Tinker AFB, Oklahoma; and Warner Robins AFB, Georgia. Overall, DLA Aviation reduced Air Force industrial maintenance backorders by 20.3 percent in fiscal 2014. In addition to significant industrial backorder reductions, DLA Aviation exceeded its 90 percent Air Force Order Response Time (ORT) goal by increasing ORT from 86 percent in March 2013 to over 92 percent by July 2014. The ORT goal is to receive an item within two days of a requisition request.

Rightsizing inventory and enhanced support was, in part, achieved by successful implementation of Spiral 2 of the agency's IMSP initiative at DLA Aviation industrial support activities co-located and supporting Navy Fleet Readiness Centers (FRCs) in San Diego, California; Jacksonville, Florida and Cherry Point, North Carolina.

As evidenced by metrics and customer feedback, the teaming, cooperation and collaborative efforts by the IMSP Rollout Team, the impacted employees and the customer created a dynamic

that ensured successful implementation. Since IMSP Spiral 2 implementation, DLA Aviation has experienced increased performance as evidenced by the execution of more than 1,500 local procurement actions of aeronautical and non-production items at FRC Southwest, FRC Southeast, and FRC East.

The activity also improved supply chain management and reduced costs through the efforts of a DLA Aviation employee, Fred Boyd, Jr. Mr. Boyd used his expertise to recommend changes to the agency's Packaging Determination Table enabling the agency to implement its First Destination Transportation and Packaging Initiative eight months ahead of schedule. This innovative thinking by a DLA Aviation employee enabled DLA Aviation to drive new commercial packaging requirements to future procurements. In fact implementation of the recommended packaging changes resulted in saving of \$2.3 million on a DLA Aviation LTC by using a less expensive alternate packaging method. Implementing new packaging requirements in fiscal 2014 allowed DLA Aviation to reduce vendors packaging costs, which contributed to a lower price of the item and significant material costing saving for DLA.

During fiscal 2014, DLA Aviation created, developed, and coordinated a Retail Supply Manual (RSM) that standardized retail support processes and procedures for DLA enterprise-wide. It documents DLA's broader retail support philosophies, roles and responsibilities, processes, and other initiatives and tasks agreed to by DLA, the Air Force and the Navy. The RSM also supplements Air Force and Navy policies and procedures that DLA follows to provide industrial support. Retail supply standardization ensures correct interfaces with DLA's standard systems, like Enterprise Business System and Distribution Standard System. The manual allows agency employees to bring greater interoperability, improved quality, effectiveness, and provide the "single-face" interaction needed with DLA's industrial customers.

The DLA Aviation developed manual provides direction that will be followed agency-wide, from the four hardware supply chains in Philadelphia, Columbus, Ohio; and Richmond, Va., to the DLA Distribution Centers that are co-located with the services' industrial operations.

4. Reduce Supply Chain Risk

While rightsizing its inventory, DLA Aviation made great strides in reducing supply chain risk, improving retail supply support to our industrial customers, and ensuring continual customer support.

DLA Aviation continued implementing two innovative employee-developed inventory management tools which enhanced the organization's ability to dispose of inventory while maintaining customer support and readiness.

One of the tools, the DLA Aviation Disposal Database (DADD), provides a one-stop shop for all disposal actions and also led to the implementation of the Inventory Risk Indicator Score (IRIS) Tool. The IRIS tool provides disposal recommendations by assessing the risk each item possesses based on its Annual Demand Frequency, mission system criticality, production-lead time, and inventory position. With the success DLA Aviation experienced in fiscal 2014 using

the IRIS tool, the activity was asked by DLA Headquarters to spearhead an agency-wide implementation of the tool.

Using the tools above, workforce expertise in inventory management and close collaboration with our customers, DLA Aviation met its fiscal 2014 inventory goal of \$4.8 billion. A reduction of .2 billion in net inventory value, which included \$690 million in inactive inventory disposals despite inventory increases from IMSP implementations at the Navy FRCs. Furthermore, by implementing an agency print-on-demand initiative in its Mapping Customer Operations Division, the activity also disposed of 98 percent of its excess or dormant paper map stock.

DLA Aviation's Industrial Plant Equipment Services Division (IPESD) continued to reduce supply chain risk by ensuring deploying vessels had equipment in an operational status to allow Sailors greater independence while at sea. Their unique skills and capabilities provide a one of a kind service for machine shops onboard naval vessels. During 2014, division employees completed multiple shipboard visits to complete machine assessments, perform preventative maintenance, and make repairs. In addition to machine shop services, the IPESD procured equipment for the full spectrum of Federal Supply Group 34 (metalworking) and awarded over \$49 million dollars in new equipment contracts in support of all of DoD.

DLA Aviation also reduced supply chain risk with a deliberate focus on two key areas: strategic contracts and small business.

In 2013, DLA Aviation developed a three-year strategic contracting plan. In fiscal 2013 DLA Aviation executed 16 major strategic efforts that included 3,521 NSNs with a value of \$111 million per year. In fiscal 2014 DLA Aviation awarded 12 strategic contracts and added or renewed more than 12 thousand items to existing LTCs. DLA Aviation LTC obligations rose from 34 percent in fiscal 2013 to 43 percent of the total overall aviation spending in fiscal 2014.

DLA Aviation's strategic contracting efforts included a mix of weapons systems, commodity- and supplier-focused acquisitions. These contracts will deliver acquisition efficiencies, cost savings, lead-time reductions, and customer support improvements. Currently, 70 percent of DLA Aviation's 30,000 monthly PRs are covered through a LTC or are made via an automated award. DLA Aviation's strategic sourcing plan is expected to reduce manual workload by 55,000 purchase requests over the next five years based on projected LTC growth in fiscal 2015.

DLA Aviation is only one of the three consumable-based field level activities that met the agency's fiscal 2014 small business goal - even when the nature of aviation platforms are heavily sole-sourced to large business. Employee innovation and dedication to increasing small business opportunities and growing the supplier base resulted in the activity exceeding the agency's goal of 25 percent by 3.1 percent in fiscal 2014, ending the year with 28.1 percent of contracts awarded to small businesses. An example of employee innovative set-asides is the Hub and Blade Virtual Prime Vendor contract valued at \$78 million. The Hub and Blade set-aside included a non-traditional partial small business set-aside using a Federal Acquisition Regulation (FAR) deviation and a waiver to the non-manufacturer rule to enable a small business set-aside. DLA Aviation's fiscal 2014 small business dollars awarded are more than \$100 million higher than last year's.

5. Strengthen Aviation's Culture

DLA Aviation leadership's commitment to employees is a central part of its AOP and this commitment was reflected in the agency's 2014 Denison Climate/Culture survey. DLA Aviation obtained the highest culture survey score amongst DLA activities. The activity obtained high marks and improved scores in the areas of empowerment, organizational learning, strategic direction and intent, and agreement. DLA Aviation's cultural improvement was a direct result of leadership involvement and a people-oriented approach to business.

DLA Aviation's culture promotes an environment where each employee, at every level of the organization, has the opportunity to lead every day. Professionalism demands that employees respond to inquiries directly and with the best information available. The activity cultivates a "one call" customer service ethos. This "one call rule" directly relates to responsiveness and dramatically improves our customer interactions.

The strength of DLA Aviation's culture, indeed of the realization of our employees full potential, requires recognition of the value of every employee's contribution to our mission, as well as an investment in their health and welfare.

Multiple times in fiscal 2014, DLA Aviation employees and teams were recognized by the DLA director for achieving the agency's strategic goals of decreasing direct material costs, decreasing operations costs, rightsizing inventory, improving customer service and achieving audit readiness.

Examples of fiscal 2014 employee accomplishments and recognition on an enterprise- and Department of Defense level include:

- DLA Aviation/Honeywell Team recognition for awarding a long-term strategic Joint Opportunity Contract (JOC) valued at almost \$4 billion over a nine-year period. The contract will cover nearly 3,000 parts for 10 separate Honeywell business units and drive savings of \$46 million over the life of the contract. This JOC will facilitate meeting acquisition objectives by providing world-wide support, improving production-lead time, production capacity, forecasting and material availability; and by reducing administrative-lead time, unfulfilled orders, set-up costs and unit pricing.
- DLA Aviation's Reverse Auction Team members were recognized with the agency's Reverse Auction Team for conducting approximately 5,000 reverse auctions with more than 3,500 suppliers, yielding agency savings ranging from four to 20 percent, surpassing the expected savings goal of \$100 million. In fiscal 2014, DLA Aviation completed 337 reverse auctions for a savings of \$7.6 million.
- DLA Aviation's FY14 Strategic Source and Plan Team was recognized for developing a cohesive forward-looking strategic sourcing plan that increases strategic spending from 35 percent to more than 60 percent. The total savings of which are nearly \$541 million including inventory holding, setup costs, and obligation authority avoidance.

- Crystal Ober, the deputy director of the DLA Aviation Office of Small Business Programs, received the Defense Acquisition Workforce Individual Achievement Award for transforming DLA Aviation's small business program through her efforts to guide strategic acquisitions, mentor acquisition and small business specialists, develop and implement small business policies, increase workforce awareness, and increase small business program commitment.
- DLA Aviation's Engineering and Technology Division was recognized for its Value Management Program which saved \$88.2 million in fiscal 2014 by creating competition; through cost avoidance in material testing; and by providing support for pricing negotiations.

In building a rich, proud legacy of excellence as a highly performing, world class supply chain organization, DLA Aviation leadership recognizes its success depends on maintaining a strong, diverse, well-rounded, healthy workforce, operating in a safe and secure environment. As such, the AOP includes objectives and actions strengthening the activity's business and professional culture.

DLA Aviation's commitment to investing in its future workforce was evident in fiscal 2014. DLA Aviation budgeted \$1.8 million to provide career enhancing training through leadership development programs, college tuition assistant programs for graduate and post-graduate degree programs, as well as professional development, career enhancing courses, and an internal rotational program. In 2014, DLA Aviation trained 95 Defense Logistic Agency's Pathways to Career Excellence Program interns, accepted five employees into the annual DLA Aviation rotation program, and hired 21 college-level interns. Through information sharing with 32 local higher education institutions, 70 of our interns came from the local area.

Working collaboratively, DLA Human Resources, DLA Aviation Procurement Process Support, and DLA Aviation's Career Development Branch offered monthly procurement and technical/quality seminars, revamped training courses for the Fair and Reasonable Pricing Course and the Aviation Academy. The Career Development Branch also developed and offered Behavior-based Interviewing Courses at the supervisory and employee levels, as well as developed and offered a Basic DLA 101 Course to our military partners at Fort Lee and Langley Air Force Base, both in Virginia.

Valuing diversity in the workforce, DLA Aviation provides quarterly diversity events. In 2014, seminars and workshops promoting diversity and inclusion were offered to senior leaders and employees covering topics such as "MACRO-MICRO Inequities: When BIG and Little Things Matter; Holocaust National Days of Remembrance Observance; History: LIVE by The Conciliation Project; and Lesbian, Gay, Bisexual, and Transgender: LGBT 101 Respect for ALL in the Workplace. Toward the end of fiscal 2014, DLA Aviation restructured its Special Emphasis Program to encourage more employee involvement in events. Under the new structure, each Aviation directorate will be responsible for developing workforce education and observance opportunities for the entire workforce.

To ensure customer support in the face of potential workplace disruptions and realizing in this global environment that the workplace is not tied to a specific location, DLA Aviation's workforce is telework ready, with approximately 2,138 employees being on approved telework agreements in 2014, and a 10.7 percent participation increase for the same time period.

As the highest ranking military official on Defense Supply Center Richmond, DLA Aviation Commander Brig. Gen. Johnson is also the installation commander and as such is responsible for creating a safe work environment and encouraging a sustainable, healthy lifestyle among employees.

DLA Aviation, and by extension Defense Supply Center Richmond (DSCR), is participating in the Voluntary Protection Program (VPP) Challenge, a three stage pilot initiative established by the Occupational Safety and Health Administration encouraging maximum employee, union and management involvement in work place safety. The challenge program outlines the requirements needed to develop and implement effective safety and health management systems through incremental steps. The three stages are: Stage I - assess, learn, and develop; Stage II - implement, track, and control; Stage II -reassess, monitor, and improve.

For fiscal 2014, the installation has completed 79 percent of the requirements for Stage II completion. During the year, management and leadership involvement in the challenge program increased and efforts were started to have all DLA Activities on the installation under one uniformed safety program. DSCR continues to maintain incident rates 82 percent below industry averages as a result of its steadfast, continuous compliance with safety practices outlined in the DSCR Safety and Occupational Health Plan.

During fiscal 2014, Congress approved \$87 million in funding for Phase 1 of the new DLA Aviation Operations Center on DSCR. DLA Aviation was also able to secure \$6 million dollars in funding for a new installation access control point that will meet current anti-terrorism and force protection standards.

DLA Headquarters continued to support employee health and wellness by authorizing a maximum of one hour per day, up to three times per week, to engage in wellness or fitness activities. Realizing that a healthy lifestyle improves employees' wellness, morale and productivity, DLA Aviation supports the DLA Headquarters' Health and Wellness Program and allows employees three hours weekly to participate in the program. DLA Installation Support at Richmond's Family, Morale, and Welfare Program operates a world class fitness center and hosts an active Wellness Program focused on health screenings, programs and seminars geared toward healthy eating, stress management, overall wellness and monthly Family Advocacy Program seminars.

Walking is encouraged year round with Walking Statistics Charts providing distance measures and calories count for the various walking trails available on center. In fiscal 2014, 419 employees received free pedometers to track their walking progress. For each quarter in 2014 fitness class participation increased, ending the year with 7,836 participants. Overall, the Fitness Center usage for fiscal 2014 was 49,293 and 2,891 for Health and Wellness programs, screenings and activities.

DLA began an audit readiness (AR) initiative in 2012 after Defense Secretary Leon Panetta issued a memorandum to senior Defense Department leaders that brought attention and focus to the goal of making DoD financially auditable by 2017. As an agency, the DLA Director determined that DLA would be ready by 2015.

DLA Aviation successfully ensured a continued AR focus and forward progress with both command officials and employees by including and tracking its actions under its Strengthen Aviation's Culture pillar as part of the activity's AOP.

In a Dec. 2 Audit Readiness Roadshow, Simone Reba, program manager for DLA Audit Readiness, recognized DLA Aviation's great progress in assisting with actions supporting the 2014 completion of six DLA AR assertions: Environmental Liabilities Management; General Fund Statement of Budgetary Activity; Hire to Retire Travel; Plan to Stock: Inventory Existence and Completeness; Acquire to Retire: Internal Use Software; and Inventory Service Provider.

During fiscal 2014, DLA Aviation along with DLA Finance-Aviation and DLA Installation Support at Richmond reviewed and flowcharted its processes, reviewed outcomes, developed and performed internal control tests of the design and effectiveness of its processes.

As part of the initiative to prepare DLA for an external audit in 2015, DLA Aviation continues to develop standard operating procedures, provide training and where possible standardized processes and procedures, and training to be reviewed and approved by DLA enterprise process owners.

6. Member of Richmond Metropolitan Community

DLA Aviation fosters relationships with the logistics community to help shape and grow logistics throughout the Greater Richmond Metropolitan region. During fiscal 2014, DLA Aviation hosted a Logistics Education Summit for local colleges and universities as part of its ongoing efforts to explore opportunities in logistics and supply chain management to further the professional development of its current and future workforce. More than eight educational institutions participated as well as the Defense Acquisition University, Army Logistics University, and two professional logistics organizations: the Commonwealth Center for Advanced Manufacturing and the Commonwealth Center for Advanced Logistics Systems. During the past year, members of the DLA Aviation workforce also exchanged information with companies and other federal organizations, including Richmond Logistics, Richmond's Future, Amazon, Fort Lee, the Crater Planning District Commission, The Virginia Chamber of Commerce, Richmond Area Top III, the Logistics Officer Association, and the Virginia Military Advisory Council.

DLA Aviation is an active member of the Fort Lee Civilian Military Council and the Jefferson Davis Association. Members in these organizations provide a platform to work with military and community leaders to inform them of the DLA Aviation mission and Defense Supply Center Richmond installation. In fiscal 2014, DLA Aviation briefed community leaders on its upcoming DSCR military construction projects and worked with the Crater Planning District Commission updating the installation's economic impact study. In 2013, the latest year data was available for;

DSCR supported 3,840 jobs in the area. The study revealed that DSCR continued an annual contribution of over a quarter of a billion dollars to the area economy through wage and non-wage expenditures.

Defense Logistics Agency Installation Support at Richmond's Environmental Office continued to host DSCR Restoration Advisory Board (RAB) meetings in fiscal 2014 to discuss its ongoing Installation Restoration Program with representatives from the local community, the Environmental Protection Agency and the Virginia Department of Environmental Quality. The center established an Installation Restoration Program in 1978 and in the mid-1980s was designated as a Superfund Site. Its designation as a Superfund Site was as a result of waste and industrial disposal methods used prior to 1980. DSCR has 13 areas of environmental concern, called operable units (OUs), which are classified as either soil or groundwater OUs. The DLA Aviation commander and the installation site-director also hosted several employee town halls during the year providing historical background and updating the workforce on ongoing OU remediation actions.

In conclusion, DLA Aviation efforts in 2014 established new benchmarks within the activity related to mastering its core business; providing retail support, reducing supply chain risk; and improving the organization's culture. The DLA Aviation workforce successfully executed the activity's 2014 Annual Operating Plan through communication, collaboration, accountability, and effective performance management at every organizational level. A proven performer, DLA Aviation had \$3.8 billion in sales during fiscal year 2014; processed 2.4 million customer orders during the year; and conducted business with more than 5,395 suppliers as part of its support to its 16,234 customers.

Defense Logistics Agency

DLA Energy

Fiscal Year 2014 Annual Historical Report

1. Introduction

DLA Energy enjoyed a very successful year in FY14, providing world-class global support through delivery of nearly 100 million barrels of fuel, 112 million cubic feet of helium and over 1.1 billion kilowatt hours of renewable power. DLA Energy also expertly supported the Afghanistan drawdown, ensured un-interrupted service to troops in combat and increased Days of Supply inventory levels to the warfighter.

In FY14 DLA Energy identified how it will directly contribute to each of the DLA Big Idea initiatives.

- Be smart buyers of the right stuff by reducing the direct cost of fuel across all fuel products through the use of agile acquisition techniques leveraging commercial supply chains, without creating redundancy.
- Improve process and productivity by reducing distribution and transportation costs and achieve efficiency gains from personnel, automated data processing, and facility maintenance and information technology.
- Clean out the attic by attacking both War Reserve Material and Operational Inventory through better leveraging of commercial infrastructure and agreements, along with reviewing and adjusting strategic requirements.
- Delight our customers by improving total service delivery and measuring ourselves by customer standards.
- Proving it by demonstrating our commitment to transparency and accountability along with using audit readiness as a lever to identify and drive future improvement opportunities.

In FY15 DLA Energy will build on those successes by Rebalancing additional fuel stocks, infrastructure and investment to the Pacific AOR in order to significantly reduce warfighter risk, while simultaneously supporting CENTCOM during the remaining drawdown. Our continuing partnerships with Department of Energy and Department of Defense agencies will lead and procure biofuels and other alternative fuel sources. DLA Energy will also seek to delight our customers by cutting materiel and operating costs.

We provide effective and efficient worldwide support to the warfighters...and to all our other customers as well!

2. DLA Mission, Vision and Values

Mission: Warfighter support--we are America's Combat Logistics Support Agency, providing effective and efficient worldwide support to warfighters and other customers

Vision: Warfighter-focus, global response, fiscal disciplined supply chain leadership

Values: Warfighter needs guide us, integrity defines us, diversity strengthens us, and excellence inspires us

3. Organization Overview

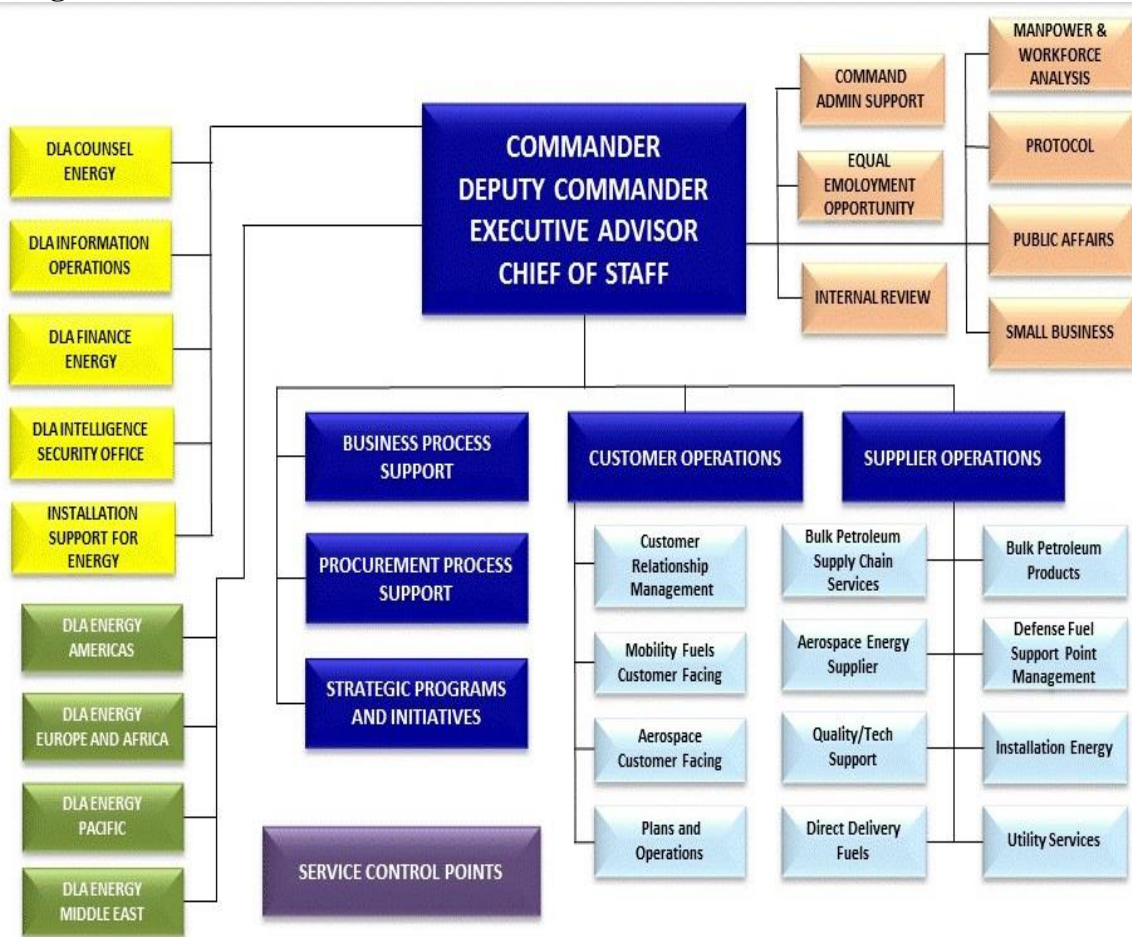


Figure 1. Organizational Chart: DLA Energy is dedicated to providing exceptional support across the spectrum of energy operations whenever and wherever U.S. assets are utilized.

4. Key DLA Energy Personnel

- Commander: Brig Gen Mark McLeod, USAF
- Deputy Commander: Mr. George Atwood, SES
- Executive Advisor: Ms. Kathryn Fantasia
- Chief of Staff: COL Peter Crean, USA
- Director, Business Process Support: Mr. Jim Mandziara
- Director, Procurement Process Support: Mr. Bruce Blank
- Director, Strategic Programs and Initiatives: Mr. Regina Gray
- Director, Customer Operations: Col Todd Cheney, USAF
- Director, Supplier Operations: Ms. Gabriella Earhardt
- Commander, DLA Energy Americas: COL Ronald Ross, USA
- Commander, DLA Energy Europe and Africa: COL Edward English, USA
- Commander, DLA Energy Pacific: CAPT Christopher Bower, USN
- Commander, DLA Middle East: COL Marc Thoreson, USA

5. DLA Energy Support 24 hours a day, 365 days a year:

- Delivers more than 14 million gallons of fuel worth \$53M to DoD assets around the world.
- Provides a wide-range of products & services to over 2,023 installations/stations in 38 countries.
- Manages 230 bunker and 506 Into-Plane contract locations (51 and 97 countries respectively).
- Provides more than 26 Along-Side Aircraft refueling locations across the globe.
- Conducts optimization at more than 22 locations ensuring efficient use of scarce resources.

6. We are more than petroleum. Each day we:

- Provide natural gas for more than 200 customers, 6.2 million kilowatt hours of renewable power and 95,000 standard cubic feet of gaseous helium.
- Lead the way in space supporting the USAF and five commercial launch and space programs.
- Supports the U.S. position as a world leader by providing over \$1.1 million in foreign military sales.

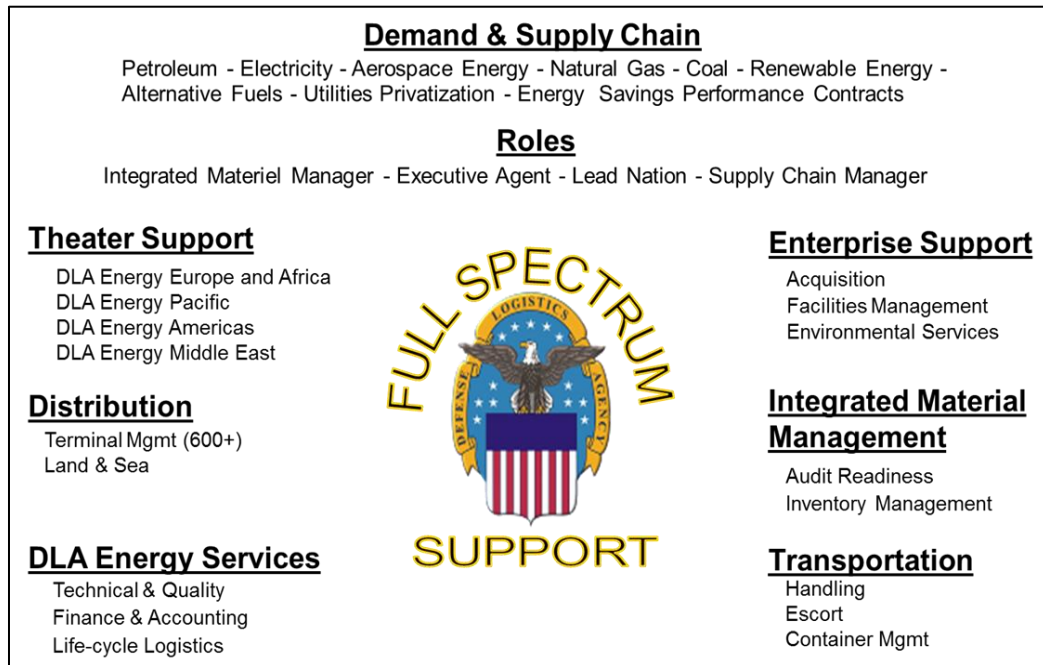


Figure 2. Support Outline

| Military Fuel FY14 | | | Expanding Energy Solutions FY14 | |
|---------------------------------------|----------------|----------|---|-----------------|
| Inventory | 56.4M barrels* | | <i>Natural Gas Business</i> | \$427M |
| Storage Locations (9/30/13) | 606 | | <i>Electricity Business</i> | \$1,147M |
| Transactions | 10.2M | | <i>Coal Contract Business</i> | \$115M |
| Barrels Sold | 103.1M | | <i>Renewables*</i> | \$400M |
| Fuel Card | \$1,005.0M | | <i>Energy Savings Performance**</i> | \$1,043M |
| Aerospace Energy Sales | \$67.5M | | <i>Utility Privatization Awards**^</i> | \$280M/\$10.9M^ |
| Petroleum Sales: All Customers | | | Forward Presence FY14 | |
| FY10 Net Sales | 130.5M barrels | \$15.2B | <u>Co-located</u> : 3 Service Control Points | |
| FY11 Net Sales | 129.7M barrels | \$19.1B | <u>4 Geographic Regions</u> : approx. 314 personnel | |
| FY12 Net Sales | 120.1M barrels | \$18.7B | | |
| FY13 Net Sales | 103.1M barrels | \$16.5B | | |
| FY14 Net Sales | 99.2M barrels | \$15.8B | | |
| FY15 Estimate | 94.0M barrels | \$14.6B | | |
| Foreign Military Sales FY14 | | | Personnel On Board FY14 | |
| Net Sales | 0.4 M barrels | \$56.0M | Civilians | 1039 |
| Bulk Contract Awards | 2.2 Mbbls | \$340.3M | Military | 74 |
| * 42 Gallons = 1 Barrel | | | | |

Figure 3. Energy Summary

DLA Energy established numerous key operational goals, metrics and targets in its AOP, which included Agency Performance Review metrics, DLA Headquarters directed metrics along with DLA Big Ideas Energy initiative metrics. A summary of the goals and results from these metrics follows.

7. Agency Performance Review Metrics

Net Operating Result (NOR) tracked DLA Energy's monthly revenues and expenses, assessed performance against the budget and identified variances throughout the fiscal year such that Leadership could take corrective action as necessary to achieve NOR targets. DLA Energy's goal is to break even over time. DLA Energy's end of FY14 NOR was a negative \$1.213 billion versus a budget plan of negative \$948 million.

Cash Plan Performance (CPP) tracked monthly disbursements and collections and assessed performance against the budget. It identified variances throughout the fiscal year such that Leadership could take corrective action as necessary to achieve CPP targets. CPP is DLA Energy's total disbursements minus DLA Energy's total collections. A negative CPP implies that more was collected than disbursed, increasing the cash balance. DLA Energy's goal is to neither generate excess cash nor lose excess cash over time. DLA Energy's end of FY14 CPP was a positive \$52 million versus a budget plan of positive \$561.5 million.

Inventory Accuracy was used to track and support timely reconciliation, clean audits and accurate financial information. This metric measured aggregate totals of operating losses reported at the end of the month as compared to throughput to determine if losses have decreased monthly and over a period of time from previous performance periods. At the end of FY14 DLA Energy's fiscal year to date loss was 580.35 million gallons of petroleum products which exceeded DLA Energy's FY13 loss of 21.5 million gallons. This discrepancy is the result of a transition from a legacy accounting system to a new ERP, Enterprise Business System (EBS). Inventory reconciliations, gain loss reporting and other fiscal and inventory processes will be refined and finalized in FY15. In support of this measure, at the end of FY14, 68 percent of DFSP accounts were reconciled within two days of the end of the reporting period and 68.8 percent of the DFSP accounts were reconciled within five days of the end of the reporting period.

The Fuel Infrastructure metric measured the level of effort to sustain and repair existing worldwide fuels infrastructure at capitalized sites (those sites that stored DLA owned fuel). The Fuel Infrastructure metric reflects the number of funded repair projects prepared by the Sustainment, Restoration and Modernization (SRM) division, measured against an annual plan. In FY14 the SRM division funded 1,203 projects versus a plan of 940.

The On Time Acquisition metric was used to provide a review of timeliness from requirement to contract award. In FY14 DLA Energy met its Time to Award goals in most months for both large (greater than \$10 million) and small (less than \$10 million) contract awards.

8. Additional Key Metrics

DLA Energy measured Telework in an effort to increase the number of employees who telework. Telework has the potential to support DLA's COOP and allow workers to continue work despite unexpected disruptions and possibly make space available to allow hiring of additional employees. At the end of FY14, DLA Energy had 614 employees teleworking on a recurring basis (1-5 days a week).

DLA Energy measured organizational Diversity/EEO to increase the number of People with Targeted Disabilities (PwTD) and People with Disabilities (PWD) hired by the end of FY15 in accordance with the DLA Disability Plan. DLA Energy's goal was to hire 70 PWDs and 15 PwTDs in FY14. At the end of FY14 DLA Energy had a PwTD participation rate of 0.6 percent versus a National Civilian Labor Force PwTD participation rate of 3.00 percent and a PWD participation rate of 9.4 percent versus a National Civilian Labor Force PWD participation rate of 14.3 percent.

DLA Energy measured the value of DLA awards to Small Business, Small Disadvantaged Business, Women-Owned Small Business, Service Disabled Veteran-Owned Small Business and Historically Underutilized Business Zone Small Business against DLA established targets. During FY14 DLA Energy executed 25.83 percent of its contracts with Small Businesses against a DLA directed goal of 21.3 percent.

9. DLA HQ Directed Metrics

Full time Equivalent (FTE) Management: Secretary of Defense Memo dated August 20, 2010, directed a cap on the number of FTEs for DLA at the FY10 level. At the end of FY14 DLA Energy had onboard end strength of 962 versus a target of 1002 and 970 full time equivalents versus a target of 904.

Travel and Training Budget: DLA was directed by the Office of Management and Budget to reduce travel budget execution by 30 percent from FY10 actual levels. In FY 14 DLA Energy executed \$3.8 million of a travel budget of \$8 million. It also executed \$0.301 million of a \$2 million training budget.

Reverse Auctions (RAs): DLA PROCLTR 2012-33 mandated the use of RAs for 100 percent of eligible fully competitive contract awards. RAs will be covered in the Big Ideas portion of this report.

Long Term Contracts (LTCs): DLA PROCLTR 2012-34 directed the increase use of long-term contracts. This metric was used to monitor progress in increasing the dollars committed to long term contracts. In FY14 99 percent of dollars obligated by DLA Energy were via Long Term Contracts.

10. BIG IDEAS Initiatives and Supporting Metrics

a. Big Idea 1: Decrease Direct Material Costs, “Be Smart Buyers of the Right Stuff” DLA Energy Material Initiatives

(1) Procurement Systems and Process Improvement

Improve Demand Planning to reduce cost: DLA Energy projected a savings of \$120.0 million through this initiative in FY14. At the end of FY14 DLA Energy was waiting for card program roll outs to determine Actual FY14 savings.

Afghan Drawdown: In the Afghan Drawdown savings resulted from reduction in Defense Fuel Support Point (DFSP) fuel stocks, termination of contractor reserves storage fees, and elimination of operating locations fuel requirements due to troop draw down. In FY14 DLA Energy realized a savings of \$3.3 million versus a projected savings of \$30 million from this initiative. Updated guidance with respect to timing and volume of DFSPs and contractor reserve reductions will push projected savings for FY13/FY14 to FY15. Savings are based on reduced storage costs and reduction in purchases as strategic reserves are shut and product displaces contract purchases.

War Reserve Material (WRM)/Swap Agreements: The inventory authority for WRM is 34.5 million barrels of petroleum products. This effort focuses on developing plans and methods to reduce on-hand WRM quantities, such as swap/exchange agreements. At the end of FY14 DLA Energy realized no actual savings against a projection of \$20 million.

Reduced Losses: Reductions in petroleum inventory operating losses have been an ongoing goal for DLA Energy. Over the last few years it made significant strides. DLA Energy’s intent in

FY14 was to further reductions and had a goal of 2 million gallons loss reduction over FY13 losses. At the end FY14 DLA Energy's fiscal year to date loss was 580.35 million gallons, which exceeded DLA Energy's FY13 loss of 21.5 million gallons. This discrepancy is the result of a transition from a legacy accounting system to a new ERP, Enterprise Business System (EBS). Inventory reconciliations, gain loss reporting and other fiscal and inventory processes will be refined and finalized in F15.

Peacetime Operating Stock (POS) Reduction: DLA Energy is reducing purchases in an attempt to reduce Operating Stock from 25.7million barrels to 19.6 million barrels by FY19 saving over \$800 million. In FY14 DLA Energy saved \$49.8 million against a projection of \$78.8 million.

(2) Strategic Sourcing

(a) Supplier and DoD Partnerships

- **F76 to MGO Conversion:** By converting from the use of military specification F76 to commercial specification MGO, DLA projected to save \$6.0 million in FY15 through FY19. A strategic pause was implemented on this initiative in July 2014.
- **Jet A Conversion:** DLA Energy planned to obtain cost savings by converting from military specification JP8 to less expensive, commercially available Jet A with additives. In FY14 DLA Energy realized an actual savings from this initiative of \$28.5 million versus a projected savings of \$39 million.
- **Installation Energy Commodity Alternatives:** In FY14 DLA Energy projected reduction in natural gas obligation authority due to a process change. In FY14 DLA Energy realized an actual savings of \$91.0 million versus a projection of \$99.0 million.
- **Advanced Negotiation Techniques:** DLA Energy projected savings through advanced negotiation techniques such as: negotiated savings, revised payment terms, high lift guarantees, long term contracts and alignment of quality with commercial practices. In FY14 DLA Energy realized an actual savings of \$84 million versus a projection of \$81.7 million via advanced negotiation techniques.
- **Reverse Auction:** DLA Energy conducted reverse auctioning on all fully competitive awards (both for material and services) with a value above the simplified acquisition threshold (\$150K). In FY14 DLA Energy realized actual DLA savings of \$52 million versus a projection of \$20 million and DoD savings of \$3 million versus a projection of \$17 million via reverse auctions.

11. Big Idea 2: Decrease Operating Costs, “Improve Process and Productivity”

a. DLA Energy Operating Costs Operational Levers and Initiatives

(1) Acquisition of Services

- **Equipment:** DLA Energy terminated the Lab Equipment Program. A Business Case Analysis concluded there was no savings with extending lab funding to all Services.
- **Consulting Contract Governance:** DLA Energy projected savings by elimination of redundant requirements, identification of alternative solutions and/or de-scope of contractor effort. In FY14 DLA Energy realized an actual savings greater than \$4 million against a projection of \$2 million.
- **Negotiated Savings – Services:** DLA Energy planned to use traditional negotiation processes with the goal of substantially reducing contract costs. This effort included both Terminal Operations and Environmental Services. In FY14 DLA Energy achieved actual savings of \$47.4 million versus a projection of \$13.4 million from negotiated services.
- **Travel 30 percent Reduction:** DLA Energy projected to realize travel savings as a result of Office of Management and Budget 30 percent reduction to FY10 actual travel execution. In FY 14 DLA Energy realized travel savings of \$2.339 million, which was in line with its projection of \$2.339 million.
- **Transportation:** DLA Energy projected savings for barges, pipelines and tankers due to increased competition. DLA Energy realized FY14 savings of \$17.8 million versus a projection of \$15 million from this initiative.
- **Reduced Terminal Operations:** Commercialization of Jet fuel and shifting demand patterns should enable DLA Energy to decrease storage by 3.6 million barrels by FY19. Savings will be realized in: 1) reduced terminal operating costs; and 2) reduced SRM costs. DLA Energy did not realize any savings with this initiative against the projected \$10 million.

(2) **Personnel.** Human Capital Balancing: DLA Energy projected FY14 labor savings due to Big Idea process changes. In FY 14 DLA Energy did not realize any savings against a projection of \$5.0 million.

12. Big Idea 3: Reduce Inventory, “Clean out the Attic”: At the end of FY14 DLA Energy’s ending inventory was 55.86 million barrels of petroleum products versus a target of 57.39 million barrels.

13. Big Idea 4: Improve Customer Services, “Delight our Customers”

a. DLA Energy Customer Service Initiatives

- **Energy Convergence (EC):** EC moved DLA Energy out of their legacy systems and into the Enterprise Business System. This move standardized processes and transactions. Further, it normalized service measures so evaluations for the DLA Material Supply

Chains apply to DLA Energy products and services. Lastly, EC should enable DLA to be audit ready. In FY14 DLA and DLA Energy completed all scheduled EC Rollouts (1-5).

- Captains of Industry (COI): This ongoing effort directed by DLA Director Vice Admiral Harnitchek was designed to reach out to industry leaders in each of DLA's supply chains to find better ways of doing business that would eliminate unnecessary contractual costs and seek efficiencies to deliver better value to the warfighter and taxpayer. DLA Energy conducted one COI event in FY14. This event was held with our CONUS Bulk suppliers. The primary outcomes from the November 2013 Bulk Petroleum COI meeting focused on two key areas, program predictability and communications. Our industry participants indicated that returning to a more predictable schedule for issuing solicitations and making awards with the four major bulk petroleum programs spread across separate calendar quarters would help them plan and balance workload. Likewise, awards made no later than 60 days in advance of the beginning of the contract performance period would help minimize risk to offerors. The procurement cycle for the two domestic bulk petroleum programs were adjusted during FY14 with the Rocky Mountain West (RMW) program starting in October, the Inland East Gulf Coast (IEG) program starting in April, the Western Pacific (WESTPAC) program starting in January and the Atlantic Europe Mediterranean (AEM) program starting in July. Two programs have been awarded subsequent to the COI event, RMW, which was awarded 54 days prior to contract performance and WESTPAC, which was awarded 70 days prior to contract performance. IEG is the next program scheduled to be awarded and it is projected to be awarded 75 days in advance of contract performance. DLA Energy Contract Specialists, Demand Planners and Supply Planners initiated quarterly forecasting conference calls with each bulk supplier to minimize the impact of unexpected shifts in demand and allow suppliers opportunity to plan for these shifts in demand that impact ratatability of orders. These meetings have been well received by our industry partners. In addition, DLA Energy senior leaders have begun to have annual meetings with each supplier to continue the COI dialogue and monitor the success of the initiatives that resulted from each of the COI events held to date. Meetings were conducted with 21 of the 25 suppliers with the consensus being that communication and program predictability have improved as a result of the initiatives from COI.

14. Big Idea 5: Achieve audit Readiness, "Prove It"

a. DLA Energy Audit Readiness Initiatives

- EBS EC: In FY14 DLA Energy committed to ensuring the "new" functionality in EBS meets auditability. The J6 Audit Readiness Technical Infrastructure Architecture team will continue testing this functionality in FY15. Any failures will result in corrective actions that will be tracked through the Audit Readiness Program.
- Fuels Manager Defense (FMD): In FY14 DLA Energy committed to ensuring FMD meets audit readiness standards. An upgraded version of FMD-8 was deployed in 2013-2014 to the Defense Fuel Support Points. Some of the functionality related to interfaces

between FMD and EBS was tested in FY14. The J6 Audit Readiness Technical Infrastructure Architecture team will continue testing this functionality in FY15. Any failures will result in corrective actions that will be tracked through the Audit Readiness Program.

- Data cleansing/Transition to EBS: In FY 14 DLA Energy committed to ensuring all data (balances, contracts, etc.) were thoroughly reviewed and supported prior to submission in EBS. This effort is on track for completion by the end of calendar year 2014. To date, DLA Energy has cleaned almost \$600 million in unliquidated obligations in EBS. Additionally DLA Energy has cleaned almost \$100 million in unliquidated obligations in its legacy systems. DLA Energy continues to work EBS aged unfilled customer orders, and EBS and legacy aged in-transit inventory.

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Defense Logistics Agency

DLA Disposition Services

Fiscal Year 2014 Annual Historical Report

1. Mission, Vision, and Values

a. DLA Mission: We are America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to warfighters and our other customers.

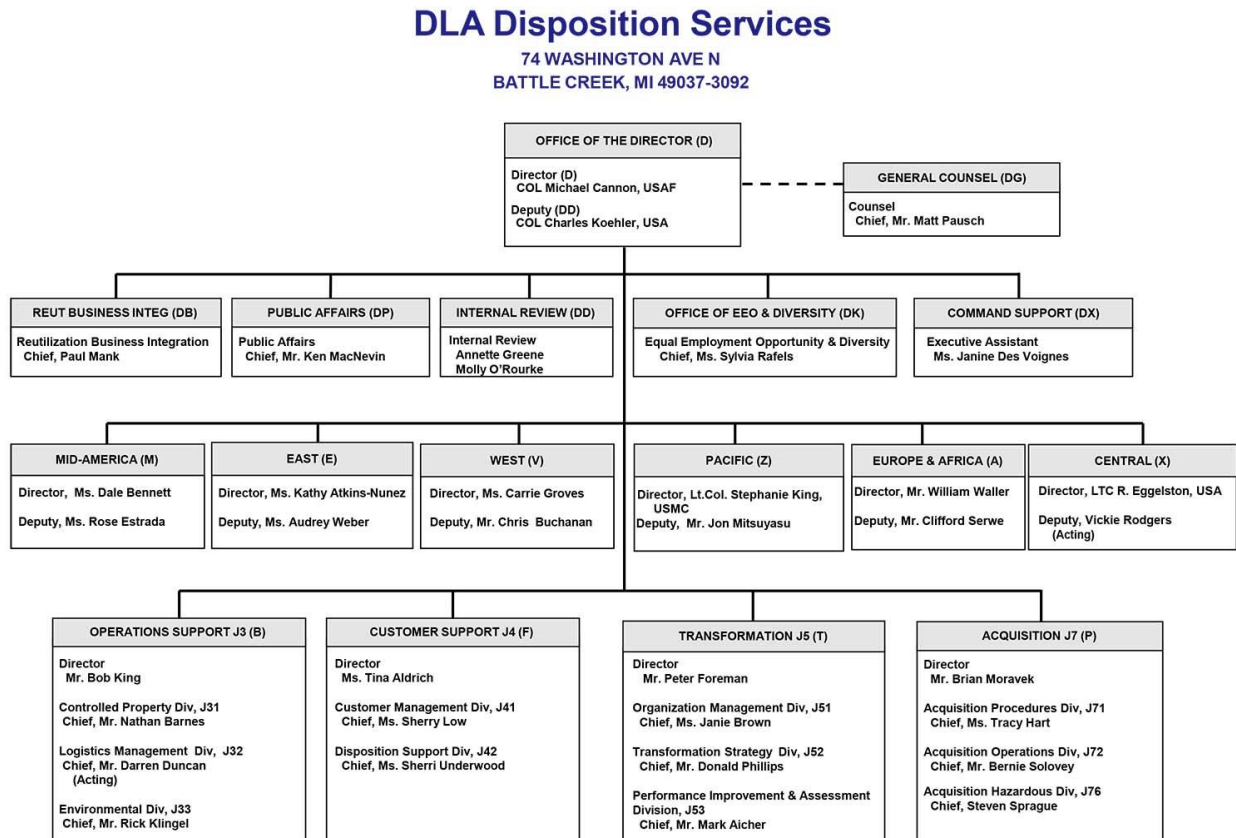
b. Vision: We embrace the DLA Vision: Warfighter- focused, globally responsive, fiscally responsible supply chain leadership In support of the DLA mission and vision, DLA Disposition Services supports the warfighter and protects the public by providing worldwide reverse logistical solutions. Our goal is to become the Department of Defense's Reverse Logistics Center of Excellence.

c. Values: Our values are DLA's foundation for all we do. They provide our guiding principles as we accomplish our mission, pursue our vision, and strive to do what is right for the Armed Forces and DoD

2. Director's Overview

FY14 was an exemplary year of overcoming challenges. Through teamwork, dedication, professionalism and our collective focus on priorities, we excelled beyond expectations in many areas. In Afghanistan, we saved the warfighters there \$15. 5 million and awarded the first ever usable sales contract with a rate of return of more than \$2.7 million in proceeds through the end of calendar year 2014. By September 2014 our scrap totals exceeded 1 billion pounds since our first full site stood up in Afghanistan in 2005. Our sales team continued its progress by replacing our largest usable term sale contract known as Commercial Venture (CV3) with anticipated annual revenue more than three times the historic rate of return. We also resumed ship recycling. The Law Enforcement Support Office team set a historical program record increasing reutilization by 40 percent, with an acquisition value of \$749 million. Our Reutilization, Transfer and Donation program also set a record of over \$3 billion in issues. The acquisition team saw an incredible 50% reduction in their acquisition lead time by creating a simplified process. Everyone, at every level, played a key role in our overall success.

3. Organization Chart



4. FY 2014 Objectives & Initiatives

Improve Customer Service

- Perform CENTCOM Area of Responsibility (AOR) Retrograde Support
- Develop Expeditionary Disposition Capability
- Improve External Customer Surveys
- Accomplish Material Handling Equipment (MHE) Training Plan
- Execute Workforce Replenishment Plan
- Increase Equal Employment Opportunity Participation Rates
- Increase DLA Disposition Services Telework Program Participation
- Expand the Culture Action Team (CAT)

Decrease Direct Material Costs

- Achieve Contract Price Reduction by Adopting Private Sector Practices
- Reduce Acquisition Lead Time (ALT)
- Attain Small Business Award Goals

Decrease Operating Costs

- Pursue Network Optimization
- Consolidate CONUS HW contacts

Achieve Audit Readiness

- Attain Audit Readiness
- Sustain Reutilization Business Integration (RBI)
- Improve LESO Property Management

5. Improve Customer Service

Perform CENTCOM Area of Responsibility (AOR) Retrograde Support

Description: Provide the Central Disposition Services Director (DSD), and staff, the support for the full suite of disposal operations in coordination with DLA Central and in support of the US Forces Afghanistan (USFOR-A) retrograde, along with the Department of State (DoS) mission in Iraq. Our team provided the timely, forward-based disposition services support that has been the hallmark of our operations to date. Forward-based support kept 6,425 soldiers and 5,171 trucks off the road, contributing to the safety of U.S. forces while saving them \$15.5 million in warfighter costs. The focus remained on anticipating DoD and DoS disposal needs and providing solutions that enable USFOR-A elements to conduct combat operations while setting the conditions for successful property retrograde. Iraq efforts will continue to meet ongoing requirements in country and future reductions in presence.

FY2014 Goal: Maintain disposition capabilities for USFOR-A drawdown and DoS operations while maintaining removal capabilities that meet or exceed customer turn-ins by demilitarizing 450 vehicles / month and removing 60M lbs. of scrap/month. Vehicle goals were met or exceeded for the first two quarters, but were around 200 per month for the third quarter. The first and third quarter scrap removals were at or above goal while the second quarter averaged closer to 20 million pounds.

Additional retrograde achievements included:

- First usable good sales conducted in Afghanistan
- 1,862 rolling stock items were demilitarized
- 219 million pounds of scrap sold
- 4.3 million pounds of copper removed
- Assisted in the closure of 38 coalition and U.S. bases in Afghanistan

Owner: J5/DSD Central

Develop Expeditionary Disposition Capability

Description: Develop a DLA synchronized and Joint Force integrated expeditionary capability by May 2014 that is able to deploy and support the full range of military operations and/or humanitarian assistance missions while resourcing expeditionary equipment sets that augment this capability. In 2014 we will conduct Overseas Contingency Operations Readiness Training (OCORT) for civilian and military personnel, to include, two expeditionary equipment sets on hand to support training and operations

FY2014 Goal: 35% (or 56 personnel) of the deploying workforce (100 reservists and 62 CEWs) attend OCORT 2014. Reduce deployment fallout to <10% for Civilian (<6) and Military personnel (<10). 2 Expeditionary Equipment Sets resourced and formed. Forty-three reservists and nine civilians were trained at OCORT at OCORT 14. Additionally, reservists and civilians trained together at Incremental Duty Training (IDT) conducted at DLA Disposition Services at Fort Lewis, WA, from 1 – 15 September. The IDT training allowed personnel the chance to practice erecting Expeditionary Site Set structures as well as receiving traditional pre-deployment training (e.g., demil). An “over-the-horizon” capability in Kuwait: DLA was also developed for Kuwait. This team will be capable of reinforcing remaining DLA Disposition Services capability in Afghanistan in the post-2014 environment and will be capable of responding to emergent requirements else-where in the CENTCOM AOR.

Owner: J5

Improve External Customer Surveys

Description: The Customer Engagement Team will look at new and improved ways to conduct customer surveys both in the short term (fiscal 2014) and for the long term (late fiscal 2014 and out years). The goal is to increase response rate, allow customers to immediately respond to their experience and allow action officers to immediately react and assist. We will also attempt to incorporate a combination of both e-mail and telephone surveys to provide more opportunities for candid feedback. Lastly, we will explore the possibility of utilizing input from some form of local surveys for walk-in customers, particularly in OCONUS.

FY2014 Goal: Develop milestone plan and meet milestones. Increase in response rate from fiscal 2013. Overall Customer Satisfaction rate at or above 90%. Response rates were at goal throughout the year. One survey question was added in fourth quarter to address potential customer impact of the Disposition to Distribution alignment known as “D2.”

In summary, the new survey methodology ultimately used for fiscal 2014 was a monthly survey sent to customers who used us the previous month, while ensuring no one customer was surveyed more than twice a year. This proved to be a very successful effort allowing us to get real time feedback from customers. The main objective was to improve Response Rate and we were successful in that venture, steadily improving all year and well exceeding the 16% goal. Results were as follows: Q1 – 18%, Q2 – 17%, Q3 – 20%, Q4 – 25%. We believe this steady increase in response rate indicates customers were more willing to participate knowing their input was asked for near the time of service and would be readily acknowledged and responded to.

In addition, we maintained an excellent customer satisfaction standard, with quarterly results reaching or exceeding the 90% goal consistently. Those results by quarter are: Q1 – 96%, Q2 – 92%, Q3 – 92%, Q4 – 95%.

Finally, we have completed and submitted three Requests for Change (RFCs) to our systems to ultimately meet our long term goal of automating the customer survey process by sending survey links to customers directly from the system to the customer at the time they use our services.

Owner: J411

Accomplish Material Handling Equipment (MHE) Training Plan

Description: DLA Disposition Services has established a training, testing and certification plan that provides for safe MHE operation within areas of responsibility at DLA sites. The MHE training materials and timelines align with applicable CFRs and OSHA requirements. DLA Disposition Services goal is to provide a pathway for consistency in MHE training throughout the PLFA while addressing any gaps in safety, operation, maintenance and training on any required MHE. The training plan has been vetted through DLA Disposition Services Senior Leaders with an approval to proceed and align with DLA mandated MHE training requirements once those DLA mandates have been solidified.

FY2014 Goal: All MHE Operators complete training sessions on specific make of MHE at their site(s). DLA Training advised DLA Disposition Services during January 2014 that it should hold off any of these classes until further notice and not conduct any training before the MHE Directive Type Memorandum (DTM) is approved by HQ DLA. A DTM was approved on June 11, plus 51 Potential trainers, equipment and training needs were identified at each site. Procedures, and curriculum were being finalized and fully compliant training program is expected to be implemented in fiscal 2015. Authorized trainers will begin taking required DLA Training 40 hour Instructional Skills Workshop once available with all trainers completing course by fiscal 2016.

Owner: J5

Execute Workforce Replenishment Plan

Description: DLA Disposition Services faces a large number of retirements over the next few years. This portion of the Operating Plan focuses on the plan for identification and replenishment of talent that will be vacating our workforce due to retirement. Retirement data was pulled for the past five fiscal years. The analysis of the data received indicated that an average of approximately 31 percent of the retirement eligible employees retired. Projections of future retirements will be based on 31% of eligible retirees actually retiring.

The reality of this loss has been known for a few years and efforts to augment the workforce through programs like the Intern Program and the PACER Program have been successful. However, the scope of the retirement impact has not been identified – either by location or by talent loss. We plan to identifying training, self-development, career / developmental opportunities from hire to retire and integrate with Network Optimization/Human Capital Working Group to better determine required skills to reshape the workforce and footprint.

FY2014 Goal: The plan was to establish positions with increased upward mobility outside of the PACER Program and balance GS-05T09s against the need to increase the Wage Graded (WG) positions within the organization. However, there was no increase in upward mobility positions for fiscal 2014. There was also no increase in Wage Grade (WG) positions, as this was overcome by events due to D2 initiative where WG positions went to distribution.

Owner: J5

Increase Equal Employment Opportunity Participation Rates

Description: In support of the workforce replenishment plan that focuses on the identification and replenishment of talent that will be vacating the workforce due to retirement, the Equal Employment Office (EEO) will actively engage in this effort to assure a diverse organization that empowers the workforce to achieve their full potential. We will work diligently to analyze trends, ensure compliance with regulatory guidelines and seek resolution at the lowest possible levels. The EEO will ensure leaders are provided timely advice and guidance on maintaining a workplace that embraces diversity and to give employees equal access to EEO services, timely resolution of complaints, and equitable remedy. The EEO mission aligns directly with the DLA Director's Big Ideas.

FY2014 Goal: An increase in PWD/PWtD participation rates (14.3% for PWD and 3% for PWtD) and 100% formal complaints processed within 180 days. The percentage of PWD/PWtD participation and days to process formal complaints was used as a metric. We achieved and exceeded the goal for PWD the end of the fiscal year, but still only at about half of the goal for PWtD. All formal complaints were processed well within the 180 day goal.

Owner: EEO

Increase DLA Disposition Services Telework Program Participation

Description: Telework supports mission continuity by readying employees to continue work despite unexpected disruptions. Telework also improves productivity by allowing employees to work at alternate locations. Also:

- Enhances work-life for eligible employees
- Serves as a recruitment and retention strategy
- Supports efforts to employ/ accommodate people with disabilities
- Creates cost savings by decreasing office space and parking facility needs
- Eliminates travel time to and from work site, energy consumption

FY2014 Goal: Increase telework participation rate by 8 percent from fiscal 2013. Participation goals were met, especially in the second quarter when rates were well above 70 percent.

Owner: J5

Expand the Culture Action Team (CAT)

Description: With the combination of several key initiatives converging in fiscal 2014, it is critical we continue to develop a culture of high performance. RBI has been fully deployed and the upcoming year will focus on stabilization. Our employees continue to adapt to a financially constrained environment while maintaining exceptional support to our customers. Our focus areas remain the same: leadership, communication, trust and accountability.

FY2014 Goal: The Culture Action Team will contribute to the creation of a holistic/systems approach to our organization's key initiatives in fiscal 2014 (RBI, Audit Readiness, Network Optimization, DLA's "Big 5." The Culture Action Team will give feedback/input regarding the progress of these efforts. The team will act as "change agents" and facilitate the breakdown of silos. Our goal is to unite DLA Disposition Services (and ultimately DLA) into one team focused on providing exceptional service to the warfighter. Toward that end, we have added new members from East and West regions to stabilize team. WE received Dennison survey results in July based on a 66 percent response rate from DLA Disposition Services personnel. There was an Action Planning Workshop for culture champions conducted at DLA headquarters during August. We also pursued quarterly training in last quarter to help bring on new members and prepare the team for analyzing survey data and making action plans.

Owner: D

6. Decrease Direct Material Costs

Achieve Contract Price Reductions by Adopting Private Sector Practices

Description: The strategy is to align government contracts with the private sector hazardous waste industry. Profile-Based Contract Line Item Numbers (PBC) were designed to provide more detail about the waste streams and eliminate much of the speculation and financial risk to the contractor. Furthermore, pricing under the new model is primarily based upon container sizes, as opposed to “per pound” under the previous model. This alignment with the industry is expected to result in more competitive pricing and a net savings to the government. In fiscal 2013 a new CLIN schedule was finalized, customer outreach for pre-requirements were completed, and the contract was awarded in fiscal 2014.

FY2014 Goal: Implement a CLIN structure for HW disposal contracts that more closely mirrors commercial practices, reflects the true disposal facility market cost and eliminates, not shifts, contractor risk, thus reducing cost. Incorporate a new schedule in hazardous waste contract actions for continental United States and realize reduced prices for our customers. All renewal actions contain the new schedule and cost avoidances are obtained; J7. Submit HW Disposal Contract Procurement Requests (PRs) on all contracts due for renewal, using the new PBC model. Monitor, support, and measure savings of actively-performed, awarded contracts. This goal was measured by comparing the dollar savings of actively performed contracts with the savings from the previous fiscal year. The real benefit of transitioning to the new bid schedule is alignment of Disposition Services practices with the private sector. A secondary benefit is expected to be reduction in number of task order modifications and reduced prices. Six long term hazardous waste contracts were awarded in fiscal 2014 with the new bid schedule. To date, we have realized an 8% reduction in the number of task order modifications on these contracts. It remains too early to ascertain whether the adoption of the new bid schedule has resulted in lower prices.

Owner: J7 & J3

Reduce Acquisition Lead Time (ALT)

Description: Reduce Acquisition Lead Time (ALT) for all non-GSA competitive contract actions in excess of \$150,000 (ALT = Time from receipt of Purchase Request to contract award). In third quarter of fiscal 2013 the J7 aligned their efforts with the DLA “Time to Award” team to develop enterprise-wide ALT goals for service contracts. A J7 “Huddle” was created to monitor current performance.

FY2014 Goal: Attain a reduction in ALT in accordance with the targets identified by the DLA “Time to Award” team that is analyzing ALT and process improvements enterprise-wide for supply and service type contracts. Reduce number of bridge contracts or sole-source contract modifications as a result of extended ALT.

Since 2011, DLA Disposition Services has focused on reducing ALT from the average ALT for long term contracts, which was 325 days. Reductions were realized each year. The ALT Enterprise standards for service contracts were established in June 2014. The below table depicts how Disposition Services’ performed in fiscal 2014 against the Enterprise standards. Even though the standards were established late in the FY, because of the previously initiated reduction efforts, Disposition Services exceeded the DLA standard for LTC and task/delivery orders, but fell short on below SAT transactions. The LTC and task/delivery order awards are relatively evenly spaced throughout the year. The below SAT contracts actions are bunched towards the end of the fiscal year with 64% of these actions being awarded during the last two months. The end of the fiscal year contract rush will make meeting the ALT standard more of a challenge because of the surge; albeit, the acquisition team will continue to push to reduce ALT whenever practical.

| | <u>NUMBER OF TRANSACTIONS</u> | <u>DLA STANDARD (DAYS)</u> | <u>FY ACHIEVED DISP SVC (DAYS)</u> |
|------------------------------------|--------------------------------------|-----------------------------------|---|
| <u>LTC</u> | <u>36</u> | <u>135</u> | <u>110</u> |
| <u>Below SAT</u> | <u>86</u> | <u>35</u> | <u>50</u> |
| <u>Task/Delivery Orders</u> | <u>7,600</u> | <u>10</u> | <u>3.9</u> |

Owner: J7

Attain Small Business Award Goals

Description: Approximately 90% of DLA Disposition Services eligible obligations are on long term contracts. Only two long term contracts (LTCs) up for renewal in fiscal 2014 are currently held by large business that has the potential for conversion to small business; if successful dollars would not be realized until fiscal 2015. Approximately 19% of our eligible small business dollars support Ability One.

FY2014 Goal: Meet or exceed the DLA-assigned Disposition Services small business goal for FY14, including the following socioeconomic categories: Small Disadvantaged Businesses (SDBs), Historically Under-utilized Business (HUB) Zones, Women-Owned Small Businesses (WOSBs), and Service-Disabled Veteran Owned Small Businesses (SDVOSBs) and award all eligible contracts to small businesses.

The DLA Disposition Services small business specialist was honored at the Business Alliance Awards for her efforts in this area. Her reviews on acquisitions above \$10,000 were credited as the reason 100 percent of long term contracts awarded this fiscal year in the continental United States were set aside for small businesses. Personnel also reached out to area veterans Oct. 29 through the 9th Annual Veterans Business Conference presented by VetBizCentral and the Procurement Technical Assistance Centers of Michigan. Additionally, 100% of long term contracts awarded in FY14 were awarded to small business. Disposition Services achieved a small business obligation rate of 74.13% exceeding the goal of 68.14%

Owner: J7

7. Decrease Operating Costs

Pursue Network Optimization

Description: Network Optimization supports the “Big Ideas.” The program objectives are three-fold: DLA Disposition Services has an immediate need to reduce customer wait times for inbound property (improve customer service). To reduce backlog to less than three days, the destruction of Demil code B and Sensitive Q material and the divestiture of Army and Marine Corps tactical vehicles (reduce inventory). And lastly, to streamline processes (decrease operating costs & achieve audit readiness). Many of these initiatives will derive from Continuous Process Improvement events.

Phase 1, the “*Stabilization*” effort, will increase property efficiencies and customer satisfaction.

Phase 2, “*Optimizing the Network*,” has an ultimate goal to accomplish a variety of short and long term initiatives that will be monitored under this program umbrella.

Phase three, “*Business Transformation*” will begin concept development at the end of FY14.

D2 was implemented at collocated sites as planned in fiscal 2014 with optimization of work at those sites to be planned and implemented in future years.

To ensure things were done right, Distribution and Disposition Services had the initial planning meeting for the next D2 phase in November of calendar 2014 and a follow on follow on planning meeting was scheduled for February 2015.

In fiscal 2014 hard work around the activity greatly reduced backlog, erasing it at some sites, and made a major reduction on the inventory of vehicles the Army and Marine Corps had divested through a combination of demilitarization as a condition of sale and special program reuse, plus reuse of vehicles as range targets. Changes to the contract for sale of rolling stock beginning in fiscal 2015 are expected to play a major role in ongoing inventory reductions while adding greatly to activity revenues.

Owner: Network Optimization Team

8. DLA Dispositions Services Annual Operating Plan, 2014

Consolidate CONUS HW Contacts

Description: Finalize a plan that results in a long-term reduction in the number of current CONUS hazardous waste disposal contracts from the current fifty three without impacting quality of service or Disposition Services achievement of small business and social economic goals. Reduction in number of individual contracts is expected to reduce contract prices and government pre and post award costs. During the fourth quarter of fiscal 2013, a complete analysis of CONUS hazardous waste disposal contracts for possible consolidation considering socioeconomic impact, volume, value and geographical area of coverage will be conducted. Where feasible, we will consolidate CONUS hazardous waste disposal contracts.

FY2014 Goal: Decreased number of CONUS hazardous waste disposal contracts in fiscal 2013. To achieve this goal, DLA Disposition Services conducted an assessment of all existing CONUS hazardous waste contracts that considered waste volume (some site have seen substantial reductions), market research, input from private section and impact on small business and concluded that the consolidation would the following contract consolidation would be beneficial when contracts came up for renewal during the next four years:

Norfolk/Williamsburg (FY15);

Bragg/Lejuene/Jackson/Shaw (FY15)

Anniston/Sandblast (FY15)

Warner/Parts (FY15)

Pendleton/San Diego (FY16)

San Antonio/Hood (FY18)

Expectation is that, once affected, the consolidation will benefit an industry that has indicated dissatisfaction with the small size of our contracts, reduce contract administration costs and contract prices.

Owner: J7

DLA Dispositions Services Annual Operating Plan, 2014

Achieving Audit Readiness

Attain Audit Readiness Milestones

Description: Meet the DOD requirement to achieve full audit readiness for all DLA financial statements

FY2014 Goal: Stay on track for the September 2015 Assertion. Thus far we have completed SO/SC PCM revisions; validated Customer Master PCM, General Equipment PCM, and Real Property PCM; and coordinated with action officers and developed more detailed POAMs.

Re-validations were completed for the following during August 2014:

- Internal Use Software PCM
- Government Purchase Card Micro purchase PCM
- Working Capital Funds Monitoring – Field PCM
- Working Capital Funds Capital Investment Program

Deficiencies concerning enterprise level PCMs were identified, which will be corrected at the enterprise level.

Disposition Distribution Process Alignment will be a phased approach with ultimate goal still being one DLA inventory management system. Due to the high cost to reprogram the system to meet this goal and limited time the decision was made to go with a phased approach. Phase I will concentrate on inventory and what is needed to assert existence and completeness by September 2015. The 2nd or follow-on phases will concentrate on one IMS.

Resource analysts from across DLA Disposition Services traveled to Battle Creek, Mich., for a three-day workshop from July 15 to 17.

Owner: J5/Audit Readiness Team

DLA Dispositions Services Annual Operating Plan, 2014

Improve LESO Property Management

Description: Account for controlled property issued to LESO customers

FY2014 Goal: Sustainment of the Federal Excess Property Management Information System (FEPMIS) through 100% registration and conduct 26 Program Compliance Reviews (PCRs). Twenty-eight PCRs were completed and all were compliant. Seventy-four (74%) of law enforcement agencies were registered in FEPMIS.

Owner: J4

Defense Logistics Agency

DLA Distribution

Fiscal Year 2014 Annual Historical Report

1. DLA Distribution FY14 Accomplishments

a. Standardization

(1) Distribution-Disposition Process Alignment

In support of a HQ DLA audit readiness effort, Distribution J4 provided comprehensive Standard Operating Procedure (SOP) assistance to DLA Disposition in preparation for their Audit Readiness (AR) assertion. J4 teams conducted training for developing process maps and SOPs to link to key financial controls in the Process Control Memorandums (PCM) for AR. Distribution Business Process Analysts (BPA) and Subject Matter Experts (SME) attended multiple Disposition site visits with Disposition personnel to provide direct, hands-on process documentation training for standardization and AR. Distribution BPAs and SMEs lead working groups to develop Request for Change (RFC) submissions to update RBI (Disposition's version of the Distribution Standard System).

(2) Retail Standardization

DLA Distribution BPAs and SMEs conducted multiple site visits to DLA retail locations and mapped the current retail processes. DLA Distribution assisted DLA HQ J-342 in drafting the forthcoming DLAI that will align retail policy for Storage and Distribution (S&D) to the existing Distribution S&D SOPs. Process standardization and alignment benefit the entire DLA enterprise both for Warfighter support and for AR.

(3) Inventory Reconciliations in support of Audit Readiness

DLA Distribution J4 provided support to the DLA HQ efforts to establish an enterprise framework for Inventory Reconciliations as part of the DLA financial assertion and to provide accountability so that all DLA inventory will be reconciled to the financial record. This includes both mission stock in DSS and kitting components in the PC&P and DEPMEDS systems. In addition, J4 worked with HQ, J6 and Services to provide data for similar processes supporting the Services' preparation for assertion. These efforts are in addition to the ongoing Quantitative Location Reconciliations (QLRs) that occur at end of day and periodically throughout the year. J4 provided education, documentation and recommendations to HQ and Supply Centers to

improve processes and controls on inventory that is stored outside of DSS in vendor-managed and service-managed sites.

(4) Wholesale - Engineered Standards

As of the end of FY 14, the standardization effort developed and / or validated 746 engineered standards across 20 wholesale sites, as identified through observations of standard work processes. These standards are based on 199 standard J4 BPA-approved processes. The site engineered standards are developed for each site based on standard processes and unique environmental factors. By December 16, 2014, the five remaining wholesale sites will have engineered standards delivered to DLA Distribution, although no standards have been implemented.

(5) Retail – Engineered Standards

Seven retail sites have been identified for engineered standards and geospatial data development. DLA Barstow was selected as the pilot site and will have site specific engineered standards presented on December 16, 2014.

(6) Indirect Staffing for Staffing Model

DLA Distribution J4 representatives visited DLA Distribution Europe and DLA Distribution Tobyhanna to conduct research concerning DLA Distribution's Standardization Initiative and conducted assessments to validate G&A indirect labor standards. At the DLA Distribution sites, the team validated interview data; identified task level of effort and unique functions of the Command Staff, General and Administrative (G&A) and Support Services. In addition, the team conducted work sampling, data collection, data analysis, performed research and analysis. The team reviewed established indirect standards and developed standard variances for each site unique indirect process.

b. Distribution Supply Budget Project

DLA Distribution J4 successfully standardized and reduced costs to distribution (warehouse) supplies. In the last two fiscal years DLA Distribution has:

- Saved over \$4.6M by negotiating a price reduction for pallets
- Reduced costs associated with packing list envelopes, standardizing envelopes from 17 different NSNs to three. Cost savings are expected to exceed original estimates of \$40K
- Standardized fiberboard boxes, reducing NSNs ordered by over 40%
- Standardized general packing tape to 6 standard NSNs, reducing costs up to \$1 / foot

(1) Standardization and Audit Readiness SharePoint

DLA Distribution J4 established a SharePoint site that provides distribution employees with standard process, training, and audit readiness documentation. Documentation developed by J3 Audit Readiness, J4 Process Owners and J1 Training is posted within 24 hours of receipt and

includes information such as: process maps, job breakdown sheets, standard operating procedures (SOPs), and process manuals. Links to compliance and quality control, base supply guidance, and engineered standards information is also available on the site.

(2) CPI Event - Electronic Document Management Services (EDMS) Standardization

DLA Distribution is standardizing the use of EDMS to improve retention and retrieval of process and Audit Readiness required documentation. The J4 led a joint team of DLA Distribution and DLA Document Services subject matter experts that identified process gaps and when corrected, will increase use of the system, improve how documents are scanned into the system, and increase retrieval of documentation. Process enhancements that will increase electronic transfer of documentation and allow for retrieval of large volumes of documentation for audit purposes are being evaluated.

(3) Standardized Position Descriptions

DLA Distribution J4 began an initiative to standardize position descriptions for all series within DLA Distribution which include Mission, Mission Support, Supervision, General and Administrative (G&A) Support. Originally, J4 looked at consolidating over 1700 direct labor position description and 514 indirect G&A position descriptions currently used within DLA Distribution enterprise. In August 2014, the focus shifted from consolidating position description to standardizing the major duties within the 28 functional areas as shown under the Standardization SharePoint site. J4 researches and references PCMs, Process Manuals, Process Maps, and SOPs and ensures the duties are aligned with Audit Readiness standards (i.e. internal controls, P2S). Since August, J4 researched over 90 of the 126 posted SOPs, and reviewed over 70 of the 172 standard process maps and reviewed over 50 of the 100 PCMs within the 28 functional areas. J4 has developed 14 Major Duties Workbooks out of a total of 28 for each functional area. Two of the workbooks are in coordination with J4 Subject Matter Experts. Once all 28 major duties workbooks are created and coordinated with the process subject matter experts, the workbooks will be combined into files aligned with RBAC user roles.

(4) HQ Staffing Model

DLA Distribution J4 assisted DORRA in the development of a HQ staffing model. DORRA conducted over 120 interviews and 40 survey sheets for DLA Distribution Headquarters. Local union representatives were kept informed. DORRA received input data from divisions and populated 20 division level staffing models. Current status shows that J4, J5 and J9 staffing models are complete and require Directorate approval. Other DLA organization staffing models are in the review/validation stage. Final distribution acceptance of the staffing model is anticipated by February 2015.

2. Personnel

a. Culture

The 2014 DLA Culture Survey was administered in April and May with over 4,100 employees participating and providing over 3,000 comments. The overall results of the survey showed a dramatic increase of 46% across all survey dimensions of a) mission alignment b) organizational adaptability c) consistency of operations d) and involvement of the workforce. Specifically, the survey showed significant improvement in accountability for results; trust in supervisors; diversity management; leadership communication; overall job satisfaction; and in leadership's ability to conduct action planning. In addition, DLA Distribution's various communication and integrated planning efforts led to improved clarity and alignment of strategic efforts as demonstrated by very high scores in understanding the impact of Audit Readiness and interest in the DLA Director's Big Ideas. The results of the survey demonstrate the commitment of both the leadership and our workforce to improving the organization in delivering effective, efficient & best value distribution solutions to our customers and stakeholders.

b. Translation Services

DLA Distribution is comprised of over 7000 employees of whom more than 600 are foreign local nationals; all of which have varying English proficiencies. In FY14, DLA Distribution took the next step in assuring a seamless communications flow by establishing a support agreement that provides the translation of written, electronic, and multi-media communication into their targeted foreign language. A Memorandum of Agreement (MOA) was established with the National Virtual Translation Center (NVTC). The NVTC's Executive Agent is the Federal Bureau of Investigation (FBI) and the FBI handles all invoicing and funds processing for the NVTC. To date, the services have been used extensively in support of the Audit Readiness and Standardization initiatives.

c. Full Time Equivalent (FTE) Execution

For FY14, DLA Distribution consumed 6,883 FTEs against an approved target of 7,266, executing 5.3 percent below target. This was attributable to a decrease in workload and significant efforts to right-size staffing to that reduced workload.

d. Workforce Analysis

2014 Workforce Analysis Update was completed and submitted for review. The overall status of our workforce has stayed consistent in all areas, aging workforce, steady retirements, and demographics.

e. FY14 Civilian Employee Recognition

DLA Distribution processed over 2,000 civilian awards for Calendar Year 2014.

DLA Distribution employees won numerous prestigious awards:

- The 59th Annual DOD Distinguished Civilian Service Award: Mr. Patrick McCormick
- The 2014 NAACP Award: Ms. Ramona Douglas

- The 2014 Roy Wilkins Renown Service Award: Ms. Ramona Douglas
- The 2014 NOMAR Meritorious Service Award: Ms. Blessings Foster
- The 2014 FAPAC Award: Mr. Mark Ayupan
- Mr. Ed Sweger, former employee of DLA Distribution Susquehanna inducted into the DLA Hall of Fame.
- DLA Distribution won 10 of the awards at the DLA 47th Annual Employee Recognition Awards Ceremony

f. Functional Community Management (FCM) - 1670 Equipment Services

DLA Distribution's Functional Community Manager (FCM) coordinated SMEs from across DLA Distribution to participate in the Gap Closure strategies for the job series 2001 and 0346 Competency Development. Senior leadership was briefed by the FCM for these job series.

g. Expeditionary Training

The Expeditionary Academy has been very beneficial to the support of DLA Distribution's mission and DLA contingency missions. The academy was developed to train Distribution Reservists in support of full range military operations from humanitarian assistance/disaster recovery to major theater wars. This year they have been tasked to support the scale down of the Army's Brigade Combat Teams. Three Navy Reserve Units rotated through the Expeditionary Academy in FY14 providing Distribution with approximately 74 soldiers, sailors, and airmen in the green to deploy in the event of a HAVE/FEMA event. A total of 65 percent of DLA Distribution reservists have completed the training and are currently scheduled for a mission in FY15.

h. Operation United Assistance (OUA)

DLA Distribution successfully processed more than 50 DLA Distribution employees through the deployment platform in support of OUA making them ready to deploy on a short suspense. DLA Distribution worked countless hours to assure these members were successful and properly equipped to execute the mission. The OM/J-9 team led the Distribution effort on all deployer travel orders, travel reservations, entitlements, and the accountability through the pipelines. DLA Distribution deployed 29 members for OUA with most deployments taking 21 days from notification to arrival in Africa. This is a decrease by 50 percent of the time normally required to deploy DLA Distribution employees.

i. Reserve Support

For FY14 Distribution reservists provided 28,497 man hours of support, completing 386,208 lines which provided a \$692,935 cost avoidance to the Agency.

For FY14, Distribution reservists completed 93 deployments and exercises resulting in 6,584 man days of support.

j. EEO

The DLA Distribution Senior Executive Service Member was named as “Diversity Champion.”

Distribution employees participated in 24 Special Emphasis Program observances held throughout DLA Distribution or its host installations.

Defense Logistics Agency implemented a General Order, which incorporated EEO offices from all DLA Distribution sites under one umbrella at New Cumberland, Pennsylvania.

DLA Distribution EEO Staff trained over 3,000 employees on EEO subjects in the classroom. This training augments the Notification of Federal Employee Antidiscrimination and Retaliation (NoFEAR) training.

ADR Training was provided to all Commanders, Deputies and Directors during Audit Readiness Stand-down. This strategy continues to prove successful in resolving complaints at the lowest level.

There were two VTC brown bag luncheons held with 27 Union Officials Distribution wide to discuss, the EEO Accept/Dismissal Process, the Advantages of using Alternate Dispute Resolution for EEO and Non EEO conflict and Understand the EEO MD 715 report.

A Federally Employed Women's Workgroup was established to promote education and participate rates on hiring, training and retaining females in federal employment.

There were 112 ADR sessions conducted during FY14 and 72 were resolved.

3. Customer Solutions

a. Big Ideas Savings

DLA Distribution continues to achieve the promised savings as early in the FYDP as possible while allowing for the agency to meet its mission with the lowest possible cost. DLA Distribution's goal for Big Ideas through FY19 is \$334.6M (FY14-FY19).

The FY14 DLA Distribution Big Idea savings target was \$40.4M and saved a total of \$137.M, \$96.9M above the target.

| | |
|--------------------------|------------------|
| Operating Cost Reduction | \$ 13.45 million |
| Travel Reduction | \$ 7.7 million |
| Supplies | \$51.7 million |

| | |
|-----------------------|------------------------|
| Scheduled truck | \$ 15.85 million |
| Container Utilization | \$ 12.1 million |
| STO's | \$ 17.9 million |
| Contract Reduction | \$ 18.6 million |
| TOTAL | \$137.3 million |

4. Optimization

a. Distribution Network Optimization

DLA Distribution returned four buildings at Susquehanna's Mechanicsburg site resulting in a 492K gross square feet (GSF) reduction in support of the Agency's building knockdown initiative. This organization is on track to achieve the planned GSF reductions for FY15.

b. Shape the Distribution Network

From December 1992 through the end of FY14, DLA Distribution has reduced its wholesale covered storage footprint by 67.2M GSF, or 63.5 percent. DLA Distribution will apply the same principles to the recent Retail and Disposition Services Storage and Distribution (S&D) and Navy Warehouse Transfer (NWT) infrastructure gains, incorporating them into the out-year Space Optimization planning.

c. Equipment Life Cycle Management

DLA Distribution developed and implemented the DLA Distribution Material Handling Equipment (MHE) Standard Operating Procedures that will be used as the Agency template for standardizing MHE licensing, training, and safe operations. The organization established and published MHE training guidelines to provide distribution centers with the necessary tools to implement their MHE training and licensing program.

In FY14, DLA Distribution completed the fiscal year Equipment Deep Dive Review, identifying 379 pieces of MHE equipment for disposal with life cycle costs savings of over \$12 million.

DLA Distribution acquired \$25 million in additional obligation authority to buy ahead against aged equipment, thereby accelerating efforts to achieve an MHE fleet inventory posture which consists of equipment that no longer exceeds its life expectancy.

Working closely with Installation Support and its distribution centers, DLA Distribution turned in 66 vehicles to GSA for an estimated cost savings for the Agency of \$1.4M across the FYDP.

d. GSA Eastern and Western Distribution Center Closure

In FY14, DLA Distribution continued efforts to become the distribution service provider for the Whole of Government (WOG) by expanding its partnership with the General Services Administration (GSA). With a charter to provide the best value distribution solution to common

customers, DLA Distribution and GSA integrated GSA's Eastern Distribution Center (EDC) and Western Distribution Center (WDC) functions into DLA's Distribution network.

During the third and fourth quarters of FY14, the two phase integration encompassed the transfer of more than 5.2K lines of GSA material from the GSA EDC and WDC into DLA Distribution's CONUS Strategic Distribution Platforms (SDP). This transition resulted in storage utilization of 195K GSF to include 10.5K GSF specialized storage for hazardous material.

Phase I focused on the seamless transition of 480 lines of mission critical material for the USDA Forest Service's Wildland Fire Program. By 1 MAY 14, DLA Distribution established management of all Phase I material and began filling USDA Forest Service's Wildland Fire Program customer requisitions.

Phase II focused on the remaining 4.8K lines of GSA hazardous material to be managed at DLA Distribution. By 1 JUL 14, DLA Distribution established management of all Phase II material.

5. Operations

a. Continuity of Operations (COOP)

In FY14, DLA Distribution completed the annual review of the Continuity of Operations (COOP) plan, ensuring compliance with Federal Continuity Directive 1. The COOP training and exercise plan was approved and executed with four key activities conducted from February to December. The most significant exercises were the deployment of the mobile command center to an alternate work site, the relocation of designated Mission Critical Emergency personnel to the Alternate Work Facility (AWF) in Columbus, and the conduct of an emergency MRO pick, pack, and ship from Distribution Susquehanna during a notional Distribution Standard System (DSS) outage. The COOP staff was also responsible for the initial scope and deployment of the Mass Notification System across the DLA Distribution Susquehanna, PA installation.

b. Navy Warehouse Transfer (NWT)

c. DSS Implementation at New London and Cheatham Annex

The Navy needed to sunset U2 at the end of FY14, and DSS had to be operational at each site to ensure continuity of operations. Over the course of several months key stakeholders from DLA and the Navy met to facilitate this implementation: all IT requirements were resourced and phased to support implementation dates; appropriate training to support the implementation timeline was conducted; accountability of all inventory at each location, was established and maintained; and proper storage of all transferred items was validated. DLA-Distribution developed and executed a synchronized plan that enabled the organization to accomplish the DSS installation at Cheatham and New London in accordance with all established deadlines.

d. DSS Implementation at Port Hueneme and Gulfport

DLA Distribution, working in close concert with the Naval Facilities Engineering Command Engineering and Expeditionary Warfare Center (NAVFAC EXWC), has established a way forward for DSS implementation at NBVC Port Hueneme and NCBC Gulfport. The FY14 planning effort will have "go live" for DSS at these two sites during March and May 2015, respectively.

e. Littoral Combat Ship Support

As part of the ongoing capitalization efforts, DLA accepted 2,405 line items for LCS 1.

f. Bahrain

The establishment of DLA Distribution Bahrain, Southwest Asia enhances customer support and improves material management through the use of an in-theater DLA-operated automated warehouse, with integrated transactions with the Distribution Standard System (DSS) and transportation management system and thereby enable forward positioning of wholesale assets to support the mission requirements in the USCENTCOM AOR. The forward stocking of General Services Administration (GSA) materials in Bahrain resulted in 1,697 Materiel Release Orders (MRO's) being processed for fast-moving GSA managed items via local issue to joint customers, which resulted in improved war fighter readiness, a reduction of customer wait time, an increased use of surface transportation and increased availability of strategic airlift for other combatant commander priorities. GSA currently has 118 NIIN Lines on hand with support focused on UAE, Bahrain and all 5th Fleet vessels operating in the AOR. The end state is to have a 120-day supply of stock on ground that will occupy 25,000 square feet of warehouse space with expanded support Qatar and other locations within the region upon implementation of GSA's Vendor Module in the 4th Quarter of FY15.

g. Army Prepositioned Stocks

Army Materiel Command transitioned 1278 line item to DLA Distribution Korea and 311 line items to DLA Distribution Yokosuka as part of the Army G-4's request to reduce storage of redundant items, reduce the shelf life liability of Army stored assets supporting APS-4 and mitigate costs associated with the disposal, transportation, purchasing and general administrative costs of stocking Army War Reserve Secondary Items (WRSI).

h. Disposition Services/ Distribution S&D Integration Initiative

The DLA Distribution and Disposition Services (D2) program seeks to align the S&D functions between the two PLFAs to increase enterprise effectiveness, to improve customer experience, and reduce enterprise cost by consolidating resources. The transfer of 16 co-located sites (CONUS & OCONUS) occurred by end of year FY14 with a total of 178 employees being transferred from DLA Disposition Services to DLA Distribution. At the close of FY 14, the program has developed business rules, an interface document and a Memorandum of Understanding (MOU) that outlines the working relationship, functions and responsibilities at all levels. The program will evolve into a closely aligned network between the Primary Level Field

Activities (PLFAs) where DLA Distribution will serve as the storage and distribution service provider in support to DLA Disposition Services.

i. FY14 AOP Planning

DLA Distribution Future Plans coordinated and led a cross staff working group to develop the FY15 Annual Operating Plan using a modified Joint Operational Planning Process (JOPP). This deliberate planning effort used the operational design approach to analyze the current environment, perform a mission analysis, and develop three Courses of Action (COA), analyze and compare the COAs, and develop a core document. The FY15 focus of "shaping" will reset and posture the organization to consolidate all non-tactical storage and distribution work within Department of Defense (DoD), Whole of Government (WOG), and worldwide partners.

j. Sustainment, Restoration and Modernization (SRM)

The DLA Distribution total SRM requirement is \$406M. In 2014, we were awarded an operating budget of \$141.3M which resulted in a 99% committed and 97.9% obligation rate. Major categories of work funded across the DLA Distribution footprint included \$53.6M in Major Maintenance and Repair, \$22.9M in Mission Support, \$21.9M in Fire Suppression, \$11.8M in Modification to Prior Year Projects, \$6.5M in Utility, \$5.5M in Demolition, \$4.5M in Safety, \$2.6M in Design for Future Year Projects, \$1.7M in Energy, \$1.1M in Cyclic Maintenance and Repair and \$643K in Security. Of significance, is the coordination between DLA Installation Support and DLA Distribution that resulted in an allocation of \$4.5M directly to depot site commanders to use at their discretion in FY15.

k. Military Construction Program (MILCON)

The DLA Distribution MILCON Program Priorities Package was forwarded to HQs in April outlining our 2016-2020 allocation of \$244.1M. Our submission included two projects at Red River, Texas in FY 17; one project at Norfolk, Virginia in FY18; one project in Red River, Texas in FY19 and one project in Susquehanna (New Cumberland, Pennsylvania) in FY20. Over the last three years, nine projects have been completed at the cost of \$207.7M. There are currently seven projects under construction at the cost of \$208M. Five of the seven construction efforts are here at Susquehanna, the remaining two at San Joaquin, California. Susquehanna was the sole depot site with four projects in design at the cost of \$16.6M.

l. Area Development Plan (ADP)

Master Planners considered future infrastructure requirements, utilization and capital investment strategy for 12 DLA Distribution sites: Albany, Anniston, Barstow, Cherry Point, Corpus Christi, Hill Jacksonville, Norfolk, Oklahoma City, Puget Sound, Red River and Richmond. In June, DLA HQs awarded a separate Master Planning contract through the Fort Worth Corps of Engineers Office to complete our remaining 10 CONUS and OCONUS ADPs as well as 17 other DLA Enterprise sites of which DLA Disposition has the major presence.

m. Industrial Hardware Initiative

DLA Distribution provided input to the BCA process that determined the sourcing solution for industrial hardware that represented 2.4M annual requisitions at DLA Distribution Susquehanna and San Joaquin. Based on our input, the Director approved sourcing via long-term contract and continued use of the DLA Distribution network for this materiel. This decision will continue to provide the best customer wait time at the lowest cost to the Agency.

n. GE F-Series Engine Contract

In coordination with DLA Aviation and GE, DLA Distribution developed a performance-based logistics agreement that provides supply availability and leverages the organization's existing storage and distribution capability at Oklahoma City. DLA Distribution looks to expand this business model to all PBLs in the future.

o. Foreign Military Sales (FMS) Consolidation

DLA Distribution opened a new business segment by establishing a Foreign Military Sales consolidation capability at DLA Distribution Susquehanna, Pennsylvania for the Greek Hellenic Army and Air Force. DLA Distribution will extend this concept by adding Romania in FY15. This concept was developed with DSCA, USTRANSCOM and the MILSVC FMS Commands.

p. U.S. Army Program Manager (PM) Materiel located at Tobyhanna

DLA Distribution integrated storage and distribution for 23 Army Program Managers' materiel at Tobyhanna Army Depot (TYAD). This initiative will improve inventory accountability and provide asset visibility for materiel owned by the PMs that is utilized in the maintenance process at TYAD.

q. IDA Study

DLA Distribution provided input to the OSD-charted IDA study on the DLA roles and responsibilities. Our team conducted a site visit to Anniston and participated in several working sessions to ensure the DLA storage distribution's capabilities were represented in the study.

r. DNA Marking Storage and Distribution at Columbus

DLA Distribution established a storage and distribution detachment in Columbus to support the Agency's DNA Marking Program. This program involved DLA Land and Maritime, J6, and DES.

s. Aviation/Storage & Distribution IPT

DLA Distribution established an IPT to align and integrate DLA Aviation and DLA Distribution support at the three Air Logistics Centers (ALCs.) This IPT is focused on metrics, policy, and alignment.

t. Joint Striker Fighter (JSF)

DLA Distribution attended several IPTs and established the foundation to become the long-term DLA storage and distribution provider for the JSF program. DLA Distribution DLA Aiation, JPO, Lockheed Martin and Pratt & Whitney to develop a future partnership.

u. Meeting DLA Agency Performance Review (APR) Standard

FY14's performance for Denial Rate metric was the best in more than a decade; at 0.32 percent, significantly besting the goal of 0.45 percent. Receipt metrics were cumulatively strong, exceeding the 90 percent standard with inductions at 91.4 percent and stows at 96.4 percent.

v. FY14 Operational Challenges Met

DLA Distribution's Strategic Distribution Platforms (SDPs) assumed the GSA Fire Support mission and successfully expedited, issued, and received firefighting material in support of the Forest Service's efforts to combat wildfires in the Western United States. DLA Distribution Susquehanna, Pennsylvania successfully provided FMS consolidation support to the Hellenic Air Force and Hellenic Army via Total Package Fielding (TPF) due to the inability of the Greece Freight Forwarder to provide such service. Additionally, DLA Distribution San Joaquin, California overcame challenges and successfully ramped up production of Unitized Group Rations (UGRs) meals, meeting a build requirement of 14K per month, to replenish Troop Support critical war reserves.

w. Safety

(1) Reduction in case rates/lost time rates

In FY14, DLA Distribution reduced its total case incident rate by 20 percent and its lost time case rate by 16 percent as the Distribution Centers remained well within the OSHA incident rate standards.

