

DEPARTMENTAL REGULATION		Number: 5039-007
SUBJECT: Delegation of Procurement Authority for Information Technology	DATE: September 18, 1998	
	OPI: Office of Procurement and Property Management	

1 PURPOSE

This regulation establishes the delegations and procedures regarding procurement authority for information technology (IT).

2 REFERENCES

DR 3130-1	Acquisition of IRM Resources
DR 5001-1	Contracting Officer Warrant System

3 BACKGROUND

a The Clinger-Cohen Act (Division E of Public Law 104-106), also referred to as the Information Technology Management Reform Act of 1996, moved the authority and responsibility for IT from GSA to the Office of Management and Budget. USDA DN 5039-6, dated July 3, 1996, and 5039-7, dated July 3, 1997, were issued as interim guidance.

b DN 5039-6 and 5039-7 established base levels of procurement authority for IT delegated to USDA HCAs, established policies and procedures for requesting 50 changes to the base level and for requesting DPAs for specific acquisitions exceeding HCAs' delegated authority.

c When contracting for IT within USDA, the contracting organization must have IT procurement authority equal to or greater than the total estimated dollar value of the proposed procurement action (including all options and option periods). Authority to contract for IT

resources is delegated to the HCA by the SPE through this DR, through a specific delegation of authority to the HCA (see Section 8) or through a specific acquisition DPA (see Section 9). This authority is further redelegated by the HCA through the USDA Contracting Officer Warrant System. See DR 5001-1.

d Proposed IT acquisitions and information resources activities must comply with all requirements established by the OCIO. OCIO oversight includes both approving IT investments and monitoring and evaluating the performance of those investments. Requirements include: (1) compliance with the Capital Planning and Investment Control Process; (2) compliance with standards of the USDA Information Systems Technology Architecture; (3) obtaining technical approvals in accordance with DR 3130-1; and (4) compliance with requirements of any prevailing OCIO moratoriums or USDA directives.

4 ABBREVIATIONS

CIO - Chief Information Officer

DPA - Delegation of Procurement Authority

IT - Information Technology

GAO - General Accounting Office

GSA - General Services Administration

HCA - Head of the Contracting Activity

HCAD - Head of the Contracting Activity Designee

OCIO - Office of the Chief Information Officer

OCIO/PPMD - OCIO/Program, Planning and Management Division

OGC - Office of the General Counsel

OPPM - Office of Procurement and Property Management

OSDBU- Office of Small and Disadvantaged Business Utilization

OPPM/PPD- OPPM/Procurement Policy Division

SPE- Senior Procurement Executive

USDA - U.S. Department of Agriculture

5 DEFINITIONS

a Information Technology means any equipment, or interconnected system(s) or subsystem(s) of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency.

(1) For purposes of this definition, equipment is used by an agency if the equipment is used by the agency directly or is used by a contractor under a contract with the agency which--

(a) Requires the use of such equipment; or

(b) Requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product.

(2) The term "information technology" includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.

(3) The term "information technology" does not include--

(a) Any equipment that is acquired by a contractor incidental to a contract; or

(b) Any equipment that contains imbedded information technology that is used as an integral part of the product, but the principal function of which is not the acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For example, HVAC (heating, ventilation, and air conditioning) equipment such as thermostats or temperature control devices, and medical equipment where information technology is integral to its operation, are not information technology.

- b Head of the Contracting Activity means the official who has overall responsibility for managing the contracting activity (i.e., Chief, Forest Service; Administrator, Agricultural Research Service; etc.), or the individual designated by such an official to carry out the functions of the HCA. This individual is referred to as the HCAD.
- c Senior Procurement Executive means the USDA official appointed as such by the Secretary pursuant to Executive Order 12931. The Director, OPFM has been designated as the USDA SPE.

6 POLICY

- a The authority delegated to an HCA for procurement of IT may be increased or decreased, based on the contracting activity's demonstrated capability for executing and managing its IT acquisitions.
- b USDA contracting activities will follow the procedures outlined below when requesting changes to delegated IT procurement authority.
- c Contracting activities shall not release solicitations until appropriate verification of compliance with OCIO requirements and the specific acquisition DPA, if applicable, are granted. Contracting activities may request exceptions to this policy by submitting requests in writing with full justification, including a copy of OCIO/PPMD concurrence, to the Chief, OPFM/PPD. Chief, OPFM/PPD approval of the exception must be obtained prior to release of the solicitation.

