



DEPARTMENT OF THE TREASURY
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**Acquisition
Bulletin (AB)**

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MEMORANDUM FOR THE BUREAU CHIEF PROCUREMENT OFFICERS

FROM: Corey M. Rindner, Director
Office of the Procurement Executive

SUBJECT: Cost Savings Addition to ICAR

Purpose: This AB provides guidance for calculating the cost savings and reporting them using the Treasury Acquisition Data System (TADS).

Effective Date: October 1, 1999

Expiration Date: This AB will expire when canceled or superseded.

Cancellation: This AB cancels PIM 99-13.

Background: Effective 1st quarter of FY 2000, all bureau procurement offices must compute and report dollars saved through competition and/or negotiation of each acquisition reported through the current Department of the Treasury TADS Input form.

The following guidelines are established for calculating cost savings and reporting them using TADS. Previously cost savings were reported every two years on the Self-Assessment Surveys under the Balanced Scorecard Survey process. This TADS field provides real time reporting of cost savings, using a uniform format within the bureaus.

Cost savings must be calculated for all negotiated acquisitions, solicited as full and open competition or other than full and open competition, when discussions are conducted. Sealed bidding acquisitions and negotiated acquisitions where award was made without discussions will be reported as \$0 cost savings. All options quantities, option years, and maximum quantities should be considered in your computations. Consequently, all actions that are reportable on the TADS Input form that are negotiated are covered under this AB.

Compute cost savings as: The difference between the final negotiated award price (including options and/or estimated quantities) and the initial offered price (including options and/or estimated quantities). Each contract file must include written documentation, including this calculation for deriving the cost savings dollar amount. For the purpose of data collection, this

calculation should be the standard for all Treasury procurement offices; however, we do recognize that there may be other incidents that warrant a deviation. Cost savings may also include measurable and verifiable savings that result from the deliberate efforts of procurement personnel on their own or in concert with their clients and/or project teams. There may be other methods to calculate savings resulting from your efforts such as negotiating volume discounts, consolidating requirements, the use of lease versus buy or make versus buy decisions, etc. I encourage your resourcefulness as long as the figures reported are measurable and verifiable, with the basis for calculation clearly documented in the file.

Questions may be directed to Lou Masciocchi at (202) 622-6585, or e-mail to louis.masciocchi@do.treas.gov.

Cc: TPDS Coordinators