(2) Safety Deep Dives

Deep dives with each distribution center on high risk hazards continued throughout the year, to include Risk Assessment Code (RAC) II and RAC III hazards, with a focus on proper interim controls and timely abatement actions by the hosts. From 2013 to 2014, DLA Distribution reduced the number of RAC II hazards by 77 percent and for 2014 DLA Distribution lowered the volume of RAC IIs by an additional 56 percent. For RAC III hazards, the organization reduced our volume in 2013 by 88 percent and in 2014 lowered the volume by an additional 75 percent.

(3) Safety Program Assessments

DLA Distribution completed 10 Safety Program Assessments with the distribution centers, focusing our training and assessments on key incident drivers as noted in the Enterprise Safety Applications Management System (ESAMS). Doing so, achieved positive results in reducing the

overall number of safety incidents in the organization's top categories, including an 18 percent reduction in overexertion mishaps and a 12 percent reduction in slip, trips, and falls. Additionally, DLA Distribution reduced material handling equipment mishaps by 38 percent vs. the 2013 baseline.

(4) Safety Assessments and Supervisory Inspections

DLA Distribution achieved above a 99 percent completion rate on scheduled safety assessments and supervisory inspections as the organization continued an aggressive stance in the timely identification and mitigation of hazards in the workplace.

(5) Expeditionary Assets

DLA Distribution planned and executed an exercise to Ft. Knox, Kentucky in support of the Army Brigade Combat Team (BCT) drawdown. This exercise demonstrated DLA Distribution's capability to Army leadership. Army then requested, and DLA Distribution provided, additional support to Joint Base Elmendorf Richardson, Alaska, Ft. Stewart, Georgia and Ft. Drum, New York. Planning is ongoing for FY15 requirements.

In support of Operation United Assistance (OUA), Expeditionary assets were deployed to West Africa to assist with humanitarian efforts in combating the Ebola Virus Disease. Warehousing operations were established in Dakar, Senegal and Monrovia, Liberia. Expeditionary teams established distribution operations, received, stored and arranged transportation of material to Ebola Treatment Units and in theater customers.

(6) Transportation

During FY14, the Scheduled Truck Program provided \$11.4M in cost avoidance to our Service customers. The Vendor Shipment Module (VSM) program, which automates the route and freight charge selection process while providing a print capability for shipping labels and transportation documents, registered 11,252 new vendors during the year. By leveraging VSM with an expanded vendor base, we are able to reduce customer wait time, increase shipment accuracy, and improve in-transit visibility.

For FY14, DLA Distribution also established a satellite transportation office in Battle Creek, Michigan at the DLA Disposition Headquarters. This office will handle disposition transportation requests as well as offer additional support to vendors involved with First Destination Transportation.

x. Standardization/Audit Readiness

(1) Compliance

DLA Distribution implemented an overarching Compliance program with structured elements that addressed both quality control and quality assurance logging over 11,000 completed surveillances in FY14. These targeted efforts spanned the distribution network and ensured

standardized process adherence, encompassing all business cycles and functional areas of operations.

Dedicated Quality Assurance Evaluators (QAEs) were placed at all Distribution sites monitoring and reporting findings through the Quality Management System (QMS). Ownership of Compliance was driven to the lowest levels of the organization and quarterly Quality Control test plans were implemented by site leadership to address the key internal controls that support Audit Readiness. The product of these efforts is a sustainable and systematic approach tracking compliance findings from discovery through site developed Corrective Action Plans (CAPs) to final closure upon successful remediation.

(2) Audit Readiness

FY14 marked the year of consistent communication across the Distribution network on all assertions while providing key messages on P2S functions and testing results. Distribution hosted on-site training in New Cumberland with all Distribution Commanders and Directors to discuss Audit Readiness and the expectations of the Commanding General.

DLA Distribution asserted Audit Readiness in accordance with criteria based on the DoD FIAR Guidance where DLA is the Service Provider to the Military Services and also for DLA Supply Centers concerning inventory in the custody of DLA Distribution centers. The assertions rely on a combination of substantive testing results and operationally effective systemic and manual internal controls. DLA Distribution identified, tested and asserted controls that are suitably designed and operating effectively, providing reasonable assurance that the Financial Reporting Objectives (FROs) are achieved.

In FY14, we advanced auditability across the enterprise, successfully documenting processes that account for \$1.6 billion of Department of Defense work, on time or ahead of schedule, while supporting Army, Navy, Air Force, and Marine financial audit requirements. To date, DLA Distribution completed the initial development and revalidation phases for process cycle memorandums (PCMs) falling under P2S Functions in addition to the crosswalk/outline of the P2S Business Cycle to Standard Operating Procedures (SOPs). The organization dispatched teams to all sites across Distribution, CONUS and OCONUS, to heavily test all key controls, ensuring each site is held accountable and responsible for their results and corrective actions.

The DLA Distribution J4 team developed process maps, JBSs, QC checklists and SOPs for 41 processes and 19 sub-processes in the areas of Inventory, COSIS/Special Inspections, Shelf Life/Special Commodities, PPP&M, Kitting and Hazmat. They participated in the Audit Readiness (AR) revalidation of the Process Cycle Memorandum (PCM) for Stock Readiness, Inventory and Kitting, to include support in the area of both TOD and TOE testing. The J4 supported planning and development of the floor-to-book Inventory CONOPs and testing to meet the Audit Readiness requirement.

y. Inventory

With J4 oversight, DLA Distribution has met or exceeded the DoD MILSTRAP inventory accuracy goals in all categories for eight consecutive years. This represents ~2.4M NSNs with a value of ~\$105B. Inventory accuracy improvement and continued sustainment is the result of systemic controls, documented processes, targeted clean-up efforts and comprehensive training of distribution processes directly impacting the accountable balance record. Continual review and analysis of errors is ongoing to identify areas to improve processes and accountability of inventory. DLA distribution reversed 4,320 inventory adjustments through causative research for a total of 2.2M reaches and an aggregate dollar value of \$313M.

z. Stock Readiness

Through various Suspended Stock working groups, Distribution J4 Stock Readiness Team facilitated obtaining disposition instructions for distribution centers in order to remediate or dispose of suspended assets stored at the centers. The team sent 3,216 follow ups to Military Service Item Managers to obtain disposition instructions on aged SQCRs. During 2014, DLA Distribution centers closed over 54K SDRs and SQCRs. The team also distributed 116 Safety of Flight and Safety of Use messages to the centers. In addition, they distributed and tracked 1,725 special inspection requests and stock screening inspections for potentially defective stock. All of this effort ensures that materiel is ready for issue to the warfighter.

aa. Kitting

DLA Distribution successfully handled over 700,000 lines and completed a total of 40,143 kits for the year. Of this total, 11,922 kits were built for DLA Aviation, 24,568 for DLA Troop Support, 2,036 kits completed for Air Force, and 1,617 kits for USAMMA. Distribution J4 worked diligently to have the first shipment of supplies (first aid kits) sent to the Ukraine per direction of the White House and Office of Secretary of Defense; the request was received and executed within a 24 hour timeframe. Additionally, the J4 has completed the Project, Consolidation & Packaging (PC&P) process manual which covers Supply Center EBS kits.

bb. DSS Implementations

The J4 supported the roll-out of the Distribution Standard System (DSS) at New London and Cheatham Annex. This included initial documentation of processes, training of the workforce, DSS testing, refresher training and IOC support for two to three weeks post-Go Live. Inventory SMEs were on site during Black Out to validate data conversion and perform sample inventories prior to IOC. They successfully completed two performance sample inventories in Feb 14 and Aug 14, meeting or exceeding all DoD goals and completed the Chief Financial Officer inventory in Sep 14. Additionally, shelf life programs were validated/emplaced.

cc. Seasonal Flu Vaccine

Distribution J4 worked with other stakeholders to have Seasonal Influenza vaccines (approximately 2.5M) receipted at DLA Distribution Susquehanna and distributed to members of all military branches, their dependents, and DoD civilian employees world-wide. Proper cold chain management packaging protocols were strictly adhered to by DLA Distribution Centers

and constant monitoring of temperature ranges while materiel was in storage and transit were accomplished to ensure material integrity for warfighter use.

dd. CBRN countermeasure auto-injectors

In June 2013, DLA Troop Support identified concerns with the ATTNA auto-injectors to include those in storage at DLA Distribution Susquehanna Pennsylvania. All auto-injectors were immediately suspended pending investigation. DLA Distribution participated with the DoD Medical Logistics Community through weekly conference calls with all stakeholders to develop courses of action to be taken. Working with DLA Troop Support and the manufacturer, the majority of the auto-injectors were returned for corrective action utilizing specialized controlled temperature containers. The remaining assets in storage were maintained for immediate deploying units. These assets were entered into the Shelf Life Extension Program (SLEP) for FDA testing and possible shelf life extension as a stop gap measure until new production could be initiated, which is anticipated to begin early in 2015. Distribution J4 coordinated efforts to have these pharmaceuticals entered into SLEP database and FDA tested. Materiel in storage has now been tested, extended and returned to issuable condition for Warfighter use.

ee. Relabeling of DoD Pandemic Stockpile antivirals:

Distribution J4 worked with other stakeholders to have the FDA grant a waiver to relabeling of DoD Pandemic Stockpile antivirals due to short periods between test periods and large quantities that would require relabeling. If a Pandemic event occurs, this materiel must be ready for issue and compliant with FDA guidance within 48 hours. Distribution can now meet these requirements for Warfighter support.

ff. GSA Mission

DLA Distribution began assumption of GSA's distribution functions due to the planned closure of GSA's two distribution centers located in Burlington, New Jersey and Sharpe, California by relocating GSA stock to DLA Distribution Susquehanna, PA and DLA Distribution San Joaquin, CA. One critical mission assumed included support for wildfires across the United States in May with the transfer of over 400 NSNs pertinent to the firefighter missions. Rapid changes to DSS programing, and internal Policies were needed to keep GSA stock segregated from DoD stock while still providing emergency support to combat wildfires. DLA has seen dramatic increases in our Containerization Consolidation Points (CCP) workload due to the closure of the GSA depot in Sharpe, and there is a planned increase for the closure of the GSA depot in Burlington due to the assumption of Direct Vendor Delivery material order by customers through GSA that is inducted into the DoD transportation network via our CCP functions at DLA Distribution Susquehanna, Pennsylvania and DLA Distribution San Joaquin, California. DLA Distribution has seen increases in overall workload with the assumption of all GSA stocked NSNs.

gg. IMSP Implementation

DLA Distribution completed the Fleet Readiness Centers (FRC) Inventory Management Stock Positioning (IMSP) Implementation of three sites (FRC-W, FRC-SE, and FRC-E). DLA

Distribution worked in coordination with DLA HQ and DLA Aviation in implementing IMSP Spiral 2, extending DLA's Enterprise Business System (EBS) and Distribution Standard System (DSS) process capabilities and system functionalities to the Naval retail sites and incorporating the FRC's storage and distribution function into DLA Distribution's storage and distribution purview. The function of the DLA Distribution team was to successfully transition wholesale practices/policies into retail practices/policies, identify gaps within the policies, create retail policies within DLA Distribution/DoD regulation, create training manuals for these policies, present and/or assist with the training of the converted retail employees, and coordinate with J6 for the implementation of DSS into the Navy Retail. This effort converted approximately 102K NIINs (collectively from the three sites), with an estimated dollar value of \$320M and consumed approximately 10,000 man hours within DLA Distribution. Implementing IMSP at sites will assist DLA HQ/Navy in achieving increased visibility of enterprise inventory, will assist in leveraging DLA's wholesale supply chain management and consumable items in a retail environment, optimize safety stock across multiple echelons of operating inventory, and allow for DLA to improve supply efficiencies by reducing inventories across FRC locations.

hh. OF-49 Data Cleansing

DLA Distribution met or exceeded the goals and metrics for Data Cleansing with regard to the OF-49 DSS to SAP Interface. Throughout the year the daily error metric was below the five percent threshold. Additionally, the DLA Distribution workload has been completed within the Enterprise wide 30 day timeframe.

ii. Audit Readiness

DLA Distribution met or exceeded the goals and metrics for Data Cleansing with regard to the OF-49 DSS to SAP Interface. 25,554 IDOCs were worked during FY 14 increasing data integrity, inventory accuracy and allowing timely and accurate vendor payments. Throughout the year the daily error metric was below the five percent threshold. Additionally, the DLA Distribution workload has been completed within the enterprise-wide 30-day timeframe.

jj. DSS Access Audit Readiness CAP

DLA Distribution redesigned DSS Role Based Access Controls (RBAC) to enable the organization to integrate into the Account Management and Provisioning System (AMPS) for DSS system access. The redesign allowed for DSS to go from over 50 user roles to eight primary roles that have the segregation of duties business rules built into the user role configuration. The business rules are based on operational business needs and are supported by internal controls allowing for maximum flexibility of warehouse workers. This project consisted of three months of work redesigning roles and working with auditors for audit worthiness, and then four months of training all the distribution centers on the new processes. The DSS role redesign was approved by KPMG for audit. The J4 Team trained all distribution centers on the new roles and how to submit in AMPS. Every DSS user is now submitting for access using the new role structure in AMPS. To date, over 4600 requests have been approved.

kk. DSS System Enhancements

DLA Distribution tested and implemented a total of 87 Request for Changes (RFC) during FY 14. These changes included enhancements to current processes to improve efficiency, changes due to new business operations being acquired and mandated changes per policies. Due to these changes DLA Distribution completed over three weeks of testing for each of the increments. The main increments were 14.03, 14.05, 14.06, and 14.09, with smaller audit readiness releases in between the main increments. DLA Distribution also conducted an RFC clean-up at the beginning of this year, which resulted in 18 RFC's cancelled due to the requirements no longer being needed. In addition to the cancellations, requirements were updated on RFC's that were still needed. This clean-up also fixed conversion issues left from the transfer of information from Infoman into the new Enterprise Change Request Tool that was fielded in FY 14. By cancelling the 18 RFCs, the resource impact was the same as if a full major increment was cancelled resulting in saving three weeks' worth of system testing equating up to 300 hours of testing, up to 20,000 hours of coding, and administrative savings of briefing and approving RFCs through the ECRT process that includes approval by DLA HQ SES, J6 project management and estimation and costs for J6 and DISA to implement the RFCs

II. Acquisition Operations

(1) Contract Awards/Small Business Goals

In FY14, Acquisition Operations awarded 2,600 contracting actions valued at \$224.4M with over \$13M in service contract savings achieved through negotiating, reverse auctions and improved cost reimbursement estimating methodologies. Additionally, DLA Distribution Jacksonville, Florida contract operation was converted from an unrestricted acquisition to a small business set-aside, enabling J7 to exceed our established Small Business goal by four percentage points attaining a 72% Small Business rate for the FY.

(2) Rollout of Quality Assurance Program

The Contract Quality Assurance Program Office (CQAPO) successfully completed the much anticipated rollout of the Quality Assurance (QA) program to all remaining Distribution Centers. Having already implemented this program at eight (8) Contractor-Operated and five (5) Government-Operated locations, the CQAPO was able to visit the eleven (11) remaining Distribution Centers, train their QA teams (over 352 classroom hours), and maintain daily interaction with all locations to ensure smooth and successful distribution oversight operations. The QA program was also revised to incorporate distribution-related requirements to satisfy contract oversight, DLA Distribution Compliance requirements, and Controls (key and non-key) for Audit Readiness. During FY14, CQAPO personnel conducted 8,560 surveillance and oversight reviews of site-submitted surveillances.

(3) Reduction of Government Purchase Card Holders

DLA HQ requested a reduction in the number of Government Purchase Card (GPC) Holders. DLA Distribution J7 began with 219 Cardholder accounts. DLA Distribution was able to reduce

the number of GPC cardholder accounts to 122, (44% reduction), across the Enterprise. This also resulted in the number of Billing Accounts being reduced from 95 to 68.

(4) GPC Reviews

DLA Distribution J7 reviewed 15,552 GPC Transactions and further reviewed 2,689 of those transactions. Of the 2,689 transactions reviewed, there were 849 documented findings. Most of these findings were due to the continuous changes in the guidelines for the GPC and implementation of a new approval form and mandatory use of DoD EMALL.

(5) PCM's for Government Purchase Card and Accountable Property for Audit Readiness

DLA Distribution J7 participated in the development, TOD and TOE testing of the PCM's for Government Purchase Card and Accountable Property for audit readiness. After multiple wall-to-wall inventories and system updates/uploads, DLA was able to assert Capital Equipment September 30, 2014.

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Defense Logistics Agency

DLA Human Resources (J1)

Fiscal Year 2014 Annual Historical Report

1. Introduction

DLA's ability to attract, develop and retain a diverse, skilled and agile workforce is vital to our continued mission as America's Combat Logistics Support Agency. Our workforce is highly skilled and committed to meeting the needs of the Warfighter, but there is always an opportunity to improve, particularly in our rapidly changing, global environment.

In Fiscal Year 2014, DLA Human Resources (J1) took a number of steps to improve and sustain the effectiveness and efficiencies of its service to customers, civilian and military, internal and external to DLA. J1 also used key operating goals, metrics, and other tools used to regularly monitor its performance and ensure DLA's workforce had the capabilities to meet present and future mission requirements.

J1 FY 2014 pursuits were shaped by the austere budget realities facing DLA. J1's strategic initiatives and key operating metrics reflected an emphasis on rightsizing the workforce, increasing efficiencies, revalidating workforce investments, and pursuing initiatives that fostered an engaged, high-performing workforce. As DLA leaders navigated through adversity, J1 stood ready to help them choose the right mix of human capital strategies to achieve their workforce goals.

2. Mission, Vision and Values

Mission

We are America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to Warfighters and our other customers.

In support of the DLA mission, DLA Human Resources (J1) finds, hires, trains, and sustains a mission-ready workforce for DLA and our HR customers, using world class policies, processes, programs, and tools.

Vision

Warfighter-focused, globally responsive, fiscally responsible supply chain leadership

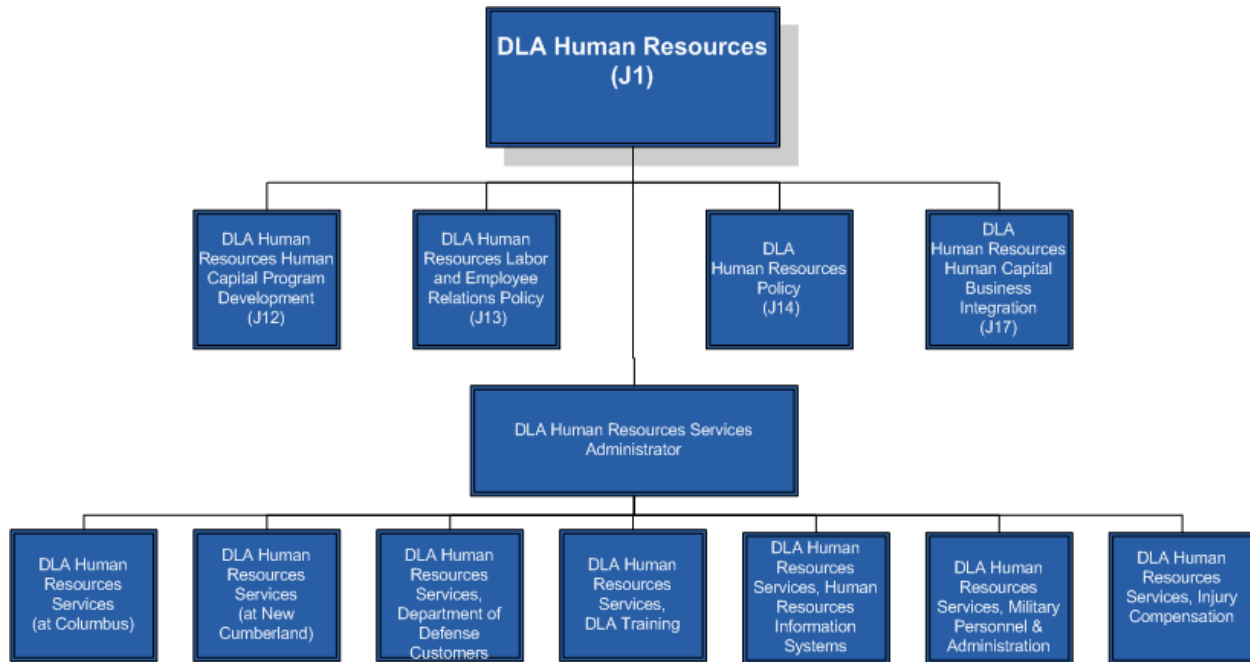
Values

Our values are DLA's foundation for all we do.

They provide our guiding principles as we accomplish our mission, pursue our vision, and strive to do what is right for the Armed Forces and Department of Defense (DoD):

- Warfighter needs guide us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

3. J1 Organization Chart



J1 provides the full-range of human resources (HR) policy, programs, and service delivery to the civilian and military members of our workforce as well as to the DoD customers serviced by DLA.

Our team has end-to-end responsibility to execute for the enterprise a wide variety of products and services including: workforce planning, talent and capability management, labor and employee relations, change management, training and development, recruitment and staffing, position classification, benefits and entitlements, awards and recognition, performance management, telework, personnel action processing, personnel file maintenance, injury compensation, human resources systems and data, continuity of operations, drug testing, civilian expeditionary workforce, and personnel accountability. J1 also is responsible for special project areas such as Financial Improvement and Audit Readiness (FIAR), the Hire to Retire (H2R) Process, the Enterprise Organizational Alignment Board, and the Continuous Process Improvement (CPI) Board.

4. Overview of J1 Resources and Key Leaders

Resources

| | |
|--|------------|
| J1 Full Time Equivalent (FTEs) (Authorized) | 48 |
| DLA HR Services FTEs (Authorized) | 720 |
| Direct-Funded Support | 395 |
| Reimbursable Support | 325 |
| Reimbursable – DOD Support | 274 |
| Reimbursable – DLA Support | 51 |
| GRAND TOTAL | 768 |

J1 Key Leaders

| Leader | Position |
|---------------------------|---|
| Mr. Brad Bunn | Director, DLA Human Resources (J1) |
| Mr. Billie Keeler | Deputy Director, DLA Human Resources (J1) |
| Ms. Chaletta McCoy | DLA HR, Human Capital Program Development (J12) |
| Ms. Pamela Molloy | DLA HR, Labor and Employee Relations Policy (J13) |
| Ms. Stacey Salo | DLA HR, Human Resources Policy (J14) |
| Ms. Cheryl Steptoe-Simon | DLA HR, Human Capital Business Integration (J17) |
| Ms. Janet Hoffheins | Administrator, DLA Human Resources Services (DHRS) |
| Mr. Derek Saunders | Director, DHRS at Columbus |
| Mr. Peter Marchesani | Director, DHRS at New Cumberland |
| Ms. Jill Dixon Cromer | Director, DHRS, DoD Customers |
| Mr. John Van Vactor | Director, DHRS, DLA Training |
| Ms. Kathryn Roberts | Director, DHRS, HR Information Systems |
| Dr. Carrie Register-Haley | Director, DHRS, Military Personnel and Administration |
| Ms. Donna Estep | Director, DHRS, Injury Compensation |

5. Path to Mission Accomplishment

Goal 3 (Workforce Development) of DLA's 2011-2017 Strategic Plan is to foster a diverse workforce and supporting culture to deliver sustained mission excellence. This goal recognizes that the DLA workforce is vital to the Agency's current and long-term success. It acknowledges that DLA must enable employees to capitalize on their skills, experience, and potential; prepare for workforce transition as retirements increase in the years ahead; and leverage the diverse backgrounds and abilities of both civilian and military personnel. The Goal 3 strategies set forth in the Plan clarify the Agency's approach to meeting this goal: (a) attain a workforce that reflects the diversity of America's relevant civilian labor force, (b) attain and sustain a sound Enterprise culture, and (c) establish a comprehensive talent management program to ensure a high-performing workforce.

J1 supports the DLA Strategic Plan, and Goal 3 attainment specifically, by ensuring that DLA attracts, hires, develops, rewards, and retains a diverse, skilled workforce that meets DLA's current and future mission requirements. J1 provides programs and services, and carries out initiatives, that are anchored to this overall purpose by six principles of HR excellence. These principles, or anchors, together define our path to mission accomplishment. The six anchors are defined as follows:

- a. Plan deliberately:** *Plan DLA's recruitment, training, and other workforce readiness strategies deliberately, based on functional expertise and data-driven workforce analyses and projections.*
- b. Recruit smartly:** *Recruit smartly to attract a well-qualified, diverse workforce capable of meeting DLA's current and future challenges.*
- c. Train and develop strategically:** *Train and develop the DLA workforce strategically to build mission essential competencies, address skill gaps, and facilitate employees' long-term career progression.*
- d. Perform efficiently and effectively:** *Perform efficiently and effectively to achieve economies of scale, deploy user-centric systems and processes, and deliver world-class service to the DLA and external customer.*
- e. Integrate corporately and collaboratively:** *Integrate corporately and collaboratively to ensure that human resources policies, programs, and personnel serve DLA's overall mission requirements and workforce needs.*
- f. Evaluate regularly:** *Evaluate regularly to measure progress against human capital goals, make course corrections, and acquire data to inform new workforce development initiatives.*

6. J1 FY14 Initiatives

J1's FY14 AOP initiatives were based on key operational metric results, other oversight and monitoring outcomes, and the overarching priority to efficiently and effectively position the workforce to carry out DLA's mission. Each of J1's FY14 initiatives was tied to our J1 mission through a primary anchor, i.e., to plan deliberately, recruit smartly, train and develop strategically, perform efficiently and effectively, integrate corporately and cooperatively, or evaluate regularly. By clearly identifying these anchors, we achieved a line of sight between our day-to-day operational concerns and our overall mission to be a premier HR services provider to DLA and non-DLA customers.

Each of J1's FY14 initiatives also was categorized by whether it was (1) an initiative supporting the Director's strategic objectives or (2) an initiative supporting overall DLA workforce readiness. While all of J1's initiatives supported the Director's strategic objectives in that they contributed to a mission-ready workforce, some initiatives were more explicitly focused on helping the Agency carry out those strategic objectives. J1's FY14 initiatives were as follows:

| J1 Initiatives Supporting the Director's Strategic Objectives | |
|--|--|
| Perform-1 | Support DLA Workforce Shaping Goals. |
| Integrate-1 | Prepare Workforce for EBS / Retail and Transformation Initiatives. |
| Evaluate-1 | Lead H2R Business Cycle. |

| J1 Initiatives Supporting Overall DLA Workforce Readiness | |
|--|---|
| Plan-1 | Integrate Enterprise Strategic Workforce Planning into Agency Operations. |
| Recruit-1 | Implement Pathways Program. |
| Recruit-2 | Improve the DLA Supervisory Selection Process. |
| Perform-2 | Meet POWER (Protecting Our Workforce and Ensuring Reemployment) Goals. |
| Perform-3 | Deploy the Rapid Climate Assessment Team (RCAT). |
| Integrate-2 | Develop DLA Enterprise Newcomers Getting a Global Entrance (ENGAGE). |
| Integrate-3 | Support Flexible Workplace Alternatives. |
| Integrate-4 | Support DLA Fitness and Wellness. |
| Integrate-5 | Improve Employee Engagement through Awards and Recognition. |
| Evaluate-2 | Reassess the DLA Enterprise Culture. |

7. J1 FY14 Initiative Outcomes

Plan Deliberately

Plan 1: Integrate Enterprise Strategic Workforce Planning into Agency Operations

This initiative's objective was to sustain strategic workforce planning across the DLA enterprise. During FY14, DLA's GS-0511 and GS-1102 workforces participated in Department of Defense web-based competency assessment surveys. These assessments were conducted during the third and fourth quarters of FY14. Also during FY14, Functional Community Manager working groups developed strategic workforce plans for eight occupational job series (0028, 0080, 0081, 0083, 0260, 0346, 1670 and 2001). Finally, the sustainment contract for the DLA Integrated Workforce Analysis and Planning Model tool (IWAPM) was awarded.

Recruit Smartly

Recruit 1: Implement Pathways Program

This initiative's objective was to use the Intern and Recent Graduates programs under Pathways as a way to both fill DLA vacancies and meet DLA recruitment initiatives. Accomplishments included: (1) publishing the Pathways Program Directive Type Memorandum (DTM) in April 2014; (2) onboarding 144 DLA interns; (3) hiring more than 20 Recent Graduates to supplement DLA's Pathways to Career Excellence (PaCE) hiring; and (4) incorporating Presidential Management Fellows (PMF) into the Pathways DLA Instruction (DLAI). The PMF program is a leadership program managed by OPM and, while DLA has not participated in the program in the past, DLA is moving forward to incorporate this into the suite of programs used by DLA under Pathways.

Recruit 2: Improve the DLA Supervisory Selection Process.

This initiative's objective was to develop a more rigorous, competency-based approach for selecting DLA supervisors. Past DLA survey results and other feedback mechanisms indicated ongoing issues with the quality of DLA leadership. Although DLA has in place rigorous training and development for new and existing supervisors through the Enterprise Leadership Development Program (ELDP), the front-end process (i.e., supervisory selection assessment) still needed improvement. This need drove this J1 initiative that was successfully implemented by the close of FY14. Accomplishments included evaluating existing supervisory selection processes, obtaining approval of and communicating the new process, and initiating the revised approach.

J1 evaluated DLA's current self-report selection assessment methodology, researched findings on alternative assessment tools and validity ratings thereof, and reviewed products of selection assessment vendors. These efforts resulted in a decision to adopt the Office of Personnel Management's (OPM) supervisory Situational Judgment Test (SJT) to measure critical

leadership skills. SJTs are deemed by research experts as highly valid in predicting successful job performance, and the OPM SJT measures competencies that align with the DLA/DoD leader competency framework. The proposal, approved by the DLA Alignment Group and endorsed by the union, integrates the OPM SJT into the existing selection process and thereby provides for a more holistic evaluation of supervisory candidates. Technical competency will be evaluated through improved occupational questionnaires; leadership skills will be evaluated through the OPM SJT; behavior-based interviewing will be used to further assess and confirm competencies; and reference checks will be conducted to validate findings. The improved process will provide DLA with more reliable, precise referral lists; better suited candidates for leadership positions; and an improved organizational culture. FY14 closed with OPM SJT customization efforts underway with a phased-in deployment targeted for FY15.

Perform Efficiently and Effectively

Perform 1: Support DLA Workforce Shaping Goals

This initiative's objective was to strategically shape the DLA workforce by focusing on rightsizing, increasing efficiencies, and advising senior leaders on appropriate actions. During FY14, J1 provided management advisory services to customers to help them strategically shape their workforces, achieve efficiencies, and plan for future mission changes. During FY14, 76 downsizing allocations were used to abolish positions, and an additional 53 restructuring allocations were used to reshape existing positions to better utilize Full-Time Equivalents (FTEs) within activities. J1 also assisted DLA Distribution and DLA Disposition with the consolidation of Storage and Distribution Functions between the two Primary Level Field Activities (PLFAs) to increase enterprise effectiveness, improve the customer experience, and reduce enterprise costs. This was accomplished in three phases by transferring approximately 64 Disposition employees to DLA Distribution sites where they are co-located.

Also under this initiative, J1 developed a new staffing model that transitioned from one that covered transactional/operational staffing levels to one that covered operations, policy, programs, strategy and oversight, training and workforce development. The new staffing model covers a significantly larger portion of J1's staffing requirements and can be used as a gauge for future requirements by aligning our model with Federal and/or industry standards. The model not only supports DLA customers with HR services/support, but it also provides support for nearly 44,000 customers throughout the DoD Community. The J1 Staffing Model covers roughly 94% of all J1 staffing requirements. The remaining 6% that is not covered by the new model are those FTEs supporting Military Personnel and Administration, and all 300 series supporting HR. In June 2014, J1 received concurrence and approval from J8 and DORRA to use the model. The J1 Staffing Model was also briefed at the June AG meeting, with no concerns noted.

Finally, success under this initiative was measured and reflected by J1's performance on its key metrics as follows:

- **J1 FTE Execution Rate:** The annual goal for the J1 FTE Execution Rate is between 98%-102%, while the Acceptable Performance Level (APL) is between 95%-97% or 103%-105%. During FY14, there was a 3% reduction in FTE Authorizations across the agency for directly funded FTEs. J1s FTE Execution Rate was 96.9% which is in the acceptable performance range; however, it is right on target based on the 3% reduction.
- **Mandatory Training Execution Rate:** The annual goal for the Mandatory Training Execution Rate is 95% or above, while the APL is between 90%-94%. J1 not only met, but exceeded its goal, by achieving a 98% Mandatory Training Execution Rate.
- **Time to Fill:** The monthly goal for Time to Fill is 70 days or less, while the APL is between 71 – 80 days. In FY14, J1 met the APL each month and exceeded the goal in 8 of the 12 months. The average Time to Fill for the year was 68 days.
- **Customer Satisfaction for HR Svcs-Columbus:** The monthly goal for Customer Satisfaction is to receive an overall rating of 4.75 or above, while the APL is between 4.50-4.74. In FY14, HR Svcs-Columbus met and exceeded the goal in each of the 12 months. The average Customer Satisfaction score for the year was 4.96.
- **Customer Satisfaction for HR Svcs-New Cumberland:** The monthly goal for Customer Satisfaction is to receive an overall rating of 4.75 or above, while the APL is between 4.50-4.74. In FY14, HR Svcs-New Cumberland met and exceeded the goal in each of the 12 months. The average Customer Satisfaction score for the year was 4.89.
- **Time to Discipline for One-Step Actions:** One-Step disciplinary actions include Reprimands, Letters of Discipline, and Probationary Terminations. The monthly goal for Time to Discipline is 7 days or less, while the APL is 8 days. In FY14, J1 met the APL each month and exceeded the goal in 11 of the 12 months. The average Time to Discipline for the year was 5 days.
- **Time to Discipline for Two-Step Actions:** Two-Step disciplinary actions include Suspensions and Removals. The monthly goal for Time to Discipline is 70 days or less, while the APL is between 71 – 80 days. In FY14, J1 met and exceeded the goal in each of the 12 months. The average Time to Discipline for the year was 58 days.
- **Pay Action Timeliness to Payroll:** The monthly goal for Pay Action Timeliness to Payroll is 98% or above, while the APL is between 95%-97%. In FY14, J1 met the APL each month and exceeded the goal in 9 of the 12 months. The average Pay Action Timeliness to Payroll for the year was 99%.
- **Benefits Action Processing Timeliness:** The monthly goal for Benefits Action Processing Timeliness is 98% or above, while the APL is between 95%-97%. In FY14, J1 met the APL and goal in 10 of the 12 months. The average Benefits Action Processing Timeliness for the year was 97.3%.

- **Military Readiness:** The quarterly goal for Military Readiness is 95% or above, while the APL is between 85%-94%. In FY14, J1 met the APL in each of the 4 quarters; however, J1 did not meet the goal in any quarter. The average Military Readiness for the year was 87%.
- **ELDP Level 3 Completion Rate:** The annual goal for the ELDP Level 3 Completion Rate is 95% or above, while the APL is between 85%-94%. In FY14, J1 met and exceeded the goal. The ELDP Level 3 Completion Rate for the year was 96%.
- **MSF Improvement Rate:** The annual goal for the MSF Improvement Rate is 6% or above, while the APL is 5%. In FY14, J1 met and exceeded the goal. The MSF Improvement Rate for the year was 9%.
- **IDP Established Rate:** The annual goal for the IDP Established Rate is 85% or above, while the APL is between 76%-84%. In FY14, J1 met and exceeded the goal. The IDP Established Rate for the year was 90%.
- **Average Number of Training Hours Invested:** The annual goal for the Average Number of Training Hours Invested per Employee is 36.75 hours or more, while the APL is between 33.08-36.74 hours. In FY14, J1 met and exceeded the goal. The Average Number of Training Hours Invested per Employee for the year was 54.20 hours.
- **DoD Customer Service Metrics:** The annual goals and APLs for the DoD Customer Service metrics varies by HR function supported on behalf of the customer. However, J1 met or exceeded all APLs and/or goals for the year.

Perform 2: Meet POWER (Protecting Our Workforce and Ensuring Reemployment) Goals

This initiative's objective was to meet POWER goals and, specifically, to increase the timely filing of Worker's Compensation claims and Wage Loss claims. This objective was met in that we saw improvement across the Agency in the percentage of Workers' Compensation claims filed in a timely manner. Prior to implementing this initiative, on average, 80% of new injury claims were filed within the 14 day timeframe. In FY14, on average, 96% of new injury claims were filed timely, which exceeded/met both the Acceptable Performance Level and stretch Goals of 94% and 96% respectively. We also saw improvement across the Agency in the percentage of Wage Loss claims filed in a timely manner. Prior to implementing this initiative, on average, 80% of wage loss claims were filed within the seven-day timeframe. In FY14, both the Acceptable Performance Level and stretch Goals were met and exceeded, with an average timeliness rate of 95%.

Perform 3: Deploy the Rapid Climate Assessment Team (RCAT)

The RCAT was designed to provide a leadership intervention process for complex, recurring issues that do not fall within an already established avenue of redress. The RCAT is a

management tool to assess and recommend solutions to these issues. Under this initiative, J1 developed both a Concept of Operations and a process to follow when an issue is identified as proper for RCAT intervention. The RCAT has been successfully launched.

Integrate corporately and collaboratively

Integrate 1: Prepare Workforce for Enterprise Business Systems (EBS)/ Retail and Transformation Initiatives

J1 met the goal of ensuring all tools were in place to have successful workforce use of Enterprise Business Systems (EBS) / Retail Integration and other transformations. Specifically, J1 provided Organizational Alignment, Change Management, and training support to Inventory Management & Stock Positioning (IMSP) Release 2.2 (former Navy sites) / Retail Integration. In addition, J1 provided deployment support as well as post-deployment support for Retail Integration efforts. Overall, J1 met the objective of enabling workforce acceptance of EBS and other Retail Integration transformation initiatives.

Integrate 2: Develop DLA Enterprise Newcomers Getting a Global Entrance (ENGAGE)

This initiative's objective was to develop a consistent, comprehensive onboarding program focused on DLA mission, vision, and values, with the long-term goal of retaining high-performing employees, promoting faster time-to-productivity, and maintain high employee job satisfaction level. This initiative supported the DLA Director's goal and focus areas to effectively prepare new employees for success in their duty positions in support of the warfighter by providing clear, consistent, and timely information on DLA's mission, values, culture, and history.

J1 led a working group with representation from all DLA activities to develop a comprehensive onboarding program for all DLA newcomers, regardless of geographic location, organization, job series, or grade. This program is called ENGAGE. Key deliverables included an ENGAGE online curriculum, checklists for newcomers, supervisors, and sponsors, and a 90-day feedback instrument. The ENGAGE curriculum is offered online through the Learning Management System (LMS) and has four courses: DLA Enterprise Orientation (EO) I, EO II, DLA ENGAGE 101, and DLA ENGAGE 105. EO I is a four minute video that opens with a welcome from the DLA Director. We now have an ENGAGE page on eWorkplace and an ENGAGE post on the DLA Facebook, and we send an ENGAGE memo to newcomers and selecting officials through OPM Onboarding Manager. In addition, welcome packets are sent to all new employees with a welcome letter from the DLA Director and other materials designed to facilitate a smooth transition to DLA.

ENGAGE was implemented in early June 2014. Initial feedback has been positive, with 100% of survey respondents feeling committed to the DLA mission, 94% expressing job satisfaction, and 89% planning to remain with DLA long-term. Use of the LMS and other online media assure ENGAGE is available to all new employees at all 300+ DLA locations.

Integrate 3: Support Flexible Workplace Alternatives

This initiative's objective was to support the DLA's use of flexible workplace alternatives (FWA) such as telework, virtual teams, remote siting, and hoteling. Accomplishments included:

- Serving as an executive sponsor for the Smart Workplace initiative and working group, a collaboration effort with DLA and the General Services Administration (GSA) to understand workplace culture, determine its underlying potential, and create a strategy to modernize and right-size our real estate footprint. The working group is also engaged in consolidating our National Capitol Region workforce into a single location at the McNamara Center.
- Supporting continuity of operations during closure or dismissal events.
- Surveying the DLA workforce regarding telework in the 2014 DLA Culture Survey. Eighty-three percent of respondents rated themselves "prepared to effectively use telework to maintain productivity in the event of an emergency," a 22 percent increase from 2012.
- Exceeding telework eligibility and approval targets for FY14.
- Collaborating with J6 and J8 to merge Employee Activity Guide for Labor Entry (EAGLE)/ Defense Civilian Personnel Data System (DCPDS) data for generating reports. J6 and J8 have agreed to enhance EAGLE by adding routing of telework approvals and storage of agreements.

Integrate 4: Support DLA Fitness and Wellness

This initiative's objective was to increase DLA employees' knowledge and use of the Agency health awareness and health intervention programs, with the longer term goal of encouraging and motivating employees to develop health and lifestyle choices resulting in an enhanced quality of work life. Accomplishments included:

- Publishing the DLA Instruction in May 2014.
- Providing regular data reporting and analysis including participation rates, worker's compensation cost, and employee grievances for the Agency, as well as by PLFA and J/D codes.
- Conducting a baseline evaluation of the program's impact on the workforce and agency. Overall, the program participation rate has averaged over 40 percent since program inception.

- Assessing employee and supervisory perceptions in 2014 DLA Climate Survey. Overall results for employee respondents were overwhelming positive. Specifically, employees noted a positive impact on their attitude, energy level, morale, and productivity, as well as less sick leave usage. Supervisory perception was split. J1 will continue to monitor both employee and supervisory perspectives.

Integrate 5: Improve Employee Engagement through Awards and Recognition

During FY14, J1 benchmarked and compiled awards best practices via open source research. A working group reviewed existing awards policies and procedures and discussed the difficulties experienced by supervisors in using the awards program. Supervisory concerns included: non-familiarity with the awards process, not knowing whom to contact with questions, being unable to locate correct forms, and a lack of time to devote to award preparation.

To ease some of the identified concerns, J1 posted procedures for all honorary awards, with sanitized examples of each type, to the awards website. This will help DLA leaders understand the items that constitute a complete package for each honorary award, the formats for written narratives, and the timelines associated with awards. Additionally, J1 and J5 representatives met to develop appropriate form templates so that awards procedures are repeatable and properly delineated. Finally, organizational award administrators were identified, and roles and responsibilities for awards administrators were documented and posted to the awards website.

Evaluate Regularly

Evaluate 1: Lead Hire-to-Retire (H2R) Business Cycle

This initiative's objective was to sustain the H2R Civilian Pay assertion in preparation for the FY14 independent audit examination, and this objective was met. The larger goal was to obtain an unqualified or qualified opinion on the H2R Civilian Pay examination, and this goal also was met as Hire to Retire received a clean audit. No major H2R deficiencies were identified that would lead to a disclaimer.

In support of the Director's Strategic Objectives, J1 executed the FY 2014 Internal Controls over Financial Reporting (ICOFR) deliverables. They consisted of Process Cycle Memoranda, Risk Analysis, Test Plans, and Controls Assessment, and they were delivered in accordance with DLA Finance (J8) Program Management Guidance. J1 also completed the DLA HR Services Service Provider assertion requirements for customer's FY14 SBR assertions.

Evaluate 2: Reassess the DLA Enterprise Culture

The objectives for this initiative were to (1) reassess DLA’s culture and (2) revise action plans to improve Culture Survey results and overall DLA culture. J1 accomplished the first objective in that the DLA Culture Survey was administered to the DLA workforce from April 28 – May 30, 2014, with a robust 61% response rate. Major steps within this overall accomplishment included: (a) coordinating extensively with Denison and the DLA Culture Champions before, during, and after the survey; (b) tailoring the climate portion of the survey to DLA’s strategic interests; (c) ensuring the survey was administered to the entire DLA workforce, both civilian and military, in the United States and overseas; (d) arranging both paper survey distribution and survey translations as needed; (e) marketing the survey to the DLA workforce via a variety of media (DLA Today, Director’s Blog, Director’s video, HR website, posters, screensavers, etc.); (f) briefing DLA senior leadership and our union partners; (g) providing guidance and workshops to DLA’s Culture Champions; and (h) distributing the survey results.

The second objective (“revise action plans to improve Culture Survey results and overall DLA culture”) was accomplished as well. Specifically, DLA activities analyzed their 2014 DLA Culture results and developed their culture action plans to address deficiencies. In August 2014, J1 held an action planning workshop for DLA’s Culture Champions as they play a key role in facilitating the action planning process within their organizations. In addition, J1 coordinated the process by which activities could acquire Denison support for their results analysis and action planning. Finally, J1 provided the Culture Champions reference material on the action planning process, as well as a standard template for documenting their activity’s overall action plan.

8. Conclusion

In FY14, J1 pursued the above-described initiatives to sustain and improve its service to customers. In focusing on providing HR services that efficiently and effectively enhanced DLA’s preparedness for mission, J1 also supported the DLA Director’s strategic objectives, i.e., “Big Ideas” and “13 in 6,” as well as the long-term workforce development goals and strategies documented in DLA’s Strategic Plan 2010-2017.

Defense Logistics Agency

DLA Logistics Operations (J3)

Fiscal Year 2014 Annual Historical Report

Introduction

Fiscal Year 2014 was a milestone year for DLA, including the J3 organization. Our numerous accomplishments are documented in this Historical Report, including our support to warfighters around the globe, particularly in the U.S. Central Command Area of Responsibility.

Notable accomplishments include:

- Afghanistan Sustainment and Drawdown
- Support against Islamic State of Iraq and Levant (ISIL)
- Material Availability increase
- Forward Stocking (PACOM/CENTCOM AORs)
- Inventory and Infrastructure Reduction
- Audit Readiness
- Operational Contract Support (OCS)/Local Procurement
- Federal Agency Support
- Healthy Base Initiative
- Humanitarian Assistance/Disaster Relief (Operation United Assistance)

Looking ahead, J3 will remain focused on the agency's strategic priorities. Nobody does logistics as well as DLA does – we've proven it again and again. Our opportunities to provide unprecedented levels of support to our customers have never been greater.

Signed/Jan 20, 2015

Vince Griffith
Rear Admiral, SC, USN
Director, J-3 DLA Logistics Operations

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Organization Overview

Defense Logistics Agency (DLA) Logistics Operations (J3) Leadership



- J3 welcomed new leadership in May 2014 as Mr. Michael Scott, former Deputy Commander of DLA Energy, became Deputy Director and acting Director J3. Mr. Scott assumed these positions following the March 2014 retirement of Major General Kenneth Dowd, Director J3, and the April 2014 retirement of Mr. Redding Hobby, Deputy Director J3. In June 2014, Rear Admiral Vincent Griffith became the new Director J3.
- Mr. Guy Beougher served as Executive Director Support (J34) from July 2013 to May 2014. During his leadership the Material Policy, Process & Assessment (J33) and Strategic Integration (J35) Directorates merged forming the Executive Directorate Support (J34). Mr. Beougher now serves as Executive Director Operations (J31).
- In June 2014, Mr. Jeffrey Curtis entered the Senior Executive Service as Executive Director Support (J34).
- Rear Adm. Ron MacLaren serves DLA in two roles: Director, DLA Joint Reserve Force and Director, Joint Contingency Acquisition Support Office, J32 (JCASO). JCASO was officially reorganized under J3 leadership in FY 2013. Mr Patrick J. Dulin, Deputy Executive Director deployed in August 2014 to Afghanistan for 12 months as the Executive Director for Sustainment (EF 5) under the Deputy Chief of Staff, Support, International Security Assistance Force (ISAF) Headquarters. Mr David Koch was detailed, from J34, into Mr Dulin's position as the acting Deputy Executive Director J32.

DLA Logistics Operations (J3) Mission:

- DLA Logistics Operations (J3) is responsible for the end-to-end supply chain management of the DLA's nine supply chains, providing logistics and materiel process management policy, guidance, and oversight while conducting continuous assessments of supply chain performance.

- J3 integrates strategic, operational, and tactical perspectives, and Command and Control (C2) functions for contingency operations and adaptive planning in order to influence the end-to-end logistics supply chain. DLA J3 is the principal strategic, operational, and tactical planner for DLA business operations, championing best business practices, Enterprise Business System (EBS), and value-added logistics solutions for the warfighter.
- J3 oversees Operational Contract Support (OCS), the daily operations of all DLA logistics activities, and engages DLA HQ Directorates and Primary Level Field Activities (PLFA) to gather and interpret customer requirements for the Agency.
- In support of customers around the world, J3 serves to maximize readiness and logistics combat power by leveraging enterprise solutions. To fulfill this mission, organizational elements aligned under J3 include Executive Directorate Operations (J31), Joint Contingency Acquisition Support Office (J32 JCASO) Executive Directorate (J32), and the Executive Directorate Support (J34).

Operations Executive Directorate (J31)

- J31 supports the warfighter, engaging with the Military Service HQs and Major Commands, Combatant Commands (COCOM), and Military Service components around the world linking their mission needs with DLA's capabilities.
- J31 is comprised of the DLA Joint Logistics Operations Center (JLOC) Division; Military Services Support (MSS) Division; DLA-United States (U.S.) Transportation Command (TRANSCOM) Support (DLA-T) Division; Mission Assurance Support Team, and the Portfolio Programs Support Team.
- J31 also oversees the activities of three Regional Commands who are embedded with COCOMs around the world -- DLA-Central embedded with U.S. Central Command (CENTCOM) in Tampa and DLA Support Teams in Afghanistan and Kuwait; DLA-Europe/Africa supporting U. S. European Command (EUCOM) and U.S. Africa Command (AFRICOM), and DLA-Pacific aligned with U.S. Pacific Command (PACOM).

Joint Contingency Acquisition Support Office (JCASO) Executive Directorate (J32)

- J32 JCASO provides Operational Contract Support (OCS) capability across the Department of Defense (DOD) and the whole-of-government (WoG) during peacetime and contingency operations.
- J32 JCASO assists the Combatant Commander (CCDR) with OCS planning and Program Management (PgM), and assists DOD and the WoG with institutionalizing and maturing OCS. JCASO provides the requested OCS capacity by deploying a Mission Support Team (MST) to support combat operations and contingency and post-conflict operations involving multiple components, coalition forces, and government agencies. J32 JCASO assists with coordinating and integrating OCS lessons learned and best practices and facilitates interagency OCS coordination and communication within DoD and the WoG.

- J32 JCASO is responsible for maintaining a deployable capability to enable OCS planning and PgM, and functioning as an active voting member of the OCS Functional Capabilities Integration Board for program governance.

Support Executive Directorate (J34)

- J34 is responsible for developing and disseminating enterprise-wide policy of business and supply chain management for order fulfillment, planning, stock positioning, retail sustainment, asset management, transportation, distribution network, disposition, technical/quality functions, and business cycle processes.
- J34 engages with Office of the Secretary of Defense (OSD), Joint Staff, and Military Service leadership in partnership efforts directly related to logistics strategic programs and initiatives.
- J34 conducts research and analysis, and provides DLA leadership with insights to shape policy development and support decisions.
- J34 manages enterprise-wide logistics research and development and leads projects related to DLA's Audit Readiness efforts.

FY14 Funding and Personnel Goals and Actuals

| | FY14 Goals | FY14 Actuals |
|---------------------------------|-------------------|---------------------|
| Civilians (FTEs) | 513 | 488 |
| Active Duty Military Authorized | 110 | 110 |
| Reserve Military Authorized | 70 | 70 |
| | | |
| | (In Millions) | (In Millions) |
| Labor (Direct only) | \$69.0 | \$73.1 |
| Contracts | \$17.8 | \$21.8 |
| Travel | \$1.6 | \$2.8 |
| Training | \$.5 | \$.5 |
| Other | \$1.3 | \$.7 |
| Total | \$90.2 | \$99.0 |

POC: J3 Business Management Office

Goal: Afghanistan: Win the current fight and pivot to transition

Initiative: Afghanistan Transition

Background: In FY2014, over the course of more than 10 months, roughly half of all the U.S. equipment in Afghanistan, which includes over 13 years of vehicles, generators, spare parts and office equipment, was drawn down in one of the biggest retrograde efforts in military history.

Description: DLA successfully supported the drawdown in Afghanistan over the course of FY2014. DLA Central and DLA Support Team Afghanistan coordinated support from DLA Distribution, DLA Disposition, DLA Troop Support, DLA Land and Maritime, DLA Energy and other organizations from across the enterprise.

DLA Disposition continued to meet and exceed customer requirements during the draw down. They operated four main disposal sites and eight Hub-Based Disposal Operation (HBDO) locations. Using the “overwhelming overmatch” concept, Disposition removed over 375 million pounds of scrap, over 3,400 pieces of rolling stock, and implemented a Usable Goods sales program which returned over \$1.9 million in proceeds. Disposition supported and continues to support the warfighter through Coalition Support, Hazardous Waste removal, and general support of base closure efforts.

During the draw down efforts, DLA Troop Support served over 42 million meals in Afghanistan, introduced local fresh fruit and vegetables, purchased fresh eggs from Latvia, and perfected multi-modal shipments which cut the Order Ship Time from 120 to 75 days. In addition, they supplied over \$1.2 million in uniform sales. They also supplied over 91,000 sales order lines of construction materials and equipment valued at over \$46 million.

DLA Land and Maritime provided outstanding support to the customer during draw down operations, providing non-mission capable supply materiel to the warfighter to reduce Army and Marine Corps fleet density from 5,588 to 1,907 in the Army, and from 4,224 to 539 in the Marine Corps. Land and Maritime also maintained support for the Army’s Patriot missile system in the CENTCOM area of operations, supporting an average 90% in commission rate.

DLA Energy continued to provide outstanding support, providing over \$2 billion worth of fuel, including over 830,000 gals of aviation gasoline, 21,229,000 of diesel, 288,356,000 gals of jet fuel, and over 1,322,000 of gasoline. DLA Energy continues to provide support for base closures while managing the strategic drawdown of all types of fuel.

Outcome(s): Overall, DLA support played a major role in allowing CENTCOM and US Forces-Afghanistan (USFOR-A) to meet 100% of their draw down goals for FY2014.

Key participating organizations:

- Internal to DLA:
 - J3
 - J1
 - J6
 - DLA Central
 - DLA Distribution
 - DLA Disposition

- DLA Aviation
- DLA Land and Maritime
- DLA Energy
- DLA Troop Support

- External to DLA:
 - U.S. CENTCOM
 - U.S. TRANSCOM

POC: J31

Goal: Contingencies and Humanitarian Assistance and Disaster Relief Support

Initiative: Rapidly Respond to Crisis

Background: As part of DLA's "Focus on the Warfighter", the J3 maintains a Joint Logistics Operations Center (JLOC), which integrates DLA's adaptive planning processes, executes support of Department of Defense operations worldwide, and performs command and control functions during contingencies external to DLA Regional Command Structures. It provides continuous, integrated situational awareness throughout the DLA Enterprise to support decision-making, influences the logistics supply chain, develops policies and procedures to ensure responsive support to the Military Services, Unified Combatant Commands, designated Federal and State Agencies.

Description: FY2014 saw DLA respond to multiple crises and strengthen relationships with Combatant Commands and other Federal Agencies conducting emergency response. These include support to multiple operations in Europe, Africa, and the Middle East, in addition to supporting crisis relief in the US.

FY2014 brought improved strategic partnership between DLA and Federal Emergency Management Agency. In January 2014, DLA secured a seat/position at the National Response Coordination Center (NRCC). DLA now sits amongst all Emergency Support Functions (ESF) within the National Response Framework (NRF) and is able to synchronize with FEMA during NRCC activations for contingency operations. DLA is invited to all FEMA Senior Leader Updates and injects its capabilities to support the survivors of a catastrophic event. DLA has become an integral part of the "Whole of Community/Government" approach to support survivors during an incident.

DLA participated in several exercises with FEMA in FY14. In February, DLA supported the National Level Exercise (NLE) Capstone focused on a 9.2M earthquake scenario in Anchorage, Alaska. DLA provided approximately \$300M in fuel and commodity support in the exercise and assisted with finding alternative transportation solutions to provide support in/during the exercise. In July, DLA was activated to the NRCC during the 4th of July weekend for possible support to Hurricane Arthur. DLA J3 deployed the DLA Support Team (Mobile Command Unit) to Fort Bragg, NC to provide FEMA "boots on the ground" support until their Incident Support Base (ISB) was functional. In August 2014, DLA conducted a multiple catastrophic exercise (hurricane and wild fires) that incorporated multiple federal agencies including US Army Corps of Engineers, FEMA, and US Forest Service.

DLA developed and submitted twelve commodities support Pre-Scripted Mission Assignments (PSMA), one DLA Distribution Expeditionary (DDE) Incident Support Base/Federal Staging Area (ISB/FSA) Augmentation Support PSMA, and two fuel support PSMA's to FEMA (closely coordinated with Office of Secretary of Defense HDI & ATL). The Inter-Agency Agreement (IAA) was reviewed and approved by HQ DLA for another year as well.

DLA also rapidly responded to two crises in the US Africa Command (AFRICOM) and US European Command (EUCOM) areas of responsibility. Operation UNITED ASSISTANCE was an AFRICOM effort to support US Agency for International Development (USAID) efforts to combat the Ebola virus outbreak in the West African nation of Liberia. Operation UNITED ASSISTANCE demonstrated DLA's ability to quickly "flex," across the Enterprise BY integrating the Supply Chains. Through December 2014, DLA expended about \$95 million in support of the operation. DLA's responsible Regional Command, DLA Europe and Africa, deployed personnel with the first U.S. military forces to arrive in country, and quickly established a DLA Support Team (DST) that at its peak totaled 41 DLA personnel from across the enterprise. The DST responsively set the strategic environment for new business opportunities supporting logistics operations for DOD, State Department, and USAID. DLA products and services provided across all supply chains include:

- o CL I OPRATS (MRE/UGR-H&S/UGR-A/BW/HCP and supplements) BW 66k+ cases, HCP 1,500+ bx, MRE 31,500+ bx (cs), Ice 9500+ cases, and Thanksgiving and Christmas holiday meals
- o CL II 4k+ cots/ 12 TEUs pillows & blankets (MV VEGA)
- o CL III (B) (Liberia & Senegal) JA1: 2.7mil gls/DF2 199k gls/Mogas 4.5k gls
- o CL IV 262 TEUs of plywood, lumber, hardwood, fences post (MV VEGA) + MRO-PV procured building materials
- o Cl VII, 34 light sets (VEGA & CAPE WRATH), 5 RTCHs, forklifts (RT and Warehouse), 10 waste management trucks
- o CL VIII, @ 1.4mil personal protective suits, NMS for 10 ETUS
- o CL IX, ASL for 14 helicopters – 4 x CH47, 6 x UH 60, 4 x HH-60
- o Provided Contingency Contracting Support to the entire JFC until contracting capability & money could deploy

DLA Europe and Africa also supported EUCOM's Operation ATLANTIC RESOLVE, which began in response to Russian aggression in Ukraine. In support of the North Atlantic Treaty Organization (NATO), EUCOM positioned forces in Poland, Lithuania, Latvia, and Estonia. US Forces are conducting unilateral training with NATO allies to build proficiency and cooperation. While the bulk of support is being provided by the Host Nations, DLA provided the following support:

- o Class I Operational Rations (MREs/BW, HCP) & Holiday meals totaled \$824k,
- o Class III (B), JP-8 = 23, 300 gls * expected increase as mechanized forces are introduced
- o Cl IV: \$62k, lumber, concertina, sandbags & HESCO
- o DDE is the main hub for all supplies using their weekly ground route.

DLA Europe and Africa has also been heavily involved in African with the Local Procurement Initiative (LPI). In partnership with AFRICOM and DLA JACSO, DLA Europe and Africa developed a pilot program to provide responsive logistic support in Western Africa grounded in locally procuring support on short notice and for small and irregular demands. Initially focused on Class I with mid- and long-term requirements for Class III and IV, the LPI pilot program looked to develop local sources in and near Niamey, Niger. The DLA EA-led team established venues to work with local vendors and leverage Partner Nation capacity to build a whole of government approach to short-term, small, but flexible support agreements. DLA Europe and African and AFRICOM continue to explore options to follow up on gains made by

the team in Niamey. The ground work done in Niger of developing a template on implementation of a local procurement as well as registering local business served as a model for support operations in Liberia as part of Operation United Assistance. The team will continue building on this success with further engagement with AFRICOM and with Special Operations Command - Africa in CY 2015.

In early August 2014, in the US Central Command (CENTCOM) area of operations, US forces began to provide humanitarian aid to thousands of civilians fleeing from the Islamic State in Iraq and the Levant (ISIL) and stranded on Mt. Sinja in Iraq. DLA Central and DLA Support Team Kuwait led the planning and execution efforts to supply over 25,000 cases of special meals and bottled water. With DLA support, airlift operations performed by CENTCOM were successful in providing life-saving relief to the stranded refugees until they the ISIL forces surrounding them were mitigated.

Outcome(s):

Key participating organizations:

- Internal to DLA:
 - J3
 - J7
 - J8
 - DLA Central
 - DLA Europe and Africa
 - DLA Troop Support
 - DLA Distribution
 - DLA Disposition
 - DLA Energy

- External to DLA:
 - USAID
 - AFRICOM
 - CENTCOM
 - TRANSCOM

POC: J31

Goal: Industrial and Platform Support

Initiative: Inventory Management and Stock Positioning (IMSP) at Fleet Readiness Centers

Background: IMSP is the Defense Logistics Agency's (DLA) initiative to extend consumable item supply chain responsibility from the wholesale level to the point of consumption. IMSP is an output from the Base Realignment and Closure (BRAC) 2005. It includes the transfer of material support operations from the Military Service Industrial Activities to DLA. Through IMSP, DLA is transforming itself from a manager of supplies to a manager of complete supply chains. The goal of IMSP is to extend the DLA enterprise closer to the Warfighter by merging wholesale and retail inventories into a national inventory managed in a more integrated manner. IMSP involves the implementation of DLA supply systems and distribution process capabilities. IMSP provides greater control and visibility of the entire supply chain which helps improve asset visibility and forecasting; reduces backorders and customer wait times; and enhances investment decisions. Delivering an optimized network strategy, IMSP positions material to provide optimal weapon system support and lower overall Department of Defense (DOD) inventory costs by reducing redundant inventory and covered storage requirements. IMSP enhances collaboration with customers and suppliers and allows better leveraging of commercial services where they provide best value.

Description:

- DLA worked with each Military Service to develop the best solution for their requirements. Since each of the Military Services came to the table with different expectations and requirements, the IMSP solution was tailored to fit accordingly.
- The Air Force's Air Logistics Complexes (ALC) wanted to maintain their inventory management system (D035K) for non-DLA managed items. Therefore, DLA implemented IMSP for DLA managed material while DLA personnel continue to use the Air Force's system for non-DLA managed material. DLA Aviation personnel are responsible for the DLA Supply Operations, as well as Storage and Distribution at the Industrial Activity.
- The Marines Corps did not implement full IMSP capabilities but chose to transfer their Storage and Distribution functions to the DLA at Marine Corps Depot Maintenance Command Production Plant Albany, Georgia and Production Plant Barstow, California. DLA Land and Maritime (L&M) was the initial activity in charge of the DLA operations at the Industrial Activity but the DLA Storage and Distribution Operations were transferred to DLA Distribution with DLA L&M maintaining Supply positions.
- The Navy Shipyards proved to be a challenge. IMSP was initially deployed at Norfolk Naval Shipyard (NNSY) in Jan 2012 but the DLA Information Technology systems were removed and the NNSY systems reinstated in Oct 2012 at the request of the Navy. There were two major lessons learned from the implementation. First, inventory should be capitalized rather than attriting in place. Leaving in place introduced end of day complications with Navy systems processing end of day transactions. Second, data must

be completely clean prior to transition between systems to avoid ordering and receiving transaction errors. Going forward, DLA and Navy must conduct end-to-end testing between all systems before future implementations at the shipyards to reflect business rule changes.

- The Navy’s Fleet Readiness Centers (FRC) wanted DLA to manage all sources of supply so the IMSP solution was slightly different than the ALCs. Additionally, the Navy wanted to requisition by “Unit of Use” vice a standard Unit of Issue. Many hours were dedicated to software development and integration from DLA HQ, DLA Aviation, DLA Distribution and Navy personnel. The excellent collaboration from all parties involved resulted in each implementation more successful than the previous one.
- Figure 1 is the completion timeline for the BRAC 2005 IMSP implementation efforts.

Figure 1

| Military Service | Industrial Activity | Go-Live Date |
|------------------------------|-----------------------|---------------|
| Air Force | Warner Robins | August 2009 |
| | Oklahoma City | November 2009 |
| | Ogden | January 2010 |
| Marine Corps | Albany | June 2011 |
| | Barstow | July 2011 |
| Navy Fleet Readiness Centers | North Island (FRC-SW) | June 2013 |
| | Jacksonville (FRC-SE) | October 2013 |
| | Cherry Point (FRC-E) | March 2014 |

Outcome(s): IMSP was successfully implemented at the Air Force’s Air Logistics Complexes and the Navy’s Fleet Readiness Centers. The two major retail supply metrics at the ALCs are Order Response Times and Material Availability (MA) which have continued to meet or exceed the 90% goal during FY2014. MA has been consistently above 90% since July 2013. At the FRCs, the two major indicators of success are the Local Fill Rate and MA. The Local Fill Rate at North Island consistently exceeds the baseline while the other two FRCs are below baseline but trending in the right direction. FRC-SE’s Local Fill Rate for September 2014 was down due to a large volume of end of year unplanned orders. The FRCs continue an upward trend toward meeting the performance target of 90% MA - currently 87% across the three FRCs. DLA Distribution is responsible for the Storage and Distribution at the FRCs and monitors internal retail metrics – Receipt Performance, Issue Performance, Denial Rate and Inventory Accuracy. All three FRCs have met or exceeded these internal metrics since April 2014 which coincides with the final Distribution Standard System implementation at FRC-E.

Key participating organizations:

- Internal to DLA:
 - DLA Aviation
 - DLA Land & Maritime
 - DLA Distribution
 - DLA Troop Support
 - DLA Human Resources (J1)

- DLA Logistics Operations (J3)
- DLA Information Operations (J6)
- DLA Acquisitions (J7)
- DLA Finance (J8)

- External to DLA:
 - Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR))
 - Military Services (Air Force, Marine Corps, Navy)
 - Defense Logistics Management Standards Office

POC: J34

Goal: Industrial and Platform Support

Initiative: F-35 Joint Strike Fighter (JSF) Cataloging and Support Efforts

Background: Supply Chain Management for the F-35 aircraft and F135 engine will be provided by Lockheed Martin (LM) and Pratt & Whitney (P&W). To control their supply chain operations LM developed a JSF-unique data system known as the Autonomic Logistics Information System (ALIS) that operates independently of Defense Department systems. ALIS will have minimal interface to existing DOD systems and uses commercial part numbers instead of National Stock Numbers (NSNs) to manage spare parts support. However, if the contractors desire to leverage existing Department of Defense (DOD) systems, infrastructure, services and/or support, the NSN will be the key enabler. Thus, Defense Logistics Agency Logistics Information Services (DLIS) has worked with the JSF Program Office, the contractors, and DLA Headquarters to develop a methodology to catalog and maintain the JSF NSNs in DLA's Enterprise Business System (EBS).

Description:

- Generally, every weapon system is assigned a lead Military Service, even those that are planned to have contractor logistics support. The lead Military Service is responsible for initiation of provisioning and cataloging activities. Cataloging requests sent from the Military Services are transmitted systemically to DLA and the resultant National Stock Number (NSN) and other logistics data is automatically returned to the users using existing DOD infrastructure. For the JSF, there is no lead Military Service and no interface between ALIS and DOD systems for data sharing.
- To accommodate LM as the management lead, an alternative means was employed for sharing data and assigning NSNs. This alternative method uses standard cataloging procedures to stage the NSNs in EBS. These unique JSF NSNs are segregated within EBS to prevent the system from trying to perform the usual supply chain management functions. However, DLA is able to maintain the data associated with each NSN. When or if it is determined that DOD can provide "best value" support to the JSF, the NSNs can easily transition to organic support at that time.
- Neither the Program Office nor the manufacturers signed the Memorandum of Agreement (MOA) defining cataloging and management requirements. The lack of a signed MOA initially delayed delivery of the tech data and the start of cataloging. However, LM and P&W began to provide the data as needed to enable DLIS to start the cataloging process.
- DLIS has a goal of cataloging 500 items a month. Since the F-35 is managed by the contractor using part numbers in their own system, the priority for JSF material is lower than all other active weapon system NSN requests.
- Cataloging is dependent on the contractor's cooperation to identify logistics management data, to provide access to technical data, and to render expert advice and collaboration to ensure proper coding and description of each item. Although there is

no system interface to transmit the requisite logistics management data, the contractors are providing standard spreadsheets with the data. Technical data is being provided by LM and P&W has agreed to make their technical data available. Discussions are in process with the lift fan manufacturer, Rolls Royce, in regards to access to their technical data. The lack of Rolls Royce data has not delayed cataloging for the rest of the aircraft. Two separate Weapons System Designator Codes (WSDC) were assigned by DLA, SFJ for the aircraft and JFE for the engine. These WSDCs were assigned for visibility only, and were not meant to be used in the “normal” sense to prioritize inventory/purchase decisions.

Outcome(s): At the end of FY14 there were 4,291 parts associated with the JSF that had NSNs assigned. Of these, 2,680 parts were cataloged and assigned a new NSN using standard military and industry specifications and technical data provided by the contractors. Another 1,611 JSF parts were matched to existing NSNs. According to estimates from the contractors there are about 15,724 parts remaining to be cataloged. Based on the goal of 500 a month, DLIS anticipates that cataloging actions will be completed by 3rd Quarter FY17.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J3)
 - DLA Aviation
 - DLA Information Operations (J63)

- External to DLA:
 - Joint Strike Fighter Program Office
 - Lockheed Martin
 - Pratt & Whitney
 - Rolls Royce

POC: J34

Goal: Industrial and Platform Support

Initiative: Littoral Combat Ship Support

Background: In April, 2014, a Memorandum of Agreement (MOA) was signed for Inventory Ownership Transfer, Warehousing and Replenishment of Littoral Combat Ship Spares between DLA J3, Naval Supply Systems Command and the Littoral Combat Ship Program Executive Office.

Description: This initiative supports both the Littoral Combat Ship 1 Variant and Littoral Combat Ship 2 Variant. In the agreement, DLA agrees to hold stock for 7 years with no disposal requests. There are no transfers of funds between the parties under this agreement, and the agreement remains in effect until March 2021. The support can be modified at any time as mutually agreed to by the parties. This program supports over 38,000 National Item Identification Numbers, of which 43% are common with other platforms. Of the 57% items unique to the Littoral Combat Ship, 30% are common to both variants, 16% are unique to Littoral Combat Ship 1 Variant and 11% are unique to Littoral Combat Ship 2 Variant.

Outcome(s): - The Littoral Combat Ship 1 Variant and Littoral Combat Ship 2 Variant material transfers are complete, and procurement actions have been initiated to support Littoral Combat Ship 3 Variant and Mission Modules.

DLA was recognized by the Littoral Combat Ship Program Executive Office as Customer of the Year for their collaboration.

Key participating organizations:

- Internal to DLA:
 - J31
 - J34

- External to DLA:
 - Naval Supply Systems Command
 - The Littoral Combat Ship Program Executive Office

POC: J31

Goal: Decrease Direct Materiel Costs

Initiative: Reduce Materiel/Operational Cost through Application of Value Management (VM)

Background: Office of Federal Procurement Policy (OFPP) Act 41 USC 1711 requires every Federal Agency maintain a Value Engineering (VE) Program. The Office of Management and Budget (OMB) Circular A-131 provides guidance to support the sustained use of VE to reduce program and acquisition costs. The Under Secretary of Defense for Acquisition, Technology and Logistics is increasing usage of VE to ensure the Department more efficiently spends limited resources.

Description:

- VE is an organized effort directed at analyzing the functions of systems, subsystems, equipment, services and supplies for the purpose of achieving the essential functions at the lowest life-cycle cost consistent with required performance, reliability, quality, and safety. These organized efforts can be performed by both agency and contractor personnel. Terms such as value analysis, value control, value improvement, and value management are synonymous.
- The Defense Logistics Agency VM Program is the overarching term for VE, Spare Parts Breakout, Should Cost, Reverse Engineering, and the Price Challenge Program. Most VM activity in DLA is performed in-house and is directed at reducing materiel-related costs of DLA-managed items. Other benefits include improved reliability and maintainability, reduced production lead times, and improved supply availability. VM not only applies to materiel cost reduction associated with the DLA Supply Chains, but also life-cycle savings across the Department of Defense.
- VM is a major contributor to the Director's Big Ideas (Improve Customer Services, Decrease Direct Materiel Costs, Decrease Operational Costs, Reduce Inventory, Achieve Audit Readiness) and has identified the following actions in relation to these focus areas:

| Focus | Action |
|-----------------------------------|---|
| We must save money | Focus on finding sources/obtaining technical data and improve processes that will enable the Agency to expand competition |
| We must know where we stand | Timely status tracking/reporting quarterly to DLA Headquarters and Office of the Secretary of Defense (OSD) |
| We must get better at what we do | Improve processes for identifying opportunities for savings and tracking savings |
| We must support the Supply Chains | Identify opportunities by reviewing top 200 backorder reports and aging Purchase Request (PR) reports. |

Outcomes: During FY 2014, DLA achieved savings in excess of \$313M: DLA Aviation accounted for \$152.7M; DLA Land & Maritime \$80.9M; and, DLA Troop Support \$80.2M. The Agency exceeded the DOD imposed goal of 1.5 percent of total obligation authority. DLA's top three VM projects are:

- F-15 Wiring Harness: Savings of \$24.8M in FY 2014 were due to an effort to expand competition beyond a sole-source Boeing contract where DLA Aviation Engineering offered direct support. A Should Cost Analysis provided estimates and VM provided technical support in contract negotiations and assistance with making this item competitive. Total savings to date on this effort exceed \$73M.
- A-10 Ballistic Foam: Expanded competition brought an overall 70% price reduction and production lead time reduction from 6 to 12 months down to the current 21 to 90 days. Current manufacturing sources were unable to meet mission milestones due to the dramatic increase in forecasted requirements and excessive costs. Should Cost engineers determined the National Item Identification Numbers (NIIN) were overpriced and VM found additional sources of supply. The efforts resulted in tangible savings of \$11.5M against the 800+ NSNs in FY 2014 with expectations of additional savings in cost and manufacturing lead times in the future. Total savings to date on this effort exceed \$12.6M.
- Gunner Restraint: This item was procured sole source at an excessive price. DLA Land and Maritime contacted AmSafe Defense to discuss requirements to submit a Source Approval Request. After modifications and testing, Army approved AmSafe as a source for the Gunner Restraint. As a result, \$9.9M has been saved and 861 production lead time days have been avoided.

Key participating organizations:

- Internal to DLA:
 - DLA Aviation
 - DLA Land and Maritime
 - DLA Troop Support
- External to DLA:
 - Office of the Deputy Assistant Secretary of Defense, Systems Engineering
 - Military Services and Defense Agencies
 - Department of State
 - Department of Transportation
 - Department of Energy

POC: J34

Goal: Decrease Direct Materiel Costs

Initiative: Honeywell Components Enterprise PBL Pilot Program

Background: The Defense Logistics Agency, in conjunction with the Military Services, is leading an effort for the Assistant Secretary of Defense, Logistics and Materiel Readiness (ASD L&MR) to leverage the Department of Defense's (DOD) large scale buying power by pursuing a pilot Enterprise Performance-Based Logistics (EPBL) program. This initial EPBL effort supports DOD's Better Buying Power 2.0 guidance to "increase effective use of Performance-Based Logistics" by providing incentives to industry to deliver increased reliability and availability at reduced cost. Honeywell is the Original Equipment Manufacturer (OEM) for aviation platform components and ground support equipment for the Army, Navy, and Air Force for which there are PBL contracts already in place. This pilot program intends to increase the value proposition of Military Service-level PBLs by putting the collective requirements of each Military Service under a single contract vehicle.

Description:

- The focus of effort for the program during this past fiscal year was to prepare the Request for Proposal (RFP) for release to Honeywell. The major issues requiring agreement by all stakeholders included determining the most appropriate pricing method for each component, completing the commerciality determination process for all consumables, and finalizing the Performance Work Statement (PWS). Challenges associated with completing the PWS included developing the language for each pricing method (demand band, flying hour band, or a hybrid of both), capturing each of the Military Service's requirements, and addressing the top cost drivers identified by Honeywell. DLA provided an initial draft of the RFP to the Military Services and Honeywell in January 2014 for their review. DLA and Honeywell participated in a Value Stream Mapping Event in January to streamline proposal development, post proposal actions and processes associated with the contract award timeline.
- After several working level group reviews, DLA provided an updated draft RFP to Honeywell in April 2014 that outlined Military Service unique requirements. The DLA Director signed the Honeywell EPBL Integrated Process Team Memorandum of Agreement (EPBL IPT MOA) on 15 April 2014 that delineated the business rules for the IPT and ensured that each Military Service stakeholder had the ability to conduct reviews and approve all major decisions and work products. Each Military Service subsequently signed the MOA signifying satisfaction of their respective Military Service requirements. DLA released the formal RFP to Honeywell on 30 April 14 reflecting each Military Service's specific requirements. Some of these individual requirements had the potential to reduce the efficiencies and cost savings that the EPBL arrangement could yield. The scope and complexity of the proposal presented challenges going forward as each Military Service had differing requirements captured in the single RFP. A Pre-Proposal Conference was held in June 2014 to identify significant common ground between DLA,

the Military Services, and DOD audit agencies as it related to the Value Stream Mapping documents.

Outcome(s): Through discussions between DLA and Honeywell senior leadership, the Honeywell proposal delivery date was set as 14 Oct 2014. However, due to various proposal development issues from both the government and Honeywell, the final proposal delivery date slipped from 14 October 2014 to 30 January 2015. Efforts to mitigate further proposal submission delay and reduce the proposal review process for contract award are ongoing

Key participating organizations:

- **Internal to DLA:**
 - DLA Aviation
 - DLA Acquisition (J7)
 - DLA Logistics Operations (J34)

- **External to DLA:**
 - Honeywell Defense and Space
 - Naval Supply Systems Command, Weapon Systems Support (NAVSUP WSS)
 - Ogden Air Logistics Center, Hill AFB, UT (Ogden ALC)
 - United States Navy Fleet Repair Centers
 - East (Cherry Point, NC)
 - South East (Jacksonville, FL)
 - South West (North Island San Diego, CA)
 - United States Army Material Command (USAMC)
 - United States Transportation Command (TRANSCOM)
 - Anniston Army Depot (ANAD)
 - United States Air and Missile Command (AMCOM)

POC: J34

Goal: Decrease Operating Costs

Initiative: Improve OCONUS Shipment Container Utilization

Background: In December 2011, the Defense Logistics Agency agreed with the United States Transportation Command's (USTRANSCOM) proposal to adopt an 85% aggregate container utilization goal for all customers. The DLA Troop Support Subsistence Supply Chain agreed to an 85% per container goal for Afghanistan and 80% for all other locations. In March 2012, the DLA Office of Operations Research and Resource Analysis (DORRA) began distributing monthly container utilization performance reports for DLA Distribution and began the same in June 2012 for DLA Troop Support. Also, in March 2012, DORRA began capturing the cost avoidance and cost savings associated with DLA Distribution's improved container utilization performance (DORRA will do the same for DLA Troop Support in FY15). USTRANSCOM reports DLA's cost avoidance figures as part of the Distribution Process Owner Strategic Opportunities (DSO) under the Strategic Surface Route Plan umbrella.

Description:

- In an effort to optimize Theater Distribution, DLA Distribution developed a Global Theater Consolidation Shipping Point (TCSP) Performance Report to monitor volume and velocity by cargo type through all DLA TCSPs.
- No TSCPs were established in FY14 as the current network met anticipated requirements.
- In FY15 DLA Distribution intends on assessing initiatives to increase Container Consolidation Point (CCP) weight/cube thresholds for external shippers.
- DLA provided recommended adjustments to the supplier segment in the Time Definite Delivery (TDD) standards to USTRANSCOM. While USTRANSCOM concurred with the recommendations, the proposed TDD changes were not adopted during the TDD conference. DLA intends on pursuing new recommendations during FY15.
- DORRA will continue to capture metrics and produce monthly container utilization and cost avoidance reports for DLA Distribution and DLA Troop Support Class I shipments.

Outcome(s): DLA continues to accumulate cost avoidance and cost savings as a result of its container utilization improvement efforts. DLA will continue to partner with USTRANSCOM to save tax payer dollars on over ocean movements by maximizing the usable capacity of containers, which results in fewer containers being shipped through the transportation pipeline.

- DLA Distribution's container utilization rate improved from 65% in February 2012 to an average of 77% for FY14, with DLA Distribution Susquehanna having the highest average rate at 89%.
- DLA Troop Support's container utilization rate has remained consistent from the 73% rate in May 2012 to the FY14 average of 73%. Improvement is expected

once all of the Subsistence Prime Vendor (SPV) contracts are modified to include the applicable utilization percentage requirement and verbiage that defines the DLA Troop Support SPV adopted usable capacity figures for the various types of ocean containers.

Key participating organizations:

- Internal to DLA:
 - DLA J34 Transportation Policy
 - DLA Distribution J3 Ops
 - DLA Troop Support Class I
 - DLA Office of Operations Research and Resource Analysis

- External to DLA:
 - USTRANSCOM J4/J5

POC: J34

Goal: Decrease Operating Costs

Initiative: Long-Term Storage (LTS) of Demilitarization (DEMIL) Code B and Sensitive Q Property

Background:

In 2007, the Office of Secretary of Defense (OSD), Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD L&MR) raised concerns over Demilitarization (DEMIL) Code B and Sensitive Q items. These items, if released to the public, are considered sensitive for purposes of National Security to the extent that the loss of Department of Defense (DOD) control once outside of DOD custody poses too great a risk that these items could be sold (2nd and 3rd tiers buyers) without the proper Trade Security Controls (TSC)/Export controls, and ultimately end up in unfriendly hands. OSD tasked the Defense Logistics Agency to study current DOD Disposal Policies and recommend changes that would secure controls on this type of equipment to maintain National Security.

- In early 2008, DLA proposed a change to the current policy. On 14 November 2008, ASD L&MR, issued a new policy memo, “Materiel Disposition Policy Change Concerning F-14 Parts, DEMIL Code B Munitions List Items (MLI), and Demilitarization Code Q Commerce Control List Items (CCLI).” The memo stopped the sale of DEMIL Code B and DEMIL Code Q items deemed Sensitive to the public and instructed DLA to establish long term storage to hold these materials for an indefinite period of time. LTS principle mission was to receive, store and offer reutilization of usable equipment to Military Departments and authorized DOD community. The LTS began in January 2009.
- In 2012, DLA was tasked by ASD LM&R to study the existing policy and recommend appropriate changes for the management of these assets. This included the study of the Supply and Demand Reutilization history. In addition, DLA was to present their proposal to the House Arms Services Committee (HASC) and to the Senate Arms Services Committee (SASC) to ensure the updates met their guidance and support. In September 2012, DLA hired an independent contractor to analyze and recommend a solution to move forward. DLA’s proposal to hold property for a 24 month cycle and, if zero reutilization demands, remove property from inventory and mutilate, was presented to the HASC and SASC; both committees approved DLA’s recommendation.
- On 12 July 2013, the ASD L&MR, launched a new DEMIL Code B and Sensitive Code Q policy memo which gives authority for DLA to hold property for a 24-month cycle, then remove property that has had zero reutilization demands and mutilate the property in accordance with the existing disposal processes and to sell it as scrap.

Description: DLA currently operates under the OSD policy of 12 July 2013. DLA’s implementation of the OSD policy/guidance strengthened the DEMIL Code B and Sensitive Q property controls that led to the significant reduction of needless inventory, and no impact to

National Security concerns. DLA ensures business rules are working properly to manage and control inventory levels under the recent changes in system capabilities. DLA's execution of the OSD policy was the solution to reduce levels of DEMIL Code B and Sensitive Q excess inventory in long term storage that had zero reutilization demands in a 24-month period. The policy's intent was to reduce overall operating costs and storage space requirements. A potential risk is the inability to move property to ultimate disposal in a reasonable timeframe due to enormous volume and complexity of accumulation of inventory over a six year period.

Outcome: The DLA established key objectives to ensure the receipt and proper storage, reutilization and disposition of DEMIL Code B and Sensitive Q items identified for LTS reutilization opportunities for the Military Services and DOD community. DLA Disposition Services implemented the new policy in July 2013. The new policy has resulted in:

- Reduced storage by ~350K Cubic Sq. Ft.; eliminated 2 large warehouses
- Reduced inventory by 135,000 Line Items (76,738 unique National Stock Numbers (NSN)), valued at \$2.7M with Zero Demand/Reutilization
- Inventory as of Dec 2014 consists of new items that have not been previously stocked in LTS and/or items with a demand in the last 24 months (34,389 NSNs, 1.7M pieces, \$715M Acquisition Value).

Key participating organizations:

- Internal to DLA:
 - DLA Headquarters Logistics Operations (J34)
 - DLA Disposition Services
- External to DLA:
 - Military Departments, as well as designated Special Programs such as the Firefighters and Law Enforcement activities

POC: J34

Goal: Decrease Operating Costs

Initiative: Strategic Network Optimization (SNO) – Phase I

Background: The SNO Program originated in June 2009 as one of five initiatives under the Distribution Process Owner (DPO) Strategic Opportunities (DSO). The DSO initiative identified an actionable set of five enterprise level opportunities that could realize distribution process improvements, improve surface and air delivery performance, place materiel in forward positions, optimize the global distribution network, and generate cost savings/avoidances. In Fiscal Year 2010, the Secretary of Defense (SECDEF) directed the Department to identify initiatives to obtain efficiencies. Based on the SECDEF direction, the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD (L&MR)) established, with Joint Logistics Board endorsement, the SNO initiative as a logistics efficiency with oversight under the ASD (L&MR) and program authority to the Director, Defense Logistics Agency to administer it. The SNO Program objective is to optimize the Department of Defense Global Distribution Network, reduce operating costs, balance efficiency and effectiveness, and provide agility and performance to support the warfighter.

Description: Phase I of the SNO initiative was designed to use aggregated demand data in a network flow model to determine the most feasible, least cost network structure subject to performance and capacity constraints. The DoD Global Distribution Network included supply, distribution, disposition and transportation components. Based on measurable customer demand, the resulting design aligned elements of the network affecting the DOD flow of consumables through DLA Distribution Centers. Phase I implementation began in FY13 and continued through FY14.

