



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Acquisition Procedures
Update (APU)
2010-3
September 30, 2010

MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS

FROM: Thomas A. Sharpe, Jr. 
Senior Procurement Executive
Office of the Procurement Executive

SUBJECT: **Acquisition Savings and Reduction in Use of High Risk Contracting Authorities for Fiscal Year 2011 (Acquisition Improvement and Planning)**

Purpose: To incorporate into the Department of the Treasury Acquisition Procedures (DTAP) policies and procedures for Treasury acquisition improvement and planning, to include (1) establishment of Fiscal Year (FY) 2011 goals for 3.5 percent savings; (2) 10 percent reduction in use of high risk contracting authorities; (3) to improve planning and customer service by adding the requirement to publish Procurement Service Levels (PALT); and (4) to conduct annual customer satisfaction surveys to inform improvement initiatives.

Effective Date: These DTAP changes are effective October 1, 2010.

Cancellation: Acquisition Bulletin (AB) 10-04, Bureau Acquisition Improvement Plans for Fiscal Years 2010 and 2011 Reduction, is cancelled as of 12:00am October 1, 2010.

Background: The Office of Management and Budget (OMB) issued on July 29, 2009 a memorandum "Improving Government Acquisition" mandating that Federal agencies (1) achieve savings of 3.5 percent of baseline contract spending in FY 2011 (cumulative 7 percent savings in FY2010 and 2011) and (2) reduce high risk contracting obligations by 10% in FY10. Treasury exceeded both its FY 2010 savings and high risk contracts reductions goals.

This APU communicates changes to the DTAP that set Department-wide goals for 3.5 percent savings and 10 percent reduction in use of high risk contracting authorities for FY 2011. In the event OMB establishes a different government-wide FY 2011 goal for high risk contracts reduction, the Office of the Procurement Executive (OPE) may adjust the Treasury goal for alignment with OMB requirements.

It is anticipated that OMB will require submission of agency plans to meet both FY 2011 goals, to include projected savings and high risk contracts reduction by category, by mid-October 2010. Savings categories may include contract terminations, consumption reduction, strategic

sourcing, General Services Administration (GSA) Schedule discounts, and procurement influenced savings. Risk reduction categories include noncompetitive contracts, competitive contracts for which only one bid was received, Time and Material (T&M) contracts, and cost reimbursement/labor hour (LH) contracts. Guidance for development and submission of bureau plans to OPE will be provided to bureaus immediately upon receipt of OMB guidance.

This APU communicates DTAP changes requiring bureau-level advance acquisition planning, customer engagement and shared service level reporting. Acquisition improvement requires acquisition planning. Acquisition planning requires active participation and cooperation from customers.

DTAP Updates:

Accordingly, the DTAP is changed by adding:

SUBPART 1004.75--ACQUISITION IMPROVEMENT

1004.7500 General.

(a) This subpart prescribes policies and procedures related to acquisition improvement within Treasury, to include establishment of goals and reporting procedures for acquisition savings and reduction in use of high risk contracting authorities.

(b) Unless otherwise specified, bureau level goals for acquisition improvement initiatives (such as savings and reduction in use of high risk contracting authorities) are assigned and managed through the OPE Treas-STAT and Procure-STAT programs. Current information is located at <http://intranet.treas.gov/procurement/stat.asp>.

1004.7501 Responsibilities and Accountability

(a) The SPE will maintain oversight of Treasury Acquisition Improvement and will facilitate the Department's achievement of goals and related enterprise-wide efficiencies.

(b) BCPOs will implement and manage acquisition improvement initiatives in accordance with SPE and other executive guidance.

(c) Bureau CFOs are accountable for validating bureau savings and high risk contracts reduction goals and for providing the leadership which drives bureau goals achievement.

1004.7502 Acquisition Savings.

(a) The acquisition savings goal for FY 2011 is 3.5 percent. Future goals will be articulated as part of the Treas-STAT program in 1004.7500(b).

