



## ADS Chapter 546

# Acquisition of Federal Information Technology (IT) Resources

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ADS 546 - \*Acquisition of Federal Information Technology (IT) Resources**

**\*This chapter has been revised in its entirety.**

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## ADS 546 - Acquisition of Federal Information Technology (IT) Resources

### 546.1 OVERVIEW

Effective Date: 12/15/2005

This chapter outlines the procedures for the acquisition of [Information Technology \(IT\) resources](#).

### 546.2 PRIMARY RESPONSIBILITIES

Effective Date: 12/15/2005

- a. **The Director, Bureau for Management, Office of Information Resources Management (M/IRM/OD)** is responsible for oversight of the acquisition of IT resources for both USAID/Washington (USAID/W) and overseas organizations.
- b. **The Bureau for Management, Office of Information Resources Management (M/IRM)** is responsible for providing the technical expertise to ensure that Federal Information Technology (IT) hardware and software procurement requests are compatible with established and/or planned hardware and software architectures. M/IRM also ensures that requests are technically accurate and conform to Agency policy.
- c. **The Bureau for Management, Office of Information Resources Management, Telecommunications and Systems Infrastructure Division (M/IRM/TSI)** provides technical approval for all IT procurements intended for installation on the Agency network.
- d. **Agency organizations** are responsible for contacting M/IRM for a technical review prior to procuring IT resources. In accordance with Section 508 of the Rehabilitation Act (referred to as Section 508), [Agency organizations](#) are also responsible for ensuring that
  - (1) Federal employees with disabilities have access to, and use of, information and data that is comparable to the access and use by Federal employees who are not individuals with disabilities; and
  - (2) Members of the public with disabilities seeking information or services from an agency have access to and use of information and data that is comparable to the access to, and use of, information and data by members of the public who are not individuals with disabilities.

**546.3 POLICY AND PROCEDURES**

Effective Date: 12/15/2005

**546.3.1 Budget Considerations for IT Resources**

Effective Date: 12/15/2005

Major procurements of Agency standard hardware and software are budgeted and purchased using the M/IRM IT Support Budget. Each Agency organization must prepare and submit to the Bureau for Policy and Program Coordination, Office of Budget (PPC/B) its budgetary requirement for IT resources during the Bureau Program and Budget Submission (BPBS).

M/IRM is responsible for the major IT requirements (e.g., servers, desktop PCs, printers) of the Agency. However, during the fiscal year, individual Bureaus/Offices may use their own funds for small IT requirements such as laptops and software that are either unique or dedicated to that particular Bureau/Office.

**546.3.2 Use of Standard, Commercially Available Hardware and Software**

Effective Date: 12/15/2005

Agency organizations must use standard, commercially available (off the shelf) hardware and software whenever possible. The development or acquisition of customized hardware and software is prohibited unless the cost-effectiveness of developing custom software is clear, documented, and the items are approved by M/IRM prior to acquisition.

**546.3.3 M/IRM/TSI Technical Approval**

Effective Date: 12/15/2005

Without exception and regardless of dollar value, all IT hardware and software purchased for installation on the Agency network must be consistent with USAID IT configurations and standards. All IT procurements intended for installation on the Agency network must receive technical approval from M/IRM's Telecommunications and Systems Infrastructure Division (M/IRM/TSI). This policy applies to both Missions and USAID/W. The technical approval process determines whether the end-user's request is an appropriate technical specification and whether IRM resources are available for its installation, support, and maintenance.

IT items that will not be installed on the Agency network are exempt from M/IRM/TSI technical approval.

During the technical review, if M/IRM/TSI finds the IT request to be technically unacceptable, it recommends alternatives to make the IT requirement consistent with current M/IRM direction. If the item requested is acceptable, M/IRM/TSI notifies the requestor to proceed with the acquisition. M/IRM/TSI also consults with the requestor to determine the most appropriate acquisition vehicle for the purchase. M/IRM/TSI will complete technical reviews within five working days of receiving the request.

#### 546.3.4 Acquisition Alternatives

Effective Date: 12/15/2005

When purchasing IT, Bureau/Offices must identify Section 508 requirements, process exceptions, and acquire Section 508 products when required. The pertinent policies and procedures are described in [CIB 01-21](#), *USAID Implementation of Section 508 of the Rehabilitation Act of 1973 and Federal Acquisition Circular (FAC) 97-27, Electronic and Information Technology Accessibility*; and [FAR 39.2](#), *Electronic and Information Technology*.