- Economic SKU Build (ESB) logic was implemented the beginning of FY13. ESB logic consolidated CONUS stocking into three main DLA Wholesale Distribution points at DLA Distribution Susquehanna, Pennsylvania, DLA Distribution San Joaquin, California, and DLA Distribution Red River, Texas. All other DLA Distribution centers in the Continental United States (CONUS) maintained their retail mission including support to Industrial Activities (IA) and, where economical, can provide world-wide distribution support.
- Consolidation of volume into three main depots allowed for an increase use of scheduled truck routes. The Scheduled Truck Route Optimization (STRO) tool was deployed to DLA Distribution. The tool has the capability to design and update scheduled truck routes allowing for optimized workload planning resulting in more efficient use of assets, decreased transportation costs and decreased customer delivery times.
- SNO modeling identified 100 NIINs that were forward deployed to the United States Pacific Command (PACOM) region to support missions in PACOM. This forward stock positioning will optimize Supply Chain and Military Service transportation costs while improving material availability. The Pacific Fleet leadership has reported a significant increase in forward positioned items and a positive impact to the Seventh Fleet readiness.

- The SNO Team also supported tasks, increasing the Routing Identifier Code (RIC) participation in In-Storage Visibility (ISV). These actions added an additional 250 RICs to the ISV Program allowing visibility of more excess inventory within the ISV program to support other Military Service and DLA requirements through lateral redistribution and procurement offset.
- Phase I implementation projects savings/cost avoidance of \$402M over FY 14-19.

Outcome(s):

- The SNO Team produced a monthly SNO Metrics Report and distributed it to Office of the Secretary of Defense (OSD) and all SNO stakeholders. The report updated data on 12 specific metrics tracked by the SNO Team with a focus on Phase I performance across the network. Trends and analysis were provided and selected metrics briefed at the monthly OSD Supply Chain Metrics Group meeting.
- The SNO Team attended monthly DOD Comprehensive Improvement Plan (CIMIP) Working Group Meetings and monthly IPRs to the Deputy Assistant Secretary of Defense Supply Chain Integration (DASD/SCI) to provide updates on the SNO Program Phase I execution and to ensure SNO initiatives were synchronized with CIMIP initiatives.
- The SNO Team conducted SNO Face-to-Face (F2F) Engagements with all stakeholders at the Mark Center. Representatives participated from Office of the Deputy Assistant Secretary of Defense Supply Chain Integration (DASD (SCI)) Joint Staff J4, the Military Services, United States Transportation Command (USTC), DLA J-Codes, and DLA Primary Field Level Activities (PLFAs). Updates were provided on Phase I Implementation and resulting network performance
- Finding of No Significant Impact (FONSI) for the SNO Environmental Assessment (EA) in accordance with (IAW) the National Environmental Policy Act (NEPA) was approved and signed by Mr. David Rodriguez, DLA Director of Installation Support
- The SNO Executive Council met to discuss the latest status on the SNO Program and provided guidance to the SNO Program Management Office
- The SNO Team forwarded the SNO Program FY13 Annual Report to DASD (SCI) providing an update on current initiatives and other relevant changes from the previous fiscal year affecting the SNO Distribution Network.

Key participating organizations:

- Internal to DLA:
 - Headquarters, Defense Logistics Agency
 - DLA Aviation
 - DLA Disposition
 - DLA Distribution
 - DLA Energy
 - DLA Land and Maritime
 - DLA Troop Support

- External to DLA:
 - Office of the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR))
 - Office of the Deputy Assistant Secretary of Defense Supply Chain Integration (DASD (SCI))
 - Joint Staff (J-4)
 - Military Services (Army, Navy, Air Force, Marine Corps)
 - Military Service Logistics Commands (USAMC, AFMC, NAVSUP and MARFORLOGCOM)
 - United States Transportation Command (USTC)
 - General Services Administration (GSA)

POC: J34

Goal: Decrease Operating Costs

Initiative: Post-BRAC Efficiencies

Background: As part of BRAC 2005, the Defense Logistics Agency sought to reduce unnecessary duplication in the supply and distribution processes. As part of these efforts, DLA teamed with the Navy to optimize the management of hazardous materials. This included management of the Chemical Management Services (CMS) initiative and transitioning naval sites to the Hazardous Materials Management System (HMMS) due to the sunset of the existing Regional Hazardous Inventory Control System (RHICS).

Description: HMMS and CMS are two different yet related concepts. The HMMS is a database tool used to track all aspects of hazardous material management. CMS is a service where a contractor provides end-to-end hazardous materials management support including pre-authorization, procurement, storage and distribution, and disposal of hazardous materials. The CMS initiative is an opportunity to work with willing partners in an effort to reduce overall costs and standardize processes associated with the management of hazardous materials. HMMS will be used to manage hazardous material within the CMS.

Outcome(s): In June of 2014 DLA Strategic Programs Office (J34) completed the launch of HMMS at 4 Naval Shipyards. Also during FY 14, DLA implemented the first CMS location, teaming with the Marine Corps in Okinawa, Japan and awarded a contract for DLA to manage hazardous materials management. Efforts are ongoing to improve hazardous materials management in Okinawa, Japan. The next phase of execution in FY15 will focus on partnering with the willing Military Service participants to implement CMS at West Coast sites, beginning with Marine Corps Air Station (MCAS) Miramar.

Key participating organizations:

- Internal to DLA:
 - DLA HQ J34
 - DLA Distribution

- External to DLA:
 - United States Marine Corps
 - United States Navy
 - Coast Guard

POC: J34

Goal: Decrease Operating Costs**Initiative: Building Knockdown**

Background: In 2004, the U.S. Army Corps of Engineers was tasked by the Army to manage the Facility Reduction Program (FRP). The FRP expanded to support multiple Department of Defense (DOD) federal agencies (DLA, National Aeronautics & Space Administration (NASA), Air Force, and Army Reserves) in their demolition requirements. In support of this effort, the Defense Logistics Agency initiated concepts that would possibly reduce DLA wholesale gross square footage (gsf) from 55M in 2008 to 25M in 2019 based on the successes of DLA's inventory reduction and consolidation efforts. DLA developed the concept of Building Knockdown with the fundamental goal of demolishing empty government buildings on DOD installations across the enterprise that will drive reduced operating costs for the DOD.

Description:

- As a result of DLA's inventory reduction and consolidation efforts, it is vacating buildings at various installations. Once the buildings are emptied, they are offered back to the owning Military Service. If the owning Military Service determines the building is not needed, DLA contracts and funds structure demolition.
- DLA Logistics Operation's (J3) estimated \$5.9B of DLA net inventory reductions through FY19 allows for return of 16 buildings at 4 sites totaling 977K gsf. Additionally, building returns planned through on-going optimization efforts will yield 21 buildings (and 1 partial) at 5 sites resulting in another 2.5M gsf reduction. The revised reduction plan totals 3.5M gsf.
- The calculations were developed based on the following assumptions:
 - The DLA net inventory reduction target as shown in Figure 1.

Figure 1

| | May14 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | Total |
|----------------------------|---------|-------|---------|-------|-------|-------|-------|---------|
| Estimated Reduction | NA | -\$1B | -\$900M | -\$1B | -\$1B | -\$1B | -\$1B | -\$5.9B |
| Year End Inventory Balance | \$10.9B | \$10B | \$9B | \$8B | \$7B | \$6B | \$5B | |

- 75% of disposals will have retention quantities; 25% will be total disposals with no retention quantities.
- 93% of disposals are material in covered storage.
- Future disposal dollar values across the distribution centers will follow historical percentages.
- 1 cube of material = \$475 average inventory value.
- 1 gsf equates to 2.16 materiel cube.
- Optimization of space and subsequent building returns will occur in the FY following the inventory reduction.

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- As shown in Figure 2, applying the above assumptions results in a reduction of 1.34M gsf based on the target inventory of \$5.9B.

Figure 2

| \$ to Material Cube to GSF Calculation | | | | | |
|---|------------------------|--|--------------------------|----------------------|--------------------|
| \$ | Total Disposals | | Covered Disposals | Material Cube | Cube to GSF |
| | 25% | | 93% | 1 cube = \$475 | 2:16:01 |
| \$5,900,000,000 | \$1,475,000,000 | | \$1,371,750,000 | 2,887,895 | 1,336,988 |

- Matching inventory-generated gsf reductions to specific buildings reduces the 1.34M gsf to approximately 977K gsf. Incorporating the 977K gsf with the previously planned reductions of 2.5M gsf, results in a total reduction of 3.5M gsf. This is the new baseline used for the Future Years Defense Program (FYDP).
- The FYDP plan includes a total return of 37 buildings/warehouses totaling 3.5M gsf~ 61 football fields as shown in Figure 3.

Figure 3

| Site | FY15 | | FY16 | | FY17 | | FY18 | | FY19 | | FY20 | | TOTAL | |
|---------------|----------|----------------|-----------|----------------|----------|----------------|----------|----------------|----------|----------------|----------|----------------|-----------|------------------|
| | Bldg # | GSF | Bldg # | GSF | Bldg # | GSF | Bldg # | GSF | Bldg # | GSF | Bldg # | GSF | # Bldgs | GSF |
| Anniston | | | 121 | 32,370 | | | | | | | | | 2 | 64,740 |
| | | | 122 | 32,370 | | | | | | | | | | |
| Norfolk | W143-5B | 29,146 | | | | | | | | | | | Bay Only | 29,146 |
| Oklahoma City | | | 1145 | 26,368 | 1140 | 18,500 | 1134 | 17,000 | 1132 | 12,000 | | | 5 | 87,868 |
| | | | | | | | | | 1135 | 14,000 | | | | |
| San Joaquin | | | 1 | 172,800 | | | 19 | 192,433 | | | | | 2 | 365,233 |
| Susquehanna | 215 | 120,400 | 12 | 120,000 | 11 | 120,000 | 10 | 120,000 | 3 | 120,000 | 4 | 120,000 | 22 | 2,772,560 |
| | 314 | 120,400 | 101 | 119,600 | 102 | 120,000 | | | 5 | 200,160 | | | | |
| | 506 | 120,400 | 109 | 80,000 | 103 | 120,000 | | | 6 | 200,160 | | | | |
| | 507 | 131,440 | 210 | 120,000 | 104 | 120,000 | | | | | | | | |
| | | | 211 | 120,000 | 105 | 120,000 | | | | | | | | |
| | | | 508 | 120,000 | 212 | 120,000 | | | | | | | | |
| Warner Robins | 333 | 42,781 | J03 | 10,728 | J05 | 10,728 | | | 351 | 53,600 | | | 6 | 139,293 |
| | J02 | 10,728 | J04 | 10,728 | | | | | | | | | | |
| Total | 6 | 575,295 | 12 | 964,964 | 9 | 869,228 | 3 | 329,433 | 6 | 599,920 | 1 | 120,000 | 37 | 3,458,840 |

Outcome(s): Since 2012, DLA demolished 27 buildings totaling 4.7M gsf--approximately 87 football fields. DLA contracted for demolition of 9 buildings at Defense Depot San Joaquin, CA (DDJC). To date, 8 of 9 buildings were demolished for a total of 1.3M gsf--approximately 28 football fields. The remaining building is scheduled for demolition by the end of December 2014. At Mechanicsburg, PA, eight buildings (965K gsf, approximately 16 football fields) are scheduled for demolition in December 2014.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations, J3
 - DLA Installation Support

- DLA General Counsel
- DLA Finance, J8
- DLA Distribution
- DLA Disposition Services
- DLA Land and Maritime
- DLA Aviation

- External to DLA:
 - U.S. Army Corps of Engineers
 - Navy Installation Command
 - Public Works Department Pennsylvania
 - Military Services (Army, Navy, Air Force, Marine Corps)

POC: J34

Goal: Reduce Inventory

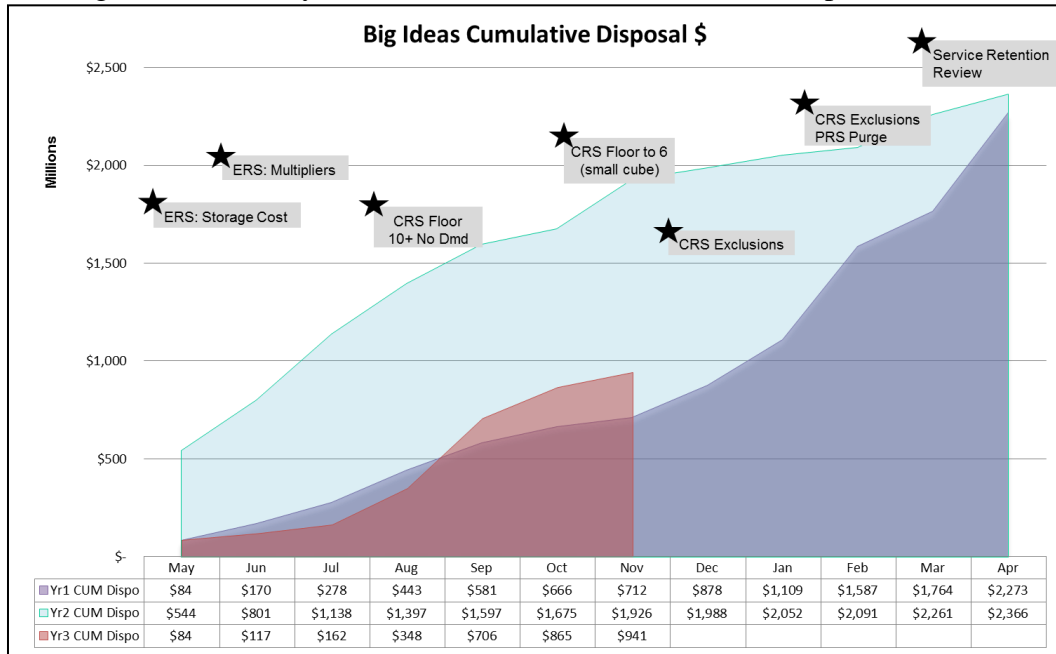
Initiative: Excellence in Inventory Management (Clean the Attic)

Background: Over the previous 12 years, the Defense Logistics Agency (DLA) inventory increased from \$8.9B to \$14.25B in February of 2012. With mission requirements decreasing in both Iraq and Afghanistan, it was time to reduce DLA inventory. In Feb 2012, The DLA Director, Vice Admiral Mark Harnitchek, launched his Big Ideas campaign which included the “Clean the Attic” initiative to reduce non Energy Inventory by \$6B over the Five Year Defense Plan (FYDP). The FY14 goal of \$10.99B was set during the Director’s monthly Inventory Management Council meeting with senior DLA leadership from DLA Headquarters and the commanders from the Primary Level Field Activities.

Description: The reduction efforts required the Agency to evaluate the breadth and depth of inventory in Contingency Retention Stock (CRS), Economic Retention Stock (ERS), and Potential Reutilization Stock (PRS).

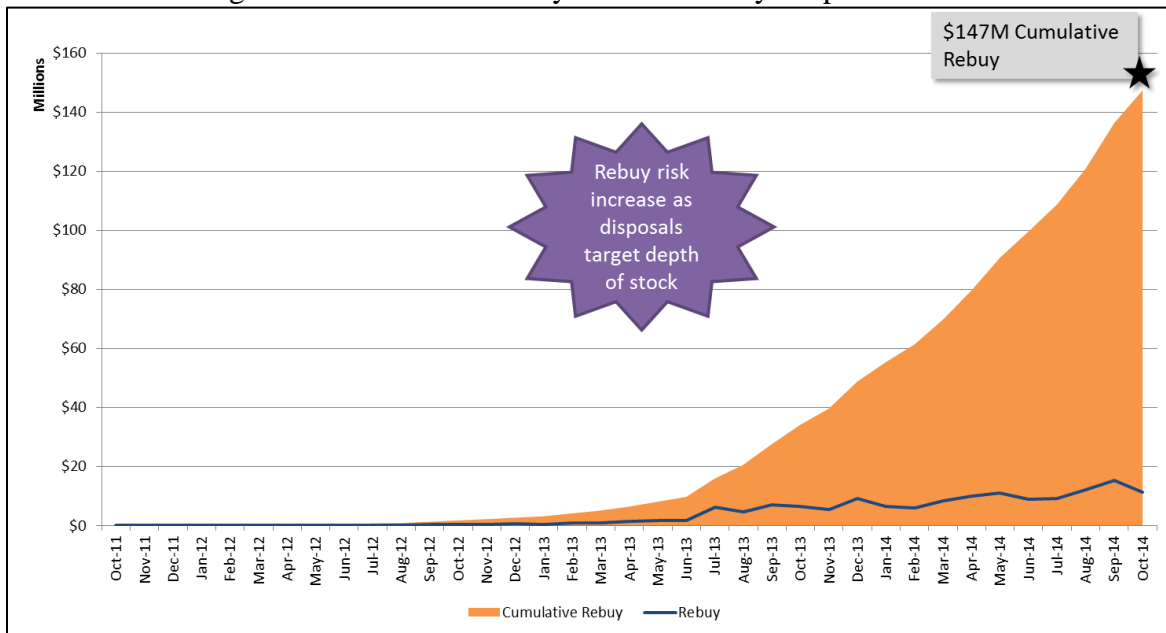
- In 2012, the Agency began to reduce Contingency Retention inventory for items with no demand in 10 or more years. The Agency made limited exceptions for nuclear-related weapons systems. Inventory meeting the criteria of no demand in at least 10 years was reduced by \$420M dollars before the end of FY2012 with an eventual reduction of almost \$700M.
- Over the last 15 years, numerous customers requested DLA retain items coded to their weapon systems. Over time, the number of weapon system exclusions grew to over 100. Prior to 2012, some progress had been made in reducing exclusions but Contingency Retention levels still exceeded \$1.8B. In 2013, the majority of the Weapon System Disposal Exclusions were removed. Customers had to limit exclusion requests to specific items of concern as well as perform an annual validation. Since 2012, CRS Inventory has been reduced by \$1.1B.
- DLA’s Economic Retention model was revised to increase the cost to store assumption from 1% of inventory value to 3% of inventory value so that funded and unfunded Sustainment Restoration and Modernization (SRM) costs were captured in storage rates. As a result, over \$1 billion in ERS was identified for disposal. Additionally, supply chains identified items with specific characteristics (such as items being phased out) in which disposal risks would be minimal from both an operational and economic standpoint.
- PRS had been significantly reduced prior to FY12 but the Agency continued to focus efforts on ensuring no further growth occurred in this category of inventory.
- Figure 1 summarizes the timing of inventory reduction initiatives and the cumulative effect on disposals.

Figure 1: Inventory Reduction Initiatives and Effect on Disposals



- Reduction of inventory levels has inherent risks—items disposed may have to be repurchased. The risk of rebuy increases as disposals are executed on depth of stock for items with a more active demand profile. As Figure 2 shows, DLA has had to rebuy approximately \$147M of previously disposed material — 3% of the inventory disposed since October 2011.

Figure 2: Cumulative Rebuys for Previously Disposed Items



Outcome(s): As of November 2014, DLA had disposed of over \$5B in inventory and reduced levels from \$14.2B to \$11.2B.

Key participating organizations:

- Internal to DLA:
 - DLA Aviation
 - DLA Land and Maritime
 - DLA Troop Support
 - DLA Distribution
 - DLA Disposition Services
 - DLA Logistics Operations (J3)

- External to DLA:
 - Military Services (Army, Navy, Air Force, Marine Corps)

POC: J34

Goal: Reduce Inventory

Initiative: Peak Next Generation Program

Background: Peak/NextGen (PNG) brings together two groundbreaking inventory control algorithms which replace forecasting with risk management-based inventory levels. These algorithms balance the risks of out of stocks versus over-investing.

Description:

- PNG offers managers a single integrated decision across bottom line metrics – material availability, procurement requests (PRs) generated by the system, and dollars tied up in inventory.
- Peak Policy is used for items with sporadic demand (less than half the previous 20 quarters have demand). Peak Policy finds the largest spike in demand and mitigates the risk against some affordable percentage of the spike.
- Next Generation Inventory Model (NextGen) is used for items with frequent (more than half the previous 20 quarters have demand) but highly variable (the standard deviation divided by the mean is >1) demand. Next Gen bases the decision on when and how much to buy on the demand quantities and time between customers' demands. It uses empirical rather than textbook distributions.
- The Defense Logistics Agency Logistics Operations (J3) and DLA Information Operations (J6) are working on an implementation plan to bring in all of PNG's logic within DLA's Information Technology (IT) environment.

Outcome(s): In October 2014, PNG set min/max levels for approximately 556,000 items with impacts to Planning, Procurement, and Finance:

- Material availability increased
 - From 70% to 81% for Peak items
 - From 85% to 89% for Next Gen items
- Churn in requirements were reduced – there are fewer buys that made and later cancelled:
 - 72% fewer cancellations for Peak PRs
 - 85% fewer cancellations for Next Gen PRs
- Procurement experiences less workload because 40% fewer PRs are generated.
- Outstanding unfilled orders (UFOs) are down 27%.

Key participating organizations:

- Internal to DLA:
 - DLA Headquarters
 - DLA Aviation

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- DLA Land and Maritime
- DLA Troop Support

- External to DLA:
 - Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR))
 - Military Services (Army, Navy, Air Force, Marine Corps)

POC: J34

Goal: Reduce Inventory

Initiative: Reducing On-Order Excess (OOE)

Background: OOE is material on order from a vendor that is no longer needed to meet operational requirements. Typically it occurs when customer demand declines significantly after the contract for material is awarded. OOE has been cited as one of the criteria the Government Accountability Office (GAO) uses for retaining Department of Defense Inventory Management on the GAO High Risk list. An audit of Defense Logistics Agency Inventory management was released in May 2010 and included a recommendation to "...evaluate the effectiveness of the Agency's process for identifying and potentially reducing potential over-procurements and determine the feasibility of applying the process on a wider scale." In 2011, the DOD included OOE as one of its primary inventory metrics within the Comprehensive Inventory Management Plan (CIMIP). The Plan established a goal to ensure Military Services and DLA reduce the percentage of OOE to less than 6% in FY14 and less than 4% by FY16. In 2014, DOD changed the term "on-order excess" to "due-in long supply".

Description:

- In 2010, DLA's rate of OOE was 8%. To increase focus and improve performance in this area, OOE was included as a metric in the Agency Performance Reviews (APR) for 2011 and 2012. Each DLA field activity was required to reduce their rate of OOE for both Purchase Requests and Contracts. The metric was removed in 2013 at the same time a number of other performance indicators were removed from the APR.
- A system change request was initiated in 2012 to ensure non-cancellations of OOE Purchase Requests (PR) and contracts were reviewed by higher authority on both supply and acquisition side. It was implemented in early 2014.
- In 2013 GAO initiated another review of DLA Inventory Management. They completed their audit in early 2014 and recommended reinstating OOE as a metric in the APR; it has been a part of the APRs since June 2014.

Outcome(s): DLA has reduced OOE from 8% to less than 5.6% and achieved the FY14 DOD goal of less than 6%. Contributing factors included offline collaboration with customers regarding their forecasted requirements, and identification of "buy aheads". The "buy aheads" support longer term demands while maintaining a consistent source of supply by keeping production lines going. The OOE remains a Senior Level focus in the APR.

Key participating organizations:

- **Internal to DLA:**
 - DLA Aviation
 - DLA Land and Maritime
 - DLA Troop Support
 - DLA Logistics Operations (J3)

- External to DLA:
 - Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD (L&MR))

POC: J34

Goal: Reduce Inventory

Initiative: Strategic Network Optimization (SNO) – Phase II

Background: The SNO Program originated in June 2009 as one of five initiatives under the Distribution Process Owner (DPO) Strategic Opportunities (DSO). The DSO initiative identified an actionable set of five enterprise level opportunities that could realize distribution process improvements, improve surface and air delivery performance, place materiel in forward positions, optimize the global distribution network, and generate cost savings/avoidances. In Fiscal Year (FY) 2010, the Secretary of Defense (SECDEF) directed the Department to identify initiatives to obtain efficiencies. Based on the SECDEF direction, the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD/L&MR) established, with Joint Logistics Board endorsement, the SNO initiative as a logistics efficiency with oversight under the ASD (L&MR) and program authority to the Director, Defense Logistics Agency to administer it. The SNO Program objective is to optimize the Department of Defense (DOD) Global Distribution Network, reduce operating costs, balance efficiency and effectiveness, and provide agility and performance to support the warfighter.

Description: SNO Phase II explores opportunities that improve inventory visibility and demand recording of all Defense Logistics Agency (DLA)-managed consumables in the network. In accordance with the vision developed by the SNO Executive Council in December 2013, SNO Phase II focus is on increasing inventory visibility and accessibility to maximize inventory availability to meet customer requirements. The two focus areas for Phase II are Enhanced In-Storage Visibility (ISV) and Multi-Echelon Visibility.

- The Enhanced ISV initiative focuses on developing enhancements to the existing DLA ISV Program which supports reutilization of Military Service excess inventory via lateral redistribution and procurement offsets. Potential enhancements include visibility of retail inventory combined with automation of the ISV process and use of Military Service excess inventory as part of the DLA sourcing wheel. A Request for Change to support the Enhanced ISV requirements was submitted.
- The Multi-Echelon Visibility initiative is a collaborative approach to eliminate redundant inventories at multiple echelons of supply by providing visibility of customer demands at all levels. It allows for coordination of planning and inventory management information between wholesale and retail levels. The initial Navy Proof of Concept, using modeling and simulation capabilities, explored the benefits of multi-echelon visibility. Using retail demand data from NAS Lemoore, NSB New London, NAS Oceana, and NAS Patuxent River, the SNO team constructed a multi-echelon inventory optimization model and executed a number of scenarios aiming to identify a realm of possible benefits. The Navy Proof of Concept results and analysis showed positive results with the following potential benefits: reducing inventory, increasing demand visibility, reducing the number of non-forecastable items, lower variability in shipment weights, and a reduction in wholesale delay time. As the analysis was limited to retail data from four Navy sites, the team is

expanding the model to include full fiscal year retail demand data from all Military Services to analyze the full potential across the Military Services.

Outcome(s):

- The SNO Team produced a monthly SNO Metrics Report and distributed it to OSD and all SNO stakeholders. The report provided updated data on 12 specific metrics tracked by the SNO Team. Three of the 12 metrics (Lateral Redistribution, Procurement Offset and RIC Participation) were added during FY 2014 based on the focus areas worked as part of Phase II. Trends and analysis was provided and selected metrics briefed at the monthly OSD Supply Chain Metrics Group meeting.
- The SNO Team attended monthly DOD Comprehensive Improvement Plan (CIMIP) Working Group Meetings and monthly IPRs with the Deputy Assistant Secretary of Defense Supply Chain Integration (DASD/SCI) to provide updates on the SNO Program Phase II development and to ensure SNO Phase II initiatives were synchronized with CIMIP initiatives.
- The SNO Team conducted SNO Face-to-Face (F2F) Engagements with all stakeholders. Representatives participated from DASD (SCI), Joint Staff (J4), all Military Services, United States Transportation Command (USTC), DLA J-Codes and DLA Primary Field Level Activities (PLFAs). Updates were provided on Phase II development, Business Plan coordination and coordinating actions for Phase II (December 2013, May 2014 and August 2014).
- The SNO Executive Council met to discuss the latest status on the SNO Program and provided guidance to the SNO Program Management Office (December 2013 and September 2014).
- SNO Phase II vision was approved by the SNO Executive Council (December 2013).
- The SNO Team provided assistance to DLA Distribution using the SNO network flow model to conduct analysis on assessing existing DLA organic storage and distribution capabilities against planned Joint Strike Fighter (JSF) future locations and requirements (December 2013 – February 2014).
- The SNO Phase II Business Plan was approved by Mr. Paul Peters, ASD (L&MR). The plan supports the DOD CIMIP initiatives of increased visibility and accessibility of DOD inventory (June 2014).
- Submitted RFC BOF-C14-0065 in support of the Enhanced ISV initiative (July 2014).
- The J34 Director signed and approved the DLA J34 SOP 2014.02; "Lateral Redistribution Orders and Procurement Offsets using Retail Materiel Identified through In-Storage Visibility Systems". This SOP documents the current process for DLA ISV to establish a baseline on policies and business rules for DLA ISV (LR/PO) in order to identify process enhancement opportunities as part of SNO Phase II efforts (August 2014).

- Completed the Navy Proof of Concept using modeling and simulation capabilities to explore the benefits of multi-echelon visibility with follow-on integration of other Military Services (August 2014).
- Conducted engagements with Military Services on results and potential benefits based on completion of the Navy Proof of Concept and gained consensus from Military Services to provide retail data to move on to the next step of expanding the Multi-Echelon Visibility modeling and simulation to all Military Services (September/October 2014).
- Submitted input to nest the two SNO Phase II focus area initiatives under the draft CIMIP Phase II Plan. The plan has an approval target timeframe of spring 2015. The two initiatives have been renamed from Multi-Echelon Visibility to Consumable Planning and Demand Visibility and from Enhanced ISV to Consumable Visibility (September 2014).
- Program Management for SNO transitioned from J346 Program Management Division to J342 Inventory Distribution Network Division (October 2014).

Key participating organizations:

- Internal to DLA:
 - Headquarters, Defense Logistics Agency
 - DLA Aviation
 - DLA Disposition
 - DLA Distribution
 - DLA Energy
 - DLA Land and Maritime
 - DLA Troop Support
- External to DLA:
 - Office of the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR))
 - Office of the Deputy Assistant Secretary of Defense Supply Chain Integration (DASD (SCI))
 - Joint Staff (J-4)
 - Military Services (Army, Navy, Air Force, Marine Corps)
 - Military Service Logistics Commands (United States Army Materiel Command (USAMC), Air Force Materiel Command (AFMC), Naval Supply Systems Command (NAVSUP), and Marine Corps (MC) Logistics Command (LOGCOM))
 - United States Transportation Command (USTC)
 - General Services Administration (GSA)

POC: J34

Goal: Reduce Inventory

Initiative: Business Case Analysis (BCA) for Battle Dress Uniforms Standardization (Class II)

Background: In recent years, each Military Service introduced combat uniforms with unique variations in design features. Consequently, the Defense Logistics Agency procures, stocks, and manages a plethora of items, each with its own management requirements and costs. Update: The 2015 National Defense Authorization Act language prohibited the Military Services from developing or fielding new Military Service-unique combat uniforms.

Description: As part of the Class II governance council, a business case analysis was proposed to study the possibility of a standardized ground combat uniform. Estimated manufacturing savings were 5%-7%, with similar supply chain savings possible.

Outcome(s): Plans to pursue the business case analysis were not funded by the end of fiscal year (FY) 2014. Future funding of the study is uncertain at this time.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J3)
 - DORRA
 - DLA Troop Support

- External to DLA:
 - None

POC: J34

Goal: Improve Customer Service

Initiative: Client Level Customer Survey (06, GS-15, Flag Officer, SES)

Background: During 2013, DLA Military Service Support Division received the results of the senior stakeholder survey given to senior logistics leaders in all the military services. The result of the survey, which is done every two years, was a “net satisfaction rate” for each service: Navy 77%, Marine Corps 76%, Army 71%. One disappointing outlier was the Air Force, whose satisfaction rate was 30 points below the other services with a low of 46%. The Air Force National Account Management team launched multiple initiatives to strengthen the DLA-Air Force relationship. In order to gauge the success or failure of these efforts, the DLA Air Force team conducted an out-of-cycle Air Force specific survey during 2014.

Description: The cornerstone for action focused on communication, relationships, and leadership. National Account Managers (NAMs) develop communication plans, continued communication flow between the J3 and service peer equivalents, ensure DLA leadership reinforces role of NAM when corresponding with service leaders, and pushed NAMs to engage in more face-to-face service meetings/conference in the National Capital Region (NCR).

Outcome(s): DoD logisticians understand the DLA mission / capacity to enable logistics, senior logisticians recognize their service NAM as a valued partner, and conducted a separate Air Force Survey during 2014

Key participating organizations:

- Internal to DLA:
 - None

- External to DLA:
 - Military Services (Army, Navy, Air Force, Marine Corps)

POC: J31

Goal: Improve Customer Service

Initiative: Customer Quality Response Rate

Background: During 2014, DLA conducted an Air Force specific survey. In keeping with the “demand chain” concept, the Air Force National Account Management team went to Richmond to meet face-to-face with the DLA Aviation Air Force Customer Facing Team. The Air Force Survey was conducted in July 2014.

Description: Prior to the July 2014 Air Force specific survey, a number of actions were taken to improve communications and material support to the Air Force. The team orchestrated a series of senior leader engagements between DLA and Air Force senior leaders. Regular visits, e-mails and phone calls by DLA leaders to their Air Force counterparts in the Air Force logistics community helped improve our relationships and reflected the commitment of our senior leaders. The DLA J3 spoke with the Director of Logistics at each of the Major Commands and the Air Force Director of Logistics. VADM Harnitchek was invited to be the keynote speaker at the October 2014 Logistics Officers Association Symposium involving a total of approximately 1,800 physical and virtual attendees mainly Air Force officers. Many other actions focused on DLA’s retail mission at the Air Logistics Complexes (ALCs).

Outcome(s): Air Force scores improved. This was validated by the 2014 Air Force Customer Satisfaction Survey which revealed that AF customer satisfaction improved from 46% to 73%.

- DLA invested \$288M and pushed inventory to the ALCs to improve depot throughput
- DLA adjusted stock policy, manually added 900 items to the shelf, increased retention policy and added safety stock resulting in a 67% drop in engine backorders and 58% cut in MICAP hours.
- To support the Air Force “shift to the pacific” and increase the operational readiness of Air Force units the team synchronized an effort by DLA-Pacific, Pacific Air Forces and Air Staff to forward stock 1,300 additional items valued at \$3.8M to the Pacific theater. The effort aimed to cut the 4.7 day ground time for F-16s and A-10s on the Korean peninsula. Additionally, the relatively small investment increased the range of stock in the Pacific and improved readiness for the F-15, C-130, KC-135 and HH-60.

Key participating organizations:

- Internal to DLA:
 - DLA Aviation
- External to DLA:
 - Air Force

POC: J31

Goal: Improve Customer Service**Initiative: Materiel Availability (MA)**

Background: MA is used to measure the initial fill rate of warfighter repair parts orders. This initiative addresses the first key question maintainers ask about Defense Logistics Agency's repair parts support: "When a mechanic needs a repair part from DLA, does DLA have the part available and do they immediately fill the order for that part?" DLA's operational and industrial Military Service customers view MA as the top level metric of DLA's impact on readiness by supporting requirements for weapon system repair parts.

Description: Based on guidance in Fragmentary Order (FRAGO) 3 to Operations Order (OPORD) 12-05, hardware supply chains Primary Level Field Activities (PLFA) were directed to achieve the Director's established MA performance targets by the first quarter of FY14. These targets were 90% MA performance for DLA Aviation and DLA Land & Maritime supply chains and 93% MA performance for DLA Troop Support's Industrial Hardware supply chain. Performance progress towards these targets was tracked by hardware supply chain PLFA leadership on a daily basis and reviewed with senior DLA leadership during monthly Agency Performance Reviews (APR).

Outcome:

- Table 1 depicts the FY14 MA monthly performance:

Table 1: FY14 Materiel Availability

| | Oct-13 | Nov-13 | Dec-13 | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 |
|----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| HW | 89.6% | 89.4% | 89.7% | 90.4% | 90.9% | 90.1% | 89.9% | 89.6% | 89.4% | 89.4% | 89.2% | 88.5% |
| AV | 87.1% | 86.8% | 87.6% | 88.5% | 89.0% | 87.8% | 87.7% | 87.5% | 87.9% | 88.3% | 88.3% | 88.2% |
| LM | 88.9% | 89.1% | 89.3% | 90.0% | 90.7% | 90.2% | 89.8% | 89.3% | 88.6% | 88.3% | 88.1% | 86.6% |
| IH | 92.5% | 92.2% | 92.1% | 92.6% | 92.8% | 92.2% | 92.1% | 91.7% | 91.7% | 91.6% | 91.3% | 91.0% |

- Hardware (HW) consolidates the performance of Aviation (AV), DLA Land & Maritime (LM) and DLA Troop Support Industrial Hardware. For the Hardware Supply Chains – a great approximation for the overall status Class IX (repair parts) – the FY14 overall MA average was 89.7%, which represents a 0.5% increase from FY13.
- DLA Aviation's FY14 overall average MA was 87.9%, which was below the Director's target level, but was 1.4% points higher than the FY13 average of 86.5%.
 - Several events that adversely impacted DLA Aviation's MA performance included Inventory Management and Stock Positioning (IMSP) rollouts at Fleet Readiness Center (FRC) Jacksonville (October 2013) and FRC Cherry Point (March 2014), and a high demand for an Incandescent Lamp during spring and summer FY14.
 - Numerous efforts in FY14 focused on improving MA. A population of approximately 3K items considered "Crown Jewel items" was identified that accounted for 34% of the Aviation Supply Chain (ASC) demands. These items were

- loaded into the Outcome and Assessment Information Set (OASIS) tool. Note: OASISTM is a forecasting tool used by DLA Aviation.
- OASIS tool which gave the Supply Planner greater visibility and helped to heighten support. Weekly MA reviews highlighted problem National Item Identification Numbers (NIIN) enabling the planners to identify ways to improve support. The Planning Priority Table (PPT) code was developed to prioritize various workloads based on a NIIN's demand volume and Business Driver Category code. These efforts contributed to improved performance in the ASC.
 - Notable improvements include:
 - Crown Jewels: 3,127 items, MA improved from 89.79% to 93.33%
 - Repeat Offenders: 197 items, MA improved from 14.57% to 60.51%
 - F/A-18: 11,366 items, MA improved from 74.48% to 83.01%
 - F-16 Wing: 526 items, MA improved from 77.18% to 94.63%
 - Ogden Support: 3,523 items, MA improved from 93.5% to 96.2%
 - DLA Land & Maritime's FY14 overall average MA was 89.1%, which was below the Director's target level, but represents a 0.4% increase compared to the FY13 MA average of 88.7%. Most notably, DLA Land & Maritime maintained MA above the target throughout the second quarter.
 - DLA Land & Maritime's MA Focus Plan focused attention to high demand items and contributed to their best MA since December 2005 (90.7% in February 2014). The plan partitioned NIINs into groups based on Acquisition Advice Code and demand frequency and developed a target MA for each group. The High Demand group consisted of 30K NIINs accounting for 42% of order volume, and the Super Demand group consisted of approximately 620 NIINs accounting for 18% of order volume. The low quantity of NIINs in the Super Demand group enabled hands-on, intensive focus to comprehensively assess and proactively impact the health of each NIIN.
 - Other actions contributing to their success include targeting root causes, recalibrating priorities, targeting Long Term Contract coverage for MA impact, and prioritizing awards for MA impact.
 - DLA Troop Support's Industrial Hardware's FY14 overall average MA was 92.0%, which was below the Director's target level, but remained high and relatively unchanged since FY13 (92.2%).
 - Industrial Hardware's MA performance remained constant for FY14 even through a change in customer ordering behavior characterized by an increased number of orders but a decreased average dollar value per order generated. Customers were submitting multiple small orders rather than one large order. Industrial Hardware continues to focus on its high annual demand frequency National Stock Numbers (NSN) and frequently teams with DLA Aviation and DLA Land & Maritime to prioritize requirements in order to maintain a fully supported posture. Despite changes in customer ordering behavior, Industrial Hardware is poised to make gains in FY15.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J3)
 - DLA Aviation
 - DLA Land & Maritime
 - DLA Troop Support

POC: J34

Goal: Improve Customer Service

Initiative: Meet Agreed To Customer Repair Parts Order Delivery Performance Levels

Background:

- Inventory Management and Stock Positioning (IMSP) is the Defense Logistics Agency's initiative to extend consumable item supply chain responsibility from the wholesale level to the point of consumption. IMSP is an output from the Base Realignment and Closure (BRAC) 2005. It includes the transfer of material support operations from the Military Service Industrial Activities to DLA, transforming DLA into a retail support provider as well as a wholesale provider. IMSP was implemented at the Air Force's Air Logistics Complexes (ALC) in 2009/10 and at the Navy's Fleet Readiness Centers (FRC) in 2013/14. Although start-up issues, system integration problems and the inevitable learning curves challenged performance, procedural and functional improvements are in constant development.
- DLA has worked closely with the Military Services to forward stock various items in support of specific, high visibility weapons systems. In particular, the Agency has focused on Outside Contiguous United States (OCONUS) sites supporting current operations in order to reduce Logistics Response Time (LRT).

Description:

- The customer's expectation is that they would receive the same or better support from DLA at the retail sites. The metrics to measure this support are heavily influenced by the availability of issuable parts and stock positioning decisions. Retail stock positioning, inventory reduction, acquisition decisions, distribution and transportation Big Idea Initiatives can all affect the customer's metrics and warfighter readiness.
- Beginning in October 2012, the Order Response Time (ORT) at ALC Ogden started to decline. In December of 2012 and January of 2013, a manual rebalance of materiel in the network for Retail items (11,664 STOs) was completed. Even though Dynamic deployment moves just enough materiel, it was decided to make larger moves of inactive materiel to the active retail locations. In coordination with Distribution, completed two large STO releases: 2,758 STOs on March 19th and 2,732 STOs on 2 April 2013.
- In January 2013, a Tiger Team was formed to research and identify the issues. The root cause was determined to be a change in the Air Force Express System which resulted in a demand pattern change. Over several months, Ogden performance drivers were identified and materiel was repositioned and/or buys were executed; an aggressive movement of materiel to the ALCs was put into place in April 2013, when the retail Stock Keeping Unit (SKU) criteria was adjusted to 2/2/12 (2 demands in at least 2 months of the past 12 months) from 4/2/12 (4 demands in at least 2 months of the past 12 months); and in August 2013, froze outbound STOs from DLA Distribution Depot - Hill,

Utah (DDHU), DLA Distribution - Oklahoma City, Oklahoma (DDOO), and DLA Distribution Depot – Warner Robins, Georgia (DDWG) for 30 days and adjusted the retail SKU criteria to 2/1/12 (2 demands in at least 1 month of the past 12 months). Additionally, 600 items with minimum safety stock levels set to zero were increased so that parts could be on the shelf and \$80M was invested in Inventory Policy Optimization (IPO). And finally, DLA implemented a change to the deactivation timeframe for retail SKUs – instead of deactivating when there is no demand in 12 months, the retail SKU deactivates when there is no demand in 24 months helping to stabilize movement of material and increase availability at the industrial activity contributing to a decreased ORT.

- DLA worked with the Navy to identify specific high demand or critical items for particular Navy ship classes. These items were moved forward to depots around the world where those Navy ships are in use. This placed the items closer to the customer in advance of the requirement, thus reducing wait time.

Outcome(s): Outcomes for both maintenance and OCONUS customers showed improvement or met goals.

- For both Navy and Air Force industrial sites, DLA’s desired outcome is to meet or exceed the agreed to performance levels defined by the signed performance based agreement (PBA) between DLA and the appropriate Military Service management organization. At newly implemented retail sites, meeting these goals can occur months after implementation while the system reacts to the new information and demand patterns.
 - The Air Force ALC Retail Metrics are:
 - Order Response Time, Goal 90%, all sites met or exceeded goal for FY14
 - Material Availability, Goal 90%, all sites met or exceeded goal for FY14
 - Unfilled Orders, Goal 25% reduction from 30Sep13 and no more than 15% are greater than 180 days old; while the ALCs overall did not meet their Unfilled Orders (UFO) goals for FY14, they did have an 18% reduction for the year with no more than 24% of UFOs greater than 180 days old.
 - Logistics Response Time (measuring support to operational customers), Goal 18.2 days; while the ALCs did meet the target in FY14, they were not able to sustain performance levels at the target. End of FY14 performance, 21.5 days.
 - The Navy FRC Retail Metrics are:
 - Local Fill Rate is measured against the pre-IMSP baseline as follows:
 - San Diego went live in June 2013 and has met or exceeded their baseline of 62.6% for FY14.
 - Jacksonville went live in October 2013 and is not yet meeting their baseline of 82.1% but is above go live performance level. They had a setback in September with large volume of unplanned orders.

- Cherry Point went live in March 2014 and is not yet meeting their baseline of 84% but is above go live performance level.
- Material Availability Goal of 90% is not yet being met but all sites are trending up since implementations.
- Unfilled Orders have different goals based on the types of items, age of the backorders, and whether or not the backorders are actionable. The FRCs were not able to meet performance goals in FY14 primarily due to increases in backorders during implementation. During the FY, the FRCs exceeded their baseline performance, but did not sustain those performance levels.
 - Actionable backorders for Acquisition Advice Code (AAC) “D” DLA items - goal is a 25% reduction from baselines.
 - Aged actionable backorders greater than 180 days for AAC “D” items – goal is not to exceed 15% of current month’s total actionable backorders.
 - Unfilled Orders for 3B and 9B DLA items in support of “G” components – goal is to reduce by 15%.
- LRT for OCONUS customers was reduced from 46 days to 40 days between FY13 and FY14. In particular, LRT in the Bahrain area of operations has decreased from an average of 36 days down to 13 days during FY14.

Key participating organizations:

- Internal to DLA:
 - DLA Aviation
 - DLA Land & Maritime
 - DLA Troop Support
 - DLA Distribution
 - DLA Logistics Operations (J3)
 - DLA Acquisitions (J7)
 - DLA Finance (J8)
- External to DLA:
 - Military Services (Air Force, Marine Corps, Navy)

POC: J34

Goal: Improve Customer Service

Initiative: Executive Agent (EA) for Bulk Petroleum Supply Chain Assessment (SCA) (formerly Readiness Assessment)

Background:

- In accordance with Department of Defense Directives (DODD) 5101.1, Department of Defense (DOD) Executive Agent (EA), dated 3 September 2002 EA programs are assessed not less than every three years to provide an effective measure of program governance, continued need, effectiveness and efficiency in satisfying end user requirements. The assessment determines how well the lead organization is fulfilling its strategic EA responsibilities. DOD Directive 5101.8, DOD Executive Agent (DOD EA) for Bulk Petroleum, dated 11 August 2004, established the DOD EA for Bulk Petroleum and assigned the responsibility to the Director, Defense Logistics Agency (DLA), with the authority to re-delegate the responsibility to DLA Energy.
- As of 2012, the Bulk Petroleum EA responsibility had never been assessed. This responsibility was tasked to DLA. Consequently, a core working group consisting of the DLA Energy EA Office and DLA Office of Operations Research and Resource Analysis (DORRA) was established to develop an assessment methodology and to conduct the assessment.

Description: The SCA collects data using a survey instrument and a comprehensive data call intended to evaluate the effectiveness of the supply chain. The core working group interviewed key stakeholders and developed a data matrix of key questions. The assessment was based on Joint Publication 4-03, “Joint Bulk Petroleum and Water Doctrine”, and focused upon the capabilities of planning, controlling, and execution. These capabilities were assessed by DORRA through a data call to DLA Energy EA Office, and by conducting a survey of key constituents of the supply chain. The survey was developed in conjunction with the U.S. Army Training and Doctrine Command Analysis Center at Fort Lee, Virginia (TRAC-LEE). Vovici software was used as the survey tool.

Outcome(s):

- DORRA produced a draft report, “15-RO-BC001, Department of Defense (DOD) Executive Agent (EA) for Bulk Petroleum Supply Chain Assessment (SCA) 2014 Analysis, 04 August 2014” documenting the methodology, results, conclusions, and recommendations. A key finding was that the role of the EA Office within DLA Energy-QEX is vital and should be continued.
- The DORRA report resulted in capturing a methodology and lessons learned for future supply chain EA assessments.

Key participating organizations:

- Internal to DLA:

- DLA HQ J3 (Support and DORRA)
- DLA Energy

- External to DLA:
 - Joint Staff, J4
 - Office of the Secretary of Defense (OSD) Operational Energy Plans and Programs (OEPP)
 - NAVSUP Energy
 - Army Petroleum Center
 - Air Force Petroleum Agency
 - Combatant Commands

POCs: J34 and DORRA

Goal: Improve Customer Service

Initiative: Joint Contingency Acquisition Support Office (JCASO) and Operational Contract Support (OCS)

Background: JCASO was established under section 854, National Defense Authorization Act (NDAA) 2007. This federal statute provided Department of Defense (DOD) the authority to establish the JCASO. The Deputy Assistant Secretary for Defense (DASD) Program Support institutionalized the JCASO to perform program management of OCS policy and doctrine, provide operational synchronization of theater-related contracting support planning, and help ensure Combatant Commands (CCMD) have a preplanned organizational approach to contingency acquisition.

Description: JCASO will, when requested, assist the Combatant Commanders (CCDR) implement and manage joint Operational Contract Support (OCS) Programs within the Area of Responsibility (AOR) and/or Joint Operating Area (JOA) during peacetime, contingency operations, combat and post-conflict operations. JCASO helps the CCDR implement and manage OCS by enabling joint OCS planning and program management (PgM). JCASO enables joint OCS planning and program management by organizing, staffing, leading, controlling and managing the joint OCS efforts.

Outcomes: JCASO Mission Support Team (MST) Personnel achieved and maintained 100% deployability through FY14. MST Personnel also maintained 100% deployable readiness through their respective Military Service medical web pages which was reported monthly via the Operations Director to the JCASO Director. Additionally, JCASO MST Personnel attended all required exercises and met all mission requirements in FY14 while never missing an operation commitment due to failed medical readiness.

JCASO participated in numerous exercises and supported operational efforts throughout FY14 as listed below.

- Exercise Participation
 - Key Resolve- KEY RESOLVE 14 is a theater-level Computer Assisted Exercises (CAX) oriented on maneuver and operational level sustainment. The goal of KR14 is to strengthen alliance with the Republic of Korea, enhance training of Combined Forces Command and United States (U.S.) Forces Korea (USFK), and attain Initial Operational Capability for Republic of Korea Joint Forces Command and the Future Command Structure. During the two week long exercise, the MST, responded to exercise generated Master Scenario Events Lists (MSEL), participated in the USFK daily Battle Update Briefing (BUB) and Defense Logistics Agency (DLA) Energy daily update. The MST Personnel developed a Contractor Management Plan, reviewed requirement packages while directing and coordinating two Joint Requirement Review Boards (JRRBs) for the USFK J4.
 - Panamax- PANAMAX 14 is an unclassified exercise that enhances regional relationships and exercises multi-national operational capability to defend the Panama

- Canal against threats to its free and unimpeded operation. The exercise reinforces strategic communication themes by stressing common interests, cooperative solutions, and long-term security aimed at ensuring prosperity and democratic ideals. JCASO MST was dispersed to the Ground Component Command (GCC), Naval Component (NAVSOUTH), and the Army Component (ARSOUTH). Team members received and executed exercise MSEL injects at the GCC, created and published a Joint Task Force (JTF) JRRB Fragmentary Order (FRAGO), and facilitated JRRBs at U.S. Army South (ARSOUTH).
- Ulchi Freedom Guardian- (UFG) 14 is a Chairman of the Joint Chiefs of Staff sponsored, U.S. Pacific Command (USPACOM) directed, U.S. Forces Korea conducted, Joint Staff (JS) J7 South supported classified OPLAN oriented exercise. UFG 14 is a United States (U.S.)-Republic of Korea (ROK) Command (USKORCOM) Post Exercise. The goal of UFG 14 is to train U.S. Korea Command, Provisional, staff on developing plans, procedures, and concepts for the defense of the ROK and enhance coordination between the ROK government and Combined Forces Command during the early portion of the conflict and the transition to war. UFG is the Combined Forces Commander's premier annual exercise focusing on transition to USKORCOM's supporting role. The JCASO MST received and executed exercise injects, created and published a JRRB FRAGO, facilitated the JRRB, and participated in the 19th Expeditionary Sustainment Command Combat Update Briefs.
 - 2014 Operational Contract Support Joint Exercise (OCSJX-14). The 412th Contracting Support Brigade (CSB) facilitated the first-ever Office of the Secretary of Defense sponsored OCS joint exercise. The exercise took place 7 through 31 January, 2014 at the Fort Bliss, Texas Mission Command Training Center (MCTC). The exercise was based on the U.S. Northern Command (USNORTHCOM) response to a complex catastrophe (New Madrid Fault earthquake), and involved U.S. military, civilians, contractors, other federal agencies, and coalition forces in a Domestic Support of Civil Authorities (DSCA) scenario. The intent of OCSJX-14 was to train and assess OCS capabilities for USNORTHCOM, U.S. Army North (ARNORTH) and other Military Service components using the OCS Joint Metrics and Readiness (JMR) Guide and the established training objectives. JCASO MST provided a Logistics Planner to embed with the Doctrine Cell to review and recommend updates to existing and emerging OCS doctrine contributing to the final version of JP 4-10 (Joint Publication-Operational Contract Support).
 - The Mission Support Team worked in the ARNORTH OCS Cell in direct support of the ARNORTH G4, while supporting the NORTHCOM J4 Operational Contract Support Integration Cell (OCSIC). The team developed a Common Operating Picture (COP, an Analysis of the Operational Environment (AOE), published a JRRB FRAGO, facilitated two JRRBs, responded to exercise injects and requests for information, and assisted the requirements owners to draft requirements before

- submitting through the JRRB. The MST synchronized and coordinated OCS amongst the three local Task Forces, Theater Sustainment Command, and the designated Senior Contracting Officials (and future N-JTSCC) across the JOA.
- Exercise Unified Endeavour: The UE 14-1 Mission Rehearsal Exercise (MRX) trained, rehearsed, and contributed to the overall preparation of primary Headquarters (HQ) for units that will be assigned to International Security Assistance Force (ISAF), ISAF Joint Command (IJC) and Regional Command-East (RC-E). It is a multi-tier command post exercise (CAX/CPX). A 4 person MST participated in the exercise as the OCS Higher Control (HICON)/response cell for UE. Key activities included OCS storylines that included multi-national participation and OCS storyline injects to ensure participants understood OCS processes in place to support the theatre of Afghanistan.
 - Exercise Internal Union (IU): Central Command (CENTCOM) staff exercise with multi-national participation. JCASO provided two planners to participate in the planning and MSEL events. Exercise execution was cancelled.
 - Operational Contract Support Joint Exercise (OCSJX) 15: A three person MST attended the Concept Development and Experimentation (CDE) and follow-on planning events and helped write the OCS MSELs for exercise execution in 2015. JCASO will support the exercise with a three-man HICON/response cell along with a JCASO MST as a part of the training audience.
 - Annex W Development: JCASO Planners completed six Tier III and one Tier IV Annex W for Contingency Plans across three Combatant Commands.
 - Operational Support
 - U.S. Army Central (ARCENT) Operational Contract Support Integration Cell (OCSIC). Training/Development-JCASO deployed four personnel from MST-Kuwait for 60 days to observe, train, and support ARCENT OCS Integration Cell. The team drafted four Standard Operating Procedures (SOP) and handbooks, developed a Task Organization for the OCS Cell and assisted with the development of an Annex W. They also observed the JRRB process, and made recommendations on changes to improve the process. The team stood-up an OCS Working Group of all the major units and components in the CENTCOM AOR to synchronize and coordinate OCS activities under ARCENT's purview. The team also interviewed every person or activity that had a stake in OCS in Kuwait, to include 408th CSB personnel, JRRB voting members, and the major subordinate units supporting ARCENT in the AOR to help improve OCS activities and develop OCS Communities of Interest in the AOR.
 - CENTCOM Forces (CF)-J: JCASO deployed a three person MST to Jordan in support of CF-J and to stand-up an OCSIC. The team prepared an OCSIC SOP, updated the Board, Bureaus, Cells, Centers and Working Groups (B2C2WGs) by staffing an updated FRAGO formalizing the establishment of the Joint Requirements

- Review Board (JRRB) and OCSIC working group processes, developed a draft Synchronized Pre-deployment and Operational Tracker (SPOT) policy paragraph for insertion into contracts supporting CF-J and linked the OCSIC and J1 staff into requisite SPOT training in support of contractor accountability. The team provided advice as required on JRRB packets and packets that were reviewed by the Coalition Acquisition Review Board (CARB) and/or SUPER CARB process. The team hosted a week-long contract working group and established twelve ready on-the-shelf Performance Work Statements (PWS) that can be used as needed in the future. The team collaborated with DLA troop support to identify two approved local sources of bottled water.
- Operation United Assistance (OUA): response to the Ebola crisis in West Africa, JCASO deployed 2 Contingency Contracting Officers to Liberia to support contracting activities, 1 5-person MST to HQ U.S. Africa Command, (AFRICOM) and 1 5-person MST to U.S. Army Africa (USARAF). The MSTs established SPOT and Theater Business Clearance policies in support of the humanitarian mission, establishing B2C2WGs including the JRRB and JRVB for requirements review, and the charters for the OUA Work Group (WG) and JRRB at the HQ AFRICOM level. The teams also participated in the AFRIOCOM J4 combatant command (COCOM) Logistics Procurement Board and briefed updates on the OCS and worked closely with Interagency representatives from United States Agency for International Development (USAID)// Office of U.S. Foreign Disaster Assistance (OFDA) to support the mission. The team assisted the embedded planners with the drafting of the Contractor Management Plan (CMP) in support of OUA as appendix 2 to Annex W.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J32 – JCASO and J31- Joint Logistics Operations Center (JLOC))
 - DLA Procurement (J7)
- External to DLA:
 - Military Services and their Combatant Commands
 - USAID
 - Numerous North Atlantic Treaty Organization (NATO) Countries

POC: J32

Goal: Improve Customer Service

Initiative: Enhance Department of Defense (DOD) and Whole of Government (WoG) capabilities

Background: Joint Contracting and Support Office (JCASO) is responsible for enabling the institutionalization, synchronization, and integration of Operational Contract Support (OCS) for DoD, including WoG engagement.

Description: To assist with institutionalizing OCS throughout DOD/WoG, JCASO focused on three areas:

- DOD OCS Action Plan 2014-2017. JCASO is a member of the Working Group (WG) that meets monthly to review and update the progress of tasks in the OCS Action Plan. The Action Plan consists of 10 OCS capability gaps and 176 identified tasks assigned to various DOD organizations to close the gaps.
- Joint Exercise Saber Guardian 14 (SG14) and Operation United Assistance (OUA). As part of its responsibilities to enable OCS at the combatant commands, JCASO participates in joint exercises real-world operations. For the United States (U.S.) European Command's (EUCOM) Exercise Saber Guardian 2014, JCASO provided on-site OCS support to the Joint Task Force (JTF) in Bulgaria and also assisted in building Unified Action/contingency program management (CPM), working with other governmental agencies, host and partner nations, international organizations, and the private sector via Public Private Partnerships. In the U.S. Agency for International Development (USAID)-led Operation United Assistance (OUA), JCASO Mission Support Teams traveled to U.S. Africa Command (AFRICOM) and its forward-based Joint Force Command to help ensure an organizational approach to contingency acquisition in accordance with DOD policy and joint doctrine. JCASO assisted in establishing the Joint Requirements Review Board to prioritize USAID-validated requirements in the West Africa operational area.
- Strategic Engagements. JCASO engages with various DOD and WoG organizations to further institutionalize, synchronize, and integrate OCS. Specific ongoing engagements include:
 - Department of State (DoS)/DOD Afghanistan Executive Steering Group (twice a month)
 - DoS/DoD Iraq Coordination Working Group (weekly)
 - DOD OCS Functional Capabilities Integration Board (FCIB) (Quarterly) and working groups (WG)

Outcome(s): During the year, JCASO:

- Strengthened relationships throughout DOD and WoG with regular and consistent interactions with OCS partners in the Office of the Secretary of Defense (OSD), Joint Staff (JS), the Military Services, and other DOD Components.
- Increased its communication, collaboration, and interagency focus with a dedicated Interagency Specialist and a Liaison to the JS J4 and OSD. These actions have resulted in increased information sharing and inclusion in strategic initiatives led by OSD and JS, and greater awareness of OCS capabilities and support throughout the combatant commands and Military Service components.
- Supported U.S. Central Command (CENTCOM) on Central Asia States on local procurement efforts and hosted a “lessons learned” meeting of the CENTCOM Theater Engagement Team.
- Launched a local procurement initiative with AFRICOM as well as establishing an Executive Level Steering Group for AFRICOM, hosting a Business Development Event in Niger and participating in a vendor expo in Djibouti.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J32 - JCASO)
- External to DLA:
 - Office of the Deputy Assistant Secretary of Defense (Program Support) [ODASD(PS)]
 - Joint Staff J4 Operational Contract Support and Services Division (JS J4 OCSSD)
 - Department of State (DoS)
 - USAID

POC: J32

Goal: Improve Customer Service

Initiative: Enhance DLA Contingency Contracting Capabilities

Background: The Joint Contracting and Support Office (JCASO) Contingency Contracting Office (CCO) extends and expands the Defense Logistics Agency (DLA) Supply Chain and Military Service contracting capabilities. It focuses on humanitarian assistance and disaster response support in austere environments and synchronizes DLA contracting support with whole-of-government (WoG) partners.

Description: JCASO is responsible for enhancing DLA contingency contracting capabilities by developing a CCO that is fully trained and ready to deploy as well as able to synchronize and leverage other Department of Defense (DOD) and interagency capabilities. Additionally, JCASO must develop and expand more responsive contract vehicles to support multiple government agencies and contingency operations.

Outcome(s): The CCO reached Full Operating Capability on 1 January 2014 and was able to deploy CCO teams within 72 hours of notification. Additionally, the CCO continues to work with other DOD agencies to expand the contracting support. Examples include:

- Operation United Assistance (Ebola Response). In September 2014, the team's contingency contracting officers, Michaela Olson and Craig Hill, deployed to Monrovia, Liberia and Dakar, Senegal in support of Operation United Assistance. They made over \$1 million in purchases to ensure the success of the initial phases of the operation. The remaining team members provided reach-back support. Although not trained to do so, Craig Hill was called upon to serve as the DLA Support Team (DST) Commander in Senegal for a short period of time. Finally, a JCASO Procurement Analyst, Patricia Babida, deployed forward to Army Africa Headquarters in Vicenza, Italy to help build an Operational Contract Support Integration Cell (OCSIC), ensuring the United States (U.S.) Africa Command (AFRICOM) had an organizational approach to contingency acquisition in accordance with DOD policy and joint doctrine. She assisted in establishing the Joint Requirements Review Board to validate and prioritize DOD requirements in the West Africa operational area. She drafted the outline for an AFRICOM Instruction explaining the responsibilities and key tenets of Lead Military Service for Contracting Coordination for U.S. Army Africa (USARAF), and its associated Army Senior Contracting Official, the Commander of the 414th Contracting Support Brigade. She also served as an effective liaison between the DLA Acquisition Directorate, DLA Acquisition (J7), and the forward-based DLA CCOs in Liberia and Senegal.
- CCO Support to Special Operations Command (SOCOM). In support of the Campaign Plan for Global Special Operations and Theater Special Operation Commands (T-SOCs), JCASO was asked to develop a plan of action to expand CCO capability to support U.S. Special Operations Command (SOCOM). With the buy-in of the DLA Director to

provide this support, the team is preparing to deploy two internal CCO personnel to SOCOM Headquarters in Tampa, then to Special Operations Command-Africa (SOCAF) in Stuttgart Germany for follow-on assignments. The team is also working with various and appropriate DLA Headquarters staff elements to organize an on-call contracting cadre of 1102-qualified professionals to meet future DLA contracting requirements.

- **Local Procurement.** CAPT Jennifer Lednický assumed the leadership role of the Local Procurement team, which saw a major change in focus. With the ongoing U.S. retrograde from Afghanistan, DLA local procurement in Central Asia and Afghanistan dropped to \$1.5 billion. Local procurement in Central Asia declined as the year progressed due to the reduction of forces in Afghanistan. The local procurement team hosted closeout business forums early in the year in Uzbekistan, Kazakhstan, and Kyrgyzstan. Additionally, the team planned, coordinated and hosted a “lessons learned” meeting of the U.S. Central Command (CENTCOM) Theater Engagement Team. In April, working with the Latvian embassy staff, the team hosted a business forum for the Latvian Prime Minister, and a high-level business delegation at the Latvian Embassy. Mid-year, the local procurement team shifted focus from CENTCOM’s local procurement initiative to launch a new local procurement initiative in support of AFRICOM. Coordinating with AFRICOM, the team planned and executed the inaugural meeting of the Executive Level Steering Group, which included representatives from many interagency partners. In August, the team travelled to Niger and hosted a Business Development Event in support of the new initiative, which was attended by over 120 local vendors. The team also made an initial visit to Djibouti to meet with the various contracting entities and participate in a vendor expo.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J32 - JCASO)
 - DLA Acquisition (J7)

- External to DLA:
 - U.S. CENTCOM
 - U.S. SOCOM
 - U.S. AFRICOM
 - U.S. Army
 - Department of State (DoS)
 - U.S. Agency for International Development (USAID)

POC: J32

Goal: Improve Customer Service

Initiative: Executive Agent (EA) for Medical Materiel Readiness Assessment (RA) Definition and Execution

Background: Department of Defense Directives (DODD) 5101.1, Department of Defense (DOD) Executive Agent, defines Executive Agent responsibilities, and DODD 5101.9, DOD Executive Agent for Medical Materiel, assigns the Director, Defense Logistics Agency (DLA) as the EA for CLVIII, medical materiel. The supply chain assessment is part of the responsibilities assigned to DLA as the EA for CLVIII.

Description: The supply chain assessment began with a review of the policies to ensure proper alignment of responsibilities. DODD 5101.9 was outdated and required revision due the recent stand-up of the Defense Health Agency. The document was reviewed by all Military Services and reviewed/approved through the Defense Medical Logistics Supply Chain Council, the General Officer/Flag Officer level CLVIII governance council.

Outcome(s): Initial efforts included redefining the readiness assessment. These efforts resulted in changing the terminology to a supply chain assessment because the focus was on the supply chain rather than a readiness assessment. A successful initial coordination and update to DODD 5101.9 was forwarded to the Washington Headquarters Service staffing process for coordination and approval. The initial supply chain assessment survey was sent to each of the Military Services, joint staff, and combatant commands. Responses were compiled and the data will be used to assess performance and identify areas where improvements can be made. The summary of the survey responses is projected to be reported to the governance committee in Calendar Year (CY)15. Contact with DLA strategic materials team was made to research methods to identify risks and vulnerabilities within the CL VIII supply chain. Efforts will continue in this area into FY15.

Key participating organizations:

- Internal to DLA:
 - HQ Logistics Operations (J3)
 - DLA Troop Support (Medical)

- External to DLA:
 - Chief, Defense Health Agency Medical Logistics Division
 - Joint Staff, J4 Medical Logistics Representative
 - Combatant Command Medical Logisticians
 - Senior Medical Logistics Representatives from each Military Service

POC: J34

Goal: Achieve Audit Readiness

Initiative: Order-to-Cash and Plan-to-Stock (Wave 3 Financial Improvement Audit Readiness (FIAR) Existence and Completeness (E&C) FY 14 Assertion and Order to Cash (O2C) FY 15 Assertion)

Background: In October 2011, the Secretary of Defense issued a directive that set a compressed timeline for achieving audit readiness for the Department of Defense (DOD). Congress mandated full DOD auditability for all DOD financial statements by 2017. To prepare for a full financial audit by 2017, it will be critical that the Defense Logistics Agency develop complete and detailed supporting implementation plans. DLA created a management structure that includes both the Plan-to-Stock (P2S) and Order-to-Cash (O2C) Business Cycles; these two cycles are managed by the J3 Enterprise Business Cycle Owner (EBCO). The J3 EBCO is charged with ensuring both the P2S and O2C Business Cycles are fully auditable by 1 October 2015.

Description:

- The scope of the O2C business cycle team includes all processes, controls, and financial activities associated with DLA sales order processing; DLA billing and collecting cash from customers; and management of customer DOD Address Activity Codes (DODAAC) information.
- The scope of P2S includes all processes, controls, and financial activities associated with DLA requirements determination; receiving, storing, physical inventory control, distribution and issuing of inventory; and disposition of inventory.
 - P2S is subdivided into Energy (generally supply class III), Non-Energy (generally supply classes I, II, IV, VIII, and IX) and inventory valuation.

Outcome(s): On September 30, 2014, the J3 EBCO asserted that the P2S Inventory Business Cycle is audit ready and able to prove the E&C, Rights and Obligations (R&O) and Presentation and Disclosure of over \$20B in combined Energy, Distribution and Vendor/Military Service Managed Inventory. The J3 EBCO, with support from the P2S and O2C Business Cycles Teams, are making final preparations to assert the remaining 24 end-to-end processes including O2C sales order and P2S valuation processes by 1 October 2015.

Key participating organizations:

- **Internal to DLA:**
 - DLA Distribution
 - DLA Troop Support
 - DLA Land and Maritime
 - DLA Aviation
 - DLA Energy
 - DLA Installation Support
 - DLA Logistics Operations (J3)

- DLA Information Operations (J6)
- DLA Acquisition Operations (J7)
- DLA Financial Operations (J8)

- External to DLA:
 - Office of Secretary of Defense, Comptroller (Financial Improvement Audit Readiness)
 - Assistant Secretary of Defense for Logistics and Materiel Readiness ASD(L&MR)
 - Military Services (Army, Navy, Air Force, Marine Corps)

POC: J34

Goal: Additional Key J3 Initiatives

Initiative: Department of Defense Manuals (DODM) 1338.10, DOD Food Service Program (DFSP)

Background:

- The DoDM 1338.10, DFSP is applicable to Office of the Secretary of Defense (OSD), Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense (DOD), the Defense Agencies, and the DoD Field Activities, collectively known as DoD Components. The DOD Components operate appropriated military personnel feeding and dining facilities during peacetime and wartime under Military subsistence-in-kind appropriation in accordance with the DoD Financial Management Regulations. The DFSP covers appropriated food service operations, whether performed contractually or in house. The operations includes related research development; nutrition and nutrition stands; acquisition of food, supplies, and equipment; menu and recipe planning; meal preparation and service; compliance with “custom inspections,” for in-flight meals on internal flights; sanitation; design and layout of facilities; personnel; training; accounting and reporting; and consumer acceptability.
- Consistent with the authority, direction, and control of the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L) and Assistant Secretary of Defense for Logistics and the Office of the Materiel Readiness (ASD(L&MR)) overall guidance of the DFSP is provided through the Joint Subsistence Policy Board, chaired by the DLA.

Description: In March 2011, the Defense Logistics Agency (DLA), as the Executive Agent for Subsistence, began collaborating with all participating organizations to finalize and publish the revision to the DOD Manual 1338.10.

Outcome(s): The Manual previously dated, March 23, 1990 required a major procedural rewrite to include complete formatting changes. The DoDM 1338.10, DFSP was signed on November 20, 2014 and published on the DOD issuances website on December 2, 2014.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J3)
 - DLA Troop Support – Subsistence
- External to DLA:
 - OSD Supply Chain Integration
 - Military Services (Army, Navy, Marines, Air Force) Food Service Managers
 - OSD Military Community and Family Policy

- DOD Nutrition Committee
- United States Army Natick Soldier Systems Center

POC: J34

Goal: Additional Key J3 Initiatives

Initiative: DLA Headquarters Healthy Base Initiative (HBI)

Background: In January 2013, the Defense Logistics Agency's Headquarters Complex (HQC) was selected by the Office of the Secretary of Defense (OSD) for Military Community and Family Policy (MC&FP) as one of 14 pilot sites to participate in the HBI. The demonstration project, part of the Defense Department's Operation Live Well (OLW), was aimed at making healthy living the easy choice and the social norm. OLW supports President Obama's 2011 National Prevention Strategy. It was designed to create an environment on military installations that encourages a healthy lifestyle through a set of programs derived from a wide range of best practices within and outside the Department of Defense (DOD). OSD (MC&FP) carefully selected 14 installations to participate in HBI based on leadership committed to an active, healthy lifestyle; adequate dining and fitness facilities; and, sufficient infrastructure to support innovation. The OSD HBI team worked with the HQC HBI team to establish programs and assessment practices to support the goals of improving nutritional choices, increasing physical activity, and reducing obesity. Although, the focus of the HQC HBI was on approximately 2,200 DLA civilian and military personnel, the HQC tenant organizations (approximately 3,000 personnel) were active participants in the HBI activities.

Description:

- The DOD HBI was a one-year demonstration effort which began with a DLA HQ HBI kick-off on May 15, 2013. This event featured remarks from Dr. Jonathan Woodson, the Assistant Secretary of Defense (Health Affairs) and Director of TRICARE Management Activity and Mr. Charles E. Milam, Deputy Assistant Secretary of Defense for Military Community and Family Policy. They spoke on the importance of health in the military community and the background of HBI and OLW. The keynote speaker was author and television personality Montel Williams, who motivated the attendees by sharing his personal journey to health and fitness in the midst of serious illness and he charged the audience to take a proactive role in their health.
- HQC established a committee to oversee HBI, its programs and track the progress of the pilot. Army Major General Kenneth Dowd, director, DLA Logistics Operations, served as the senior sponsor of HBI at DLA HQC. A group of subject matter experts developed and implemented HBI from May 2013 until May 2014. The committee co-chairs, DLA Logistics Operations and DLA Installation Support, coordinated with OSD-OLW, providing updates and metrics on a bi-monthly basis.
 - Farmer's Market: DLA HQC's first HBI program was the McNamara Farmers' Market. The market ran weekly from May to November 2013. It returned in May 2014. Three vendors participated in the 2013 program: C&T Produce, Great Harvest Bread Company, and Oak Spring Dairy. In 2014, two original vendors (C&T Produce and Great Harvest Bread Company) remained and two new vendors (Briggs Produce and Gypsy Hill Foods) were added. The Farmers' Market provides DLA

- HQC personnel a convenient avenue to purchase fresh produce, breads and other healthy food items during the workday.
- Smarter Food Movement: DLA HQC launched the Smarter Food Movement in Fall 2013 with the goal of promoting better-for-you foods. Healthier food items were placed up front in the cafeteria and made more obvious and accessible to HQC employees. Using research conducted by the Cornell University Food Lab, healthier foods were prominently placed, while less healthy choices moved to less accessible locations. Cornell's study of behavioral economics yielded insights on ways to encourage people to make more nutritious food choices.
 - Go for Green (GfG): GfG is a nutritional labeling system to help DLA HQC employees make informed dietary decisions in the cafeteria. An OSD (MC&FP) dietician worked with Sodexo to establish the GfG criteria. The program began after the completion of the cafeteria improvements. The labeling system provides DLA HQC employees with a visual cue for healthier food choices by using color-coding to indicate the degree of nutrition of foods served. This helps create and foster a culture of awareness by providing a quick and easy visual prompt for employees to make more informed eating choices.
 - Stairwell to Health: Stairwell to Health began in June 2013. The program encouraged DLA HQC employees to use the stairs instead of the elevator. Posters placed near and inside elevators throughout DLA HQC reminded employees that using the stairs can contribute to weight loss and a healthier body. To further support the program, the HBI team partnered with the Fitness Center and the HQC Fitness Council to sponsor fun and friendly stairwell challenges. Stairway to Health was very popular and increased awareness of ways to incorporate physical activity into daily routines in a simple, yet effective, manner.
 - Bike Share Program: An exercise-related program allowed the addition of bicycles to the fitness center. The DLA HBI team collaborated on a bike safety policy issued enterprise-wide as a Directive Type Memorandum in December 2013. In June 2013 DLA HQC Morale, Welfare and Recreation (MWR) purchased 15 bikes in a combination of types to allow a road, trail or mixed riding experience. The bikes are easily accessible for employees; bike helmets and locks are also available. Employees are required to read safety information and sign a log before checking out a bike. The goal of the program is to increase options for physical activity.
 - Other notable activities include: DLA HQC MWR sponsored Musketeer Challenge, a three-month fitness challenge and several 5K Walk/Run events. The DLA HQC Fitness Council sponsored events such as Climb Everest challenge and trail mix bar. A DLA Top Chef Culinary Competition conducted in May 2014 marked the official end of the one-year HBI pilot at DLA HQC.
- The success of DLA HBI is attributed to support from key leadership, the cross-functional DLA HBI Team, Strategic Communications, and HQC MWR.

- Support from key leadership was critical to the program. DLA Director, Navy Vice Admiral Mark Harnitchek, was vital to the success of HBI at DLA HQC. His strong support for a healthy lifestyle and his willingness to shape DLA policies and programs contributed to the health and well-being of DLA employees and was a major reason HQC was chosen for the pilot. Major General Dowd maintained a blog on the DLA HBI program. Both senior leaders made a point of discussing HBI at their Town Hall forums.
- Strategic Communications was a crucial component. DLA Public Affairs developed a strategic communications campaign for HBI. Focused on modern, inventive delivery systems, combined with smart messaging and eye-catching graphics, the HBI campaign promoted the HBI principles for HQC occupants to participate in program events. The office published 19 HBI-related articles from May 2013 through July 2014 which were also shared across various DLA social media platforms such as Facebook, Twitter, Google+, Vine, Polar and Storify. DLA Public Affairs and DLA Installation Support collaborated on a short video highlighting the personal successes of program participants. The DLA Public Affairs graphics team produced posters promoting HBI programs. During the holidays, DLA websites featured tips on healthy alternatives to traditional holiday foods. Finally, the July-August 2014 issue of Loglines, DLA's flagship magazine, featured an article highlighting HBI programs and success stories at DLA HQC and across the enterprise.
- HQC MWR was an essential partner in HBI, initiating or co-sponsoring many programs. Several MWR representatives participated on the HBI committee, helped coordinate efforts between the two programs and assisted in increasing awareness of HBI activities taking place at HQC. The MWR office was invaluable in helping HBI reach its goals.
- DLA HBI Team collaborated on countless events and provided a forum for oversight, communication, and coordination of programs that fit the culture and needs of personnel at the HQC. The Team focused on the key initiatives but worked to implement other worthwhile activities. Through the team's efforts, DLA HQC employees gained access to information and resources to assist and encourage them in choosing a healthier and more active lifestyle, both at work and at home.

Outcomes: As the first DOD site to implement HBI, HQC set the program standard, establishing a precedent for future sites. DLA HQC established sustainable HBI programs with solid foundations including multiple activities and events. Overall, HBI made a tremendous impact on the DLA HQC workforce, positively influencing multiple health behaviors.

- In a September 2013 HBI survey, more than 75% of respondents indicated they participated in HBI programs and that the program was successful in helping to achieve positive health benefits. Weight loss, increased energy, improved morale, increased

awareness of healthy choices, and increased mental clarity during the work day represent only a few of the ways that HBI tangibly impacted the workforce.

- The Culture Climate Survey conducted in April/May 2014 included several questions about HBI and related DLA Fitness and Nutrition programs. The survey indicated that staff overwhelmingly valued the HBI and nutrition and fitness related programs offered at DLA HQ.
 - Some metrics were developed to measure the success of the HBI program. The Farmer's Market success was measured by the Vendor Sales meeting or exceeding a minimum dollar threshold set by the vendors. The vendors needed to have sales at a certain dollar amount to make it worthwhile to make participation in the program sustainable. The Vendor Sales continually exceeded the threshold. Another metric measured usage and repeat usage of the Bike Share program.
 - HBI's success remains a permanent part of HQC. The program originated in DLA Logistics Operations, but transitioned to DLA Installation Support in June 2014 under the HQC Health and Fitness Council. The council is expected to use HBI team experience to ensure continuity and consistency in the health and wellness efforts as the HQC continues to develop and enhance OLW at DLA. The DOD HBI will transition to the Operation Live Well Campaign in the future.

Key participating organizations:

- Internal to DLA:
 - DLA HQ (Logistics Operations (J3), Strategic Plans and Policy (J5), Financial Operations (J6), Acquisition Operations (J7))
 - DLA Protocol, DS
 - Public Affairs
 - DLA Energy
 - DLA Troop Support
- External to DLA:
 - OSD Military Community and Family Policy
 - Defense Health Headquarters
 - Military Services

POC: J34

Goal: Additional Key J3 Initiatives

Initiative: Rewrite of Department of Defense Directives (DODD) 5101.12, Department of Defense (DOD) Executive Agent (DOD EA) for Construction/Barrier Materiel

Background: DOD Directive 5101.1 “DOD Executive Agent” dated September 3, 2002, provides a DoD-wide definition of DoD Executive Agent. It provides DOD approval authority for assigning DOD Executive Agent responsibilities, functions, and authorities within DOD. DODD 5101.12 “DOD Executive Agent (DOD EA) for Construction/Barrier Materiel dated July 16, 2005, prescribes authority, policy, and responsibilities for the management of Construction/Barrier (Class IV) commodity across the spectrum of military operations. It designates the Director, Defense Logistics Agency as the DOD EA for Construction/Barrier Materiel with responsibilities for planning, procuring, managing and supplying construction/barrier materiel required by the DOD Components. DODD 5101.12 required revision to reflect requirements of the Defense Acquisition Regulation.

Description: DODD 5101.12 prescribes authority, policy, and responsibilities for the management of construction/barrier materiel (Class IV) commodity in peacetime and across the spectrum of military operations. It identifies the roles and responsibilities of the DOD EA for Construction/Barrier Materiel and its relationship to the Military Departments and other applicable agencies worldwide. The major update to this Directive institutes a much broader definition of Class IV based on the DLA Integrated Materiel Manager responsibilities in the Defense Acquisition Regulation and how the private sector defines Class IV materiel and products.

Outcome(s): The revised DODD 5101.12 is currently going through the final review process. Final approval expected in January 2015.

Key participating organizations:

- Internal to DLA:
 - DLA Troop Support
 - DLA Distribution
 - DLA Logistics Operations (J3)
 - DLA Joint Logistics Operations Center (JLOC) (J31)

- External to DLA:
 - Deputy Under Secretary of Defense (Supply Chain Integration)(DUSD/SCI)
 - Joint Staff Chief of Engineers (JCOE)
 - United States Transportation Command (USTRANSCOM)
 - Military Services (Army, Navy, Air Force, Marine Corps)
 - United States Army Corps of Engineers (USACE)

POC: J34

Goal: Additional Key J3 Initiatives

Initiative: Write/Create Department of Defense (DOD) Manual 5101.12, DOD Executive Agent (EA) for Construction and Barrier Materiel

Background: DODD 5101.12 “DoD Executive Agent (DOD EA) for Construction/Barrier Materiel dated July 16, 2005, prescribes authority, policy, and responsibilities for the management of Construction/Barrier (Class IV) commodity across the spectrum of military operations. It identifies the roles and responsibilities of the DOD EA for Construction/Barrier Materiel and its relationship to the Military Departments and other applicable agencies worldwide. It designates the Director, Defense Logistics Agency (DLA) as the DOD EA for Construction/Barrier Materiel. The creation of a DOD Manual to supplement DoDD 5101.12 was required to provide unique supply chain management requirements for Class IV.

Description: DODM 5101.12 will provide unique supply chain management requirements for Class IV. When complete, the manual will consist of seven sections that include Acquisition, Planning, Standardization/Cataloging, Metrics, Distribution, Asset Visibility and Organizational Oversight/Governance.

Outcome(s): Three Sections (Planning, Standardization/Cataloging and Metrics) have been completed and forwarded to the Office of the Secretary of Defense Supply Chain Integration (OSD (SCI)) for review and approval. The CL IV Advisory Group Writing Team is continuing to work on completing the remaining 4 sections. The tem anticipates completing the manual in 4th Quarter FY 15.

Key participating organizations:

- Internal to DLA:
 - DLA Troop Support
 - DLA Distribution
 - DLA Logistics Operations (J3)

- External to DLA:
 - Deputy Under Secretary of Defense (Supply Chain Integration)(DUSD/SCI)
 - Joint Staff Chief of Engineers (JCOE)
 - United States Transportation Command (USTRANSCOM)
 - Military Services (Army, Navy, Air Force, Marine Corps)
 - United States Army Corps of Engineers (USACE)

POC: J34

Goal: Additional Key J3 Initiatives

Initiative: European Infrastructure Consolidation (EIC) Program

Background: On 25 January 2013, the Secretary of Defense (SECDEF) directed a European capacity analysis to provide the basis for reducing long-term expenses through footprint consolidations. The Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OSD/AT&L) is the EIC Senior Steering Group (SSG) chair. The group is working to eliminate excess capacity while ensuring the Department of Defense’s infrastructure properly supports operational requirements and strategic commitments. At the request of the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics (PDUSD/AT&L), the Defense Logistics Agency was chartered on April 5, 2013, to lead the Logistics Common Support Function Work Group (CSFWG). The Logistics CSFWG consisted of six sub-groups: Fuels, Maintenance, Munitions, Storage and Distribution, Supply, and Transportation Throughput. Sub-group leads were at the 06/GS-15 level.

Description:

- To realize the SECDEF objectives, the EIC effort followed a Base Realignment and Closure (BRAC)-like analytical process with four phases; Capacity Analysis, Military Value Analysis, Scenario Development, and Final Recommendations. Within each of the phases DLA was responsible for managing the flow of information, providing standardization direction, integrating sub-group inputs into joint deliverables, and updating the PDUSD (AT&L) before EIC SSG presentation. Figure 1 illustrates the complexity of the Capacity and Military Value Analysis phases and the relative size of the deliverables.

Figure 1

| Phase | Deliverable | Number of Pages/Questions |
|--------------------------------------|---------------------------------------|---------------------------|
| Capacity Analysis ⁴ | Capacity Approach Report ⁵ | 38 pages |
| | Capacity Questions ⁶ | 167 pages/132 questions |
| | Capacity Analysis Report ⁷ | 98 pages |
| Military Value Analysis ⁸ | Military Value Approach Report | 71 pages |
| | Military Value Questions | 92 pages/65 questions |
| | Military Value Analysis Report | 125 pages |
| Scenario Development | 14 - Scenario Reports ⁹ | 77 pages |
| | 31 - Spreadsheets | 141 tabs |
| Final | 5 – Logistics Briefings ¹⁰ | 23 - charts |

⁴ Current infrastructure capacity less utilized capacity plus surge requirements equal excess capacity.

⁵ How excess capacity will be defined, identified, and reported.

⁶ Questions developed, answered by the field, and results used to establish the analytical bases for excess capacity.

⁷ Report analytically defined excess infrastructure and provided an auditable foundation for possible infrastructure reduction and/or elimination.

⁸ Using a similar process as the Capacity Analysis, the Military Value Analysis establishes the analytical foundation for possible infrastructure reduction and/or elimination as opposed to a qualitative Military Judgment assessment.

⁹ Reports could include more than one business case and economic analysis.

| | | |
|-----------------|--|--|
| Recommendations | | |
|-----------------|--|--|

- Based on the results of the Capacity Analysis, DLA identified installations and/or functional areas (such as warehousing) where excess infrastructure existed in the European Theater. These areas were compared with other like installations and/or functional areas using their relative Military Value (1-*n* list). The result identified possible scenarios that would provide Joint solutions for a future European logistics footprint that supported operational requirements and strategic needs at least-cost. The DLA and the Logistics sub-groups identified 15 specific installations and/or functional areas for scenario consideration and development based on these possible scenarios.
- To support the EIC SSG scenario development process, the DLA completed a two-step process. First, a detailed report was developed for each scenario which assessed all pertinent elements of the scenario under consideration: strategic-level objectives, force structure impacts, impacts on contingency plans, Military Construction (MILCON) costs, and environmental issues are examples of areas addressed in the scenario development reports. Each report was reviewed and approved by the EIC SSG. The second step estimated cost and savings associated with each scenario using the OSD developed Business Case Analysis Tool (BCAT). BCAT produced the cost and savings financial estimates for each of the scenarios and facilitated the comparison of scenarios by identifying those with the most favorable return on investment.

Outcome(s): The Scenario Development phase concluded with the final EIC SSG briefing on June 16, 2014. In support of the SECDEF's objective to reduce long-term expenses in the European Theater, DLA produced 15 scenarios with six scenarios recommended for approval by the EIC SSG. These scenarios represent the potential savings of approximately \$36 million dollars annually and \$523 million dollars over the next twenty years. At the end of FY14, DLA began developing Business Plans to implement SECDEF approved actions.

Key participating organizations:

- Internal to DLA:
 - DLA Distribution
 - DLA Energy
 - DLA Installation Support
 - DLA Logistics Operations (J3) - DLA Europe and Africa (DLA Eu/Afr)
- External to DLA:
 - Deputy Under Secretary of Defense for Installations and Environment, (DUSD (I&E)) – Basing
 - Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR))
 - Joint Staff (J-4)

¹⁰ Briefings were presented to the EIC Senior Steering Group.

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- United States European Command (EUCOM)
- United States Transportation Command (TRANSCOM)
- Military Services (Army, Navy, Air Force, Marine Corps)
- Defense Commissary Agency (DeCA)
- Army and Air Force Exchange Serve (AAFES)

Goal: Additional Key J3 Initiatives

Initiative: 1033 Program: Law Enforcement Support Office (LESO) Congressional Oversight

Background: In August 2014, law enforcement response to unrest, in Ferguson, Missouri, initiated Congressional attention on the Department of Defense (DOD) programs providing excess military equipment to Law Enforcement Agencies (LEAs). On August 27, 2014 the Secretary of Defense received a letter from the Senate committee on Homeland Security and Governmental Affairs asking for representation at a September 9, 2014 hearing titled “Oversight of Federal Programs for Equipping State and Local Law Enforcement Agencies”. Furthermore, on October 20, 2014 the Secretary of Defense received a letter from the Subcommittee on Oversight and Investigations of the House Armed Services Committee asking for representation at a November 13, 2014 hearing titled “The Department of Defense Excess Property Program in support of U.S. Law Enforcement Agencies: An Overview of DOD Authorities, Roles, Responsibilities, and Implementation of Section 1033 of the 1997 National Defense Authorization Act.” Both hearings required countless hours of preparation and coordination to prepare and answer many pre- and post-hearing Questions for the Record (QFRs).

