

to time, for up to one year at a time, the period for which the written determination remains in effect.

(f) TERMINATION OF APPLICABILITY OF LIMITATIONS.—Subsection (d) shall cease to apply to a covered non-defense agency on the date on which the Inspector General of the Department of Defense and the Inspector General of such non-defense agency jointly—

(1) determine that such non-defense agency is compliant with defense procurement requirements; and

(2) notify the Secretary of Defense of that determination.

(g) IDENTIFICATION OF PROCUREMENTS MADE DURING A PARTICULAR FISCAL YEAR.—For the purposes of subsection (a), a procurement shall be treated as being made during a particular fiscal year to the extent that funds are obligated by the Department of Defense for that procurement in that fiscal year.

(h) DEFINITIONS.—In this section:

(1) The term “covered non-defense agency” means each of the following:

(A) The Department of the Treasury.

(B) The Department of the Interior.

(C) The National Aeronautics and Space Administration.

(2) The term “governmentwide acquisition contract”, with respect to a covered non-defense agency, means a task or delivery order contract that—

(A) is entered into by the non-defense agency; and

(B) may be used as the contract under which property or services are procured for 1 or more other departments or agencies of the Federal Government.

SEC. 812. MANAGEMENT STRUCTURE FOR THE PROCUREMENT OF CONTRACT SERVICES.

(a) MANAGEMENT STRUCTURE.—

(1) IN GENERAL.—Section 2330 of title 10, United States Code, is amended to read as follows:

“§ 2330. Procurement of contract services: management structure

“(a) REQUIREMENT FOR MANAGEMENT STRUCTURE.—The Secretary of Defense shall establish and implement a management structure for the procurement of contract services for the Department of Defense. The management structure shall provide, at a minimum, for the following:

“(1) The Under Secretary of Defense for Acquisition, Technology, and Logistics shall—

“(A) develop and maintain (in consultation with the service acquisition executives) policies, procedures, and best practices guidelines addressing the procurement of contract services, including policies, procedures, and best practices guidelines for—

“(i) acquisition planning;

“(ii) solicitation and contract award;

“(iii) requirements development and management;

“(iv) contract tracking and oversight;

“(v) performance evaluation; and

“(vi) risk management;

“(B) work with the service acquisition executives and other appropriate officials of the Department of Defense—

“(i) to identify the critical skills and competencies needed to carry out the procurement of contract services on behalf of the Department of Defense;

“(ii) to develop a comprehensive strategy for recruiting, training, and deploying employees to meet the requirements for such skills and competencies; and

“(iii) to ensure that the military departments and Defense Agencies have staff and administrative support that are adequate to effectively perform their duties under this section;

“(C) establish contract services acquisition categories, based on dollar thresholds, for the purpose of establishing the level of review, decision authority, and applicable procedures in such categories; and

“(D) oversee the implementation of the requirements of this section and the policies, procedures, and best practices guidelines established pursuant to subparagraph (A).

“(2) The service acquisition executive of each military department shall be the senior official responsible for the management of acquisition of contract services for or on behalf of the military department.

“(3) The Under Secretary of Defense for Acquisition, Technology, and Logistics shall be the senior official responsible for the management of acquisition of contract services for or on behalf of the Defense Agencies and other components of the Department of Defense outside the military departments.

“(b) DUTIES AND RESPONSIBILITIES OF SENIOR OFFICIALS RESPONSIBLE FOR THE MANAGEMENT OF ACQUISITION OF CONTRACT SERVICES.—(1) Except as provided in paragraph (2), the senior officials responsible for the management of acquisition of contract services shall assign responsibility for the review and approval of procurements in each contract services acquisition category established under subsection (a)(1)(C) to specific Department of Defense officials, subject to the direction, supervision, and oversight of such senior officials.

“(2) With respect to the acquisition of contract services by a component or command of the Department of Defense the primary mission of which is the acquisition of products and services, such acquisition shall be conducted in accordance with policies, procedures, and best practices guidelines developed and maintained by the Under Secretary of Defense for Acquisition, Technology, and Logistics pursuant to subsection (a)(1), subject to oversight by the senior officials referred to in paragraph (1).

