

Guidelines for Assessing the Acquisition Function



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GUIDELINES FOR ASSESSING THE ACQUISITION FUNCTION

1. PURPOSE

The purpose of these guidelines is: (a) to standardize entity level internal control reviews of agency acquisition functions that are required by Office of Management and Budget (OMB) Circular A-123 through use of an acquisition assessment template (See Appendix 1) and (b) to integrate entity level acquisition reviews into agencies' existing internal control review and reporting processes that are used to support annual OMB Circular A-123-related assurance statements, as appropriate.

2. AUTHORITY

The guidelines are based on the following authorities:

Federal Managers' Financial Integrity Act of 1982 (FMFIA) (31 U.S.C. 3512)

FMFIA requires the heads of executive agencies to establish internal accounting and administrative controls to reasonably ensure, among other things, that assets are safeguarded against waste, loss, and misuse.

OMB Circular A-123, Management's Responsibility for Internal Control

OMB Circular A-123 implements FMFIA and makes agency management responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. The circular applies not only to accounting and financial management, but also to program, operational, and administrative areas. (See Section I of OMB Circular A-123) The circular addresses evaluation of internal control at the entity level as well as transactional or process level.

Services Acquisition Reform Act (SARA) of 2003 (41 U.S.C. 414)

SARA requires agency Chief Acquisition Officers (CAOs) to monitor the performance of acquisition activities and acquisition programs, evaluate the performance of those programs on the basis of applicable performance measurements, and advise the agency regarding the appropriate business strategy to achieve the mission of the agency.

3. BACKGROUND

Agencies conduct internal control reviews of acquisition and program management in a variety of ways, such as through self-evaluations, surveys and transaction reviews. Many reviews do not give sufficient attention to those factors that have the greatest influence on the efficiency and effectiveness of the acquisition function.

The guidelines provide a template to help agencies conduct a comprehensive and standardized assessment for entity level reviews. The template has been adopted from the Government Accountability Office (GAO) Framework for Assessing the Acquisition Function at Federal Agencies (framework) (GAO-05-218G) and consists of four interrelated areas, i.e. cornerstones, that are essential to an efficient, effective and accountable acquisition process: (1) organizational alignment and leadership; (2) policies and processes; (3) human capital; and (4) information management and stewardship. These four areas are most material to effective mission support. Concentrating review in the four cornerstone areas will assist senior management and accountable organizations in identifying areas requiring greater management attention and/or more focused follow-up work. It will also contribute to a more holistic assessment of the acquisition function and better inform CAOs in evaluating appropriate business strategies to achieve agency missions.

Entity level reviews conducted using the template are designed to be easily aligned and integrated into agencies' existing internal control review processes under OMB Circular A-123. OMB Circular A-123 provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal control. Under Circular A-123, agencies: (1) perform risk assessments on a defined control environment and implement control activities; (2) develop corrective action plans for material weaknesses and other significant deficiencies in the design or operation of internal controls; (3) track progress on corrective action plans; (4) incorporate material weaknesses in annual assurance statements in accordance with FMFIA; and (5) report the material weaknesses Performance and Accountability Reports prepared for OMB and Congress. The Circular also calls for ongoing communications between managers and other stakeholders to build and sustain support for an effective control environment.

Traditionally, OMB Circular A-123 assessments have focused resources on accounting and financial management systems within agencies. Use of the template will enable agencies to leverage existing resources by implementing an integrated management approach to internal control that focuses equally on the financial, program, operational and administrative functional areas of an agency, including acquisition.

4. GUIDING PRINCIPLES

To enhance the quality of entity level acquisition reviews, agencies must ensure assessments required by OMB Circular A-123 are consistent with the following guiding principles.

Standardization. As part of their responsibility for monitoring the performance of acquisition activities and programs required by SARA, and as managers under OMB Circular A-123, CAOs must employ a standardized assessment methodology that, at a minimum, includes consideration and evaluation of acquisition activities and programs in the template's four cornerstone areas. CAOs must use the template to evaluate the acquisition function as part of the internal control assessments conducted at the entity level.

Integration. CAOs must integrate entity level assessments of the acquisition function into agencies' existing internal control review and reporting processes established pursuant to Circular A-123. Accordingly, activities conducted pursuant to these guidelines shall support the establishment, assessment, and correction of internal controls for acquisition. In addition, CAOs shall collaborate with other responsible senior officials within their agency, as necessary and appropriate and in accordance with agency policy, to consider whether the results of an

acquisition assessment need to be addressed in an annual assurance statement required by the Circular.