Description:

- The Senate Homeland Security and Governmental Affairs committee’s September 9, 2014 hearing examined the numerous programs that have allowed local law enforcement agencies to acquire equipment, including military equipment and law enforcement support equipment, to include the Defense Department’s 1033 program. The hearing assessed the justification for the programs and the processes and policies in place for coordinating, managing, and overseeing them and the officials who administer and utilize them. The DOD, Department of Homeland Security, and Department of Justice were asked to testify. Table 1 outlines the pre- and post- hearing QFRs that required responses and coordination by the DLA team. The QFRs focused on general program management, items transferred, policies, standard operating procedures, the controlled equipment listing, lost/missing/stolen weapons, terminations and suspension listing, Freedom of Information Act (FOIA) information, and equipment returned to the Defense Logistics Agency (DLA). The most challenging data files to present were the items returned to DLA from LEAs and the “rebuy” items being issued to Law Enforcement while subsequently purchased by DOD. DLA’s role in coordinating with the Military Services to gather the “rebuy” information was a noteworthy achievement. Mr. Alan Estevez, Principal Deputy Under Secretary of Defense for Acquisition, Technology and Logistics, testified on behalf of DOD during this hearing.
- The Subcommittee on Oversight and Investigations of the House Armed Services Committee (HASC) held a hearing on November 13, 2014 calling Mr. Estevez and Vice Admiral Mark Harnitchek, DLA Director, to testify as witnesses. The purpose of the hearing was for the members of the committee to gain insight into the Departments “1033 Program”. Mr. Estevez and Vice Admiral Harnitchek testified on program compliance,

weapons accountability, general program management, and fielded specific questions on the types of property provided.

Table 1

| Hearing | Phase | Request | Deliverable |
|--|--|---|---|
| Senate Homeland Security and Governmental Affairs committee | Pre Hearing QFRs | 11 Questions (McCaskill) | 5 page response document with 14 attachments/data files |
| Senate Homeland Security and Governmental Affairs committee | Post Hearing QFRs | 45 Questions (McCaskill, Pryor, Coburn) | 45 individual response documents with 11 attachments/data files |
| Subcommittee on Oversight and Investigations of the House Armed Services Committee | Post Hearing QFRs | 3 Questions (Duckworth, Tsongas) | 3 individual responses |
| As a result of the HASC hearing | Congressman Henry Johnson (D-GA) congressional inquiry | 27 Questions | 9 page response with 3 attachments/data files |

Defense Logistics Agency (DLA) Office of Operations Research and Resource Analysis (DORRA) assistance: DORRA provided analysis support on excess materiel provided by LESO to LEAs in FY10-13 that was subsequently repurchased by DOD. Using a list of all materiel provided by LESO, DORRA identified the materiel manager so that each Military Service and DLA could research the items that had been repurchased. Analysis indicated that the majority of the material issued through the LESO program was turned in by the Military Services. DORRA computed the dollar value of DLA managed items subsequently repurchased, and provided assistance to the Supply Chains in researching the reasons that the materiel had been repurchased.

Outcome(s):

- As a result of the hearings DLA made several changes to the way the 1033 program is administered. DLA created an Operations Order clearly defining the roles of DLA J3, DLA Disposition Services, and DLA OIG in the handling of lost, missing, and stolen weapons and other controlled property. DLA created an amendment to the Memorandum

of Agreement between DLA and the States to require documented training plans and submission of the plans with new property requests for all tactical vehicles, aircraft, and weapons. Additionally, DLA hosted the Department of Justice and the Department of Homeland Security for the first coordination meeting to discuss programs which supply federal items to law enforcement agencies, as well as ways to coordinate and share information about individual LEAs. DLA anticipates additional program administration changes from the Presidential Review and potential future legislation that will affect the 1033 program.

- More detailed information can be found at <http://www.hsgac.senate.gov/hearings/oversight-of-federal-programs-for-equipping-state-and-local-law-enforcement> and http://armedservices.house.gov/index.cfm/hearings-display?ContentRecord_id=E248A7D4-556D-4B41-A794-B4DF23237150&ContentType_id=14F995B9-DFA5-407A-9D35-56CC7152A7ED&Group_id=64562e79-731a-4ac6-aab0-7bd8d1b7e890

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J3)
 - DLA Legislative Affairs
 - DLA General Counsel
 - DLA Disposition Services
 - DLA Directors Staff Group

- External to DLA:
 - Office of the Under Secretary of Defense (AT&L)
 - Logistics & Materiel Readiness, Supply Chain Integration

Goal: Additional Key J3 Initiatives

Initiative: Counterfeit Parts/DNA Marking

Background: Counterfeit parts pose a significant risk to weapon systems readiness and personnel safety. The problem was highlighted by the March 2011 Senate Armed Services Committee (SASC) investigation into counterfeit parts in the defense supply chain. The bipartisan investigation identified over one million suspected counterfeit parts in U.S. weapon systems, supplied by over 650 companies over a two year period from 2009 to 2010.

- In response to the investigation and other reports that identified the vulnerability of the Department of Defense's (DOD) Supply Chain to counterfeit parts¹¹, Congress directed counterfeit prevention actions through the FY12 National Defense Authorization Act (NDAA). Section 818 of the FY12 NDAA directed DOD to take actions to avoid, detect and mitigate counterfeit electronic parts throughout the defense supply chain.
- In April 2013, the Department issued DOD Instruction 4140.67, "Counterfeit Prevention Policy." The policy established detection, prevention, training and reporting requirements for Military Services and Agencies to mitigate the risk of counterfeit parts entering DOD's Supply Chain.

Description: Combating counterfeit parts is a high priority for the Defense Logistics Agency (DLA). To address the growing problem, DLA established a comprehensive combating counterfeits program, which consists of a multi-layered defense to detect and prevent counterfeit parts from entering DLA's Supply Chain. The program meets the objectives of both Congress and the DOD to take action to mitigate the threat of counterfeits to DOD's Supply Chain. Key elements of the program include: policy, training, testing, traceability, trusted sources, technology and supply chain risk management.

Outcome(s): A summary of DLA key 2014 accomplishments to detect, prevent and mitigate the effects of counterfeit parts from entering its supply chain include:

- Policy: Published DLAI 4000.04, "Counterfeit Material Prevention and Mitigation" policy, which assigns responsibilities and implements procedures to prevent the introduction of counterfeit material into DLA's Supply Chain.
- Training: Over 21,000 DLA personnel completed counterfeit awareness and prevention training. The annual web-based training provides awareness of the threat of counterfeits and the mitigations available to counter the threat.
- Testing: DLA's Product Test Centers, conducted over 13,500 product authentication tests to keep counterfeits and nonconforming parts out of DLA's Supply Chain. DLA also enhanced its quality assurance and testing capability at its depots.

¹¹ January 2010 Department of Commerce Report "Defense Industrial Base Assessment on Counterfeit Electronics; Inquiry Into Counterfeit Electronic Parts in the DOD Supply Chain"; March 2010 GAO Report "Defense Supplier Base: DOD Should Leverage Ongoing Initiative in Developing its Program to Mitigate Risk of Counterfeit Parts."

- **Traceability:** Determining that a part is from an original manufacturer, or authorized distributor is an effective mitigation in reducing the risk of buying counterfeit parts. DLA tightened controls in its parts procurement contracts requiring suppliers to make available documentation certifying a part is from an original manufacturer or authorized distributor.
- **Trusted Sources:** To mitigate the risk of nonconforming or counterfeit semiconductors and microcircuits entering DLA's Supply Chain, when there is no traceability documentation to the original manufacturer or authorized distributor, DLA implemented a qualification program for distributors. Under this program, approved distributors must test their electronic parts prior to shipping to DLA. In 2014, 19 distributors were qualified by DLA.
- **Technology (DNA Marking):** To prevent counterfeit microcircuits (an electronic part at high risk of counterfeiting) from entering its supply chain, DLA required suppliers to validate the authenticity of the microcircuits supplied to DLA using an anti-counterfeit technology called Deoxyribonucleic Acid (DNA) marking. The botanically derived DNA taggant, which cannot be copied or altered, is placed on the surface of the microcircuit to validate its authenticity after it has been inspected and confirmed to be from the original component manufacture or authorized distributor. In 2014, over 85,000 microcircuits were authenticated using DNA marking.
- **Supply Chain Risk Management (SCRM):** DLA improved its supply chain risk management processes for acquiring critical electronic parts. In collaboration with the Department of Homeland Security, DLA conducted over 70 supplier risk assessments.

Key participating organizations:

- **Internal to DLA:**
 - DLA Land and Maritime
 - DLA Aviation
 - DLA Troop Support
 - DLA Protect Test Centers
 - DLA Acquisition Policy (J7)
 - DLA Logistics Operations (J3)
- **External to DLA:**
 - Office of the Under Secretary of Defense (AT&L) Logistics & Material Readiness
 - Office of the Under Secretary of Defense (AT&L) Defense Procurement Acquisition Policy
 - Defense Contracting Management Agency
 - Department of Homeland Security
 - Defense Intelligence Agency

Goal: Additional Key J3 Initiatives

Initiative: Develop method to measure Executive Agent (EA) supply chain maturity

Background: The Defense Logistics Agency (DLA) is the Executive Agent (EA) for four classes of supply (I, IIIB, IV, and VIIIA) and the supply chain manager for one (Class II). The DLA Supply Chain Integration Division (J34) is responsible for three essential tasks:

- Develop long term strategy for efficient supply chain performance
- Provide effective governance to enterprise partners
- Conduct assessments to measure supply chain implementation
- A Maturity Model is being developed as a long-term approach to attain supply chain excellence:
 - This Model identifies three stages of supply chain development: planning, programming, and maturing. Each stage has associated actions that must be achieved before a commodity is considered ready to advance to the next stage. The Maturity Model leverages the Director’s Big Ideas, approved future concepts, and internally developed guiding principles. These inputs were used to categorize 15 qualities essential to each supply chain. An ideal end state was developed for each quality. The goal is for each commodity to reach all 15 end states.
 - A strategic metric, the Maturity Model scorecard, serves as a tool to measure the level of performance in each quality. The scorecard enables strategy development and continuous process improvement by laying out steps needed to advance to the next level of performance. Commodity governing boards provide leadership and stakeholder involvement. Periodic supply chain assessments (SCAs) provide customer feedback. This feedback is used to test new concepts and refine supply chain development.

Outcome(s): Full scale use expected for future EA supply chain assessments as well as supporting governance and strategy decisions. The model is undergoing “Beta Testing” with Class (CL) II and CL VIIIA SCAs. The results are expected to be briefed to applicable governance boards by 2nd Quarter, FY 15. Once complete, the Maturity Model will be refined and used for the upcoming CL I and CL IV assessments in FY16.

Key participating organizations:

- Internal to DLA:
 - DLA Troop Support
 - DLA Energy
 - DLA HQ (Logistics Operations (J3), Strategic Plans and Policy (J5), Financial Operations (J6), Acquisition Operations (J7))
- External to DLA:
 - Military Services

- Non-DOD partners (varies per supply chain)
- Deputy Assistant Secretary of Defense for Supply Chain Integration (DASD(SCI))
- JS J4 (Joint Petroleum Office)

POC: J34

Goal: Additional Key J3 Initiatives

Initiative: DLA/Army Collaboration via Army Supply Plan (ASP)

Background:

- Historically, Army has conducted industrial collaborative demand planning via Special Program Requirements (SPR) transmitted to DLA via the Defense Logistics Agency Transaction Services (DLA TS). DLA TS routed the SPR to the Source of Supply (SOS) and provided compliance screening of transactions to ensure proper formatting. SPRs that passed the screening process were transmitted to DLA's Enterprise Business System (EBS) where the Buy Back Rate (BBR) was applied measuring forecast accuracy and adjusted projected requirements before incorporating the quantity in DLA's supply plan.
- On 1 October 2014, DLA started accepting the Army Materiel Command's (AMC's) Army Supply Plan (ASP). The ASP is the output of AMC's Logistics Modernization Program (LMP) "netted" depot production material requirements. "Netted" LMP requirements are determined by backing out organic Army on-hand resources which reduces forecasted material requirements needed to be sourced from DLA.
- The transition from SPR to ASP utilizes the Army LMP and DLA EBS Collaboration process. The process is viewed as a system-to-system forecast that gains efficiencies for DLA and it will provide Army and DLA necessary business intelligence to support depot repair lines.

Description:

- LMP generates repair part requirements by month supporting five years of future requirements. It leverages existing capability within LMP to meet the requirement for transmitting Army depot parts forecast to DLA based on an LMP Materiel Requirements Planning (MRP) calculation.
- Monthly, Army transmits updated ASP forecast requirements to DLA using the formatting prescribed by Defense Logistics Management System (DLMS) 830D. DLA receives the ASP and initiates evaluation methodologies to determine proper planning channels, e.g. Demand Data Exchange (DDE), Direct Vendor Delivery (DVD) or Peak and Next Gen planning. Items entering into the DDE are further evaluated to determine variances between current and previous ASP file submissions and DLA's statistical forecasted value. If the ASP requirements breach a variance tolerance level, an exception flag is generated for customer forecast validation. These exceptions are collaboratively worked by DLA and Army Planners within the EBS/JDA (Corporation) Manugistics Customer Collaboration environment. ASP forecast requirements for DLA items currently managed using Peak/Next Gen (PNG) inventory level setting logic, are removed from collaborative planning procedures. ASP forecast requirements will be supported by existing PNG min/max level settings.

- As part of ASP implementation, DLA leadership agreed to convert DLA items that were previously categorized as non-stocked (ACC J) to a numeric stockage objective (NSO) (ACC Z) status. For the majority of ASP AAC J items; these items qualified to become ACC Z PNG items and appropriate min/max levels were set.

Outcome(s):

- Achieved Go Live October 1, 2014.
- First year material obligation authority (OA) benefit estimated at \$59.2M in OA savings.
- The conversion of previously non-stocked (AAC J) items to Peak & Next Gen (AAC Z) stocking methods is expected to improve DLA supply support as well as Army industrial productivity going forward.
- Development and implementation of Army Retail Metric Portfolio is providing valuable and actionable information that will improve the Army industrial/DLA collaborative planning process, DLA's inventory effectiveness/efficiency, as well as Army overall industrial productivity and reduced operating costs.

Key participating organizations:

- Internal to DLA:
 - DLA Headquarters
 - DLA Land & Maritime
 - DLA Aviation
 - DLA Troop Support
 - DLA Distribution
- External to DLA:
 - Headquarters Army Material Command (AMC)
 - Army Life Cycle Management Commands
 - United States Army TACOM Life Cycle Management Command (LCMC), United States Army Communications-Electronics Command (CECOM), United States Army Aviation and Missile Command (AMCOM)

POC: J34

Goal: Additional Key J3 Initiatives

Initiative: Defense Logistics Agency (DLA) Office of Operations Research and Resource Analysis (DORRA) Studies

DORRA conducted studies on issues critical to the Agency. This initiative identifies some of the key studies not incorporated with the results of other initiatives in this report.

Study Name: System of Integrated Metrics Analysis (SIMAN) Assessment of Lead-Time Corrections

Background: In 2013, the J3 Tiger Team developed a number of initiatives to improve customer service by adjusting planning parameters. DORRA was asked to use the SIMAN simulation model to assess the impact of these adjustments on various performance metrics.

Description:

- The three major initiatives developed by the Tiger Team were:
 - Align the Lead-Time (LT) of record with historical observed lead-times
 - Use Economic Order Quantity (EOQ) logic to set order quantities for forecastable items
 - Update safety stock quantities for forecastable items
- DORRA used these updated parameters to produce a 3-year impact analysis using SIMAN. The model computed the impact on Material Availability (MA), Purchase Requests (PRs), Obligation Authority (OA), Cash Out, and Inventory value

Outcome(s): DORRA analysis was used to aid in the Go/No-Go decision for the implementation of the original Tiger Team recommendations. These were in fact implemented, in a major “Big Bang” in March 2014, as well as a smaller-scale “Little Bang” (using LT corrections only) in September 2014.

Key participating organizations:

- Internal to DLA:
 - DLA HQ (J34, J7, and J8)
 - DLA Land and Maritime
 - DLA Aviation
 - DLA Troop Support

Study Name: Time to Award (TTA)

Background: The DLA Director tasked RADM Patricia Wolfe (J9) with reducing the Agency’s average administrative lead-time (ALT) by 50% for all types of buys. RADM Wolfe then formed the Time to Award Team (TTAT) with representatives from each PLFA and J7 to recommend the changes needed to meet the Director’s goal. RADM Wolfe requested analytical and data support from DORRA.

Description: As part of this effort, DORRA:

- Developed and generated monthly metrics for contract awards, PRs On-hand, PRs blocked, PRs cancelled, and exclusions and rejections
- Provided numerous ad hoc analyses and queries including PR minimum buy quantity, long-term contract (LTC) items, small business process model, no-quote study, and post award analysis
- Summarized buyer evaluations

Outcome(s): DORRA's TTA metrics were accepted by leadership became the standard and are briefed each month to the DLA Director by each supply chain. J34 increased DLA's minimum buy quantity based on DORRA's analyses. As a result of DORRA's efforts, award times have been reduced.

Key participating organizations:

- Internal to DLA:
 - DLA HQ (J34 and J7)
 - DLA Aviation
 - DLA Land and Maritime
 - DLA Troop Support

Study Name: Logistics Supportability Analysis (LSA) Continuous Process Improvement (CPI) Support

Background: The LSA is a plan assessment tool that seeks to define the total unconstrained logistical requirement for execution of a CONOPS. The LSA findings should highlight deficiencies and their associated risk to supporting theater operations. The LSA is directed by the Joint Staff in Joint Strategic Capabilities Plan Logistics Supplement and Joint Staff Instruction on Joint Combat Capability Assessments.

Description: The current ad hoc analytic process for conducting LSAs in DLA does not support budget decisions, resource allocation, or identify capability gaps as needed to support Combatant Commander (CCDR) Joint Strategic Capabilities Plan-Tasked Plans.

Outcome(s): The team established an LSA process capable of identifying critical requirements, capabilities and gaps, while reducing the time required for delivering an LSA to a maximum of six months. DORRA:

- Developed the primary methodology for assessing DLA's capability to support CCDR plans and other operational contingencies.
- Executed the assessment methodology to meet specific responsibilities in DLA's overall plan to implement and improve the LSA process.
- Modified the assessment methodology to improve the soundness of the analysis as well as meet evolving requirements for the LSA process.
- Provided expertise in the area of quantitative analysis and specifically the LSA

assessment methodology to the LSA CPI lead and all participants.

- Provided expertise in other areas relating to the LSA CPI such as the Integrated Consumable Item Supportability (ICIS) application used to generate item level requirements for contingencies as well as data, analysis and processes related to order management, customers and weapon systems.

Key participating organizations:

- Internal to DLA:
 - DLA Logistics Operations (J3, JLOC and DORRA)
 - DLA Central
 - DLA Pacific
 - DLA Europe and Africa

Study Name: Weapon System Improvement Initiative (WSII) Analysis

Background: Based on customer feedback, the DLA Director launched a weapon systems support improvement campaign. Investment in a target set of DLA managed items was approved in July 2010 based on customer feedback, Integrated Consumable Item Support (ICIS) outputs for item level requirements and DORRA analysis of the requirements to assess DLA supportability. Based on DORRA analysis, Primarily Level Field Activity (PLFA) input and a collaborative approach on how to achieve the desired outcomes, supported items were targeted according to the following criteria:

- Replenishment Method Code (RMC) R – Forecastable
- Acquisition Advice Code (AAC) D – Stockable
- Commonality to three or more weapon systems

This targeted approach drove obligations of ~\$70M over FYs 10 and 11 and continues to be supported as part of the requirements objective.

Description: Based on extensive collaboration between DORRA, DLA Joint Logistics Operation Center (JLOC) and DLA Central, DORRA completed several revisions of the analysis to support continuing investment strategies for WSII.

Outcome(s):

- DORRA conducted extensive analysis on WSII requirements to assess DLA's capability to support weapon system readiness and to determine criteria for investment in materiel requirements to optimize DLA supportability for weapon systems while minimizing risk.
- Based on the collaboration identified above, revisions conducted in FY14 accomplished the following:
 - Added material availability (MA) as a program metric.
 - Provided investment options corresponding to the targeted set of items (i.e. RMC R, AAC D and commonality to weapon systems).
 - Provided more fidelity to the investment options while using the same baseline for MA and shortfall costs for all options.

- Provided alternatives to investment in other than stocked, forecastable items that, while not as beneficial to DLA in terms of inventory investment, can still make a difference in weapon system readiness.
- Conducted analysis to determine the asset posture by month for the next two years for the targeted set of items to include planning additives supporting WSII. This analysis includes current asset data such as stock on hand and backorders, due-ins and forecasted demand for the next two years. As a result of this analysis DORRA recommended the planning be turned off for a percentage of these items.

Key participating organizations:

- Internal to DLA:
 - DLA HQ (JLOC, DORRA)
 - DLA Central

Study Name: J34 Strategic Initiatives/Medical Contingency Requirements Workflow Model

Background: The Functional Executive Agent (EA) Medical Support (FEAMS) team is responsible for developing a single computation methodology for the Military Services' medical surge and sustainment requirements. A web-based modeling tool was created to predict the medical material consumption in combat, disaster response, and humanitarian assistance missions for use in acquisition support planning. The model is known as the Medical Contingency Requirements Workflow (MCRW). The MCRW is a complex tool that uses clinical and logistics data to predict the requirement for medical material for a scenario lasting up to 180 days. DORRA was asked by the Strategic Initiatives/Medical Materiel EA for DLA, to evaluate the algorithms and methods used within the MCRW and assess whether the selected approach is a logical solution given the MCRW objectives, focusing on the probability and statistics approach used during the Patient Stream generation.

Description: After reviewing the Patient Stream algorithms, DORRA concluded that an analytical solution would be a better alternative to the Monte Carlo Simulation methods currently used in the MCRW. The Monte Carlo Simulation included 30 replications of the model, which was inadequate to produce mathematically valid output given the Discrete Multinomial probability distribution used within the MCRW.

Outcome(s): DORRA provided the mathematical techniques needed to compute the requirement for medical material without Monte Carlo Simulation. The analytical solution prevents having to increase the number of replications to a level that would cause computer run-time to be excessively long for the user.

Key participating organizations:

- Internal to DLA:
 - DLA HQ (J3 and DORRA)

Study Name: United States (U.S.) Pacific Command (PACOM) Bulk Fuel War Game

Background:

- The DLA Director tasked the JLOC with developing a fuel-focused exercise for the PACOM Theater that stresses the full Class III bulk petroleum contingency requirements.
- The purpose was to test the strategic Class III B network (sources of supply, distribution, and storage) under the stress of the most demanding event in the PACOM Area of Responsibility. The Wargame was to answer the following questions:
 - What are the main impediments to meeting operational requirements?
 - What are the sources of supply, storage, and distribution centers of gravity?
 - Where can DLA invest in sources of supply, storage, and distribution to achieve greatest flexibility and responsiveness to meet operational requirements?

Description: The game was molded after the Navy N4 Log Centric game. The intent was to use the most demanding event in the PACOM Area of Responsibility (AOR), and use the most dangerous, and then the most likely courses of action. The results were to be evaluated based upon Joint Logistics Principles and reported in a follow-on Senior Leader's seminar. The Center for Naval Analysis (CNA) was tasked with game conduct, scenario development, and data analysis. DORRA developed a model that replicated the breadth and depth of DLA Energy's business practices, and included the ability to add sources of supply during game conduct.

Outcome(s): The classified preliminary results were briefed to the Senior Leader Roundtable in October 2014. CNA is to provide detailed data analysis by March 2015. DORRA is currently working to provide the required data to CNA, and is being tasked by DLA Energy to digitize and further enhance the model for use in other AOR's.

Key participating organizations:

- Internal to DLA:
 - DLA HQ (JLOC, DORRA)
 - DLA Energy
- External to DLA:
 - CNA
 - OSD Operational Energy Plans and Programs (OEPP)
 - USTRANSCOM
 - Joint Staff J4
 - PACOM

Defense Logistics Agency

DLA Strategic Plans and Policy (J5)

Fiscal Year 2014 Annual Historical Report

1. Introduction

The DLA Strategic Plans and Policy (J5) Historical Record (HR) describes J5's actions and accomplishments over FY14. These accomplishments improve governance and process oversight while they support and sustain effective and efficient service to our civilian and military customers. Process management oversight and governance inform and guide the Agency by translating DLA's vision and strategy into meaningful actions, goals, and measures. Through strategic management and oversight integration, J5 establishes meaningful linkages to financial, operational, and systemic metrics. It develops supporting governance forums that provide strategic direction and focuses to assist the Agency remain relevant, effective, and efficient. Through process integration, J5 leads the Agency through an Enterprise Process Management (EPM) program.

a. Our mission is the shared mission of DLA

We are America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to Warfighters and our other customers. The J5 provides advice and assistance to the Director to meet and sustain current and future logistics support capabilities. We are charged with the development of strategy, policies, procedures, programs, and oversight for strategic management and governance; policy management; risk assessment and process improvement as well as the Director's special interest areas.

b. Our Vision: Warfighter-focused, globally responsive, fiscally responsible supply chain leadership.

c. Our Values: Our values are the foundation for all we do. They provide our guiding principles as we accomplish our mission, pursue our vision, and strive to do what is right for the Armed Forces and DoD:

- Warfighter needs guide us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

2. Role within DLA

The J5 mission is to advise and assist the Director and Executive Board to build and sustain an exceptional Combat Logistics Support Agency capable of meeting the needs of the Armed Forces now and in the future.

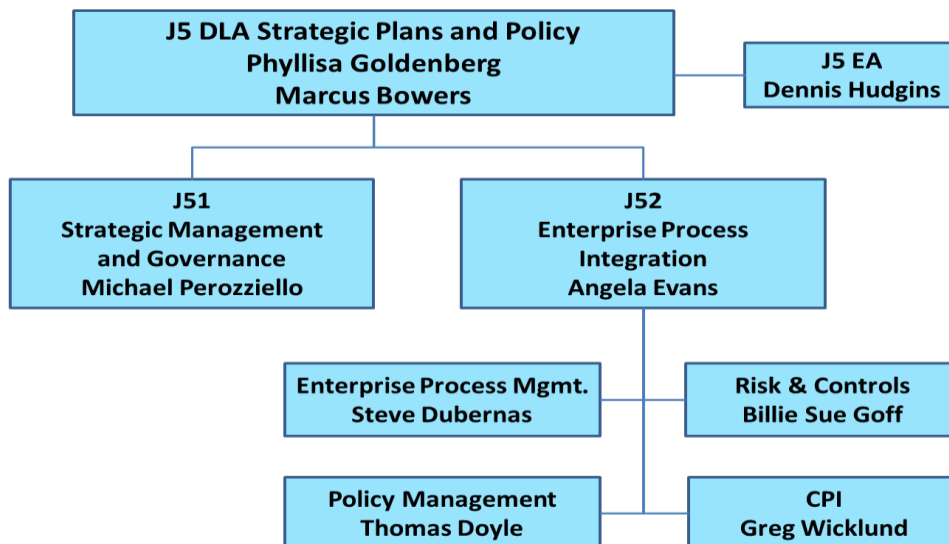
Our mission is integral to the achievement of DLA's strategic goals and objectives and the scope of our business covers the development of the essential policies, procedures, programs, and oversight in the following areas:

- Strategic Planning, Director's Guidance, and Governance
- Enterprise Process Management (EPM)
- Enterprise Organizational Alignment, Policy Instructions, Manuals, Standard Operating Procedures, and Forms
- Enterprise Risk Management, Managers' Internal Control, Management Review Integration, and Internal Review Oversight
- Continuous Process Improvement (CPI)

3. Structure

In FY14, we reorganized to accommodate new mission and functions assigned to us in General Order 06-14, dated August 20, 2014. We established the Enterprise Process Integration Division and Enterprise Process Management Branch. J5 realigned Risk and Controls, Policy Management, and Continuous Process Improvement under the new Process Integration Division to ensure DLA is properly aligned to support enterprise process management, audit readiness, and audit sustainment requirements and initiatives.

J5 Organization



4. Operating Budget

Portfolio (FY14)

- FTE Authorized/Actual 31/28
- Budget \$ 5.445M

5. FY14 Goals

Each year we take a deliberate approach to align our goals and objectives with those articulated in DLA’s strategic plan, Director's Guidance, and the Director's Big Ideas. We set these goals in the J5 Annual Operating Plan (AOP.) Our goals and initiatives for FY14 follow:

1. Integrate Big Ideas and provide Governance support
2. Finalize the Concept of Operations (CONOPS) for the Enterprise Program Management (EPM) office and re-establish the Supply Chain Integration (SCI) forum.
3. Implement a new, risk-based approach and Enterprise Risk Management (ERM) within DLA to improve the documentation of Material Weakness and the Annual Statement of Assurance.
4. Implement CPI support to Audit Readiness Business Cycle Team (BCTs) and Field Command Team (FCT) leads agency-wide
5. Integrate SOPs into Agency Issuance program

Additionally, we set several internally focused goals for FY14:

1. Articulate DLA strategy aligned with DOD strategy
2. Manage other metrics (FTE Execution, Telework Participation, and Vacancy Rate)

The rest of this historical document describes activities surrounding these goals and objectives along with our success rate in achieving them.

FY 14 Goals, Metrics, and Results Tied to the Director's Guidance and Big Ideas

Goal 1: Integrate Big Ideas and Provide Governance Support

What did we say we were going to do?

As the Director's Big Ideas Integrator/Governance Support lead, J5 will synchronize, coordinate, and optimize Agency activities associated with Big Ideas, via the Integration Framework. J5 will ensure that the progress of the Big Ideas and their key issues flow through the governance structure and we will brief the Executive Board on key milestones at Quarterly Scorecard Reviews. We will support Functional Group Leaders as they refine levers and business rules. Specifically:

- Leverage existing forums
- Facilitate decisions
- Share information (Common Operating Picture)
- Monitor business rules
- Clarify guidance
- Share best practices
- Ensure maximum use of existing governance structures

What would success look like?

We would be successful if we supported attainment of \$1.07B savings Agency-wide in FY 2014.

How did we do?



We are proud to report successful completion of this goal. In FY14, the Agency achieved \$1.6B savings.

Goal 2: Finalize the Concept of Operations (CONOPS) for the Enterprise Program Management (EPM) office and re-establish the Supply Chain Integration (SCI) forum.

What did we say we were going to do?

J5 will develop and implement an integrated Enterprise Process Management (EPM) CONOPS in FY14. The CONOPS will establish business rules for a broad, multi-disciplinary governance forum that will align and synchronize business operations, systems, and auditability requirements in an integrated fashion. EPM will take a disciplined approach to improving Agency efficiency and effectiveness by working with process and functional stakeholders. EPM will establish E2E process metrics, review and approve changes to E2E processes, and ensure documentation of changes in process narratives, flowcharts, policy instructions, and SOPs.

What would success look like?

The Alignment Group approves the EPM CONOPS by the end of the 3rd Quarter FY14.

How did we do?



We did not meet our goal; however, as of December 15, 2014, we have received 13 of 14 concurrences. Our new completion date is set for the end of 2nd Quarter FY15.

Goal 3: Implement a new risk-based approach and Enterprise Risk Management (ERM) within DLA, to improve the documentation of Material Weakness and the Annual Statement of Assurance (SOA)

What did we say we were going to do?

Improve the Agency's approach to assessing, documenting, and reporting on internal controls by integrating enterprise risk management into the process. Controls help ensure the reliability of financial reports, operational effectiveness, and compliance with laws and regulations. Testing and reporting on these controls forms the basis for management's assertions to their effectiveness. Management attests to these results in the Agency's statement of assurance (SOA), which is signed by the Director and submitted to the Office of the Secretary of Defense annually.

What would success look like?

We would be successful if we could validate results, prepare, and submit the SOA on time.

How did we do?



We successfully submitted the SOA on time (July 25, 2014.)

Goal 4: Implement CPI support to Audit Readiness Business Cycle Teams (BCTs) and Field Command Teams (FCTs) leads agency-wide.

What did we say we were going to do?

J5 will work with DLA senior leaders to develop an Enterprise portfolio of CPI improvement opportunities. J5 will prioritize these opportunities by the level of support to the DLA Big Ideas initiative. We will present them to DLA Senior leaders who will select, participate, and support enterprise improvement projects for FY14. In addition, J5 will continue to support the Time to Award (TTA) initiative from FY 13; specifically, decrease Procurement Administrative Lead Time (ALT) in TTA (Supplies and Services.)

What would success look like?

We would be successful if we helped attain Big Ideas savings of \$1.07B and improve efficiency of the TTA process in FY 2014.

How did we do?



We are proud to report successful completion of this goal. In FY14, we helped the Agency achieve:

- \$1.6B in Big Idea savings
- Increased automated small purchases from 45% to 80%
- Decreased ALT by 43%

Goal 5: Integrate SOPs into Agency Issuance program

What did we say we were going to do?

J5 will expand DLA's issuance framework by establishing policy and procedures to write, maintain, and store SOPs in a central repository in FY 2014. This initiative will require Agency supervisors and managers to document daily activities that support business operations with Agency systems, processes, and audit readiness/sustainment, and regulatory requirements. Specifically J5 will:

- Establish a requirement for writing SOPs
- Develop an SOP template and SOP standards document.
- Modify the DLA Issuances website to accommodate SOPs
- Provide tools and training
- Manage Agency SOPs

What would success look like?

We would realize success if we write and publish SOP policy, develop an SOP template and standards document, and stand up an online SOP repository in FY14.

How did we do?



We were partially successful. We wrote the SOP policy, created templates and a standard document, and modified the current DLA Issuance web site to accommodate SOPs. However, we did not publish the SOP policy. It is in the final stages of coordination and we expect to complete this action by the end of the 2nd Quarter FY15.

J5 Specific Goals and Other Metrics

Internal Goal: Clearly articulate DLA strategy aligned with DOD strategy

What did we say we were going to do?

J5 will establish a common understanding of DLA's mission, vision, and values and identify strategic goals to guide near-term imperatives and long-term opportunities, in synchronization with DOD strategy. We will detail the Director's Intent in terms of strategy and objectives and provide a clear set of priorities for action. We will continue to establish the Strategic Plan, Director's Guidance, and Annual Operating Plans to ensure alignment, focus, and optimal resource allocation.

What would success look like?

If we were able to complete a 100% review of DLA strategic documents for alignment with OSD strategy then we would be successful.

How did we do?



J5 successfully created and aligned all of the DLA strategic documents with OSD guidance.

Other Metrics: (Full-time Equivalent (FTE) Execution, Telework Participation, and Vacancy Rate)

What we did:

With DLA Big Ideas and good stewardship of taxpayer resources as the backdrop, J5 identified approaches to support the DLA mission as efficiently and effectively as possible. We monitored areas impacted by declining budgets to make swift adjustments based on budget conditions. The metrics below address execution-to-plan for the FY14 Annual Operating Budget.

FTE Execution

- Objective: Execute J5 FTEs to budget authorization
- Metric: Actual FTE execution/planned FTE execution
- Target: 31 FTEs
- Result: We ended FY14 with 28 FTEs. New division hiring in the 1st Quarter FY15 will bring our total FTEs to 31.

Vacancy Rate

- Objective: Manage positions to align with mission requirements and maintain staffing levels to ensure the most efficient use of resources.
- Metric: Number of vacant positions.
- Target: Vacancy NTE 3% of authorized positions (Note: 1 position equals 3%)
- Result: 9%. J5 had 28 FTEs at the end of FY 2014. We plan to hire 3 FTEs during the 2nd quarter FY15, which will bring total FTE's to 31 or 100%.

Telework Participation

- Objective: Maximize participation in telework program to ensure readiness.
- Metric: Percentage of eligible positions, percentage of personnel who have approved telework agreements, and percentage of personnel who teleworked during the month.
- Target: 100% for each metric
- Result: 100% of our positions are telework eligible and 100% of J5 employees have approved telework agreements. In FY14, on average, 88.6% of J5 personnel teleworked each month.

Defense Logistics Agency

DLA Information Operations (J6)

Fiscal Year 2014 Annual Historical Report

1. Mission, Functions, Goals, and Priorities

Mission: We are America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to Warfighters and our other customers.

J6 supports this mission by serving as the DLA knowledge broker, providing comprehensive, best practice Information Technology (IT) support to the Department of Defense (DOD)/DLA Logistics Business Community, resulting in highest quality information systems, customer support, efficient and economical computing, data management, electronic business, telecommunication services, key management, and secure voice systems for DOD, DLA, and geographically separated operating locations.

Functions:

- Develops and promulgates IT policy, plans, and strategies
- Provides direction in the preparation and development of technical and implementation strategies for IT investments
- Delivers IT capabilities solutions including architecture, infrastructure, and operations in support of mission needs
- Establishes IT standards, processes, and measures
- Serves as Agency Chief Information Officer responsible (CIO) for management and oversight of the DLA IT Investment Portfolio

2. DLA Information Operations FY14 Goals

GOAL 1

Keep our IT systems and services fully operational/mission capable, secure, and available for our global users every day.

GOAL 2

Deliver new IT systems and capabilities to our DLA and DOD users on cost and schedule.

GOAL 3

Assess our performance, policies, procedures, and technologies to improve our IT systems, capabilities, and services.

GOAL 4

Develop our IT professionals to ensure they are fully prepared to meet the challenges of providing world-class IT services today and well into the future.

3. CIO's FY14 Priorities

- a. Security/Day to Day Operations
- b. Audit Readiness
- c. Achieve Efficiencies
- d. Workforce Development -- develop strategy/rules/expectations/outcomes
- e. J6 Alignment and Synchronization with Enterprise Priorities
- f. Enhance Partnerships
- g. Streamline Communications
- h. Deliver and deploy programs within cost/schedule/performance parameters

4. CIO's FY14 Summary of Accomplishments

We began FY 14 with an ambitious plan, and ended it with our CERT earning one of the highest scores ever during its recent DISA Computer Network Defense Service Provider evaluation.

In between, we tackled challenges and celebrated triumphs while continuing to build a robust, worldwide IT infrastructure for DLA and our other DOD customers. We have much to be proud of this year.

Several of the many achievements we attained during a very taxing year show just how hard you worked and just how talented the J6 team is:

- We accomplished an important and far reaching realignment that will enable us to better serve our customers while keeping costs in check.
- We migrated the entire Agency to a single Active Directory structure to gain process efficiency and save nearly a billion dollars.
- We're in the home stretch of completing E-Procurement and E-Convergence programs, a critical milestone that enables all supply chains to be serviced by a single system.
- We significantly enhanced our partners' and customers' business processes with new IT systems and capabilities.

- We institutionalized a disciplined and rigorous process – Enterprise Configuration Management – to control changes in our production environments.
- We oversaw the on-time and secure processing of 8.4 billion department-level transactions for orders, payments, and other critical exchanges.
- We reassigned 4,800 items from GSA to DLA management, a first from federal to DOD, and assigned 105,000 new National Stock Numbers.
- We passed two DISA FSO CCRI inspections, receiving ‘excellent’ grades for NIPR/SIPR in both and earned 2 favorable system SSAE 16s, the first ever in DLA.
- We worked through extreme weather conditions, nearly impossible deadlines, and constantly shifting priorities to ensure that the President of the United States, First Lady, and staff working in support of the Administration received exactly what they needed, when they needed it.
- We completed the Enterprise HelpDesk rollout to 32,000 personnel providing 24/7/365 coverage while saving nearly \$3 million and improving customer satisfaction rates by 9% over goal.
- We developed a mobile command vehicle, providing full DLA business capabilities to forward locations during humanitarian crises.
- We established a single, standard process for receiving and assessing new IT requirements – the J6 IT Front Door – processing 400 requests for new IT capabilities in FY14.
- We’re leaders in embracing new workforce concepts, including telework, hoteling, and virtual teams, something that’s only possible with your support.

We also ‘put up’ some very impressive numbers over the last year:

- Achieved over 90% of our FY14 operating plan initiatives, including reduction/decommissioning of 251 applications and nearly 1000 tools, eliminating duplication.
- Our system and network availability exceeded 99 percent uptime for the year.
- Quadrupled DLA Director-mandated Big Ideas savings to 23%.
- Achieved 84% compliance with IA certifications and 100% of acquisition certifications.
- Consolidated 53 contract to 9 contracts, saving millions.

And we accomplished all of these important things while ensuring we stayed focused on the critical part we play in ensuring DLA meets its audit readiness goals.

Everywhere you look within DLA, from Alabama to Afghanistan, from the White House to remote forward operating bases, you find members of the DLA Information Operations team making a difference every day. Some of the many achievements you made this year will make a positive difference within the Agency for years to come.

I’m incredibly proud to be associated with all of you. I couldn’t ask for a better team of professionals supporting one of the most critical missions in all of DLA. I thank each of you for your hard work, patience, and dedication to mission.

As a leader of this organization, I know that not all heroes are found on the battlefield. Sometimes you find heroes writing code, troubleshooting network issues for critical systems, standing as the last line of defense between malicious hackers and DLA’s network. You are the heroes of DLA’s IT infrastructure.

We have another tough year ahead, another set of ambitious goals. I know you'll meet the challenges as you always do - with professionalism, a great work ethic and a can-do attitude. I'm proud to be on this journey with you.

Kathy Cutler
Chief Information Officer

5. J6 Realignment

The J6 organization was realigned into an enterprise wide service based operating model consisting of four Enterprise Service Areas and the Chief Technology Office. J6 is organized by function rather than by geography, and all of the J6 field sites (J6F, J6P, J6N, etc...) have been eliminated.

As a result of the realignment, J6 is organized to carry out routine and contingency missions through centralized management and is able to deliver standard Enterprise IT services designed to provide specific capabilities for our customers.

The functional J6 organizations are:

Compliance Management & IT Operations Support Services, J61:

The Cybersecurity Policy Advisor to the Chief Information Officer and acts as a liaison to the DLA Human Resources, DLA Finance and DLA Acquisition directorates for the J6 workforce.

J61 provides Cybersecurity Policy & Compliance oversight, Cybersecurity Program Management, Cybersecurity Assessments, IT Workforce Management, IT Financial Management, IT Contracting & Licensing Management, IT Audit Readiness, and Process Management.

Program Executive Office, J62:

Develop, deliver, operate and sustain war-winning Combat Support Information Technology Solutions for the DLA and DOD Enterprises.

Stakeholder Integration Services, J63:

Stakeholder Integration Services (SIS) Directorate provides an array of services designed to plan, communicate and deliver information operations and technology to DLA customers and stakeholders in support of the DLA mission. SIS provides the Chief Information Officer (CIO) the customer focus and primary touch points for all J6 activity: Enterprise Helpdesk (EHD), Custom Liaisons (LNOs) and the IT Front Door.

Central to the SIS mission is a focus on customer support to ensure J6 delivers the right services, with the right quality, and the right costs are allocated to achieve J6 and DLA strategic and operational goals.

Enterprise Infrastructure Services, J64:

Provide IT solutions, operations and sustainment services, in support of DLA mission success, through infrastructure technology and data services. Consists of global IT infrastructure, communications and security services. Responsible for delivering a full range of IT infrastructure solutions necessary to support DLA operations and its associated commitment to the war-fighting logistician. Provide oversight to three divisions, Cyber Security, Network and Telecom Services, and Technology Foundation Services. Provide solutions to meet customer IT infrastructure, communications, and security needs. Responsible for continuity of operations for infrastructure information technology, network and communications. Responsible for

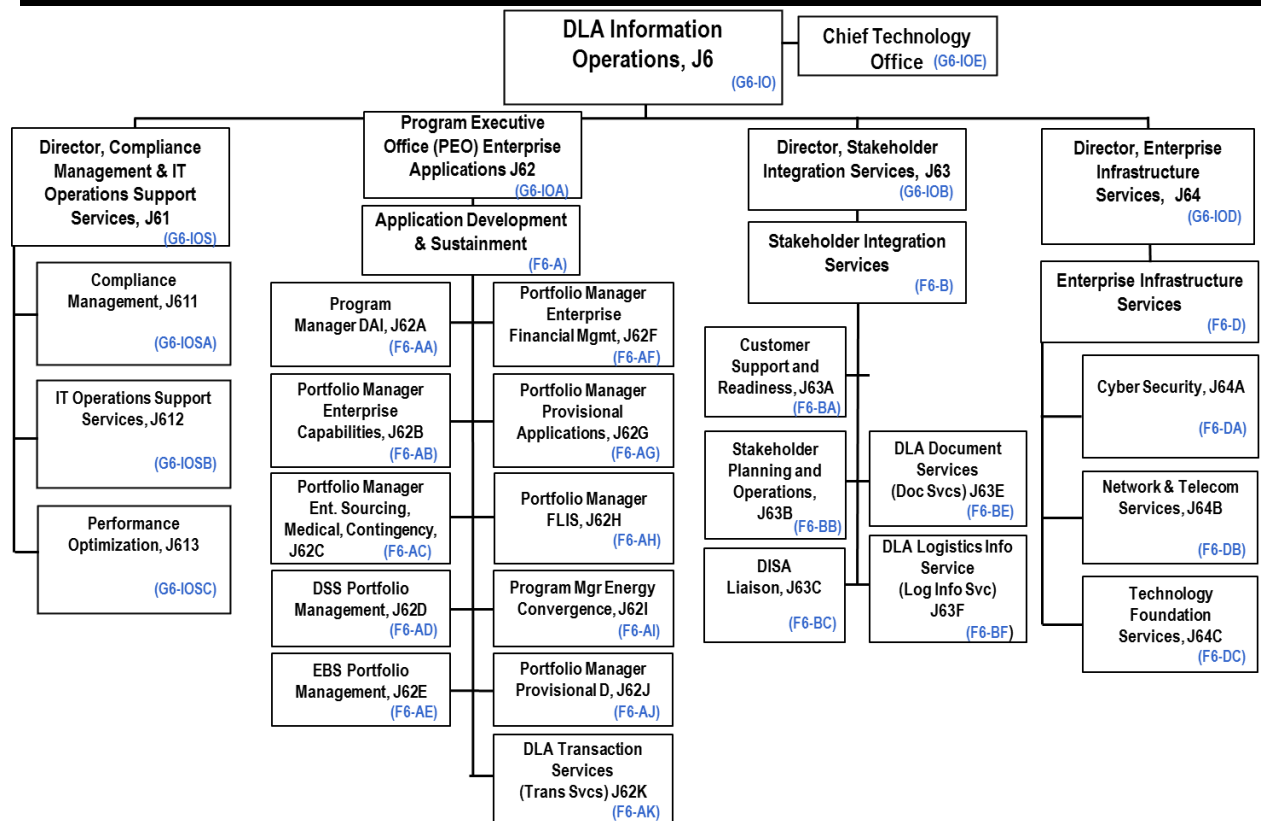
implementing and sustaining the IA Program for IT infrastructure systems to ensure the confidentiality, availability, integrity and non-repudiation of sensitive and classified information residing on them. Responsible for network and system security intrusion detection, protection and prevention. Provides a reliable IT infrastructure for all applications, systems and users ensuring adequate availability for mission completion.

Chief Technology Office, CTO:

The Chief Technology Officer is responsible for defining the DLA technology direction to support organizational goals and strategies; identifying, evaluating, and approving Information Technology (IT) products for use in the DLA enterprise; and managing the relationship between DLA and IT vendors whose products have become strategic to enabling DLA’s business processes. Definition of the DLA technology direction includes developing and maintaining both the enterprise architecture strategy and the enterprise data strategy. The Chief Technology Officer is also responsible for providing the guidance and support to development and sustainment organizations to promote technology standardization, awareness, competence, consistency, and efficiencies throughout the agency.



DLA Information Operations (J6) Organization



This chart depicts the realigned J6 organization.

6. Key Leaders

| Org Code | Name | Title |
|--|------------------|---|
| CIO Office | | |
| J6 | Kathy Cutler | Director/Chief Information Officer |
| J6 | Robert Foster | Deputy Director |
| J6 | Kitty Eisler | Strategic Analyst |
| J6 | Cindy McGee | Strategic Analyst |
| CTO Office | | |
| J6CTO | Bruce Paton | Chief Technology Officer |
| J6CTO | Gregory Allen | Chief, Enterprise Architecture |
| J6CTO | Michael Ball | Chief, Strategic Technologies & Vendor Relations |
| Compliance Management and IT Operations Support Services (J61): | | |
| J61 | Linus Baker | Director |
| J61 | Freddy Hardin | Deputy Director |
| Compliance Management Division (J611): | | |
| J611 | Freddy Hardin | Chief |
| J611A | Karen Bell | Chief, Information Assurance Policy & Compliance Management Branch |
| J611B | Robert Olear | Chief, Information Assurance Management & Technology Branch |
| J611B | Brad Rahman | Senior Information Assurance Manager (IAM) |
| IT Operations Support Division (J612): | | |
| J612 | William Scott | Chief |
| J612A | Debra Davis | Chief, Workforce Management Branch |
| J612B | Linda Poleo | Chief, Financial Management Branch |
| Performance Optimization Division (J613): | | |
| J613 | Kevin Quick | Chief |
| J613A | Frank O'Rourke | Chief, Contracting & Licensing Management Branch |
| J613A | Len Nale | Team Lead, J62 Contracting & Licensing Management Support |
| J613A | James Spell | Team Lead, J61, J63 & Chief Technology Officer (CTO) Contracting & Licensing Management Support |
| J613A | Susan Lizzi | Team Lead, J64 Contracting & Licensing Management Support |
| J613B | Alan Tripp | Chief, Cybersecurity Assessments, IT Audit Readiness & Process Management Branch |
| J613B | Erich Gabris | Team Lead, IT Audit Readiness Team |
| J613B | James Moffett | Process Management Contracting Officer's Technical Representative |
| J613B | Shryll Brown | Internal Compliance Team Supervisor |
| Program Executive Office, Enterprise Applications: | | |
| J62 | William Tinston | Program Executive Officer (PEO) |
| J62 | Kenneth Fielding | Deputy PEO |
| J622 | Jeffrey Moorman | Chief, Systems Engineer |
| PEO Operations: | | |
| J621 | Bernadine Bowyer | Director |

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|--|------------------------|--|
| J621A | Scott Warren | Chief, Acquisition Support |
| J621B | Miles Holtzman | Chief, Business Support |
| J621C | Cynthia Ellison | Chief, Testing |
| J621D | Donald C. Pipp | Director, Defense Logistics Management Standards Office |
| Application Development & Sustainment | | |
| Defense Agencies Initiative: | | |
| J62A | Sabrina Holloway | Program Manager |
| J62A | Ricky McClary | Deputy Program Manager |
| Enterprise Capabilities: | | |
| J62B | Cheryl Morrison | Portfolio Manager |
| J62B | Leslie Sofocleous | Deputy Portfolio Manager |
| J62B | Calvin Freeland | Portfolio Analyst |
| J62BA | Davis McLemore | Program Manager, Defense Travel Systems |
| J62BD | Sheldon Soltis | Program Manager, Defense Information System for Security (DISS) |
| J62BE | Joshua Lashbrook | Program Manager, Next Generation Fusion Center |
| J62BH | Robert Campbell | Program Manager, Document Services |
| J62BJ | Sharon Higbee | Program Manager, Enterprise Media |
| J62BL | Kirk Peri | Program Manager, IT Services |
| J62C | Zadoc-Lee Kekuewa | Portfolio Analyst |
| J62CB | Gary Pugliano | Program Manager, Standard Procurement System (SPS) |
| J62CC | Stacy Simmons | Program Manager, Accessories/ Technical Demonstration |
| J62CD | Phil Deboe | Program Manager, DOD EMALL |
| J62CE | James Johnson | Program Manager, Wide Area Work Flow (WAWF), Electronic Document Access (EDA) Development |
| J62CG | Robin Gardiner | Program Manager, Subsistence Total Order & Receipt Electronic System (STORES) |
| J62D | Jeffrey Charlesworth | Portfolio Manager |
| J62D | Jan Swinehart | Portfolio Analyst |
| J62E | Susan VanMeter | Portfolio Manager |
| J62E | William Gill | Portfolio Analyst |
| J62E | Nelson Gonzalez | Program Manager |
| Enterprise Financial Management: | | |
| J62F | Patricia Whittington | Portfolio Manager |
| J62F | James Carver | Portfolio Analyst |
| J62FA | Janet Hilbish | Program Manager, Human Resources/Employee Activity Guide for Labor Entry (EAGLE) |
| J62FB | Marsha Harris | Program Manager, Small Financial Applications |
| J62FC | Bobby Blackley | Program Manager, Business Enterprise information Services Family of Systems (BEIS FoS) |
| J62FD | Gretchen Anderson | Program Manager, Defense Retiree Annuitant System 2 (DRAS-2) |
| J62FE | Soma Durgam | Program Manager, Next Generation Resource Management System (NGRMS) |
| J62FF | Catrina Murphy | Program Manager, Enterprise |
| J62FG | Elizabeth Comacho-Hart | Program Manager, Access Monitoring and Verification/ Segregation of Duties. |

DLA Information Operations (J6)

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|--|------------------------|---|
| J62FH | Elizabeth Comacho-Hart | Program Manager, Customer Pricing Tool (CPT) |
| Provisional Applications: | | |
| J62G | Steve Costner | Portfolio Manager |
| J62G | LaTarra Barnes | Portfolio Analyst |
| J62GA | Eric Taylor | Program Manager, EBS Applications |
| J62GB | Richard Fitzgerald | Program Manager, Small Applications |
| J62GC | Amber Gentry-Upston | Program Manager, DSS Applications |
| J62GD | Michael Dougherty | Program Manager, Apparel Research Network (ARN) |
| Federal Logistics Information System: | | |
| J62H | Kenneth Surprenant | Portfolio Manager |
| J62H | James Daniels | Portfolio Analyst |
| J62HA | James Daniels | Program Manager |
| J62HB | Melissa Pratt | Chief, Requirements & Operations |
| J62HC | Derrick Drallette | Chief, Mainframe & Mid-Tier Solutions |
| Energy Convergence: | | |
| J62I | Kimberly Pisall | Portfolio Manager |
| DLA Transaction Services | | |
| J62K | Brad Lantz | Director |
| J62K | | Deputy Director |
| Stakeholder Integration Services (J63): | | |
| J63 | Joseph Cassel | Director |
| J63 | Karen Schreiber | Deputy |
| Customer Support & Readiness (J63A): | | |
| J63A | Kevin Faber | Director |
| J63A | Scott Riddle | Deputy |
| J63AB | Allison Shinn-Yuen | Chief, Pacific Region |
| J63AC | Kenneth Morris | Chief, Europe, Africa & SWA Region |
| J63AC | Gary Selph | Deputy (Temp) |
| J63AD | Christopher Judd | Chief, Continental United States (CONUS) |
| J63ADA | Dudley Bolbat | Chief, Northeast Region |
| J63ADB | Joseph Dhrkop | Chief, Central Region |
| J63ADC | Stella Nealy | Chief, West Region |
| J63ADD | Keith Blowe | Chief, South Region |
| J63ADE | Michael Bruffey | Chief, HQ/ National Capital Region (NCR) |
| J63ADE | Mark Stanley | HQ/J and D Code LNO |
| J63AE | Scott Pearson | Chief, Enterprise Help Desk (EHD) |
| J63AF | Ernie Sparages | Chief, Customer IT Planning |
| Stakeholder Planning & Operations (J63B): | | |
| J63B | Eric Fegley | Director, Stakeholder Planning and Operations |
| J63BA | John Mason | Chief, Strategic Communications |
| J63BB | Richard Tebeau | Chief, IT Service Management |
| J63BC | Lora Conrad | Chief, IT Front Door |
| J63BD | Kevin Hand | Chief, IT Contingency Operations |

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|---|-----------------------|--|
| J63BE | Valerie Byrd | Chief, Enterprise Configuration Management |
| J63BF | Kari Riskedahl | Chief, IT Operations Center |
| J63BG | Tammy Ortega | Chief, Information Mgt. Management |
| Defense Information Systems Agency (DISA) Liaison Office (J63C): | | |
| J63C | Dave Habeger | Director |
| DLA Document Services (J63E): | | |
| J63E | Steve Sherman | Director |
| J63EA | Shawn Magill | Chief, Strategy Development |
| J63EB | Florella Correa | Chief, Document Service Business Field Office—San Diego, CA |
| J63EB | Wayne Voyles | Chief, Document Service Business Field Office—Bangor, WA |
| J63EB | Daral Valtinson | Chief, Document Service Business Field Office—Oklahoma City, OK |
| J63EB | Bruce Rueter | Chief, Document Service Business Field Office—Pensacola, FL |
| J63EB | Brett Hutchins | Chief, Document Service Business Field Office—Philadelphia, PA |
| J63EB | Wendy Glas | Chief, Document Service Business Field Office—Great Lakes Region |
| J63EB | William “Joe” Barrett | Chief, Document Service Business Field Office—Jacksonville, FL |
| J63EB | Mark Rockwell | Chief, Document Service Business Field Office—Norfolk, VA |
| J63EB | Glenn Dixon | Chief, Document Service Business Field Office—Washington, DC |
| J63EB | Bob Kadomoto | Chief, Document Service Business Field Office—Pacific |
| J63EC | Pat McCabe | Chief, Productions—Operations |
| J63ED | Steven Hawkins | Contracting |
| DLA Logistics Information Services (J63F): | | |
| J63F | Ray Zingaretti | Director |
| J63F | Randy Young | Deputy |
| J63F | Renee Hubbard | Chief of Staff |
| J63F | Michelle Moore | Chief, Item Introduction & Maintenance Division 1 |
| J63F | Phillip Messner | Chief, Item Introduction & Maintenance Division 2 |
| J63F | Michael Coykendall | Chief, Item Introduction & Maintenance Division 3 |
| J63F | Cinzia Kirkendall | Chief, Item Introduction & Maintenance Division 4 |
| J63F | Shannon Calhoun | Chief, Customer Support Division |
| J63F | Sheila Rayburn | Chief, Data Services Division |
| J63F | Theresa Knife | Chief, Data Processes Division |
| Enterprise Infrastructure Services (J64): | | |
| J64 | Michelle Jacobs | Director |
| J64 | Mark Jackson | Deputy Director |
| J64 | Susan Burke | Operations |
| J64 | LTC James Nichols | Operations |
| J64 | Tiffany Pierce | Budget/Finance |
| J64 | Lt. Jeffrey Clarke | Operations Support Office |
| Cyber Security (J64A): | | |
| J64A | Robert Dunlap | Director |

DLA Information Operations (J6)

| | | |
|---|-------------------|--|
| J64A | Suzanne Fairley | Deputy Director |
| J64AA | Susan Duckworth | Chief, Security Integration Division |
| J64AAA | Linda Clark | Chief, Certification & Accreditation Branch |
| J64AAB | Mike Puterbaugh | (Actg) Chief, Engineering & Integration Branch |
| J64AAC | Christopher Combs | Chief, Vulnerability Management Branch |
| J64AB | Jason Pratt | Chief, CERT Division |
| J64ABA | Vacant | Chief, Incident Response Branch |
| J64ABB | Adam Price | Chief, Analysis & Support Branch |
| J64AC | John Beecham | Chief, Operations Division |
| J64ACA | Scott Reid | Chief, Identity & Access Management Branch |
| J64ACA | Craig E. Anderson | Team Chief, PKI Team |
| J64ACA | Cindy Dissinger | Team Chief, EBS Team |
| J64ACA | Dan White | Team Chief, Mainframe Team |
| J64ACA | Kristine Beckwith | Team Chief, Web Team |
| J64ACB | John Stewart | (Acting) Chief, COMSEC Branch |
| J64ACC | Robert Porter | Chief, Security Tools Branch |
| J64AD | Travis Reid | Chief, Disaster Recovery Division |
| J64ADA | Vacant | Chief, Planning Branch |
| J64ADB | Vacant | Chief, Operations Branch |
| Network and Telecom Services (J64B): | | |
| J64B | Michael Ryan | Director |
| J64B | Sharon Sauls | Deputy Director |
| J64B | Vacant | Management Analyst |
| J64BA | Vacant | Chief, Network Operations Division |
| J64BAA | James Kraus | Chief, Firewall/Management Branch |
| J64BAB | Matthew Myers | Chief, LAN Management Branch |
| J64BAB | Vacant | Team Lead, LAN Mgmt Branch Northeast |
| J64BAB | Vacant | Team Lead, LAN Mgmt Branch South |
| J64BAB | Stephen Hughes | Team Lead, LAN Mgmt Branch Central |
| J64BAB | Vacant | Team Lead, LAN Mgmt Branch West |
| J64BAB | Ryan Cummings | Team Lead, LAN Mgmt Branch Europe |
| J64BAC | Gregory Weaver | Chief, WAN Management Branch |
| J64BAC | Veneice Mercer | Team Lead, WAN Management |
| J64BAC | Vacant | Team Lead, WAN Management |
| J64BAC | Paula Gray | Team Lead, WAN Management |
| J64BB | Charles Schell | Chief, Service Management Division |
| J64BBA | Audrey Jones | Chief, Configuration Management Branch |
| J64BBB | Joseph Clark | Chief, Engineering Services Branch |
| J64BC | Gregory Schrader | Chief, Telecommunications Operations Division |
| J64BCA | Linda Kiczenski | Chief, SATCOM Services Branch |
| J64BCB | Stephen Clark | Chief, Voice Services Branch |
| J64BCC | Romulo Faria | Chief, Video teleconference (VTC) Support Branch |
| Technology Foundation Services (J64C): | | |
| J64C | Dempsey Hackett | Director |

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|--------|-------------------|--|
| J64C | Jose Olivas | (Acting) Deputy Director |
| J64CA | Lynette O'Brien | Chief, Technology Management Division |
| J64CAA | Lisa D'Angelo | Chief, Policy, Control & Support Branch |
| J64CAB | Annette Marcel | Chief, Technology/ Configuration Management Branch |
| J64CAC | Patrick Lee | Chief, IT Asset Management Branch |
| J64CB | Jay Slothower | Chief, Enterprise IT Architecture, Storage & Industrial Support Division |
| J64CBA | James Hartwig | Chief, Enterprise Imaging Branch |
| J64CBB | Jeffrey Still | Chief Automated Identification Technologies Branch |
| J64CBC | Karen Bailey | Chief, COTS Applications, Remote & Tool Support Branch |
| J64CBD | Harry Pfeffer | Chief, Storage Support Branch |
| J64CBE | Phillip Donovan | Chief, Directory Services Branch |
| J64CC | Vacant | Chief, Data Center Internal Division |
| J64CCA | Randell Davidson | Chief, Database Services Branch |
| J64CCB | Matthew Lyon | Chief, Data Center Management Branch |
| J64CCC | Chad Gandy | Chief, Windows Administration Branch |
| J64CCD | Roy Blackmon | Chief, Unix Administration Branch |
| J64CD | Sue Ellen Dumas | Chief, Data Center External Division |
| J64CDA | Raymond Matrone | Chief, Database Services Branch |
| J64CDB | Vacancy | Chief, Data Center Management Branch |
| J64CDC | Eric Dickendesher | Chief, Windows Administration Branch |
| J64CDD | Patrick Schalk | Chief, Unix Administration Branch |

7. Key Goals and Initiatives

GOAL 1: Keep our IT systems and services fully operational/mission capable, secure, and available for our global users every day.

In partnership with U.S. Cyber Command (USCYBERCOM), J6 operates, maintains, and defends DLA's portion of the DOD's Global Information Grid (GIG), while maintaining a global perspective of DLA's GIG assets and providing Agency-specific support to the Global Network Operations (NetOps) mission.

The J63 IT Operations Center (ITOC) serves as DLA's central point of contact for matters concerning the health and availability of enterprise IT systems, business critical systems, and local systems that comprise DLA's portion of the DOD Global Information Grid (GIG). The ITOC maintains DLA's GIG Situational Awareness (SA) capability and provides 24x7x365 monitoring and escalation for critical DLA enterprise IT applications and the ETN.

Significant accomplishments and activities performed in 2014:

- Number of Infospots processed: 675
- Number of Immediate Infospots: 334
- Number of SIPR (High side) Infospots: 15
- Number of Business Availability Center (BAC) alerts received: 4,278

- Number of ITOC Service Desk Remedy tickets created: 2,609
- Number of Personally Identified Information (PII) incidents processed: 76.

To ensure we maintain our system availability at our goal of 98.5 percent or higher, we have identified the following initiatives.

Manage Information Assurance (IA) Programs.

Human Resources (HR) Summit: March 21, 2014: J61 held a HR Summit with J6 senior leaders this week to discuss topics related to our virtual organization. We also addressed some future needs/strategies in the areas of recruitment, telework, and training. The discussions were extremely productive and informative for all attendees. We appreciated J1 (Shelley DeIvernois and Christina Stada) participation and advice during the session.

The Cybersecurity Assessment Program Office in J61 conducted three types of inspections to evaluate the Information Assurance posture of the DLA Enterprise. The pre Command Cyber Readiness Inspection performed at Philadelphia assisted the newly realigned Enterprise Service Areas in their preparations for the USCYBERCOM inspection conducted in June.

Five announced application penetration tests were conducted during the year as listed in the following table:

| Date | Application | Environment | Type of Assessment |
|-----------------|--|--|------------------------------|
| May 5-9, 2014 | Joint Contracting and Contingency Services | Hybla Valley | Application Penetration Test |
| Jul 21-25, 2014 | DOD Electronic Mail DOD EMALL | DECC Ogden/Mechanicsburg | Application Penetration Test |
| Sep 15-19, 2013 | Wide Area Work Flow (WAWF) | DECC Ogden | Application Penetration Test |
| Sep 22-26, 2014 | Defense Travel System (DTS) | CDC1 - Carpathia - Dulles, VA CDC2 - AT&T - Annapolis, MD | Application Penetration Test |
| Oct 20-24, 2014 | Defense Agency Initiatives (DAI) | DECC Columbus | Application Penetration Test |

Finally, the COMSEC Major Command (MAJCOM) performed assessments and staff assistance visits at the following locations throughout the year:

| Site | Date | Type of Visit | Rating |
|-------------------------------|---------------------|---------------|--------------|
| Ft. Belvoir, VA (Acct 653000) | Jan 13-17, 2014 | Assessment | SATISFACTORY |
| New Cumberland, PA (CRO) | Jan 20-24, 2014 | Assessment | SATISFACTORY |
| Dayton, OH (CRO) | Feb 3, 2014 | SAV | SATISFACTORY |
| Columbus, OH (CRO) | Feb 4-7, 2014 | SAV | SATISFACTORY |
| Pacific (CRO) | Mar 17-21, 2014 | SAV | SATISFACTORY |
| Richmond, VA (CRO) | Apr 14-18, 2014 | SAV | SATISFACTORY |
| Battle Creek, MI (CRO) | May 19-23, 2014 | SAV | SATISFACTORY |
| Philadelphia, PA (CRO) | Jun 9-13, 2014 | SAV | SATISFACTORY |
| Tracy, CA (CRO) | Jul 14-15, 2014 | SAV | SATISFACTORY |
| Europe & Africa (CRO) | Sep 08-12, 2014 | SAV | SATISFACTORY |
| Japan (CRO) | Sep 29- Oct 3, 2014 | SAV | SATISFACTORY |

Manage Infrastructure. This initiative consists of the following projects to manage the IT infrastructure.

Enterprise Mobility: The DIACAP process and the full Authority to Operate (ATO) for the Good infrastructure necessary to support DLA’s iPads were completed. The risk assessment and the operating procedures were documented in the CONOPS for Enterprise Mobility with Good infrastructure.

DLA Information Technology Asset Management (ITAM): The goal of the ITAM initiative was to implement an Enterprise tool designed to ensure accountability/auditability for IT assets from acquisition to disposition. ITAM uses Enterprise business practices that join inventory with financial and contractual functions. This included DLA requests for hardware/software, procurement management, life cycle management, redeployment, and disposal management. J62 provided program guidance, while J64 provided functional sponsorship.

Beginning in January 2014, all DLA IT Assets were converted from DLA site inventories to a single DLA Enterprise IT Asset system, tracked by location. As we moved forward under the new realigned organization, TFS Asset Management teams fine-tuned DLA site location of assets in the asset tracking system, Information Technology Asset Management (ITAM); combining all DLA sites locations assets and treating them as “One DLA” assets, shared by all.

This allowed each TFS Asset Manager to request assets on hand at other locations to fulfill our customers' needs. This change provided faster delivery times and is very cost effective. It also keeps Asset Managers at any location in tune with other asset managers for future stock replenishment needs. All of these changes provide better support to our DLA customers.

- Status at the end of FY14 included the following J62 accomplishments:
 - Deployed Analytics (enhanced and improved reporting capability)
 - Provided ITAM Analytics DCO Training/Standard Operating Procedures to J64
 - Atrium Discovery Dependency Mapping /Configuration Management Database Integration
 - Scans to locate hardware/software on DLA Network
 - Automated load of assets directly into ITAM's database

Enterprise Email Migration: The goal of this effort is to upgrade from Exchange 2003 to Exchange 2010 and consolidate infrastructure locations supporting Exchange mailboxes and Blackberries. This effort aligns with the goals of Federal Data Center Consolidation Initiative (FDCCI) to reduce energy, reduce costs, and improve IT Security. Benefits include centralized management and Enterprise approach to message management, Exchange server standardization, email archiving and enhanced monitoring and analysis capabilities. This project is an interim step in preparation for the longer term transition to DOD Email or Cloud Email services. During the past year, we upgraded the Pacific and Europe Exchanges to 2010.

DLA Data Center Consolidation Initiative: This effort is DLA's Technology Foundation Services implementation of the Office of Management and Budget memorandum directing the inventory, consolidation, and overall reduction in the number of Federal data centers called the Federal Data Center Consolidation Initiative (FDCCI). This consolidation effort focuses on four objectives:

- Promote the use of Green IT (less energy use) by reducing the overall energy and real estate footprint of government data centers.
- Reduce the cost of data center hardware, software, and operations.
- Increase the overall IT security posture of the government.
- Shift IT investments to more efficient computing platforms and technologies.

In the past year, one data center was closed in the Pacific; one Logistics Information Services data center was closed; Richmond, New Cumberland and Columbus were designated as Installation Processing Nodes (IPNs); and Dayton and Tracy were designated as Special Purpose Processing Nodes (SPPNs).

Virtual Desktop Initiative (VDI): Deployment of the VDI infrastructure has been extended to over 360 thin clients with approximately 125 user sessions (Home Use and VDI). VDI was also deployed to approximately 50 contractors who were moved out of the Hybla Valley facility in support of the Director's initiative to close that site. As a result of the initial deployment, we

have decommissioned the Citrix Farm in New Cumberland (12 servers) as well as the Citrix Farm in Richmond (15 servers).

Reverse Proxy: DLA designed and implemented a Reverse Proxy solution in order to meet the CTO Tasking 10-065. Network and Telecommunications Services (NTS) implemented two CONUS Reverse Proxy DMZs on the Enterprise Telecommunications Network (ETN). DLA provided field sites with multiple training sessions and technical assistance to migrate existing internet/public facing applications into one of the Reverse Proxy DMZs.

802.1X NAC Solution: The DLA LAN security design was disparate (by Activity) and lacked the ability to scale and be centrally managed. More importantly, the existing DLA LAN access control as a whole did not meet the DISA FSO STIG (Layer 2 Switch: NET-NAC-009). DLA implemented the 802.1X NAC solution in order to meet the DISA STIG requirements for 802.1X and provide the recommended NAC policy enforcement necessary to protect DLA from rogue network endpoints, provide centralized access control, and device discovery / classification. It delivers port-based network access control, which provides DLA with authentication and data privacy as part of its extensible security framework. 802.1X is a port-based authentication industry standard and best practice for NAC. The 802.1X NAC solution was originally designed to support wired networks but was adapted to address DLA's WLAN security concerns because of its extensible security framework, powerful authentication and data privacy capabilities. The 802.1X framework utilizes the secure exchange of user and/or device credentials, and prevents virtually any unauthorized network access since authentication is complete before a network IP address has been assigned.

Wireless Intrusion Detection (WIDS): NTS implemented and configured a DISA STIG-compliant WIDS solution using the DLA approved solution, Aruba, for DLA Headquarters and satellite locations, Richmond, San Joaquin, New Cumberland and Mechanicsburg. The solution is designed as a centralized architecture with WLAN controllers used to manage hybrid access point (AP)/monitoring sensors, supported by server-based software applications and select operating system software modules. These system components were configured to provide enterprise WIDS capability. The centrally located WLAN controller operating system and the server-based AirWave NMS supports functionality such as: Network discovery, AP and controller configuration, Automated compliance audits, Real-time and historical trend reports, Ability to monitor multi-vendor equipment through Simple Network Management Protocol (SNMP)v3 for device status, Firmware distribution, Monitoring of devices connected to the network, thin, thick, and mesh network architecture.

The Aruba solution has been approved for use at all DLA-owned locations to be managed by Cyber Security (CS) and Network and Telecom Services (NTS).

Radio and SATCOM: From June-September 2014, NTS replaced the 10 year old trunked radio system at DLA Richmond. The DLA Richmond Radio System was upgraded from a Motorola ARC4000 to a Motorola M3-Core. Initial work began in June 2014, and ended in September 2014 with acceptance of the system. The new system provides over-the-air encryption for radio communications. Additionally in September 2014, NTS performed relocation and reutilization

of the trunked radio equipment from the closed Distribution depot at Lathrop, CA to Tracy, CA without radio service interruption to the users.

From September–November 2014, NTS obtained host nation approvals and frequency licenses for Satellite Communications and Land Mobile Radio communications in support of Operation Unified Assistance (OUA) in Africa. Recommended and advised J63 Contingency Operations personnel on the types and usage of Satellite equipment to support OUA.

During the period of October-November 2014, NTS augmented J63 Contingency Communications and J6 Europe/Africa personnel by deploying to Afghanistan to install and configure Satellite Communications and provide IT support for new Disposition Services sites.

Modernize Enterprise Application Monitoring:

a. Began monitoring with the DLA BSM the following applications for DLA Document Services:

ASSIST - Acquisition Streamlining and Standardization Information System
TPS - Travel Pay System
CEDMS - Corporate Electronic Document Management System
DSO - Document Services Online
TODPG - Technical Order Distribute and Print Gateway

b. Began monitoring with the DLA BSM the following applications for DLA Logistics Information Services:

MEDALS – Military Engineering Data Asset Locator System
CAGE - Contractor and Government Entity
PUBLOG – Public FLIS search

c. Terminated BSM monitoring due to retirement of the following applications:

EBS DPACS - EBS DLA PreAward Contracting System
LOLA Classic - Logistics On-Line Access
DLA Energy Bulk Ports, Ground Ports, Distribution Plans and Fuels FES

Enterprise Telecommunications Network: During FY14, NTS maintained 98.5% uptime across the Enterprise Telecommunications Network/Secure Enterprise Telecommunications Network (ETN/SoETN).

GOAL 2: Deliver new IT systems and capabilities to our DLA and DOD users on cost and schedule.

FY14 Program Deliverables: In FY14, the PEO continued to deliver, deploy and sustain programs on time and within cost/schedule/performance parameters. The FY14 metric was to deploy 90% of program capability deliveries on time. In FY14, J62 fielded 33 deliverables early, 84 on-time and 13 met revised target dates for an actual FY14 rate of 97%.

PEO Sustainment Metrics – Measures of Success: In February 2014, the CIO approved the recommended Sustainment Metrics for the PEO Enterprise Portfolio. These metrics are:

- System Change Delivery, System Change Accuracy, System Change Cost
- Service Request Delivery and Accuracy
- Problem Ticket Delivery and Accuracy
- Cost Per User
- System Availability

A 3-month trial was conducted from July to September 2014 with selected programs/portfolios to develop the capability to capture and report these metrics. The PEO is in the process of validating the metrics and adjustments will be made as needed.

J62 Rationalization Effort: In FY14, J62 continued the rationalization of DLA applications that it assumed control over as a result of the J6 organization realignment. The goal of rationalization initiative is to design the best organizational alignment and processes to support the applications while developing strategies to decommission them. This effort involves adding capabilities into DLA Enterprise applications or by reconfiguring current DLA Enterprise applications to leverage existing technologies. This in turn will drive long-term savings associated with the costs of hardware, software, maintenance, testing, storage, personnel and information assurance support costs.

An initial review was conducted of approximately 500 applications with the following results: 50 applications were identified that were in the process of decommissioning; 170 applications were recommended for decommissioning; 190 applications were recommended for sustainment; and 80 applications are under review. In FY14, Program Managers (PMs) were assigned within the major categories of these applications to pursue decommissioning from the perspective of that which was in process or planned, recommended, or under further review. For the 170 applications that were recommended for decommissioning, the effort necessary varied by the particular application and also included stakeholder engagement, the building of capabilities in other Enterprise solutions, and/or business process training or reengineering. The rationalization schedule varied by the individual application under review. Of the 190 applications recommended for sustainment, J62 conducted a comprehensive review to validate the need for doing this. The review conducted in a forum established by the Stakeholder Integration Directorate.

J62 decommissioned a total of 112 applications in FY14 against a FY14 goal of 110.

Engage SAP to Drive Efficiencies in Enterprise Business Systems (EBS): The purpose of this initiative was to partner actively with SAP in performing a Solutions Review of EBS to identify areas where J62 could reduce costs through the elimination of software customization in favor of using standard SAP functionality. The effort also included a review of system monitoring/management capabilities that were available, but not in use within DLA.

Recommendations from the Solutions Review were analyzed and implemented where costs savings and improved operations were identified.

The detailed work behind this effort involved an analysis of the Solutions Review report provided by SAP and identified those recommendations that were determined feasible to implement with an associated positive return on investment (i.e., will reduce the cost to operate EBS). The goal in FY14 was to reduce overall EBS operating costs by 20% from FY13 levels.

- Status at the end of FY14: 93 recommendations from SAP to improve EBS efficiency
 - 16 rejected; 28 completed
 - 39 in process
 - 325 custom objects recommended for elimination – potential savings \$9.75 million
 - 29 custom objects may be replaced by standard SAP – additional potential savings
 - 10 not started, dependent on:
 - Enterprise Data Strategy
 - SAP subject matter experts

The FY14 metric for this initiative was based on the percentage of requests for changes generated by June 30, 2014 for at least 90% of the SAP recommendations targeted for implementation. The actual metric achieved was 95%.

The next steps have been to retire custom objects and evaluate SAP standard functionality.

IT Service Request (IT-SR) Standardization. The goal of the IT Service Management (ITSM) initiative was to establish a DLA owned Enterprise solution that would integrate the Enterprise Help Desk and the ITAM Remedy versions into a single Enterprise ITSM solution. The incremental implementation of this initiative was designed to streamline service delivery and improves response to customers across the Enterprise.

- Status at the end of FY14 accomplishments included:
 - Realignment Support
 - Remapped EHD Remedy from site specific operation to ESA support groups
 - Created Incident, Service Request and Escalation Management SOP's
 - Integrated ITSM Solution
 - Defined scope and action plan for Enterprise ITSM solution
 - Identified Critical Path tasks, interdependencies and technical issues
 - Service Pack 5 upgrade, ADDM/CMDB integration, J64 TFS upgrade (v 8.1) & standardization of ITSM foundational data
 - Single consolidated Enterprise License Contract award
 - Combines 21 “license contracts” into one contract

- DLA savings of \$500K per year
- Finalize requirements for ITSM solution
 - Incident, Service Request, Problem Management, Asset Management, Self-Service Portal, Ticket Routing and Reports
 - Schedule will be provided 2 weeks upon receipt of requirements
- Delivery of New Requirements
 - Change Management, ECRT, Service Desk, DISA interface
 - Change Management delivered during initial deployment (Phase 1)
 - ECRT, Service Desk, DISA requirements (Phase 2)

DISA Cost Savings. One of DLA’s goals for FY14 was to lower the DISA cost. Towards that goal, DLA identified two major savings areas. The first was data storage costs which represent 20 percent of the DISA bill. The second savings area centered on “customized services”, which are enhancements that have been built in to many of our applications, and constitutes 37 percent of our total DISA bill. By looking at the two major savings areas, DLA achieved the FY14 goal and lowered DISA costs by \$39.1M.

DLA’s initiative to reduce DISA costs involves more effective partnering with DISA in order to address and identify business efficiencies and reduce costs without reducing IT services. Through this initiative, DLA re-evaluates standard versus custom solutions, achieves more upfront involvement on requirements determination, partners on emerging technologies, and applies more emphasis on strategic versus tactical engagement. This strategic engagement will increase leverage of DISA Enterprise Services, consolidate and virtualize servers, implement an aggressive archiving strategy, and improve efforts to “right size” solutions to fit DLA’s needs.

Level 1 Enterprise Help Desk (EHD) Consolidation. J63 brought all geographically separated help desks under the umbrella of the EHD and standardized and flattened our IT services, gaining efficiencies while simultaneously saving money. We have given all of our 28,000 DLA users the ability to get 24/7 support from the same place whether they are in the office, working from home or on the road TDY. We are now funneling all of our IT requests for service through one capture point, allowing us to better analyze trends and workloads leading ultimately to more robust and efficient IT service. We are nearing 100% completion of this initiative and well on our way to realizing savings in excess of \$2.7M over the next 6 years. Our consolidation will be fully complete with the transition of the DLA Energy Help Desk (formerly BSM-E), currently scheduled for 2nd quarter FY15.

Records Management Capability Deployment. DLA Document Services began a multi-year, multi-phased implementation of RM in compliance with DOD Instruction 5015.2 (Electronic Records Management) for agency-wide records stored in multiple application databases. The

DACS-RM project was formally designated as Document Automation Content Services (DACS) – Records Management or “DACS-RM”. The solution, based on OpenText commercial off-the-shelf software, included deployment of an RM solution for EBS applications as well as records collections within multiple non-EBS systems.

- FY14 Metrics: Stand up 5 Business Cycle Teams (BCTs) by Sep 2014
 - Green = 5 BCTs compliant
 - Yellow = 4 BCTs compliant
 - Red \leq 3 BCTs compliant

- Status at the end of FY14 accomplishments included:
 - 1 BCT Compliant - 5 BCTs compliant by September 30, 2014
 - Finalizing a complete revision of the Agency’s RM procedures manual;
 - Development of RM specific training for the Component Records Officers and Records Coordinators that identifies the critical functions needed to create, implement and sustain all elements of the RM program;
 - Initiating implementation of the RM folder structure within an enterprise level, DOD 5015.02 certified RM system;
 - Launching an enterprise review of DLA records series and retentions, starting with DLA Installation Support, which is the first major review of retentions in two decades; and,
 - Restructuring the DLA Records Disposition Schedule to better align with the National Archives and Records Administration (NARA) General Records Schedule format – the first major change to the Schedule in fifty years.

GOAL 3: Assess our performance, policies, procedures, and technologies to improve our IT systems, capabilities, and services.

Network and Telecommunications Services (NTS) completed hardware upgrades to all CONUS perimeter firewall clusters in order to provide increased throughput and lower CPU utilization.

Completed the DLA Enterprise Network (DEN) LAN consolidations at Barstow, Battle Creek, Bremerton, Columbus, Hill, Ft Belvoir, Jacksonville, Mechanicsburg, New Cumberland, Oklahoma City, Philadelphia and Richmond. This initiative directly supports a “work from anywhere” Enterprise model by optimizing network infrastructure hardware and software while removing activity-based restrictions currently prohibiting application interoperability and user mobility.

NTS completed upgrades to the cable plans to enhance/improve network infrastructure. One of which was the migration of all 68 closet switches in Richmond, VA to dual 10Gbps connections. In conjunction with 10Gbps migration, during this process we re-terminated approximately 25% of all 10Gbps circuits (to include mid-point patches) due to issues related to back reflection.

- Installed fiber infrastructure to migrate security cameras from inactive wireless network to hard-wired network. Work with facilities to bring up cameras after sitting dormant for more than 3 years.
- Support of the design of the new Operations Center Building up to 95%.
- Installation of structured cable pathway and OSP connection in Building 24, to support ongoing renovation.
- Installation of structured cabling pathway and cable connection (approximately 150 drops) in Warehouse 59, Bays B and C, to support a 31 tenant move in to the space.
- Cable and facilitate the move of the cafeteria to the officers club to allow for a refresh of the existing cafeteria.
- Installation, support and replacement of warehouse inventory and stock picking related wireless access points and end user terminals.
- Installation, support and replacement of base owned CCTV monitors and set-top-boxes.
- Installed pathway and cabling to 168 locations in support of the WIDS project. Assisted with the site survey for Richmond. Installed all WIDS Access Points and verified connectivity.
- Installed pathway and cabling associated with the DBIDS project.
- Worked on the initial data collection and recommendations to upgrade all of DLA Richmond data closets to make them TIA/EIA, UFC 580 and Code compliant in preparation to migrate to VoIP.

Enhanced Video Teleconferencing Infrastructure: NTS installed 6 VTC Rooms and equipped 5 training rooms with VTC facilities at the Suffolk Building. Additionally installed 2 VTC rooms, and equipped two training rooms with VTC facilities at Lorton building, and installed 3 VTC Rooms in Philadelphia and 3 VTC room at Fort Belvoir.

Manage Technology Insertion. This initiative focuses on efficiently and effectively introducing new technologies into the DLA Enterprise, or consolidating existing technology into a singular enterprise system, or extending new capabilities in order to improve customer service levels. The following technology roadmap shows the timelines and milestones for our efforts, which will directly affect DLA end users.

Active Directory (AD) Restructure: This ongoing Technology Foundation Services project consolidates existing DLA Active Directory (AD) infrastructures into a single DLA Enterprise system. These critical AD systems provide authentication, authorization, applications, resources, security policy enforcement, and messaging functions across DLA. Presently, each PLFA or major organization has an instance of AD. This effort will consolidate the various instances into an Enterprise AD, while also migrating all users, workstations, servers, and applications into the new Enterprise system. The full implementation will enable DLA to reduce support and maintenance costs, improve user logon times, and implement consistent policies across the enterprise, which will expedite helpdesk and troubleshooting times. To date, all users and

workstations have been migrated to DIR, the Enterprise Active Directory Domain. 64% of all eligible servers have been migrated.

Modernize Telework Infrastructure: Virtual Desktop Initiative (VDI) and the Citrix Home Use Initiative are being utilized by many of the current Teleworkers supporting the pilot project in New Cumberland. The VDI team has been able to stabilize the VDI Farm in order to support the Home Use users during Telework.

Continuity of Operations Plan (COOP)/Disaster Recovery (DR) Planning: The Cyber Security COOP/Disaster Recovery (DR) team identified DLA's 29 Critical Business Systems, validated its accuracy with DLA Senior Leadership, and moved to increase the DR/COOP capabilities for the identified systems. The Disaster Recovery posture for DLA IT systems was improved by implementing more frequent functional tests. Resources were dedicated to audit recovery plans with more scrutiny and on a more frequent basis to improve responsiveness to DR/COOP Audit findings and prepare IT systems to meet future Audit Readiness requirements. The team also improved DLA's partner relationship with DISA by moving key business systems to their standard disaster recovery (COOP) offerings.

Mobile Command Vehicle (MCV): The MCV enables an Initial Response Team (IRT), or other DLA elements that may deploy, to support a domestic natural disaster relief effort under the Defense Support to Civil Authorities (DSCA) umbrella. The MCV design supports a seven person IRT in addition to the Communications team and provides fully integrated mobile business capability, which can deploy in the event of a domestic disaster response requirement. In FY14, we continued to enhance and maintain deployment ready CONUS based MCV capability.

MCV Communications for FY14:

| FY 14 | Event | Location | Customer |
|-------------|------------------------------------|---------------------------------|------------------------|
| OCT | Tropical Storm Karen | (prepare to deploy) - cancelled | JLOC/IRT |
| DEC | DLA COOP EX | Columbus, OH | JLOC |
| FEB | Northeast Winter Storm Warning | Columbus, OH | JLOC |
| MAR/ APR | CAPSTONE EX | Elmendorf-Richardson, Alaska | JLOC/IRT/NORTHCOM/FEMA |
| MAY | DDE Readiness EX/ARMY BCT drawdown | Fort Knox, KY | JLOC/DLA Distribution |
| JUN | Quartermaster Liquid Logistics EX | Fort A.P. Hill, VA | DLA Energy |
| JUN | IRT Orientation Training | New Cumberland, PA | JLOC/IRT |
| JUL | Tropical Storm Arthur | Fort Bragg, NC | JLOC/IRT |

Objective: Maintain MCV capabilities and emergency essential staffing for responding to contingency operations.

Metric: Deliver and establish DLA network communications for contingency operations within 24 hours (CONUS) or 72 hours (OCONUS) of receiving the execution order.

FY14 Status: Green – Equipment and teams have met all objectives and metrics .

Ecommerce (FedMALL): The goal of FEDMALL is to be the premier Ecommerce solution for Department of Defense, Federal, State and Local government entities, and Foreign Military Sales customers. It will streamline the process for vendors doing business with the government. FEDMALL will replace the current DOD EMALL and the General Services Administration’s Advantage systems, which will reduce functional duplicity and IT footprint.

In FY14, the initial functional requirements for FEDMALL were gathered (continuous process) from primary stakeholders. The program management office finalized the Concept of Operations with OSD and GSA and formed an Integrated Product Team with the Services and DLA to identify specific business rules and address DLA audit readiness concerns. The Request for Proposal for the next generation development contract was issued in August 2014.

Section 508 Metrics: DLA Enterprise Test Directorate has the responsibility of making sure all IT Systems owned by DLA meet the Section 508 requirements established in the Rehabilitation Act of 1973. It is important that the systems be Assistive Information Technology compatible so that DLA can continue to improve accessibility for IT capabilities to support users with disabilities.