This section indicates the specific technical approval process for each acquisition alternative: (1) IT procurements under \$2,500 (see [546.3.4.1](#)) and (2) IT procurements from \$2,500 to \$25,000 (see [546.3.4.2](#)). It applies to USAID/W. Missions must follow their normal procurement process as directed by their Executive Officer or Contracting Officer.

##### 546.3.4.1 IT Procurements under \$2,500

Effective Date: 12/15/2005

The [Federal Acquisition Streamlining Act of 1994](#) initiated the Purchase Card program to handle a new category of procurements classified as micro-purchases under \$2,500 (see the definition in [FAR 2.101](#)). USAID/W Bureaus and Offices are authorized to use their Purchase Cards for individual IT purchases under \$2,500.

In accordance with [FAR 39.204, Exceptions](#), Section 508 requirements do not apply to micro-purchases of Electronic Information Technology (EIT) made before April 1, 2005. However, agencies are strongly encouraged to comply with the applicable accessibility standards to the maximum extent practicable.

- a. **Technical Approval:** To obtain technical approval, send an e-mail to the M/IRM/TSI Customer Support Team Manager ([jbise@usaid.gov](mailto:jbise@usaid.gov)).
- b. **Phoenix-Specific Instructions for Purchase Card Orders of \$2,500 or less:** It is critical for all USAID/W Bureaus/Offices to enter Purchase Card commitments and obligations into Phoenix, the USAID Financial Management System. See section c, below, for commitment details, and section d for obligation details.
- c. **Purchase Card Commitment Procedures:** A Bureau/Office purchasing office supplies, software, or hardware for \$2,500 or less must use one commitment, one obligation, and two Sub-Object Codes (SOC) per cardholder. The commitment procedures are described in the *USAID Financial Management Procedures, Revision 3 – July 31, 2001*, located on the USAID intranet (<http://inside.usaid.gov/M/FM/FS/policy.htm>). Before the first IT purchase by a cardholder in the Bureau/Office, the Procurement Commitment Requestor must establish a commitment for that cardholder by recording the initial commitment

funds in Phoenix; the Procurement Commitment Approver must then approve or “commit” the funds.

When purchasing IT and office supplies on one commitment document, Bureau/Offices must use the appropriate SOC for each commitment line as noted below:

TYPE OF FUNDS	SOC	DESCRIPTION
Operating Expense (OE)-Funded	260120	Office Supplies and Materials
OE Funded Hardware or Software	310330	Other IT Hardware Purchases
Program-Funded	260910	Office Supplies and Materials
Program-Funded Hardware or Software	310910	Program Equipment

The SOC information is used to prepare required reports for the Office of Management and Budget (OMB) and to respond to the numerous questions received regularly from OMB and Congress.

**d. Purchase Card Obligation Procedures:** These procedures are contained in USAID’s *Financial Management Procedures, Revision 3*, dated July 31, 2001. [Note: This document is only available on the Intranet (<http://inside.usaid.gov/M/FM/FS/policy.htm>). Please contact [ads@usaid.gov](mailto:ads@usaid.gov) if you need a copy.] The Purchase Card manual procedures under policy and procedures are defined on the Phoenix site and can be accessed at the website above.

#### **546.3.4.2 IT Procurements from \$2,500 to \$25,000**

Effective Date: 12/15/2005

**a. Technical Approval:** To obtain initial technical approval, send an e-mail to the M/IRM/TSI Customer Support Team Manager (currently Jane Bise, [jbise@usaid.gov](mailto:jbise@usaid.gov)). The Customer Support Team Manager also advises the requestor regarding the acquisition vehicle. IT procurements can be processed through the Bureau for Management, Office of Acquisition and Assistance (M/OAA) or through an interagency agreement with the General Services Administration (GSA)/Federal Systems Integration and Management Center (FEDSIM). The Bureau/Office must enter IT procurement requests in this dollar range that will be sent to M/OAA into the New Management System (NMS)/Planning Module first. Then a request should be created as either a *Creating New Request Simplified Acquisition w/RFP* or *Simplified Acquisition w/RFP* [Note: This document is only available on the Intranet (<http://inside.usaid.gov/nms/aa/aplcnrnn.htm>). Please contact [ads@usaid.gov](mailto:ads@usaid.gov) if you

need a copy.] Requestors must consult with their Contracting Officers to determine which method to use.