5. AGENCY RESPONSIBILITIES

The agency CAO, or equivalent, in collaboration with the Chief Financial Officer (CFO), and in accordance with agency internal control policy and processes is responsible for:

- ♦ Determining the scope of the acquisition assessment, i.e., those acquisition activities and programs to be covered by the assessment;
- ♦ Ensuring that assessment objectives are clearly communicated throughout the agency/component;
- ♦ Ensuring that assessments are adequately document and carried out in a thorough, effective, and timely manner;
- ♦ Incorporating the template into the design, methodology and format of the assessment;
- ♦ Determining the frequency of reviews/assessments based on risk;
- ♦ Ensuring that adequate policies and methods are in place to document the assessment design, methodology and results;
- ♦ Analyzing the results of testing and assessment;
- ♦ Reporting on the results of the assessment in accordance with existing agency internal control directives;
- ♦ Developing and implementing corrective actions for identified deficiencies;
- ♦ Monitoring the progress of corrective action implementation; and
- ♦ Updating the Office of Federal Procurement Policy (OFPP) on corrective actions taken to address weaknesses or deficiencies identified as a result of assessments.

6. DEFINITIONS

Acquisition. Acquisition means the process of acquiring, with appropriated funds, by contract for purchase or lease, property or services (including construction) that support the mission and goals of an executive agency, from the point at which the requirements of the executive agency are established in consultation with the CAO of the executive agency; and include:

- ♦ the process of acquiring property or services that are already in existence, or that must be created, developed, demonstrated, and evaluated;
- ♦ the description of requirements to satisfy agency needs;
- ♦ solicitation and selection of sources;
- ♦ award of contracts;
- ♦ contract performance;

- ♦ contract financing;
- ♦ management and measurement of contract performance through final delivery and payment; and
- ♦ technical and management functions directly related to the process of fulfilling agency requirements by contract. See Section 1411 of the Services Acquisition Reform Act (P.L. 108-136)

Acquisition workforce. The acquisition workforce includes individuals who perform various acquisition-related functions to support the accomplishment of the mission of an agency, including requirements definition, measurement of contract performance, and technical and management direction. See OFPP Policy Letter 05-01, Developing and Managing the Acquisition Workforce, April 15, 2005.

Control activities. Control activities include policies, procedures and mechanisms in place to help ensure that agency objectives are met. Several examples include: proper segregation of duties (separate personnel with authority to authorize a transaction, process the transaction, and review the transaction); physical controls over assets (limited access to inventories or equipment); proper authorization; and appropriate documentation and access to that documentation. See Section II of OMB Circular A-123

Control deficiency. Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. See Section IV of OMB Circular A-123

Internal controls. Internal controls are the organization, policies, procedures, actions, and activities that management implements to achieve results and safeguard the integrity of their programs. Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- ♦ effectiveness and efficiency of operations;
- ♦ reliability of financial reporting; and
- ♦ compliance with applicable laws and regulations.

Internal controls may be assessed at the entity level as well as at the process, transaction, or application level. Entity level refers to the highest organizational level in which the internal controls have an overarching or pervasive effect on the agency. Specific areas of internal control that should be evaluated at the entity level include the control environment, risk assessment, control activities, information and communication, and monitoring. See OMB Circular A-123



APPENDIX 1: ACQUISITION ASSESSMENT TEMPLATE

OVERVIEW

The acquisition assessment template is designed to help agencies conduct comprehensive and standardized assessments of the effectiveness of agency acquisition functions. The template is comprised of cornerstones, elements, critical success factors and assessment guideposts. Agencies must use the template for entity level reviews and may use the template for other reviews at their discretion.

Cornerstones

The template consists of four interrelated cornerstones: (1) organizational alignment and leadership; (2) policies and processes; (3) human capital; and (4) information management and stewardship. The cornerstones represent the broad areas that have the greatest impact on the efficiency and effectiveness of the acquisition function. The four cornerstones lay the foundation for assessing and evaluating the acquisition function.

Elements and Critical Success Factors

Each of the template's four cornerstones is broken down into elements. Each identified element is integral to effective stewardship at an organization and is dependent on a number of critical success factors. Critical success factors focus on outcomes, program results and mission accomplishment and collectively contribute to defining success for the associated element and, ultimately, the cornerstone. Conversely, deficiencies in, or the absence of critical success factors, increases risk and the need for greater attention by management. The presence of critical success factors enhances the likelihood of achieving desired outcomes.