- 53 Enterprise complaints were received by 3rd quarter FY14
 - 6 Tickets, Centralization of 508 EHD Initiative
 - 1 Closed
 - 5 In Process
- Working with EEO on survey that will advise of 508 issues/concerns
 - 47 EBS Complaints Received from EBS Summit
 - 43 Closed
 - 4 In Process to be completed by August 1, 2014
 - Updated EBS 508 Accessibility Desktop Setup document; distributed to Enterprise Help Desks; now used for configuring user desktops

Maps On Demand. DLA Document Services, DLA Aviation, DLA Logistics Information Service, and DLA Distribution have partnered with the National Geospatial-Intelligence Agency (NGA) to develop a “maps on demand” capability, enabling on demand and online access to NGA maps/charts and CDs/DVDs. In July 2013, limited production of NGA maps/charts and CDs/DVDs began at DLA Document Services Richmond, Virginia facility, with a phased transition to full production at five on-demand facilities by January 2014.

There will be a transition period, during which shelf stock maps will decline and on-demand maps will increase. Once fully implemented, the DLA Document Services on demand operation and GPO term contractors will be producing several million maps a year. This initiative will result in printing, warehousing, and shipping cost savings for NGA and DLA. More importantly, this initiative will help ensure that Warfighters and other federal agencies always receive the most up-to-date edition of maps and not obsolete shelf stock. In addition, supply will be more closely aligned with demand, which will significantly reduce an overstock or understock scenario.

In FY14, all maps on demand sites are operational – located at Document Services facilities in Richmond, Norfolk, San Diego, Ramstein Germany, Pensacola, Pearl Harbor and Yokosuka Japan. There is also a back-up facility at Quantico.

Printers/Multifunctional Devices Consolidation. The June 2013 FISMA data identified 17,053 office document devices-network and stand-alone copiers, printers, multi-functional devices (MFD). An August 8, 2013 DLA Chief of Staff Policy letter called for equipment assessments to be performed for all DLA PLFAs and J/D Codes by DLA Document Services in FY14. The assessments will provide a review of current device inventory with costs and recommendation for an optimal mix of devices with costs. The assessments will identify savings associated with implementing the optimal device mix. All assessments across DLA have been

completed over 200 individual visits. Savings were originally projected at \$3M annually and the revised projection will be \$6M annually.

GOAL 4: Develop our IT professionals to ensure they are fully prepared to meet the challenges of providing world-class IT services today and well into the future.

Maintain a highly trained and certified IT workforce. Network and Telecommunications Services continues to ensure that all personnel are compliant with Information Assurance (IA) and Computing Environment (CE) certifications IAW DODD 8570.1 and receive training for new skillsets to support new products or upgraded products in DLA.

APPENDIX A

FY14 SIGNIFICANT ACCOMPLISHMENTS FOR DLA DOCUMENT SERVICES

DLA Director's Big Ideas. Printing Automation - The core of the Document Services mission is to transform how the DOD accesses documents from the use of traditional printing processes to automated processes - the production of documents on-demand and/or access to digital documents on-line. This more efficient means to store/access/output documents is cheaper to the customer. Our FY14 savings target is \$800K and our actual savings through June is \$1.4M.

Reverse Auctions / Long Term Contracts - To support their Equipment Management Solutions (EMS) program (office document equipment in customer workspaces), Document Services has developed and awarded a multiple-award, indefinite delivery/indefinite (IDIQ) contract, that incorporates reverse auctions for each delivery order placed. This reduces vendor costs while it shortens the procurement lead time. Our FY14 savings target is \$2.6M and our actual savings through July is \$8.9M.

White House Support. Our J6 Team of individuals who work at the White House facility (located in the Old Executive Office building) have worked through extreme weather conditions, nearly impossible deadlines, and constantly shifting priorities to ensure that the President of the United States, First Lady, and staff working in support of the Administration receive exactly what they need, when they need it. Products include such items as tickets for Administrative functions, Staff itineraries, Travel plans and information, name tents/tags to identify dignitaries at the various functions and the "State of the Union Address". Often, the Secret Service is standing by to rush finished products to a waiting Air Force One or session of Congress. Recently, one of our J6 team members of the White House Document Services staff was honored at a ceremony in the Pentagon Courtyard for the 2014 Department of Defense National Capital Area Public Service Recognition Week "Spirit of Service" Recognition Award, and the White House production facility was prominently featured in a Loglines article in the July-August 2014 issue.

Army Medical Department Center and School (AMEDDC&S). Ft. Sam Houston – Major scanning and conversion initiative (5M pages) for the Army Medical Department and School at Fort Sam Houston to improve processes and records management compliancy. The scanning is a multi-year requirement with an initial 5 million pages to be scanned and loaded into the J62 managed application Document Automated Content System (DACS). Upon completion of phase 1, an additional 5M pages will be scanned and processed. The customer goal is to reduce the foot print for warehousing of these paper documents and full compliancy for a paperless record management process.

Cadastral Modernization Program. Document Services provided document conversion services and support for the electronic capture, reconciliation and electronic record storage of Naval Facilities Engineering Command (NAVFAC) Cadastral Modernization Program (CMP) of over 2M documents for ease of reference, retrieval and electronic document management. The CMP is a business solution powered by a geospatial platform for the data management of real estate land assets. The goal is to achieve a fully integrated system for land records management to increase the accuracy, authority, and accessibility of real estate information.

APPENDIX B

FY14 SIGNIFICANT ACCOMPLISHMENTS FOR DLA LOGISTICS INFORMATION SERVICES

Realignment. Under the DLA Information Operations (J6) realignment DLA Logistics Information Service became DLA Logistics Information Services and resides under Stakeholder Integration Services (J63). We provide interoperable, integrated, quality logistics data for the Military Services, the Department of Defense (DOD), other federal agencies and international partners in order to optimize the effectiveness and efficiency of the DOD Supply Chain. Under the realignment, DLA Logistics Information Services has seven divisions – four cataloging, one customer support, data services and data processes division.

Federal Catalog Process Owner Services:

- The Federal Logistics Information System (FLIS) Portfolio System Manager and the Federal Catalog System Process Owner from DLA Logistics Information Services engaged with DLA Troop Support and the Defense Medical Logistics Item Identification System (DMLIIS) Program Manager for a system information sharing session. This was the first of three meetings and the goal for this meeting was to discuss system capabilities that support the Cataloging and Medical item missions. Overviews were provided for FLIS, the FLIS Portfolio Workbench, Electronic Cataloging, WebFLIS, the FLIS Portfolio Data Warehouse, DMLIIS, Medical Master Catalog, and the Prime Vendor Data Interface. The engagement will continue with the focus of the next meeting being system demos.

- April 08, 2014, DLA Logistics Information Services and Air Force subject matter experts met to explore the possibility of utilizing existing Federal Logistics Information System (FLIS) Portfolio applications to perform item master cataloging related functions currently performed in Air Force legacy systems. The joint team is working on a gap analysis related to the functionality present in both the Air Force and DLA systems. This is an opportunity for the Air Force and DLA to gain efficiencies through business process re-engineering and system integration.
- On August 20, 2014, DLA Logistics Information Services kicked off discussions on user requirements for Web Federal Logistics Information System (WebFLIS) from the Matching Acquisition Strategies to Industrial Capabilities (MASIC) research and development project. Participants included DLA Land and Maritime, J74, and J3313. The DLA Logistics Information Services requirements team will develop and document the user requirements for the J6 front door process.

Logistics Data Dissemination:

- 40.3M Federal Logistics Information System transactions
 - 413.4M FLIS Portfolio Data Warehouse transactions
 - 8.6M Universal Data Repository transactions
 - 44.1M Military Engineering Data Asset Locator System transactions
 - 35.3M WEBFLIS queries
 - 315.6K Information products distributed
 - 24.2K Tailored Data Products
- DLA Logistics Information Services met with representatives from the NATO Support Agency (NSPA) to discuss and answer questions on the DLA mandate to transition from File Transfer Protocol to Secure File Gateway (SFG). NSPA is the information hub for all data transactions going to and coming from NATO and partner countries. The U.S. is an integral part of the logistics data shared amongst participating countries.

Joint Certification Program:

- 6.9K Applications Received
 - 6.2K Certifications Processed
- Reduced the processing time for applications for the Joint Certification Program from 30 days to 5 days to meet the customer demands.

Logistics Data Management Services:

- 117K National Stock Numbers Assignments
- 404K National Stock Number Maintenance Actions Performed
- 239K Demilitarization Code Validations

- 40K DLA Freight Updates
- 157 Provisioning Conferences Attended
- 150K Technical Data Processed

- Starting October 1, 2013, the DLA Mine Resistant Ambush Protected (MRAP) Joint Program Office (JPO) transitioned to a Service led program. Over 27,000 vehicles were fielded, thousands of vehicles upgraded and tens of thousands of lives saved or prevented from harm. DLA Logistics Information Services contributed to the great success of the MRAP program by accomplishing over 30,000 National Stock Number (NSN) assignments.

- October 17, 2013, DLA Logistics Information Services was part of the Clothing and Textiles Heraldic's Phased Out National Stock Numbers (NSNs) Continuous Process Improvement event. DLA Logistics Information Services individuals were recognized for their extraordinary research and analysis skills, process improvement and the cancellation of over 1,300 NSNs resulting in an indirect cost savings of approximately \$828,000 over FY13 and FY14.

- October 28, 2013, the DOD Demilitarization Coding Management Office (DDCMO) started implementing new export control reforms to ensure DEMIL coding is in compliance with the new law President Obama signed in March 2013 to consolidate the handling of export licenses for United States (U.S.) manufactured goods. The new law combines the U.S. Munitions List, Commerce Control List, and Trade Security Controls into one listing comprised of 21 categories within DOD Manual 4160.28 (Defense Demilitarization Procedural Guidance). Updates to the categories are being implemented in a phased approach which began October 15, 2013, and will continue through calendar year 2014. The first 2 of the 21 categories updated were Aircraft and Turbine Engines.

- February 4, 2014, DLA Logistics Information Services agreed to provide freight data for GSA managed National Stock Numbers (NSNs). In the freight challenge process, Mr. Jawad (Joe) Abdeljawad from the Engineering and Cataloging Division (QSDEC), Center for Supply Acquisitions (QSDE), Office of Supply Operations (QSD), Office of General Supplies and Services (QS), FAS/GSA, has given DLA Logistics Information Services permission to resolve freight issues. This will increase the timely processing and shipping of all GSA NSNs to the Military Services.

- May 2, 2014, The DLA Logistics Information Services completed a project to develop a new approved item name for pork free Meals Ready to Eat (MREs). MEAL, INDIVIDUAL, PORK FREE (INC 69127) has been approved for use. This change was required to facilitate proper labeling of cases of MREs being shipped to Muslim countries.

- DLA Logistics Information Services participated in the “Big Six” DLA/GSA initiatives by supporting the logistics reassignment of GSA items in Federal Supply Group 80 over to DLA management. On March 4, 2014, 4,500 transactions were processed to transfer material management from GSA to DLA with a June 1, 2014, effective date. The remaining 250 transactions were processed June 2, 2014.
- August 6, 2014, successfully executed the annual price update process in the Federal Logistics Information System (FLIS). Approximately 4.3 million unit prices on National Stock Numbers (NSNs) were updated with an October 1, 2015, effective date. Nearly 4 million of the NSNs are DLA managed.
- August 18, 2014, as a part of the annual price update process, processed approximately 162,000 Navy transactions over the weekend to update repair net price information in the Federal Logistics Information System. All of these updates carry an effective date of October 1, 2014.
- The Military Services and the JSF Program Office prepared a draft implementation strategy plan to transfer supply chain management responsibility for the F-35 aircraft from contractor support to DOD. Within the plan, the assignment of National Stock Numbers to F-35 parts is identified as a key enabler. Thus, DLA Logistics Information Service's current cataloging initiative with the JSF contractors stages DLA to support this strategy when the JSF Program Office receives approval.
- In support of Time to Award, DLA Logistics Information Services completed detailed analysis on 30,000 National Stock Numbers (NSNs) identified by DLA Troop Support. Comparison was done on the Reference Number data in the Federal Logistics Information System (FLIS) to the Enterprise Business System (EBS) to ensure synchronization. There were 23 incompatibilities that were identified and immediately corrected.
- June 11, 2014, at the request of the United States Army, the DDCMO completed the review of 2,492 DEMIL codes on the Kiowa Helicopter (OH-58). The main purpose of the review was to validate the codes and to identify any controlled or hazardous items with harmful materials. This review was critical to ensure special handling instructions were in place as needed and to assist the Army with storage, shipping or disposing of items in the most cost effective manner.
- August 22, 2014, Department of Defense (DOD) Demilitarization (DEMIL) Coding Management Office (DDCMO) responded to a request from the Joint Prisoner of War/Missing in Action (POW/MIA) Accounting Command based at Joint Base Pearl Harbor Hickam to assist in identifying an aircraft engine found in South East Asia. The DDCMO

was able to confirm that it was a T-53-L engine through photographs. This information helps investigators narrow their search and starting point of excavation. The DDCMO provided specific technical orders and technical manuals to assist in classifying parts that may be discovered in the future.

- DOD DEMIL Coding Management Office (DDCMO) represents DLA on the Hardness Critical Items (HCI) working group in response to the FY14-001 FRAGO Freeze HCI. DLA and the United States Air Force (USAF) have “un-frozen” 1,490 items pertaining to the Minuteman and Peacekeeper Intercontinental Ballistic Missile, leaving 2,423 more items to validate. The partnership between the DDCMO data experts and the USAF and the ability to validate this data is critical to ensuring our national security posture by ensuring classified items are properly stored and managed.

North Atlantic Treaty Organization Codification Process Owner Services:

- November 5-7, 2013, DLA Logistics Information Services representatives participated in three North Atlantic Treaty Organization (NATO) meetings in Copenhagen, Denmark, as part of their international cataloging mission. The NATO committee consists of 66 participating nations and is a level one committee to the Conference of National Armaments Directors. Accomplishments included finalizing the Terms of Reference and outlining how the committee operates under NATO rules. The group closed out several action items to include funding methodology, relations with China, and Partner versus Sponsorship designation. Key Performance Indicators for National Codification Bureaus were reviewed and concerns about timeliness and quality were discussed and action items assigned. The World Codification Forum focused on partnering with industry. Several key note speakers were present; LtGen Per Pugholm Olsen, Commander of Danish Defense Acquisition and Logistics Organization, Mr. Ernest J. Herold, Deputy Assistant Secretary General, Defense Investment Division, NATO, and Brigadier General Mark Dunn, Head of Support Chain Management at United Kingdom Ministry of Defense. Multiple workshops were held to include Future Initiatives in Codification, integration between Codification Systems and Enterprise Resource Planning systems, and the Role of Industry. The United States (Mr. Ray Zingaretti) facilitated a workshop on Contractor Logistics Support and the F35 Codification Effort.
- December 11, 2013, DLA Logistics Information Services provided training to the Afghanistan National Army on standing up an operational National Codification Bureau. The training was provided at the request of Major Joseph Young, USA, NATO Training Mission – Afghanistan. The NATO Allied Committee 135 is the governing body for the NATO Codification System (NCS) and assists countries in standing up their National Codification Bureaus. The NCS consists of policies and procedures that facilitate the use of

National/NATO Stock Numbers and the associated data for an item of supply enabling supply operations (stock, store, issue).

- December 11, 2013, at the request of Major Robert Hill, USA, of the Defense Security Cooperation Agency, the U.S. NCB facilitated an overview of the NCS and the associated codification systems which are currently available for participating NATO and Sponsored Nations in AC/135. These codification systems provide the capability of sharing data between these partner nations.
- February 26-28, 2014, DLA Logistics Information Services hosted the 7th Allied Committee 135 (AC/135) Technical Steering Group (TSG) meeting. There were representatives from 8 nations and the NATO Support Agency (NSPA). The TSG is responsible for assessing processes and the need for technical solutions for the NATO Codification System (NCS). Topics included the adoption of XML for the NCS, volumetric data, applicability data and the development of a user interface for maintenance transactions. Along with the United States, the other nations in attendance were Australia, New Zealand, Canada, Czech Republic, Finland, France, Germany and the Netherlands.
- As the U.S. representative to the NATO Allied Committee 135 (AC/135) Budget and Strategic Planning Committee (BSC), participated in a meeting from March 18-20, 2014, hosted by the Austrian National Codification Bureau. The main topics of discussion were the restructuring of the NATO Support Agency (NSPA) and how support will be provided in the future to AC/135, funding methodology for AC/135 business, leveraging industry participation, revamping strategy map to align with current Conference of National Armaments Directors (CNAD) Management Plan, data sharing rules and redefining how we manage compliance to NATO Standard Agreements (STANAGS). Nations represented at the meeting; United States, Canada, Germany, France, Poland, Belgium, Austria, New Zealand, and several NSPA representatives responsible for providing support services to AC/135.
- May 8-21, 2014, DDCMO working with the United States Forces-Afghanistan Fusion Cell and Forward Operating Base Shank have validated over 40 Demilitarization (DEMIL) codes on items of supply. Validation of these codes ensured only DEMIL 'A' (non-munitions list and non-commerce controlled) items of excess property are being sold to Afghan forces. Originally requests from the Foreign Excess Personal Property (FEPP) managers overseas came to the DDCMO routed through the Office of the Under Secretary of Defense, Supply Chain Integration and back to South West Asia. DDCMO and FEPP managers established a more efficient means of requesting code validations to ensure quicker processing of sales. To date, items of supply being validated and sold include metal detectors, vehicle barriers, generators, and electrical hardware.

- May 19, 2014, the U.S. Budget and Strategic Planning Committee (BSC) representative and the new NATO Process Owner participated in the Allied Committee 135 (AC/135) BSC meeting in Luxembourg. The main purpose of the meeting was to finalize the AC/135 Main Group (MG) meeting presentation/proposal. The presentation included the proposals for; a change in the funding methodology that supports AC/135 operations, travel projections for the new 6 months and upcoming system and procedural changes in guidance that governs the MG. The MG meeting commenced May 20-22, 2014, in Luxembourg. Topics of discussions included; NATO suspension of Russia engagements and how it impacts AC/135 relationships/operations with Russia, the suspension of other nations from AC/135 due to lack of progress in system maturity and/or participation, signing of Morocco as a Tier 2 nation, cooperation with Allied Committee 327 on requirements for item tracking, review of performance metrics on timeliness and quality of all nations and engagements with industry and data sharing. The main group consists of 66 participating nations and is a level one committee to the Conference of National Armaments Directors.
- June 3-14, 2014, the United States Army J5 Joint Staff from the Pentagon hosted the United States-Chile Joint Staff talks with two topics being: 1) Joint Logistics Doctrine, and 2) DLA Logistic Information Services. As a result, a fact sheet on DLA Logistics Information Services and NATO Support Agency engagement was provided. It included criteria for Chile to become a Tier 2 country with the NATO Allied Committee 135 and addressed the request on how Chile could obtain access to the Federal Logistics Data on Mobile Media product.

Operational Customer Support:

- 597K DLA Customer Interaction Center actions
- Forward Presence
 - 3 Permanent
 - Civilian Expeditionary Workforce rotations
- 12K Customers trained on Logistics Data and Tools
- May 18-20, 2014, DLA Logistics Information Services personnel directly supported the Juniper Cobra 14 exercise by assisting the U.S. European Command. Training was provided on tools used to track, update, and report on key movement operations, both for the exercise and daily execution of the Logistics Common Operating Picture.
- Fire protective material was transferred from General Services Administration (GSA) to Defense Logistics Agency (DLA) on May 1, 2014. In support of this new mission, a DLA Customer Interaction Center (CIC) customer support specialist worked with GSA, State and Local departments, Federal Fire Services and DLA representatives to provide guidance and

assist in the development of the ordering process. CIC agents are an integral part in educating and providing 24x7x365 support to the customer. Between May and October 2014, the CIC took 3102 actions in support of the firefighter.

- On August 14, 2014, DLA Logistics Information Services received a request from JLOC to support a Warfighter Support Representative position in Kuwait. This position is permanently assigned to DLA Logistics Information Services and will be a 6 month rotational billet.
- Karen Nicholson (DLA Distribution San Joaquin), Darlene Schenone (DLA Distribution San Joaquin), and Darrell Pennington (United States Air Force DLA Military Installation Management) visited the DLA Customer Interaction Center (DLA CIC) on August 13, 2014, to discuss the Material Requisition Order (MRO) entry process. The visitors toured the DLA CIC and sat with agents to see how the MRO process works from beginning to end leaving with a better understanding of the CIC process for emergency orders. This will help pave the way for future discussions related to MRO entry.
- A Civilian Expeditionary Workforce (CEW) from DLA Logistics Information Services deployed to Taegu, Korea. The request for additional support was made during a visit to the Pacific by VADM Harnitchek.

Defense Logistics Agency

DLA Acquisition (J7)

Fiscal Year 2014 Annual Historical Report

1. Introduction

The DLA Acquisition Annual Historical Record (J7 AHR) outlines the actions J7 took over the course of Fiscal Year 2014 (FY14) to improve and sustain the effectiveness and efficiencies service to our customers, civilian and military, internal and external to DLA. It also provides the key operating goals, initiatives, metrics, and tools used to regularly monitor our performance to ensure DLA's Acquisition workforce can meet present and future requirements

The J7 FY14 AHR is based on the J7 FY14 Annual Operating Plan (AOP) and our results in meeting that plan.

The J7 AOP has three key operating goals and metrics that support the DLA Director's Guidance 2014 for decreasing direct material and operating costs and achieving audit readiness. These key operating goals are:

- Reduce direct material costs and direct cost of fuel through the use of reverse auctions, commercial-type contract terms, substantial industry partnerships, performance-based logistics and prime vendor contracts, significantly reduced lead times, and increased small business opportunities;
- Reduce operating costs by improving buyer productivity and service contracting, pursuing continuous process improvement initiatives, and implementing best practices in acquisition; and,
- Achieve audit readiness for financial reporting of the Procure-to-Pay (P2P) business cycle; and,

The J7 AOP also has three key operating goals and metrics that support the Department of Defense (DoD) Better Buying Power 2.0 Program focus on acquisition oversight and accountability, workforce development, and telework participation. These goals are:

- Incentivize productivity and innovation in industry and government across all DLA supply chains;

- Eliminate unproductive processes and bureaucracy; and,
- Improve the professionalism of the Total Acquisition Workforce.

The six key operating goals are supported by 24 initiatives that address driving down direct material and operating costs, achieving financial auditability in P2P, improving acquisition productivity and innovation, eliminating non-value added processes, and developing and maintaining a world-class acquisition workforce that is warfighter-focused, globally responsive, and fiscally responsible. J7 will standardize acquisition and contracting processes and share best practices across the Enterprise as needed in support of these initiatives.

2. Mission, Vision, and Values

MISSION

As America's Combat Logistics Support Agency, we provide effective and efficient worldwide support to Warfighters and our other customers. We receive guidance from the Assistant Secretary of Defense (Logistics and Materiel Readiness), and as a statutory Combat Support Agency we report to the Chairman, Joint Chiefs of Staff and the Combatant Commands in providing worldwide logistics support to deployed forces.

DLA is responsible for sourcing and providing most of the repair parts and virtually all fuel and troop support consumable items used by our military forces. We also procure Service- managed depot-level reparable. In addition, DLA provides a broad array of supporting supply chain management services, including storage and distribution, reutilization or disposal of surplus military assets, managing Defense strategic materials, providing catalogs and other logistics information, and supplying a wide range of document services. We support U.S. allies through Foreign Military Sales and are a vital contributor whenever this country undertakes humanitarian relief efforts at home or abroad. We provide human resources management and workforce development services to other DoD components.

VISION

Warfighter-focused, globally responsive, fiscally responsible supply chain leadership.

VALUES

Our values are DLA's foundation for all we do.

They provide our guiding principles as we accomplish our mission, pursue our vision,

and strive to do what is right for the Armed Forces and DoD:

- Warfighter needs guide us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

3. Organization Overview

CONTRIBUTION TO THE AGENCY'S MISSION

The DLA Acquisition mission and operations are integral to the achievement of DLA's strategic goals and objectives. The DLA Acquisition Directorate (J7) manages the establishment of procurement policy, and is responsible for oversight of the Agency's acquisition operations and contract administration. With nearly \$44 billion in annual sales, encompassing 5.2 million managed items, J7 provides Agency-level oversight for DLA procurements to store and distribute food, uniform apparel, bulk fuel, engineering and construction equipment, industrial hardware, pharmaceutical, medical and surgical products, and aviation, land, and maritime equipment and weapons system repair parts for the military services and other customers worldwide. DLA Acquisition includes J7 Headquarters (HQ), DLA Strategic Materials, and the DLA Contracting Services Office (DCSO).

There was a significant change in DLA Acquisition leadership in FY14. Specifically, Mr. Matt Beebe fled up from Deputy Director to the Director of DLA Acquisition in February 2014 upon Ms. Nancy Heimbaugh's retirement. In turn, the Chief of Staff, CAPT Will Clarke temporarily fled up to Deputy Director, until September, when Ms. Roxanne Banks assumed the position. Additionally, Ms. Yvette Burke assumed the newly-established J7 Acquisition Executive position May. The Director, Deputy Director, Acquisition Executive, and Chief of Staff comprise the DLA Acquisition Executive Leadership Team.

ORGANIZATION CHART



Leadership Team

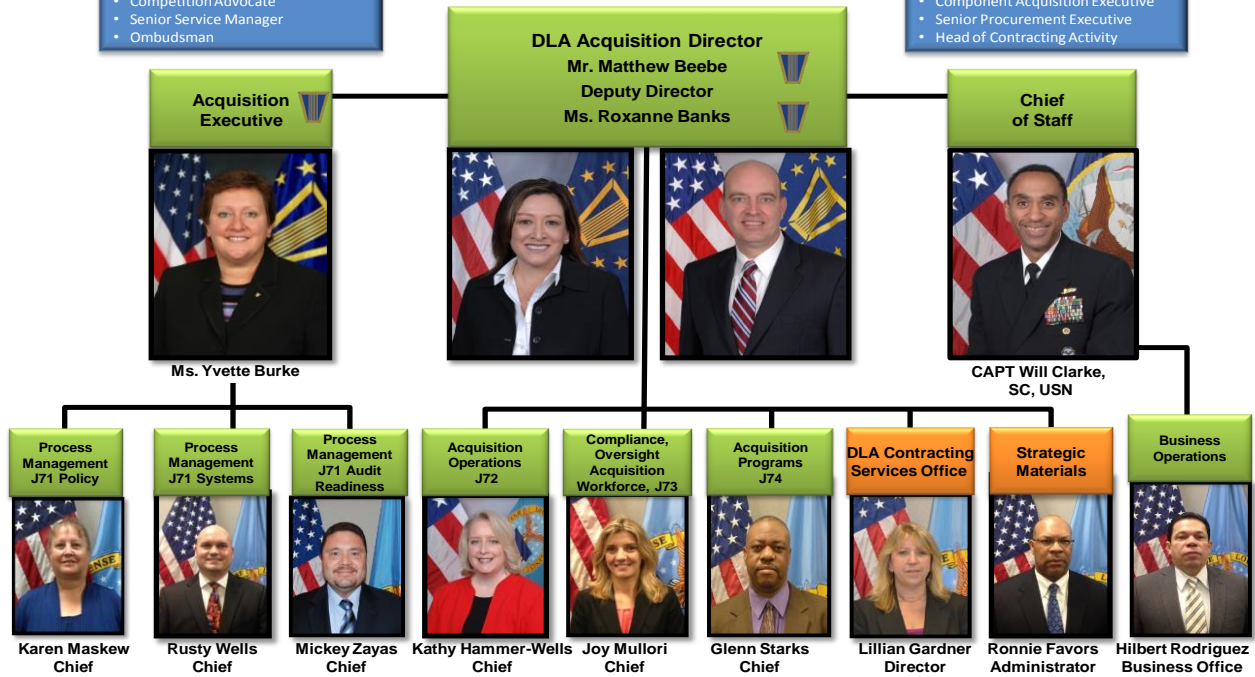
| On Board | Civ | Mil |
|-------------------------|------------|----------|
| J7 HQ | 75 | 4 |
| DCSO | 95 | 2 |
| DLA Strategic Materials | 60 | 0 |
| Total | 230 | 6 |

Deputy Director serves as:

- Competition Advocate
- Senior Service Manager
- Ombudsman

Director serves as:

- Component Acquisition Executive
- Senior Procurement Executive
- Head of Contracting Activity



RESOURCES

FY14 Budget

| | DWCF | NDSTF | DAWDF | TOTAL |
|---------------------------------------|------------|-----------|---------|------------|
| • Annual Operating Budget | \$34.0 M | \$42.6 M | \$5.8 M | \$82.4 M |
| – Labor | \$22.9 M | \$10.2 M | \$2.9 M | \$36.0 M |
| – Non-Labor | \$11.1 M | \$32.4 M | \$2.9 M | \$46.4 M |
| Authorized Civilian FTEs | 177 | -- | | --- |
| – J7 Headquarters | 78 | | | |
| – DLA Contracting Services Office | | | | |
| – DLA Strategic Materials | | 80 | | |
| • Active Duty Military Billets | 5 | | | 5 |
| • Training | \$101 K | \$323 K | | \$424 K |
| • Travel | \$464 K | \$322 K | | \$786 K |
| • Overtime | \$0 K | \$0 K | | \$0 K |
| Contracts | \$2,449 K | \$0 K | | \$2,449 K |
| (Obj Class 2500 minus training costs) | | | | |
| – J7 Headquarters | \$2,146 K | | | |

PERSONNEL – AS OF September 2014

People Currently On-Board/Authorized for FY14

| | |
|----------------------|-----------|
| Civilians | 209 / 257 |
| Active Duty Military | 5 / 5 |
| Active Reservists | 1 |

Authorized Civilian Full-Time-Equivalents (FTEs): J7 has 257 FTEs authorized. J7 currently scrutinizes vacancies across the organization and requires J7 Director approval for: (1) filling all vacancies; (2) all vacancy grade increases; and (3) all hires above the General Schedule (GS) 14 grade level. J7 currently utilizes summer hire/temp positions as well as Military personnel to supplement its workforce and reassign resources based on the workforce requirements and effectiveness.

J7 ended the year with an increase in both onboard and authorized civilians (as of September

2014);

People Currently On-Board/Authorized for FY15

| | |
|----------------------|-----------|
| Civilians | 230 / 265 |
| Active Duty Military | 5 / 5 |
| Active Reservists | 1 / 1 |

Travel: J7 scrutinizes all travel for trip location and purpose, approves only travel that supports the mission, and ensures that travel costs are minimized to include using video-teleconferencing facilities and reducing the number of personnel traveling per trip.

Standard Metrics for Tracking FTEs, Training, and Travel are as follows:

- Green – variances less than or equal to 2% from target;
- Yellow – variances greater than 2% but less than or equal to 5% from target;
- Red – variances greater than 5% from target

LINES OF BUSINESS

| |
|---|
| Acquisition & Pricing Reviews |
| Acquisition Workforce Management |
| Contracting Activities Compliance & Oversight |
| DLA Enterprise Acquisition Policy |
| DLA Enterprise Information Technology (IT) & Services Acquisition |
| Functional Proponent for Procurement Systems |
| Government Purchase Card Program |
| Strategic Acquisition Programs & Analyses |
| Strategic Materials |

SCOPE OF BUSINESS FOR FY14

Acquisition Oversight Role for DLA

| | |
|---|--------|
| FY14 Dollars to Obligate on Contracts | \$35 B |
| Current Acquisition Workforce | 5,856 |
| Head of Contracting Activity (HCA) Primary Level Field Activities (PLFAs) | 4 |
| Field Activities under J7 HCA | 6 |

J7 Headquarters

| | |
|--------------------------------------|----|
| Acquisition Strategy Review Panels | 5 |
| Contract Pricing Reviews | 35 |
| DPAP Peer Reviews | 5 |
| Integrated Acquisition Review Boards | 20 |
| Procurement Letters | 65 |
| Procurement Management Reviews | 6 |

DLA Contracting Services Office

| | |
|--------------------------------|---------|
| Number of Transactions | 3,300 |
| Total \$ Value of Transactions | \$950 M |

DLA Strategic Materials

| | |
|---|---|
| Strategic Materials Staffed/Unstaffed Depots | 10 |
| Total Number of Strategic & Critical Materials in Inventory | 25 |
| Estimated Market Value of Inventory | \$1.3 B |
| Estimated Revenue from Sales | \$152.3 M |
| Transfer Payments | \$68.2 M |
| Environmental Remediation Projects/Cost | 2/\$3.5 M |
| Material/Services-Support Projects/Cost | 21/\$15.1 M |
| Congressionally Mandated Recurring Reports | Stockpile Report to Congress, Requirements Report, Annual Materials Plan |

DLA Acquisition Strategic Plan

J7 achieved a major milestone in the DLA Acquisition Strategic Transformation Initiative with the J7 Director's approval of the Acquisition Strategic Plan in early August 2014. The Acquisition Strategic Plan has four goals and eight objectives that were developed in a collaborative process that began in December 2013 and culminated in July 2014 with a finalized plan. Input and feedback was provided at all levels, both within the J7 community and amongst the Primary Level Field Activities (PLFAs) and J Codes, as well as from the Alignment Group and the DLA Vice Director.

The Acquisition Strategic Plan will serve as the road map by which J7 in collaboration with PLFAs and J Codes aligns itself to focus on shaping, guiding, and enabling the DLA Enterprise acquisition strategy so that it is mission-focused, agile, and innovative, able to identify and resolve high opportunity initiatives, and enables DLA to meet its Big Idea savings goals. This

will sanction J7 to identify, establish and lead innovative acquisition best practices across the DLA Enterprise, create conditions for continuous savings and performance delivery, and enable DLA to be the strategic acquisition provider of choice by delivering responsive, effective & efficient solutions. J7 will ensure the acquisition community is strategically aligned and fully capable to support PLFAs and J Codes to achieve the agency's operational objectives and respond to emerging requirements.

The next step is to form working teams to develop objective plans detailing proposed actions, milestones, targets, and key metrics for each of the objectives. The objective plans will then be reviewed at executive-level forums such as the Acquisition Career Program Board and the Enterprise Operations Planning Council for discussion and decision dissemination as appropriate prior to execution and implementation.

The J7 Director tasked the Program Management Office (PMO) Project Team Lead and the CALIBRE master black belt to work with the champions, sponsors, and leads to flesh out the expectations, resourcing, timing, scoping, etc. for the objective charters by September 2014. The charter timelines will drive the master phasing plan for the objective teams. Participation on the teams will be drawn from the J7 Enterprise, PLFAs, and J codes as determined by the champions and sponsors for the objective charters.

The Acquisition Strategic Plan's goals, objectives, sponsors, and objective team leads are as follows:

A. Drive the acquisition priorities to ensure agency objectives & operational outcomes are met. (*Champion – J7 Deputy, Ms. Roxanne Banks; Sponsor – J72 Division Chief, Ms. Kathy Hammer-Wells*)

1. Establish & maintain collaborative partnerships with Agency-level stakeholders (PLFAs & J Codes) to ensure enterprise objectives & operational performance outcomes are met.
Short Name: A1 – Engage Internal Stakeholders
(*Team Lead – Mr. Patrick Ingram, J72*)
2. Performance outcomes are transparent, accountable, & consistent across the Enterprise.
Short Name: A2 – Prove It!
(*Team Lead – Ms. Juanita McKee, J72*)

B. Develop new business opportunities & strategies through strategic partnerships with Federal Agencies, OSD, MILDEPs & suppliers, in concert with PLFAs & J-Codes. (*Champion – J7 Director, Mr. Matt Beebe; Sponsor – TBD*)

1. Establish a coordinated enterprise-wide framework & repeatable process for engaging stakeholders & customers to drive efficiencies & identify new opportunities for DLA.
Short Name: B1 – Engage Customers & Stakeholders
(*Team Lead – Mr. Kevin Burke, J7*)
2. Establish a coordinated enterprise-wide framework & repeatable process for engaging vendors to drive efficiencies & provide innovative solutions to meet the customers' needs identified in Objective 1.
Short Name: B2 – Engage Suppliers
(*Team Lead – Mr. Luis Villarreal, J74*)

C. Identify, coordinate, support & implement acquisition best practices agency wide through policy, system enhancements and/or process improvements.

(Champion – J7 Acquisition Executive, Ms. Yvette Burke; Sponsor – J71 Systems Chief, Mr. Rusty Wells)

1. Develop and implement a process to identify existing best practices and/or redesign current processes into best practices for replication across the acquisition enterprise.

Short Name: C1 – Develop & Implement Current Best Practices Process

(Team Lead – Mr. Mickey Zayas, J71)

2. Develop and implement a process to promptly vet, accept, and consistently replicate future best practices across the acquisition enterprise.

Short Name: C2 – Vet & Replicate Future Best Practices

(Team Lead – Ms. Karen Maskew, J71)

D. Align resources & capabilities, including a professionalized acquisition workforce, to existing & emerging agency requirements and mission.

(Champion – J7 Deputy, Ms. Roxanne Banks; Sponsor – J7 Chief of Staff, Captain Will Clarke)

1. Strategically align the Acquisition Enterprise across the Agency for existing and emerging requirements & mission.

Short Name: D1 – Align Acquisition Enterprise

(Team Lead – Dr. Glenn Starks, J74)

2. Develop & sustain a fully capable Acquisition Workforce able to meet DLA mission requirements in both stable & dynamic environments.

Short Name: D2 – Develop & Sustain Acquisition Workforce

(Team Lead – Ms. Joy Mullori, J73)

KEY J7 GOALS, METRICS, AND INITIATIVES ALIGNED TO THE DLA DIRECTOR’S GUIDANCE 2013

GOAL 1: DECREASE DIRECT MATERIAL COSTS ... “BE SMART BUYERS OF THE RIGHT STUFF”

Description: Reduce direct material costs and direct cost of fuel through the use of agile acquisition techniques leveraging commercial supply chains, without creating redundancy. Mandate acquisition strategies and policies to drive decreased material costs by changing policy to provide optimal customer support, reduce material costs, and maximize potential savings. Maximize use of long term contracts, tailored logistics support, performance based logistics, and automated buys; maximize use of reverse auctions as a pricing tool; and minimize manual buys.

Other Strategies

- Commercial-type contracts (PBLs, Prime Vendors, etc.)
- Substantial industry partnerships (“Captains of Industry”, etc.)

- Significantly reduce lead times
- Increase small business opportunities

Metrics/Targets:

- Reduce direct material costs to achieve \$8.03 billion in overall savings in six years (FY14-FY19)

KEY J7 INITIATIVES SUPPORTING GOAL 1

MC-J7-01. Increase Reverse Auction Savings to Reduce Material Costs Across Enterprise

- *Role* – OPR: J74; OCRs: PLFAs, DCSO
- *Objectives* – Increase the use of Reverse Auctions for competitive awards when in the best interest of the government and industry.
- *Metrics/Targets*
 - Target of \$44 million in savings in FY14 and \$956 million from FY14-FY18
- *Status*

- (1) Achieved \$35.61M in Savings in FY14
(2) Achieved \$35.61M in the first year of the FY14-FY18 target of \$956M

MC-J7-02. Increase Long Term Contract Coverage to Reduce Material Costs Across Enterprise

- *Role* – OPR: J74; OCRs: PLFAs, DCSO
- *Objectives* – Increase the long-term coverage items in order to reduce manual workload, reduce lead times, and improve relationships with suppliers.
- *Metrics* – Increase LTC obligation rate, # NSNs, and LTC Actions over end of FY13 actuals
- *Status*

- (1) LTC obligation rate went down from 35.7% in FY13 to 34.1% in FY14
(2) There was an increase in number of NSN in FY14
(3) Decrease in LTC actions in FY14 in comparison to FY13

MC-J7-03. Increase the use of Value Management to Reduce Material Costs Across the Enterprise

- *Role* – OPR: J74; OCRs: PLFAs
- *Objectives* – Promote competition and drive materiel prices lower through Value Management. Includes: Reverse Engineering, Breakout, Source Approval Requests, Should Cost and other Value Management processes.
- *Metrics* – FY14 savings of \$41 million. FY14-19 target savings of \$533 Million.
- *Status*

(1) Achieved \$144.91M in Savings in FY14

(2) Achieved \$144.91 in the first year of FY14-19 target of \$533M

MC-J7-04. Capture savings through Procurement Systems and Process Improvements to Reduce Material Costs Across the Enterprise

- *Role* – OPR: J74; OCRs: PLFAs
- *Objectives* – Procurement Systems enhancements and process improvements within acquisition systems such as Auto buy, EMALL, Advanced Negotiation Techniques, Simplified Acquisition Efficiencies, Discounts and Buying Power, First Destination Transportation Process Improvement (FDTPI), Business Case Analysis improvements.
- *Metrics* – FY14 Target savings are \$402 million. FY14-19 target savings are \$3,169 Million
- *Status*

(1) Achieved \$9.47M in Savings in FY14

(2) Achieved \$9.47M in savings of the FY14-19 target of \$3,169M

GOAL 2: DECREASE OPERATING COSTS ... “IMPROVE PROCESS AND PRODUCTIVITY”

Description: Reduce operating costs by improving buyer productivity and service contracting, pursuing continuous process improvement initiatives, and implementing best practices in acquisition.

Other Strategies

- Consolidate and co-locate infrastructure
- Achieve Base Realignment and Closure (BRAC) “Day 3” efficiencies
- Optimize the global distribution network
- Enhance retail industrial support
- Incorporate process improvements

Metrics/Targets:

- Reduce operating costs to achieve \$4.78 billion in overall savings in six years (FY14-FY19)

KEY J7 INITIATIVES SUPPORTING GOAL 2

OC-J7-01. Reduce Cost of Operations Across Enterprise in Acquisition of Services Under Current DoD Downsizing

- *Role* – OPR: J74; OCRs: PLFAs, DCSO
- *Objectives* – Improve the acquisition of services and enhance and streamline acquisition mission execution by having the portfolio managers for electronics/communications, knowledge-based services, and facilities-based services work with the Senior Services Manager to increase competition and optimize requirements for their portfolios, updating DLA policy on approval thresholds for services, reducing the use of time and material contracts, and developing standard practices for acquisition of services such as utilizing the Automated Requirements Roadmap Tool.
- *Metrics* – \$243 million in FY14 savings in contract services and supplies across the Enterprise.
- *Status*

Achieved \$419.33M in Savings in FY14

OC-J7-02. Reduce Operating Costs through Strategic Sourcing

- *Role* – OPR: DCSO; OCRs: DSCO Key Customers
- *Objectives* – Create value and efficiency to our customers and the Agency by consolidating similar material and service requirements into efficient contract vehicles, thereby eliminating redundant contracts and leveraging scales and scope of awards to increase savings.
- *Metrics*
 - 10% savings for FY14
 - 100% of IT service awards over \$20 million to use IPTs to develop contract award documents
 - Consolidate Information Technical requirements into efficient multi-award vehicles
- *Status*

(1) Achieved \$635.54M in Savings in FY14

(2) 100% of IT service awards over \$20 million using IPTs to develop contract award documents

(3) Merged hardware software licenses and maintenance, from 126 contracts to 10. JETS contract consolidating IT Services contracting.

OC-J7-03. Lead DoD in Management of Government Purchase Card (GPC) Program

- *Role* – OPR: J73; OCR: PLFAs, J Codes, DLA Installation Support, DCSO
- *Objectives* – DLA GPC Program fully supports mission while executing 100% in compliance with rules and regulation
- *Metrics*
 - Achieve Monthly GPC payment delinquency of less than 5%.
 - Conduct semi-annual GPC Town Hall meetings in January and July focused on GPC program issues and training.
 - DLA Agency/Organization Program Coordinator (A/OPC) records will contain all required appointment forms, training certificates, and DD Form 577 for each billing official and purchase cardholder.
 - Level 4 A/OPCs to review the purchase card accounts under their cognizant annually.
 - GPC programs reviewed at least every 18 months by the DLA GPC Component Program Manager.
 - The GPC program is included in the DLA J7 Statement of Assurance and contains key management controls for the GPC program in accordance with Appendix B of the Office of Management and Budget (OMB) Circular A-123 and the DoD Charge Card Guidebook.
- *Status*

- (1) Achieved 42% completion in the monthly GPC payment delinquency of less than 5%
- (2) Semi-annual GPC town hall meetings focussing on GPC program issues and training have been conducted
- (3) All DLA A/OPC records contain all the required forms, training certificates and DD form 577 for each billing official and purchase cardholder
- (4) 70% of level 4 A/OPCs review the purchase card accounts under their cognizant annually
- (5) All GPC programs are reviewed at least every 18 months by the DLA GPC Component Program Manager (100% complete)
- (6) The GPC program is included in the DLA J7 statement of assurance (100% complete)

GOAL 3: ACHIEVE AUDIT READINESS ... “PROVE IT”

Description: Achieve audit readiness for financial reporting of the Procure-to-Pay (P2P) business cycle.

Strategies to Achieve Audit Readiness

- Culture of judiciousness ... this is an All Hands effort
- Identify and drive improvement opportunities
- Expand Audit Readiness beyond process integrity to process excellence

KEY J7 INITIATIVES SUPPORTING GOAL 3

AR-J7-01. Achieve Procure-to-Pay (P2P) General Fund Auditability in FY14 & Position P2P for Working Capital Fund Auditability in FY15

- *Role* – OPR: J74; OCR: J89
- *Objectives* – The P2P Business Cycle Team (BCT) seeks to achieve audit readiness, while documenting and relaying the identified strengths, gaps, and weaknesses associated with DLA’s procurement and payable-related processes while validating conformance with the Chief Financial Officer Act and Office of Management and Budget Circular A-123 Appendix A. P2P is an assessment process that utilizes the Enterprise Business Cycle to collaboratively evaluate automated and manual management internal controls in support of Audit Readiness assertion.
- *Metrics*
 - 100% of Process Cycle Memorandums supporting the P2P process.
- *Status*

The process is 100% complete

KEY J7 GOALS, METRICS, AND INITIATIVES ALIGNED TO BETTER BUSINESS POWER 2.0

GOAL 4: INCENTIVIZE PRODUCTIVITY & INNOVATION IN INDUSTRY & GOVERNMENT

Description: Align profitability more tightly with Department goals; employ appropriate contract types; increase use of Fixed Price Incentive contracts in Low Rate Initial Production; better define value in “best value” competitions; when LPTA is used, define Technically Acceptable to ensure needed quality; institute a superior supplier incentive program; and increase effective use of Performance-Based Logistics.

KEY J7 INITIATIVES SUPPORTING GOAL 4

PI-J7-01. Partner with Industry to Provide Better Value & Eliminate Unnecessary Costs

- *Role* – OPR: J72; OCRs: PLFAs
- *Objectives* – Promote partnering and relationship building with industry via Captains of Industry events in order to gain insight into cost drivers and industry best practices to maximize value and eliminate unnecessary costs in the current declining budget environment.
- *Metrics*
 - Identify cost drivers and industry best practices for implementation
 - Assist supply chains with implementation when necessary
 - Export across the enterprise where applicable
 - No defined savings targets associated with this initiative
- *Status*

(1) Several ideas have been adopted to date-Conversion of special milspec additive jet fuel to commercial jet fuel for aircraft in the Energy COI, smaller/fewer catalogs in Subsistence COI, reduction of hard spec/brand name items in lieu of generic products in Subsistence COI, supply chain integration proposals (i.e. Honeywell and Boeing) in the Aviation COI, ship recycling (sales) and white goods/rolling stock (sales) by auction vs flat rate in Disposition COI/proposals.

(2) J72 has assisted Aviation with Honeywell and Boeing. Boeing has reached Phase I (sole source items) award and is working towards Phase II (depot PDM pilot). Honeywell is in the solicitation response phase. J72 has also worked with Disposition on the ship recycling strategy and the white goods/rolling stock strategy.

(3) Commercial strategies such as reduction of hard spec items, such as those seen in Energy (jet fuel conversion) and Subsistence, along with changing delivery routes/days to "pinwheeling" pallets on a truck to maximize capacity have been shared across the enterprise. Supply chain integration ideas, when not proprietary, have also been shared amongst our sole source suppliers.

(4) COI program has realized \$144.6M in savings and projects savings/avoidances of \$1,262.4M in

savings through FY18. These figures cross FY12-14 at this time. Only C&T does not show any savings to date, nor projected savings/avoidances. Realized/Saved-avoided to date: Subsistence \$68.7M/\$157.4M; Medical \$8M/\$225M; C&E \$0/\$25M; C&T \$0/\$0; Aviation \$14.3M/\$303M; Energy Bulk (CONUS) \$13.2M/\$275M; Energy (Natural Gas) \$37M/\$130M; Land \$2.8M/\$41M; Maritime \$2.6M/\$106M.

PI-J7-02. Achieve Agency FY14 Small Business Award Goal

- *Role* – OPR: J71; OCRs: DB, DLA Field Activities
- *Objectives* – Meet or exceed the OSD-assigned Agency small business goal for FY14, including the OSD-assigned Agency sub-goals for the following socioeconomic categories: Small Disadvantages Businesses (SDBs), Historically Under-utilized Business (HUB) Zones, Women- Owned Small Businesses (WOSBs), and Service-Disabled Veteran Owned Small Businesses (SDVOSBs)
- *Metrics* - Meet or exceed the OSD-assigned Agency small business goal for FY14 (When OSD publishes the FY14 goals, this target can be replaced with the actual assigned agency goal percentage; the FY13 agency goal is 32%).
- *Status*

Achieved 34%

PI-J7-03. Promote Effective Competition to Increase Competed Dollars & Achieve Savings

- *Role* – OPR: J72; OCRs: PLFAs, DCSO
- *Objectives* – Increase overall and effective competition to drive down costs and increase material savings.
- *Metrics*
 - Monitor agency and supply chain progress towards OSD approved goals.
 - Measure competition % rate achieved versus total DLA obligated dollars.
 - Measure % of competed dollars with 2 or more offers.
- *Targets* – Increase overall competition by 2% from FY13 (FY14 OSD target to be determined ... target may change.)
- *Status*

(1) Achieved 84.1% in supply chain progress towards achieving OSD approved goals
(2) Achieved 84.09% in completion rate achieved versus total DLA obligated dollars
(3) 91.1% of completed dollars had 2 or more offers

PI-J7-04. Improve Industrial-Based Support to DoD Customers

- *Role* – OPR: J74; OCRs: PLFAs
- *Objectives* – The objective of the Industrial Capability Program is to provide Agency adherence to the statutory and regulatory programs for defense industrial base to include risk analysis and assessment, to implement an effective surge and sustainment acquisition program, smartly invest in industrial preparedness measures through the Warstopper Program, commission and conduct value-added industrial base studies, and innovate the industrial base solution sets possible within DLA.
- *Metrics/Targets* – Complete industrial base risk analysis for each supply chain
- *Status*

All are completed except Land & Maritime and C&T

PI-J7-05. Execute FY14 Annual Materials Plan

- *Role* – OPR: DLA Strategic Materials
- *Objectives* – Provide oversight and management to ensure actions identified in the Annual Material Plan (AMP) for acquisition of new and disposal (sale) of surplus materials are accomplished timely and in concert with market opportunities that best serve mission while limiting market disruption.
- *Metrics* – Disposals (Sale) will be monitored quarterly for contract awards, revenue collection and funds transfers that achieve payment goals. Revenue goal is \$152.3M. Transfer Payment goals for Congressional programs are as follows: HHS \$36M and Spectrum \$32.2M.

| Minimum # Offerings | | Minimum Sales \$ vs Collections \$ | |
|-------------------------|---|------------------------------------|--|
| 1 st Quarter | 4 | 25% of transfer goals | |
| 2 nd Quarter | 3 | 25% of transfer goals | |
| 3 rd Quarter | 3 | 25% of transfer goals | |
| 4 th Quarter | 3 | 25% of transfer goals | |

- *Status*

Sales Revenue \$108.27 M which exceeded revised goal of \$82.6M due to legislative restrictions for tungsten sales. Transfer Goals were also met--\$48.9M to Spectrum and \$36M to HHS. This completed the current legislative revenue transfer goals under the HHS.

PI-J7-06. Qualify New Domestic Source for & Stockpile Insensitive High Explosives (IHE)

- *Role* – OPR: DLA Strategic Materials; OCRs: National Nuclear Security Administration (NNSA) , Army, Navy
- *Objectives* – DLA Strategic Materials is funding NNSA, the Army, and the Navy to qualify a new domestic source of TATB and the TATB based molding powders. Pending legislative approval, DLA Strategic Materials will acquire TATB and TATB molding powders for the National Defense Stockpile in FY14 and oversee the long term operation of that stockpile against existing military specifications.
- *Metrics*
 - Acquire full set of preliminary technical data from NNSA and DoD by end of the Q1FY14.
 - Ensure Revision of TATB DRAFT MIL-DTL-32337 (OS) by end of Q3FY14 through Qualification Program with NNSA.
 - Participate in Tiger Team Energetics Meetings throughout year
 - Qualification of 9502 molding powder through program with NNSA NLT end of FY14.
 - Qualification of PBXW-14 molding powder through agreement with Army NLT end of FY14.
 - Qualification of PBXN-7 molding powder through agreement with Navy NLT end of FY14.
- *Status*

(1) Increased small business percentage above FY10 for three portfolios service acquisition groups: facility related services, electronics & communication and knowledge based services.
(2) Achieved 100% of small business goal in support of DoD goals and related customer support benefits. Also, DLA Strategic Materials is moving forward with procurement of TATB in FY15.

PI-J7-07. Establish Strategic Materials Recycling & Recovery Process

- *Role* – OPR: DLA Strategic Materials
- *Objectives* – Establish the Strategic Materials Recycling & Recovery Process (SMRRP). It enhances our mission by developing a domestic supply chain of selected strategic materials and thereby decreasing dangerous and costly dependence on foreign sources.
- *Metrics*
 - Work with Tinker and Davis-Monthan Air Force Base to identify excess turbine engines and turbine engine components which can be incorporated into the program during Q1FY14.
 - Develop a Memorandum of Agreement (MOA) between DLA Strategic Materials, DLA Disposition Services, and Tinker and Davis-Monthan Air Force Base organizations which define responsibilities relating to real property ownership and fiscal responsibilities for the program. Should be in coordination NLT end of Q1FY14.
 - Release RFP relating to a pilot program for reclamation of strategic materials from turbine engine components. NLT end of Q3FY14.
 - Award contract for pilot program. NLT end of Q4FY14.
- *Status*

(1) Increased small business percentage above FY10 for three portfolios service acquisition groups: facility related services, electronics & communication and knowledge based services.
 (2) Achieved 100% of small business goal in support of DoD goals and related customer support benefits. Also, DLA Strategic Materials is moving forward with procurement of TATB in FY15.

GOAL 5: ELIMINATE UNPRODUCTIVE PROCESSES & BUREAUCRACY

Description: Re-emphasize AE responsibility and accountability; eliminate requirements imposed on industry where costs outweigh benefits, reduce cycle times while ensuring sound investment decisions, and continue to increase the cost consciousness of the acquisition workforce.

KEY J7 INITIATIVES SUPPORTING GOAL 5**PB-J7-01. Complete EProcurement Roll-out & Implementation**

- *Role* – OPR: J71; OCR: J62
- *Objectives* – Complete program roll-out for 100% of DLA Buyers in EProcurement Program Deployment by 30 May 2014.

- *Metrics* – 100 % of On-Schedule Roll-Outs
- *Status*

100% complete

PB-J7-02. Award Acquisitions On Time Across Enterprise

- *Role* – OPR: J72/J74/Time To Award Team (TTAT); OCRs: PLFAs, DCSO
- *Objectives* – All contracting activities shall award an acquisition within one year or less from issuance of the solicitation or request for proposals until contract award. Acquisitions which take longer than one (1) year from time of issuance of solicitation or request for proposal until contract award shall be reported monthly to the Director/Vice Director, DLA by the PLFA Commanders. TTAT's mission is to reduce the time to award through development of process cycle efficiencies and regulation/policy and assessment of resource capabilities. J7 works with the PLFAs and TTAT to implement the efficiencies and ensure adherence with time to award policy and timeframes.
- *Metrics*
 - All manual awards under \$150,000 awarded in 35 days, all manual awards over \$150,000 awarded within 110 days, and all LTCs awarded within 140 days.
 - Reduce the number of bridge contracts for high visibility acquisitions Enterprise-wide by 50% using Sep 2013 as benchmark - Quarterly R&A.
 - High visibility/high risk acquisitions precede 80% of the time in accordance with Procurement Acquisition Lead Times milestones – Quarterly R&A
- *Status*

(1) All manual awards under \$150,000 have been awarded at average of 161 days; all manuals over \$150,000 were awarded at average of 383 days and LTC's were awarded within 393 days on average
(2) reduced the number of bridge contracts by ~30% using Sep 2013 as a benchmark
(3) Strategic contracts have not preceded 80% in accordance with Procurement Acquisition Lead Times milestones.

PB-J7-03. Drive Agency Improvement in Pricing (Better Buying Power 2.0)

- *Role* - OPR – J72; OCR – PLFAs
- *Objectives*: Improve Agency Pricing skills and support DoD Pricing Initiatives
- *Metrics*
 - Provide assistance to PLFAs when requested 100% of the time
 - Meet external pricing reports suspense date 90% of the time
 - Check Contract Business Analysis Repository (CBAR) use as part of pricing reviews (J&A, PNM, etc.)
- *Status*

(1) All requests from the PLFA's are answered 100% of the time.
 (2) All external pricing reports (DPAP, DCAA etc.) have met the suspense date 100% of the time since Jan 2014
 (3) All pricing reviews (PMR, Pre- and Post Award Reviews) conducted check the file/PNM for verification of use of CBAR 100% of the time.

PB-J7-04. Help Activities Improve Procurement Management

- *Role* – OPR: J73; OCRs: DLA field activities, J71, J72, J74
- *Objectives*
 - Provide assistance to DLA activities to ensure they complete timely and quality awards, comply with contracting regulations and policy, resolve issues identified during reviews, and are audit ready.
 - Provide support and assistance to DLA activities to ensure they complete 100% of audit recommendations on time.
- *Metrics*
 - Review award timelines to determine if the activity complied with Agency Time To Award goals
 - Compare FY14 PMR ratings to previous ratings for each activity to measure level of improvement
 - Compare number of repeat findings to previous number of repeat findings for each activity to measure level of improvement
 - Compare PMR findings to Assist Visit issues/actions from previous years to determine if actions effectively improved contracting quality
 - Compare FY14 PMR findings to findings from previous years to determine if enterprise-wide issues exist
 - Review compliance with Audit Readiness Process Cycle Memorandums (PCMs)

- Complete timely responses to all audit reports
- Monitor corrective actions for all outstanding audit recommendations/corrective actions
- *Status*

(1) FY14 reviews completed for EMALL, Land & Maritime, IH and C&E, Troop Support Prime Vendor, Energy, and Special Focus Aviation Review. Only Energy met TTA goals (2) EMALL Assist Visit - no rating for FY06 or FY14; Land and Maritime - Satisfactory for FY11, Excellent for FY14; Industrial Hardware - Satisfactory for FY14, no previous review; C&E - Satisfactory for FY12, Excellent for FY14; Prime Vendor - Satisfactory for FY12 and FY14; Energy - Satisfactory for FY12 and FY14; Special Focus Aviation Review - no rating for FY14, no previous review
(3) EMALL Assist Visit - No repeats; Land and Maritime - 11 repeats in FY11, 3 in FY14; Industrial Hardware - No repeats; C&E - 3 repeats in FY12, none in FY14; Prime Vendor - 5 repeats in FY12, 2 in FY14; Energy - 4 repeats in FY12, 4 in FY14; Special Focus Aviation Review - no repeats
(4) Corrective actions effectively improved quality in all but EMALL and Energy
(5) Enterprise issues are Pricing, SAM, EDA, CORT Tool, CAR Data
(6) PCMs not approved, therefore not ready for review
(7) Timely responses to all audits were completed
(8) All corrective actions for outstanding audit recommendations were monitored

PB-J7-05. Increase Use of Automation / Reduce Manual Purchases

- *Role* – OPR: J74; OCRs: PLFAs, DCSO
- *Objectives* – Increase automated actions in order to reduce the manual PR workload
- *Metrics/Targets* – 85% of all non-LTC awards under \$150,000 by the end of FY14
- *Status*

Achieved 80% of all non-LTC awards under \$150,000

GOAL 6: IMPROVE PROFESSIONALISM IN TOTAL ACQUISITION WORKFORCE

Description: Establish higher standards for key leadership positions; establish stronger professional qualification requirements for all acquisition specialties; and increase the recognition of excellence in acquisition management.

Maintain J7 commitment to a highly performing and motivated organization serving the Warfighter by ensuring a diverse, enabled, empowered and motivated workforce that delivers and sustains acquisition excellence.

KEY J7 INITIATIVES SUPPORTING GOAL 6**TAW-J7-01. Establish Stronger Professional Development Qualification Requirements for All Acquisition Specialties**

- *Role* – OPR: J73; OCRs: DLA Field Activities, J1, J8, J3, J6, DTC
- *Objectives* – Ensure professional development of the acquisition workforce to meet position qualifications and maintain professional currency; and implement Career Broadening Opportunities pilot program with J73
- *Metrics*
 - 100% DAWIA certification rate
 - 100% of DAWIA certification applications processed in less than 30 days
 - Two participants in the J7 Career Broadening Opportunities pilot program
 - Transition 1000 LCL personnel into acquisition positions by September 2014
- *Status*

- (1) 98.6% DAWIA certification rate
- (2) 100% of DAWIA certification application have been processed in less than 30 days
- (3) One person participating in the CBOP
- (4) Transitions 1250 LCL personnel into acquisition positions by September 2014

TAW-J7-02. Recognize Excellence in DLA's Acquisition Workforce

- *Role* – OPR: J73
- *Objectives* – To ensure the DLA acquisition workforce is recognized for excellence in performance for multiple award programs, for example:
 - David Packard Excellence in Acquisition Award
 - Defense Acquisition Workforce Individual Achievement Award
 - Defense Acquisition Workforce Development Award
- *Metrics/Targets*
 - 100% notification rate to all eligible activities
 - Maximum number of submissions allotted to DLA for each award category
- *Status*

- (1) 100% notification rate to all eligible activities was achieved
- (2) The maximum number of submissions (4) were submitted for each award category.

TAW-J7-03. Improve J7 Culture in Mission, Empowerment, Coordination, & Integration

- *Role* – OPR: J7 Culture Council; OCRs: J7 Divisions, DLA Strategic Materials, DCSO
- *Objectives*
 - Based on workforce feedback, three major focus areas have been identified as areas of opportunity: Mission, Coordination, and Integration and Empowerment. Action plans that focus on these three key areas to drive improvements will have far reaching impacts across DLA Acquisition.
 - Our goal is to transform DLA Acquisition by promoting an environment of trust where employees exhibit increased initiative, enthusiasm and innovation and are provided the tools needed to achieve organization goals. Increased collaboration and teamwork will allow for a more cohesive organization with employees across the organization working toward a common purpose and fully understanding the mission and strategic direction of J7 in the context of their roles.
- *Metrics*
 - Ensure that all tasks identified in our action plans are completed.
 - 100% Compliance with all Quarterly Supervisor/Employee One on One communication sessions.
 - The Quarterly J7 Peer Award Program will be timely and reward high performers for superior effort.
 - All organizations will conduct at minimum a team meeting once a month.
 - Ensure that all action items identified during J7 Director meetings with sub-organizations are acted upon in a timely manner.
- *Status*

- (1) All actions identified in the actions plan were completed
- (2) 50% compliance with quarterly supervisor/employee one on one sessions
- (3) The J7 Peer Award Program has been timely and has awarded high performers
- (4) Most organizations have been conducting a minimum of one team meeting a month
- (5) All actions identified during J7 Director's meetings have been acted upon in a timely manner

TAW-J7-04. Improve Telework Participation

- *Role* – OPR: J7 Business Office; OCRs: J7 Divisions, DCSO
- *Objectives* – Supports mission continuity by enabling employees to continue the work of the Agency despite unexpected disruptions and improves productivity by allowing employees to work in an alternative location that is relatively free of stress and distractions. Additional noteworthy benefits include:
 - Enhances work-life balance for eligible employee.
 - Serves as an effective recruitment and retention strategy.
 - Supports efforts to employ and accommodate people with disabilities.
 - Creates cost savings by decreasing office space and parking facility needs.
 - Reduces traffic congestion and air pollution resulting from the daily commute.
- *Metrics/Targets* – 5% increase in DLA Acquisition employees who participate in the Telework Program above September 2013 baseline.
- *Status*

We achieved a 28% increase in the telework participation program

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Defense Logistics Agency

DLA Finance (J8)

Fiscal Year 2014 (FY14) Annual Historical Report

1. Introduction

The DLA Finance Annual Historical Report (J8 AHR) outlines the actions J8 took over the course of the Fiscal Year (FY) 2014 to improve and sustain the effectiveness and efficiencies of its service to our customers, civilian and military, internal and external to DLA. It also provides the key operating goals, initiatives, metrics, and other tools used to regularly monitor our performance to ensure DLA's workforce has the capabilities to meet present and future mission requirements.

The J8 FY14 AHR is based on the J8 FY14 Annual Operating Plan (AOP) and our results in meeting that plan.

The J8 AOP has four goals that support the achievement of the 5 Big Ideas Strategic Focus Areas:

1. Decrease Direct Material Costs Dec
2. Decrease Operating Costs E
3. Reduce Inventory
4. Improve Customer Service
5. Achieve Audit Readiness

The four J8 AOP goals are listed below:

- Resource DLA's operational strategies through the most cost effective means
- Provide comprehensive financial performance analysis and advice to our customers
 - Assist business partners in evaluating and translating business initiatives into executable strategies that meet stewardship objectives
- Ensure Business Cycle Owners understand stewardship responsibilities to achieve accurate and assertable financial data and take appropriate corrective actions
- Ensure a diverse, enabled, empowered, and motivated workforce that delivers and sustains financial excellence

The four goals are supported by 22 initiatives that identify actions and metrics to achieve those goals and, ultimately the overarching DLA Strategy.

2. Mission, Vision, and Values

Mission

We are America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to Warfighters and our other customers.

DLA Finance enables the DLA mission accomplishment by obtaining resources and providing financial management stewardship through expert and timely guidance, planning, advice, and analysis.

Vision

Warfighter-focused, globally responsive, fiscally responsible supply chain leadership

Values

Our values are DLA's foundation for all we do.

They provide our guiding principles as we accomplish our mission, pursue our vision, and strive to do what is right for the Armed Forces and DoD:

- Warfighter needs guide us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

3. Organization Overview

Current Scope of DLA Finance

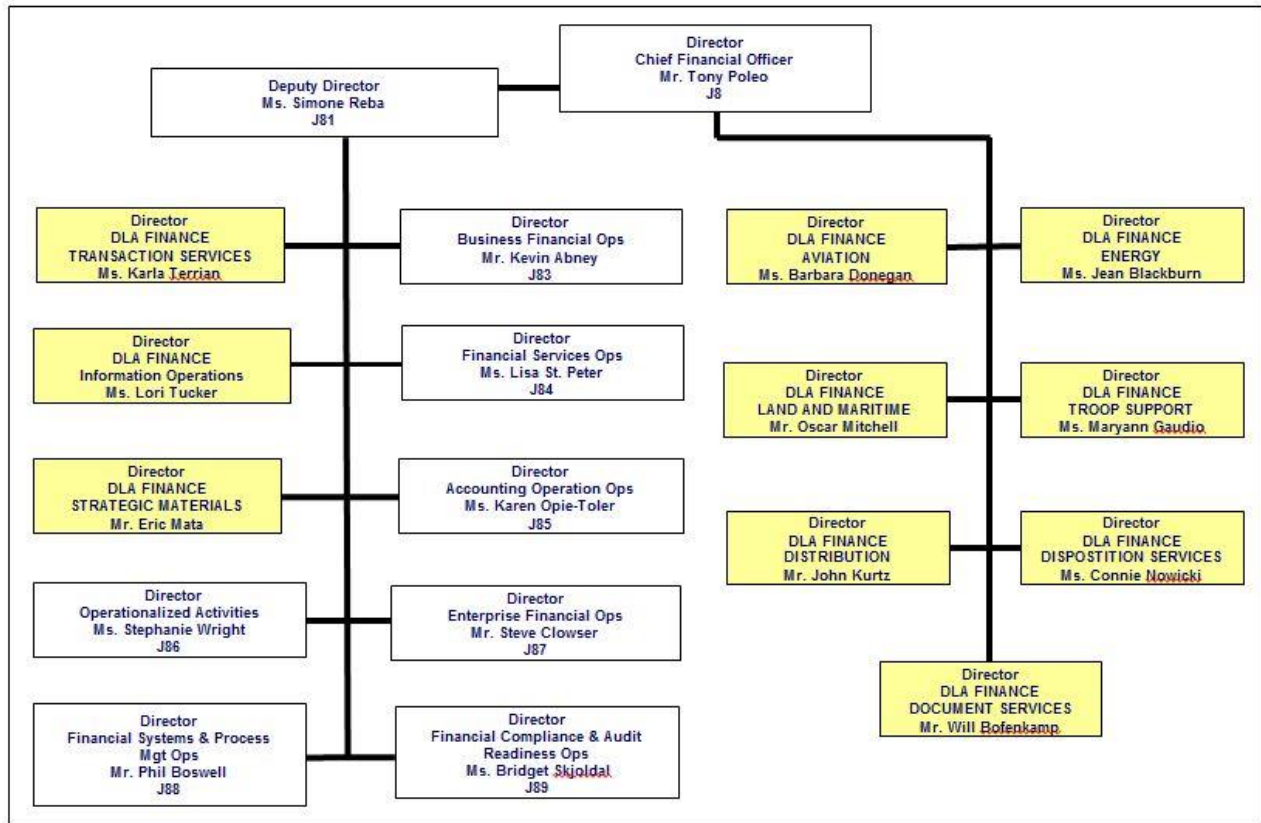
FY 2014...Program Budget Review (PBR) 15

- 10 Financial Management offices ... 731 personnel
- Ensures DLA financial compliance is maintained across over 200 DLA and non-DLA owned systems
- Requested \$1.2B of Total Obligation Authority (TOA) for 6 appropriations (Operations & Maintenance, Research and Development, Procurement, Family Housing, Military Construction and Working Capital Fund Direct)... spanning up to 10 years
- Defense Wide Working Capital Fund (DWWCF) Sales / Revenue \$37.2B
 - Supply Chain Management \$20.2B
 - Energy \$16.7B
 - Document Services \$338M
- Maintains sufficient cash balance within target range
 - Project \$1.464B
- Payroll Center of Excellence service for Agency's 26,000+ civilians
- Coordinates with 5 DFAS Operating Sites

FY 2014 – Actuals

- 11 Financial Management offices ... 671 personnel
- Ensures DLA financial compliance is maintained across over 200 DLA and non-DLA owned systems
- Received and provided execution oversight of \$1.2B of TOA for 6 appropriations.
- Defense Wide Working Capital Fund (DWWCF) Sales/Revenue \$37.7B
 - Supply Chain Management \$21.4B
 - Energy \$16.0B
 - Document Services \$264M
- Maintains sufficient cash balance within target range
 - \$2.8B (currently)
- Payroll Center of Excellence service for Agency's 26,000+ civilians
- Coordinates with 5 DFAS Operating Sites

4. DLA Finance/J8 Organization Chart



5. Accomplishments: Non-Audit Readiness

- Provided financial oversight of \$112M in DLA goods and services to fight Ebola in West Africa
- Defended FY 15 Defense Working Capital Fund/Appropriated Budget to OSD/Congressional Staff
- Developed business rules/monitoring of Full-Time Equivalent (FTE) and Travel cap restrictions
- Booked “Big Ideas” savings ... regular updates to the Alignment Group and Executive Board
- Developed and communicated financial strategies in support of fiscal “cliff”, administrative furlough, and US Government (USG) shutdown. For USG shutdown ...
 - Effectively managed expense suppression and billing of customer orders
 - Established business rules/vendor communication strategy ... payment approach
 - Maintained cash solvency to ensure DLA workforce remained mission capable

- Realigned budget support to operationalized organizations ... one stop for J6/J8/DS
- Realigned budget support in response to J6 reorganization
- Implemented Customer Pricing Tool for improved customer billing accuracy
- Assisted in the integration of Reutilization Business Integration (RBI) software development (\$61M) into Enterprise Business System (EBS)
- DLA Energy ... collected \$117.9M in aged accounts receivables and reconciled 17 Fuel Exchange Agreements ... collecting \$112M for 26M gallons of fuel
- Payroll Center of Excellence
 - Partnered with J1/DG to provide timely and detailed employee Time & Attendance guidance for the execution of the administrative furlough
 - Providing evidential matter support to DG in addressing 1,600 appeals as a result of the administrative furlough
- Steadily strengthened controls and stewardship over Agency payroll processes ... extensive metric monitoring ... supports Hire-to Retire audit assertion
- Travel Services
 - Significantly improved DLA travel compliance ... travel card, authorizations, and vouchers
 - Established clear review and approval process for Senior Executive/GO/FO travel

6. Accomplishments: Audit Readiness

- Reconciled General Ledger to the transaction level
 - Obtained/reconciled transaction populations for high priority general ledger accounts
 - Implemented key reconciliations with 5 critical reconciliations still in process
- Tested transaction samples to source documents to ensure we can provide them to an auditor in a timely manner
 - Established automated response capability, timeliness factors remain
 - Performed substantive testing for targeted areas, remaining areas will be tested by August 2015
 - Deployed substantive testing guidebook to agency
- Control Activities operated effectively
 - Processes were documented within process cycle memorandums and key controls have been tested across all key financial processes, some areas have corrective action plans underway to be completed and retested prior to assertion in September 2015
 - Standard Operating Procedures ... Developed SOPS across the enterprise for key financial processes and will implement and train employees on the SOPs by 9/2015
- IT General and application controls
 - 12 core/feeder system ITGCs tested and substantially remediated
 - 100 interfaces tested and remediated
- Service Provider processes, risks, and controls in scope
 - Completed DFAS/DLA Mission Work Agreement
 - DISA control scope gaps closing in FY 15

- Currently testing DFAS micro-applications and developing corrective action plans as needed.
- Completed MOUs with Services for Inventory in DLA custody and provided assertion for existence and completeness
- Successfully passed SSAE 16's for DAAS, DAI and WAWF
- Retrieval and storage procedures for financial data
 - Successfully pulled required populations using manual techniques
 - Implementing tools to improve
 - Established solution for storage and retrieval by FY 15
- Asserted to and received an unmodified opinion on Civilian Payroll
- Asserted to and received a modified opinion on Environmental Liabilities
- Asserted to and received an unmodified opinion on Real Property Host Sites
- Asserted to Statement of Budgetary Activity (SBA) in June 2014.
- Asserted to Internal Use Software in September 2014.
- Asserted to Inventory Existence and Completeness in October 2014.
- Human Performance
 - Developed AR “Victory is within Reach” Town Halls and 70 Info Blasts to let people know what audit readiness means to them
 - Held regular brown bag luncheons to answer employee questions and provide more information on the changes underway
 - Developed DLA Enterprise AR Training development and sustainment strategy with J1
 - Developed DLA Enterprise Audit Readiness to Audit Sustainment strategy with J1/J5/J3/J7
- Travel ... Developed more assertive policy to ensure travel compliance; developing more standardized processes across J8 organizations
- Data Clean-up ... Led data clean-up related to blocked invoices, aged accounts receivable, negative payables; beginning FY 14 cleansed:
 - Blocked Invoices... \$37M
 - Aged Accounts Receivables...\$25M
 - Negative Payables...\$118M

7. Key Operational Goals, Initiatives, Metrics, and Linkage to Big Ideas

The DLA Finance goals that support the Big Ideas enable the achievement of the five Strategic Focus Areas: Decrease Direct Material Costs, Decrease Operating Costs, Reduce Inventory, Improve Customer Service, and Achieve Audit Readiness.

Goal 1: Resource DLA's operational strategies through the most cost effective means

Initiative 1-1. Big Ideas Enterprise Tracking and Reporting: J8 issues targets and tracks Enterprise operational levers for Decreasing Direct Material Costs and Decreasing Operating Costs that are two of the five Big Ideas Strategic Focus areas. Updates are provided to the Executive Board quarterly.

Linkage to Big Ideas: This initiative tracks and reports Enterprise Big Ideas Savings

Metric: Updates are provided to the Executive Board quarterly

FY 14 Actual: \$4.7B in savings (FY 12/13/14) reported against a \$1.4B FY 14 goal...+3.3B.

Initiative 1-2. Big Ideas J8 Savings: J8 tracks and reports on its targeted reductions for the four operational levers that have been identified as potential cost saving areas (Personnel, Contractual Services/Supplies, and Acquisition of Assets).

Linkage to Big Ideas: This initiative reports Big Ideas J8 Savings.

Metric: Updates are provided to the Executive Board quarterly

FY 14 Actual: \$14.4M in savings (FY 12/13/14) reported against a \$1.4M FY 14 goal...+\$13.0M.

Initiative 1-3. Program Budget Review (PBR) Schedule/Strategies: The Program Budget Review (PBR) process kicks-off in November with DLA Finance presenting its strategy to DLA Leadership and ultimately seeking the Director's approval. Once the strategy is approved, General Guidance is issued along with individual pieces including J6, J8, Corporate, DS and Mission. PBR submissions are typically due late February/early March time frame. Working Groups meet to review Business Case Analysis (BCAs) to determine which BCA(s) are to go forward to the EOPC for voting (Decision Lens Tool). The number of BCAs each working group is allocated to go forward to the EOPC is outlined in the General PBR Guidance. The results are then vetted through the Enterprise S&OP and the Senior Leader Roundtable. The End Game Proposal is briefed to the Director mid-June and then to AT&L in mid-July. PBR exhibits are completed and submitted via Select and Native Programming (SNaP), Program Resources Collection Process (PRCP), Comptroller Information System (CIS), and hard-copy.

Linkage to Big Ideas: The Big Ideas are captured in the PBR 16 submit

Metric: Measures level of success in obtaining both the Total Obligation Authority (TOA) and Defense Working Capital Fund (DWCF) resources necessary to fulfill DLA strategies in the Strategic Plan and Director's Guidance. Percent of funding (Total Obligation Authority/Defense Working Capital Fund Obligation Authority) requested in the President's Budget to what was actually received.

FY 14 Actual: All figures are President's Budget 15 FY 14 request versus actual received.

1. Appropriated Accounts: Requested \$1.223B. Received \$1.201 (98.2% of requirement).
2. Defense Working Capital Fund:
 - a. Supply Chain Management: Requested \$22.7B. Received \$22.7B (100% of requirement).
 - b. Energy: Requested \$18.6B. Received \$19.6B (105%...increase for higher product cost).
3. Overseas Contingency Operations: Requested \$131.6M. Received \$131.6 (100% of requirement).

Initiative 1-4. President Budget (PB) FY 2014 Budget Targets/Metrics: Monthly budget execution tracking of labor, overtime, contracts, travel, and training (actual to plan).

Linkage to Big Ideas: Decrease operating costs

Metric: Actual against plan. Green < or equal to 2% of plan, Yellow < or = 5% of plan, Red > 5% of plan.

FY 14 Actual: The J8 Enterprise executed 7% below the President Budget (PB) FY 2014 plan.

See attached FY14 President Budget (PB) Target/Metrics Chart

| |
|---|
| Goal 2: Provide comprehensive financial performance analysis and advice to our customers |
|---|

Initiative 2-1. Net Operating Result (NOR): Net Operating Result (NOR) tracks DLA's revenues and expenses monthly, assesses performance against the budget, identifies variance early in the fiscal year, and allows the Agency to take corrective actions necessary to achieve NOR targets.

Linkage to Big Ideas: Decrease Operating Costs

Metric: Actual performance against the NOR plan. Primary: green <3% worse than plan, yellow >3% - <6% worse than plan, red >6% worse than plan. Secondary (for Fusion Center Activities only): green <\$15M worse than plan, yellow >\$15M - <\$40M worse than plan, red >\$40M. Secondary (for Non-Fusion Center Activities only): green <\$5M worse than plan,

yellow >\$5M - <\$10M worse than plan, red >\$10M. If one activity red then overall NOR is at best yellow.

FY 14 Actual: In FY 14, NOR was \$205M better than planned primarily due to DLA Supply Chain Management...\$470M better than planned due primarily to lower expenses; partially offset by lower than planned revenue.

Initiative 2-2. Cash Plan Performance (CPP): CPP is DLA's total disbursements minus DLA's total collections. A negative CPP implies that more was collected than disbursed, and increases the Cash Balances. A positive CPP implies that more was disbursed than we collected and decreases the Cash Balance.

Linkage to Big Ideas: Decrease Operating Costs

Metric: Actual performance against the CPP plan. Primary: green <3% worse than plan, yellow >3% - <6% worse than plan, red >6% worse than plan. Secondary (for Fusion Center Activities only): green <\$15M worse than plan, yellow >\$15M - <\$40M worse than plan, red >\$40M. Secondary (for Non-Fusion Center Activities only): green <\$5M worse than plan, yellow >\$5M - <\$10M worse than plan, red >\$10M. If one Activity is red, overall CPP is at best yellow.

FY 14 Actual: CPP \$202M better than planned due to DLA Energy (\$510M better than planned due to lower purchases (-8.1 mbbls); partially offset by lower sales than planned (-5.9 million barrels). In contrast, DLA Supply Chain Management net outlays were \$299M worse than planned due to lower collections than planned; partially offset by lower disbursements than planned.

Initiative 2-3. Cost Recovery Rate (CRR)/Customer Price Change (CPC): The non-Energy CRR is the amount added to the acquisition cost of an item to recover costs associated with purchasing and selling supplies to customers. These costs include such things as payroll, travel, training, depreciation, facilities maintenance, shipping, storage and cataloging.

Linkage to Big Ideas: Decrease Operating Costs

Metric: To hold cost of operations to no greater than the cost recovery rate goals established in PBR 15 and ultimately PB 15. Green is <= target, Yellow is not applicable, Red > target.

FY 14 Actual: FY 14 CRR was budgeted at 13.2%. Actual CRR was 9.97%, continuing a trend of actual CRR coming in lower than the budgeted CRR dating back to FY 05 (conservative sales estimates during PBR process).

Initiative 2-4. Total Obligation Authority (TOA) Execution: DLA Appropriations include: Military Construction (MILCON), Operations and Maintenance (O&M), Research, Development, Test and Evaluation (RDT&E), Procurement Defense-Wide (PDW), and Family Housing (FH). Programs are reviewed monthly to compare actual to planned obligations. Monthly tracking of execution allows monitoring against OSD execution goals and management emphasis of programs that are under executing.

Linkage to Big Ideas: Decrease Operating Costs

Metric: Actual performance against the obligation plan. Green $\leq 2\%$, Yellow $\leq 5\%$, Red $> 5\%$

FY 14 Actual: Execution hampered by extended FY 14 Continuing Resolution (CR).

Operations and Maintenance: (1 year appropriation): For funds expiring in FY 14 (\$449.3M), DLA executed \$426.0M...**95%**

Research and Development: (2 year appropriation): For funds expiring in FY 14 (\$150.2M), DLA executed \$148.8M...**99%**

Procurement (3 year appropriation): For funds expiring in FY 14 (\$460K), DLA executed \$437K...**95%**

Family Housing (1 year appropriation): For funds expiring in FY 14 (\$1.069), DLA executed \$990K...**93%**

Military Construction (5 year appropriation): For funds expiring in FY 14 (\$236.2M), DLA executed \$231.8M...**98%**

Initiative 2-5. Implement the Reengineered Military Inter-Departmental Purchase Request (MIPR) process: Outbound MIPRs are, in essence, intra-governmental contracts. The responsibility to ensure that they are properly prepared, services received, and Service provider paid adequately rests with the service receiver. J8 Aviation has revised process that, once implemented (target FY 13) should improve our MIPR receiving statistics and reduce negative payables.

Linkage to Big Ideas: Decrease Operating Costs

Metric: In FY 14, a 10% reduction in negative payables related to missing MIPR receipts from FY 13.

FY 14 Actual: Implemented on October 1, 2014

Initiative 2-6. Enterprise Business System (EBS) Material Pricing Tool: Annually from May 1 – July 15, DLA Financial Operations (J8) and DLA Information Operations (J6 EBS FI Sustainment), resources conduct the annual pricing exercise during which prices are reviewed, validated and set for the upcoming fiscal year for over 4 million items. DLA issues approximately \$140 million in sales order adjustments to customers each year; an estimated 10 percent attributed to incorrect pricing. The Pricing Tool shall be deployed to DLA Pricing Analysts prior to the start of the FY 14 DLA Mass Annual Pricing Process.

Linkage to Big Ideas: Improve Customer Service

Metric: Decrease sales order adjustments related to incorrect pricing from the current estimate of 10% to no more than 2% in FY 14.

FY 14 Actual: The Customer Pricing Tool (CPT): Material pricing (DLA's selling price for customer billings) is updated on an annual basis for over 4 million items managed by DLA. This is performed from May through Mid-July each year and becomes effective for the upcoming Fiscal Year (1 October through 30 September). Pricing updates are also performed as needed (Out of Cycle – OOC) throughout the year for a.) Material First-Time Buys, b.) Customer Price Challenge Resolution and c.) Unit of Measure Difference Analysis purposes. In January 2014 the CPT was deployed to EBS to facilitate the Annual and OOC pricing updates – it is used by all of the DLA Supply Chain Pricing Analysts. The CPT provides the capability to directly access material pricing conditions for instantaneous review, update, and correction. Benefits include; a.) Pricing data now available in a single view, b.) Anomalies can be easily identified using configured pricing rules, c.) Real-Time update capability and d.) Mass Upload of price changes. This will result in minimizing credits to customers due to over billings; and maximizing revenue due to a reduction in customer under billings. Prior to deployment of the CPT, \$140 Million in sales order adjustments were issued to customers annually (of which 10% are estimated to be attributable to incorrect pricing."

Goal 3: Ensure Business Cycle Owners understand stewardship responsibilities to achieve accurate and assertable financial data, and take appropriate corrective actions

Initiative 3-1. Audit Readiness: DLA Finance is the Program Manager directing DLA's Audit Readiness efforts to ensure that an independent evaluation of DLA's financial statements in FY15 will demonstrate that DLA has reliable business and financial internal controls to ensure reasonable and reliable financial statements that fairly present DLA's financial condition, in accordance with acceptable accounting standards. To accomplish this, the Program Manager directs the efforts of 10 Enterprise Business Cycle Teams (BCTs), 7 Field Command Teams (FCTs), 8 Enterprise Support Team (ESTs), and DFAS support. The specific actions required of each BCT, FCT and EST are built into Detail Work Plans (DWPs) which allows the PM to monitor progress to plan in the integrated master schedule (IMS).

The Audit Readiness program support compliance with the Chief Financial Officers Act, the National Defense Authorization Act for Fiscal Year 2010 (which required DLA to be auditable by 2017), SecDef memo dated October 13, 2011, "Improving Financial Information and Achieving Audit Readiness", and DLA-D memo dated June 15, 2012, "Revised DLA Audit Readiness Timeline Goals".

Linkage to Big Ideas: Achieve Audit Readiness

Metric: Each team is measured their approved progress within the IMS. The status is presented at Stewardship Committee meetings every two weeks. Their hypercritical and critical corrective action plans are measured and discussed at each Stewardship Committee.

FY 14 Actual: DLA is on-track to meet the September 2015 assertion date.

Initiative 3-2. Evidential Matter Availability: Evidential matter retrieval is key to passing an audit; it must be pulled timely and in its entirety to pass the audit. An Agency-wide storage location was identified in e-Workplace for 44 forms to be stored in a centralized location as of June 1, 2013. As audit ready walkthroughs occur, additional EM will be identified and a storage location designated. Each supervisor must ensure that employees understand and comply with the rules. In addition, J89 is working closely with J6 to ensure all unstructured data is stored in the Document Retention Management tool (DACS-RM) and is providing training across the Enterprise to ensure EM is readily available for auditors when requested.

Linkage to Big Ideas: Achieve Audit Readiness

Metric: 100 percent of evidential matter (as defined by the audit readiness team) is being stored in the prescribed location.

FY 14 Actual: Training is underway for DACS-RM and will be completed by March 2015 across the Enterprise. Unstructured EM should be stored within DACS-RM by the end of the fiscal year.

Initiative 3-3. Standard Operating Procedure Development: In April 2013, an Agency-wide initiative was developed to ensure proper documentation and training of Enterprise SOPs. Having SOPs and ensuring that employees are following them is crucial for audit readiness to ensure we have good internal controls over our processes.

Linkage to Big Ideas: Achieve Audit Readiness

Metric: J8 Enterprise-Wide Standard Operating Procedures (SOPs) completed by September 2014 and stored in the prescribed location.

FY 14 Actual: DLA J88 is finalizing the initial versions of 33 Finance Standard Operating Procedures (SOPs). These procedures address operating process instructions and controls across the DLA enterprise and business cycles. As significant changes occur throughout FY15 regarding Process Cycle Memorandum (PCM) consolidation, reorganizations, and system access changes related to Separation of Duties (SoD) conflict, J88 will be revising these SOPs and potentially creating new SOPs to ensure appropriate finance positions have instruction to execute key financial controls. J88 will place the final Finance SOPs in the J5 official SOP repository which becomes operational this month. Training is also being developed for finance employees and will be deployed throughout the year as the Agency prepares for audit.

Initiative 3-4. Aged Accounts Receivables and Accounts Payables: Old accounting data shows a lack of proper financial controls, distorts our financial records, and bogs down the system. Our processes and policies must ensure we clear old documents in a timely fashion. The J8 data focus for Aged accounts receivables is admin fees, EMALL, Intra-governmental transactions, orphaned interest, and public. The aged accounts payable focus is on blocked invoices/credit memos; failed FI 13 IDOCs, and Negative Payables.