7 IT PROCUREMENT AUTHORITY

- a Unless otherwise restricted herein, or by written notification from the SPE to the HCA, HCAs are delegated procurement authority for IT to the base level set forth below. To obtain an increased delegation of procurement authority for the high level, a written grant of authority must have been issued to the HCA by the SPE. The procedures for requesting such increase are set forth in Section 8.
- b The IT procurement authority thresholds listed below apply to the total estimated dollar value of all the IT (equipment, software, services and support services) to be acquired under a contract, including all optional items and all option periods. This applies to all acquisitions including specific make and model and sole source, except as excluded in

subparagraph c below. (Note: these thresholds are the total estimated value of an individual contract action.)

BASE LEVEL: Up to and including \$25,000,000

HIGH LEVEL: Up to and including \$50,000,000

c Restriction on IT Procurement Authority

A specific acquisition DPA issued by the Chief, OPPM/PPD or the SPE, is required prior to acquisition or development (including in-house development) of any automated procurement system regardless of dollar value.

Upgrades or modifications to existing automated procurement systems are included in this restriction.

As used herein, an automated procurement system, which may involve establishment and maintenance of procurement-related databases and information systems, document preparation, data manipulation and reporting, includes all or portions of the procurement function from requirement identification in the advance acquisition plan phase through requisition approval and submission, solicitation, evaluation, award, administration and contract closeout. Included in this restriction on IT procurement authority are simplified acquisition procedures systems and electronic commerce initiatives such as that described in the USDA Plan for Electronic Commerce in Acquisition.

Exception to restriction. Upgrades or modifications, to existing automated procurement systems, totaling less than \$25,000 per system per year, are exempt from this restriction. For upgrades or modifications which fall within this exception, notification of the upgrade/modification shall be provided to the Chief, OPPM/PPD at the time of award of the procurement action. The notification shall include a description of the existing automated procurement system, the annual system cost, the life-cycle cost expected, a description of the upgrade/modification and the associated award amount.

A request for a specific acquisition DPA for the acquisition or development (regardless of dollar value) or upgrade or modification (totaling \$25,000 or more per system per year) of a procurement system (or portion thereof) shall be submitted in accordance with Section 9.

Requests for the high level of delegated procurement authority shall be submitted by the HCA to the SPE. The request shall provide justification for the desired change, demonstrate compliance with following and include the information listed below.

a Criteria - The request must demonstrate that:

(1) The contracting activity has contracting officers and staff with the training and qualifications necessary to effectively award, administer and manage IT acquisitions of the dollar amount being requested.

(2) There is a need for this increased level of authority based on anticipated requirements.

(3) The contracting activity is in compliance with the USDA Contracting Officer Warrant system.

(4) The contracting activity has achieved, or made substantial progress toward achieving its assigned procurement preference program goals for the prior fiscal year.

(5) The contracting activity must have current, demonstrated experience in processing and awarding at least two (2) contract actions valued at over \$25 million.

b Information Required - The request shall include:

(1) A list of the individuals who will exercise the delegated procurement authority (include name, position, grade, contracting training and experience). If the information available in the USDA Competency Based Contracting Officer Warrant System database is current, submission of the names of the individuals with a notation that the database has been updated and is current, is sufficient.

(2) The approximate total number and dollar value of IT contracts (2 fiscal year history and anticipated requirements for the upcoming fiscal year) and a description of the types of IT acquired and programs supported. A specific list of contracts awarded and/or administered with an estimated value falling in the dollar range of the increase being requested. Provide contract

number, dollar value, type of IT acquired, and type of contract.

(3) Any other information which the requestor considers supportive of the request.

c Evaluation of Requests

OPPM/PPD is responsible for the review and evaluation of all requests for changes to IT procurement authority. In general, the procedures and process will be as follows:

(1) Upon receipt of a request for change, OPPM/PPD will conduct a preliminary review of the information received and notify the requestor that the request has been received and provide an estimate of when a final decision is anticipated (generally within 45 days), including whether an on-site review of the contracting activity is planned or if a formal briefing to the SPE by the requestor is required.

(2) Evaluation will be based on the following types of information:

(a) The information submitted based on paragraph b above,

(b) Procurement Reporting System Information,

(c) Results of Procurement Management Review(s) or other Program Evaluation Review(s),

(d) Results of special reviews or audits by OPPM/PPD or offices such as OIG, GAO, OMB, GSA,

(e) Information available within USDA offices such as OPPM, OCIO, OGC, OSDBU,

(f) Contracting activity briefing, if requested,

(g) On-Site review of the contracting activity if deemed necessary, and

(h) Other available information.

(3) Upon completion of the evaluation, the SPE will, in writing, either grant the requested increase, grant the requested increase subject to condition(s), grant an increase, but to a lesser amount than requested, or deny the request.

9 REQUEST FOR SPECIFIC ACQUISITION DPA

a When requesting a DPA for a *specific acquisition* which is in excess of the contracting activity's normal delegated IT procurement authority (granted under Sections 7 or 8, above), a request prepared in the format set forth in Appendix A shall be submitted to the Chief, OPPM/PPD. Copies of the applicable CIO or agency IT approvals and/or waivers shall be provided with this request.

b The request for specific acquisition DPA shall be signed by the Deputy Administrator for Management/staff office Director or equivalent, as the authorized individual.

10 INQUIRIES

Direct inquiries to OPPM/PPD on (202) 720-7527 or by FAX to (202) 720-8972. Inquiries regarding OCIO requirements should be directed to OCIO on (202) 720-5865.

APPENDIX A

FORMAT FOR SUBMISSION OF REQUEST FOR
SPECIFIC ACQUISITION DELEGATION OF PROCUREMENT AUTHORITY

1. Agency Information.

a. Agency name, address and location where IT will be installed or services performed.

b. Name, position title, organizational identity and telephone number of the senior program, technical and contracting officials assigned to the acquisition.

2. Program and Project Title and Description.

Provide the project title, a description of the primary agency programs and the specific management objectives, goals, or initiatives as shown in the agency strategic plan, which the IT will support.

3. Current Support.

Provide a description of the current IT supporting these programs. Where support is being provided by an existing contract, include contract number, contractor name, contract award date, award amount, current contract value and expiration date.

4. IT to be Acquired.

Provide a description of the IT to be acquired during the contract life.

5. Contracting Approach.

Describe the proposed contracting approach. Include information addressing the following:

1. Proposed procurement method - solicitation pursuant to Federal Acquisition Regulation (FAR) part(s) 12, 14 and/or 15; order under existing multiple award contract(s) (identify contracts); order under General Services Administration Federal Supply Schedules; etc.

b. Extent of competition -

- (1) Full and open competition (see Federal Acquisition Regulation (FAR) subpart 6.1);
 - (2) Full and open competition after exclusion of sources (see FAR subpart 6.2);
 - (3) Other than full and open competition (see FAR subpart 6.3). If the acquisition will be processed pursuant to FAR subpart 6.3, reference the applicable statutory authority and provide supporting justification.
2. Indicate whether the proposed contracting approach will use a specific make or model specification and whether compatibility-limited requirements will be used.
 - d. Identify the proposed contract type, proposed pricing structure and whether the contract is an indefinite delivery type contract.
 - e. Specify whether the contract will be available for the use of other USDA agencies or other Federal agencies. If yes, identify the authorized users.
 - f. If the request involves a pilot or prototype, describe the strategy for the follow-on implementation phase.
 - g. Identify by fiscal year and quarter the planned milestones for release of the solicitation and contract award.
 6. Estimated Contract Life and Cost.

Provide a breakdown of the estimated contract value, identified by type of IT, for the contract life, including anticipated optional quantities, items and periods of performance. The estimated total contract cost (for all years) should correspond to the planned contract life. Specify the planned contract life (identify the base contract period of performance and number of option periods, if applicable).
 7. Justification For Acquisition, Development, Upgrade or Modification of an Automated Procurement System

Provide information justifying the need for acquisition, development, upgrade or modification of an automated procurement system. (Reference the restriction on exercise of delegated information technology procurement authority in section 7c of this DR.) For acquisition or development of an automated procurement system, describe the proposed system, the anticipated life-cycle costs and the system's relationship to the Departmental system currently under development (including the planned strategy for transition to the Departmental system). For upgrades

or modifications of existing systems, describe the existing automated procurement system and the proposed upgrade/modification, the annual system cost, the life-cycle cost expected and the system's relationship to the Departmental system currently under development (including the planned strategy for transition to the Departmental system).

8. OCIO Requirements.

Attach a copy of verification from OCIO of compliance with any applicable OCIO requirements.