

Subject: PERFORMANCE OF COMMERCIAL ACTIVITIES IN THE DEPARTMENT OF  
HEALTH AND HUMAN SERVICES

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### 18-10-00 PURPOSE

This Chapter prescribes Department policy concerning the review of the method of performance of commercial activities (CA) within the Department of Health and Human Services.

In accordance with paragraph 9d of OMB Circular A-76, "Performance of Commercial Activities" which requires agencies to implement A-76, "... with a minimum of internal instructions", this chapter will prescribe unique Departmental guidance only.

### 18-10-10 POLICY

- A. It is Departmental policy in full accord with the policies and intent of the A-76 Circular to rely on the private enterprise system to supply its needs in products and services, except where it is proven that such reliance on the private sector would not be in the national interest.
- B. It is Departmental policy to locate and/or encourage development of private sector support, where lack of such capabilities are instrumental in the initiation/continuance of an "in-house" commercial activity (CA).

### 18-10-20 APPLICABILITY

- A. The requirements of OMB Circular A-76 and this General Administration Manual Chapter 18-10 are mandatory on all operating divisions (OPDIV), staff divisions (STAFFDIV), and their components within the Department of Health and Human Services.
- B. Each HHS OPDIV and STAFFDIV specified in 18-10-30, "Responsibilities" will prescribe necessary internal operating instructions to insure compliance with this Chapter and OMB Circular A-76. A copy of such internal operating procedures shall be submitted to the Deputy Assistant Secretary for Procurement, Assistance and Logistics for review.

18-10-30 RESPONSIBILITIES

- A. The Assistant Secretary for Management and Budget (ASMB) is responsible for overall Departmental compliance with the Circular A-76 and this Chapter. Specific responsibilities include:
- (1) Disseminating and interpreting Department-wide policies.
  - (2) Coordination with the Office of Management and Budget on matters pertaining to overall policy.
  - (3) Maintaining oversight of OPDIV/STAFFDIV implementation of A-76 and subsequent CA reviews.
  - (4) Adjudication of appeals in accordance with established OPDIV A-76 procedures for a review of a method of performance decision made by any other Assistant Secretary level official, or the Director, Office of Facilities and Management Services, OS.
- B. Deputy Assistant Secretary for Procurement, Assistance, and Logistics (DASPAL), OASMB is responsible for:
- (1) Staff implementation of all the responsibilities assigned to ASMB.
  - (2) The compilation and maintenance of a current inventory of all Departmental CA's.
- C. The Heads of Operating Divisions and HHS Region III Director (as lead region) are responsible for implementation of the provisions of OMB Circular A-76 and this chapter for their respective organizations. Specific responsibilities include:
- (1) Establishing internal operating procedures necessary to carry out the requirements of OMB Circular A-76 and this Chapter.
  - (2) Designating and assigning the senior management **official** of their immediate staff as the **OPDIV** or Regional Office, Commercial Activities Control Officer (CACO) who is directly responsible for:
    - (a) Ensuring compliance with the requirements of OMB Circular A-76 and this Chapter.
    - (b) Providing staff implementation of all responsibilities.
    - (c) Compiling and maintaining a current inventory and review files of all **Commercial Activities (CA)**, and periodically providing status of review efforts to DASPAL as specified **18-10-40(c)**.

- (d) Establishing internal cost comparison review and approval thresholds levels in accord with A-76
  - (e) Establishing internal CA appeals procedures, levels and thresholds in accord with A-76. (When internal instructions require an assistant secretary decision on the method of performance of a CA, such appeals to that decision will be adjudicated by ASMB. Internal OPDIV/STAFFDIV procedures will cite this provision).
  - (f) Authorizing the operation of a CA when its operation is based upon criteria specified in A-76 paragraph 8a. This authority cannot be redelegated.
  - (g) Authorizing the operation of a CA when its operation is based upon criteria specified in A-76 paragraph 8c. (This authorization, which is only applicable to the Public Health Service, must be exercised only with the consultation of the Chief Medical Director of the PHS. This authority cannot be redelegated.
- D. The Director, Office of Facilities and Management Services, OS, is the Commercial Activities Control Officer for the Office of the Secretary and is responsible for the requirements enumerated in paragraph C(1) through C(2)(f) above. Such authorities will be exercised with the advice of STAFFDIV heads.

#### 18-10-40 REPORTS

- A. The A-76 required reports enumerated in OMB Circular A-76 and Supplements thereto, Chapter 4, are required for receipt in the Office of the DASPAL by March 1 of each year. DASPAL will consolidate such reports for a single Departmental report to OMB.
- B. In addition to the A-76 reports CACO's will submit an inventory of all in-house Commercial Activities (CA's) in accordance with the instructions and format of Exhibit 18-10-A. The report is due for receipt by the DASPAL on or before November 1, 1983 and shall be completely updated each year thereafter. Additions or deletions to the inventory shall be accomplished by the CACO as required throughout the year. The transmitting memorandum will cite the number of staff years and expenses incurred resulting from A-76 reviews and oversight during the reporting quarter.
- C. Three times yearly, February 1, May 1, and August 1, CACO's shall submit a commercial activities inventory status report in accordance with the instructions and format of Exhibit 18-10-B. The report will be for the preceding fiscal quarter and will be submitted to the DASPAL for use in monitoring accomplishment of review schedules. The transmitting memorandum will cite the number of staff years and expenses incurred resulting from A-76 reviews and oversight during the reporting quarter.