The requestor must route all Acquisition & Assistance/Simplified Acquisition IT procurement actions to the M/IRM/TSI Customer Support Team Manager and concurrently notify the individual by e-mail that an NMS action has been entered.

**b. Acquisition & Assistance Simplified Acquisitions/NMS - Specific Instructions for the Purchase Orders from \$2,500 to \$25,000:** It is critical for all USAID/W Bureaus/Offices to enter [purchase order](#) commitments and obligations through the NMS Acquisition & Assistance Module. (For NMS Procedures see <http://inside.usaid.gov/M/OP/SolutionsCenter/nms/nms.htm> [Note: This document is only available on the Intranet. Please contact [ads@usaid.gov](mailto:ads@usaid.gov) if you need a copy.]

**\*546.3.4.3 IT Procurements over \$100,000**

Effective Date: 12/15/2005

For program-funded IT procurement over \$100,000 requiring IT technical approval, see specific procedures described in [ADS 548.3.1](#).

**\*546.3.5 SmartBuy Policy and Implementation**

Effective Date: 12/15/2005

SmartBUY is a federal government-wide commercial software asset management and enterprise-licensing project developed by the General Services Administration in coordination with the Office of Management and Budget (OMB). Its purposes are:

(a) to create a new, Federal agency business process to manage commercial software as an asset; and (b) to obtain optimal pricing and preferred terms and conditions for widely used commercial software products. This effort was formally announced in an OMB memorandum, [SmartBUY Memorandum June 2003](#), to the federal agencies.

In response to these OMB and GSA requirements, **M/IRM/IBO** requests the use of the SmartBUY acquisition vehicle, whenever feasible. The Agency incurs no additional cost for using SmartBUY for new purchases and maintenance license renewal for those software licenses that are on the [SmartBUY](#) list. See SmartBUY Agreements in Place for the latest and most complete list of software licenses. These requirements apply to missions as well.

**\*546.3.5.1 SmartBuy Waiver Process**

Effective Date: 12/15/2005

In accordance with the February 2004 OMB memo [Maximizing Use of SmartBUY and Avoiding Duplication of Agency Activities with the President's 25 E-Gov Initiatives](#), GSA notifies agencies at least 30 days before it expects to award a SmartBUY contract. GSA discourages requests for waivers, although for compelling reasons, these will be considered and granted. When requesting a waiver, USAID follows the process outlined by GSA:

- (1) Address all requests to the GSA Deputy Associate Administrator (DAA) for Electronic Government and Technology (ME) at SmartBUYwaiver@gsa.gov with a copy to the Office of Management and Budget, Administrator for E-Gov and IT, fax 202-395-4995.
- (2) An Interagency Waiver Advisory Team, comprised of individual representatives from the CIO Council, Federal Acquisition Council, Chief Financial Officers Council, Small Agency CIO Council, and SmartBUY PMO analyzes the waiver request and makes a recommendation to GSA's Deputy Associate Administrator (DAA) for Electronic Government and Technology. Criteria for the decision are based on specific and quantifiable information provided by the agency that demonstrates a serious impact on agency operations or cost if the purchase is not made immediately. The DAA issues a waiver decision within 10 working days of receipt of the request based on consideration given to the waiver advisory group recommendation. If a waiver is granted, the agency can proceed with the acquisition.
- (3) When exercising option periods or negotiating new contracts that predate SmartBUY, agencies must transition to SmartBUY or have waiver approval from GSA, and include a standard clause in their contracts addressing price redetermination and migration to SmartBUY agreements. This clause currently states: "If during the term of this contract, \_\_\_\_\_(vendor) or its resellers enter into an agreement with the General Services Administration under the SmartBUY Initiative - which includes pricing for the specific products or services similar to those licensed under this contract, that is less than the pricing under this contract, \_\_\_\_\_(vendor) will enter into good faith negotiations to lower its prices to its reseller(s), and thus this contract, consistent with the similar terms and conditions of the SmartBUY agreement, or allow these requirements to move to the SmartBUY agreement at the Government's option, with full credit for all funds paid under this contract." If there are no resellers, references to them are dropped.