Assessment Guideposts

The template provides assessment guideposts to help reviewers discover whether organizations are employing critical success factors. Each guidepost consists of a series of critical questions, indicators of success and indicators of potential weaknesses.

Consider:

- What to ask when trying to identify the presence or absence of critical success factors.

Look for:

- + Indicators of practices and activities that facilitate good acquisition outcomes.

Beware of:

- ↓ Indicators of practices and activities that hinder good acquisition outcomes.

The assessment guideposts are a starting point for analysis and may be supplemented to consider agency-specific programs, processes and/or initiatives. Reviewers may also wish to consider questions from the GAO framework, as appropriate.

The cornerstones, elements and critical success factors that make up the template are summarized in the Template Roadmap on the following page. Page numbers have been included as a quick reference to locate the cornerstones, elements and assessment guideposts for each critical success factor in the template. Supplementary information on the cornerstones, elements and critical success factors can be found in Appendix 2. Additional resources are listed in Appendix 3.

TEMPLATE ROADMAP

| CORNERSTONES | ELEMENTS | CRITICAL SUCCESS FACTORS |
|--|--|---|
| <p>I. Organizational Alignment and Leadership (pg. 7)</p> | <p>A. Aligning Acquisition with Agency Mission and Needs (pg. 7)</p> | <p>1. Assuring Appropriate Placement of the Acquisition Function (pg. 7) 2. Organizing the Acquisition Function to Operate Strategically (pg. 8) 3. Clearly Defining and Integrating Roles and Responsibilities (pg. 9)</p> |
| | <p>B. Commitment from Leadership (pg. 10)</p> | <p>1. Clear, Strong and Ethical Executive Leadership (pg. 10) 2. Effective Communications and Continuous Improvement (pg. 12)</p> |
| <p>II. Policies and Processes (pg. 14)</p> | <p>A. Planning Strategically (pg. 14)</p> | <p>1. Partnering with Internal Organizations (pg. 14) 2. Assessing Internal Requirements and the Impact of External Events (pg. 15)</p> |
| | <p>B. Effectively Managing the Acquisition Process (pg. 17)</p> | <p>1. Empowering of Cross-Functional Teams (pg. 17) 2. Managing and Engaging Suppliers (pg. 18) 3. Monitoring and Providing Oversight to Achieve Desired Outcomes (pg. 20) 4. Enabling Financial Accountability (pg. 21)</p> |
| | <p>C. Promoting Successful Outcomes of Major Projects (pg. 23)</p> | <p>1. Using Sound Capital Investment Strategies (pg. 23) a. Integrating Organizational Goals into the Capital Decision-making Process (pg. 23) b. Evaluating and Selecting Capital Assets Using an Investment Approach (pg. 25) c. Balancing Budgetary Control and Managerial Flexibility (pg. 26) 2. Employing Knowledge-Based Acquisition Approaches (pg. 26)</p> |
| <p>III. Human Capital (pg. 28)</p> | <p>A. Valuing and Investing in the Acquisition Workforce (pg. 28)</p> | <p>1. Commitment to Human Capital Management (pg. 28) 2. Role of the Human Capital Function (pg. 29)</p> |
| | <p>B. Strategic Human Capital Planning (pg. 29)</p> | <p>1. Integration and Alignment (pg. 29) 2. Data-Driven Human Capital Decisions (pg. 30)</p> |
| | <p>C. Acquiring, Developing, and Retaining Talent (pg. 32)</p> | <p>1. Targeted Investments in People (pg. 32) 2. Human Capital Approaches Tailored to Meet Organizational Needs (pg. 33)</p> |
| | <p>D. Creating Results-Oriented Organizational Cultures (pg. 33)</p> | <p>1. Empowerment and Inclusiveness (pg. 33) 2. Unit and Individual Performance Linked to Organizational Goals (pg. 34)</p> |
| <p>IV. Information Management & Stewardship (pg. 35)</p> | <p>A. Identifying Data and Technology that Support Acquisition Management Decisions (pg. 35)</p> | <p>1. Tracking Acquisition Data (pg. 35) 2. Translating Financial Data into Meaningful Formats (pg. 36) 3. Analyzing Goods and Services Spending (pg. 37)</p> |
| | <p>B. Safeguarding the Integrity of Operations and Data (pg. 38)</p> | <p>1. Ensuring Effective General and Application Controls (pg. 38) 2. Data Stewardship (pg. 38)</p> |