18-10-50 BULLETINS

- A. The DASPAL shall, as the need **arises**, issue A-76 policy and procedure amendments or general information, via "Commercial Activity Bulletins." Such Bulletins are in the Format of Exhibit 18-10-C.

18-10-60 IMPLEMENTATION

- A. OPDIV heads and HHS Region III Director shall designate a Commercial Activities Officer in accordance with 18-10-30c. Designations will be in memorandum form and will be received by DASPAL no later than 15 days after publication of this Chapter.
- B. Within 45 calendar days after publication of this Chapter, CACO's will submit internal A-76 implementing procedures enumerated in 18-10-30C(1) containing all delegations of review and approval authorities and established appeals procedures.
- C. CACO's will schedule all applicable Commercial Activities for review in accordance with A-76 and compile and submit the Inventory of all Commercial Activities to DASPAL no later than December 15, 1983 (November 1 each year thereafter).

## Instructions for Completion of Commercial Activities Inventory

### Several

CACO shall complete the Commercial Activities inventory in accordance with the instructions below, indicating all in-house Commercial Activities within their respective OPDIV/RO/STAFFDIV. The completed form(s) are due for receipt by the Deputy Assistant Secretary for Procurement, Assistance, and Logistics on or before November 1 of each year. The data should reflect applicable information as of October 1.

Selected data elements will be updated by 3 quarterly reports (see xl 8-10-B) due February 1, May 1, and August 1 of each year.

### Completion Instructions

#### Header Data

The report will be divided into two basic parts; Parts I and II. CACOs will complete and title the Commercial Activities Inventory form(s) of "Part I" for all CA's with ten or less FTE's. Such form(s) will contain a summary line at the end of the columns denoting;

Column 1: total CA's with 10 or less FTE's

Column 4: total FTE's

Column 5: total operating costs

Column 6: total capital investment

CACO's will complete and title the Commercial Activities Inventory form(s) as Part II for all CA's above 10 FTE's. In addition to the Part II summary line for Columns 1, 4, 5, and 6, the Part II form will also contain a totals summary line for both **Parts I** and II. The totals line will add the summary lines of Parts I and II.

Column Data

- Column 1: Enter CACO assigned activity number for the CA being entered, The activity number will remain the same as long as that activity is in inventory.
- Column 2: Enter the activity title and city, state location of the CA.
- Column 3: Enter a brief (1 or 2 sentence) description of the CA work effort.
- Column 4: Enter the number of full-time equivalent (FTE) personnel directly engaged in performance of the CA. (See Part I, Chapter I of A-76 Supplement for FTE explanation).
- Column 5: Enter current annual cost of operating the CA in thousands of dollars.
- Column 6: Enter cost of capital investment in plant and equipment in thousands of dollars.
- Column 7: Enter the last and next scheduled A-76 review completion dates.
- Column 8: Enter one of the following codes denoting what phase a current A-76 review is in. For **CAs** not currently under review, this will be left blank. The action codes are:
1. Management Study Completed
  2. Statement of Work Completed
  3. Government Cost Estimate Prepared
  4. Cost Comparison Completed
  5. Method of Performance rendered
  6. Appeal of Decision in process

Column 9: Enter applicable code from A-76 Supplement Part I, Chapter 7, page I- IO for CA's whose method of performance authorized establishment or continuation of in-house operation. Please note:

Code A is not applicable for HHS use.

Codes B, C, D, require the direct approval of the CACO.

Column 10: Enter applicable remarks.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

PART I: UNDER IO FTE's

OPDIV/STAFFDIV/RO \_\_\_\_\_

RESPONSIBLE OFFICIAL \_\_\_\_\_

PART II: OVER IO FTG

COMPONENT \_\_\_\_\_

DATE PREPARED \_\_\_\_\_

PART \_\_\_\_\_

COMMERCIAL ACTIVITIES INVENTORY

1	2	3	4	5	6	7	8	9	10	
ACTIVITY NUMBER	TITLE/LOCATION	DESCRIPTION	FTE	OPER COST: (\$000)	CAP. INVST. (\$000)	REV. COM. LAST	DATES NEXT	ACTION CODE	IN-HOUSE REASON CODE	REMARKS



HHS Commercial Activities  
Quarterly Status Report Format and instructions

General

On February 1, May 1, and August 1, CACO's will submit the Commercial Activities Quarterly Status Report in the following Format for each activity whose A-76 review status changed during the **preceeding** fiscal quarter:

<u>Activity #</u>	<u>Action Codes</u>	<u>In-house Reason Code</u>	<u>Remarks</u>
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Instructions:

Activity #: Self Explanatory

Action Code: See Exhibit 18-10-A for applicable action codes

In-house Reason Code: See A-76 Part I, Chapter I, Page 1-10 for applicable reason codes

Remarks: Enter Applicable Remarks. Such occurrences as a revised completion date should be fully explained in remarks column.





DEPARTMENT OF HEALTH & HUMAN SERVICES

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**COMMERCIAL  
ACTIVITIES  
BULLETIN**

DATE:

TO:

SUBJECT: