



**Department of Transportation (DOT)  
OMB/OFPP Guidelines for Assessing the Acquisition Function  
Implementation Plan  
July 2008**

**Purpose.** This serves as the Department of Transportation's (DOT) plan for implementing a standardized, "top down" approach for reviewing, documenting, testing and assessing internal control effectiveness within the acquisition function.

**Background.** On May 21, 2008, OFPP issued a memorandum requesting Chief Acquisition Officers (CAOs) identified in the Chief Financial Officers (CFO) Act to provide implementation plans for assessing their acquisition function. The memorandum required agencies to address each of the responsibilities listed in the OFPP developed Guidelines for Assessing the Acquisition Function. These responsibilities include:

- Determining the scope of the acquisition assessment, i.e., those acquisition activities and programs to be covered by the assessment;
- Ensuring that assessment objectives are clearly communicated throughout the agency/component;
- Ensuring that assessments are adequately documented and carried out in a thorough, effective, and timely manner;
- Incorporating the template into the design, methodology and format of the assessment;
- Determining the frequency of reviews/assessments based on risk;
- Ensuring that adequate policies and methods are in place to document the assessment design, methodology and results;
- Analyzing the results of testing and assessment;
- Reporting on the results of the assessment in accordance with existing agency internal control directives;
- Developing and implementing corrective action implementing corrective actions for identified deficiencies;
- Monitoring the progress of corrective action implementation; and



- Updating the Office of Federal Procurement Policy (OFPP) on corrective actions taken to address weaknesses or deficiencies identified as a result of assessments.

The following paragraphs outline the steps that DOT proposes to take with respect to implementation of the requirements of the OFPP Acquisition Assessment Guidelines.

## **I. SCOPE OF ACQUISITION ASSESSMENT**

DOT intends to employ the acquisition assessment guidelines at each Operating Administration (OA)/component acquisition office. OA field or district offices will be reviewed with their parent office.

- Department OAs include:
  - Office of the Secretary (OST)
  - Federal Highway Administration (FHWA)
  - Maritime Administration (MARAD)
  - Federal Motor Carrier Safety Administration (FMCSA)
  - Federal Railroad Administration (FRA)
  - Federal Transit Administration (FTA)
  - National Highway Traffic Safety Administration (NHTSA)
  - Pipeline and Hazardous Materials Safety Administration (PHMSA)
  - Research and Innovative Technology Administration (RITA)
  - Saint Lawrence Seaway Development Corporation (SLSDC)
  - Federal Aviation Administration (FAA)

DOT will evaluate controls at the entity, process, and transaction levels; perform risk assessments; test and focus on key acquisition activities and programs in the four cornerstone areas. During year one of the implementation, DOT will document, assess risk, test, and focus on the following activities/programs:

- Performance Based Acquisitions
- Socio-Economic Goals
- Federal Procurement Data System Input Accuracy Rate
- Education and Training
- Contract Closeouts

During the second year of the implementation, DOT will document, perform risk assessments, and test other acquisition activities and programs identified by the Senior Procurement Executive (SPE), in collaboration with the DOT Procurement Management Council (PMC), Department CFO and/or Internal Control Senior Assessment Team (ICSAT).



## **II. COMMUNICATION PLAN**

The SPE will develop and communicate assessment procedures throughout the Department and monitor contract activity review/assessment plans, periodic status reports, meetings and other feedback. Additionally, a series of general training sessions will be conducted for each OA.

## **III. POLICY DEVELOPMENT**

DOT will leverage knowledge of internal control processes and resources from the CFO and ICSAT. DOT's policy will serve to document the assessment design, methodology, and format; establish the frequency of reviews/ assessments; and ensure that reviews/assessments are adequately documented and executed in a thorough, effective, and timely manner.

DOT intends to establish an assessment framework working group comprised of OA acquisition representatives to review the policy. The working group will work to ensure all stakeholders buy-in and understand the requirements and implementation. The working group would also provide added benefits by participating on assessment teams and reviewing other OA acquisition functions. The working group members would gain a better understanding of another OA's mission and information on acquisition best practices can be shared at the action officer level.