“(3) In carrying out paragraph (1), each senior official responsible for the management of acquisition of contract services shall—

“(A) implement the requirements of this section and the policies, procedures, and best practices guidelines developed by the Under Secretary of Defense for Acquisition, Technology, and Logistics pursuant to subsection (a)(1)(A);

“(B) authorize the procurement of contract services through contracts entered into by agencies outside the Department of Defense in appropriate circumstances, in accordance with the requirements of section 854 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (10 U.S.C. 2304 note), section 814 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (31 U.S.C. 1535 note), and the regulations implementing such sections;

“(C) dedicate full-time commodity managers to coordinate the procurement of key categories of services;

“(D) ensure that contract services are procured by means of procurement actions that are in the best interests of the Department of Defense and are entered into and managed in compliance with applicable laws, regulations, directives, and requirements;

“(E) ensure that competitive procedures and performance-based contracting are used to the maximum extent practicable for the procurement of contract services; and

“(F) monitor data collection under section 2330a of this title, and periodically conduct spending analyses, to ensure that funds expended for the procurement of contract services are being expended in the most rational and economical manner practicable.

“(c) DEFINITIONS.—In this section:

“(1) The term ‘procurement action’ includes the following actions:

“(A) Entry into a contract or any other form of agreement.

“(B) Issuance of a task order, delivery order, or military interdepartmental purchase request.

“(2) The term ‘contract services’ includes all services acquired from private sector entities by or for the Department of Defense, other than services relating to research and development or military construction.”

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 137 of such title is amended by striking the item relating to section 2330 and inserting the following new item:

“2330. Procurement of contract services: management structure.”

(b) PHASED IMPLEMENTATION.—The requirements of section 2330 of title 10, United States Code (as added by subsection (a)), shall be implemented as follows:

(1) The Under Secretary of Defense for Acquisition, Technology, and Logistics shall—

(A) establish an initial set of contract services acquisition categories, based on dollar thresholds, by not later than June 1, 2006; and

(B) issue an initial set of policies, procedures, and best practices guidelines in accordance with section 2330(a)(1)(A) by not later than October 1, 2006.

(2) The contract services acquisition categories established by the Under Secretary shall include—

(A) one or more categories for acquisitions with an estimated value of \$250,000,000 or more;

(B) one or more categories for acquisitions with an estimated value of at least \$10,000,000 but less than \$250,000,000; and

(C) one or more categories for acquisitions with an estimated value greater than the simplified acquisition threshold but less than \$10,000,000.

(3) The senior officials responsible for the management of acquisition of contract services shall assign responsibility to specific individuals in the Department of Defense for the review and approval of procurements in the contract services

acquisition categories established by the Under Secretary, as follows:

(A) Not later than October 1, 2006, for all categories established pursuant to paragraph (2)(A).

(B) Not later than October 1, 2007, for all categories established pursuant to paragraph (2)(B).

(C) Not later than October 1, 2009, for all categories established pursuant to paragraph (2)(C).

(c) REPORT.—Not later than one year after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and House of Representatives a final report on the implementation of section 2330 of title 10, United States Code, as added by this section.

SEC. 813. REPORT ON SERVICE SURCHARGES FOR PURCHASES MADE FOR MILITARY DEPARTMENTS THROUGH OTHER DEPARTMENT OF DEFENSE AGENCIES.

(a) REPORTS BY MILITARY DEPARTMENTS.—For each of fiscal years 2005 and 2006, the Secretary of each military department shall, not later than 180 days after the last day of that fiscal year, submit to the Under Secretary of Defense for Acquisition, Technology, and Logistics a report on the service charges imposed on such military department for purchases in amounts greater than the simplified acquisition threshold that were made for that military department during such fiscal year through a contract entered into by an agency of the Department of Defense other than that military department. The report shall specify the amounts of the service charges and identify the services provided in exchange for such charges.

(b) ANALYSIS OF MILITARY DEPARTMENT REPORT.—Not later than 90 days after receiving a report of the Secretary of a military department for a fiscal year under subsection (a), the Under Secretary of Defense for Acquisition, Technology, and Logistics shall review the service charges delineated in such report for the acquisitions covered by the report and the services provided in exchange for such charges and shall compare those charges with the costs of alternative means for making such acquisitions. The analysis shall include the Under Secretary's determinations of whether the imposition and amounts of the service charges were reasonable.

(c) REPORTS TO CONGRESS.—Not later than October 1, 2006 (for reports for fiscal year 2005 under subsection (a)), and not later than October 1, 2007 (for reports for fiscal year 2006 under subsection (a)), the Under Secretary of Defense for Acquisition, Technology, and Logistics shall submit to the congressional defense committees a report on the reports submitted by the Secretaries of the military departments under subsection (a), together with the Under Secretary's determinations under subsection (b) with regard to the matters set forth in those reports.

(d) SIMPLIFIED ACQUISITION THRESHOLD DEFINED.—In this section, the term "simplified acquisition threshold" has the meaning given such term in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11)).

SEC. 814. REVIEW OF DEFENSE ACQUISITION STRUCTURES AND CAPABILITIES.

(a) REVIEW BY DEFENSE ACQUISITION UNIVERSITY.—The Defense Acquisition University, acting under the direction and