CORNERSTONE I: ORGANIZATION ALIGNMENT AND LEADERSHIP

This cornerstone focuses on two elements and five critical success factors that can be used to assess the placement of an agency’s acquisition function, the effectiveness of its leadership and the extent to which roles and responsibilities of stakeholders are clearly defined.

| A. Aligning Acquisition with Agency Mission and Needs | | |
|---|---|--|
| 1. Assuring Appropriate Placement of the Acquisition Function | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Where is the acquisition function currently placed in the agency/component? • What are the roles and responsibilities of the acquisition function and acquisition personnel? • Is the acquisition function fragmented? • Are staffing support, experience, and effort applied to contract formation and award balanced with those needed for contract administration? • Is the acquisition function in a position where it can plan and provide strategic support to the component and agency, e.g., does it maintain Centers of Excellence? • Is the acquisition function seen (and used) by management as a business partner in supporting mission needs? • Is the agency’s competition advocate strategically positioned so that he/she may independently review requirements and question impediments to competition? | <ul style="list-style-type: none"> + The acquisition function (including its competition advocate) has been assigned the appropriate degree of responsibility and authority for strategic planning, management, and oversight of the component’s purchases of goods and services, and this responsibility is consistent with the significance of acquisition to the component’s and agency’s mission. + Management views the acquisition function as a strategic asset in support of core mission and business processes. + Management and staff view the acquisition function as a business partner rather than a support function. + Acquisition of goods and services is viewed from an agency-wide perspective. Acquisition is planned from a corporate perspective rather than on a transaction-by-transaction/unit-by-unit basis. | <ul style="list-style-type: none"> ↓ Disconnects exist between where the acquisition function is placed in the organization’s hierarchy and its actual role in achieving the component’s mission or supporting its operations. ↓ Lack of coordination across the contracting activity results in redundancy, inconsistency, and an inability to leverage resources to meet common or shared requirements. ↓ The acquisition function is viewed merely as an administrative support function rather than as a business partner. ↓ Organization managers and other stakeholders tend to work around or circumvent standard acquisition processes/functions. ↓ The agency competition advocate is not positioned where he/she may independently review requirements and question impediments to competition. |

| 2. Organizing the Acquisition Function to Operate Strategically | | |
|---|--|--|
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Has the agency/component assessed the current structure of the acquisition function and related controls? If so, what were the results of the study/assessment? • Have there been recent or significant changes within the component or agency affecting its acquisition function that require adaptation/re-organization/change, e.g., new mission requirements, changes in budget, workforce, technology? • Does the agency/component have mechanisms to anticipate, identify, and react to risks presented by changes in conditions that can affect agency-wide or acquisition-related goals? • Does the agency/component make appropriate use of technology and to reduce or mitigate organizational fragmentation? • Is the number of contracting officer warrants in the agency/component appropriate? • Does support to field units overly extend the central contracting activity staff's workload? • Could goods and services be acquired more efficiently through a more strategic or corporate approach? Does the agency/component take advantage of Government-wide/agency-wide strategic sourcing opportunities? • Are acquisition-related performance plans and metrics established, understood, and realized in a consistent manner within the organization? • Does the acquisition staff see itself as an active contributor to agency mission support? | <ul style="list-style-type: none"> + The acquisition function's mission is well-defined and its goals and strategies are consistent with and support the agency's overall mission. + The acquisition workforce is aware of the acquisition function's mission, goals and strategies. + The current structure of the acquisition function has been assessed and appropriate changes made in response to changes, such as in the mission, operating environment, budget, workforce, or technology. + Outcome-oriented performance measures are used to assess the success of the acquisition function. Measures are designed and used that gauge the contribution that the acquisition function makes to support the agency/component's mission and goals. | <ul style="list-style-type: none"> ↓ Leadership lacks a clear definition or understanding of the acquisition function's mission, goals, or strategies, and/or its potential as a business partner. ↓ Acquisition workforce lacks a consistent understanding of the acquisition function's mission, goals and strategies. ↓ The component and/or agency has not assessed or made changes to the role of the acquisition function in response to significant changes. ↓ There is no continuous review or trend analysis to ensure effectiveness and efficiency of service delivery. ↓ Performance measures are not used to evaluate the usefulness of the acquisition function to support sub-unit and agency-wide mission. |