### **546.3.6 Shipping and Inventory Instructions for all IT Purchases**

Effective Date: 12/15/2005

Bureaus/Offices must work with M/IRM to maintain an up-to-date IT inventory. Each Bureau/Office must prepare the required purchase documents, including funding source indication of OE or Program. The Bureau/Office must fax a copy of the final purchasing documents to the attention of the IRM/TSI Customer Support Team Manager at 202-216-3913 to enable M/IRM/TSI to coordinate delivery, receipt, and installation. The Bureau/Office must fax a copy of the final purchasing document to the USAID/SRA delivery point at 301-490-8661 so the warehouse will know to expect delivery.

Without exception, the vendor must ship all USAID/W incidental IT procurements to the following centralized receiving address:



USAID  
Global Stat Teleport  
9898 Brewers Court  
Laurel, MD 20723

The following notification must appear on all USAID/W IT procurements:

Attention: USAID/Receiving Agent and (Reference Ordering USAID/W Bureau or Independent Office and Contact Person & Phone Number, and Funding Source/OE or Program)

This centralized receiving, inspection, and acceptance process provides formal evidence of receipt of property to justify the payment of invoices. In addition, this information is used for inventory, warranty service, and maintenance purposes.

M/IRM/TSI Asset Management personnel process all received shipments as follows:

- (1) Upon receipt of a shipment, the Receiving Agent must verify the number of pieces delivered against the carrier's (the shipping agent) bill of lading (delivery receipt).
- (2) The Receiving Agent inspects the contents of the shipment against the vendor packing list or purchase order for quantity verification, damages, and discrepancies. If the delivery consists of serialized hardware (i.e., computers or printers), he or she verifies the serial numbers against the packing list. If the Receiving Agent finds discrepancies, he or she contacts the vendor regarding the discrepancies and initiates corrective measures.
- (3) The Receiving Agent:
  - barcodes applicable equipment (serialized hardware) with government property tags, which are cross-referenced with the hardware serial number.
  - makes entries into the Material Management inventory control database for all items received to allow asset-tracking capability.
  - barcodes program-funded equipment with a special label and entered into the inventory control system as program-funded.
- (4) M/IRM/TSI notifies the end user of material delivery. All material is held in the Receiving Agent warehouse until shipment is requested. Expected turnaround time for delivery of purchased items to the Ronald Reagan Building (RRB) is 48 hours (in accordance with RRB Security delivery notification procedures, *Standing Security Orders, Series 100, Order 106, October 1, 1999*)

for normal delivery. At that time, the material is hand-delivered, along with a payment recommendation from the PRIME.

(5) The Receiving Agent files and maintains vendor packing lists as receiving records at the Receiving Agent warehouse.

Detailed procedures concerning inventory of IT resources can also be found at ADS 547.3.1.1 and 547.3.1.4

Mission procurements must include specific shipping instructions for the vendor. Contact M/OMS/Washington for additional information concerning overseas shipping instructions to specific USAID Missions.

### **546.3.7 IT Contracting for Missions**

Effective Date: 12/15/2005

Under the [Clinger-Cohen Act of 1996](#), Pub. L. 104-106 (formerly **Information Technology Management Reform Act of 1996**), Federal agencies have access to use of the GSA Information Technology revolving fund. USAID as a whole, and Missions individually, are empowered under this Act to enter into Interagency Agreements with GSA to buy IT services and commodities. Individual Interagency Agreements using the Information Technology revolving fund offer special flexibility to USAID Missions when used for specific classes of IT expenses as described in this section.

GSA has established contracts that allow Missions to buy IT products and services at any time during the fiscal year. But IT products and services that carry over into the next fiscal year can only be purchased in the last quarter of the fiscal year if the projects are non-severable. In addition, under [ADS 603, Forward Funding – Non-Program Funds](#), IRM can fund orders across fiscal years as long as the period of services covered by the order does not exceed one year. (See [ADS 603.1](#))

The following examples help illustrate the distinction between [severable](#) and [non-severable](#) requirements.

#### **a. Requirements that are NOT candidates for revolving fund usage:**

Severable IT requirements that cannot be justified for current year funding carryover include

- Recurring maintenance charges for hardware, software, or communications for the next fiscal year that exceed 12 months of payments in advance;
- Rental of technology facilities that exceeds payment of 12 months in advance;
- [Forward funding](#) of labor to maintain daily operations of organization technology systems that exceeds payment of 12 months in advance;

- Recurring charges for host country Internet Service Providers' connections to the web that exceed payment of 12 months in advance; and
- Forward funding of telephone circuit recurring charges that exceed payment of 12 months in advance.