Additionally, DOT plans to utilize a combination of federal and contractor resources to assist the Department and its Operating Administrations (OAs) in meeting the requirements of the policy and OFPP acquisition assessment guidelines.

## **IV. FRAMEWORK**

DOT is dedicated to incorporating performance and accountability in all programs and operations. The Department's leadership is fully committed to successfully incorporating internal control reviews of the acquisition function into the current Internal Control Program structure by integrating the OFPP Acquisition Assessment Guidelines into the Department's internal control policies and processes.

DOT will conduct entity and process level reviews of each OA's acquisition function. This systematic method for evaluating the acquisition function will be used to identify opportunities for improvements in the Department's acquisition processes as well as to highlight specific risks. This information will be used to focus the assessment for the following year.

## **V. REVIEW FREQUENCY**

On an annual basis, the SPE, in collaboration with the PMC and ICSAT, will establish internal control review targets, schedules, and develop guidance for the acquisition function as part of the Department's Internal Control Program. Additionally, the SPE will



seek perspectives from the Office of Inspector General, in an advisory capacity in order to facilitate efficiencies in the review process.

Based on the final results of the assessment and close consultation with our Departmental ICSAT, a long term testing plan will be developed ensuring that all processes are subsequently tested at least once every three years. Some processes will need to be tested more often depending on risk, and other factors that management may decide to introduce.

DOT's implementation plan is organized into the following phases to be completed over fiscal years (FY) 2009 and 2010. We are envisioning rolling out the self-assessment to the OAs in FY09, and then based upon the results, supplementing the self-assessment with an in-house review team to review the OAs on a periodic cycle based upon the risks uncovered during the self-assessments.

Fiscal Year 2009	Due Date
1. Plan and Scope A-123 acquisition assessment effort	October 31, 2008
2. Evaluate control at the entity level over Acquisition	February 28, 2009
3. Document controls at the process level business processes	March 31, 2009
4. Test control design & operating effectiveness at the transaction level	July 21, 2009
5. Conclude, report, correct, and monitor	November 15, 2009

Fiscal Year 2010	Due Date
1. Evaluate year one and lessons learned	January 15, 2010
2. Test controls at the entity level	April 15, 2010
3. Document controls at the process level	March 31, 2010
4. Assess risk at the process level	March 31, 2010
5. Test control design & operating effectiveness at the transaction level	June 15, 2010
6. Conclude, report, correct, and monitor	November 15, 2010

## VI. ANALYZING THE RESULTS OF TESTING AND ASSESSMENT

Test results will be compared with the standards/elements and critical success factors identified in the assessment framework guidelines and any Government-wide or DOT-specific standards/metrics., e.g. performance based acquisition goals. The standards



set forth in the Federal Acquisition Regulation, DOT acquisition regulatory supplements, and policies will be used when reviewing individual acquisition transactions.

## **VII. REPORTING ON THE RESULTS**

Results of the acquisition assessment will be documented in a report of findings in the cornerstone areas, elements, and associated critical success factors. Strategic and short-term recommendations will be provided to enhance effectiveness and efficiency, mitigate risk, and bring cited internal control weaknesses into compliance.

The SPE will prepare an annual assurance statement based upon acquisition assessment findings and the implementation of resulting corrective actions. The assurance statement will be used to contribute to the Department's annual Performance and Accountability Report.

## **VIII. DEVELOPING AND INCORPORATING CORRECTIVE ACTIONS**

The Department will develop a corrective action plan which will include a strategy for achieving control objectives in the four cornerstone areas, elements, and associated critical success factors.

## **IX. MONITORING THE PROGRESS OF CORRECTIVE ACTION**

Corrective actions will be centrally tracked and periodic reports will be provided in accordance with the policy requirements for acquisition assessments.

## **X. UPDATING OFPP ON CORRECTIVE ACTIONS**

The Department will update OFPP on corrective actions as required.

## **XI. POINTS OF CONTACT**

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