| <ul style="list-style-type: none"> • Does the agency/component use its strategic and annual performance plan to document the contribution that agency officials expect the acquisition function will make to the agency's mission, strategic goals, and annual goals? | | |
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| 3. Clearly Defining and Integrating Roles and Responsibilities | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Are there organizational "stovepipes" within the organization and/or within its acquisition function that inhibit effective coordination with customers/stakeholders? • Does the acquisition function clearly understand and articulate its role and potential in supporting mission-critical functions to management, program offices, and peers in finance, human capital, information technology (IT) and other disciplines? • What are the roles and responsibilities of stakeholders in the agency's acquisition process? • Are the acquisition function's roles and responsibilities clear and understood by its customers/stakeholders, e.g., contracting officer's role in selecting the proper contractual instrument and procurement approach? • How active is the acquisition function in advance planning of requirements? • How are stakeholders held accountable for their actions? • Are organizational conflicts of interest on the part of agency contractors and subcontractors avoided? Are there processes in place to avoid them? | <ul style="list-style-type: none"> + Each stakeholder in the acquisition process has clearly defined roles and responsibilities. + There is a shared understanding of each participant's role in acquisition activities. + Acquisition managers support the component/agency's strategic planning and decision-making needs. | <ul style="list-style-type: none"> ↓ The role of the acquisition function is unclear. ↓ Acquisition and other functional offices do not clearly communicate and cooperate. ↓ There is little integration of acquisition planning among the different entities with a role in acquisitions. ↓ Conflicts among stakeholders are left unresolved, thereby resulting in inefficient operations. ↓ The acquisition office is frequently bypassed in component/agency planning and decision-making. |

| B. Commitment from Leadership | | |
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| 1. Clear, Strong, and Ethical Executive Leadership | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Does the agency have a CAO (or comparable position for non-CFO Act agencies) who is responsible for the agency's acquisition program and activities? • Has senior leadership articulated a strategic, integrated and agency-wide vision for the acquisition function? • Is senior leadership actively involved in pursuing changes, if appropriate, to how the agency/component acquires goods and services? • Are managers at all levels held accountable for their contributions to the acquisition process? • Does leadership promote integration and coordination among the agency's budgetary processes and human capital, acquisition, and financial management functions? • Does management set a tone that recognizes the unique contributions that the acquisition function can make to agency/component decision-making? • Are assignments and duties properly separated? (The collateral duty environment may lend itself to a higher degree of risk because clear lines of responsibility or separation of functions is obscured.) • Does component management support agency-wide acquisition initiatives? • Does management have a positive and supportive attitude towards internal control to identify and mitigate risk? | <ul style="list-style-type: none"> + The agency has a CAO (or comparable position for non-CFO Act agencies). All levels of the acquisition organization are aware of the CAO (or equivalent) and his/her roles, responsibilities and expectations related to acquisition. + Senior leadership provides direction and vision, facilitates the development of common processes and approaches and is involved in identifying and assessing risks associated with meeting acquisition objectives. + Improvement initiatives involve stakeholders from across the agency or component. The CAO (or equivalent) promotes interdisciplinary communication and collaboration. + Senior leadership promotes a strategic, integrated and component/agency-wide approach to acquisition, as appropriate. + Senior leadership and management set a positive and supportive attitude toward internal control. + Senior leadership and management support monitoring to assess the quality of internal control performance and to ensure that issues are promptly resolved. + Senior leadership and management routinely assess risks the agency/component faces from external & internal sources in relation to acquisition objectives. | <ul style="list-style-type: none"> ↓ There is no CAO (or comparable position for non-CFO Act agencies) or the various levels of the acquisition organization are not aware of who the CAO (or equivalent) is and his/her roles, responsibilities and expectations related to acquisition. ↓ Senior leadership has not defined a common direction or vision for the acquisition function. ↓ Senior leadership does not continually support efforts to develop common processes and approaches. ↓ Agency's ethical tone is not articulated. Risk and opportunity for unethical behavior are not identified and addressed. ↓ Senior leadership has not comprehensively identified and mitigated risks, e.g. through establishment and continuous monitoring of internal controls. ↓ Management does not have adequate resources and support to implement common processes and approaches. ↓ Agency personnel do not understand the importance of developing and implementing good internal controls. ↓ The agency has not established and implemented policies communicating appropriate ethical standards, such as a code of conduct and/or ethics training program. |