**b. Requirements that are candidates for revolving fund usage:** Non-severable IT requirements appropriate for investments that carry over into the next fiscal year include

- Projects to upgrade or purchase new hardware or software for personal computers, servers, or telecom infrastructure, or to replace obsolete IT supporting specific systems; and
- Studies to perform IT risk assessments, analysis, management assessments, or other reviews of Mission systems.

Current year funding actions that carry over into the next fiscal year are characterized by the fact that a "concrete end product" is anticipated as an outcome to the investment.

#### **546.3.7.1 Implementation Guidance**

Effective Date: 12/15/2005

To use this authority requires a valid contractual instrument called an Interagency Agreement (IA) with GSA Information Technology revolving fund. Missions interested in investing in the projects listed in **546.3.7** must establish an Interagency Agreement with GSA according to the procedures outlined in **546.3.4.2(a)**.

IRM has the authority to enter into Interagency Agreements as described in [ADS 306.3.2](#).

Missions that establish Interagency Agreements control how funds are used in conjunction with IRM, which has responsibility for technical clearance on Agency standard projects. GSA/FEDSIM annually establishes timelines for all funding actions, although Interagency Agreements with GSA can be established at any time during the fiscal year. Establishing an Interagency Agreement can take several weeks, therefore Missions must start the process early enough in the fiscal year to have the IAA in place for ordering in time for fiscal year-end purchases. Once an Interagency Agreement is established, additional funds can be added at any time to undertake additional Mission-funded projects.

#### **546.3.7.2 How to Transfer Funds**

Effective Date: 12/15/2005

To begin the process of establishing a GSA Interagency Agreement, send an e-mail ([jbise@usaid.gov](mailto:jbise@usaid.gov)) or fax (202-216-3913) to M/IRM/TSI, Customer Support Team manager.

**Please note:** If you are interested in establishing an Interagency Agreement, you must carry out the following steps:

(1) Complete a Modified Acquisition and Assistance Request Document (MAARD) form, which can be found on the USAID intranet Forms page (<http://inside.usaid.gov/forms/maardrev.doc>). [**Note:** This document is only available on the Intranet. Please contact [ads@usaid.gov](mailto:ads@usaid.gov) if you need a copy.] You must obligate a minimum of \$1,500 to establish an account.

(2) Fax the completed MAARD, including your Controller's signature and the fund cite information, to IRM Customer Support Team Manager at (202) 216-3913.

(3) Include a point of contact with a return fax number so that GSA documentation can be faxed back to acknowledge the funds transfer.

The MAARD must be faxed to (703-306-7715) GSA/FEDSIM and to (202-216-3026) IRM/IBO (IT Business Operations). GSA/FEDSIM will execute a separate Interagency Agreement with each Mission. See **546.3.7.3** for details on GSA fees.

#### **546.3.7.3 GSA Processing**

Effective Date: 12/15/2005

GSA applies a fee to every transaction processed on behalf of USAID and all its customers. A transaction equates to a procurement. There is a minimum fee of \$500 for every transaction up to \$100,000, which encourages careful planning in placing orders. For transactions over \$100,000 the fee is 0.5 percent of the transaction value. - GSA also applies a processing fee. Therefore, the total fee you should expect to pay is 1 percent of the total transaction value.

#### **546.3.8 Contact Information**

Effective Date: 12/15/2005

Contact points for additional information on the following topics in this ADS chapter are:

- IT Projects – IRM Customer Support Team Manager, M/IRM/TSI.
- Agency policy on use of funds across fiscal year to fund non-severable projects – PPC/RA, GC, or IRM/IBO.

**546.4 MANDATORY REFERENCES**

Effective Date: 12/15/2005

**546.4.1 External Mandatory References**

Effective Date: 12/15/2005

- a. [Clinger-Cohen Act of 1996, Pub. L. 104-106](#) (formerly Information Technology Management Reform Act of 1996)
- b. [Federal Acquisition Regulation \(FAR 39.204\), Exceptions](#)
- c. [Federal Acquisition Streamlining Act of 1994, Pub.L. 103-355](#)
- d. [OMB Memo 03-14, Reducing Cost and Improving Quality in Federal Purchases of Commercial Software](#)
- e. [OMB Memo 04-08, Maximizing Use of SmartBUY and Avoiding Duplication of Agency Activities with the President's 25 E-Gov Initiatives](#)
- f. [29 U.S.C. 794d, Section 508 of the Rehabilitation Act of 1973, Pub. L. 93-112](#)