Linkage to Big Ideas: Achieve Audit Readiness

Metric: Working with our business partners, ensure that less than 5 percent of the accounts payable and accounts receivable balances are older than 2 years.

FY 14 Actual: Accounts Payables goal was not met, accounts payable greater than 2 years is \$127.9M, a \$5.6M increase from FY2013 and .08% of our total Accounts Payable. The \$5.6M increase is primarily driven by two vendor litigation cases that are under review.

Initiative 3-5. Develop Enterprise J8 Audit Readiness Organizational Structure: Currently DLA Finance and DFAS do not perform all the functions required for long term audit sustainment. We identified these gaps and developed a more detailed Mission Work Agreement (MWA) between DLA/DFAS to ensure better oversight and metrics were in place beginning October 1, 2014. In addition, J8 is working on implementing a new organizational structures and job definitions for DLA Finance employees to ensure we can sustain auditability.

Linkage to Big Ideas: Achieve Audit Readiness

Metric: (Agency-wide): Update new MWA and DLA Finance Organization structure and be ready to implement October 2015.

FY 14 Actual: An updated MWA was signed and implemented October 1, 2014, as planned and will be updated annually. The J8 reorganization is underway and will be implemented by October 1, 2015.

Initiative 3-6. Perform Financial Reconciliations. There are currently 25 financial reconciliations, performed by J8, that are executed monthly. These recons ensure that all data is passing correctly within EBS and that the auditor can perform their analysis from the financial statement back through EBS's financials. An effective recon balances; if not, supportable adjustments should be made or corrective actions developed to correct or eliminate them.

Linkage to Big Ideas: Achieve Audit Readiness

Metric: (Agency Wide) 25 financial reconciliations are performed monthly, with appropriate evidential matter available to prove they were performed and adjustments are supportable.

FY 14 Actual: Completed. Developed, implemented, tested, and sustained financial reconciliations to support FY 2014 audit readiness assertion. 25 reconciliations were listed for information as back-up.

Goal 4: Ensure a diverse, enabled, empowered and motivated workforce that delivers and sustains financial excellence

Initiative 4-1. In response to concerns identified in the Culture Survey on communication, supervisory standards, and financial training, the DLA Finance Culture Working Groups are: (1) Updating the DLA Finance Communication Plan for distribution to all DLA Finance employees;

(2) developing email templates for clear and concise communication; (3) developing a process in which ideas can be effectively pushed up the chain; (4) Reviewing supervisory standards across J8 for consistency and accuracy; (5) Identifying alternative training methods for the FAST Track program to save costs and reduce travel; and (6) Energize the workforce on the benefits of the FAST Track program;

Linkage to Big Ideas: Improve Customer Service

Metric: Marked improvement in any/all of the 12 indexes in the Culture Survey Denison Model.

FY 14 Actual: The results for J8 decreased across the board in the areas listed above. Management has met to discuss methods that can be implemented to raise the results in these 12 index areas in the future.

Initiative 4-2. Diversity Statistics: Improve J8 participation rates among key underrepresented groups by increasing hiring manager awareness and the use of best practices targeted recruitment strategies.

Linkage to Big Ideas: Improve Customer Service

Metric: Review diversity statistics data to J8s internal Monthly Management Review (MMR) (1st Qtr, FY 14). Identify and implement corrective action plans as needed.

FY 14 Actual: DLA Finance continues to work towards meeting diversity rates with great success. Current emphasis is on Hispanic population which is currently below national average.

Initiative 4-3. Workforce Readiness Index (WRI): Measures Talent Management success by aggregating, organizing, scoring, reporting, and analyzing a set of workforce readiness indicators, and drive improvements in the way J8 acquires, develops, manages, and retains talent in accordance with Agency policies and OPM regulations.

Linkage to Big Ideas: Improve Customer Service

Metric: Assess J8s WRI results with goal of improving. Analyze WRI results, summarize findings and distribute to J8 leadership. With leadership, review results/findings and brainstorm potential mitigating actions. (1st Qtr, FY 2014). Disseminate results, develop action plan for J8 Director approval and begin implementation (2nd Qtr, FY 14). Continue implementation and adjust action plan as necessary (3rd Qtr, FY 2014)

FY 14 Actual: DLA Finance had a slight decrease in the overall metrics associated with the goals – (80%).

Initiative 4-4. Credentials (Professional/Other): Assess the number of employees possessing financial credentials and encourage enrollment in degree/certificate programs.

Linkage to Big Ideas: Improve Customer Service

Metric: Total number of degrees and total number of certificates held by Finance personnel. Data obtained through annual data call.

FY 14 Actual:

- DoD FM Certification 28
- Professional Certifications 129
- Associate Degree 29
- Bachelor's degree 279
- Master's degree 126

Initiative 4-5. Telework Participation. Effectively manage use of telework. Track percentage of positions identified as telework eligible; percentage of employees who have current, approved telework agreements; and percentage of civilian employees who have teleworked during the month.

Linkage to Big Ideas: Improve Customer Service

Metric:

- J8 telework eligible positions - 100%
- J8 employees who have current, approved telework agreements - track actual usage
- J8 employees who have teleworked at least one day during the month - track actual usage

FY 14 Actual:

- J8 telework eligible positions - 99%
- J8 employees who have current, telework agreements - 99%
- J8 employees who have teleworked at least one day during the month - 70%

Initiative 4-6. Full Time Equivalent (FTE) Management: Secretary of Defense Memorandum of August 20, 2010 directed a cap on the number of FTEs for DLA at the FY 2010 level. The action was intended to preclude further personnel growth. The DLA Director will approve the FY 2014 FTE targets and J8 will provide those targets to the field activities and HQ staff offices to manage execution within their assigned targets. Tracking actual execution against the FTE target (to include vacancies) will allow the Agency to take corrective action if necessary to not exceed DLA's overall cap.

Linkage to Big Ideas: Decrease Operating Costs

Metric (FTE): Actual performance against the target. Green – < or equal to 2% of target; yellow - < or = 5% of target; red – > 5% above target.

Metric (Vacancy Rate) = Vacancies/FTE x 100%

FY 14 Actual: DLA Defense Working Capital Fund (DWCF) executed Full Time Equivalents were 2,282 (24,006 actual versus a 26,288 OSD CAP)...8.7% below plan (Green). Labor costs of \$2.235B were \$183M below plan (\$2.418)...operating cost savings.

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Defense Logistics Agency

DLA Joint Reserve Force (J9)

Fiscal Year 2014 Annual Historical Report

1. Mission, Goals, and Priorities

Mission: Provide DLA with trained and ready reservists for contingency operations and additive support requirements to include, but not limited to operational support, surge support and planning support. Advise the Director, DLA in the development and application of Joint Reserve Force (JRF) support, readiness posture and service policies affecting utilization of DLA assigned reservists.

The Joint Reserve Force provides the DLA Enterprise with high performing, customer focused, and globally responsive logisticians for contingency operations and contributory support requirements to include, but not limited to, operational surge and planning support. The JRF stands ready to advise the DLA Director on the development and application of reserve support, readiness posture, and service policies regarding the utilization of assigned reservists.

DLA Joint Reserve Force FY14 Goals

GOAL 1

Support all Agency stakeholders, to more accurately project Agency deployment requirements and identify sourcing strategies to more effectively support all DLA missions.

GOAL 2

Shape the JRF to meet emerging requirements to more appropriately support all DLA missions..

GOAL 3

Improve JRF deployment readiness in order to meet increasing DLA deployment requirements..

GOAL 4

Improve JRF Ability to provide contributory support to PLFAs, J-codes and DLA support exercises.

GOAL 5

Take aggressive fiscal steps to ensure accountability, reduce operational costs and achieve good stewardship of taxpayer resources.

J9 FY14 Priorities

1. Improve Customer Service
2. Decrease Direct Material Cost
3. Decrease Operating Costs
4. Reduce Inventory
5. Achieve Audit Readiness

2. FY14 JRF Resources

- Authorized Funded Billets
 - Navy: 407 authorized
 - Army: 198 authorized
 - Air Force: 134 authorized
 - Marine Corps: 13 authorized
 - Total 752 authorized billets

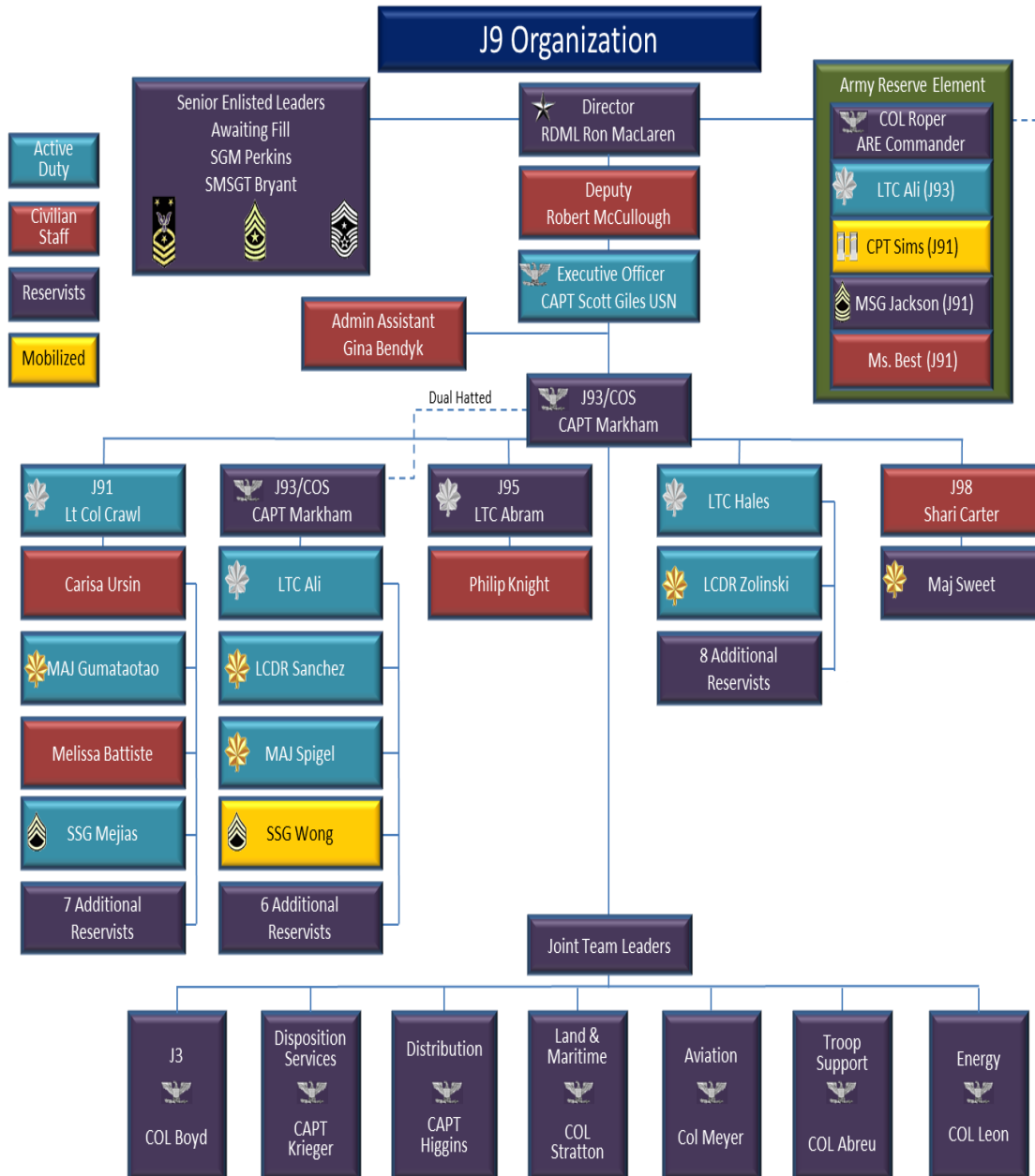
- Billets assigned by location
 - DLA Headquarters: 105
 - DLA Central: 4
 - DLA Europe & Africa: 10
 - DLA Pacific: 4
 - DLA Aviation: 37
 - DLA Land and Maritime: 41
 - DLA Energy: 55
 - DLA Troop Support: 48
 - DLA Distribution: 218
 - DLA Disposition Services: 230
 - Total 752 authorized

- Full Time Staff
 - FTE: 6
 - Army – AGR 4 (no cost to DLA)
 - Mobilized 4 (no cost to DLA)
 - Air Force – Active Duty 1 (no cost to DLA)
 - Navy – FTS 3 (no cost to DLA)
 - Total 18 Full time staff

- Budget

| J9 Budget for FY2014 | | \$784,000 |
|--------------------------------------|--|-----------|
| Civilian Labor Subtotal | | 90.72% |
| Total Travel | | 3.98% |
| Total Material, Equipment & Supplies | | 1.39% |
| Training | | 0.76% |
| JRTRE | | 3.16% |

3. Organization Chart



4. FY14 Summary of Accomplishments

The Joint Reserve Force began FY14 with a retirement ceremony for RADM Patricia Wolfe, honoring over 30 years of Naval service. The retirement of RADM Wolfe, ushered in a new Commander, RDML Ron MacLaren.

J9 has been supporting DLA deployment operations since 2001. During FY14, 191 reservists mobilized to support DLA's two DLA Support Teams (DSTs) in Kuwait and Afghanistan. Since 2001, over 1250 DLA reservists have activated, completing a total of 1497 tours of duty in support of Operations; Enduring Freedom, Iraqi Freedom, New Dawn, and Odyssey Dawn. Collectively, activated reservists logged more than 47,000 man-days of support to DSTs, Field Activities, and Headquarters' missions in FY14. The Agency's Stewardship Excellence initiative is carried out by the JRF in the 11,743 man-days of operational support provided, at no cost, to the Agency.

In order to meet deployment and operational support needs of DLA, the JRF completed multiple training activities in FY14. Over 197 DLA reservists participated in the Expeditionary Academy at DLA Distribution, Susquehanna, Pa. DLA Distribution's Expeditionary Team partnered with the Organizational management and Expeditionary Logistics Division to design the two-week course, which includes hands-on training with a variety of Material handling Equipment (MHE), the Distribution Standard System and the construction of an inflatable Air Beam shelter. The objective of the course is to provide necessary training for DLA members, enabling them to deploy as trained assets for DLA Distribution. Additionally, 50 DLA reservists completed the Overseas Contingency Operations Readiness Training (OCORT) at DLA Disposition Services, Battle Creek, Mi. This training prepared participants for expeditionary requirements for Disposition Services to include; construction of work sites and receipt of property. The reservist partnered with members of the Civilian Expeditionary Workforce (CEW) during this training course, allowing for greater augmentation and knowledge sharing.

To ensure training requirements match DLA needs and to keep DLA JRF leadership in unison, 91 reserve leadership and civilian employees participated in the Combined Drill Weekend at DLA Headquarters, in September 2014. This workshop included briefings on DLA's current operations, future challenges, and service-specific requirements, as well as detailed discussions for planning JRF annual training opportunities. This forum ensures joint team leaders and senior enlisted throughout the JRF understand the current and future plans for manning, mobilization, training, and readiness.

Key Goals and Initiatives

GOAL 1: Support all Agency stakeholders, to more accurately project Agency deployment requirements and identify sourcing strategies to more effectively support all DLA missions.

In FY14 J9 collaborated with all key stakeholders in support of DLA J3 efforts to more effectively deploy DLA personnel in support of the Agency. Bi-monthly meetings with mobilization stakeholders allowed for appropriate review of the forward mission, allowing for accurate deployment cycles and requirements identification. This provided J9 with the opportunity to identify personnel by name, six months prior to mobilization, affording them more than ample time to prepare for deployment. Concurrently, this work identified exercise support requirements, and afforded lead time for training and country clearances to be completed and obtained.

Significant accomplishments for mobilization:

- Number of deployed reservists: Increase 48% to 196 personnel
- Over 100 Soldiers from the 1st Mission Support Command, deployed for DLA missions

GOAL 2: Shape the JRF to meet emerging requirements to more appropriately support all DLA missions.

Collaboration with PLFAs and J-codes allowed for proper distribution of personnel, skill set, and rank structure to meet every task and requirement. FY14 spelled a reduction in forces across the military and the reserves were not spared from this. At the end of FY14, DLA was advised of upcoming reductions in Navy billets as well as Air Force drill day allotment. The DLA JRF Navy contingent was to be reduced by 20% and the Air Force reduced the number of authorized drill days, cutting them in half. J9's efforts to accurately forecast manpower requirements, allowed the flexibility to adjust workload with the reductions. As the FY concluded, efforts began to reclaim the lost Navy billets, and a restructuring of Air Force billet locations began.

GOAL 3: Improve JRF deployment readiness in order to meet increasing DLA deployment requirements.

Deployment readiness is the key to success for J9. The JRF's ability to deploy and support DLA missions at home and abroad, requires J9 reservists to be mission ready. To be considered "green" for readiness, one must be in good standing for; medical/dental, active security clearance, up-to-date on Service specific training as well as DLA training, and a current passing physical fitness test. Prior to FY14, only one readiness training event was conducted. This method worked for several years; with the continuing dedication and work driven by Goal One, four different readiness events were planned and executed in FY14. DLA Distribution hosted the Expeditionary Academy in New Cumberland, Pennsylvania, focusing on all facets of the Distribution mission. More detail can be referenced in Appendix B. DLA Disposition Services conducted the Overseas Contingency Operations Readiness Training (ORCORT) in Battle Creek, Michigan; see Appendix C for greater detail. The Army Reserve Element (ARE) conducted a Training and Readiness Event, focusing on Soldier skills and readiness. DLA Land and Maritime conducted Contracting Officer Representative training to their reserve personnel, preparing them for future contracting operations.

GOAL 4: Improve JRF ability to provide contributory support to the PLFAs, J-Codes and DLA supported exercises.

VADM Harnitchek’s “Five Big Ideas” has the goal of “Decreasing Operating Costs.” J9 has minimal operating costs, so the decision was made to increase contributory support across the Agency by ten percent, over five years. FY12 was the baseline year for contributory support; that year the JRF provided 10,930 days of support. The goal for FY14 was a total of 11,438 days of contributory support. Overcoming Sequestration and increased deployments, the JRF was able to surpass its goal and complete 11,813 days of support. The below table shows the support provided over FY14.

| | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | Total |
|--------------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|-------|
| Aviation | 30 | 55 | 78 | 88 | 32 | 45 | 30 | 31 | 40 | 0 | 22 | 12 | 463 |
| Disposition | 95 | 177 | 218 | 162 | 104 | 121 | 146 | 263 | 188 | 0 | 82 | 139 | 1695 |
| Distribution | 746 | 428 | 652 | 403 | 623 | 601 | 468 | 427 | 311 | 44 | 405 | 709 | 5817 |
| Energy | 75 | 137 | 146 | 73 | 146 | 66 | 66 | 132 | 47 | 0 | 112 | 252 | 1252 |
| HQ | 110 | 108 | 36 | 36 | 36 | 212 | 212 | 214 | 214 | 0 | 136 | 30 | 1344 |
| JCASO | 17 | 15 | | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 47 |
| L&M | 103 | 9 | 67 | 62 | 121 | 44 | 176 | 122 | 44 | 0 | 152 | 120 | 1020 |
| Troop | 16 | 24 | 14 | 5 | 13 | 14 | 13 | 20 | 23 | | 21 | 12 | 175 |
| Total* | 1192 | 953 | 1211 | 844 | 1075 | 1103 | 1111 | 1209 | 867 | 44 | 930 | 1274 | 11813 |

GOAL 5: Take aggressive fiscal steps to ensure accountability, reduce operational costs and achieve good stewardship of taxpayer resources.

FY14 was a growth year for J9. Two full time employees (FTEs) were hired, rounding out vacancies that had plagued J9 for over a year. All training and travel budgets were on target and did not exceed budgeted levels. In support of the Audit Readiness initiative, J9 joined the rest of the Agency, in the creation and submission of internal Standard Operating Procedures (SOPs), focusing on those tasks required to orchestrate the JRF mission.

GOAL 6: Implement action plans/strategies informed by J9’s 2012 Cultural Survey and Workforce Readiness Index results.

Identified in the 2012 Culture Survey, “Employee skill investment” scored the lowest across the surveyed population for the JRF. In 2014, emphasis on personnel education and growth was focused on, with several employees attending necessary and desired training courses, providing them with great knowledge and proficiencies in their jobs. In July 2014, the 2014 Culture Survey results were published and an increase in every focus area was seen for J9, most notably the “employee skills investment” area increased, shedding light on the renewed focus on employee education. Part of being a good steward of taxpayer resources is effective work.

During 2010, the National Capital Region (NCR) was shutdown due to a major snow storm. As such, J9 began issuing laptop computers and removing desktops, in an effort to be productive at all costs. All J9 personnel were capable to conduct teleworking operations during FY14.

APPENDIX A

FY14 SIGNIFICANT ACCOMPLISHMENTS FOR DLA AVIATION, JOINT RESERVE FORCE

Accomplishments:

Air Force Colonel Paul Meyer led the DLA Aviation JRF team to another great year. The 463 days of Operational Support provided by DLA Aviation were dedicated to several taskers and projects. Of these the researching of National Stock Numbers (NSNs) and working to reduce backorders and purchase requests help to provide faster and cheaper service to their customers. DLA Aviation JRF worked on the A-10 Ballistic Foam project, helping with sourcing strategies for the A-10. The JRF also assisted in the development of a DLA Aviation Retail Manual for customers. The Sourcing and Reliability Program Branch worked with the JRF to develop a master list and visual aid of Navy bases around the world and the aircraft platforms housed there.

Awards:

Logistics Specialist First Class (LS1) Katherine Hoops won the Sailor of the Year award, competing against the rest of the Navy Reserves. Logistics Specialist Second Class (LS2) Scott Wichmann and Logistics Specialist Seaman (LSSN) Jordan Trader won the Blue Jacket of the Year award, also competing against the whole of the Navy Reserve.

APPENDIX B

FY14 SIGNIFICANT ACCOMPLISHMENTS FOR DLA DISPOSITION SERVICES, JOINT RESERVE FORCE

Accomplishments:

Navy Captain Michael Kriger maintained command of the DLA Disposition Services JRF in FY14. As one of the largest reserve attachments assigned to DLA, Disposition Services provided nearly 1700 days of Operational Support. The supportive work provided by reservists in the Defense Reutilization and Marketing Office (DRMO) yard helps to reduce full time civilian overtime hours and backlogs in the DRMOs around the globe. Reservists are involved in most facets of Disposition Services, but are most effective; sorting, segregating, and conducting DEMIL operations within the DRMO. In FY14 reservists processed over 78,000 line items, and \$426M. Of the \$426M processed, \$11.9M was in precious metal recovery, \$9.1M at the FT. Meade sorting and segregating facility, and over \$33M in assisting with the Hill Air Force Base clean up.

Awards:

LS1 Lance Wentworth received Sailor of the Quarter, for first quarter FY14, and went on to receive Sailor of the Year from the Naval Operations Support Center, Bessemer, AL. Ensign Christopher Deason was selected for the Direct Commission program and was promoted to the rank of Ensign.

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Defense Logistics Agency

DLA Installation Support (DS)

Fiscal Year 2014 Annual Historical Report

1. Introduction

The Defense Logistics Agency (DLA) Installation Support (DS) Historical Record outlines the actions DS took over the course of Fiscal Year 2014 (FY14) to improve and sustain the effectiveness and efficiency of service provided to our customers, civilian and military, internal and external to DLA. It also provides the key operating goals, initiatives, metrics, and tools used to regularly monitor our performance to ensure we can meet present and future requirements.

The input in this report is based on the DS FY14 Annual Operating Plan (AOP) and our results in meeting that plan objectives. The DS AOP has seven key operating goals and metrics that support the DLA Director's Guidance to decrease operating costs, rightsize inventory, improve customer service, and achieve audit readiness. These key operating goals are:

- **Improve Safety:** Demonstrate our commitment to the safety of all DLA employees and customers. Maximize employee awareness of safety programs and participation in safety programs to reduce workplace injuries.
- **Improve Customer Service:** Demonstrate our commitment and responsibility to customers
- **Decrease Operating Costs:** Achieve efficiencies and reduce operating cost
- **Reduce Inventory:** Review and adjust strategic requirements
- **Achieve Audit Readiness:** Actively participate with DLA efforts to demonstrate our commitment to transparency and accountability
- **Optimize Business Processes:** "Improve Process and Productivity"

- **Improve Support to the DS Workforce:** Formalize and coordinate policy and guidance that assists the workforce in performing their jobs.

2. Mission, Vision, and Values

a. Mission: DLA is America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to Warfighters and our other customers.

b. Vision: Warfighter-focused, globally responsive, fiscally responsible supply chain leadership.

c. Values: Our values are DLA's foundation for all we do. They provide our guiding principles as we accomplish our mission, pursue our vision, and strive to do what is right for the Armed Forces and DOD:

- Warfighter need guides us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

3. Supporting DLA Installation Support (DS) Organization Mission and Vision

a. Mission: Provide standard, effective and efficient Enterprise-wide installation support services to all DLA organizations.

b. Vision: Ensure consistent world-class installation support service, enabling DLA to accomplish its mission while enhancing our people's well-being and readiness to accomplish the mission.

DLA Installation Support
Enabling DLA's Primary Level Field Activities and Headquarters Staff to enhance DLA's logistics and service capabilities in support of the warfighter

4. Overview

a. Scope of Business: DLA Installation Support exists to enable the DLA mission of supporting the warfighter. Our goals support DLA's strategy and our customers' operations.

- **Business Units:** DS provides worldwide policy, program, and operational support in the areas of:

- Installation Management
- Occupational Safety & Health
- Environmental Management
- Security and Emergency Services
- Business Management
- Family & Morale, Welfare and Recreation

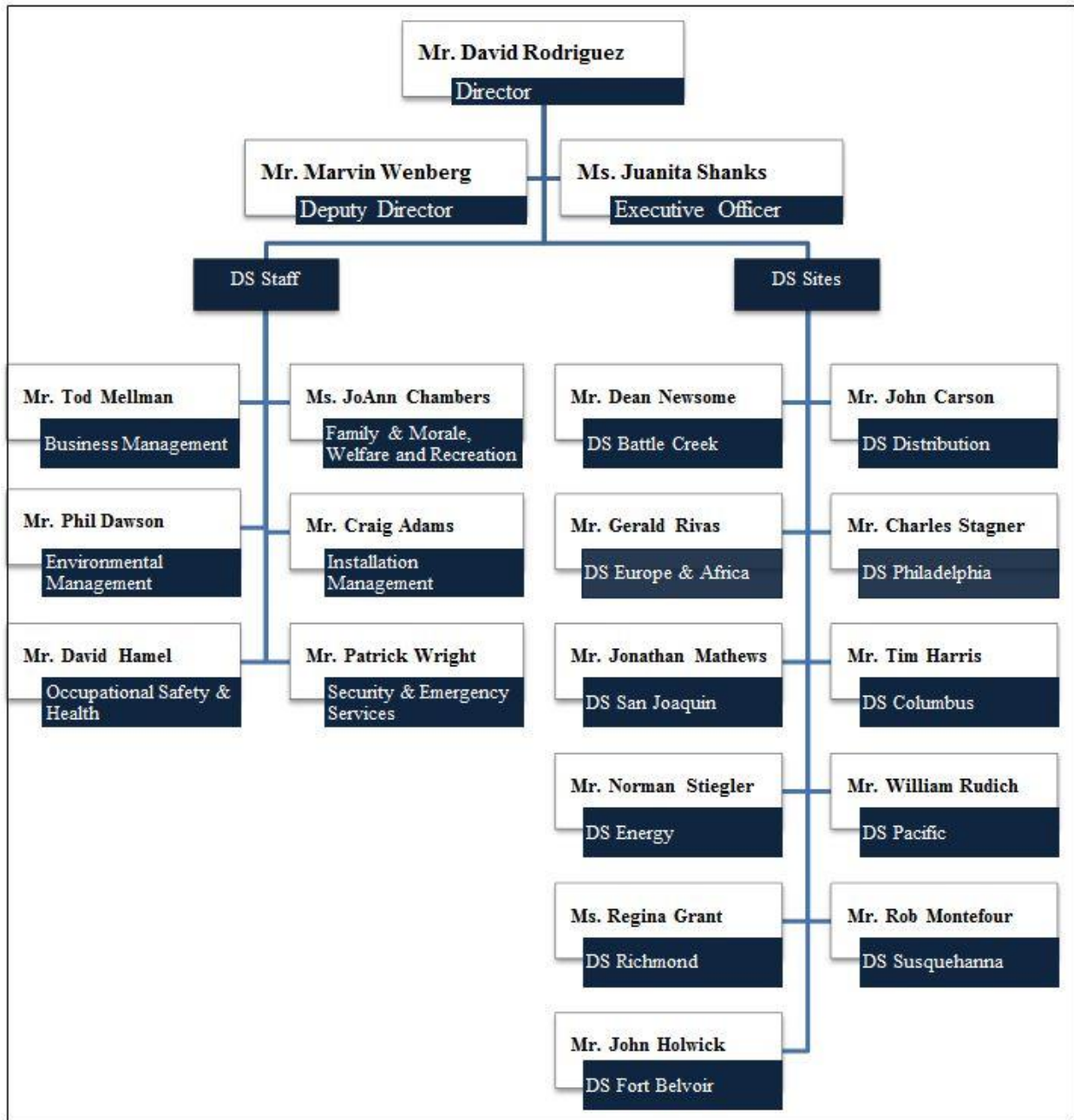
DS provides worldwide operational support to over 33,000 customers to include DLA Headquarters (HQ), Primary Level Field Activities (PLFAs), Warfighters, the Department of Defense (DoD) and Federal / State agencies. Our strategic initiatives contribute to the overall DLA goals to improve service, cultivate and foster a safe environment, achieve significant efficiencies, and realize cost reductions. We are responsible for 1,991 civilian employees geographically dispersed across the United States and overseas consisting of five major stateside host installations, four non-host sites, and two overseas sites. In FY 14, DS provided oversight of the DS budget totaling \$1.012B. This includes both DWCF and Appropriated funds. Successfully obtained congressional approval for \$341 million for the FY14 MILCON program, the largest ever for DLA and have been one of the few DoD components to have obtained subcommittee approvals of all requested FY 15 MILCON projects. Exceeded plans by overseeing the obligation of expiring MILCON appropriations in excess of 99.5 % funds distributed to DLA. In support of the DLA Director's goal to save \$10.3B in materiel and operating cost through FY19, DS was assigned a new target to reduce operating cost by \$11.2M. The cost reduction target was exceeded, reducing our operating costs by \$13.92M. Eliminated \$6.3 million of the Non-Automated Data Processing Capital program; saved \$3.42M per year in energy consumption through the implementation of energy conservation initiatives; reduced police officer overtime by \$1.7M; reduced travel costs by \$1.5M; and saved \$1M by using the Defense Threat Reduction Agency's capability to conduct Anti-Terrorism Vulnerability Assessments.

b. Personnel

| | |
|---|------|
| • Full-Time-Equivalent (FTE) Authorized | 1708 |
| • Non-Appropriated Fund Civilians | 282 |
| • Military | 1 |
| • Total | 1991 |

c. Budget: Achieved a 98% obligation rate for the Defense Working Capital Fund (DWCF) operations budget and successfully managed several Fiscal Year (FY) 2014 Annual Operating Budgets (AOBs) totaling *\$1.01 Billion*. This includes *\$962.3 Million* budget for DWCF, Appropriated, and Non-Appropriated programs, as well as the Defense Continuity and Crisis Management (DS-M) activity's *\$55.5 Million* budget.

5. Organization



6. Key Organizational Goals

DLA Installation Support (DS) strategic initiatives contribute to the overall DLA goals to improve service, cultivate and foster a safe environment, achieve significant efficiencies, and realize cost reductions.

GOAL 1: DLA Installation Support: Improve Safety

We demonstrated our commitment to the Safety of all DLA employees and customers and maximized employee awareness of Safety programs and participation to reduce workplace injuries, as evidenced in the following accomplishments:

Promoted the Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP) throughout the Agency. DLA achieved a Total Case Incident Rate of 1.12 and a Lost Time Case Rate of 0.42 against a goal of 1.54 and 0.51 respectively, in support of the Presidential Protecting Our Workers and Ensuring Reemployment (POWER) Initiative.

Deployed five safety specialists to Afghanistan to provide full time safety support for DLA operations located in Afghanistan. The goal was to improve safety procedures for DLA personnel involved with disposition and demil operations. Their experience provided valuable information that will be used in supporting DLA operations in the future. In support of DLA Support Team Afghanistan (DST-A):

- Developed and established the Afghanistan AOR Occupational Safety and Health (OSH) program. These processes and procedures greatly improved the ability to reduce injuries, illness, or death, and material losses or damage and maintain safe and healthy working conditions.
- Developed an Industrial Hygiene sampling plan for cutting operations to determine the correct respiratory protection for DLA employees; also developed and conducted Noise level exposure model for shredding and deforming operations
- Implemented a respiratory protection program including conducting negative pressure respiratory Fit Testing in accordance with 29 CFR 1910.134 for over 100 joint military/Expeditionary Disposal and Remediation Team (EDRT) members
- Integrated DLA's operations in Afghanistan into DLA's Enterprise Safety Application Management System (ESAMS). ESAMS is a centralized web based safety management tool used to report and monitor mishaps and to schedule and document inspections and hazard reporting.

Integrated DLA's Occupational Safety and Health program into DLA's support of Operation United Assistance and coordinated with various levels of DOD and DLA leadership to ensure DLA's employees were provided protection during deployment and support during redeployment.

“General Public Safety Awareness”

Achieved the highest performance levels by establishing, implementing and maintaining safeguards to protect all DLA personnel, facilities, mission, and resources from terrorism, vandalism, misuse, theft, assault, espionage, sabotage, unauthorized disclosure or loss. In a year of several incidents at military installations--Zero terrorist or major criminal incidents occurred against DLA

Authored several articles for DLA Today and DLA Installation Support Newsletter to educate DLA employees:

- Crime Prevention, Combating Trafficking in Persons (CTIP), criminal threats, mitigation and reporting procedures, emergency procedures and Fire Safety & Prevention.
- Promoted use of DLA iWATCH through articles, exercises, tests, and development of a video script utilized to reinforce mechanisms for reporting suspicious activities across DLA.

Improved the organic Criminal Intelligence (CRIMINT) capability at DLA Headquarters:

- Conducted liaison with numerous law enforcement agencies in Virginia and expanded the agency’s data mining capability by seeking and obtaining access to CRIMINT products published by the military services and other law enforcement agencies.
- Authored over 50 "Weekly CRIMINT Summaries," detailing all criminal/force protection threat information with a DLA nexus.
- Published numerous “Be-On-The-Lookout” (BOLO) advisories for dissemination across DLA, highlighting specific threat information and officer response procedures for dealing with known/suspected felons thought to be in the local vicinities.
- Prepared and presented CRIMINT threat briefings for Installation Threat Working Groups and DLA leaders at DLA Headquarters.

Developed standardized DLA Active Shooter Awareness Cards.

GOAL 2: DLA Installation Support: Improve Customer Service

We demonstrated our commitment and responsibility to all customers by enhancing Quality of Life and providing agile, responsive, and integrated installation support to enable DLA’s Primary Level Field Activities (PLFAs), and Headquarters Staff to enhance DLA’s logistics and service capabilities in support of the Military Services, Combatant Commands (COCOM) and designated Federal and State agencies. This includes leading the Agency’s Military Construction (MILCON) and Sustainment, Restoration, and Modernization (SRM) management and planning efforts.

DS concluded DoD’s Model/pilot of a successful Healthy Base Initiative (HBI) with emphasis on providing an environment to promulgate health and fitness throughout DLA. Some of DLA HBI initiatives included health promotion/fitness councils, child development center expansion,

newly renovated cafeteria and healthier menu selections, health and fitness challenges through sites, and seasonal farmers markets.

- Procured bicycles and support equipment for DLA host site Fitness Centers for patrons electing this form of exercise.
- Implemented Journeyman's fitness program at DLA Fitness Centers to encourage and support fitness needs of new customers.
- Developed Health Promotion/Fitness Councils at DLA Host Sites.
- Implemented the Seasonal Farmers Markets at all locations where DLA is the host.

Coordinated the Agency's National Preparedness Month activities, including participation in the Defense Department's efforts by providing stories and information that was highlighted on the department's preparedness website. Month long activities across the entire Enterprise provided information and training to enhance individual, family, organization, and community preparedness for catastrophic events.

Developed a Fire & Emergency Services (F&ES) collaboration room in eWorkplace for F&ES personnel and leadership to retrieve F&ES data or information efficiently. Involved both IAFF and AFGE union representatives who represent their respective DLA F&ES Departments in Fire Chief Working groups and pre-decisional involvement meetings for the F&ES Fitness & Wellness and Emergency Communication Center policies:

- This allowed union input and knowledge of F&ES policies and issues up front.
- Participation with union representatives, established a good working relationship and a more effective process during the approval of the issuances.

Conducted Real Time Automated Personnel Identification System (RAPIDS) staff assistance visits (SAVs) with DLA RAPIDS sites to ensure DoD compliance:

- DLA San Joaquin RAPIDS site recognized by Defense Manpower Data Center (DMDC) as one of the top 11 RAPIDS sites within DoD, March 2014.
- Developed Common Access Card (CAC) accountability methodology for returning CACs to DMDC for accountability. DMDC applauded method and is considering utilizing across DoD.

Successfully ensured agency conducted 100% required installation full-scale exercises and evaluations including an Active Shooter scenario. DS Security and Emergency Services observed all full scale active shooter exercises and provided positive observations and areas for improvement, which will improve the workforce preparations for an active shooter threat ensuring DLA's mission continues with little disruption.

GOAL 3: DLA Installation Support: Decrease Operating Costs

Achieved a 98% obligation rate for its Defense Working Capital Fund (DWCF) operations budget and successfully managed several Fiscal Year (FY) 2014 Annual Operating Budgets (AOBs) totaling *\$1.01 Billion*. This includes *\$962.3 Million* budget for DWCF, Appropriated,

and Non-Appropriated programs, as well as the Defense Continuity and Crisis Management (DS-M) activity's \$55.5 Million budget.

DS saved over \$1.35 Million in travel costs in FY14 by continuing to improve the DS travel requirements planning, coordination, and review process. For the second year in a row, DS reduced travel expenses by more than 45% from actual FY12 travel expenditures in the effort to meet the Office of Management and Budget's (OMB's) mandated travel reduction objectives.

Successfully completed plans to reduce over \$80.2 Million in DS costs from FY15 through FY20 during the PBR16 process.

Reduced Overtime (OT) costs by over \$1 Million and Compensatory Time (CT) costs by over \$400 Thousand. This was accomplished by continuing to provide oversight for OT/CT caps and tracking actual execution for each DS Site and Staff Office by conducting monthly reviews.

Implemented an enterprise-wide Energy Reduction Campaign that accomplished the following:

- Reduced energy consumption in DLA by 5.6% in FY14 from FY13.
- Increased DLA renewable energy production from 0.1% to nearly 1.0% of DLA's consumed energy (this improvement required significant project execution and efforts).
- Published DLA Retained Savings policy in the 3rd QTR FY14, returning over \$2.4M to DLA Host Site energy program budgets.

Managed the Sustainment, Restoration and Modernization (SRM) to meet execution goals and maintain installation excellence.

- Oversaw execution of the agency's \$630.5M facilities Sustainment Restoration and Modernization (SRM) program; \$598.2M was obligated in FY14 (94.9%).
- Completed the FY16 President Budget exhibits for DLA MILCON valued at \$276 million and comprised of nearly 100 pages of DD Form 1391 exhibits. All the exhibits were completed on time. None of them were rejected by OSD for formatting errors.

Successfully presented via oral testimony, and limited subsequent follow on written responses, on the \$295 million dollar DLA FY15 MILCON President's Budget Submission to the appropriate Congressional Committees.

Optimized FY14 MILCON project selection, as evidenced by 100% program approvals from OSD and Congressional subcommittees, on the largest ever \$341 million program.

Adjusted MILCON project amounts to accommodate program cost growth, while exceeding obligation rates of 99.9% on over \$218 million of expiring FY10 MILCON appropriations.

Supported the DLA Energy/JCS/CoCOM Installation Planning and Review Board (IPBR) efforts to evaluate and prioritize over \$450 million for FY18 and pre-IPRB board for FY19 future MILCON projects.

Successfully completed development of exhibits for a \$1.4 billion MILCON Program Review Collection Process (PRCP) for DLA's MILCON requirements across the future budget years.

Provided Congressional MILCON Notifications on over \$17 million of unspecified minor construction projects or above threshold reprogramming.

Provided 10 USC 2851 reporting to the appropriate MILCON Congressional Committees and OSD on over \$830 million on DLA MILCON projects in active execution.

The DLA Director directed DS to consolidate all DLA warehousing, storage, disposition, and installation support operations located on two separate sites (Tracy and Sharpe, CA) to our main site in Tracy. The consolidation effort was designed to offset declining DOD funds and support his Big Idea goal to decrease the Agency's operating costs by \$10.3B by the end of FY19. This consolidation effort and the transfer of the Sharpe site to the Army saved DLA \$13.3M annually in labor and non-labor costs.

Instituted intensive, quarterly DLA Enterprise facility tracking and validation of Acquisition, Returns and Demolition of buildings and building space

- Infrastructure Reductions: 4th QTR FY13-FY14 returns total 3.5M GSF (65 Buildings/Spaces)
- Infrastructure Demolitions: 4th QTR FY13-FY14 demolitions total 24 Buildings (2.7M GSF)

GOAL 4: Reduce Inventory

Finalized the plan to implement the Defense Property Accountability System (DPAS) as the agency Fleet Management Information System, per direction from OUSD(AT&L).

- Reduced vehicle petroleum usage by 7.1% in FY14 from previous year, exceeding the Federal goal of 2% per year.
- Facilitated establishment of a program to utilize E-ZPass toll payment transponders enterprise-wide and prepared a DTM to standardize the process.
- Developed options to achieve the DLA Director's goal to reduce fleet by 25.5% to 1,085 vehicles by end of CY14; as of 1 Dec 2014, fleet reduced by 81 vehicles, and ordered Low-Speed Vehicles and electric carts to replace another 90 motor vehicles in first quarter CY15. Eliminated 72 vehicles in FY14 (5% of fleet).
- In FY14, 83% of all vehicles acquired were Alternative Fuel Vehicles (AFV), exceeding the 1992 Energy Policy Act requirement that 75% be AFV.

Completed an out-of-cycle reconciliation of DLA Police weapons ensuring 100% accountability. Once results have been validated through DLA Disposition, this action will make future validation inventories more efficient and accurate

GOAL 5: Achieve Audit Readiness

In support of DLA's mandate to be audit ready by 2015, DS reconciled over 90% of all real property assets, during the first ever book-to-book reconciliation effort. Also developed and submitted to the Office of the Secretary of Defense a packet to assert the Agency's host installation real property assets.

- Successfully orchestrated an Independent Public Audit (IPA) to achieve an "Unmodified Opinion," validating the Acquire to Retire (A2R) FY13 Real Property assertion.
- Successfully completed an Independent Public Audit of the Environmental Liabilities Management (ELM) FY 13 Assertion. Leading the way for DLA's ELM program to become a model for DoD's Environmental Audit Readiness Initiative.
- Inventoried 100% of all capital and 92% of general equipment property over last two years, leading the development and submission to the Office of the Secretary of Defense a packet to assert the Agency's host installation General Equipment assets.

Deployed the Defense Biometric Identification System (DBIDS) as DLA's Physical Access Control System (PACS) in March-April 2014 at the DLA Headquarters Complex, Defense Supply Center Columbus, Defense Supply Center Richmond, Defense Distribution Center Susquehanna, and Defense Distribution Center San Joaquin:

- DLA Police have scanned over two million credentials presented for installation access since DBIDS' deployment, and have registered over 4000 alerts for expired, revoked, and lost/stolen credentials.
- DLA is the only DoD Component with 100% PACS deployment at hosted installations, ensuring our workforce is protected from unauthorized entry to DLA installations.

Partnered with J7 and J6 to close out an Office of Inspector General (OIG) Trusted Associate Sponsorship System (TASS) Audit, identified as a top priority by the DLA Director, which resulted in 100% closure of audit recommendations. Efforts ensure only authorized DLA contractors possess DoD CACs.

Successfully conducted 100% required installation full-scale exercises and evaluations including an Active Shooter scenario. DS Security and Emergency Services observed all full-scale active shooter exercises and provided positive observations and areas for improvement, which will improve the workforce preparations for an active shooter threat ensuring DLA's mission continues with little disruption.

Operationalization of the automated Police Records Management System (RMS) and developed a comprehensive RMS policy for inclusion in DLA Manual 4302, Police Manual, governing system use. RMS provides enhanced police incident reporting protocol, report writing format, and notification procedures for offenses reported to DLA Police. The system resulted in

improved standardization across the DLA Police Enterprise and affords HQ Criminal Intelligence personnel the ability to analyze and quantify threat reporting, identify potential trends, and provide actionable threat information to Agency senior leaders and the DLA security apparatus, to include DLA's Office of the Inspector General, Insider Threat Working Group, Mission Assurance Working Group, and Installation Chiefs, Security and Emergency Services (S&ES), for use in identifying and mitigating threats to DLA assets.

Facilitated operationalization of the DLA Enhanced 911 (e911) system, a DLA Director "fast-track" \$1.2 million dollar project. Once fully operational this system will provide a scalable, flexible, and adaptable platform for delivering wired, wireless, and Voice over Internet Protocol (VoIP) emergency calls to Emergency Communication Centers; enabling quick and accurate dispatching of emergency personnel.

Ensured 100% of required Higher Headquarters Antiterrorism Vulnerability Assessments (IAW DoDI 2000.16) at DLA host sites received Joint Staff Integrated Vulnerability Assessments, resulting in cost savings of \$600K.

Conducted Real Time Automated Personnel Identification System (RAPIDS) staff assistance visits (SAVs) with DLA RAPIDS sites to ensure DoD compliance.

- DLA San Joaquin RAPIDS site recognized by Defense Manpower Data Center (DMDC) as one of the top 11 RAPIDS sites within DoD, March 2014.
- Developed Common Access Card (CAC) accountability methodology for returning CACs to DMDC for accountability. DMDC applauded method and is considering utilizing across DoD.

DS supported DLA's Audit Readiness Initiative by providing oversight for DLA Installation Support's (DS) financial standard operating procedures. This involved tracking, reviewing, and normalizing 100 separate financial Standard Operation Procedures (SOP) and consolidating them into 7 SOPs.

DS established the new DS Records Management Program that is essential to supporting DLA's Audit Readiness Initiative and the DS Risk and Controls Program. DS was the first activity in DLA to publish its new Records Management (RM) SOP, and review a records series in the DLA records schedule for Family Morale, Welfare, and Recreation (FMWR) and Non-Appropriated Funds in more than 20 years.

The DS SOP standardizes the records management process for the DS Enterprise.

Goal 6: Optimize Business Processes

Operated DS as a business by developing standard portfolio of missions, services, and performance goals based on statutory requirements. DS published its FY15 Annual Operating Plan (AOP) that directly aligned DS goals and objectives to the DLA Director's Strategic Guidance.

Successfully prepared and submitted DLA's Strategic Sustainability Performance Plan (SSPP), which lays out the sustainability goals and performance expectations for DLA, to OSD (I&E) and to the Council of Environmental Quality.

Developed a DLA Enterprise Real Property Master Planning Framework to provide for DoD compliance and strengthen the justification for future facility investments (MILCON and SRM).

- Coordinated with CNIC for the identification, contracting and demolition of 5 buildings at Mechanicsburg, totaling 600K GSF. To-be demolished in FY15. Contract awarded September 30, 2014.
- Developed and coordinated a plan of action with the Army and DS Susquehanna to right-size Family Housing at New Cumberland/Susquehanna, securing funding for the demolition of 16 units that were under occupied due to size constraints.
- Provided strategic infrastructure planning program management and oversight for SNO and Freeze the Footprint initiatives, ensuring that the DLA infrastructure footprint was consistent with OSD guidance for acquiring or recapitalizing warehouse or administrative facilities.

Replaced the current version of CTIP annual mandatory training with a 15 minute revised refresher training, once employees have successfully completed the mandated initial training, they are authorized to take the revised annual training.

- DLA achieved 97.7% CTIP training completion in Fiscal Year (FY) 2014, a 5.7% increase over FY 2013. DLA also maintained AT Level I completions above 90% all year.

Researched and developed contracts for a validation study of the elliptical machine and police ammunition. Both contracts were awarded. The elliptical contract sets forth the requirement for a validation study of the PRECOR model EFX 556i and Life Fitness model 95X elliptical trainers as an alternative for the 1.5-mile run for the DLA Police Physical Agility Test (PAT) and will yield standards and procedures for its use that are equivalent to the current 1.5 mile run PAT test standards for agency police officers.

Completed support for the DS-FC radio communications replacement project and with assistance from the DS Business office ensured full funding:

- Led to \$1.9M capital minor construction funding being reprogrammed to Columbus non-ADP capital equipment to fund the Columbus radio system.
- Greatly enhanced communication system capacity and prevents major delays in mission critical communications during an emergency which would inhibit the effective response of first responders.

Completed the definition of minimum radio communications requirements for Security and Emergency Services to assist with enterprise standardization of radio communication services, and prepared documents for presentation to J6.

All DLA Child Youth Services programs passed their annual inspections and will receive DoD certification. All Centers are now also Accredited by the National Association for the Education of Young Children.

GOAL 7: Improve Support for the DS Workforce

Created and maintained a work environment that promoted productivity, job satisfaction, respect for self and others, fosters initiative and responsible risk taking, and a culture that values and supports workforce diversity. Formalized policy and guidance that assist the workforce in performing their jobs.

Successfully implemented a workforce development program for the DS Enterprise:

- Improved DS training business practices and process and implementing training standards across the DS workforce.
- Improved mandatory training completion rate from 90% in 1st QTR FY14 to 94% in 4th QTR FY14. Also, training status across DS improved each quarter and now meets or exceeds the DLA Training Goal of 90% or greater for DS Enterprise-Wide Mandatory Training (EWMT)

Increased the number of DS participants in DLA's Executive Development Program (EDP) by 263% by reviewing 100% of submissions for DS employees. Of 22 DS employees recommended in FY14, 19 were selected by the DLA Executive Resource Board. Also, 24 DS EDP packets were submitted for FY15.

DS achieved a 100% enrollment rate for new DS supervisors in the DLA Enterprise Leader Development (ELDP) program by the end of 2nd QTR FY14.

Successfully implemented the new DS Climate Culture Program. This involved coordinating Denison culture training for our DS Culture Champions (March 2014). The DS Culture Champions leveraged training in preparing their Staff and Site workforce for participating in the DLA Climate Culture survey and learned how to link their Staff and Site culture survey results to action plans. These efforts established a forum for employees to identify strengths and weaknesses of their organization, encouraged employee involvement in creating a positive workplace, and improved communications between employees and managers.

Supported J3 as an administrator and stakeholder in the development of agency guidance, deployment, and implementation of a Mass Notification System (AtHoc), which provides an enhanced capability for our Mass Warning Notification Systems; reaching 25,000 DLA individuals at seven main locations.

Additional Accomplishments

- DLA Aviation and DS Richmond selected as the recipient of the Commander's-In-Chief Award for Installation Excellence.

- Completed construction of an addition to the existing (CDC) at Defense Supply Center Richmond. The new addition has the capacity to support the care of an additional 52 children
- DLA Installation Support at Richmond replaced 148 older T8 fluorescent lights in Building 103 with modern light-emitting diode lamps, reducing energy consumption for these fixtures by 53%.
- Seven DS security professionals are among the first in DoD to receive the Physical Security Certification (PSC). This is one of a list of specialized certifications that make up the Security Professional Education Development program.
- DS San Joaquin, CA was recognized with a Site Excellence Award by the Office of the Under Secretary of Defense for Personnel and Readiness for outstanding performance in support of the Defense Enrollment Eligibility Reporting System (DEERS) and Real-time Automated Personnel Identification System (RAPIDS) during the period from October 1, 2012 through September 30, 2013.
- Promoted the CFC campaign and achieved 105.5% of DS HQC goal...\$59,928 versus a goal of 56,824.
- DS Columbus, Richmond and San Joaquin Fire Departments have been recommended for reaccreditation through the Commission on Fire Accreditation International. DLA remains the only DoD Component/Agency that has 100% of their departments accredited.
- Worked with J6 and Auto Desk to enhance the Enterprise Emergency Response System Incident Command Board. The enhancement will provide vital real time data during an emergency incident, efficiently and effectively.
- Reviewed nine military construction projects, with a total value over \$150M, to ensure DoD minimum Antiterrorism Standards and Level of Protection were met to ensure a safe and secure environment for DLA workforce

Defense Logistics Agency

DLA Small Business Programs (DB)

Fiscal Year 2014 Annual Historical Report

1. Overview/Missions

a. DBA: Small Business (SB) Programs, Policy, and Operations

- Principal advisor to the Director on all Small Business matters
- Provide small business advocacy and promote small business utilization to strengthen the competency, capability, and commitment of the industrial base that fulfills DLA's mission as America's Combat Logistics Support Agency
- Maintain liaison with OSD OSBP, SBA, other SB offices within DoD, other Federal agencies, and AbilityOne
- Conduct outreach to the small business community by providing counseling and assistance to firms seeking to do business with DLA
- Provide staff support to the Department of Defense (DoD) member of the Committee for Purchase from People Who Are Blind or Severely Disabled under the Javits-Wagner-O'Day (JWOD) Act (the AbilityOne Program)

b. DBB: Procurement Technical Assistance Program (PTAP)

- The PTAP was established by section 1241 of the DoD Authorization Act for Fiscal Year 1985 (Public Law 98– 525) in an effort to expand the number of businesses capable of participating in government contracts. The statute assigns administration of the program to DLA and authorizes cooperative agreements with states, local governments, nonprofit organizations and other eligible program participants to carry out the program.
- Within DLA, the Office of Small Business Programs (DB) is responsible for implementation and execution of the PTAP:
 - Manage Congressional appropriation
 - Evaluate/Award cooperative agreements from proposals received in response to our recent solicitation
 - Perform oversight of the 98 PTA Centers (PTACs)

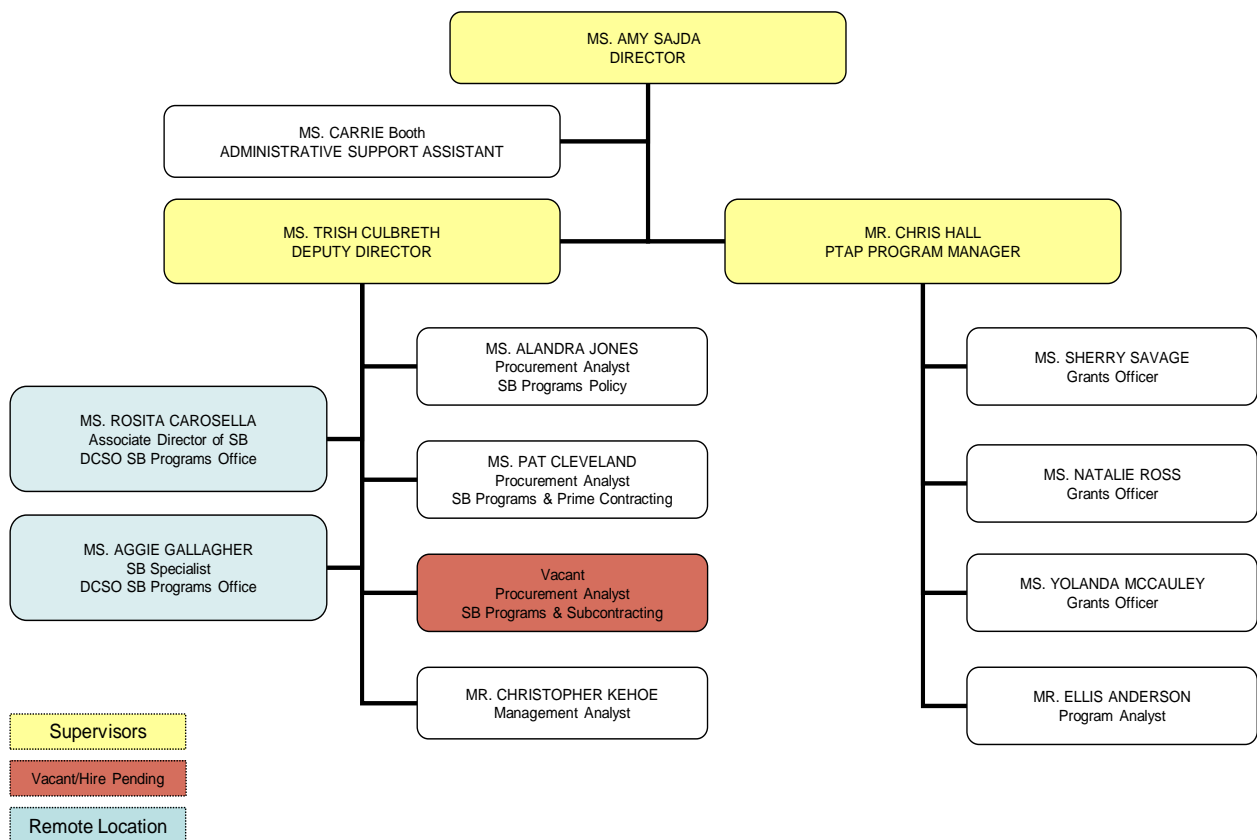
2. People

- Authorized 14 Full Time Equivalents (FTEs) comprised of GS-1102 and GS-0343 personnel.
- DB’s new Administrative Support Assistant, Ms. Carrie Booth, GS-08 came on board October 5, 2014.
- 1 detail – Ms. Trish Culbreth, Deputy Director, is in a Temporary, not-to-exceed one year position. The former Deputy Director, Ms. Christina Young, was accepted into The Eisenhower School for the Fiscal Year 2014/2015 academic year.
- 1 vacancy – GS-13 1102 Procurement Analyst
- 2 FTEs are co-located with Troop Support and primarily service the DLA Contracting Support Office and Strategic Materials small business program needs.
- All FTEs are authorized to telework. 5 FTEs authorized one recurring telework day each week.

3. Organization Chart

SMALL BUSINESS PROGRAMS (DB)

ORGANIZATION



UPDATED 19 Dec 2014

4. Mission Essential Task List – METL (Includes Challenges, Background, Operations)

a. Establish Small Business Goals for FY 2014

The Defense Logistics Agency (DLA) is committed to doing business with U.S. owned small businesses. DLA recognizes the necessity of small businesses remaining viable, valuable resources in our industrial base. Through the dedicated activities of our Primary Level Field Activity (PLFA) Offices of Small Business Programs, DLA continually works towards increasing small business participation in DLA procurements. In FY14, DLA surpassed its OSD assigned small business goal of 32% with 34.2% of eligible DLA contracting dollars awarded to small businesses.

DLA's small business goal is an annual metric assigned by OSD OSBP. It is calculated as a percentage of eligible small business dollars as reflected in the Federal Procurement Data System (FPDS). In FY14, DB monitored achievement of awards in the following categories on an ongoing basis: Small Business (SB), Small Disadvantaged Business (SDB), Women-Owned Small Business (WOSB); Service-Disabled Veteran-Owned Small Business (SDVOSB), and HubZone Small Business. DB assigned small business goals to each PLFA and performance was reported in weekly updates to the Director and in the quarterly Executive Board meetings.

DB is responsible for submission of the annual Small Business Procurement Scorecard to the Director. This document is requested by the Small Business Administration via OSD at the end of each FY. The Scorecard describes DLA's enterprise-wide small business achievements.

b. Develop a Small Business Marketing and Improvement Plan

In FY14, The Small Business Marketing and Improvement Plan was a joint effort between the Office of Small Business Programs (DB) and DLA Acquisition (J7) to improve awareness by all associates of the small business goals established by the Office of the Secretary of Defense (OSD) for FY 2014. The Plan contained enterprise-level initiatives and concrete implementing strategies that addressed how DLA would increase small business participation to achieve annual small business and socio-economic program goals. The Plan stressed the importance of achieving goals by awarding contracts to small businesses, using set-asides as often as possible and changing attitudes regarding use of small business to satisfy requirements. The Plan was developed with the help of the PLFAs to ensure compliance across the enterprise. Progress and performance were monitored and reported on quarterly. The creation of this Plan was a success in FY 2014 and DLA exceed its OSD assigned small business goals.

*Marketing and Improvement Plan will be attached to response

c. Develop and Implement an Internal DLA Small Business Awareness Marketing Campaign

DB is working to improve this element in FY15. In FY14, DB created a Small Business Intranet website that provides useful small business information for acquisition professionals, program

office personnel, and PLFA small business personnel:

<https://hqc.dla.mil/smallbusiness/Pages/default.aspx>. In FY15, we plan to do a better job of creating marketing material to be posted throughout the Enterprise, stressing the importance of achieving SB goals, awarding contracts to small businesses, utilizing set-asides as often as possible. We hope it will be successful in improving attitudes regarding the use of small business to satisfy requirements.

d. The Business Alliance Awards (BAA)

Planned and executed by DB, the Business Alliance Awards (BAA) formally recognizes our outstanding industry partners and customers. Awards are presented to those vendors that demonstrate excellence in superior product quality, on-time delivery, exemplary customer service, reliability, dependability, consistency, and accuracy. Planning the BAAs is a large task. Actions include; request for nominations, evaluation of submissions, award recommendations, notification to awardees and their Congressional representatives, planning the awards ceremony, and facilitating the award presentations by the DLA Director. The BAA Program is designed to also recognize our customer communities, DLA acquisition personnel, and SB professionals. For the FY14 BAAs, the Director personally acknowledged the dedication of DLA SB personnel as well as acquisition and program office personnel who supported small business utilization and helped DLA surpass its FY14 OSDB assigned goal of 32%.

e. Commitment to Small Business Utilization and Goal Achievement

The Defense Logistics Agency (DLA) is committed to doing business with U.S. owned small businesses. DLA recognizes the necessity of small businesses remaining viable, valuable resources in our industrial base. Through the dedicated activities of our Primary Level Field Activity (PLFA) Offices of Small Business Programs, DLA continually works towards increasing small business participation in DLA procurements. DB monitors enterprise-wide small business goal achievement.

DLA's internal SB Standard Operating Procedures require each DLA PLFA to develop an annual SB strategy. The PLFAs develop new or updated strategy each FY addressing principal initiatives for utilizing SBs and meeting SB goals when obtaining DLA goods and services.

In FY14, the DLA Executive Board (DLA's senior leaders) addressed SB goals, targets, strategy, statistics, and achievements at quarterly meetings. The DLA Director of the Office of Small Business Programs (OSBP) provided guidance and clarification to the Executive Board on all SB issues. PLFA "echelon reviews" and Agency bi-weekly SB Friday meetings also provided opportunities for senior level discussion of SB strategy.

Standard DLA SB procedures in FY14 included:

- Daily and weekly tracking and monitoring of SB achievements
- Briefing PLFA and HQ senior leadership at least monthly on progress against goals
- Posting sources sought notices on FedBizOpps (FBO) to identify small business and socio-economic categories for possible set asides

- Reviewing all DD2579's above \$10 K for small business set aside opportunities
- Regularly attending SB outreach conferences and events
- Closely coordinating with the SBA Procurement Center Representatives (PCRs) to ensure SB set-asides
- Aggressively seeking and developing new initiatives such as small business long-term contractual vehicles that enhance real growth opportunities for SBs
- Conducting outreach with an emphasis on Veteran-Owned and Service-Disabled Veteran-Owned Small Businesses

Achievement of the Agency's small business goals is dependent upon the awarding of contracts to small businesses. Although procurement regulations stipulate preference for awards to small businesses, practical experience confirms the reality that not all requirements can be satisfied by small business. Participation on Acquisition Strategy Review Panels (ASRP) and Integrated Acquisition Review Boards (IARB) ensures that small business and socio-economic concerns are considered during the acquisition strategy and planning stages of a procurement.

In FY14, DB participated in the following:

ASRP's:

- Small Format Color copier/Printer Acquisition
- Chemical and Packaged Oil
- Boeing
- MRE Cold Storage

IARB's:

- Somerville
- Hammond
- Lithium Cobalt Oxide
- Sikorsky

* DLA FY14 Small Business goal achievement (preliminary) chart will be attached to response.

f. Outreach to the Small Business Community

DLA maintains an aggressive outreach program providing vital information and assistance to the small business community. DLA small business specialists regularly provide one-on-one counseling and marketing assistance to firms interested in doing business with DLA and provide small firms with information on upcoming DLA opportunities. They facilitate small business capabilities presentations for program offices. The OSBPs support external and host internal small business outreach events. They regularly update and maintain small business websites and outreach materials. They support Agency Industry Days and pre-proposal and pre-solicitation supplier conferences. They also brief government officials on small business issues.

In FY14, DLA OSBPs supported many local outreach events and traveled to specific VOSB national events. Small business specialists attended congressionally sponsored conferences, DOD sponsored events, U.S. Small Business Administration conferences, and conferences sponsored by Governors, PTACs, trade associations, and Chambers of Commerce. The OSBPs supported many external outreach events but also organized DLA events for the small business community such as Industry Days and pre-proposal and pre-solicitation supplier conferences specific to complex or high-dollar acquisitions.

In FY14, the DLA HQ Small Business Office (DB) participated in 38 small business outreach events and 11 speaking engagements.

DLA OSBPs maintain small business websites providing a wealth of educational information helpful to small businesses. For example, DB provides both a detailed “Overview for Vendors” guide and a condensed “Doing Business with DLA” brochure on its HQ website (<http://www.dla.mil/SmallBusiness/Documents/Update%20Overview%20for%20Vendors%20-%20April%20-14.pdf>). The DB website provides links to each of the PLFA websites, a list of DOD large prime contractors with contact information, information about the DLA Internet Bid Board System (DIBBS), upcoming small business outreach events, and much more.

DLA FY14 Small Business Outreach Calendar will be attached to response.

g. The Procurement Technical Assistance Program (PTAP)

The Procurement Technical Assistance Program (PTAP) was established by section 1241 of the DoD Authorization Act for Fiscal Year 1985 (Public Law 98– 525) in an effort to expand the number of businesses capable of participating in government contracts. The statute assigns administration of the program to DLA and authorizes cooperative agreements with states, local governments, nonprofit organizations and other eligible program participants to carry out the program. Within DLA, the Office of Small Business Programs (DB) is responsible for implementation and execution of the PTAP.

A cooperative agreement is a variation of grant and is distinct from a contract in that the principal purpose of grants and cooperative agreements is to carry out a public purpose rather than to acquire property or services for the benefit or use of the Government. Under the PTAP, cooperative agreement recipients establish Procurement Technical Assistance Centers (PTACs) that assist businesses in pursuing and performing under contracts with DoD, other federal agencies, and state and local governments.

h. DB Management of the PTAP for Fiscal Year 2014

Funding for the PTAP, and for DLA’s administration of the program, is provided by an annual Operations and Maintenance appropriation. For FY14, the amount Congress appropriated for the PTAP was \$36.262M, which was more than any prior year. FY2014 was also significant for

PTAP because the National Defense Authorization Act (NDAA) for Fiscal Year 2014 (Public Law 113-66) made statutory changes to the program.

A law in Chapter 142 of Title 10, United States Code, authorizes the PTAP and assigns administration to DLA. Among other things, the statute includes requirements for cooperative agreement recipients to share the cost of the program and sets limits on the amount of funding that DLA is authorized to provide annually. NDAA Section 1611 authorized the PTACs to provide assistance to “covered small businesses” and provides that this special type of assistance is not subject to any cost sharing requirement or funding limitation. NDAA Section 1612 increased annual, federal funding limitations from \$600,000 (statewide PTACs) and \$300,000 (regional PTACs) to \$750,000 and \$450,000, respectively. It also increases the authorized federal cost share for most PTACs from 50% (i.e., a 1:1 ratio) to 65% (i.e., an almost 2:1 ratio). The federal cost share for PTACs serving “distressed areas” remained unchanged at 75% (i.e., 3:1). These amendments had the potential to substantially increase the amount of funding required for the PTAP.

For FY14 DB entered into 98 cooperative agreements for PTAP coverage in Washington, D.C., Puerto Rico, Guam, and, for the first time in many years, all 50 states. Among the 98 PTACs, new or substantially restructured agreements for coverage were created in Indiana, California, Colorado and Kentucky. An agreement with the Minnesota American Indian Chamber of Commerce for assistance to Midwest and East Coast reservations was put in place.

Notwithstanding the increased authorizations provided by the NDAA, the FY14 appropriation funded the PTAP at approximately the same level as in FY13 when the authorizations were lower. Since DB did not have sufficient funding to pay the maximum authorized amount for all PTACs, initial cooperative agreements for FY14 were executed subject to the former, lower levels. The new flexibility provided by the NDAA, (along with some additional funds DLA made available in the fourth quarter) allowed us to modify forty-seven cooperative agreements and expand the program. In total, we obligated \$36.5M for the PTAC’s use in FY2014. As a cost sharing program, \$27M in non-federal funding was also committed.

The terms and conditions of cooperative agreements under the PTAP prescribe recipients’ responsibilities for monitoring performance and reporting to DLA. One of our major undertakings in FY14 was our reassessment of these requirements to improve our ability to measure performance and quantify program results. As part of this work, we used a pilot program to evaluate the changes under consideration and to understand the implications of changes from the recipients’ perspective. Beginning in October 2013, a select group of PTACs voluntarily made changes to their processes to accommodate revised performance reporting requirements. Participating PTACs collected and reported information in compliance with the new requirements throughout the year. The feedback we received from participants in this program will be instrumental in our ability to further improve the new report for long-term, program-wide use.

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Defense Logistics Agency

DLA General Counsel (DG)

Fiscal Year 2014 Annual Historical Report

1. Introduction

The DLA General Counsel (DG) Historical Record (HR) outlines the actions the DG took over the course of Fiscal Year 2014 (FY14) to improve and sustain the effectiveness and efficiencies service to our customers, civilian and military, internal and external to DLA. It also provides the key operating goals, initiatives, metrics, and tools used to regularly monitor our performance to ensure DLA's legal workforce can meet present and future requirements.

The DG FY14 HR is based on the DLA DG Brief from November 2014 as well as the DLA Office of General Counsel (DG) General Order No. 33-09, effective January 15, 2010. The DLA DG office does not complete an Annual Operating Plan (AOP), so does not have a results section that reflects a yearlong plan.

2. Organization Overview

a. Contribution to the Agency's Mission

The Office of the DLA General Counsel is the exclusive provider of legal advice, counsel, and representation for the DLA enterprise. The Headquarters Office of the General Counsel (DG) advises the DLA Director, the Vice Director, J1, J3, J5, J6, J7, J8, J9, DLA Installation Support, and the Special Staff on the full range of matters involving or affecting the Agency. DLA's effectiveness as a Combat Support Agency is tied to how well it awards and administers contracts with the private sector for the products, support services, transportation, storage, hazardous waste disposal, and sale of surplus property and supporting information technology infrastructure that are at the core of DLA's mission. That mission is to provide a joint logistics capability that optimizes warfighter support, and best value integrated logistics solutions for America's Armed Forces and other designated customers, in peace and war. DG provides legal advice, counsel, and representation that primarily relate to these contractual transactions and relationships and to the personnel and other resources required to put contracts in place and enforce them. The legal issues that arise often involve millions of dollars with the private sector parties represented by highly skilled attorneys. The issues and conflicts are frequently the subject of intense media, Congressional, and public interest. Expedient and

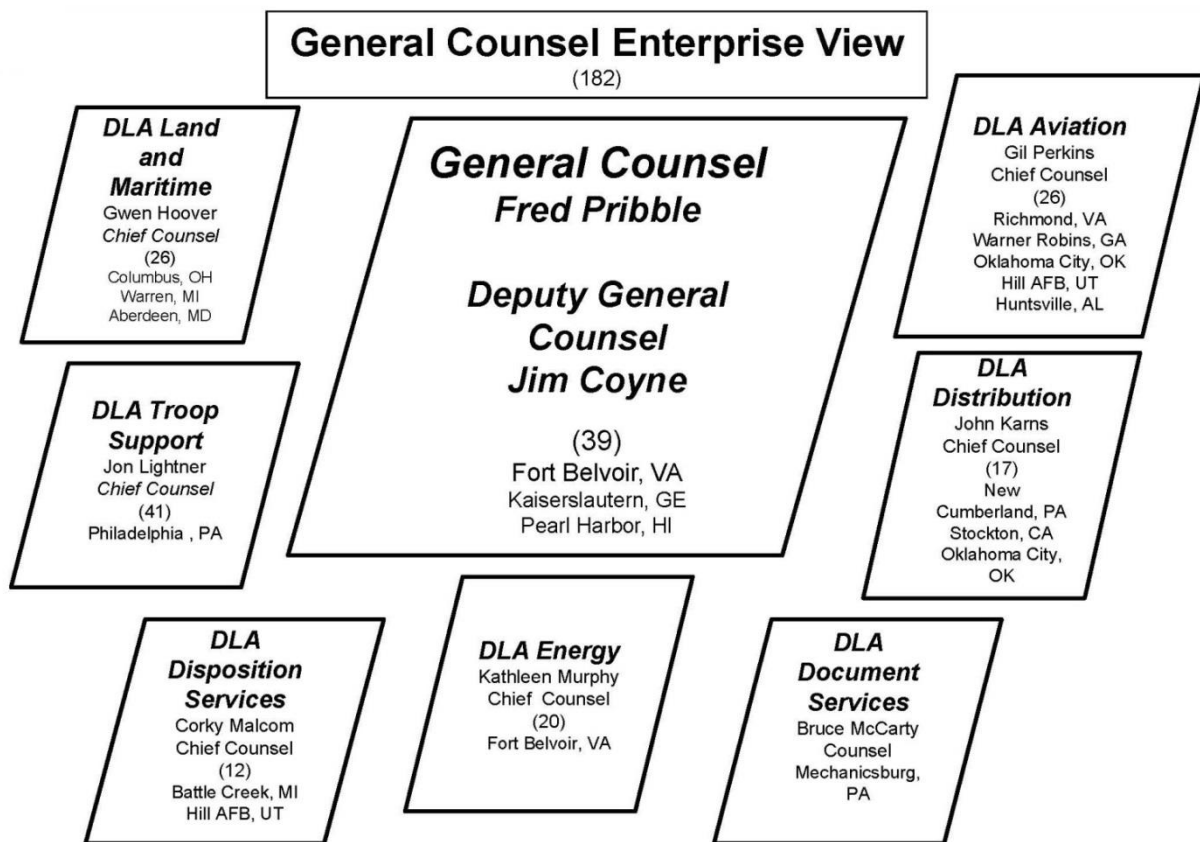
effective resolution of legal issues and challenges has a significant, favorable impact on the Agency’s achievement of strategic goals and on military readiness.

DG provides legal advice, counsel, and representation in support of the civilian personnel management function of DLA to include personnel grievances, Equal Employment Opportunity (EEO) complaints, and labor relations matters. Additionally, DG advises on Uniform Code of Military Justice (UCMJ) matters for military personnel in coordination with the Services.

DG is the proponent of five programs within DLA: the Standards of Conduct Program, the Alternative Disputes Resolution Program, the Litigation Program, the Legislation Program, and the Fraud Program, including Suspension and Debarment responsibilities.

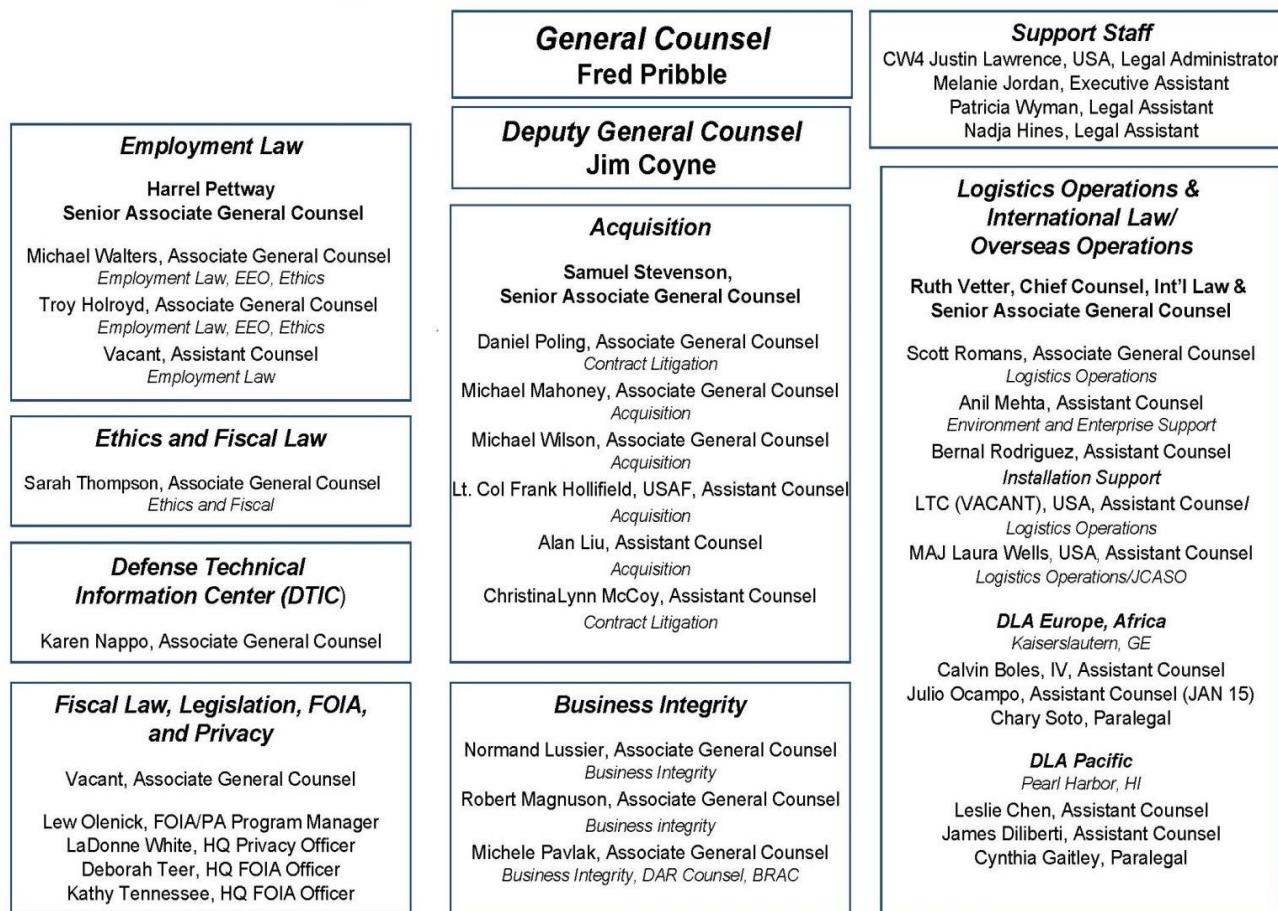
DG also manages the delivery of legal services at the field legal operations.

3. Organization Charts



The above chart provides an overview of the General Counsel throughout the agency, and the number of individuals at each site and in each of the agency’s Primary Level Field Activities

Headquarters GC Organization



The General Counsel Office within the headquarters was made up of the above sections and leaders.

4. Resources. DG's budget in FY 14 was \$7.5 million (labor/non-labor). Please note that this figure represents the budget for the Headquarters office only.

a. Personnel – As of September 2014

(1) People Currently On-Board/Authorized for FY14

| | |
|----------------------|-----------|
| Civilians | 182 / 182 |
| Active Duty Military | 3 / 4 |
| Active Reservists | 4 / 4 |

b. Authorized Civilian Full-Time-Equivalents (FTEs): The General Counsel has 182 FTEs authorized.

(2) People Currently On-Board/Authorized for FY15

| | |
|----------------------|-----------|
| Civilians | 182 / 182 |
| Active Duty Military | 3 / 4 |
| Active Reservists | 4 / 4 |

c. Travel: The General Counsel scrutinizes all travel for trip location and purpose, approves only travel that supports the mission, and ensures that travel costs are minimized to include using video-conferencing facilities and reducing the number of personnel traveling per trip.

d. Standard Metrics for Tracking FTEs, Training, and Travel are as follows:

- Green – variances less than or equal to 2% from target;
- Yellow – variances greater than 2% but less than or equal to 5% from target;
- Red – variances greater than 5% from target

DG (Headquarters) spent \$92,326 on travel in FY 14.

5. DLA General Counsel Functions

- Participate in planning and implementation of DLA objectives, programs, policies, and procedures ensuring compliance with laws and regulations. Offer alternative strategies for accomplishment of goals when legal impediments are encountered. Anticipate and resolve potential legal issues at the earliest stage of program development or execution. Participate as legal advisor at executive level meetings and conferences.
- Assist in formulation of acquisition policy and procedures. Analyze DLA mission impact of new acquisition statutes, regulations, and policies. Serve as DLA Legal Member of the Defense Acquisition Regulation Council.
- Assist in the preparation and review of solicitation and contract documents in connection with major acquisitions. Serve on source selection panels. Participate in the negotiation of contracts.
- Provide authoritative legal opinions, oral and written, on a broad range of complex issues and problems requiring knowledge and experience in diverse legal practice areas, both acquisition and non-acquisition related. Maintain proficiency in the numerous areas of practice required to provide DLA clients exemplary legal support. Areas of specialization include:
 - a. Acquisition
 - b. Contracts
 - c. Criminal Law
 - d. Equal Employment Opportunity (EEO)
 - e. Environment
 - f. Ethics, Personnel, and Labor Relations
 - g. Fiscal Law

-
- h. Information Technology
 - i. Installations
 - j. Intellectual Property
 - k. International Agreements
 - l. Military Justice
 - m. Military Operations
 - n. Property Disposal
 - o. Release of Information
 - p. Standards of Conduct
- Assist in resolution of claims and disputes. Minimize potential program impact, operational delays, and adverse Department of Defense (DoD), media, or other attention. Engage in creative and effective interest-based negotiation and alternative dispute resolution, eliminating avoidable litigation expense and delay.
 - Represent or arrange representation in administrative and court proceedings. Gather evidence, obtain witnesses, develop legal positions and arguments, and prepare pleadings, motions, and other filings. Provide litigation reports and other support to the U.S. Department of Justice. Forum in which representation is provided include:
 - a. Armed Services Board of Contract Appeals
 - b. Equal Employment Opportunity Commission
 - c. Federal Courts
 - d. Government Accountability Office
 - e. Federal Labor Relations Authority
 - f. Merit Systems Protection Board
 - g. Environmental Appeals Boards
 - Exercise DLA suspension and debarment authority, determining whether to exclude particular contractors from eligibility to receive government contracts.
 - Manage Legal Programs:
 - a. Alternative Dispute Resolution Program. Promote and engage in faster and more cost effective alternatives to administrative and judicial litigation to resolve disputes and claims. Maintain a cadre of attorneys who are trained as neutral third parties to help resolve procurement, contract, employment, labor relations, environment, and other disputes.
 - b. Standards of Conduct and Employee Ethics Program. Serve as Designated Agency Ethics Official. Implements ethics program requirements specified in federal statutes and regulations and in Office of Government Ethics and DoD program directives. Provide mandatory ethics training for employees. Determine employees required to file financial disclosure statements and collect and review financial disclosure statements for legal sufficiency and potential conflicts of
-

interests. Advise on employee disqualification statements, divestitures, and post-employment restrictions. Make annual ethics program compliance reports to the Office of the Secretary of Defense and Office of Government Ethics.

c. Fraud Remedies Program. Examine allegations or indications of contract fraud, violations of antitrust laws, or other improper conduct by contractors and offerors. Refer matters that merit investigation to the appropriate investigative agency. Monitor and report on DLA-wide efforts to prevent, detect, deter, and remedy procurement fraud and related irregularities. Coordinate administrative, civil, and criminal remedies.

d. Litigation Program. Provide Headquarters oversight over all types of DLA litigation, whether in the federal courts or the administrative forums that handle contract disputes, bid protests, and personnel disputes. Actively engage to ensure that the interests of the Agency are fully and adequately represented.

e. Legislation Program. Provide comments to the Office of the Secretary of Defense Office of Legislative Counsel on legislative proposals advanced by DOD, its components, and other Federal departments and agencies. Drafting, proposing, and advocating legislative changes that enhance DLA mission accomplishment. Drafting congressional testimony for DLA officials. Analyze the legal impact of proposed and new legislation.

f. Exercise professional management and control over field legal organizations. Monitor timeliness, effectiveness, and efficiency of services provided, ensuring competent legal support is available throughout DLA. For legal opinions, monitor consistency, quality, and conformity with the law and DLA policy. Recruit, select, promote, and discipline attorneys. Set appropriate performance standards. Provide attorney training.

g. Provide legal support for contingency operations. Foster and train an appropriate number of Agency attorneys specializing in disaster-preparedness and overseas contingency operations law. Specialists may be called upon to provide around-the-clock legal advice and assistance related to planned and unplanned DLA domestic and overseas logistics support operations.

h. Provide legal advice and representation with respect to such matters as local law, customs, international agreements, and federal employee and contractor rights in areas where humanitarian or military operations are taking place.

6. FOIA/Privacy Act Division Functions

a. Mission: Develop policy, provide program oversight, and serve as the DLA focal point for DLA Privacy/FOIA matters. DLA-DGA is responsible for the following functions.

- Provide day-to-day policy guidance and assistance to HQ DLA and DLA Field

Activities in their implementation and execution of the DLA Privacy/FOIA Programs.

- Promote public trust by making information available to the public upon request, unless specifically exempted or excluded from disclosure by law.
- Assess and provide guidance on proposed and existing DLA policies, procedures, or regulations which potentially affect the personal privacy of individuals or their access rights to DLA records.
- Review, coordinate, and submit for publication in the Federal Register Privacy Act systems of records and Privacy Act/FOIA rulemakings.
- Provide statutorily and regulatory required reports.
- Provide privacy knowledge and support for the DLA Information Assurance Certification and Accreditation process to ensure Privacy Act compliance in DLA Information Systems.
- Review, evaluate, and develop policy for new technologies with the potential to affect personal privacy prior to its introduction at DLA.
- Make DLA records available to the public through a reading room.
- Provide customer oriented FOIA service centers.
- Represent the DLA on the Defense Privacy Board, and serve as the FOIA Liaison Officer, established by Executive Order 13392, to the Defense Freedom of Information Program Office.

7. DLA General Counsel Mission Highlights

a. Acquisitions Significant Actions

- Supported urgent procurements for Operation United Assistance (OUA). DLA has been working closely with U.S. Africa Command and was among the first group to arrive in Africa to identify sources of supply and establish logistics operations. With this added mission, came new and complex legal challenges. We quickly stood up a team of attorneys from each of the PLFA to work these issues and regularly coordinate on legal support provided to OUA. Legal support varied from acquisition support, disposal, and personnel issues associated with deploying and redeploying employees into and out of Ebola Outbreak Areas. Provided legal counsel on multiple procurements for military service support, including fuel, parts, medical, subsistence, uniforms, and other supplies.

- Long term contracts with major OEMs such as Boeing, GE, and Honeywell valued at over \$18 billion.
- - Multiple contracts for the Pharmaceutical Prime Vendor program, valued at over \$26 billion.

