



DEPARTMENT OF VETERANS AFFAIRS
Deputy Assistant Secretary for Acquisition and Materiel Management
Washington, DC 20420

IL 90-00-4
June 20, 2000

OFFICE OF ACQUISITION AND MATERIEL MANAGEMENT INFORMATION LETTER

- TO:** Veterans Integrated Service Network Directors; Directors, VA Medical Center Activities, Domiciliaries, Outpatient Clinics, Medical and Regional Offices, Denver Acquisition and Logistics Center, Austin Automation Center, Records Management Center, VBA Benefits Delivery Centers, and Veterans Health Administration Center; Executive Director and Chief Operating Officer for the National Acquisition Center; and Under Secretary for Memorial Affairs, National Cemetery Administration
- ATTN:** Heads of Contracting Activities; GS-1102, Contracting Series Employees; VA Contracting Officers and VA Contracting Officer Technical Representatives (COTRs)
- SUBJ:** Management, Acquisition, and Use of Information Technology and Capital Asset Procurements

1. In 1997, the Office of Management and Budget (OMB) issued a Capital Programming Guide to assist Agencies in managing capital investment decisions in preparing a consolidated capital request, or an Agency Capital Plan (ACP).
2. In June 1997, the Deputy Secretary established the VA Capital Investment Board (VACIB). The VACIB serves to improve the capital planning process, as well as enhance and facilitate the management of capital investment decisions in support of Departmental strategic plans, goals, objectives, and annual budget requests. The VACIB reviews all capital investment proposals from the Administrations and Staff Offices on projects exceeding thresholds established by the Board and those mission critical capital initiatives that have high risk or national visibility. The Capital Investment Planning Process begins approximately 18-24 months before funds are appropriated and includes a three-phase decision making process; 1) Functional Development Phase, 2) Technical Review Phase, and 3) Strategic Review Phase. The VA Capital Investment Methodology Guide found at <http://www.va.gov/budget/capital/> explains these phases in greater detail.
3. All VA Contracting Officers and other personnel associated with VA capital investment decisions are reminded of their responsibility to follow the capital investment guidelines and procedures for all capital asset acquisitions. VA capital assets include:

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VA capital assets include:

- Infrastructure projects
- Medical Equipment
- Non-medical Equipment
- Information Technology
- Leases/GSA Space Assignments
- Enhanced Use Leases
- Enhanced Sharing Agreements
- Energy Savings Performance Contracts (ESPC)

All capital investment proposals that meet or exceed the established dollar thresholds are required to undergo VACIB approval. Below is a chart outlining these dollar review thresholds, and the requisite review requirements.

Thresholds for Capital Investments Requiring VACIB Approval				
Total Acquisition Costs				
Categories	VHA	VBA	NCA	Staff Offices
Infrastructure Proposals ¹	\$4M	\$4M	\$4M	\$1M
Medical Equipment	\$1M/piece	N/A	N/A	N/A
Non-Medical Equipment	\$500,000/piece	\$500,000/piece	\$500,000/piece	\$500,000/piece
Information Technology: Total acquisition cost or Life-Cycle Costs	\$10M or \$30M	\$2M or \$6M	\$1M or \$3M	\$1M or \$3M
Enhanced-Use Leases ²	\$4M	\$4M	\$4M	\$4M
Enhanced Sharing Agreements ³	\$4M	N/A	N/A	N/A
Leases/GSA Space	\$600,000	\$600,000	\$600,000	\$600,000
ESPC (per task order)	\$4M/Facility or \$10M/Multiple Facilities	\$4M/Facility or \$10M/Multiple Facilities	\$4M/Facility or \$10M/Multiple Facilities	\$4M/Facility or \$10M/Multiple Facilities
¹ Includes the Construction and Medical Care (NRM) appropriations.				
² Total value of proposal exceeds \$4M in NPV over the term of the proposal (both VA and developers).				
³ Enhanced Sharing Agreement for space will use the definition under footnote #2. For all other categories, existing VHA thresholds apply.				

4. Additionally, all VA organizations requesting Information Technology (IT) acquisitions or services costing more than \$250,000, including CIB approval investments, must request approval from the Assistant Secretary for Information and Technology, and the Department Chief Information Officer (CIO) prior to acquisition. The IRM Planning and Acquisitions Service (045A1) is responsible for processing and coordinating all requests for Office of Information and Technology (OI&T) approvals and monitoring acquisitions of IT resources. The VA IT Capital Investment Guide at

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<http://www.va.gov/oirm/ITPlanning/ITCapitalInvestmentGuide.htm> defines requirements in detail with best practice examples.

5. Contracting officers must have the requisite approval documents, or certifications prior to initiating acquisition on these requirements. VACIB approval documents, or requisite certifications, for capital assets and/or OI&T approval documents must accompany requests for legal/technical review requirements.

6. To ensure that all staff are aware of current and upcoming changes, we encourage the sharing of this information with administrative and clinical personnel and all staff involved in the planning, development and acquisition of capital assets. Compliance with the procedures established in this information letter will significantly enhance the timely review of VACIB applications and ultimately the processing of procurements. Please direct any questions regarding this guidance to Valerie Moody, Acquisition Program Management Team, at (202) 273-8754.

/s/David S. Derr
Associate Deputy Assistant Secretary
for Acquisitions

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