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Bulletin

Title: Information Technology (IT) Acquisition Approval Requests (AAR) – **ARS ONLY**

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This bulletin identifies the requirements and procedures for requesting an Information Technology (IT) Acquisition Approval Requests (AAR) as required by the USDA Office of the Chief Information Officer (OCIO). It also includes a template and instructions for preparing the AAR memorandum. This bulletin replaces Bulletin 06-001, dated March 15, 2006.

Background

This Bulletin specifies the current requirements and procedures to be followed for requesting IT acquisition approvals as required by the USDA Office of the Chief Information Officer (OCIO). Beginning with the FY 1998 USDA appropriations bill and each year thereafter, the Congress directed *"that none of the funds available to the Department of Agriculture for information technology shall be obligated for projects over $25,000 prior to receipt of written approval by the Chief Information Officer"* (see Exhibit 1 - Memo from USDA Office of the Chief Information Officer – USDA Information Technology Acquisition Approval Request Reminder). The purpose of this mandate is to better ensure that:
- agencies are spending their IT resources on their highest priorities;
- significant IT projects are being properly managed;
- acquisitions are in compliance with applicable laws, rules, and standards; and
- acquisitions do not duplicate any systems included in the Departmental administrative and financial portfolio or eGovernment initiatives.

To meet the requirements of this Congressional mandate, the OCIO implemented an Information Technology (IT) Acquisition Approval Request (AAR) process as described in this Bulletin.

General Requirements

Generally, most proposed IT acquisitions exceeding $25,000 in total cost must obtain an approved AAR from the USDA OCIO. Some IT acquisitions, regardless of dollar value, also require an approved AAR. See *Acquisitions Subject to Approval by the USDA OCIO* section of this Bulletin. Exceptions to the AAR requirement are described in the *Acquisitions Exempt from the USDA OCIO Approval requirement* section of this Bulletin. The procedure to request an AAR follows a well-defined series of actions (see Exhibit 2 – IT Acquisition Approval Request Procedure).

To obtain an approved AAR, the requesting office must prepare a draft AAR memorandum. The format and specific information required in the AAR are included in Exhibit 3, Format for IT Acquisition Approval Request (AAR) Memorandum.

Each AAR must include an information systems security plan that identifies security requirements and considerations for system and/or technology implementation and operation. The information systems security plan must address the level of security warranted for the system and/or technology and a description of the specific measures that will be taken to ensure system security. Historically, the USDA OCIO will not approve an AAR in which the IT security measures have not been adequately identified and addressed. Other supporting documents that may be required for certain acquisitions are identified in Exhibit 3.

If the AAR is approved, the USDA OCIO will issue an approval memorandum to the requesting office indicating that they may proceed with the procurement action.

The approval memorandum will typically include several conditions or follow-up actions with which the requesting office must comply in conjunction with the procurement action. A reply memorandum addressing the conditions must be submitted to the USDA OCIO within 22 workdays from the date of the approval memorandum. The format and specific information required in the reply memorandum are included in Exhibit 4, Format for IT Acquisition Approval Request (AAR) – Statement of Compliance with Conditions.

It normally takes a minimum of six to eight weeks from the time a draft AAR is submitted by the requesting office before the USDA OCIO makes a final decision on the request. This time frame should be considered during your acquisition planning process. Additionally, AAR's for year end procurements should be submitted to ARS OCIO no later than late June to accommodate the heavy volume of acquisition approval requests and procurements being processed and ensure timely submission and subsequent approval by the USDA OCIO.

Acquisitions Subject to Approval by the USDA OCIO

Acquisition of the following technologies and services **totaling $25,000 or more** require an approved AAR prior to procurement:
- IT hardware and software acquisitions including, but not limited to, desktop, laptop, handheld, and other computers; file servers and other network equipment; printers, scanners, and other peripheral equipment; and computer and network software
- Telecommunications equipment including, but not limited to, circuits, switches, routers, hubs, cabling, wide-area network access, analog/digital/wireless data transmission equipment (switched data, ISDN, frame relay, DTS, ATM, microwave, satellite), video technology, and voice transmission (PBXs, key systems, and voice circuits)
- Support services including, but not limited to, systems development contracts, maintenance contracts, and consulting services. This moratorium applies to orders against all existing contracts and General Services Administration schedules.