(b) Savings is broadly defined and may include termination of contracts no longer needed, decrease in consumption of a commodity or service, and procurement influenced savings, e.g., achievement of discounts from General Services Administration (GSA) schedule pricing, negotiation of better than anticipated prices, and achievement of process and other efficiencies.

(c) Executive governance and reporting:

(1) OPE will prepare a Monthly Scorecard (Dashboard) showing bureau- and Department-level progress toward meeting assigned goals and will submit the Dashboard for review by the Chief Acquisition Officer (CAO) and Deputy Secretary.

(2) Bureau CFOs will submit no later than the 10th of each month a validated progress report for goal achievement. Reports will be in the format provided at <http://intranet.treas.gov/procurement/acquisition.asp> and will be submitted in accordance with the guidance on the form.

1004.7503 Reduction in Use of High Risk Contracting Authorities.

(a) The FY 2011 goal for reduction in use of high risk contracting authorities is 10 percent. Future goals will be articulated as part of the Treas-STAT program in 1004.7500(b).

(b) The 10 percent goal applies to new actions in each category of high risk contracts:

- (1) Noncompetitive contracts;
- (2) Competitive contracts for which only one bid was received;
- (3) Time-and-Material and Labor Hour contracts; and
- (4) Cost reimbursement contracts.

(c) New actions include new base contracts, to include follow-on contracts; new purchase orders; and new delivery and task orders.

(d) Reduction in use of high risk contracting authorities will be measured by high risk category using FPDS-NG data. Performance will be compared to the same performance period in prior FY to determine progress against the goal.

(e) Executive governance and reporting will be accomplished using the same process as in 1004.7502(c).

1004.7504 Customer Satisfaction Surveys.

(a) BCPOs must annually survey customers to ensure feedback regarding the quality of procurement services rendered. The survey must include at least an overall customer satisfaction score that can be captured or translated to a 0-100% scale measuring percentage of customers satisfied. The survey should cover other subcomponents of satisfaction, to include:

- (1) quality of service or items acquired;
- (2) timeliness of procurement support;
- (3) quality of procurement support; and
- (4) quality of procurement systems used.

(b) Reporting. Summary results of the annual surveys will be included in the Treas-STAT program in 1004.7500(b).

###

Additionally, the DTAP is changed by adding to Subpart 1007.1, Section 7.104(a) as follows:

(a)(1) BCPOs will maintain a list of planned and expiring contracts and ensure acquisition planning collaboration begins early with stakeholders for follow-on acquisitions.

(2) To enable sufficient time to accommodate acquisition improvements, for any acquisition over \$10 million, the acquisition plan must be initiated by the requiring office, and approved at least 18 months prior to anticipated award date, plus any additional time required for transition. Advance planning and early collaboration will promote use of lower risk contract strategies, competition, performance based acquisitions, and small business participation as well as other good business practices.

###

The DTAP, at Subpart 1007.1, Section 7.104(b) is changed as follows:

(b) To aid planning, bureau program officials must forecast ~~ongoing and~~ future requirements, including renewal of ongoing contracts, to ensure applicable projects are covered in individual Acquisition Plans. Additionally, BCPOs must establish and publish standard procurement lead-times and cut-off dates, and implement procedures to measure service level accomplishment in accordance with those procurement lead times, e.g., "90% of acquisitions were accomplished within the established lead time of 90 days." BCPOs may negotiate and monitor other agreements and exceptions in supplying procurement services to the requirements personnel.

###

Finally, the DTAP is changed by adding:

SUBPART 1007.70 – END OF FISCAL YEAR PLANNING AND PROCUREMENT CUTOFF DATES

1007.7000 Policy.

If published PALT times in 1007.104(b) do not accommodate accomplishment of end of year contract awards, BCPOs must coordinate with bureau budget and program offices to establish one or more cut-off dates as early as feasible in each FY (preferably no later than June) for submission of complete requirements packages to guard against inefficient procurement practices and to improve the ability to obtain quality supplies and services that are on time and within budget. OPE recommends that bureau program officials consider executing early pre-award actions for unfunded projects to facilitate availability of award-ready packages in the FY fourth quarter.

###