**546.4.2 Internal Mandatory References**

Effective Date: 12/15/2005

- \*a. [ADS 306, Interagency Agreements](#)
- \*b. [ADS 547, Property Management of Information Technology \(IT\) Resources](#)
- c. [ADS 603, Forward Funding – Non-Program Funds](#)
- d. [USAID Acquisition Regulation \(AIDAR\), Series 300](#)
- e. [CIB 01-21, USAID Implementation of Section 508 of the Rehabilitation Act of 1973 and Federal Acquisition Circular \(FAC\) 97-27, Electronic and Information Technology Accessibility](#)
- f. **New Management System (NMS) Simplified Acquisition** [Note: This document is only available on the USAID Intranet (<http://inside.usaid.gov/nms/aa/asptocnn.htm>) Please contact [ads@usaid.gov](mailto:ads@usaid.gov) if you need a copy]
- g. **USAID Information Management Strategic Plan** [Note: This document is only available on the USAID Intranet (<http://iapp1.usaid.gov/notices/notDetail.cfm?msgID=3370&currmo=7&>) Please contact [ads@usaid.gov](mailto:ads@usaid.gov) if you need a copy].

**546.5 ADDITIONAL HELP**  
Effective Date: 12/15/2005

**546.6 DEFINITIONS**  
Effective Date: 12/15/2005

**Agency organizations**

In USAID/Washington (USAID/W) this includes bureaus and independent offices. Overseas this includes USAID missions, USAID Offices, USAID Sections of Embassy, Offices for Multi-country Programs, Offices for Multi-country Services, etc. (See also Major Functional Series 100). (Chapters 541, 542, 543, 546)

**Core Equipment**

M/IRM defines core equipment as Local Area Network (LAN) and UNIX servers, Network Operating System Software and Options Peripheral Devices attached directly to a server, such as disks, tape drives and CD Drives, Network Concentrators and Wiring Components, and High Speed Printers. (Chapter 546)

**Federal Information Technology (IT) Resources**

See **Information Technology (IT)**. (Chapter 546)

**forward funding (non-program funds)**

Obligating, from current year funds, amounts to cover the cost of goods and/or services to be received/provided in a subsequent fiscal year. Rules for forward funding will vary somewhat depending on the goods/services under consideration. See Chapter 602 for definition as it relates to program funds. (Chapters 603, 621)

**forward funding (program funds)**

The availability of funds to support future expenditures for a specified time period after a planned obligation. This definition of forward funding applies to the use of program funds. (Chapters 602, 621)

**Information Technology**

(A) The term 'information technology', with respect to an executive agency means any equipment or interconnected system or subsystem 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 executive agency. For purposes of the preceding sentence, equipment is used by an executive agency if the equipment is used by the executive agency directly or is used by a contractor under a contract with the executive agency which (i) requires the use of such equipment, or (ii) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product.

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

(C) Notwithstanding subparagraphs (A) and (B), the term 'information technology' does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract. (Source: Clinger-Cohen Act) (Chapters 518, 541-548, 552, 577)

information technology resources Any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. It includes, but is not limited to, "computers, ancillary equipment, software, firmware, and similar procedures, services (including support services) and related resources".

(Chapters 519, 541, 542, 546)

#### **life-cycle costs for commodities**

Life-cycle costs include all estimated project costs associated with the planning, procurement, site preparation, installation, operations, maintenance, and retirement of IT resources. (Chapter 546)

#### **Purchase Order (PO)**

The PO is the Agency's contractual agreement for small purchases of goods and services generated on the New Management System's (NMS) Acquisition and Assistance Module. (Chapter 546)

#### **Severable/non-severable**

A contract that, if terminated, still provides a benefit from the amounts paid/obligated is considered to be severable. For example, an organization has a service contract to wash 1,000 windows during the next 6 months. If the contract is terminated after only 10 windows are washed, the organization has the benefit of 10 clean windows (and presumably would not have to pay for the windows that were not washed). This contract would be considered to be severable. If the contract is for a study, however, terminating the contract before the study is completed leaves nothing – so the contract would be considered to be non-severable. Some contracts may be severable in part. For example, if you sign a contract with a company which covers the purchase of 20 LAN servers and maintenance of the servers for 18 months, the portion of the contract relating to the purchase would be considered to be non-severable while the portion relating to maintenance would be severable. (Chapter 603)

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