Acquisitions of the following technologies, systems, and services, **regardless of dollar value,** require an approved AAR prior to procurement:
- Hardware, software, and services for systems within the administrative and financial functional areas. Specifically, the functional areas include: accounting/budget execution, budget formulation/salary projections, human resources, procurement (purchase card and other acquisitions), property (personal and real), payroll, and travel.
- Hardware, software, and services that overlap or duplicate any of the USDA or Presidential eGovernment activities including: web page design and development, search engines, portals products, content management, taxonomy, document and records management, electronic training, authentication services, etc.
- Internet access utilizing any external provider other than the USDA Universal Telecommunications Network (UTN).

Acquisitions Exempt from the USDA OCIO Approval Requirement

The renewal of existing contracts for maintenance and leases and software license renewals are exempt from the USDA OCIO acquisition approval requirement, so long as the optional enhancements and/or upgrades do not exceed the $25,000 threshold.

Procurement Processing for IT Acquisitions Subject to USDA OCIO Approval

Each requisition (AD-700) over $25,000 forwarded to any Agency Contracting Office must have the USDA OCIO's approved AAR decision memorandum attached. Requirements should not be split in order to circumvent the $25,000 threshold, and the spirit of the AAR requirement will be observed for acquisitions below $25,000.

Contracting Officers should not award a contract/order for an IT acquisition costing over $25,000 without an approved AAR decision memorandum from USDA unless the acquisition meets the exceptions previously listed. To support the requirement of strong enforcement of the AAR requirement, the USDA OCIO staff will conduct random checks of contract files of USDA agencies and monitor the Federal Business Opportunities website (www.FedBizOpps.gov), which is the single Federal point-of-entry for open market procurement opportunities over $25,000, to ensure that acquisitions subject to the moratorium are supported by an approved AAR.

No obligation of funds or intergovernmental transfer of funds will be processed for significant IT acquisitions until an approved AAR is obtained from the USDA OCIO.

Obtaining an IT Acquisition Approval

The requesting office submits a draft AAR and supporting documents to Gary Rich, the ARS AAR Coordinator, via email (gary.rich@ars.usda.gov).   The AAR Coordinator distributes the draft AAR to subject matter specialists within the ARS OCIO for technical review.   Once the review is completed, the AAR Coordinator prepares the AAR memorandum and supporting documentation for the Administrator's signature.

Once signed by the Administrator, the AAR memorandum and supporting documents are returned to the AAR Coordinator who then submits an electronic copy to the IT acquisition approval request email box established by the USDA OCIO (ITRequests.Approval@usda.gov). The USDA OCIO requires electronic submission of all AAR memorandums and supporting documentation.

The USDA OCIO will conduct a technical review of the AAR prior to approval to ensure it complies with applicable standards and requirements (including cybersecurity, hardware/software standards, network and telecommunications, enterprise architecture, eGovernment, etc.). Once the technical review is completed, the USDA OCIO will issue a decision memorandum via email to the requesting official(s) cited on the AAR memorandum as well as the ARS AAR Coordinator.

The approval memorandum will typically include several conditions or follow-up actions with which the requesting office must comply in conjunction with the procurement action. The requesting office prepares a reply memorandum addressing the conditions and forwards a signed copy electronically (scanned into an Adobe file format) via email to the AAR Coordinator.   The reply memorandum must be prepared within 22 workdays from the date of the approval memorandum. The AAR Coordinator will review the reply memorandum to ensure it properly addresses the conditions of the acquisition approval and then forwards the electronic document to the USDA OCIO IT acquisition approval request email box referenced above.

Exhibits

1. Memo from USDA Office of the Chief Information Officer – USDA Information Technology Acquisition Approval Request Reminder
2. Acquisition Approval Request (AAR) Procedure
3. Format for IT Acquisition Approval Request (AAR) Memorandum
4. Format for IT Acquisition Approval Request (AAR) – Statement of Compliance with Conditions

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Dr. Melinda L. McClanahan,   Date
Chief Information Officer, ARS

Exhibit 1 - Memo from USDA Office of the Chief Information Officer – USDA Information Technology Acquisition Approval Request Reminder

USDA

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**United States
Department of
Agriculture**