8. Procurement Integrity: DLA & Service Suspension and Debarment Statistics:

| | FY14 | FY13 | FY12 |
|-----------|------|------|------|
| DLA | 289 | 375 | 399 |
| Army | 802 | 645 | 665 |
| Navy | 615 | 437 | 344 |
| Air Force | 424 | 432 | 750 |

- a. Inter-Agency Suspension and Debarment Committee and DoD Procurement Fraud Working Group membership
- Excellent Cooperation among Federal Agency and Military Department Suspension and Debarment Officials
 - Agency law enforcement support provided by DoD IG – Defense Criminal Investigative Service

9. DLA Litigation Program

- a. **Description:** DLA field counsel serves as lead counsel in most cases with HQ oversight. *Snapshot of Caseload*

| | Cases Pending 30 Sep 2013 | New Cases FY 2014 | Resolved FY 2014 | Cases Pending 30 Sept 2014 |
|--------------|------------------------------|----------------------|---------------------|-------------------------------|
| Court Cases | 16 | 9 | 11 | 14 |
| GAO Protests | 8 | 164 | 149 | 23 |
| ASBCA | 29 | 62 | 17 | 74 |
| MSPB | 1993* | 58 | 101 | 1950* |
| EEO | 146 | 68 | 89 | 125 |

*1,804 are furlough appeals at the MSPB

Defense Logistics Agency

DLA Inspector General (IG)

Fiscal Year 2014 Annual Historical Report

1. Mission, Vision, and Values

a. Mission: DLA is America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to Warfighters and our other customers.

b. Vision: Warfighter-focused, globally responsive, fiscally responsible supply chain leadership.

c. Values: Our values are DLA's foundation for all we do. They provide our guiding principles as we accomplish our mission, pursue our vision, and strive to do what is right for the Armed Forces and DoD:

- Warfighter need guides us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

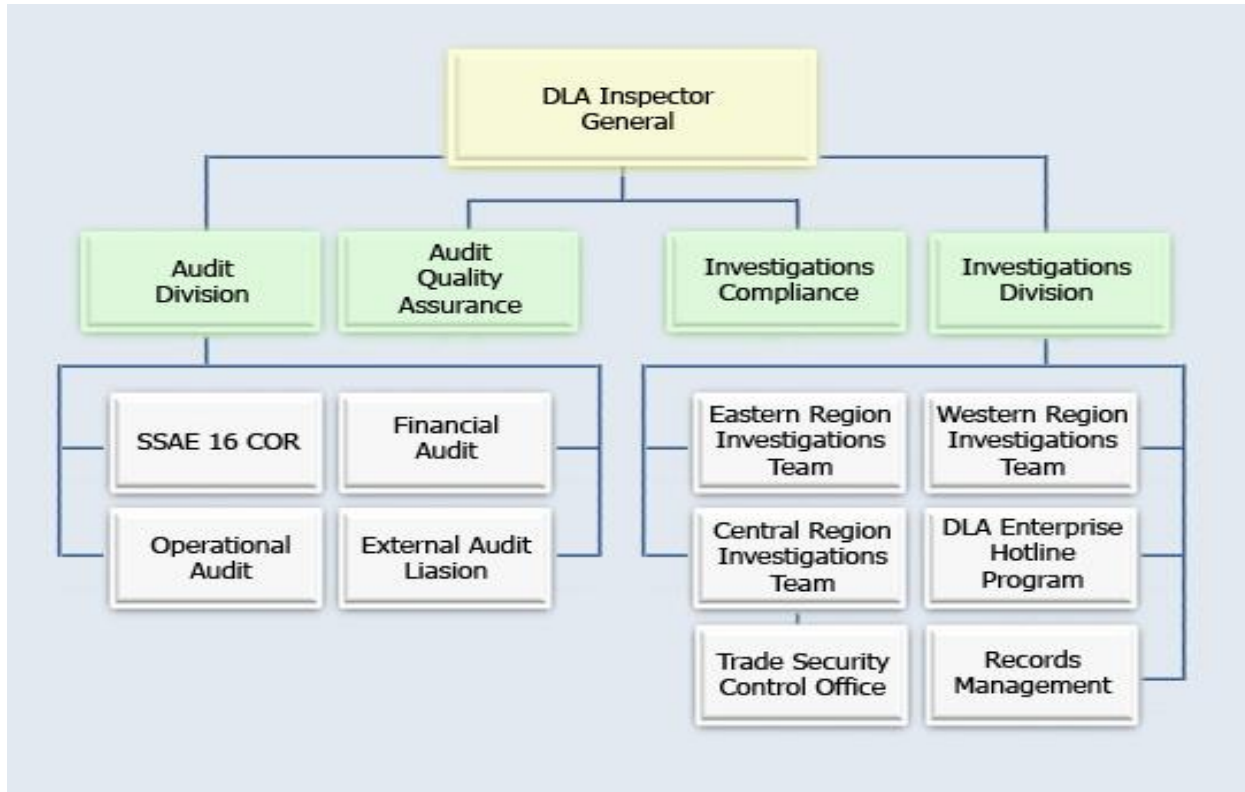
The DLA Office of the Inspector General's (OIG) role in DLA's mission is to assist management in making informed decisions to use resources effectively and efficiently, by:

- Providing impartial and unbiased findings and recommendations
- Facilitating a crime-free work environment for DLA employees and contractors,
- Identifying and mitigating crime conducive conditions and risk

DLA's auditors focus on high risk areas and investigators conduct more than criminal investigations in support of the DLA Director's priorities to decrease direct material costs, decrease operating costs, reduce inventory, improve customer service, and achieve audit readiness. Auditors and investigators routinely work together as a team using their complimentary skill sets to find facts and develop recommended solutions to complex issues for management.

2. Organizational Structure, People, Budget, and Customers

a. Organizational Structure:



b. People:

- In FY14, we had a change of Inspector General (IG). COL Allen W. Kiefer who was our IG retired and we welcomed Mr. Marshall W. Evers as our new IG. With a new IG at the helm we have been looking internally to see what changes can be made to better support the DLA Director and our customers.
 - FTE Authorized/Actual 94/76
 - Military Authorized/Actual 1/1
 - 18 vacancies include 4 investigators and 14 auditors.
 - OIG personnel are located at each of the PLFA sites and include Headquarters, Richmond, Philadelphia, New Cumberland, Columbus, Battle Creek and Kaiserslautern, FRG. Additional Special Agents are located in Hawaii, Tracy, Corona, Jacksonville, Texarkana, Denver, Dallas, Seattle, and Oklahoma City.
 - 100% of FTEs telework on a recurring basis.

c. Customers:

- Warfighters and the Armed Services
- The American People (Taxpayers)
- The Director/Vice Director
- PLFA Commanders
- The J-Code and D-Staff Principals

3. Functional Areas and Services Provided**a. Audit Division**

The DLA OIG Audit Division (AD) is the command assurance activity that performs independent internal audits, attestations, and advisory services in accordance with Generally Accepted Government Auditing Standards (GAGAS) and Department of Defense Inspector General (DOD IG) requirements to assist DLA leadership in improving efficiency, accountability, and program effectiveness, for both DLA and its customers.

The audits performed by DLA OIG AD fall under the category of performance audits as described below. OIG AD does not perform financial statement audits which provide reasonable assurance through an opinion (or disclaim an opinion) about whether an entity's financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles (GAAP). The authority for the conduct of financial statement audits is reserved by DODIG. DLA OIG can engage in audits of financial processes or for specified elements, accounts, or items in support of a financial statement. These financial audits (vice financial statement audits) report on internal control, compliance with laws and regulations, and provisions of contracts and grant agreements as they relate to financial transactions, systems, and processes.

Operational Audits - Operational audits are defined as performance engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Operational audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Operational audits include DLA worldwide logistics and acquisition operations, to include but not limited to distribution, disposition, supply chain management, and overall DLA enterprise support.

Quality Assurance - Quality Assurance conducts ongoing or periodic assessments of work completed on audits and attestation engagements to provide DLA OIG reasonable assurance that the audit organization and its personnel comply with professional standards. The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of (1) adherence to professional standards and regulatory requirements, (2) whether the quality

control system has been appropriately designed, and (3) whether quality control policies and procedures are operating effectively and complied with in practice.

External Audit Liaison - External Audit Liaison provides coordination and oversight of all external audits performed at DLA by external audit and inspection agencies. This includes the introduction of external audit teams to senior management to ensure appropriate resources are provided to the team, coordination of requirements and requests, reporting, tracking and closure of all findings and recommendations.

COR/IPA Oversight - DLA OIGs primary responsibility is to provide oversight of Independent Public Accountant (IPA) firms during their performance of audit or attestation work related to the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Attestation Engagements Number 16 (SSAE 16) and the examinations of the audit readiness management assertions in accordance to the OUSD (C) Financial Improvement and Audit Readiness (FIAR) guidance. DLA OIG auditors will monitor IPA attestation work as Contracting Officer Representatives (CORs), working closely with the Contracting Officer to ensure that DLA receives high quality examination reports and compliance with Generally Accepted Government Auditing Standards (GAGAS). The DLA OIG COR oversight is performed in accordance with U.S. Government Accountability Office, the President's Council on Integrity and Efficiency Financial Audit Manual, Volume 2, Section 650, and the Council of the Inspector General on Integrity and Efficiency (CIGIE) Appendix F.

Audit Follow-Up – The audit follow-up process provides DLA Senior Leadership with a reasonable assurance that corrective actions from previously reported findings and recommendations are being implemented and that identified deficiencies have been corrected in a timely manner. It is a shared responsibility between DLA OIG auditors and DLA management on tracking recommendations and monitoring the implementation of corrective actions to reduce DLA's risk of mission failure, increased costs, and vulnerabilities to fraud, waste, abuse and mismanagement of government resources.

b. Investigations Division

The Investigations Division (ID) performs investigations of matters of interest to the DLA Director, DLA Senior Leadership, and DLA Office of the General Counsel. In addition, Investigations Division assists Defense Criminal Investigative Organizations (DCIO) such as the Defense Criminal Investigative Service (DCIS), Naval Criminal Investigative Service (NCIS), Air Force Office of Special Investigations (AFOSI), United States Army Criminal Investigations Division Command (USACIDC) and other federal, state and local law enforcement agencies in their investigations where DLA is a party of interest. DLA OIG ID conducts investigations where DLA has an interest and when DCIOs or other investigative agencies decline to do so. Our criminal investigators are regionally organized (Eastern, Central, and Western) in order to effectively cover the globe.

Investigations – The Investigations Division provides the full range of investigative services and support throughout the Enterprise. Special Agents and Investigators assigned to ID receive complaints of crime and misconduct directly from victims, the DLA Enterprise Hotline program,

Commanders and Directors of PLFA, J and D Staff, and from outside agencies such as DCIS and the DODIG. Investigations are initiated, investigative plans are submitted and approved, and coordination is maintained with General Counsel and Human Resources throughout the life of the investigation. If credible information to believe a felony crime has been committed is developed, the appropriate Defense Criminal Investigative Organization, Federal Law Enforcement Agency, or State or Local Law Enforcement Agency is notified and the complaint is offered to them as a matter pertaining to their primary area of jurisdiction. If they decline, we continue the investigation and report the results. OIG ID's mission is to seek diligently to discover the truth, deterred neither by fear nor prejudice; identifying crime conducive conditions that increase supply chain vulnerability interfere with supporting the warfighter and recommending solutions reduce or eliminate the vulnerabilities; in identifying and eliminating fraud, waste, and abuse; and in assisting in the protection of DLA installations, activities, personnel, supplies, and equipment.

Hotline - The DLA Enterprise Hotline Program is intended to provide DLA personnel with an alternative communication to other processes in reporting suspected fraud, waste, abuse or mismanagement without fear of reprisal. DLA Hotlines are received through a web portal, email, phone or fax. The Hotline Program is intended to provide leadership with the clear coordination lines necessary for proper receipt and evaluation of allegations and that appropriate actions are taken as a result of any inquiries regarding those allegations. The DLA Hotline Program Manager acts as the liaison with the Defense Hotline Program.

Trade Security Control - Our Trade Security Control (TSC) Office prevents illegal acquisition or other unauthorized transfers of defense and dual-use technology goods, services and munitions by or to individuals, entities and / or countries whose interests are adverse to the United States. TSC helps prevent those technologies, goods, services and munitions from being exported directly or indirectly into unauthorized areas designated by the Secretary of State, the Secretary of Commerce, or the Director of Foreign Assets Control. ID Special Agents conduct investigations and ensure the enforcement of TSC, which identify and prevent the illegal transfer of Munitions List and Commerce Control List items for countries unfriendly to the United States. These activities include performing clearance checks on bidders prior to delivery of property and performing Post-Sale Investigations (PSI) and monitoring of property after delivery. ID conducts related criminal investigations pertaining to the worldwide sales of surplus property by DLA Disposition Services.

Compliance - The Investigations Compliance Officer serves as an advisor to the IG and Deputy IG for Investigations on matters pertaining to day-to-day operations within the Investigations Division, DLA OIG. The Compliance Officer is responsible for conducting independent quality assurance evaluations, reviews, and oversight activity of ID operations.

Crime Vulnerability Assessments (CVA) – CVAs are proactive examinations of activities, systems, environments, or processes toward identifying vulnerabilities to criminal activities before a crime or additional crimes.

Freedom of Information Act (FOIA) – DLA OIG is required to maintain and process all requests for records that by statute and regulation include all recorded information, regardless of

medium or format, made or received by DLA OIG under Federal law in connection with the transaction of public business, and is either preserved or appropriate for preservation because of their administrative, legal, fiscal, or informational value. DLA OIG ID maintains the central records repository for reports of general and criminal incidents investigated by DLA OIG. This repository is the source of documentation processed through the FOIA.

4. Summary of Accomplishments

a. Audit Division

During FY14 the DLA OIG, Audit Division, issued 11 significant audit reports as well as one rescission letter for a previous audit report. The 11 audit reports and one rescission letter issued this year are:

- Law Enforcement Support Office (LESO) Program Oversight, issued November 21, 2013
- Implementation of Prior Contract Oversight Audit Recommendations, December 2, 2013
- Maintenance, Repair, Operations Program, issued December 4, 2013
- Sustainment, Restoration, and Modernization Program – Europe, issued December 5, 2013.
- Supply Discrepancy Reports - Vendor Follow-Up and Resolution, issued February 7, 2014
- Government Purchase Card Follow-Up, March 5, 2014
- Rescission Letter for Real Property Additions, Disposals, and Construction-in-Progress, issued March 24, 2014
- DLA Information Operations Management Assertion for the Defense Automatic Addressing System (DAAS), issued April 15, 2014
- Follow-Up Nuclear Weapons Related Material and Small Arms, issued April 17, 2014
- Common Access Cards (CACs) Issued to Contractors at DLA HQ, issued April 28, 2014
- DLA Disposition Service Receipt of Generator Certifications, issued May 21, 2014
- Retrieval and Deactivation of Civilian Common Access Cards (CACs) at DLA HQ, issued September 30, 2014

Crosswalk of Audit Reports to DLA 2014 Focus Areas

| | Decrease Direct Material Costs | Decrease Operating Costs | Improve Customer Service | Support Achieve Audit Readiness | Improve Workforce |
|--|--------------------------------|--------------------------|--------------------------|---------------------------------|-------------------|
| LESO Program Oversight | | X | X | | |
| Implementation of Prior Contract Oversight Audit Recommendations | | X | X | | |
| Maintenance, Repair, Operations Program | | X | X | | |
| Sustainment, Restoration, and Modernization Program | | X | X | | |
| Supply Discrepancy Reports | X | X | | | |
| Government Purchase Card | | | X | | |
| Rescission Letter for Real Property | | | | X | |
| Management Assertion for DAAS | | | | X | |
| NWRM and Small Arms | X | X | | | |
| CACs Issued to Contractors | | X | | | X |
| Generator Certifications | | X | X | | |
| Retrieval and Deactivation of CACs | | X | | | X |

Decrease Direct Material Costs

Supply Discrepancy Reports

The primary objective of this audit was to determine if DLA had an effective process in place to follow-up and resolve suspension of new material reported in Z9 supply discrepancy reports (SDR). Specifically, the audit sought to determine if policies and procedures were in place to ensure that DLA received appropriate credit, refund, or replacement shipments for material suspended from issue and prevented the suspension of new material on future deliverables.

We determined that the process in place to follow-up and resolve the suspension of new material was not effective. This occurred because DLA policies for processing Z9 SDRs are stove-piped by functional specialty, thereby making it difficult for the functional specialists to understand each other's responsibilities in the Z9 SDR process. We also found that the functional specialists responsible for processing Z9 SDRs at the supply centers were not following the job aids in place. Although the job aids require modifications to clarify the specific responsibilities of each functional specialty, many of the issues found during our audit could have been avoided had the guidance been properly followed. As a result, there is no assurance that DLA received appropriate credit, refunds, and replacement shipments or prevented the recurrence of suspension on new material.

We also determined that DLA Distribution depots did not consistently follow the disposition instructions provided by the supply centers when returning discrepant material to vendors. This occurred because the information provided to transportation personnel was limited by Distribution Standard System (DSS). Specifically, transportation personnel did not receive the disposition instructions provided by the supply centers. As a result DLA paid shipping costs to return discrepant material that should have been returned at vendor expense.

NWRM and Small Arms

The objectives of this audit were to determine whether corrective actions: (1) related to previous audit findings identified within Nuclear Weapons Related Material (NWRM) and small arms receiving, shipping, and physical security have been implemented; and (2) taken have adequately addressed the risks associated with receiving, shipping, and physical security of NWRM and small arms. We reviewed three NWRM and two small arms reports and followed up on the recommendations related to receiving, shipping, or physical security.

We concluded that DLA Distribution took corrective actions related to the 13 NWRM and the 34 small arms recommendations related to receiving, shipping, and physical security have been implemented. Because the corrective actions adequately addressed the risks associated with receiving, shipping, and physical security of NWRM and small arms, we have closed all 13 NWRM recommendations and 34 small arms recommendations.

Decrease Operating Costs

LESO Program Oversight

The objective of our audit was to determine whether the Law Enforcement Support Office (LESO) program effectively ensures state compliance with the terms of the Memorandum of Agreement (MOA).

We determined LESO was generally effective in ensuring state compliance with the terms of the MOA. LESO tested for state compliance with the terms of the MOA by conducting annual inventory certifications and Program Compliance Reviews (PCRs). However, LESO did not consider all state MOA requirements when determining PCR compliance ratings and suspending states. This occurred because LESO only considered specific state MOA requirements or key controls to assign state PCR compliance ratings rather than considering all of the MOA requirements. As a result, LESO provided Minnesota with a compliant PCR assessment when the state did not meet the MOA requirement to obtain LESO approval before transferring weapons.

Implementation of Prior Contract Oversight Audit Recommendations

Our audit objectives were to determine whether the DLA Distribution and DLA Land and Maritime: (1) implemented recommended corrective actions related to the prior audit of DLA Distribution Contract Oversight (DAO 09-20, dated October 21, 2010), and (2) corrective actions taken adequately address the risks associated with contract award and oversight of depot operations. This audit report included 11 recommendations that addressed needed improvements in pre-award, continuing government activity, acceptable performance levels, and contract administration.

DLA Distribution and DLA Land and Maritime acquisition operations personnel implemented or satisfactorily resolved 9 of the 11 recommendations previously reported. During the current audit, we verified the status of the previously reported nine recommendations to ensure they were implemented or satisfactorily resolved and closed. However, DLA Distribution did not fully correct or implement previously reported conditions for two recommendations. Specifically, DLA Distribution Contract Quality Assurance Program Office personnel did not always ensure the Quality Management System Integration Tool properly reflected changes to the current performance work statement for depot contracts or ensure the contract quality handbook was updated with changes to policy. These conditions occurred because the Contract Quality Assurance Program Office personnel did not effectively implement controls to address previously reported weaknesses. If a policy and procedure does not accurately set forth a process, then employees may perform the process incorrectly or fail to perform required procedures. Oversight and surveillance is an ongoing process to ensure that DLA Distribution contractors are providing supplies or services on time and in conformance with quality, timeliness and contractual requirements.

Maintenance, Repair, Operations Program

Our objective was to determine whether it was feasible for DLA Troop Support Construction and Equipment (C&E) to obtain customer receipting information for non-CENTCOM (U.S. Central Command) Maintenance, Repair, and Operations (MRO) orders from the U.S. Air Force's (USAF) system. Specifically, we determined whether: (1) the USAF receipting information could be used to receipt orders in DoD Electronic-Mall (EMALL); and (2) the receipting information entered into EMALL could flow transparently into Enterprise Business System (EBS).

We determined that it was feasible to obtain customer receipting information for non-CENTCOM MRO orders from the USAF's CEMAS system and transfer customer goods receipts into DLA systems. DLA Troop Support did not realize it was possible to transfer goods receipt data into DLA systems because they previously tried to obtain the information directly from the USAF without going through DLA Transaction Services. Since the information was not being obtained directly from the customers, DLA Troop Support was exploring paying a contractor to obtain this information.

Additionally, we found that USAF receipting information was not used to document receipt of the material in EMALL, nor did that information flow transparently into EBS. This occurred because customers are not typically entering receipt information into EMALL, rather customers are relying on DLA personnel to post receipt information for them. As a result, when information is transferred from EMALL into EBS the original customer receipt information is lost and it appears that DLA personnel were approving and accepting the order, resulting in an inadequate audit trail.

Sustainment, Restoration, and Modernization Program

The objective of this audit was to determine if Sustainment, Restoration, and Modernization (SRM) program funds in Europe were used in accordance with applicable laws and regulations.

We concluded that DLA Energy did not always use SRM funds in Europe in accordance with applicable laws and regulations. This occurred because DLA Energy had not: (1) designed, implemented, or consistently executed key internal controls in the SRM process. Specifically we found that DLA Energy had not: created management review and approvals, recorded all existing installation-level projects in the SRM-E database, and individual SRM disbursements were not identifiable in the DFAS disbursement system, and (2) retained adequate project documentation and provided project oversight, instead they relied on execution agents or Services to monitor projects after obligating funds.

As a result of inadequate internal controls and project documentation, DLA Energy did not close out projects within 60 days of beneficial occupancy causing errors on the DLA Energy real property line in the financial statements. Additionally, we found that SRM funds were potentially: used for non-capitalized fuel facilities, misclassified as repairs instead of minor construction, and used on similar projects at the same site, indicating possible project splitting.

CACs Issued to Contractors

The objective of the audit was to determine if DLA Headquarters had an effective process to issue and retrieve contractor's Common Access Cards (CACs).

We determined that the process in place to issue contractors' CACs at DLA Headquarters was effective while the process to retrieve contractors' CACs was not. We found that the Service or Agency Point of Contact (SPOC) did not provide effective oversight of the Trusted Agent Security Managers (TASM) and Trusted Agents (TA) to ensure that they performed all responsibilities associated with the retrieval process correctly. These responsibilities include semi-annually re-verifying the contractors continuing need to access government facilities, revoking the CACs' authorization when access is no longer required, and coordinating the retrieval of the CACs to prevent unauthorized access to government facilities and DLA networks. We also found that contracting officers were not inserting Federal Acquisition Regulation (FAR) clause 52.204-9 in service contracts where contractors had routine access to DLA. This clause allows contracting officers to delay the final payment for contractors whose personnel fail to return government-provided identification, including CACs. This clause serves as a secondary measure for retrieving contractors' CACs but is only enforceable when included in applicable service contracts. Additionally, we determined that contracting officer representatives (CORs) did not have a clearly defined role in the process for retrieving contractors' CACs.

Generator Certifications

The objective of our audit was to determine whether DLA Disposition Services sites properly receipted items requiring generator certifications.

We determined DLA Disposition Services sites did not consistently receipt items requiring generator certifications. Specifically, we determined that certification designations in Distribution Standard System (DSS) did not match documentation attached to items. In addition, we identified receipt actions that did not comply with DoD policy for obtaining certifications. This occurred because there are no standard procedures that provide personnel instructions to properly process items in DSS that require generator certifications. Further, system controls do

not facilitate receipt of items in accordance with DoD policy. As a result, property received and processed without proper certification could potentially pose safety, environmental, and national security risks.

Retrieval and Deactivation of Civilian CACs

The objective of the audit was to determine if DLA had an effective process to retrieve and deactivate common access cards (CACs) from departing civilian employees at DLA Headquarters (HQ).

We determined that the process to deactivate CACs for separating civilian employees at DLA HQ was generally effective; however, the process to retrieve civilian's CACs was not effective. This occurred because DLA Human Resources did not effectively communicate with key out-processing points of contact (POCs). Additionally, the DLA HQ Pass and Identification (ID) Office did not maintain documentation of the disposition of retrieved civilian CACs. As a result, there was no assurance separating civilian employees consistently completed the required out-processing steps, which included surrendering their CAC.

b. Improve Customer Service

Government Purchase Card

The DLA Office of Inspector General (OIG) Audit Division conducted a follow-up audit of the Government Purchase Card (GPC) program at the request of the DLA Director. Our audit objective was to determine if DLA implemented recommendations from the DAO-12-24, Audit of Government Purchase Cards, dated September 30, 2013. Specifically, to determine if DLA Acquisition (J7):

- Required the GPC Program Manager to coordinate with J7's Internal Control Administrator and:
 - Established a plan to identify and establish key management controls for the GPC program in accordance with Office of Management and Budget (OMB), Circular A-123, Appendix B and the DoD Charge Card Guidebook;
 - Ensured that the GPC program is included on the J7's Internal Control Administrator's master schedule for review;
 - Reported the GPC program as a high risk area in DLA's Annual Statement of Assurance;
- Ensured the DLA Instruction 2106 "Government Purchase Card" complies with OMB Circular A-123, Appendix B; DoD Charge Card Guidebook; and other applicable guidance;
- Conducted required training for all billing officials and cardholders;
- Reviewed Agency Program Coordinator (APC) records to ensure DLA has appointment documentation and training certificates on file for each billing official and purchase cardholder;
- Ensured there was a DD Form 577 on file for each billing official and purchase cardholder; and

- Developed procedures to assist the APC in conducting reviews of all purchase card accounts at least once a year, including a timeline and relevant topics to cover in the review.

We determined that J7 has implemented and completed corrective actions for all six recommendations previously reported in DAO-12-24, Audit of Government Purchase Cards, dated September 30, 2013.

c. Support Achieve Audit Readiness

Rescission Letter for Real Property

Based on the results of an ongoing internal quality assurance review that found the original audit team had significant deficiencies in the documentation of their work - I have decided that the most prudent course of action is rescind our final audit report on Real Property Additions, Deletions, and Construction in Progress. This is not an action that I have taken lightly, but believe that it is necessary given that the magnitude of the deficiencies identified. Because the original audit team did not have sufficient documentation to prove some of the facts in the report, recipients should determine if the reported conditions will assist them in identifying and improving operations. Although seven of the nine recommendations have been implemented and are either closed or closed not verified, all nine recommendations will be removed from follow-up tracking.

Management Assertion for DAAS

Our objective was to determine if EY LLP's work complied, in all material respects, with GAGAS. Our monitoring efforts were different from an audit performed in accordance with GAGAS in that we did not reach a conclusion and provide recommendations. We reviewed EY LLP's report and related examination documentation and discussed audit results with EY LLP representatives. Our review disclosed no instances where EY LLP did not comply, in all material respects, with GAGAS. Our review was not intended to enable DLA OIG to express, and we do not express, an opinion on the DAAS IT computing process systems and key controls. Accordingly, EY LLP is responsible for the attached auditor's report and the conclusions expressed in the report.

d. Investigations Division

ID opened 28 new criminal investigations and had a total of 76 criminal cases in progress at year end. We opened 34 new employee misconduct investigations and had a total of 26 in progress at year end. We opened 331 other actions and we had 292 in progress at year end.

On May 15, 2013, we opened an initiative to recover 966 lost, stolen, missing, or misappropriated (sold, traded, given away) weapons issued by the Law Enforcement Support Office, DLA Disposition Services (DS LESO), to Law Enforcement Agencies (LEA) located throughout the US and Territories. Our efforts resulted in resolving (recovering or otherwise accounting for, such as obtaining records of destruction) 512 weapons, leaving 454 targeted weapons as of September 4, 2014. Starting on September 5, 2014, the Director, DLA, instructed us to more directly support the DS LESO by verifying and validating information documenting the issue and status of each targeted weapon and providing the results to DS LESO for a

determination of the status of the weapon (dropped from or retained in the active inventory) and the responsible LEA (terminated, suspended, or reinstated). We are tracking 426 weapons, all indexed in NCIC. We have added five weapons to the tracking list and resolved 38 since September 5, 2014. Of the weapons we are tracking, 128 are listed as stolen, 233 are listed as missing, 3 are listed as lost, and 62 are listed as misappropriated (sold, traded, or given away). Validated information on 421 weapons has been referred to LESO for a program determination on the status of the weapon and LEA.

The Hotline received 224 complaints and completed 231 investigative actions during the year. 82 actions were pending at the end of the year.

TSC opened 1191 new assessments and completed 1172. They reassessed 2335. The DLA performance standard is not more than 45 days to process each assessment. TSC maintained a 7.5 day processing turn-around pace throughout the first three quarters but our pace slowed to a turn-around time of just over 17 days in the last quarter because TSC was assisting ID with the DS LESO program support effort.

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Defense Logistics Agency

DLA Intelligence (DI)

Fiscal Year 2014 Annual Historical Report

1. Introduction

DLA Intelligence (DI) provides Enterprise-wide policy, program, and operational support for the following programs: Intelligence, Counterintelligence (CI), Special Security Office (SSO), Special Program Activities, Personnel Security (PERSEC), Information Security (INFOSEC), Operations Security (OPSEC), Industrial Security, and Foreign Disclosure (FD) to ensure DLA decision makers:

- Receive information needed to make informed decisions;
- Are aware of the sensitive international factors impacting current and potential support requirements;
- Have awareness of foreign threat activity occurring wherever DLA footprint resides;
- Have confidence DLA personnel have received adequate training, security clearances, and security awareness to ensure unclassified and classified information is protected from compromise.

DI plays a support role in the three DLA Strategic Focus Areas of Warfighter Support, Stewardship Excellence, and Workforce Development.

- Augment DLA's awareness of the sensitive international factors impacting current and potential support requirements.
- Focus on implementing risk mitigation strategies.
- Create a more highly skilled, diverse, agile, proactive, responsive, and trained intelligence and security workforce that is complementary to the overall mission goals and objectives.

2. DLA Mission, Vision, and Values

a. DLA Mission:

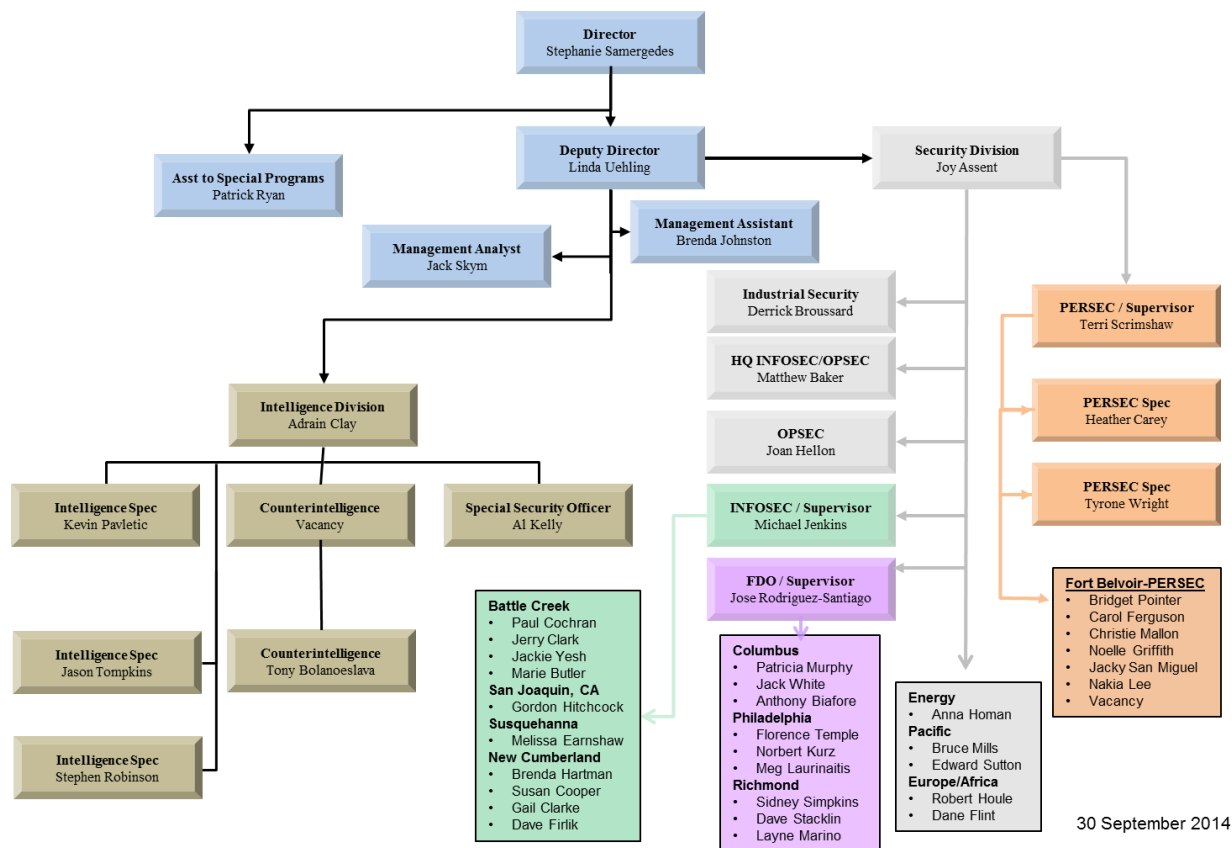
- We are America's Combat Logistics Support Agency.
- We provide effective and efficient worldwide support to Warfighters and our other customers.

b. DLA Vision: Warfighter-focused, globally responsive, fiscally responsible supply chain leadership.

c. Values: Our values are DLA's foundation for all we do. They provide our guiding principles as we accomplish our mission, pursue our vision, and strive to do what is right for the Armed Forces and DOD:

- Warfighter needs guide us;
- Integrity defines us;
- Diversity strengthens us;
- Excellence inspires us.

3. Organization Chart



Region 1: Columbus, Philadelphia, Richmond

Region 2: Battle Creek, New Cumberland, Susquehanna, San Joaquin

Region 3: Energy, Pacific, Europe & Africa

4. Lines and Scope of Business

a. Policy Management

- Information Security (policy/training/oversight)
- Industrial Security (policy/training/oversight)
- Personnel Security (policy/training/oversight)
- Foreign Disclosure (policy/training/oversight)
- Operations Security (policy/training/oversight)
- Current Intelligence
- Counterintelligence (CI) (policy/training/inquiries/oversight)
- Sensitive Support Programs (policy/training/oversight)
- Special Security Office (SSO)/Sensitive Compartmented Info (SCI) Program Management (policy/training/oversight)
- Intelligence Oversight (policy/training/oversight)

b. Risk Assessment and Process Improvement

- Operations Security Surveys/Assessments
- Continuous Process Improvement
- Insider /Threat Working Group
- Intelligence support to Mission Assurance
- DLA Intelligence Security Compliance Reviews
- Staff Assistance Visits
- Foreign Contractor Vetting
- Evaluating Foreign Military Sales
- Preliminary Inquiry oversight of potential compromises to classified information

c. Special Projects

- Sensitive Support Programs
- Reviews of DLA web sites, briefings, reports, presentations
- Contract Documentation Reviews
- Supply Chain Risk Management
- Support to DLA Plans and Exercises
- Security Awareness days

d. Products

- Intelligence Summaries (3x/week)
- Threat briefings (daily) to Director, Vice Director, Chief of Staff, J3, J6, and Political Advisor
- Foreign Travel Briefs prior to OCONUS travel and debriefings
- Library of Country Travel Briefs for use by travel briefers
- Special intelligence studies (as required by DLA customers, to include Command Group, J3 planners, DLA Energy, JCASO)
- Counterintelligence Support Plans
- Briefings to employees prior to hosting foreign visits/debriefings following visits
- “Vetting” foreign visitors and foreign contractors
- CI threat assessments, as requested
- Security and CI education and training for DLA employees
- Critical Information Lists
- Security awareness products
- Reports of finding from security reviews
- DLA Security Classification Guide
- DLA Intelligence newsletter (quarterly)
- DLA Intelligence Security Compliance Review Reports

e. Budget

- Labor = \$5,561,764
- Non-Labor = \$ 205,320
- Contracts = N/A

5. Support to the “Big Ideas”

DI supported several FY 2014 Director’s Big Ideas (“Delight our Customers”, “Improve Process and Productivity”, “Clean Out the Attic”, and “Prove it”) as follows:

Security Division:

DI hosted orientation briefings with incoming PLFA decision-makers to ensure they had visibility on the support DLA Intelligence provides and to identify their requirements. Additionally, we partnered with DLA organization security representatives and coordinators and conducted oversight visits, self-assessments, quarterly meetings and training to ensure we stayed abreast of customer needs and maintained a cadre of liaisons to help execute the DLA security mission. We also used these forums to obtain feedback on DI support and made adjustments as necessary.

DI security program managers participated in local, DOD, and Executive Branch-level working groups to influence DOD policy and training and maintain situational awareness of policy changes. The DI OPSEC Program Manager attended the OSD/USDI Defense Council for OPSEC Oversight (DCOO) meetings and attended the OPSEC Curriculum Working Group meeting co-sponsored by the Interagency OPSEC Support Staff and OSD/USDI. The DCOO focuses on high level strategic planning for the DOD OPSEC community, to include annual reporting, assessments, the Defense OPSEC Planners Course (DOPC) and incorporating OPSEC into planning throughout the department. During the OPSEC Curriculum Working Group, we conducted an overall review of the courses and determined the validity of the current courses based on DOD requirements. We also recommended a defined structure to ensure the training courses were in line with DOD requirements making sure we are providing appropriate training to OPSEC personnel throughout the department.

The DI Information Security Program Manager is a member of the Defense Information Security Advisory Board (DISAB). In this capacity, he participated in DISAB meetings that involved reviewing policies and initiatives with respect to Unauthorized Disclosure of Classified and Controlled Unclassified Information (CUI) on DoD Information Systems, Policy Status and Updates, Self-Inspection Program Report, CUI Update, SF 311 (Agency Security Classification Management Program Data) requirement, and Insider Threat Mitigation Program.

The DI Industrial Security Program Manager is a member of the Government Industrial Security Working Group (GISWG), designed to provide a forum for sharing information between the Defense Security Service and the Government Agencies for which it provides industrial security services. He participated in discussions and provided input regarding changes to security

classification guidance for industry and several industrial security processes soon to be automated across the government.

The DI Personnel Security Program Manager participated in several forums, to include the Washington Headquarters Services and 4th Estate Security Managers meeting, the Office of Personnel Management Security and Suitability Professionals Seminar, and the Security Executive Agent Advisory Committee Meeting. These forums allow DLA to provide input and gain information on new developments in personnel security, such as continuous evaluation process technology and associated policies, reducing the number of cleared personnel, updates to the adjudicative guidelines and ensuring reciprocity of clearances among agencies.

Additionally, the DI Information and Personnel Security Program Managers participated in the Annual Security Curriculum Review hosted by the Defense Security Service Center for Development of Security Excellence, providing input on key DOD security training initiatives for future years.

DLA participates in the DoD Foreign Military Exchange Program. The DLA Intelligence Foreign Disclosure Officer ensures those individuals have the appropriate documentation which outlines their duties and what information to which they may have access during their assignment. In FY 2014, there were three officers assigned; one Canadian officer assigned to JCASO, one German officer assigned to DLA Energy and one Australian officer assigned to DLA Distribution.

DI continuously sought process improvements to deliver optimized, value-added, benefits for our customers and employees, whether in providing foreign threat information, conducting awareness training and staff assistance visits/program, and/or processing personnel security actions. Each PLFA and HQ conducted Annual Information Security Self-inspections in FY14; DLA reports the results to USDI and the Information Security Oversight Office. Forty-four percent of the PLFAs and Regions completed OPSEC self-assessments this FY and DLA Intelligence conducted assessments at Battle Creek and DLA Europe and Africa. DI conducted 100% of FY14 planned staff assistance visits (SAVs) and security compliance reviews, which included SAVs at Warner Robins AFB, Bahrain, San Joaquin, CA, and Tobyhanna, PA.

In the area of DLA security awareness training, for FY14 the Annual Security Awareness Training completion rate was 93%; for OPSEC training, 95%; Derivative Classifier Training completion rate was 92%; and Original Classification Authority Training completion is at 100% for the enterprise.

Some key process improvement efforts included digitization of DLA personnel security files, development of a Personnel Security Standard Operating Procedure (SOP), requirements development for the PERSEC database and partnering on development of several DLA Human Resources SOPs to improve the time-to-fill process, updating the DLA Security Pre-Publication Review Form (DLA Form 1923) to better formalize the process of reviewing information for public release, the DLA Security Debriefing Certificate (DLA Form 1834), to eliminate redundancy between existing forms, and the Classified Document Receipt, (DLA Form 27), to eliminate a redundant and ineffective classified materiel tracking method.

Furthermore, DI identified and documented an OPSEC process to help identify Critical Information down to the directorate level in order to best protect DLA information and associated resources.

DI established an industrial security enterprise program manager to determine the scope and number of DLA contracts involving access to classified information and ensure the proper handling of such information in the hands of industry.

DI also began updating several key issuances, to include the DLA OPSEC, INFOSEC and PERSEC instructions, and partnering with J31 to update the Foreign Visits and Foreign Disclosure instruction, to be finalized and signed in FY15.

Intelligence Division:

Current Intelligence Team

This year, the Current Intelligence Team improved intelligence support by increasing the Intelligence Summary (INTSUM) production from three days to five and reorganized the format into a more globally inclusive product. This was the first year the Current Intelligence Team initiated a Customer Satisfaction Survey as part of the daily INTSUM. Although the responses were few, all indicated that readers were satisfied with the content and timeliness of the information and that the DI Comments enabled the customers to understand the “so what” to DLA. In keeping with moving forward on our focus on product improvement, the Team crafted a draft proposal for new Priority Intelligence Requirements (PIR) and is awaiting the arrival of the new DLA Director before staffing the PIR through the J staff and D codes for comments and concurrence and final approval. This iteration of the PIR expands from four to five PIR and refines the collection focus to more closely align with the DLA mission as it supports the COCOMs and other government agencies.

The Current Intelligence Team also provided Red Team support to DLA War Game 14 with a focus on the PACOM AOR. The team participated in 12 Secure Defense Connect Online sessions and two rehearsals at the Center for Naval Analyses at its Clarendon headquarters, culminating in the week-long exercise. Current Intelligence participation enabled the team to build a better relationship with the customers as well as providing networking opportunities with PACOM intelligence and Defense Intelligence Agency counterparts.

Counterintelligence (CI)

The first big test for the DI CI Team in FY14 was the successful completion of the DOD CI Policy Oversight Assessment in January 2014. The OSD assessment team rated DLA Intelligence “compliant” with all DOD Directives and Instructions.

During FY14, the DI CI Team supported DLA by conducting more than 825 name checks of guests representing foreign governments and commercial entities. The CI Program also spearheaded several initiatives to help mature the DLA Insider Threat/Threat Working Group (I/TWG), including active liaison with national and DOD insider threat entities; formulating the

initial versions of DLA Insider Threat Charter and Insider Threat Policy, and updating those documents following member reviews; maintaining the program objectives and milestones (POAM) and implementation plan; and, scheduling and organizing the quarterly I/TWG meetings and publishing the meeting minutes. The DLA CI Program personnel maintained currency on CI topics through participation in external meetings, including the DOD CI community management working group and threat working groups. To allow DLA's active duty and reserve military, civilian and contract personnel the ability to complete their mandatory annual CI Awareness Training (CIAT) without the need to schedule an in-person facilitator, the CI Program personnel transitioned the annual face-to-face CIAT to the online Learning Management System. When DOD assigned DLA with CI and CI-related policy documents to review, the DLA CI team submitted corrections and revisions. The DLA CI Program also provided counterintelligence support to the DLA Critical Infrastructure Protection Working Group (DCIPWG).

Special Security Office (SSO)

SSO DLA continued to provide service to internal DLA customers as well as external customers. SSO DLA provided annual training to over 90% of the SCI indoctrinated individuals supported by the agency. During the year, there was a 20% growth in the number of DLA personnel requiring SCI and the SSO continued to provide support to more than 90 individuals from seven external DLA customers. The SSO also maintained the physical security aspects of the SCI Facilities (SCIFs).

Special Program Activities

DLA must ensure all classified and sensitive support requested by the Military Services, other DOD components, Executive Branch Agencies of the Federal Government, and non DOD and Federal Departments and Agencies complies with DLA Director's intent and is executed IAW appropriate legal and regulatory guidance. The Director, DLA Intelligence, is the individual tasked with ensuring oversight of sensitive support through the Focal Point Control Program and is the Focal Point Program Control Officer (FPPCO) for DLA. Throughout the FY, DLA Intelligence received Focal Point information from other organization FPPCO's when DLA support was required. The FPPCO made the "need to know" determination and indoctrinated eligible DLA personnel to the program.

Part of the oversight program includes identifying any classified or sensitive support being provided without headquarters oversight or approval. The DI Team conducted an annual data call to ensure all classified or sensitive support was approved at the headquarters where it received legal review and was coordinated with the DLA Special Programs Council (SPC), comprised of the Vice Director; Chief of Staff; General Counsel; Director, J1; Deputy Director, J3; Director, J6; Director, J7; Director, J8; and, Director, DLA Intelligence.

The DI Team maintained a current access control list to limit inadvertent leakage of classified information and to facilitate quick verification of access for those who have been indoctrinated. External organizations will not permit DLA employees to attend conferences or meetings or even hold secure telephone conversations about Focal Point programs without first receiving

verification of their access to the particular program under discussion. Failure to verify could lead to DLA personnel being excluded from participation in Focal Point program activities to the detriment of DLA's mission or that of a supported command.

The Team provided refresher briefings to those individuals participating in the program. The DLA training rate completion was 98.6% against a metric of 95%. Continued access to Focal Point programs is contingent upon receipt of refresher briefings each 12 months. Personnel who have not received the briefing are denied access to Focal Point information until they receive the refresher briefings. Those who support classified projects are unable to perform their duties absent these briefings.

This year the DI Team made a concerted effort to update sensitive support MOAs extremely out-of-date. Separate coordination with each of the 9 SPC members is taking much longer than expected. The Team completed 4 to date, and are awaiting requirements and drafts from customers for 3 others. These MOAs are important as they establish the limits of DLA's support. Since that support is reimbursable, the MOA establishes the processes for requesting DLA support, funding that support, and making payment for that support. MOAs also establish limits on DLA Support, and tell the customer what they can expect. The SPC ensures the requested support is lawful and that DLA equities are protected.

6. Key DLA Intelligence Operational Statistics

a. FTE Execution

In FY14, DI was required to reduce one FTE (from 53 to 52 authorized) to pay its share of the DLA Director's Reserve withhold. All DI employees physically located at the supported DLA Field Activities are security specialists.

Full Time Equivalent (FTE) Authorized/Actual (as of 30 September 2014) = 52/50

DLA Intelligence Locations

- at Battle Creek – 4/4
- at Columbus – 3/3
- at Philadelphia – 3/3
- at Richmond – 3/3
- at New Cumberland – 4/4
- at Susquehanna – 1/1
- at San Joaquin – 1/1
- for Energy – 3/2
- for Pacific – 2/2
- for Europe & Africa/Middle East – 2/2
- at Fort Belvoir – 7/6
- at HQC – 19/18

DI leverages resources to augment its small staff through the Reservist Program and the Enterprise Rotation Program. This year, DOD budget cuts have impacted DI in the loss of its two Reservist positions. The Reserve officers have been an integral part of the overall effort in supporting the Enterprise, especially on the weekends since the JLOC transitioned to 24/7 operations. At the end of the fiscal year, the Current Intelligence Team was authorized to sponsor a DLA member in the Enterprise Rotation Program. This is the first time DLA Intelligence has opened up the opportunity for a non-intelligence trained person to work with the team. This program will provide the Current Intelligence Team extra depth and flexibility.

Arrivals:

Derrick Broussard, HQ Industrial Specialist
Noelle Beato, HQ Personnel Security Specialist
Tyrone Wright, Personnel Security Policy
Robert Houle, Security Specialist, supporting DLA Europe & Africa
Janine Schaffner, Personnel Security Assistant, supporting DLA Distribution
Camilo Bolanoeslava, Counterintelligence Specialist (HQ)
Anthony Biafore, Security Specialist, supporting DLA Land and Maritime

Departures:

Noelle Beato, Personnel Security Policy
Robert Houle, Security Specialist, supporting DLA Land and Maritime
Susan Cooper, Personnel Security Assistant, supporting DLA Distribution
Major Dale Moore, Intelligence Reservist (weekends)
CDR Mark Dunnagan, Intelligence Reservist (weekends)
Demetrius Judkins, Counterintelligence PM (HQ)

b. Travel Execution

DI monitors the travel execution closely to ensure proper stewardship. DI's top three spending priorities were for supervisors (who are located at the HQC) to visit supervised employees throughout the Enterprise and take mandatory supervisor training; to conduct Security Compliance Reviews (SCRs) and Staff Assistance Visits (SAVs) at the PLFAs, Europe & Africa, Central, and Pacific, to ensure they are implementing our policies and the policies are appropriate and achievable; and, for employees to take mission essential training commensurate with mission requirements. DI leadership continued to use available tools, to include VTCs and teleconferences, to augment the SCRs/SAVs at locations DI employees did not visit.

c. Training Execution

The SP&D Certification Program is part of the DOD initiative to professionalize the security workforce. The purpose of the program is to promote interoperability, facilitate professional development and training, and develop a workforce of certified security professionals. The program consists of three core certifications: Security Fundamentals Professional Certification (SFPC), SAPPC: Security Asset Protection Professional Certification (SAPPC), and SPIPC: Security Program Integration Professional Certification (SPIPC). DI has exceeded its goal of

10% of DLA Intelligence security specialists obtaining the SFPC, with 42% obtaining the certification to date.

Additionally, DI is co-leader of the DLA 0080 Strategy Development/Strategy Implementation Team and partners with DLA Installation Support and DLA Human Resources in this effort. The team charter is to analyze the findings and recommendations from the May 2013 DLA 0080 Competency Assessment and develop an implementation plan to address identified competency gaps or strategic needs, training and career development.

DI is also a member of the Security Positions Working Group (SPWG). The SPWG is a Defense Security Enterprise Advisory Group led by the Office of the Under Secretary of Defense for Personnel and Readiness assigned to recommend a plan of action to identify an approach to record component decisions on security position identifications into appropriate manpower and human resource systems and databases. This was in line with Defense Security Enterprise (DSE) Strategic Plan Goal #3 to “Develop a professional security workforce to improve individual performance in accordance with the Security Functional Community” by identifying DoD security positions and those performing security functions within the DoD Civilian, Intelligence, Military Services, and Contractor populations.

d. Telework Participation

DI fully participates in the DLA telework program. Throughout the year, DI tracked the following metrics:

- Civilian employees (strength) who occupy telework eligible positions – 52/43
- Civilian employees who have current, approved telework agreements – 83%
- Civilian employees who have teleworked at least one day during the month – 71% (personal choice, not management decision).

7. Summary/Overall

FY14 was a very busy year for DLA Intelligence. Our security training programs are current; we are getting close to incorporating insider threat training into the Learning Management System (LMS); and, we acquired funding for a Joint Staff organization to conduct OPSEC surveys of our organizations starting in FY16. Our security subject matter experts have great reputations and are sought after by OSD when looking to develop new policies and procedures, as evidenced by the work done during various OSD policy working groups. Our CI program is making headway in both the CI and insider threat programs, even with departures of key personnel. We received a rating of “compliant” by the DOD CI Policy Oversight Assessment in January 2014. The Current Intelligence Team’s support to the Red Team during the DLA War Game 14 with a focus on the PACOM AOR added “credibility” to the threat and opened the eyes of many participants as to what actions the enemy could take during a real world situation.

In FY15 and out, we will continue to focus on our “big three,” i.e., policy, training, and oversight, of our security and intelligence programs. Based on lessons learned from SAVs,

inspections, and input from DI personnel, we continue to review DI mission responsibilities and personnel resources and make adjustments to ensure optimum organizational effectiveness and best utilization of the workforce. We will also update policy if warranted by these lessons learned and we determine there is a systemic issue. While the absence of DOD insider threat policy guidance did not deter us from moving forward with our own program, with the issuance of the DOD Directive 5205.16, subject: The DOD Insider Threat Program, on 30 Sep 2014, we now have timelines for implementation of a viable insider threat program within DLA. Our first steps are to issue the DTM and get the training included in LMS. Finally, while we had a DORRA manpower study completed in FY13, we are working with DORRA to be included in the overall DLA DORRA manpower study scheduled for FY15.

Defense Logistics Agency

DLA Legislative Affairs (DL)

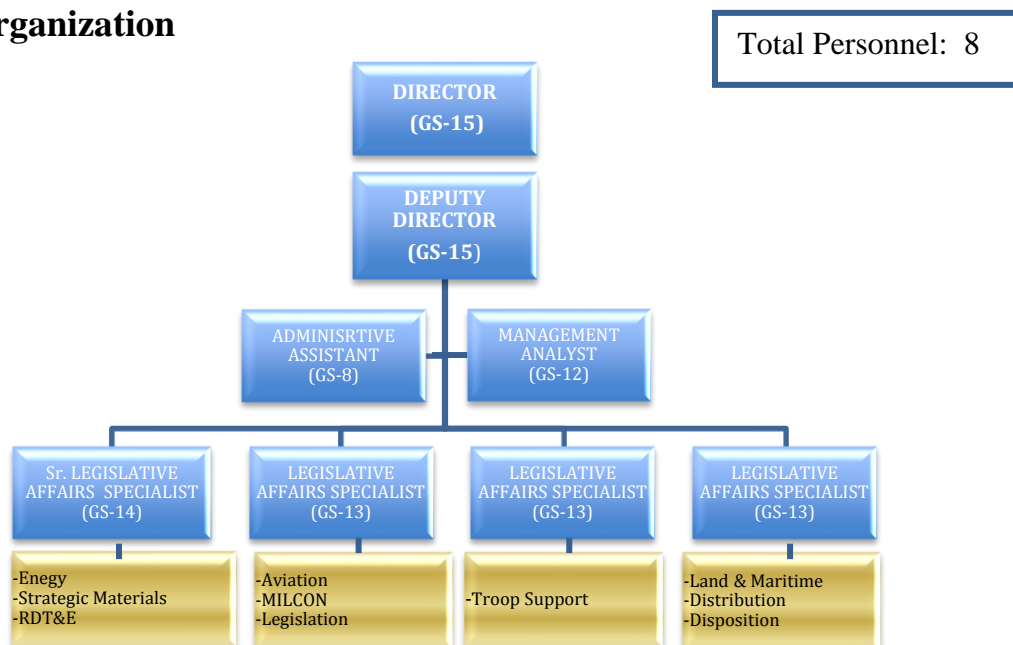
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1. Mission and Activities

The mission of the Defense Logistics Agency's Office of Legislation Affairs (DL) is to provide executive-level advice and assistance to the Director, Vice-Director, Executive Board members and Field Activities on all matters regarding Congress, the White House and all national, state and local political activities bearing on Agency mission and operations. The vision of the office is to have continued proactive engagement with Members of Congress, Congressional Committees and their staffs to gain support for DLA's mission, programs and initiatives.

DL also provides full spectrum support to DLA Headquarters and Field Activities. Each legislative specialist is responsible for all congressional actions related to their specific portfolios. This includes congressional inquiries, Hill engagements (meetings/briefings) and hearing support. Congressional support is centralized within DL. The Field Activities, except Troop Support, have no dedicated legislative affairs specialists assigned to their organizations. However, there are designated legislative points of contact at each Field Activity who reside within either the General Counsel offices or the Command support staff group.

2. Organization



The DL staff consists of eight full time employees; no contract staff. There are three GS-13, Legislative Affairs Specialist's, tasked with direct legislative activity; one GS-14, Senior Legislative Affairs Specialist, who also provides direct legislative activity and is the lead for the legislative team. We have one, GS-12, Management Analyst, who provides information management and database support; one Administrative Assistant, the Director and the Deputy Director. The Director and Deputy are tasked with Direct Support to the DLA Director, Vice, COS, PLFA Commanders, J-Code Directors, and D-Staff Directors. The Legislative Affairs Specialists directly support the Legislative Director and Deputy, and their Director's Staff Group (DSG), PLFA, J-Code, and D-Staff customers.

3. OSD Efficiencies Initiative

On January 13, 2013, as a result of the OSD Efficiencies Initiative, the DL Deputy Director, Mr. Cordell Francis, is dual-assignment as the Special Assistant to the Assistant Secretary of Defense for Legislative Affairs. The agreement between OSD (LA) and DLA assigned the Deputy to OSD (LA) three out of five days per week.

4. Congressional Engagements

In 2014 the Legislative Affairs office conducted in excess of 3K Congressional engagements. Specifically:

- 528 – Congressional Inquiries
- 11 – Congressional Reports
- 2 – Hearings
- 34 – Briefings/Meetings/Telecons
- 11 – Budget Briefings
- 1368 – Contract Announcements
- 34 – Congressional MILCON Notifications
- 2880 – Direct requests for information (calls, emails, faxes, etc)

5. Reports to Congress

DLA wrote or contributed to Congressional Reporting Requirements for the Congressional Defense Oversight Committees.

National Defense Authorization Act - FY14

DLA REPORT

- Meals Ready to Eat (MRE) War Reserve
 - o FY14 NDAA, (SASC) 1197 S. Rpt. 113-44,P. 91
 - o FY14 NDAA, (HASC), 1960 H.R. Rpt. 113-102, Sec. 1604, P. 305
- National Defense Stockpile Operations Report (OPS)

- 50 USC 98h-2, Sec. 11a
- National Defense Stockpile Annual Materials Plan (AMP)
 - 50 USC 5(2)
- Annual Industrial Capabilities Report
 - 10 USC, Sec. 2504

DLA INPUT

- Consideration of Fuel Cell Systems
 - FY13 NDAA, (SASC), Rpt. 112-173, p. 89
 - (HASC) Rpt. 112-479, p. 122.
- Defense Logistics Agency Fair and Reasonable Pricing Analysis
 - FY14 Approps (S 1429), S. Rpt. 113-85, P. 183 & 184
- Application of the Berry Amendment to the acquisition of athletic footwear in the DOD
 - FY14 NDAA, (SASC), 1197 S. Rpt. 113-44, p. 141
- Tungsten Rhenium Wire for DOD Requirements
 - FY14 NDAA, (SASC) 1197 S. Rpt. 113-44,P. 97
- Price Trend Analysis for Supplies and Equipment
 - FY11 NDAA, PL 111-383 (Sec. 892)
- DLA Roles and Missions Assessments
 - FY14 NDAA (HASC), HR 1960, H. Rpt. 113-102, p. 116

Defense Appropriations FY14

- Meals Ready to Eat (MRE) War Reserve
 - FY14 Approps (S 1429), S. Rpt. 113-85, P. 52
 - FY14 Approps (HR 2397) H.R. Rpt. 113-113, P. 90

6. Fiscal Year (FY) 14 Budget

| ITEM | ACTUALS |
|--------------------|-------------|
| Labor | \$1,077,787 |
| Travel | \$738 |
| Training | \$5,735 |
| Supplies/Equipment | \$13,128 |
| Printing | \$2,203 |
| *Contract | \$83,125 |

DL had a budget of approximately \$2.8M. The majority of the budget (\$1M) is labor, followed by the only DL contract for Congressional Quarterly (\$83K) for information and research services. The contract was shared with J8, J3, and J7. The next largest DL expense is supplies (\$13K), and the remainder was absorbed by training, travel and printing.

7. FY14 National Defense Authorization Act, P.L. 113-66

On December, 26, 2013, the H.R. 3304 became Public Law No. 113-66; The National Defense Authorization Act for Fiscal Year 2014. The bill authorized \$625.1 billion for discretionary spending which was about \$3.1 billion less than fiscal 2013. This legislation authorized \$526.8 billion in spending for national defense and an additional \$80.7 billion for Overseas Contingency Operations.

DLA specific and direct impact language, other provisions of interest to DLA, and top line budget numbers are below. There was an O&M mark for \$11,028 million for the Cost of DISA computing service rates.

DLA Specific/Direct Impact

- SEC. 322. DEPARTMENT OF DEFENSE MANUFACTURING ARSENAL STUDY AND REPORT.
- SEC. 323. CONSIDERATION OF ARMY ARSENALS' CAPABILITIES TO FULFILL MANUFACTURING REQUIREMENTS.
- SEC. 331. ADDITIONAL REPORTING REQUIREMENTS RELATING TO PERSONNEL AND UNIT READINESS.
- SEC. 352. REVISED POLICY ON GROUND COMBAT AND CAMOUFLAGE UTILITY UNIFORMS.
- SEC. 823. ADDITIONAL RESPONSIBILITY FOR PRODUCT SUPPORT MANAGERS FOR MAJOR WEAPON SYSTEMS.
- SEC. 832. EXTENSION OF AUTHORITY TO ACQUIRE PRODUCTS AND SERVICES PRODUCED IN COUNTRIES ALONG A MAJOR ROUTE OF SUPPLY TO AFGHANISTAN.
- SEC. 1003. AUDIT OF DEPARTMENT OF DEFENSE FISCAL YEAR 2018 FINANCIAL STATEMENTS.
- SEC. 1411. USE OF NATIONAL DEFENSE STOCKPILE FOR THE CONSERVATION OF A STRATEGIC AND CRITICAL MATERIALS SUPPLY.
- SEC. 1412. AUTHORITY TO ACQUIRE ADDITIONAL MATERIALS FOR THE NATIONAL DEFENSE STOCKPILE.
- SEC. 1611. ADVANCING SMALL BUSINESS GROWTH.
- SEC. 1612. AMENDMENTS RELATING TO PROCUREMENT TECHNICAL ASSISTANCE COOPERATIVE AGREEMENT PROGRAM.

Items of DLA Interest

- SEC. 315. LIMITATION ON AVAILABILITY OF FUNDS FOR PROCUREMENT OF DROP-IN FUELS.

- SEC. 324. STRATEGIC POLICY FOR THE RETROGRADE, RECONSTITUTION, AND REPLACEMENT OF OPERATING FORCES USED TO SUPPORT OVERSEAS CONTINGENCY OPERATIONS.
- SEC. 326. STRATEGY FOR IMPROVING ASSET TRACKING AND IN-TRANSIT VISIBILITY.
- SEC. 803. IDENTIFICATION AND REPLACEMENT OF OBSOLETE ELECTRONIC PARTS.
- SEC. 1216. REQUIREMENT TO WITHHOLD DEPARTMENT OF DEFENSE ASSISTANCE TO AFGHANISTAN IN AMOUNT EQUIVALENT TO 100 PERCENT OF
- ALL TAXES ASSESSED BY AFGHANISTAN TO EXTENT SUCH TAXES ARE NOT REIMBURSED BY AFGHANISTAN.
- SEC. 1751. SENSE OF CONGRESS ON COMMANDING OFFICER RESPONSIBILITY FOR COMMAND CLIMATE FREE OF RETALIATION.

The bill authorized the following amounts for DLA:

FY 14 NDAA HR 3304 - House and Senate Agreement

Items of Interest

TITLE I – PROCUREMENT

Sec. 4101 – Authorization of Procurement Appropriations Defense-wide Activities - (\$ in thousands)

| | <u>Budget Request</u> | <u>Chg</u> | <u>Committee Recommend</u> |
|------------------|---------------------------|------------|--------------------------------|
| PDW – DLA | 13,137 | | 13,137 |

TITLE II – RDT&E

Sec. 4201 – Authorization of RDT&E Appropriations Defense-wide (\$ in thousands)

| | <u>Budget Request</u> | <u>Chg</u> | <u>Committee Recommend</u> |
|--|---------------------------|------------|--------------------------------|
| RDT&E – DLA | 249,477 | | 249,477 |
| 0603264S Agile Transportation for the 21 st Century | 7,565 | | 7,565 |
| 0603712S Generic Logistics R&D Tech Demo | 20,000 | | 20,000 |
| 0603713S Deployment and Dist Enterprise Tech | 30,256 | | 30,256 |
| 0603720S Microelectronic Tech Development & Support | 82,700 | | 82,700 |

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| | | |
|--|--------|--------|
| 0605070S DoD Enterprise Systems Development | 27,917 | 27,917 |
| 0605080S Defense Agency Initiatives (DAI) Financial Systems | 51,689 | 51,689 |
| 0708011S Industrial Preparedness | 24,691 | 24,691 |
| 0708012S Logistics Support Activities | 4,659 | 4,659 |

TITLE III – OPERATIONS AND MAINTENANCE

Sec. 4301 - Authorization of O&M Appropriations Defense-Wide Activities -
(\$ in thousands)

| | <u>Budget Request</u> | <u>Chg</u> | <u>Recommend</u> |
|--|-----------------------|------------|------------------|
| DLA O&M | 462,545 | | 451,517 |
| - Cost of DISA computing service rates | | -11,028 | |

Budget Activity 4: Admin & Service-wide

Undistributed Marks: None

TITLE XIV—OTHER AUTHORIZATIONS

| Sec. 4501 - Other Authorizations | <u>Budget Request</u> | <u>Chg</u> | <u>Recommend</u> |
|---|-----------------------|------------|------------------|
| *DLA Defense Working Capital Fund | 46,428 | | 46,428 |

*DLA DWCF Direct request was for Reutilization, Transfer, and Disposal costs \$46.4M.

SEC. 4502 – OTHER AUTHORIZATIONS FOR OVERSEAS CONTINGENCY OPERATIONS (OCO)

| | <u>Budget Request</u> | <u>Change</u> | <u>Recommend</u> |
|-----------------------------------|-----------------------|---------------|------------------|
| Defense-wide Working Capital Fund | 131,678 | | 131,678 |
| DLA DWCF request was for: | | | |
| Theater Distribution Afghanistan | 7,700 | | |
| Disposition Services | 35,500 | | |
| IT Communication | 3,000 | | |
| IT Contractor Support | 478 | | |

| | |
|----------------------------|---------------|
| Subtotal Supply Chain Mngt | 46,678 |
| Combat Fuel Operations | |
| Fuel Transp/Losses | <u>85,000</u> |
| Total DLA OCO Request | 131,678 |

SEC. 4601—MILITARY CONSTRUCTION AUTHORIZATIONS

| Budget | Committee | <u>Request</u> | <u>Chg</u> | <u>Recommend</u> |
|---|-----------|----------------|------------|------------------|
| DLA MILCON: | | | | |
| (\$ in thousands) | | 341,216 | | 341,216 |
| <u>CONUS:</u> | | | | |
| MC Air Station Miramar, CA Replace Fuel Pipeline | | 6,000 | | 6,000 |
| DLA Distribution San Joaquin, CA General Purpose Warehouse | | 37,554 | | 37,554 |
| NAVSUP Fleet Log Center Jacksonville, FL Replace Fuel Pipeline | | 7,500 | | 7,500 |
| Panama City, FL Replace Ground Vehicle Fueling Facility | | 2,600 | | 2,600 |
| Tyndall AFB, FL Replace Fuel Pipeline | | 9,500 | | 9,500 |
| Hunter Army Airfield, GA Replace Fuel Is | | 13,500 | | 13,500 |
| Moody AFB, GA Replace Ground Vehicle Fueling Facility | | 3,800 | | 3,800 |
| Joint Base Pearl Harbor-Hickam, HI Alter Warehouse Space | | 2,800 | | 2,800 |
| Joint Base McGuire-Dix-Lakehurst, NJ Replace Fuel Distribution Components | | 10,000 | | 10,000 |
| Holloman AFB, NM Replace Hydrant Fueling System | | 21,400 | | 21,400 |
| Minot AFB, ND Replace Fuel Pipeline | | 6,400 | | 6,400 |

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| | | |
|--|----------------|----------------|
| Atlas AFB, OK Replace Refueler Pipeline | 2,100 | 2,100 |
| Tinker AFB, OK Replace Fuel Dist Facilities | 36,000 | 36,000 |
| DLA Dist Susquehanna, PA Upgrade Haz Matl Warehouse | 3,100 | 3,100 |
| Upgrade Public Safety Facility | 5,900 | 5,900 |
| Arnold AFB, TN Replace Ground Vehicle Fueling Facility | 2,200 | 2,200 |
| DLA Aviation, Richmond, VA Operations Center Phase I | 87,000 | 87,000 |
| NAS Whidbey Is, WA Replace Fuel Pier Breakwater | 10,000 | 10,000 |
| Unspecified Minor Construction | 7,430 | 7,430 |
| Subtotal Inside U.S. | 274,784 | 274,784 |
| NAF Atsugi, Japan Replace Ground Vehicle Fueling Facility | 4,100 | 4,100 |
| MC AS Iwakuni, Japan Construct Hydrant Fuel System | 34,000 | 34,000 |
| NAVSUP Fleet Log Center Yokosuka, Japan Upgrade Fuel Pumps | 10,600 | 10,600 |
| Royal AF Mildenhall, UK Replace Fuel Storage | 17,732 | 17,732 |
| Subtotal Outside U.S. | 66,432 | 66,432 |

**DLA FAMILY HOUSING:
(\$ in thousands)**

| Budget | Committee | Chg | Recommend |
|----------------------------|-----------------------|------------|-------------------------|
| DLA FAMILY HOUSING: | <u>Request</u> | | <u>Recommend</u> |
| | 1,069 | | 1,069 |

(\$ in thousands)

DLA's request was for \$1.3M (\$470K for Ops, \$288K for Utilities, and \$311K for Maintenance).

8. FY14 Legislative Proposals

In FY14 DLA submitted three legislative proposals for inclusion in the President's FY14 Budget Request to Congress. They were for (1) Additional Minor Military Construction Authority, (2) Authority to Acquire Additional Materials for the National Defense Stockpile, and (3) Reclaiming and Recycling Strategic Materials. None of the proposals were included in the President's submission to Congress.

9. FY14 Consolidated Appropriations Act, P.L. 113-76

On January 17, 2014, H.R. 3547 became Public Law No. 113-76; The Fiscal Year 2014 Consolidated Appropriations Act. The Act made appropriations for the Department of Defense and other Federal agencies through September 30, 2014.

10. FY14 Budget Briefings

DLA started the 2013 Congressional Year with the FY2014 defense budget briefings after the President's Budget release to Congress on April 10, 2013.

Energy Staffer Day

Committee: HASC: Jamie Lynch & Debra Wada

SASC: John Quirk & Lucian Niemeyer

Members/Staffers:

- On April 12, 2013, representatives from DLA Energy, J8, and DL met with HASC and SASC professional staff to brief the DLA Energy Program. This was part of the annual staffer day hosted by OSD Installations and Environment (I&E). Other participants included representatives from Operational Energy Plans and Programming (OEPP), AT&L and OSD Legislative Affairs. DLA Energy's briefing included an overview of the energy enterprise, alternative energy projects and Hurricane Sandy support efforts.

FY 14 President's Budget - R&D Briefing to HASC/SASC (S&T)

Committee: HASC/SASC

Members/Staffers:

- On April 16, 2013, representatives from DLA Logistics Operations, Finance, and Information Operations, and OSD DCMO briefed HASC and SASC professional staff members on DLA's budget for S&T and the former Business Transformation Agency (BTA) enterprise systems that were transferred to DLA in 2011. The briefing was well received by the staffers. DL is working the due outs with J3 and J6.

DLA Science and Technology (S&T) and Business Transformation Activity (BTA) FY 14 Budget Brief

Committee: HASC

Members/Staffers:

- On April 16, 2013, representatives from DLA Logistics Operations, Finance, and Information Operations, and OSD DCMO briefed HASC and SASC professional staff members on DLA's budget for S&T and the former Business Transformation Agency (BTA) enterprise systems that were transferred to DLA in 2011. The briefing was well received by the staffers. DL is working the due outs with J3 and J6.

FY 14 President's Budget - MILCON - HASC/HAC

Committee: HASC/HAC-M

Members/Staffers:

- On April 17, 2013, the DLA Installation Management staff visited Capitol Hill to brief professional staff members of the HAC and HASC on the DLA FY 14 MILCON budget submission. Staff from the offices of DLA Legislative Affairs (DL) and DLA Aviation also participated. The program request of \$341.2 million for 22 projects includes 17 fuel infrastructure projects (\$197.4 million), 3 distribution projects (\$46.6 million), 2 inventory control point or service center projects (\$89.9 million), and 1 unspecified minor construction program (\$7.4 million). Overall, the staffs were satisfied with our program presentation. We are responding to one House staff question regarding how DLA manages the risk of programming fuel projects vs non-fuel projects in the MILCON program.

FY 14 President's Budget - MILCON - SASC/SAC

Committee: SASC/SAC

Members/Staffers:

- April 22, 2013

FY14 DLA O&M Budget Briefing

Committee: HASC & SASC

Members/Staffers: John Quirk, HASC PSM, Vickie Plunkett, HASC PSM

- April 30, 2013, representatives from J8 provided an O&M briefing to HASC & SASC PSMs. A reoccurring theme during the briefing was to clarify the FY13 budget figures by displaying: 13 Appropriated; 13 Adjustments; 13 Sequestration; and 13 current estimated to ensure they were capable of comparing the right figures between FY13 and FY14. The PSMs also discussed the services' readiness and furlough issues due to sequestration, but were looking to see if OSD agencies had taken their fair share of cuts to alleviate the impacts on the services. More specifically, Mr. Neimeyer implied that the O&M, DW account should take a larger sequestration cut so that the funds could be used by the Military Services to avoid furloughs.

FY14 DLA DWCF Budget Briefing

Committee: HAC-D/SAC-D/HASC/SASC

Members/Staffers:

- On May 1, 2013, representatives from J8 provided HAC-D, SAC-D, HASC, and SASC PSMs with DLAs FY14 DWCF budget briefing.

DLA Science and Technology (S&T) – MANTECH FY 14 Budget Brief

Committee: HAC-D/SAC-D/HASC/SASC

Members/Staffers:

- On May 9, 2013, representatives from DLA Logistics Operations, OSD and the Services briefed HASC and SASC professional staff members on their programs and budgets for ManTech Research & Development. The briefing was well received by the staffers.

Joint Defense Manufacturing Technology Panel (JDMTP) Budget Brief

Committee: HASC/SASC

Members/Staffers:

- On May 9, 2013, representatives from J-3 and DL participated in a Research and Development FY13 budget briefing to Professional Staff for the SASC and HASC. DLA's briefing included a summary of the full spectrum of science and technology programs. Specifics were provided on the following President's Budget Programs to include Logistics Research & Development projects and Industrial Preparedness (ManTech). The briefing were well-received.

FY14 DLA O&M Budget Briefing

Committee: HAC-D & SAC-D

Members/Staffers:

- May 13, 2013, representatives from J8 and DL provided an O&M briefing to HAC-D and SAC-D PSM's . Follow on issues regarded Joint Contingency Acquisition and Support Office (JCASO) funding to operations in Afghanistan and Business Transformation Agency (BTA) programs.

11. FY15 National Defense Authorization Act

On December 4, 2014, the House passed the FY15 NDAA by a vote of 300 to 119. On December 12, the Senate passed the NDAA by a vote of 89 to 11. The authorized funding levels are Consistent with the House budget, reflecting the Ryan-Murray budget agreement for FY 2014. The NDAA authorized \$521.3 billion in base discretionary spending for national defense. That is consistent with the levels for national defense in the House-passed FY15 budget. In addition, the NDAA authorizes \$63.7 billion for Overseas Contingency Operations (OCO). OCO funding reflects the President's initial request for \$58.6 billion, belatedly made after the House had passed the NDAA, and his additional request of \$5.1 billion to primarily cover counter-Islamic State of Iraq and the Levant (ISIL) operations. OCO funding is \$15.7 billion below the \$79.4 billion authorized by the House. The FY15 NDAA is \$48.0 billion less than the enacted FY14 NDAA.

Agreement - FY15 National Defense Authorization Act

S.1847 Report 113-58

This legislation is based on two bills: The FY15 NDAA (HR 4435), and S. 2410, the Senate's version. The two products were merged through a series of negotiations at all levels of the House and Senate. This "agreement" of the Fiscal Year FY 2015 National Defense Authorization Act (NDAA) authorizes approximately \$577.1 billion for national defense programs. It includes \$495.9 billion for the Department of Defense base budget and an additional \$63.7 billion for Overseas Contingency Operations.

DLA Specific/Direct Impact Language Included:

Matters relating to reverse auctions (sec. 824)

The House bill contained a provision (sec. 815) that would amend the Small Business Act (15 U.S.C. 631) to prohibit the use of reverse auctions for procurement of certain goods and services if the contract is awarded using a Small Business Act procurement authority. It would also limit the use of reverse auctions in cases where only one offer was received or where offerors do not have the ability to submit revised bids throughout the course of the auction.

The section further clarified that the desire to use a reverse auction does not obviate federal agencies from the obligation to use a Small Business Act procurement authority. The Senate committee-reported bill contained no similar provision. The agreement includes the House provision with a clarifying amendment. We note that in conducting reverse auctions, buyers have the ability to cancel an auction at any time before the auction closes or to make the decision not to make any award after the auction closes with proper justification in accordance with the terms and conditions of the solicitation and all applicable regulations.

The agreement also prohibits the use of reverse auctions for military construction projects that require a specific congressional authorization.

SEC. 824. MATTERS RELATING TO REVERSE AUCTIONS.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall clarify regulations on reverse auctions, as necessary, to ensure that—

(1) single bid contracts may not be entered into resulting from reverse auctions unless compliant with existing Federal regulations and Department of Defense memoranda providing guidance on single bid offers;

(2) all reverse auctions provide offerors with the ability to submit revised bids throughout the course of the auction;

(3) if a reverse auction is conducted by a third party— (A) inherently governmental functions are not performed by private contractors, including by the third party; and (B) past performance or financial responsibility information created by the third party is made available to offerors; and

(4) reverse auctions resulting in design-build military construction contracts specifically authorized in law are prohibited.

(b) TRAINING.—Not later than 180 days after the date of the enactment of this Act, the President of the Defense Acquisition University shall establish comprehensive training available for contract specialists in the Department of Defense on the use of reverse auctions.

(c) DESIGN-BUILD DEFINED.—In this section, the term “design-build” means procedures used for the selection of a contractor on the basis of price and other evaluation criteria to perform, in accordance with the provisions of a firm fixed-price contract, both the design and construction of a facility using performance specifications supplied by the Secretary of Defense.

Enhanced authority to acquire goods and services of Djibouti in support of Department of Defense activities in United States Africa Command area of responsibility (sec. 1263)

The House bill contained a provision (sec. 1245) that would provide the Secretary of Defense with an enhanced authority to acquire products and services produced in the Republic of Djibouti in support of Department of Defense (DOD) activities in the U.S. Africa Command (AFRICOM) area of responsibility. The Secretary would be required to make a determination that: (1) The product or service is to be used only in support of DOD activities in AFRICOM; (2) The limit on competition or preference for Djiboutian products or services is vital to the national security interest of the United States;

(3) The Djiboutian product or service is of equivalent quality to that which would have been otherwise acquired; and (4) The limitation or preference will not adversely affect U.S. military or stability operations in AFRICOM or the U.S. industrial base. The authority provided in this section would terminate on September 30, 2018.

The Senate committee-reported bill contained a provision (sec. 828) that would provide DOD missions in Africa with a limited procurement authority giving a preference to products and services produced in Africa. The agreement includes the House provision. Should the Secretary secure additional long-term agreements that provide for basing arrangements to support U.S. military operations, particularly counterterrorism operations, support to U.S. Department of State evacuation requirements, or force protection operational requirement of AFRICOM, we will consider a comparable acquisition preference.

SEC. 1263. ENHANCED AUTHORITY TO ACQUIRE GOODS AND SERVICES OF DJIBOUTI IN SUPPORT OF DEPARTMENT OF DEFENSE ACTIVITIES IN UNITED STATES AFRICA COMMAND AREA OF RESPONSIBILITY.

(a) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the United States forces should continue to be forward postured in Africa and in the Middle East; (2) Djibouti is in a strategic location to support United States vital national security interests in the region;

(3) the United States should take definitive steps to maintain its basing access and agreements with the Government of Djibouti to support United States vital national security interests in the region;

(4) the United States should devise and implement a comprehensive governmental approach to engaging with the Government of Djibouti to reinforce the strategic partnership between the United States and Djibouti; and (5) the Secretary of State and the Administrator of the United States Agency for International Development, in conjunction with the Secretary of Defense, should take concrete steps to advance and strengthen the relationship between United States and the Government of Djibouti.

(b) AUTHORITY.—In the case of a good or service to be acquired in direct support of covered activities for which the Secretary of Defense makes a determination described in subsection (c), the Secretary may conduct a procurement in which— (1) competition is limited to goods of Djibouti or services of Djibouti; or (2) a preference is provided for goods of Djibouti or services of Djibouti.

(f) TERMINATION.—The authority and requirements of this section expire at the close of September 30, 2018.

Limitation on availability of funds for procurement of drop-in fuels (sec. 316)

The Senate committee-reported bill contained a provision (sec. 313) that would prohibit Department of Defense (DOD) funds to be used for bulk purchases of drop-in fuel for operational purposes, unless the cost of that drop-in fuel is cost competitive with traditional fuel, subject to a national security waiver.

The House bill contained no similar provision. The agreement includes the Senate provision with a clarifying amendment that would factor in the fully-burdened cost of fuel. We note that this provision adds a 30 day notice to the congressional defense committees prior to the purchase of bulk drop-in fuels for operational purposes, if the fully-burdened delivered cost is 10 percent over the fully-burdened market price of traditional fuels available for the same purpose. We also note that large-scale demonstrations count as operational purposes and are covered under this limitation. We expect DOD to not use a unique federal subsidy to buy or purchase down the cost of fuel so it falls below the 10 percent threshold.

SEC. 316. LIMITATION ON AVAILABILITY OF FUNDS FOR PROCUREMENT OF DROP-IN FUELS.

(a) LIMITATION.—None of the funds authorized to be appropriated by this Act or otherwise made available for fiscal year 2015 for the Department of Defense may be obligated or expended to make a bulk purchase of a drop-in fuel for operational purposes unless the fully burdened cost of that drop-in fuel is cost-competitive with the fully burdened cost of a traditional fuel available for the same purpose.

(b) WAIVER.—

(1) IN GENERAL.—Subject to the requirements of paragraph (2), the Secretary of Defense may waive the limitation under subsection (a) with respect to a purchase.

(2) NOTICE REQUIRED.—Not later than 30 days after issuing a waiver under this subsection, the Secretary shall submit to the congressional defense committees notice of the waiver. Any such notice shall include each of the following:

(A) The rationale of the Secretary for issuing the waiver.

(B) A certification that the waiver is in the national security interest of the United States.

(C) The expected fully burdened cost of the purchase for which the waiver is issued.

(c) NOTICE OF PURCHASE REQUIRED.—If the Secretary of Defense intends to purchase a drop-in fuel intended for operational use with a fully burdened cost in excess of 10 percent more than the fully burdened cost of a traditional fuel available for the same purpose, the Secretary shall provide notice of such intended purchase to the congressional defense committees by not later than 30 days before the date on which such purchase is intended to be made.

Sourcing requirements related to avoiding counterfeit electronic parts (sec. 817)

The Senate committee-reported bill contained a provision (sec. 824) that would clarify sourcing requirements related to avoiding counterfeit electronic parts. The House bill contained no similar provision. The agreement includes the Senate provision with a clarifying amendment.

Requirement to provide photovoltaic devices from United States sources (sec. 858)

The Senate committee-reported bill contained a provision (sec. 829) that would provide additional acquisition opportunities for the Department of Defense with respect to photovoltaic devices. The House bill contained no similar provision. The agreement includes the Senate provision.

SEC. 858. REQUIREMENT TO PROVIDE PHOTOVOLTAIC DEVICES FROM UNITED STATES SOURCES.

(a) **CONTRACT REQUIREMENT.**—The Secretary of Defense shall ensure that each covered contract includes a provision requiring that any photovoltaic device installed under the contract be manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States, unless the head of the department or independent establishment concerned determines, on a case-by-case basis, that the inclusion of such requirement is inconsistent with the public interest or involves unreasonable costs, subject to exceptions provided in the Trade Agreements Act of 1979 (19 U.S.C. 2501 et seq.) or otherwise provided by law.

Authority to provide education to small businesses on certain requirements of Arms Export Control Act (sec. 823)

The House bill contained a provision (sec. 814) that would amend section 21(c)(1) of the Small Business Act (section 648(c)(1) of title 15, United States Code) by including a requirement that applicants receiving grants pursuant to that section shall also assist small businesses by providing, where appropriate, education on the requirements applicable to small businesses under the regulations issued pursuant to the Arms Export Control Act (chapter 39 of title 22, United States Code) and on compliance with those requirements. The provision would also amend section 2418 of title 10, United States Code, by expanding the **Procurement Technical Assistance Program** to assist small business concerns with education related to export controls. The Senate committee-reported bill contained no similar provision. The agreement includes the House provision with a clarifying amendment.

Strategy to prioritize United States defense interests in the Asia-Pacific region (sec. 1251)

The House bill contained a provision (sec. 1231) that would require the Secretary of Defense, in coordination with the Secretary of State and other heads of federal departments and agencies, to develop a strategy to prioritize U.S. interests in the U.S. Pacific Command area of responsibility, as well as an implementation plan to support the strategy. The Senate committee-reported bill contained no similar provision. The agreement includes the House provision with an amendment that would narrow the scope of the strategy to defense issues and remove the implementation plan requirement. The Defense Intelligence Agency should conduct the appropriate defense intelligence assessments focused on the matters included in subsection (a)(2)(B) to inform the strategy.

SEC. 1251. STRATEGY TO PRIORITIZE UNITED STATES DEFENSE INTERESTS IN THE ASIA-PACIFIC REGION.

(a) **REQUIRED REPORT.**— (1) **IN GENERAL.**—Not later than 1 year after the date of the enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report that contains the strategy of the Department of Defense to prioritize United States defense interests in the Asia-Pacific region. (2) **MATTERS TO BE INCLUDED.**—The report required by paragraph (1) shall address the following:

- (A) United States national security interests in the Asia-Pacific region.
- (B) The security environment, including threats to global and regional United States national security interests emanating from the Asia-Pacific region, including efforts by the People's Republic of China to advance their national interests in the Asia-Pacific region.
- (C) Regional multilateral institutions, such as the Association of Southeast Asia Nations (ASEAN).
- (D) Bilateral security cooperation relationships, including military-to-military engagements and security assistance.
- (E) United States military presence, posture, and capabilities supporting the rebalance to the Asia-Pacific region.
- (F) Humanitarian and disaster relief response capabilities.
- (G) International rules-based structures.
- (H) Actions the Department of Defense could take, in cooperation with other Federal agencies, to advance United States national security interests in the Asia-Pacific region.
- (I) Any other matters the Secretary of Defense determines to be appropriate.

ITEMS OF INTEREST:

Sole source contracts for small business concerns owned and controlled by women (sec. 825)

The House bill contained a provision (sec. 827) that would allow for sole source contracting to certain women owned small businesses. The Senate committee-reported bill contained no similar provision. The agreement includes the House provision with a clarifying amendment.

Plan for improving data on bundled or consolidated contracts (sec. 822)

The House bill contained a provision (sec. 813) that would amend section 644 of title 15, United States Code, by requiring the Small Business Administration to work with other agencies to create and implement a data quality improvement plan to promote greater accuracy, transparency, and accountability in the reporting of contract bundling and consolidation. The committee recognizes that properly labeling a contract as bundled or consolidated is important to small business competition, as the process of contract labeling triggers a series of reviews and mitigation steps that promote opportunities for small business.

The Senate committee-reported bill contained no similar provision. The agreement includes the House provision with a clarifying amendment. We direct the Comptroller General of the United States to assess whether contracts are being identified properly as bundled or consolidated. The review shall examine a statistically significant sample of contracts awarded by the Departments of Defense (DOD), Energy, Health and Human Services, Homeland Security, Veterans Affairs, the General Services Administration, National Aeronautics and Space Administration and the Small Business Administration with values above \$10.0 million in sectors 23, 33, 54, and 56 as defined by the North American Industry Classification System.

Not later than October 1, 2015, the Comptroller General shall provide an interim briefing to the House and Senate Committees on Armed Services, the Senate Committee on Small Business and Entrepreneurship, and the House Committee on Small Business with a summary of findings, including an assessment of (1) the quality of data reported pertaining to contract bundling and consolidation, and (2) interim recommendations, if any, to improve current data collection and dissemination on contract bundling and consolidation.

In the final report, the Comptroller General shall evaluate (1) the pros and cons of implementing government-wide the “Federal Procurement Data System (FPDS) Contract Reporting Data Improvement Plan” published by DOD on January 12, 2010; (2) the plan proposed by the Small Business Administration under this section; and (3) whether other alternatives should be considered to improve reporting of bundled and consolidated contracts without requiring modification to FPDS.

Finally, the Comptroller General shall examine whether government-wide strategic sourcing vehicles are reducing the number of companies, including small business concerns, that are actively participating in the federal procurement system as prime contractors, and whether this reduction poses substantial risk to the industrial base. The final report shall be delivered to the House and Senate Committees on Armed Services, the Senate Committee on Small Business and Entrepreneurship, and the House Committee on Small Business not later than October 1, 2017.

Chief Information Officer authority enhancements (sec. 831)

The House bill contained a provision (sec. 5101) that would strengthen various agencies’ Chief Information Officer positions. The Senate committee-reported bill contained no similar provision. The agreement includes the House provision with a clarifying amendment.

PROVISIONS NOT ADOPTED FOR THIS AGREEMENT:

Revisions to previously authorized disposals from the National Defense Stockpile

The House bill contained a provision (sec. 1411) that would authorize revisions on limitations in asset sales contained in section 3303(a)(7) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (P.L. 105-261), as most recently amended by section 1412(a) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (P.L. 110-417), to increase the Department of Defense’s stockpile commodity disposal authority by \$50.0 million, and extend this authority from 2016 to 2019. The Senate committee-reported bill contained no similar provision.

The agreement does not include the House provision. We encourage the **Defense Logistics Agency** to continue the planned upgrade of the beryllium stockpile held in the National Defense Stockpile.

FY 15 NDAA

Bill S.1847 Report 113-58

December 2, 2014

TITLE I – PROCUREMENT

Sec. 4101 – Authorization of Procurement Appropriations Defense-wide Activities - (\$ in thousands)

| Budget | Committee |
|----------------|-----------------------------|
| <u>Request</u> | <u>Chg</u> <u>Recommend</u> |

Defense Logistics Agency
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PDW - DLA 7,436 7,436

TITLE II - RDT&E

Sec. 4201 - Authorization of RDT&E Appropriations Defense-wide
(\$ in thousands)

| | <u>Budget Request</u> | <u>Chg</u> | <u>Committee Recommend</u> |
|--|-----------------------|------------|----------------------------|
| RDT&E - DLA | 212,073 | | 212,073 |
| 0603264S Agile Transportation for the 21 st Century | 2,544 | | 2,544 |
| 0603712S Generic Logistics R&D Tech Demo | 16,836 | | 16,836 |
| 0603713S Deployment and Dist Enterprise Tech | 29,683 | | 29,683 |
| 0603720S Microelectronic Tech Development | 72,144 | | 72,144 |
| 0605070S DoD Enterprise Systems Development | 15,326 | | 15,326 |
| 0605080S Defense Agency Initiatives (Financial Sys) | 41,465 | | 41,465 |
| 0605090S Defense Retired & Annuitant Pay Syst | 10,135 | | 10,135 |
| 0708011S Industrial Preparedness | 22,366 | | 22,366 |
| 0708012S Logistics Support Activities | 1,574 | | 1,574 |

TITLE III - OPERATIONS AND MAINTENANCE

Sec. 4301 - Authorization of O&M Appropriations Defense-Wide Activities -
(\$ in thousands)

| | <u>Budget Request</u> | <u>Chg</u> | <u>Recommend</u> |
|-------------------------|-----------------------|------------|------------------|
| DLA O&M | 381,470 | | 394,170 |
| - PTAP Funding Increase | | 12,700 | |

TITLE XIV—OTHER AUTHORIZATIONS

| Sec. 4501 - Other Authorizations | <u>Budget Request</u> | <u>Chg</u> | <u>Recommend</u> |
|---|-----------------------|------------|------------------|
| Defense-wide Working Capital Fund | 44,293 | | 44,293 |

DLA's DWCF appropriation request was for \$44.3M (for Reutilization, Transfer, and Disposal costs).

Sec. 4502 Defense-wide Working Capital Fund -

| | | |
|--|----------------|---------------|
| Overseas Contingency Operations | 86,350 | 86,350 |
| DLA's request: | | |
| Dispo Services | \$35.5M | |
| IT Comm | \$3.3M | |
| IT Contractor Support | <u>\$0.5M</u> | |
| Subtotal Supply Chain Mngt | \$39.3M | |
| Combat Fuel Losses | \$10.0M | |
| Fuel Transp/Fuel Losses | <u>\$37.0M</u> | |
| Total DLA OCO Request | \$86.3M | |

SEC. 4601—MILITARY CONSTRUCTION AUTHORIZATIONS**DLA MILCON:**

(\$ in thousands)

| | Budget | Committee |
|--|----------------|-----------------------------|
| | <u>Request</u> | <u>Chg</u> <u>Recommend</u> |
| <u>CONUS:</u> | | |
| Naval Air Station Lemoore, California | | |
| Replace Fuel Storage and Dist Facilities | 52,500 | 52,500 |
| Robins AFB, Georgia | | |
| Replace Hydrant Fuel System | 19,900 | 19,900 |
| Joint Base Pearl Harbor-Hickam, HI | | |
| Upgrade Fire Suppression & Vent System | 49,900 | 49,900 |
| Replace Fuel Tanks | 3,000 | 3,000 |
| Joint Base Andrews, Maryland | | |
| Construct Hydrant Fuel System | 18,300 | 18,300 |
| Selfridge Air Nat Guard Base, Michigan | | |
| Replace Fuel Dist Facilities | 35,100 | 35,100 |
| Seymore Johnson AFB, NC | | |
| Replace Hydrant Fuel System | 8,500 | 8,500 |
| MC Air Station Beaufort, SC | | |
| Replace Fuel Dist Facilities | 40,600 | 40,600 |
| Ellsworth AFB, South Dakota | | |

**Defense Logistics Agency
Fiscal Year 2014 Annual Historical Report**

| | | |
|---|----------------|----------------|
| Construct Hydrant Fuel System | 8,000 | 8,000 |
| Defense Fuel Support Point, Craney Is, VA | 36,500 | 36,500 |
| Defense Logistics Agency Aviation Replace Access Control Point | 5,700 | 5,700 |
| Unspecified Minor Construction | 5,932 | 5,932 |
| Subtotal Inside U.S. | 283,932 | 283,932 |
| Naval Station Guantanamo Bay, Cuba Replace Fuel Tanks | 11,100 | 11,100 |

**DLA FAMILY HOUSING:
(\$ in thousands)**

| Budget | Committee <u>Request</u> | <u>Chg</u> <u>Recommend</u> |
|--------------------|-------------------------------------|------------------------------------|
| DLA Family Housing | 943 | 943 |

DLA's request was for \$429K for Ops, \$170K for Utilities, and \$344K for Maintenance.

12. FY15 Consolidated and Further Continuing Appropriations Act

On September 19, 2014, The Continuing Appropriations Resolution became Public Law No. 113-164. It authorized continued funding for Federal departments and agencies until December 11, 2014.

On December 11, both the House and the Senate passed a short term continuing resolution (CR) to keep the government operating through December 13. A short term CR was needed to afford the Senate additional time to pass an omnibus appropriations bill.

On December 11, the House passed the Consolidated and Further Continuing Appropriations Act of 2015 by a vote of 219 to 206. The measure is comprised of 11 of the 12 annual appropriations bills, including defense appropriations and a CR for the Department of Homeland Security through February 27, 2015.

On December 12, the Senate began consideration of the Consolidated and Further Continuing Appropriations Act of 2015, and passed the bill on Saturday, December 13, 2014.

13. FY15 Legislative Proposals

In early 2014, DLA submitted three legislative proposals for inclusion in the FY15 DOD Budget Request; one proposal regarding the Procurement Technical Assistance (PTAC) program and

three proposals regarding the National Defense Stockpile (NDS). However, only one NDS proposal was included in the President's FY15 Budget to Congress. It was a combination of two of the NDS submissions regarding disposal and acquisition authorities.

14. FY15 Budget Briefings

DLA started the 2014 Congressional Year with the FY2015 defense budget briefings after the President's Budget release to Congress on March 4, 2014.

Budget Briefing - FY 15 HASC/HAC-M Defense-Wide MILCON Program

Committee: HASC / HAC-M

Members/Staffers:

- On March 11, 2014, representatives from Installation Support, J8 and DL participated in a DLA MILCON brief to HAC/HASC professional staff. Staffers received an overview of DLA's MILCON projects for FY15. OSD/C and I&E also participated in the staffer day. The briefing was well received. Follow up items included: Review project requirements with Services to verify force structure distribution is accounted for and that the MILCON's are building the correct scope. Projects specifically identified included Robins (JSTARS reduced by 6 airframes) and Selfridge (lose 21 A-10's and gain 10 KC-135's).

Budget Briefing - FY15 DLA DWCF to HAC-D/SAC-D/HASC/SASC

Budget Briefing - FY15 DLA DWCF

Committee: HAC-D/SAC-D/HASC/SASC

Members/Staffers:

- On March 14, 2014, representatives from J8 and DL provided HAC, SAC, HASC, and SASC PSMs with DLAs FY15 DWCF budget briefing hosted by OSD Comptroller. The DLA briefing team presented the defense committee PSMs with a top-level view of DLAs DWCF Budget for FY2015. The staffers had general questions regarding DLA's ability to meet changing customer demands. This was a good meeting; there were no follow up items.

Budget Briefing - FY 15 SASC/SAC-M Defense-Wide MILCON Program

Committee: SASC / SAC-M

Members/Staffers: SASC/SAC-M

Tina Evans, SAC-M Staff Director

Discussion: Michael Bain, SAC-M PSM

- On March 21, 2014, representatives from Installation Support, J8 and DL participated in a DLA MILCON brief to HAC/HASC professional staff. Staffers received an overview of DLA's MILCON projects for FY13. OSD/C and I&E also participated in the staffer day. The briefing was well received. Follow up items included: Review project requirements with Services to verify force structure distribution is accounted for and that the MILCON's are building the correct scope. Projects specifically identified included

Robins (JSTARS reduced by 6 airframes) and Selfridge (lose 21 A-10's and gain 10 KC-135's).

Budget Briefing - FY15 DLA O&M to HASC & SASC

Committee: HASC & SASC

Members/Staffers: John Quirk, HASC PSM

Vickie Plunkett, HASC PSM, Ryan Crumpler, HASC PSM

- On March 31, 2014, representatives from DL, J8 and Energy participated in OSD COMP's FY2015 O&M Budget Briefing to Congressional Staffers. The DLA briefing team presented the SASC, HASC, HAC, and SAC Committee PSMs with DLAs O&M Budget request for FY2015. The PSMs were satisfied with the briefing and DLA's budget. Follow up items included: (1) DLA producing more JSLIST chem bio suits; if so, what pattern?

Budget Briefing - FY15 HASC/SASC ManTech/JPMTP S&T Program

Committee: HASC/SASC

Members/Staffers:

Budget Briefing - FY15 DLA O&M to HAC-D & SAC-D

Committee: HAC-D & SAC-D

Members/Staffers: Katy Hagan, SAC-D

Jacqui Russell, SAC-D

Discussion: Adrienne Ramsay, HAC-D

- On April 1, 2014, representatives from DL, J8 and Energy participated in OSD COMP's FY2015 O&M Budget Briefing to Congressional Staffers. The DLA briefing team presented the SASC, HASC, HAC, and SAC Committee PSMs with DLAs O&M Budget request for FY2015. The PSMs were satisfied with the briefing and DLA's budget. Follow up items included: (1) Adrienne Ramsay, HAC-D, asked for a white paper on the "Defense Wide Unemployment line" which is being calculated as labor in FY15. (2) Katy Hagan, SAC-D, asked for something that talks to the movement of people and how we pay for it (in appropriated funds); she is referring to the headquarters reduction.

Budget Briefing - FY 15 DLA Energy to HASC/SASC

Committee: SASC: John Quirk, Dan Adams

HASC: Jamie Lynch, Debra Wada

Members/Staffers: John Quirk, SASC PSM

Dan Adams, SASC PSM

- On April 1, 2014, BG Giovanni Tuck, Commander, DLA Energy, and other representatives from DLA Energy and DL participated in OSD I&E's FY2015 Energy Staffer Day Budget Briefing. BG Tuck presented DLA Energy's FY2015 budget proposal and answered questions regarding the standard price of fuel and fuel projections. BG Tuck also spoke briefly with the staffers regarding DLA's concerns with underground

fuel storage facilities. The staffers were satisfied with the briefing and are working to get BG Tuck on their schedule to discuss the DFSP's in greater detail. Follow up items included: (1) Changes in the standard price over the last three or four Fiscal Years. (2) P.E. Funding for FY 15

Budget Briefing - FY15 DLA TRANSCOM / Science and Technology (S&T)

Committee: HASC/SASC

Members/Staffers: Kevin Gates, HASC PSM

Arun Seraphin, PhD., SASC PSM, Dan Adams, SASC PSM

- On April 7, 2014, representatives from J3, J8, Energy, and DL provided a briefing to Professional Staff Members from the HASC and SASC on DLA Logistics R&D and DNA Marking activities. The DLA briefing team presented the SASC and HASC staffers with updates on DLA activities and responded to questions throughout. The PSMs were satisfied with the briefing and pleased with DLA's activities to secure the logistics supply chain. DL is working with J3, J8, and Energy on the due outs. Follow up items included: (1) Provide any lessons DLA has learned from DNA Marking. (2) Rapid Innovation Fund: What has DLA submitted and been awarded from this program. (3) How many JCTD's does DLA conduct per year (average). (4) How much does DLA realize in savings per gallon by moving to Jet A, and how much does DLA purchase per year.

Budget Briefing - FY15 HASC Briefing DOD Enterprise Business Systems (DEBS – former Business Transformation Activity (BTA) Systems) Budget Brief

Committee: HASC

Members/Staffers: Kevin Gates, HASC PSM

- On April 10, 2014, HASC PSM, Kevin Gates, wanted an update on DLA activities with the former BTA systems now called the DOD Enterprise Business Systems. Due to a busy budget briefing cycle and DLA J6 unavailability during the designated time the PSM opted to receive the briefing slides and would forward any questions he had. DLA forwarded those slides on Thursday, April 10, 2014.

15. DLA issues of Congressional Interest

DLA had a number of issues gain Congressional interest in 2014. A snapshot of the most significant issues is listed below.

DLA Aviation Environmental Contamination: DLA Aviation had an issue of groundwater contamination by past industrial operations (1960s – 1970s) in the northern part of Defense Supply Center Richmond (DSCR). Groundwater samples from wells on the installation in 2014 indicate the plume had spread farther south along the northeastern fence line.

DSCR officials provided updated information to the Bensley Community to include planned future actions. DLA also held a special RAB meeting which was open to the public to communicate this information, and will share this information with the DSCR workforce through a town hall meeting. Additionally, DLA Legislative Affairs provided regular updates to Rep.

Randy Forbes' office to inform them of the status and way ahead regarding the environmental contamination.

FY15 NDAA Legislative Language Appeal: Prohibition on Reverse Auctions for Covered Contracts The House version of the NDAA contained language precluding the use of reverse auctions in contracts using a Small Business Act procurement authority. The language would have inhibited the ability of DoD contracting professionals to determine when reverse auction was an appropriate pricing tool to achieve price savings through competitive award. DLA provided appeal language to L&MR which was used in formulating the Departmental appeal which has been submitted to the Office of Management and Budget for interagency review.

Tents: The tents issue related to DLA Troop Support's transition of the procurement of tents from C&E to C&T. The acquisition strategy was revised to allow for a two-pronged approach with an award to a single integrator and multiple awards to suppliers. The DLA Director responded to written Congressional inquiries on the matter explaining the transition back to C&T allows for seamless support to the warfighter and ensures best pricing from suppliers. The transition back to C&T also aligns commercial and military spec soft shelter tents under the same operational area within DLA Troop Support.

SBA Size Standard for Footwear: The SBA interim rule change which took effect in January 2012 increased the small business size standard from 500 to 1,000 employees for footwear. Previously, footwear manufacturing consisted of several NAICS codes for footwear. Footwear manufacturing has been consolidated into NAICS code 316210 to include boots as well as other unrelated types of footwear. DLA provided comments this year on the SBA interim rule change and expressed concerns about the impact of the rule change on the industrial base. OSD Small Business submitted these comments on behalf of the Department. The changes to SBA size standard for footwear caught the attention of Sen. Carl Levin, Chairman, Senate Armed Services Committee last year and he has remained very engaged this year on the procurement of footwear (specifically boots). DLA participated in teleconferences with his staff and separate discussions with the SBA and the Office of Management and Budget concerning the rule change. SBA does not agree with the merits of DLA's comments and has continued the rulemaking process.

JSLIST: DL fielded several Congressional inquiries on JSLIST chem bio suits and also participated in teleconferences with staffers on the issue. DLA Troop Support and J3 worked with the Joint Executive Program Office and the Joint Program Manager to assess the projected demand to determine feasible procurement options to balance the current large inventory of suits against the needs of the customer and the industrial base. DLA actively engaged with the sole source fabric supplier to determine the necessary production levels to sustain operations for the coming year. Consequently, DLA has increased its anticipated procurement levels for the next year. This issue will continue to require DLA engagement in the coming year.

DLA temporary suspension of surplus transfers Police and Firefighters due to Environmental Protection Agency regulation to Clean Air Act: In May 2014, DLA began investigating the potential transfer and/or sale of soft skinned HMMWVs. In the process of researching any potential challenges or restrictions, the Army informed us that the engines in these vehicles were not allowed to be "entered into commerce" as they were not specifically

approved as meeting Clear Air Act standards, but were instead granted a National Security Exemption (NSE) by EPA for military tactical use only dating back to 1988.

Consequently, release of all vehicles and equipment with diesel engines was temporarily suspended by DLA Disposition based on the statutory and regulatory language. Requisitions for other property and equipment continue to be released.

On August 13, 2014, DLA and EPA reached an agreement which allows DLA to resume all prior practices and procedures utilized for the disposal of excess military equipment that are covered by an NSE issued by EPA. This agreement re-instituted all processes and authorities; to include Transfers, Donations, and Public Sales previously available to program participants (LESO, FPP and FEPP). Specifically, this reset the original accountability requirements and continues the transfer of title to program participants.

DOD/DLA transfers of surplus equipment through the 1033 program in light of Ferguson Missouri:

A shooting incident in Ferguson, Missouri, in which a police officer fatally shot an unarmed teenager led to protests. The police department response was criticized and led to an interagency review of the Program led by the White House that provides equipment to local police departments. In total, DLA responded to numerous written inquiries, phone calls, and emails. OSD and DLA were called to Congress to participate in two congressional hearings which resulted in the introduction of legislation to significantly limit the program. The hearings and media coverage were largely politically driven to show that leaders were paying attention and being responsive to the issue, but there was not enough support in Congress to end or limit the program as most Members of Congress strongly support what the program does for the citizens in their states and districts.

- Rep Hank Johnson's inquiries and subsequent legislation regarding Defense Surplus Equipment
- September 9, 2014, Senate Homeland Security and Governmental Affairs Committee Hearing on State and Local Law Enforcement Oversight -- DLA Supported OSD Witnesses
- November 13, 2014, House Oversight and Investigations Subcommittee hearing on the Defense Excess Property Program – DLA Testified
- Numerous requests from member offices and Defense Committees on the 1033 Program.

LESO Annual Inventory:

Under the LESO program each State/US Territory is required to sign a Memorandum of Agreement (MOA) which requires the States to annually validate the accountability of all

weapons, aircraft, watercraft, and tactical vehicles with each LEA by having them conduct and certify a physical inventory.

On June 9, 2014, all States had provided the required certifications except North Carolina (NC). NC had 343 LEAs of which 157 were non-compliant. NC was suspended from the LESO program and had been notified termination procedures were being initiated for non-compliant LEAs, which required the return of all equipment.

DL was the DLA liaison with the NC State Liaison, Ms. Virginia Johnson, to facilitate bringing the NC LEA's into compliance. Consequently, NC completed their inventory.

Defense Logistics Agency

DLA Equal Employment Opportunity (DO) Fiscal Year 2014 Annual Historical Report

1. Overview

a. Personnel / Resources

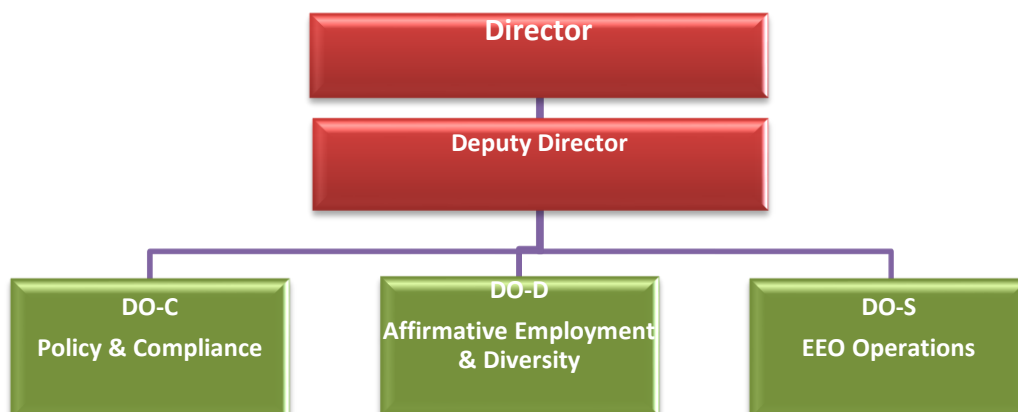
- **Personnel**

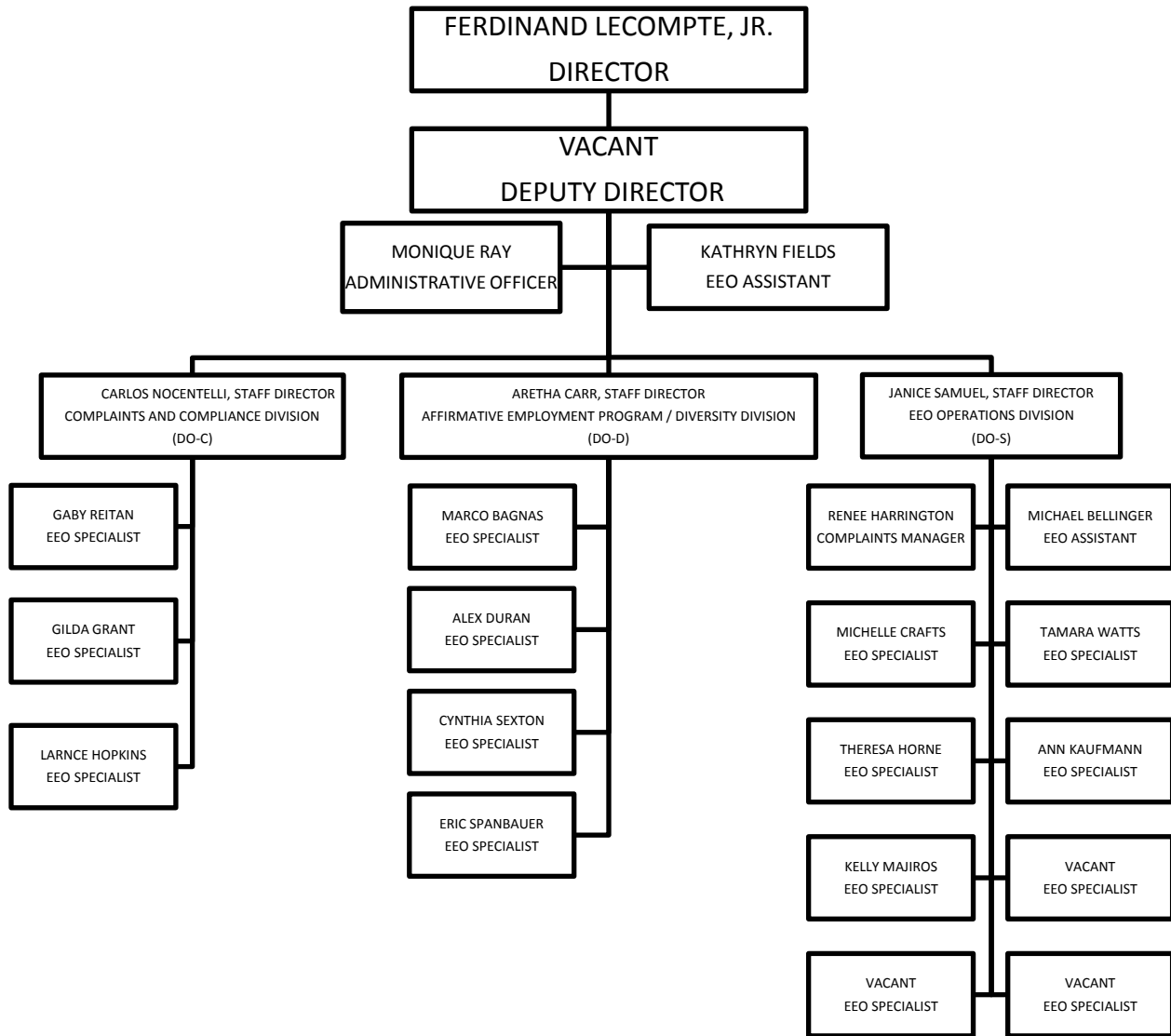
- Full-Time-Equivalent (FTE) Authorized 24
To include 2 FTEs from J6 & 1 FTE from Installation are included in this number

- **Budget**

- **Defense Working Capital Fund (DWCF)** **\$3.5 Million**
 - Labor \$2.7 Million
 - Non-Labor \$822 Thousand
- **Reimbursable Fund** **\$455 Thousand**
 - Labor \$319 Thousand
 - Non-Labor \$136 Thousand

2. Organization





3. Key Mission Essential Tasks

HQs Office, EEO and Diversity serves as the Agency’s lead respondent and subject matter experts on all EEO Complaints Process Management, Affirmative Employment Program Management and Diversity Management matters. In this role the DO staff:

- Ensures agency-wide EEO compliance with federal statutes, regulations, executive orders, etc.;

- Provides guidance to Primary Level Field Activity (PLFA) EEO Offices in support of daily operations and;
- Advises agency leadership on EEO and diversity related issues

Compliance and Policy Division (DO-C)

- Provides oversight for enterprise-wide EEO Complaints Process, including DLA's EEO investigation and Alternative Dispute Resolution programs
- Provides EEO training and development for DLA workforce (employees and supervisors) and DLA EEO practitioners.
- Issues, revises, and ensures compliance of agency EEO policies, instructions, and Standard Operating Procedures.

Affirmative Employment Program / Diversity and Inclusion Division (DO-D)

- Manages the agency Diversity and Inclusion/Affirmative Employment program.
- Oversees and ensures compliance with Federal Special Emphasis Program (SEP) requirements.
- Manages the Reasonable Accommodations/Equal Accessibility Service Environment program.
- Analyzes workforce data and prepare internal and external reports highlighting agency demographics and trends that, in part, support the identification and elimination of work place barriers

Equal Employment Operations Division (DO-S)

- Provides HQ EEO customers with a timely and efficient EEO complaint and reasonable accommodations processing.
- Provides EEO-specific training to the workforce; e.g., Prevention of Sexual Harassment, No Fear Act, Reasonable Accommodations, EEO for Managers and Supervisors, etc.
- Develops, coordinates, and executes specific actions to meet the objectives of the Special Emphasis Programs,
- Provides EEO services for Defense Human Resources Activity (DHRA) Headquarters and Components, Defense Technical Information Center (DTIC), and Joint Chief of Staff (JCS).

The overarching strategy for FY14 was to continue DLA's effort to strengthen DLA initiatives to build on creating the "Model EEO Program." staff and command relationships through robust outreach efforts, training and education. The following strategic goals per the "Six Elements of a Model EEO Program in accordance with the EEOC Management Directive 715 (MD-715) and diversity initiatives resulted in continued process improvement of a Model EEO Program for FY14 and beyond.

Essential Element A: Demonstrated Commitment by Agency Leadership

The DLA Director proactively advocates for Equal Employment Opportunity (EEO) in all aspects of recruitment, development, and retention and is committed to ensuring a work environment that is free of discrimination and harassment. The DLA Director not only demonstrates commitment through policy statements, but also, with funding and resources.

Additionally, the agency's vice director and Chief of Staff are uniquely concerned and engaged in the discussion and resolution of EEO issues, and serve as champions for EEO programs and initiatives. In FY2014 both the Vice Director and Agency Chief of Staff were intricately involved with the progress of EEO initiatives, to include the update of the Reasonable Accommodation Instruction, acquisition of video relay interpreting service for deaf employees, the renewal and solicitation of new EEO Investigator companies, and continued participation in special emphasis program observances.

DLA Commanders and Directors are actively involved with the resolution of EEO complaints and targeted recruitment efforts towards individuals with disabilities and individuals with targeted disabilities, and ensuring reasonable accommodations for the DLA workforce at their locations. Employees are encouraged to report allegations of prohibited discrimination to their servicing EEO Office. All allegations of discrimination and harassment are immediately addressed and appropriate corrective actions are taken. DLA managers, supervisors and employees are expected to engage with good faith in all constructive efforts to resolve any issues or concerns brought forward in the EEO complaint process at the earliest stage of the process as possible.

Essential Element B: Integration of EEO into the Agency's Strategic Mission

B.1. Senior Leadership Orientation: During FY 2014, the EEO Director regularly conducted bi-weekly meetings with Agency Chief of Staff, quarterly meetings with PLFA Deputy Directors, and monthly meetings with Agency Vice Director, and Agency Director. The EEO Director also conducted "State of the EEO Program" briefings for the agency's Senior Leadership and the Union Steering Council.

B.2. Training and Education Programs: In FY 2014, the agency conducted an overarching review of EEO training and education programs offered to employees at the Primary Field Level Activities. This review revealed that EEO training modules are currently included in agency sponsored New Employee Orientation and as part of mandatory training for supervisors and managers. Additionally, the EEO Offices at the PLFA level routinely offered a range of EEO training for employees and supervisors which covered a range of topics that included: prevention of sexual harassment, No FEAR, reasonable accommodation, equal employment opportunity, diversity and inclusion.

During FY2015, the headquarters EEO and Diversity Office will establish a training tiger team that includes representation from the PLFA's to review and update training content of all EEO related training modules and programs, as appropriate.

B.3. EEO Staffing: During the FY2013 reporting period, a General Order was issued and implemented to eliminate EEO offices' insufficient staffing levels across the Enterprise. As a result, all PLFA EEO offices are operating at maximum strength levels. During FY2014 as a result of the General Order, the DLA Headquarters EEO office was able to fill most of their vacant positions and stand up its new Affirmative Employment/Diversity Division.

During FY2014, the DLA EEO Director hired a Staff Directors for Compliance and the Affirmative Employment/Diversity Programs, and filled the vacant Staff Director for the EEO Office that services DLA Headquarters and several external agencies. Collectively these three EEO leadership new hires bring a combined 30 plus years of EEO expertise at both the field and headquarters level.

B.4. EEO Staff Development: In FY2013, DLA began a competency development effort for the GS-0260 EEO Specialist workforce. A competency model was introduced May 2013 with a survey administered enterprise-wide to EEO practitioners in June 2013. The resulting competency assessment was issued in July 2013. Due to change in the General Order and attrition of EEO staff, the enterprise did not fully focus on developing a plan, but actively made opportunities to develop competencies in response during FY2014. During FY2015, DLA EEO Office will develop a comprehensive competency development plan and take appropriate action to close skills and competency gaps among EEO practitioners currently working in the GS-0260 OPM position classification series.

The competency development plan will focus on three levels of competencies: Core Competencies, Technical Competencies and Leadership Competencies. Competencies identified for further development include: research and analysis; advisory guidance and counsel; policy evaluation and interpretation, and program administration and management.

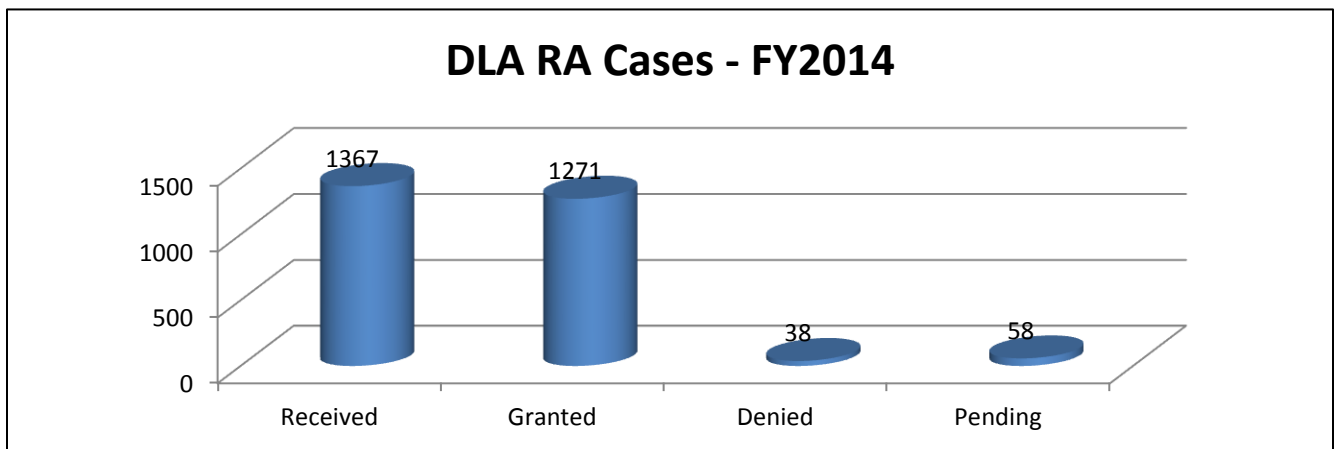
Essential Element C: Management and Program Accountability

C.1. Disability Program and Reasonable Accommodation. In the FY2013 MD 715 Report, the DLA reported that the agency Reasonable Accommodation Procedures were in the process of being updated. In Part H.2, MD 715-FY2013, the agency indicated that revised procedures had been vetted with the DLA Disability Program Coordinators at the PLFA. The document was identified as completed as of 28 March 2014. Although Part H-2 identified the document as the DLA RA procedures, the actual document in question was entitled "*Guidelines for Processing Reasonable Accommodation Requests for Employees and Applicants with Disabilities.*" DLA documented guidance which establishes RA policy and procedures are outlined in DLA Instruction 7409, was issued on 29 September 2009.

Upon further consideration, it was determined that in keeping with agency requirements that instructions be reviewed and updated every two years, that the agency should re-direct its effort to updating the 2009 RA Instruction and that all foundational procedures included in the Guidelines be incorporated in the agency's official RA Instruction. Although the process to update an agency Instruction takes approximately 6 months, this approach offered many benefits, including required vetting with all agency directorates and offices at the headquarters and PLFA. The process allowed the EEO office to engage agency stakeholders including general counsel,

human resources and information technology, and ultimately led to a more effective, efficient final draft that represented the Agency’s best interest. As of the end of FY2014, the procedures were being prepared for final vetting. DLA anticipates agency approval and implementation of the new RA Instruction by Quarter 2, FY2015.

The FY2014 DLA Enterprise-wide Reasonable Accommodation Report reflects the agency’s proactive effort and commitment to ensuring equal access and opportunity for individuals with disabilities. Of the total number of RA request reported, the agency issued a response to 88% within 30 days of receipt; 93 percent were granted; 3 percent denied; and 4 percent were pending decision at the end of FY 2014. In FY2015, DLA Headquarters EEO and Diversity Office will follow-up with appropriate PLFA’s to ensure the timely response to RA cases noted as “outstanding” at the end of FY2014.



Additionally, DLA disbursed a total of \$814,180.44 in support of reasonable accommodation efforts for the DLA Workforce.

C.2. Targeted Hiring Programs. DLA EEO and HR worked in collaboration on the completion of the Disabled Veterans Affirmative Action Plan, and the development of the 2015 Federal Equal Opportunity Recruitment Plan and 2014 Accomplishment Report. As a follow-on, the EEO Office has developed a corresponding action plan and allocated manpower resources to support HR in the accomplishment of 2015 FEORP goals. Additionally, DLA EEO personnel have been identified as members of the DLA HR Recruitment Cadre.

DLA is committed to ensuring employment opportunities for college students with disabilities through the Workforce recruitment Program. In 2014, DLA was the second largest employer of WRP participants – hiring 45 students with Targeted Disabilities agency-wide. Of the 45 seasonal hires, eight were extended offers of long-term employment with the Agency.

Essential Element D: Proactive Prevention of Unlawful Discrimination

D.1. Agency Self-Awareness. The DLA Director for EEO and Diversity was installed in October 2014, and visited some DLA PLFA EEO Offices, DLA installations, and met with DLA

leadership during FY2014 to learn the DLA culture and socialize pending EEO issues and initiatives. Staff Assistance Visits (SAVs) are scheduled in FY2015 to assess the efficiency of DLA activities in the administration and compliance of the EEO program. .

D.2. Sexual Harassment Awareness. Prevention of Sexual Harassment (POSH) for supervisors Enterprise-wide training launched was deployed 3rd quarter FY2014 on DLA's Learning Management System. This training is a mandatory annual requirement. POSH training for DLA employees will be deployed 1st quarter FY2015; During FY2014, some DLA activities offered instructor-led training to both senior leaders and employees.

D.3. Complaint Resolution. DLA EEO Offices continue to process complaints of discrimination based on the Title VII protected classes. The DLA Office of Human Resources (HR) established a Rapid Climate Assessment Team (RCAT). The RCAT is designed to address issues impacting the culture and morale of the workplace. Such issues include harassment that is not due to any of the Title VII protected classes. As the lead for the Agency's workplace violence and anti-harassment program for harassment incidents outside the purview of EEO, the DLA HR has drafted policy and procedures regarding the aforementioned. These policies and procedures are currently under review by DLA leadership and planned to be implemented by the end of 2nd quarter FY15.

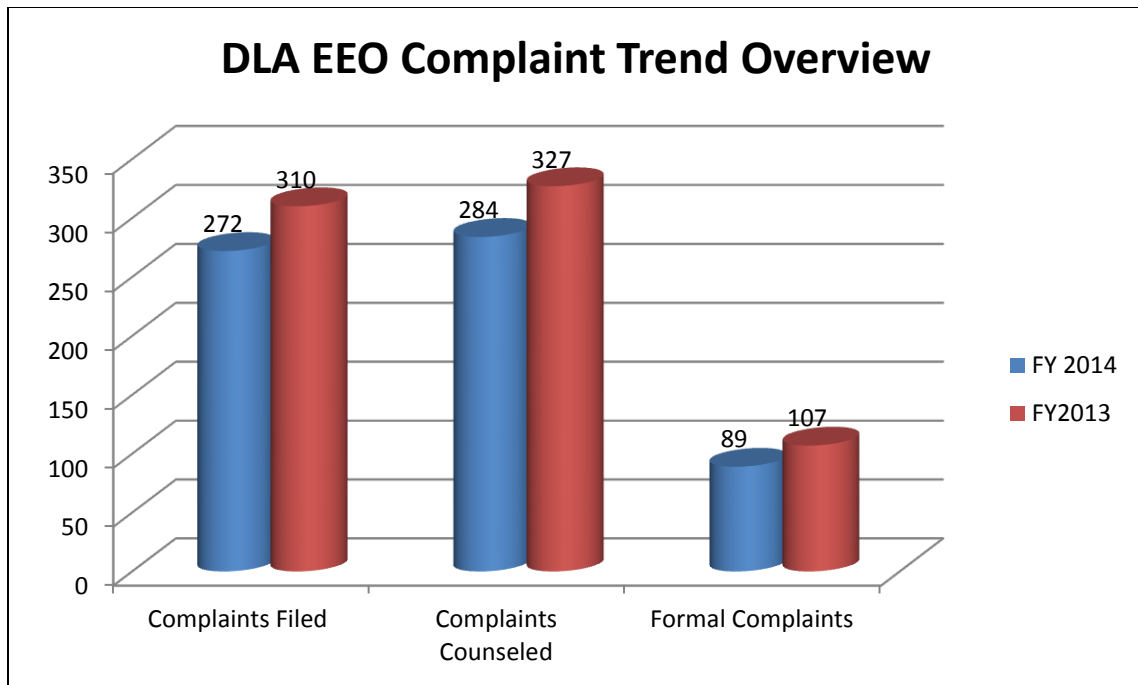
All DLA offices continue to offer guidance and direction to senior leaders and employees in areas such as the No FEAR Act, conflict resolution, diversity awareness, and cultural awareness.

Essential Element E: Efficiency

E.1. During FY2014, DLA HR started receiving applicant flow data from OPM. 3rd quarter FY2014, HR provided EEO with the first applicant flow data. HR and EEO have to finalize EEO personnel who will receive the information on a regular and recurring bases. DLA will continue working with HR to reconcile challenges that inhibit an effective barrier analysis. We will develop a strategy to address issues with applicant self-identification.

Essential Element F: Responsiveness and Legal Compliance

F.1. Pre-Complaint Counseling and Formal Complaints Data



*Number of complainants in FY 2014: 256

*Number of complainants in FY 2013: 280

- Among the 284 completed counselings (271 individuals), 87 individuals filed 89 formal complaints in FY 2014.
- Number of formal complaints filed represents 31.1% of all pre-complaint counseling activities in FY 2014.
- 57 cases settled at the pre-complaint stage represents 20% of all completed counselings as compared to 22% in FY 2013 and 19% in FY 2012. Of the settled pre-complaints, 93% were settled through Alternative Dispute Resolution (ADR) and 7% through non-ADR. Twelve percent settled at the formal stage.
- The top three bases filed in FY 2014 were reprisal (38%), race (34%), and disability (30%); while the top three issues filed were non-sexual harassment (37%), promotion/non-selection (15%), and denial of reasonable accommodation (13%).

DLA will conduct a detailed complaints analysis to explain prevalence of reprisal and harassment claims; as well as conduct year-round analysis of agency practices to identify activities that are precursors to EEO complaints.

F.2. Pre-Complaint Alternative Dispute Resolution (ADR) Usage. In FY 2012, the government-wide pre-complaint ADR offer rate was 85.7% while DLA's offer rate in FY 2014 was 95% based upon 271 ADR offers made in 284 completed/ended counseling, remaining the

same rate as FY 2013. The government-wide participation rate was 51.1%, in FY 2012, while DLA's participation rate in FY 2014 was 65.8% (based upon 187 counselings accepted into ADR of the total 284 completed/ended counselings), down from 67.3% in FY 2013.

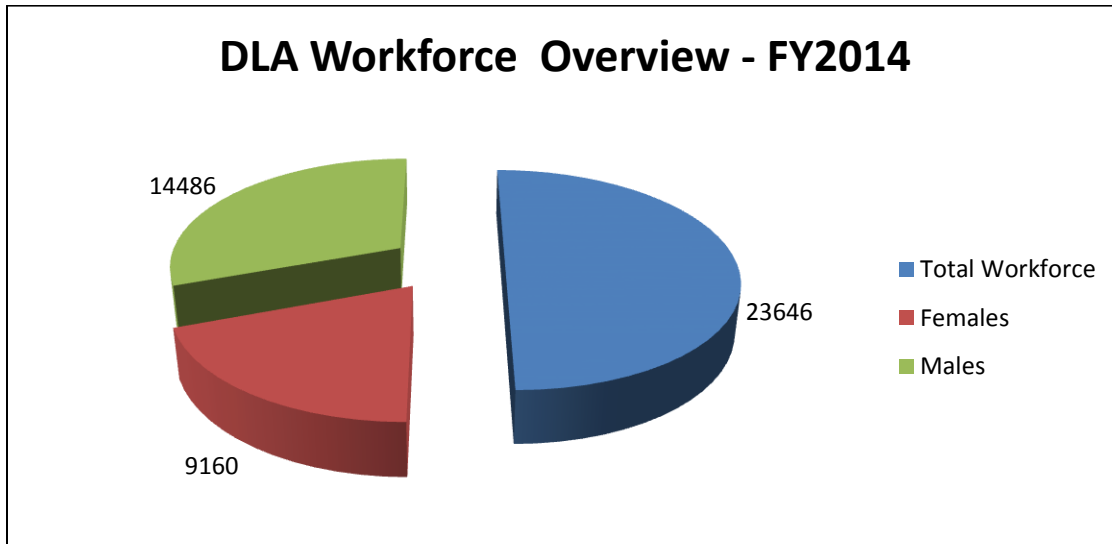
F.3. Investigation Timeliness. For EEO complaint investigations conducted in FY 2014, DLA used both DoD's Investigation and Resolution Division (IRD) and contractors. To address untimely investigations, DLA awarded a contract to an independent contractor starting at the end of fiscal year 2012 through 2014. In FY 2014, one (1) complaint was assigned to IRD, which was completed in 154 days; while 57 complaints were assigned to a contractor which were completed within an average of 135 days as compared to 133 investigations in FY 2013 for an average of 214 days, and 52 investigations in FY 2012 for an average of 272 days, and 88 investigations in FY 2011 for an average of 270 days. In FY 2014, a total of 57 investigations (or 98%) were timely completed while in FY 2013, a total of 75 investigations (or 56%) were timely completed as compared to 23% in FY 2012 (12 out of 52) and 32% in FY 2011 (28 out of 88). In FY 2013, IRD completed seven timely investigations out of 33 (or 21%) while the contractor completed 68 out of 100 investigations (or 68%). DLA will continue to use contract investigators in FY 2015.

F.4. Merit Final Agency Decisions: The primary focus in FY 2014 was to improve the quality of final agency decisions and decrease issuance time. Quality greatly improved; however, issuance time remains an issue. In FY 2014, DLA issued 11% (3 out of 27) of timely merit final agency decisions without an EEOC Administrative Judge's decision while in FY 2013, DLA issued 3.4% (1 out of 29) and in FY 2012, it was 8% (3 out of 38). The focus for FY 2015 is to maintain the level of quality and improve issuance time. Key factors for improving time include: (1) Improved framing and acceptance/dismissal of claims; (2) better subject matter/technical oversight of investigations in order to ensure quality/thorough Report of Investigations that will enable prompt decisions; (3) acquiring LexisNexis to improve legal research; and (4) improved legal analysis of the office's FAD Writers.

F.5. Final Agency Actions: DLA succeeded in issuing final orders implementing the Administrative Judges' decision within the required timeframe (within 40 days). In FY 2014, there was one finding of discrimination while in FY 2013; there were no findings of discrimination.

In FY 2014, DLA's processing time for issuing a decision dismissing a complaint on procedural grounds was 52.8 days, a slight increase of 50.2 days in FY 2013, but less than the FY 2012's government-wide average of 92.5 days. (Note: EEOC maintains that, in general, acceptance letters/dismissal decisions should be issued well in advance of the 180 day time limit for completing an investigation, and has suggested a more practical time would be within 60 days of the filing of the formal complaint).

Workforce Composition and Analysis



The DLA Workforce is comprised of 23,646 employees. Of that total 61.26 percent (14,486 employees) are men and 38.72% (9,160 employees) are women. The DLA Workforce saw a decline in its numbers by 392 employees from 24,038 in FY2013 to 23,646 in FY2014.

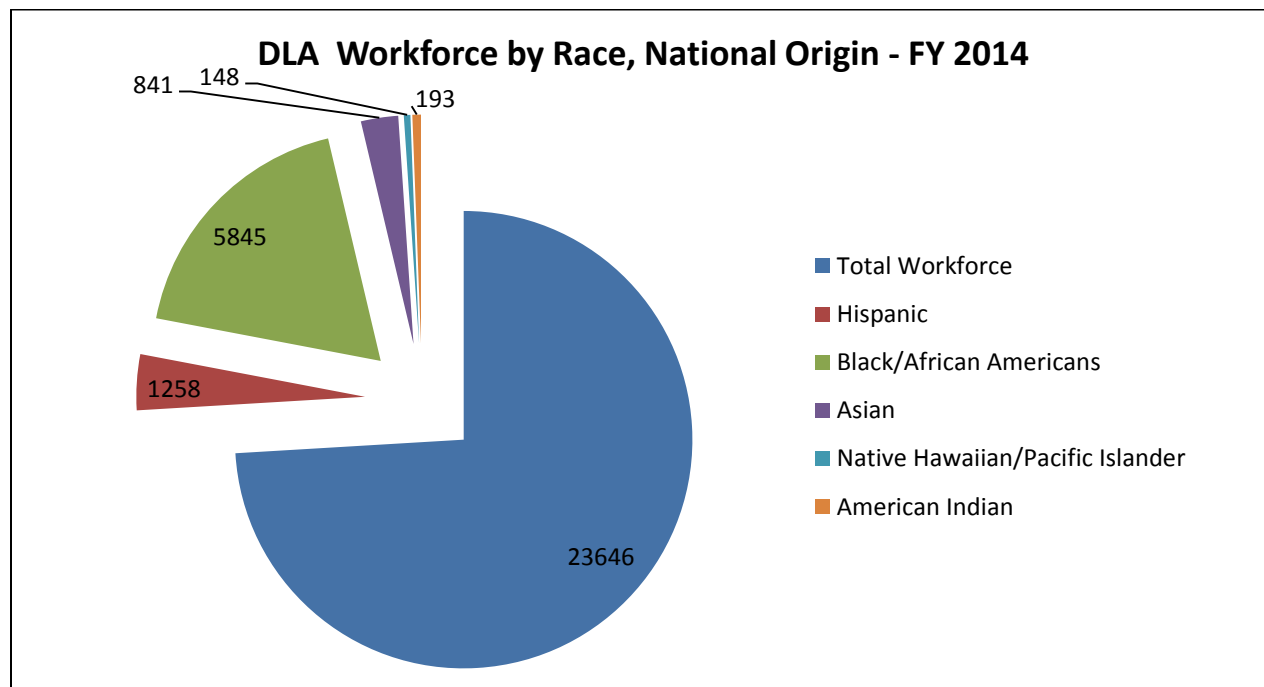
DLA has a total of 18,732 General Schedule positions, the majority of which 41.59 percent, 7791 employees) are in Emerging Leader positions, followed by mid-level positions (32.52 percent, 6,093), first level (16.44 percent, 3,081), and senior positions (9.43 percent, 1,767). DLA has 9,332 persons encumbering mission critical occupations, with the majority at the GS-12 level. DLA analyzes its workforce levels as follows:

- Entry level: GS-01 through GS-08
- Mid-level: GS-09 through GS-11
- Emerging leader: GS-12 through GS-13
- Senior level: GS-14, GS-15, and SES

A total of 4,921 DLA personnel occupy Federal Wage System (FWS) positions. 4,270 (86.77 percent) are Wage Grade. 303 (6.15 percent) are Wage Leaders, and 348 (7.07 percent) are Wage Supervisors.

DLA hired a total of 3,085 persons during FY2014. With respect to MCOs, DLA hired a total of 388 persons into MCO positions. The majority of DLA MCO positions are in the Contracting series of GS-1102 (2,978 employees), with both Inventory Management (GS-2010) and Information Technology Management (GS-2210) having 1,258 employees. Quality Assurance (GS-1910) has 803 employees.

During FY2014, attritions were higher than accessions. A total of 4,774 persons left DLA (4,481 voluntarily and 293 involuntarily). Additionally, DLA’s MCOs saw a total of 489 retirements during FY2014.



DLA HISPANIC WORKFORCE: Hispanics make up 5.32 percent (1,258 employees) of the DLA workforce. This is a decline of 15 employees from FY2013; however this is a very slight increase from their 5.2 percent participation rate in FY2013. Hispanics still remain below their 9.93 percent NCLF. Hispanic males make up 3.4 percent (803 employees) of the DLA workforce, while Hispanic female’s make up 1.92 percent (455 employees) of the DLA workforce. Hispanics make up 4.90 percent (919 employees) of DLA’s 18,732 member General Schedule workforce. Overall, Hispanics make up 4.64 percent (143 employees) of the 3,081 DLA entry-level positions; and 3.73 percent (66 employees) of the Agency’s senior level positions. The majority of the Hispanic workforce in General Schedule positions are at the GS-09 through GS-13 level. Of that, Hispanics make up 5.35 percent (326 employees) of the 6,093 mid-level positions. Although more Hispanics encumber emerging leader positions as opposed to mid-level, their participation rate is less than mid-level positions. Hispanics make up 4.92 percent (384 employees) of DLA’s emerging leader positions. Hispanics make up 4.91% of DLA’s MCOs, with the majority in the GS-1102 series, at the GS-12 level. Hispanics make up 5.33 percent of the GS12 MCOs. Hispanics make up 6.88% (339 employees) of DLA’s FWS positions. Hispanics make up 7.02 percent (300 employees) of DLA’s 4,270 WG positions; 4.29 percent (13 employees) of DLA’s 303 Wage Leader positions; and 7.47 percent (26 employees) of DLA’s 348 Wage Supervisor positions. 26.94 percent (339 employees) of the Hispanic workforce (1,258 employees) encumbers FWS positions. When looking exclusively at the Hispanic workforce, 23.84 percent are in WG positions; 1.03 percent is in Wage Leader positions; and 2.06 percent are Wage Supervisors. Hispanics made up 4.24 percent (131 employees) of DLA’s FY2014 overall hires, and 3.60 percent (14 employees) of the DLA MCO

hires. Hispanics made up 4.98 percent (238 employees) of the total separations from DLA. A total of 489 persons in MCOs retired from DLA, of which 3.68 percent (18 employees) were Hispanic.

DLA Black / African American Workforce: Blacks/African Americans make up 24.72 percent (5,845 employees) of the DLA workforce. This is a decline of 94 employees from FY2013, with relative no change in their participation rate. Blacks well exceed their NCLF of 9.02 percent. Black men made up 12.94 percent (3,059 employees) of the DLA workforce, while Black females made up 11.78 percent (2,786 employees) of the DLA workforce. Blacks make up 23.39 percent (4,382 employees) of DLA's 18,732 member General Schedule workforce. Numerically the majority of blacks encumber mid and emerging level positions. Blacks encumber 27.99 percent (1,706 employees) of the mid-level positions, and 20.10 percent (1,566 employees) of the emerging level positions. Of the remaining position levels, Blacks make up 25.47 percent (785 employees) of the Agency's first level positions, and 18.39 percent (325 employees) of DLA's 1,767 senior level positions. Blacks make up 25.40 percent (2,372 employees) of DLA's MCOs, with the majority at the GS-11 level. Blacks make up 32.34 percent (958 employees) of DLA's 2,962 GS-11 level MCOs. The majority of Blacks in MCO positions encumber GS-1102 positions. Blacks make up 29.77 percent (1,465 employees) of DLA's FWS positions. Blacks make up 28.92 percent (1,265 employees) of DLA's 4,270 WG positions; 32.67 percent (99 employees) of DLA's 303 Wage Leader positions; and 29.02 percent (101 employees) of DLA's 348 Wage Supervisor positions. When looking exclusively at the Black population at DLA, 25.06 percent (1,465) of the Black workforce (5,845) encumbers FWS positions. Of that, 21.64 percent are in WG positions; 1.69 percent in in WL positions; and 1.72 percent are in WS positions.

Blacks made up 20.72 percent (612) of DLA's 3,085 FY2014 hires. With respect to MCOs, DLA hired a total of 388 persons into MCO positions: of which 19.07 percent (74) were Black. Blacks made up 21.93 percent (1,047) of DLA's 4,774 separations. A total of 489 persons in MCOs left DLA, of which 20.04 percent (98) were Black.

DLA Asian Workforce: Asians make up 3.55 percent (841) of DLA's workforce. They are slightly below their NCLF of 3.90 percent. Asian males make up 2.20 percent (521) of the DLA workforce, and Asian females make up 1.35 percent (32) of the DLA workforce. Asians make up 3.41 percent (640) of DLA's 18,732 General Schedule workforce. Numerically, the majority of Asians are in emerging leader positions. Asian make up 3.61 percent (282) of the 7,791 emerging leader positions. However, when looking at participation rate, the majority of Asians encumber entry level positions: 4.28 percent (132) of 3,081 DLA entry level positions. Asians make up 2.87 percent (175) of DLA's 6,093 mid-level positions and 2.88 percent (51) of DLA's 1,767 senior level positions. Asians make up 3.20 percent (299) of DLA's MCOs, with the majority in GS-1102-12 positions: 3.16 (94) of 2,970 DLA GS-1102 positions. Asians made up 4.08 percent (201) of DLA's FWS positions. The 4,270 member DLA WG workforce is comprised of 4.21 percent (180) Asian employees; 3.63 percent (11) of the 303 WL workforce; and 2.87 percent (10) of the 348 WS workforce. Looking exclusively at the Asian workforce, 23.90 percent (201) are in FWS positions. Of that, 21.40 percent are WG; 1.30 percent is WL; and 1.18 percent is WS. Asians made up 3.83 percent (11) of DLA's 3,085 hires, and 4.63 percent (18) of DLA's external MCO hires. Asians made up 3.18 percent (12) of DLA's 4,774

voluntary and involuntary separations: 3.2 percent (143) of 4,481 voluntary and 3.07 percent (9) of 293 involuntary separations. Asians made up 2.24 percent (11) of DLA's 489 MCO retirements.

Native Hawaiian / Pacific Islander: Native Hawaiians/Other Pacific Islanders make up .62 percent (148) of the DLA workforce. This exceeds their NCLF of .14 percent. NH/OPI males and females made up .43 percent (102) and .91 percent (46) DLA's workforce respectively. NH/OPIs make up .48 percent of DLA's General Schedule positions. Numerically, the majority of NH/OPIs (33) encumber the emerging leader positions. Yet, when looking at their participation rate, the majority are in first level positions, .84 percent (26 percent), with mid-level (.47 percent, 29 employees), emerging leader (.425 percent, 33 employees), and senior level .169 percent (3 employees) following behind. DLA has a total of 9,332 Mission Critical Occupations. NH/OPIs make up .36 percent (34) of the MCOs. Eleven NH/OPIs are at the GS-12 level, with the majority in the GS-2001 (General Supply) series at the GS-12 level. NH/OPIs make up 1.15 percent (57) of DLA's FWS workforce, with 1.05 percent (45) in WG positions, 1.98 percent (6) in WL positions and 16.37% (57) in WS positions. When looking exclusively at the NH/OPI workforce, 38.51 encumber WG positions; 4.05 percent encumber WL positions, while 38.51 percent are in WS positions.

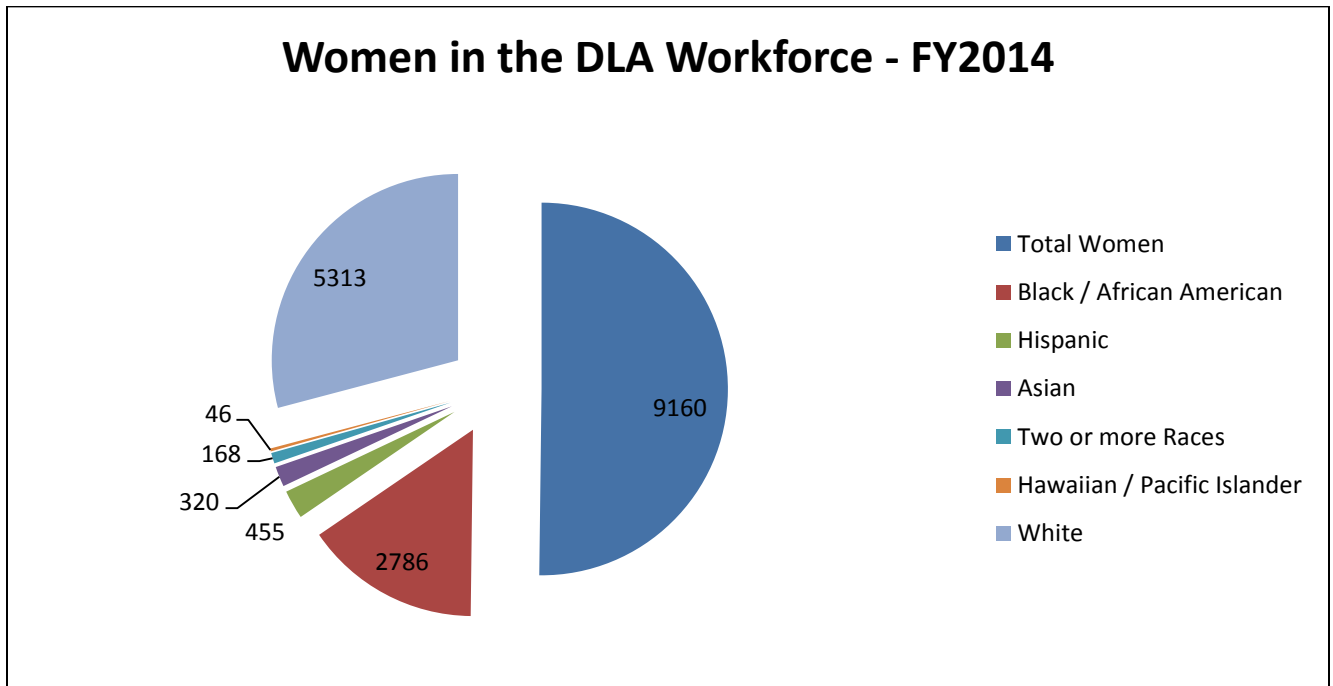
NH/OPIs made up .81 percent (25) of DLA's FY2014 hires. However, they were only .25 percent (one) of the external hires for MCOs. NH/OPIs made up .65 percent (31) of DLA's total separations, and .40 percent (2) of DLAs MCO retirements.

American Indians / Alaskan Native: American Indians/Alaskan Native (AI/AN) personnel make up .81 percent (193) of the DLA workforce. This is below their NCLF of 1.08 percent. AI/AN personnel make up .73 percent (137) of the DLA General Schedule workforce. The majority is in emerging leader positions .70 percent (55), but their largest participations rate is at the entry level 1.07% (33). Mid-level and senior level are next with both seeing a participation rate of .70 percent (43), with senior level at .33 percent (6) respectively. AI/AN personnel make up .54 percent (51) of the DLA mission critical occupations. The majority are in the GS-1102 series, with the majority in that series at the GS-11 level (4 employees). Yet, the GS-2210-12 series sees the most GS-12 level AI/AN employees (5 employees). AI/AN made up 1.13 percent (56) of DLA's FWS workforce, with 1.17 percent (50) at the WG level; 1.32 percent (4) in WL positions, and .57 percent (2) in WS positions. AI/AN made up 1.04 percent (32) of the DLA's general hires during FY2014, and .77 percent (3) of DLA's MCO hires. However, they make up 1.09 percent (52) of DLA's general separations, and 1.02 percent (5) of DLA's MCO retirements.

Persons identifying as two or more races make up 1.82 percent (430) of DLA's population. Of that total 1.11 percent (262) are men and .71 (168) are women. Persons identifying as two or more races make up 1.88 percent (354) of DLA's General Schedule positions. The majority 140 (1.79 percent) encumber emerging leader positions. However, the largest participation rate is at the mid-level 2.06 percent (126). The remaining two or more races workforce are at the first level (1.97 percent, 61 employees) and senior level (1.52 percent, 27 percent). Two or more races make up 1.93 percent (181) of the Agency's MCOs, with the majority in the Contracting series (GS-1102), at the GS-11 level. Persons of two or more races make up 1.54 percent (76) of

the DLA FWS positions, with 1.5 percent (65) in WG positions, 1.65 percent (5) in WL positions and 21.83 percent 76 in WS positions. Persons of two or more races make up 2.1 percent (65) of DLA’s overall new hires and 2.06 percent (8) of DLA’s external hires for MCOs. Two or more races made up 1.5 percent (72) of DLA’s separations. They made up 1.02 percent (5) of the DLA MCO retirements.

WOMEN AT DLA: The DLA workforce is comprised of 38.72 percent of DLA’s workforce.



GENERAL SCHEDULE WORKFORCE – 18,732

Women make up 44.28 percent (8,295 employees) of DLA’s GS workforce, with the majority at the GS-11 level. Women make up 45.62 percent (1,929) of DLA’s 4,228 GS-11 employees.

- White women 26.89 percent (5,038 employees)
- Black women make up 12.97 percent (2,430) of the DLA GS workforce; the majority of Black women are at the GS-11 level. Black women make up 16.72 percent (707) of DLA’s 4,228 GS-11 level employees, with emerging leaders following behind (578 employees)
- Hispanic women make up 2.08 percent (391) of the DLA GS workforce; the majority of Hispanic women are at the GS-12 level. Black women make up 2.18 percent (109) of DLA’s GS-12 level employees.
- Asian women make up 1.46 percent (275) of DLA’s GS workforce. The majority of Asian women are at the GS-12 level. Asian women make up 1.53 percent (76) of DLA’s GS-12 workforce.
- Women identifying as having two or more races make up .80 percent (151) of DLA’s GS workforce. The majority of them are at the GS-12 and GS-11 levels. Two or more race

women make up .72 (36) of the GS-12 population, with GS-11 following immediately behind at .82 percent (35).

- AI/AN women make up .34 percent (65) of DLA's GS-workforce. The majority of AI/AN women are at the GS-12 level. AI/AN women make up .48 percent (24) of the GS-12 level employees.
- NH/OPI women make up .21 percent (41) of DLA's GS workforce. The majority of NH/OPI women are at both the GS09 and GS-12 levels. NH/OPI women make up .49 percent of DLA's GS-09 workforce, and .18 percent of the GS-12 level DLA workforce.

MISSION CRITICAL OCCUPATIONS. Women make up 45.52 percent (4222) of DLA's MCO workforce, with the following break-down:

- White women 26.02 percent (2,429 employees)
- Black women 14.34 percent (1,339 employees)
- Hispanic women 2.05 percent (192 employees)
- Asian women 1.50 percent (140 employees)
- Women in the remaining demographic groups make up less than one percent of DLA's MCO workforce:
 - Two or more races .87 percent (82 employees)
 - AI/AN .26 percent (25 employees)
 - NH or OPI .15 percent (14 employees)

FEDERAL WAGE SYSTEM. Women make up 18.71 percent (865) of DLA's FWS positions. White women make up 7.60 percent (374) of the FWS positions, with Black women following closely behind at 7.17 percent (353 employees).

- The remaining demographic groups are:
 - Hispanic women: 1.30 percent (64) of the FWS workforce.
 - Asian women .91 percent (45)
 - Two or more races .34 percent (17)
 - AI/AN .14 percent (7)
 - NH/OPI .10 percent (5).

WAGE GRADE. Women make up 17.86 percent (763) of WG positions, with the following breakdown:

- White women 7.77 percent (332)
- Black women 7.28 percent (311)
- Hispanic 1.33 percent (57)
- Asian .86 percent (37)
- Two or more races .35 percent (15)
- AI/AN .16 percent (7)
- NH/OPI .09 percent (4)

WAGE LEADER. Women make up 16.50 percent (50) of DLA's WL position. Black women make up the largest group of women in WL positions (7.26 percent, 22 employees).

- The remaining groups follow as such:
 - White women 6.27 percent (19 percent)
 - Asian women 1.65 percent (5)
 - AI/AN women 1.32 percent (4)
 - Hispanic women .99 percent (3)
 - Two or more races .33 percent (1).
 - There are no NH/OPI women in WL positions.

DLA WAGE SUPERVISOR. Women make up 14.94 percent (52) of DLA's WS positions. White women make up the majority of WS positions at 56.60 percent (197).

- Black women 29.02 percent (101)
- Two or more races 21.83 percent (76)
- NH/OPI 16.37 percent (57)
- Hispanic women 7.47 percent (26)
- Asian women 2.87 percent (10)
- AI/AN .57 percent (2)

DLA HIRES (general). Women make up 29.99 percent (925) of DLA's general hires

- White women 19.16 percent (591)
- Black women 7.46 percent (230)
- Asian women 1.20 percent (37)
- Hispanic women 1.10 percent (34)
- Two or more races .58 percent (18)
- AI/AN women .36 percent (11)
- NH/OPI women .13 percent (4)

DLA HIRES (MCOs) – 388

Women make up 29.99 percent (925) of DLA's MCO hires.

- White women 22.16 percent (86)
- Black women 7.47 percent (29)
- Asian women 2.31 percent (9)
- Hispanic women 1.03 percent (4)
- Two or more races .51 percent (2)
- AI/AN women .25 percent (1)
- NH/OPI women 0

DLA SEPARATIONS – 4,774

White women 23.04 percent (1100)

- Black women 9.26 percent (442)
- Hispanic women 1.65 percent (79)
- Asian women 1.15 percent (55)
- Two or more races .52 percent (25)
- AI/AN women .36 percent (17)
- NH/OPI women .19 percent (9)

DLA MCO RETIREMENTS – 489

White women 36.24 percent (170)

- Black women 12.57 percent (59)
- Hispanic women 1.70 percent (8)
- Asian women .85 percent (4)
- NH/OPI women 0
- Two or more races .63 percent (3)
- AI/AN women .42 percent (2)

ACTION PLAN: PLAN TO ACHIEVE MODEL EEO PROGRAM

At DLA, all directorates are required to submit an Annual Operating Plan (AOP) that includes an overview of that components organization, structure, goals and activities for the upcoming year. AOP details must be aligned with DoD's Strategic Plan 2012-2017 and show contribution to mission readiness while transforming and sustaining DLA's as a national leader in diversity. AOP's are approved by the agency's senior leadership.

The FY2015 AOP submitted by DLA Headquarters EEO and Diversity Office specifically identifies EEO mission and diversity goals, and includes corresponding actions that support the agency efforts to achieve a Model EEO Program. This plan further provides strategic direction and serves as the framework to ensure resources are targeted for long term success.

In FY2015 the Headquarters EEO and Diversity Office will develop and implement programs and projects to support the advancement of the EEO mission and programs. Success will be evaluated by measuring qualitative and quantitative outcomes; accountability efforts by complying with current laws, regulations, and directives; feedback by internal and external stakeholders; and coordinating efforts to ensure continuing change.

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Defense Logistics Agency

DLA Public Affairs (DP)

Fiscal Year 2014 Annual Historical Report

1. Background

DLA Public Affairs (DP) supports DLA's mission accomplishment and implementation of the Director's guidance on "Big Ideas" through the management and execution of clear and consistent communications with DLA internal and external stakeholders and audiences. The desired long-term effects of DLA's communications efforts – specifically the strategic communications goals – are focused on the following:

- Sustain and improve DLA's reputation among key stakeholders
- Grow awareness of DLA's logistics capabilities among federal/state governments
- Promote the cohesion of the DLA workforce

DLA Public Affairs contributes most effectively to the DLA mission and vision through the accomplishment of these strategic communications goals.

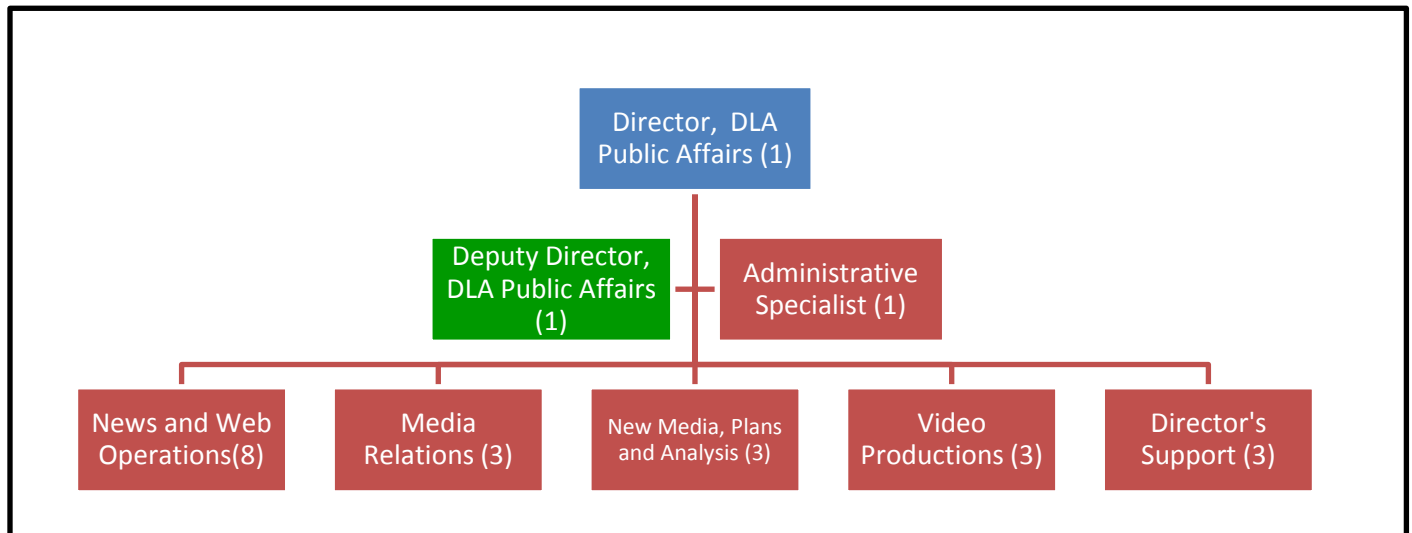
To best support the DLA mission, DLA Public Affairs provides guidance to the Director, J-staffs, D-staffs and Field Activities. The office develops and administers proactive internal information, media relations and public outreach policies and programs that communicate DLA's critical role as a combat support agency and the value we add to the Department of Defense, Combatant Commands, the military services, other Federal and regional agencies, and the American people.

DLA's internal audience around, 24,000, is roughly the size of an Army division including its civilian support structure. Its external military/civilian audience is over three million, if including families that number may grow to six million. Outlying audiences encompass other Government agencies, the Defense industry and the American public as well as foreign nations. Because of the extent of DLA's business dealings and the span of its commodity lines, DLA touches the commerce and economy segments of many of its external audiences.

DLA Public Affairs is a full support communication office organized into five teams, each responsible for specific functions and capabilities at both the Enterprise and Headquarters Complex levels.

- Media Relations – engages with external media outlets to provide information about DLA activities, both proactively and in response to query.
- News and Web Operations – develops and communicates information about DLA activities to the DLA enterprise workforce and to the public via the DLA external website www.dla.mil
- New Media, Plans and Analysis – creates and maintains communications plans and strategies, interacts with stakeholders on social media platforms, and assesses the reach and impact of DLA communications
- Video Productions – Produces video news, feature stories and documentaries in support of the DLA mission, supply chains, special programs and services.
- Director Support – Supports the DLA director’s internal/external public engagements through speeches, messages, talking points, pre-event coordination and post-event analysis.

2. Office Organization and Manning



Total office strength: 23/23. Director’s Support includes 2 DLA Historians who fall under DP for administrative actions and Joint Secretariat for tasking.

- Director: Douglas Ide / Joseph Yoswa
- Deputy Director: Jack Hooper / Patrick Mackin
- Administrative Specialist: Theresa Taylor
- News and Web Operations:
 - Kathy Rhem, team lead
 - Jacob Boyer, senior editor

- Sara Moore, writer
- Beth Reece, writer
- Amanda Neumann, writer
- MC1 Daniel Garas, writer
- Lally Laksberg, writer (temporary duty, National Guard Headquarters)
- Paul Crank, graphic designer
- Media Relations:
 - Michelle McCaskill, team lead
 - Mimi Schirmacher, media specialist
 - LaTonya Johnson, media specialist
- New Media, Plans, and Analysis:
 - Deborah Parker, team lead
 - Christine Born, planner
 - Mason Lowery, social media manager
 - Samantha Nerove (Resigned in August after a six year medical absence from the team.)
- Video Production
 - Nutan Chada, team lead
 - Reid Bailey, producer
 - Willie Cooper, technician
 - Andrea Johnson, video asset analyst, contractor
- Director Support Team
 - Jenny Lovett, speechwriter
 - Harold Raugh, historian
 - Christine Reilly, historian

DP experienced a leadership change in Fiscal Year 2014 (FY 14.) Both the director and deputy director left within a three month period and were replaced by new personnel. The former director and deputy held those positions since 2008.

3. DLA Public Affairs Team Activities, Fiscal Year 2014

- Media

The media team distributed 13 news releases to various media outlets. The team increased use of PR Newswire to capture a wider audience of print, web, radio and television news media; releases were also sent directly to selected defense media news outlets. Topics of interest this fiscal year included: DLA utilizing commercial packing to save time and money; DLA exceeding small business goals; DLA using reverse auctions to save billions in taxpayer dollars;

DLA providing holiday meals and Super Bowl refreshments to deployed troops; and DLA ending logistics support for the State Dept. in Iraq.

The media team facilitated 10 interviews, many of them with the Director. Examples include:

- VADM Harnitchek was interviewed by a correspondent with the Al Jazeera America television program "Fault Lines" for a 30-minute piece on the 1033/LESO program.
- VADM Harnitchek met with the Defense Writers Group and addressed the following topics: DLA's recently completed mission in Iraq supporting the State Dept.; the disposition mission in Afghanistan; "white goods" sales of excess commercial equipment to begin soon; the future of DLA as the war winds down in Afghanistan; right-sizing inventory and infrastructure; what DLA is doing to drive down operations and materiel costs; the agreement with Boeing regarding reimbursement for overpayment of spare parts; and what we're doing to reduce the time it takes to award contracts. Media in attendance were: Air Force Magazine; American Forces Press Service; Breaking Defense; Aviation Week; Bloomberg News; Congressional Quarterly; Defense Daily; Inside the Pentagon; Freelance Defense Writer – Otto Kreisher; Inside the Pentagon; Jane's Defense Weekly; National Defense; Politico; and U.S. News & World Report.
- VADM Harnitchek was interviewed by reporter Scott Maucione with Inside the Pentagon and discussed DLA's efforts to reduce the time to award contracts; Big Ideas; successes in reducing inventory and infrastructure; white goods sales in Afghanistan; sequestration; and Captains of Industry meetings which resulted in suggestions for improved performance and cost savings.
- VADM Harnitchek was interviewed by Vago Muradian for his Sunday morning Defense News television program. They discussed logistics lessons learned from Iraq, Afghanistan, hurricane Sandy; the importance of industry's role in logistics support; DLA's role in the drawdown in Afghanistan; and what can we do to ensure folks have the right amount of stuff but not too much.
- Reporter Sydney Freedberg with Breaking Defense interviewed Christine Metz, J-344, regarding DLA's new anti-counterfeiting program and had some follow-up questions regarding costs for the following programs: the 18-month R&D project with Applied DNA; the ongoing DNA marking of microcircuits; the new RIF program; and a cost estimate for the in-house DNA marking of microcircuits.

The media team experienced a significant increase in queries in FY 2014, answering 431.* The vast majority of these dealt with the 1033/Law Enforcement Support Office (LESO) program from a myriad of national, international, and local television, radio and print outlets.

The flood of queries began after the riots in Ferguson, Mo. – which occurred as a result of the Michael Brown shooting on August 9, 2014 – and the subsequent publication of a USA Today opinion piece on August 14, which blamed the rioting on the purported “militarization” of American law enforcement, stating specifically, “Pentagon fueled Ferguson Confrontation” and referencing the 1033 program as the driving force of that “militarization.”

Non-stop queries were received for eight weeks, finally tapering down to a more reasonable level in mid-October 2014.

The team’s other queries dealt with: DLA’s efforts to prevent counterfeit parts from entering the supply chain; a DoD IG finding that DLA overpaid Boeing for \$13 million for spare parts; the sale of “white goods” in Afghanistan to local vendors; a DoD IG report stating that DLA Land & Maritime wasted \$23 million buying HMMWV parts; purchasing fuel from Russia for use by military forces deployed to Afghanistan; a DOD IG report finding that DLA overpaid Bell Helicopter \$9 million for spare parts; and the status of DLA’s fuel contracts with BP.

**For the purposes of this report, queries were entered into the media query database by outlet only once so this number does not reflect the multitude of follow-up 1033/LESO queries received from the media.*

- News and Web Operations

The News and Web Operations Team moved forward on its FY 14 initiatives, while continuing to produce a variety of content for the agency’s internal and external websites, DLA Today and DLA.mil respectively, and Loglines, the agency’s bimonthly magazine.

Formal and on-the-job (OJT) training for operation of both the internal and external websites continued, with all team members completing the required training. Challenges remain in obtaining the access that allows team members to post due to unclear processes within J6, but all team members continue to training to ensure posting capabilities are available at all times. Forty percent of the team’s members received refresher training on posting policies and procedures, and the DP director and deputy director both trained in Operations Security so they could operate the sites if required.

Work on the DLA Public Affairs Writing Stylebook continues, but remains behind due to personnel challenges. A one-page style sheet was developed, and in future will serve as the basis for the stylebook. Socialization efforts with PLFA communicators were put on hold until the writing stylebook is fleshed out.

The digital enhancement of Loglines magazine remains behind as the team continues to deal with personnel hurdles, but developments in DLA’s web platform may move this metric closer in the near future.

Also during FY 14, the team produced 251 products, including stories for both websites and articles for Loglines. This was despite one team member being detailed to the Director’s Support

Team for nearly four months cumulatively. Additionally, the team supported higher-than-normal operational tempo throughout a snowy winter, ensuring websites and other communications vehicles were updated with closures and delays at the McNamara Headquarters Complex.

As FY 14 concluded, the team chief departed for a position in DLA Human Resources, leaving the team under the guidance of its senior editor. The new team chief is expected to start November 30, 2014.

- New Media, Plans and Analysis

In FY 2014 the DLA Social Media program continued to expand. Followers increased and two new applications, Thunderclap and Storify, were introduced. Inquiries and submissions for directorate and primary level field activity social media platforms continue, but few meet the criteria laid out in DLA Instruction 8550.01, Social Media, dated May 2013. Two new blog pages were accepted into the program, the DLA Acquisition Blog and the DLA Energy Blog.

The year saw the maturation of the DLA Big Ideas website as it became the primary venue for “big” idea submissions from the workforce. The first ever “suggestions for agency improvements” website was an outgrowth of Vice Adm. Harnitchek’s Five Big Ideas initiative. The site allows each submission visibility and equal assessment, with each proposal vetted and directed to the correct organizations for evaluation.

The Director’s blog, administered and moderated by the team, grew in popularity and remained a much sought form of communication to the DLA workforce. Begun in 2011, in FY 14 the blog hosted more than 60 senior leader posts. The team manages the platform’s editorial calendar for DLA senior staff. The calendar is scheduled four to six months in advance with major topics on policy changes, logistics operations and new initiatives, to name a few areas.

The Ask a Leader site increased in both readership and participation, handling five to seven questions and comments daily. It is the preferred source for DLA employees to interact with senior leaders to get answers and comments on policies, processes and issues. Improvements and updates included the ability to create unanswered question reports and the introduction of notification emails for edited comments and answers.

Nine new communication plans, two plan updates and coordination on two OSD plans where DLA served as a major part of plan execution were completed in FY 14. Organizations faced with a major event or initiative now routinely come to the team for assistance in creating communication plans and products to promote their event or program. Additionally, the team reviewed, commented and approved 110 DLA instructions, directorate type memorandums and other policy documents.

Also in FY 14, the New Media, Plans and Analysis team continued to improve the DLA Public Affairs Collaborative Workspace. Created in 2011, the eWorkplace site continues to grow and evolve with each SharePoint upgrade. Currently, the site houses briefings, plans, documents, policies, photographs, graphics and numerous files for sharing across the Enterprise. The site allows public affairs professionals to share ideas and comment on important documents, all with the intent to create cohesion and synergy among the Agency public affairs staffs.

To increase synergy and further overall directorate and Enterprise performance, two revised document formats were introduced this fiscal year. The structure of the DLA Public Affairs Annual Operating Plan (AOP) was modified to tie AOP goals directly to budget and performance, allowing leadership to track functional areas precisely, while providing more responsive and meaningful metrics. The organization of the Agency's public affairs guidance (PAG) template was adapted to ensure essential information is provided for each guidance document. This simplified layout was adopted across Agency public affairs offices, giving each set of PAG a degree of uniformity that allows for quick review and understanding. Additionally, the new format is expected to increase cohesion and interaction.

DLA Social Media platforms flourished during the fiscal year; from October 2013 to September 2014 the following growth was charted:

- **Facebook**
 - Increased audience size 76 percent, from 11,946 to 21,039
 - Increased average total post reach 59 percent, from 2,900 to 4,607
 - Increased average post engagement (likes, comments and shares) 72 percent, from 112 to 193
- **Twitter**
 - Increased audience size 42 percent from 3,023 to 4,296
- **YouTube**
 - Increased new video views 79 percent, from 8,708 to 15,545 (37,191 total views)
 - Increased new subscribers 65 percent, from 51 to 84 (218 total subscribers)
- **Video Production**

In Fiscal 2014 the video team lead was detailed to the Defense Department Office of Economic Adjustment from July 2013 to July 2014, leaving the team with two government employees, one full-time contractor and one vacant position. The absence of the team lead resulted in a decrease in the number of products produced by the team in FY 2014.

During the year, the team broadcast and/or recorded 57 events. Examples of live events include the annual Hall of Fame, Director's Calls, J-code or other DLA organization town halls, Audit Readiness road shows, and training classes.

Broadcast or recorded events require coordination with J6 Audiovisual, all products and broadcasts must be Section 508 compliant. When appropriate, the team works with the DP Internal News and Web Operations Lead to make any broadcast or recording and subsequent links available to compliment news stories or serve as reference material for web products.

Production of video products requires a mixed team of professionals, both civilian and contract: video producer, video crew, graphic artist, audio mix technician, video editor, and a technician to

caption video and create the video links for use on DLA Today and DLA.mil web pages. The team also uploads appropriate videos to the DLA YouTube site. In Fiscal 2014 three productions and five messages were taped. They were:

- Why Buy Green - focuses on the mandate for federal supply personnel to buy green products. The video highlights four short stories that illustrate a different successful “green” initiative from the Army, Navy, Air Force, and Marines.
- Hearing Awareness: A Sound Idea – takes a documentary approach and uses a variety of military and civilian interviewees to talk about their hearing loss and the importance of using hearing protection. Footage of the interviews is woven with graphics and video that help bring the stories to life.
- DLA Troop Support Pacific – the corporate video for DLA Troop Support Pacific to use to educate customers about their mission.
- J1 Welcome Video – on-camera messages from DLA Director Navy Vice Adm. Mark Harnitchek and Director of DLA Human Resources Brad Bunn. The video is used for new employee orientations.
- Vice Adm. Harnitchek, Audit Readiness message.
- Vice Adm. Harnitchek, Culture Survey message/
- Brig. Gen. Giovanni Tuck, EEO message.
- DLA Vice Director Ted Case, Audit Readiness message

- **Director’s Support Team**

In FY 2014 Director’s Support continued its primary mission of providing speaking and appearance support to the DLA Director. During the year the team again experienced a 100% turnover of personnel which affected the team’s ability to accomplish the full spectrum of its mission. However, Director’s Support still met FY 2014 strategic and operational goals at the successful level. The Director is satisfied with the performance of this most committed and effective team.

Major achievements of the team included development of an engagement report framework that provides insight into the depth, breadth and Director’s preference on speaking engagements and appearances. The report includes audience demographics and feedback as well as media coverage, if applicable. Using this format, the team was able to improve coordination of media engagement, internal news coverage, social media coverage and multimedia support.

The team also increased use of social media at live events to amplify the Director's primary messages on DLA and Big Ideas. In collaboration with New Media, Plans and Analysis, the team has a fluid Twitter and Facebook posting schedule that allows communication of the Director's thoughts to be broadcast in near real-time and to a much wider audience, both inside and outside, the Defense Department.

Events of particular significance in FY 14 include:

- GSA Agreement signing, February 5
- Meeting with the Latvian Embassy, April 29
- AUSA Institute of Land Warfare Symposium, May 20
- Logistics Leaders Forum, May 22
- COLD Conference, September

In total, Director's Support produced forty sets of event remarks, ten PowerPoint presentations and three news stories during the fiscal year.

The chart below provides more detailed event product information:

| Events (Quarterly) | Products | | | | | | | |
|----------------------------------|----------|------|--------|---------|-----|--------------|--------|--|
| | Messages | PPTs | BG'ers | Stories | IPR | Social Media | D-call | |
| Jan - Mar 2014 | | | | | | | | |
| 17 JAN MLK Day Message | 1 | | | | | | | |
| 31 JAN Heimbaugh Retirement | 1 | | | | | | | |
| Loglines | 1 | | | | | | | |
| 5 FEB GSA Ceremony | 1 | | | 1 | | | | |
| 11 FEB Audit Readiness Video | 1 | | | | | | | |
| 7 MAR Mahan Retirement | 1 | | | | 1 | | | |
| 14 MAR Mueck Retirement | 1 | | | | 1 | | | |
| 21 MAR Kachinski Retirement | 1 | | | | 1 | | | |
| 25 MAR NCTO | | 1 | 1 | 1 | 1 | | | |
| Women's History Month - Director | 1 | | | | | | | |
| Women's History Month - COS | 1 | 1 | 1 | | | | | |
| 30 MAR Dowd Retirement | 1 | | | | 1 | | | |

Defense Logistics Agency
Fiscal Year 2014 Annual Historical Report

| | | | | | | | | |
|---------------------------------|-------------------------|-------------|---------------|----------------|------------|-------------------------|--------------------|-------------|
| Totals: | 11 | 2 | 2 | 2 | 5 | 0 | 0 | 0 |
| | | | | | | | | |
| Apr - Jun 2014 | TPs/ Remarks | PPTs | BG'ers | Stories | IPR | Social Media | D- call | Blog |
| 1 APR Hobby Retirement | 1 | | | | 1 | | | |
| 9 APR Annual Legal Conference | 1 | | 1 | | 1 | | | |
| 14 APR NDIA Log Forum | 1 | | 1 | | 1 | | | |
| 14 APR NDIA Log Keynote | 1 | | | | | | | |
| 17 APR Culture Survey | 1 | | | | | | | |
| 29 APR Latvia Embassy Meeting | 1 | | | | | | | |
| 7 MAY AAFA GCC Meeting | | 1 | 1 | | 1 | | | |
| 9 MAY Kiefer Retirement | 1 | | | | 1 | | | |
| 14 MAY EMERGE Kick Off | 1 | | 1 | | 1 | | | |
| 20 MAY AUSA ILW Symposium | 1 | 1 | 1 | | 1 | | | |
| 22 MAY Arnold Retirement | 1 | | | | 1 | | | |
| 22 MAY Hawaii Log Leaders Forum | 1 | | 1 | | | | | |
| 28 MAY Director's Call | 1 | 1 | 1 | | 1 | | | |
| 29 MAY DLA Distribution CoC | 1 | | 1 | | 1 | | | |
| 3 JUN Audit Readiness Video | 1 | | | | | | | |
| 9 JUN Army Birthday | 1 | | | | | | | |
| 12 JUN Miyares Retirement | 1 | | | | 1 | | | |
| 16 JUN SES Induction | 1 | | | | 1 | | | |
| | | | | | | | | |
| Totals: | 17 | 3 | 8 | 0 | 12 | 0 | 0 | 0 |
| | | | | | | | | |

| | TPs/ Remarks | PPTs | BG'ers | Stories | IPR | Social Media | D- call | Blog |
|---|-----------------|----------|----------|----------|-----------|-----------------|------------|----------|
| Jul-Sep 2014 | | | | | | | | |
| 1 JUL Independence Day Message | 1 | | | | | | | |
| 23 JUL DLA L/M Relinquishment of Responsibility | 1 | 1 | 1 | | 1 | | | |
| 24 JUL DLA Energy Assumption of Command | 1 | 1 | 1 | | 1 | | | |
| 31 JUL Hall of Fame | 1 | 1 | 1 | | 3 | | | |
| 4 AUG EEO Leaders Summit | 2 | | 1 | | 1 | | | |
| AUG Women's Equality Day | 1 | | | | 1 | | | |
| SEP Labor Day Message | 1 | | | | | | | |
| SEP 9-11 Commemoration Message | 1 | | | | | | | |
| SEP COLD Conference | 1 | | | | 1 | | | |
| 16 SEP AFA Symposium | 1 | 1 | 1 | 1 | 1 | 1 | | |
| 3 SEP Director's Call | 1 | 1 | 1 | | 1 | | | |
| | | | | | | | | |
| Totals: | 12 | 5 | 6 | 1 | 10 | 1 | 0 | 0 |

As DLA Public Affairs moves into execution for Fiscal Year 2015, the directorate anticipates that careful planning, prudent resource expenditure, and the introduction of new strategies will yield greater results in the coming year.