**Office of the Chief
Information Officer**

1400 Independence
Avenue SW

Washington, DC
20250

TO: Agency Heads
Agency Chief Information Officers

FROM: David M. Combs
Chief Information Officer

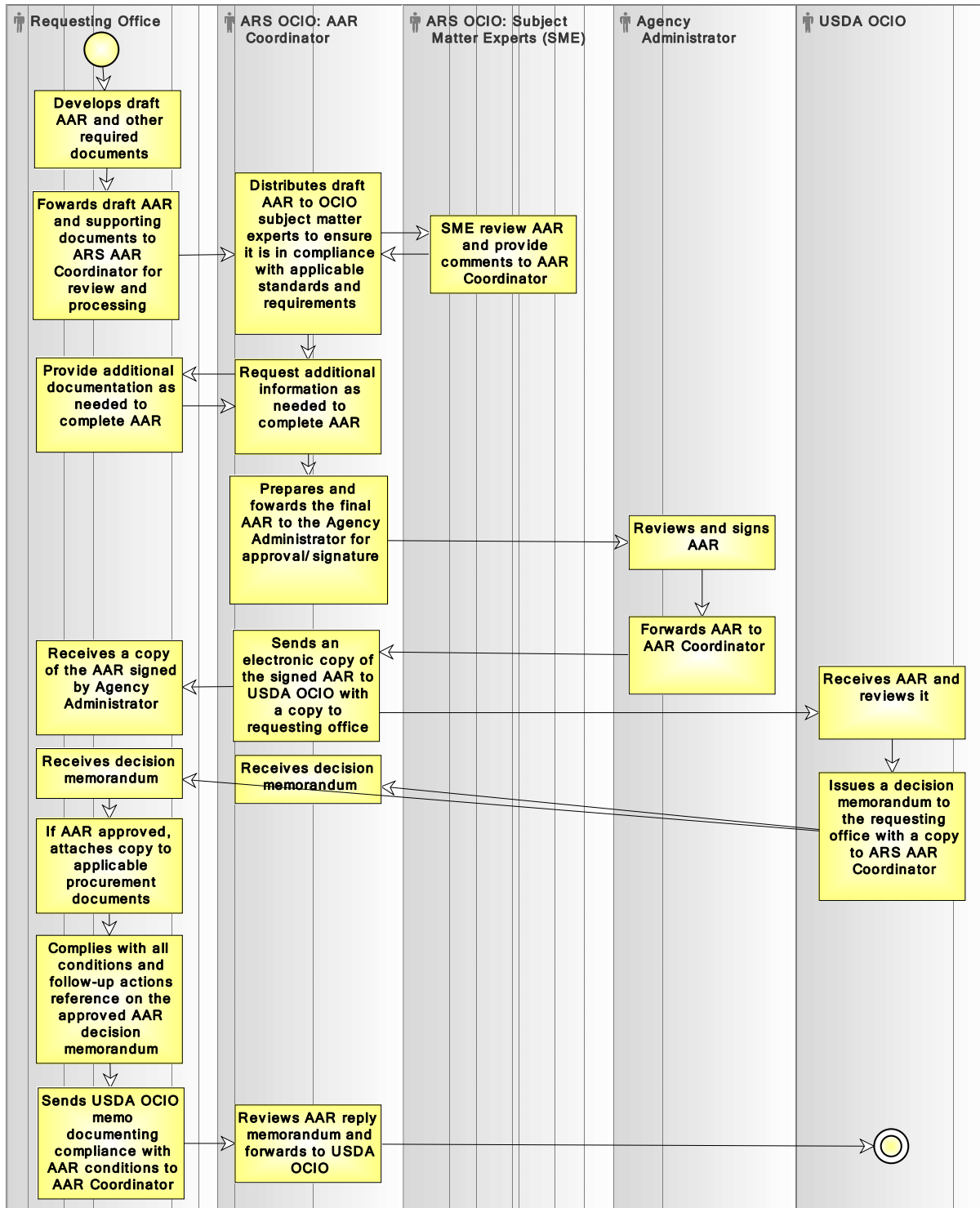SUBJECT: USDA Information Technology Acquisition Approval Request Reminder

The Office of the Chief Information Officer (OCIO) is preparing a mid-year report on departmental and agency progress in accounting for USDA Information Technology (IT) spending results. For the first time, the OCIO will attempt to align departmental and agency IT assets, starting from the investment planning view (CPIC process) passing through the budget execution view (acquisition approval process) and ending with the purchasing view (monthly IT purchase reports). The centerpiece of this integrated IT governance effort is the IT Acquisition Approval Request (AAR) process. It serves as the linchpin tying planned IT value with scheduled IT value and ending with realized IT value. This "Line-of-Sight" will lay the foundation that allows the IT investment management community at USDA to view IT spending with an eye toward strategic use—cost savings through contract consolidation, cost avoidance through asset leveraging and re-use, and increased efficiencies through shared services.

While preparing the analyses that will support this effort, it has come to our attention that a great deal more actual purchasing of IT assets is occurring than is supported by the approved IT acquisition requests processed by my office. I am using this mid-year opportunity to remind everyone in the IT investment management community that, *"none of the funds available to the Department of Agriculture for IT shall be obligated for projects over $25,000 prior to receipt of written approval by the Chief Information Officer."* This is a legislated mandate appearing first in our 1998 appropriation (P.L. 105-86), and later refined to the $25,000 threshold in the 2005 appropriation (P.L. 108-447). Congressional interest in this condition continues strong. Just last month, we were asked by the General Accounting Office to prepare a summary report of the FY 2006 AAR program in response to a Congressperson's request. As we discussed at the post budget review meetings that were held with agencies over the past six months, approval for ALL expenditures must be obtained in advance of expenditures of the funds, beginning in FY 2007. This policy supersedes all exceptions authorized by my office in past years.

Failure to comply with the AAR requirement carries with it several severe consequences; chief among them, legal liabilities for violating a legislated condition on appropriated funds on the part of the spender as well as other senior USDA officials who might be implicated, including the Secretary. Beyond that, the USDA integrated IT governance effort as well as its strategic IT investment management activities are severally hampered without full and clear "Line-of-Sight" capabilities. We must all endeavor together to move the USDA IT investment management practice to a higher level of organizational process maturity.

AN EQUAL OPPORTUNITY EMPLOYER

Exhibit 2 - Acquisition Approval Request (AAR) Procedure

Requesting Office	ARS OCIO: AAR Coordinator	ARS OCIO: Subject Matter Experts (SME)	Agency Administrator	USDA OCIO
Develops draft AAR and other required documents				
Fowards draft AAR and supporting documents to ARS AAR Coordinator for review and processing	Distributes draft AAR to OCIO subject matter experts to ensure it is in compliance with applicable standards and requirements	SME review AAR and provide comments to AAR Coordinator		
Provide additional documentation as needed to complete AAR	Request additional information as needed to complete AAR			
	Prepares and fowards the final AAR to the Agency Administrator for approval/ signature		Reviews and signs AAR	
Receives a copy of the AAR signed by Agency Administrator	Sends an electronic copy of the signed AAR to USDA OCIO with a copy to requesting office		Forwards AAR to AAR Coordinator	Receives AAR and reviews it
Receives decision memorandum	Receives decision memorandum			Issues a decision memorandum to the requesting office with a copy to ARS AAR Coordinator
If AAR approved, attaches copy to applicable procurement documents				
Complies with all conditions and follow-up actions reference on the approved AAR decision memorandum				
Sends USDA OCIO memo documenting compliance with AAR conditions to AAR Coordinator	Reviews AAR reply memorandum and forwards to USDA OCIO			

Note: Obtaining an approved waiver from the USDA OCIO does not replace or circumvent the necessary procurement, budgetary, or managerial approvals normally required for a procurement action.

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Exhibit 3 - Format for IT Acquisition Approval Request (AAR) Memorandum

TO: David M. Combs
               Chief Information Officer

FROM: Edward B. Knipling
               Administrator

SUBJECT: Request for Information Technology (IT) Acquisition Approval

Note: All sections described below must be included in the AAR memorandum. If any of the following sections are not applicable, indicate "not applicable." If the information required is not yet known or will be developed at a later time, include a brief statement explaining the circumstances. Also, make sure all acronyms are spelled out the first time they are referenced in this memorandum.

Background

Briefly describe the purpose, objectives, and benefits of the system or acquisition. Also include how the acquisition relates to and supports the Agency mission. The opening statements in this section should state the name and location of the requesting office, the nature of the acquisition, the total cost, and the year funded *(i.e., The Agricultural Research Service (ARS), Beltsville MD requests an IT acquisition approval for FY 20XX in the amount of $XX,XXX. The request is for the acquisition of…)*

Justification

Provide a justification and a description of how the acquisition will benefit the requesting office, and address the consequences or impact if the system or acquisition is not approved.

Description of Acquisition

Provide a list of all proposed acquisitions including the following information:

    Hardware and Software:

- Technical description of hardware and software
- Manufacturer, model name, and number (if available)
- Quantity and cost

    Contract or Support Services:

- List of technical and business requirements
- Statement of Work, if available
- Start and completion dates
- Contract cost

Architecture

Describe how the system or acquisition relates to and supports the USDA and ARS architectures. Specifically, please describe the following:

- Business Layer: How the acquisition directly or indirectly impacts or supports the mission of ARS;
- Application Layer: How the acquisition relates to or interfaces with existing applications, systems, or networks;
- Data Layer: What general types of information will be stored or processed by the acquisition. Is any of the information considered sensitive (i.e., social security number);
- Technical Layer: How the investment physically relates to or interfaces with the existing technical infrastructure and where the acquisition is physically located.

Information Security

Identify any security costs directly related to and included in the AAR in each of the following categories:

Cost Categories:
- Certification and Accreditation (C&A) $
- Plan of Action and Milestones (POA&M) Remediation $
- Background Investigations $
- Specialized IT Training $
- Security Awareness/Privacy Training $
- Annual Assessments $
- Internal Controls $
- Annual Security Plans $
- Privacy Impact Assessment (PIA) $
- System of Records Notice $
- Monthly Scanning $
- Monthly Patching $
- Configuration Control Board (CCB) $

Total Security Costs: **$**

The security costs reflected above should also be included in the "Description of Acquisition" and "Budget Information" sections of the AAR. Security costs should only be included if they are an integral part of and specific to the acquisition request.

If the AAR does not include any security-related acquisitions because they are not applicable or security support and services are provided as part of the overall agency cybersecurity program and/or addressed in the attached Information System Security Plan, indicate "none" in the "Total Security Costs" row above and include a statement indicating how security for the requested acquisition is addressed. For example, *"This AAR does not include any direct security-related acquisitions. All security-related requirements for this acquisition are addressed as part of the attached Information System Security Plan."*

Telecommunications

Describe any telecommunications issues relating to the system or acquisition. Any interfaces or physical connections should also be addressed. If applicable, include a network diagram. If independent Internet access (i.e., direct access without traversing the USDA Universal Telecommunications Network) is required for the acquisition, provide a statement to justify the independent Internet access.

Application Implementation

Identify the system or acquisition implementation plan. Key milestones and target dates should also be included.

Budget Information

Provide a budget summary of the cost of the proposed acquisition broken-out by fiscal year and information technology category (hardware, software, support services).

FY 2XXX	
Software	$
Hardware	$
Support Services	$
FY 2XXX Total	$

Agency Contact

Name, telephone number, and email address of Agency point of contact

<u>Attachments</u>

The following must be provided, if applicable:

- Information System Security Plan
- Statement of Work (SOW)
- Network diagram (identifying any external connectivity)
- Vendor quotes
- Other relevant documents include system design plans, telecommunications plans, etc.
- IT Capital Investment cost information (provided by ARS OCIO)

Exhibit 4 - Format for IT Acquisition Approval Request (AAR) – Statement of Compliance with Conditions

TO: David M. Combs
     Chief Information Officer

FROM: *Requesting Office Official*

SUBJECT: IT Acquisition Approval Request (AAR) Number *XXXX* – Statement of
     Compliance with Conditions

The Agricultural Research Service (ARS), *Area Office/Research Location/Organization,* asserts its compliance with the following conditions cited in AAR number *XXXX.*

(NOTE: The following conditions are for example purposes only and may not be applicable or cited on the decision memorandum for every AAR. If you need assistance in responding to any condition, contact Gary Rich, the ARS AAR Coordinator at (301) 504-1052 or by email at gary.rich@ars.usda.gov.)

- ARS will be asked to assert its compliance or accommodation with applicable physical, personnel, and access security requirements associated with the acquisition. Include a brief statement indicating what steps or actions have been taken to ensure that the acquisition is in compliance with applicable security requirements.

- All applicable acquisitions must be IPv6 compliant and IPv4 backward compatible by June 2008 as required by OMB Memorandum M-05-22. Include a brief statement indicating the IPv6 compliance status of the acquisition(s) and, if applicable, what steps or actions have been taken to ensure compliance with this requirement.

- ARS will be asked to consult with the Office of Small and Disadvantaged Business Utilization to identify opportunities to direct the acquisition towards a Service Disabled Veteran-Owned Small Business as required by Departmental Regulation 5090-005. Ensure that your procurement office is aware of this requirement and include a statement indicating if all or part of the acquisition has been awarded to a targeted vendor. If the acquisition is not awarded to a targeted vendor, indicate the reason.

- If requested by the USDA/OCIO, ARS will be asked to provide details on actual products purchased, quantities, costs, and supplying vendor. Include a statement indicating that this information will be made available to the USDA/OCIO on request.

Any questions regarding our response to these conditions should be directed to *include appropriate point of contact.*