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| <ul style="list-style-type: none"> • Do internal control activities exist at every level of the acquisition function, e.g., in-process quality control techniques such as contracting officer review, contract clearance review, compliance monitoring and oversight? • Does management have an OMB Circular A-123 plan that includes a risk assessment? • Does management require the submission of annual work plans prior to conducting program /procurement management reviews? • Is the work plan coordinated with the appropriate stakeholders? • Has agency/component management recently reviewed its key acquisition-related internal controls? If so, what were the results? Are all aspects of the acquisition program covered in the internal control review? • Does the oversight program ensure that sample sizes are representative of agency/component procurements, including assessing all methods of procurements? Does oversight include all methods of procurements, e.g. simplified acquisitions, contracting by negotiation and special methods? • Have there been any GAO, OIG, or internal audits/reviews within the last three years? If so, have they been reviewed to ensure that corrective action has been implemented? Does review of current transactions indicate that the same findings are still present? • Are field level acquisition activities reviewed in accordance with agency policy? • Are corrective action plans developed, implemented and actively monitored? | <p>+ Actions taken to address risks are effectively implemented.</p> | |
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| <ul style="list-style-type: none"> • Does management take a proactive stance to correct any deficiencies identified in its acquisition-related internal controls? • Has the agency established and implemented policies communicating appropriate ethical standards, such as a code of conduct and/or ethics training program? | | |
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2. Effective Communications and Continuous Improvement

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • How does agency/component leadership communicate the agency’s mission, values, and guiding principles, as well as the vision and expectations for the acquisition function to agency/component personnel? • Have agency/component personnel been asked for their views on the effectiveness of communication? • Does leadership facilitate and support clear lines of communication among all parties? • Are stakeholders asked for their views on the effectiveness of the existing acquisition process and areas needing improvement? • Are control activities (i.e. the policies, procedures and mechanisms) in place to address or mitigate risk and to help ensure internal control objectives are continuously met? Are these control activities an integral part of the component/agency’s planning, implementation & review of accountability activities to ensure results and proper stewardship of government resources? • How actively are control activities monitored for their effectiveness at ensuring acquisition objectives are met? | <ul style="list-style-type: none"> + Metrics used by leadership are targeted at demonstrating the impact and value of the acquisition function and provide useful feedback to identify areas for improvement. + Management expectations for acquisition are clearly and periodically communicated within the organization. + Processes are in place to continuously gather stakeholder feedback regarding the effectiveness of the acquisition process and identify areas needing improvement. + Revisions to processes reflect appropriate incorporation of affected parties’ needs and concerns. + Control activities are an integral part of the component/agency’s planning, implementation, review, and accountability activities to ensure results and proper stewardship of assets. + Control activities are continuously monitored for their effectiveness at ensuring acquisition objectives are met. | <ul style="list-style-type: none"> ↓ There is inadequate communication from leadership regarding the effectiveness of the acquisition function and how it supports the component/agency’s mission. ↓ There is no mechanism in place for stakeholders to provide suggestions for improvements to the acquisition process. ↓ Little change is made to acquisition processes based on the needs and concerns expressed by affected parties. ↓ Internal control monitoring (e.g. peer review, checklists, procurement/program management reviews) does not occur in the course of normal operations, is not performed continually or is not ingrained in the operations of the contracting activity. ↓ The agency/component has inadequate policies, procedures, techniques, and mechanisms in place to ensure effective implementation of agency and component management directives. |

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| <ul style="list-style-type: none">• What metrics does the agency/component use to demonstrate the impact and value of the acquisition function in supporting the mission of the agency/component?• What process does the agency/component use to develop these metrics? | | <ul style="list-style-type: none">↓ The agency/component has not implemented a program to continuously measure and assess the performance of the acquisition function in supporting the component/agency's mission or achieving acquisition goals.↓ Performance measures for the acquisition function have not been developed and/or communicated.↓ Performance measures are in place but are not consistently utilized or communicated.↓ Performance metrics are not meaningful, measurable or are inconsistently understood and applied within the acquisition function. |
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CORNERSTONE II – POLICIES AND PROCESSES

This cornerstone focuses on three elements and eight critical success factors that can be used to assess the effectiveness of the policies and processes of an acquisition function.

| A. Planning Strategically | | |
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| 1. Partnering with Internal Organizations | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Do end-users of the goods and services acquired work with the acquisition office to discuss requirements for meeting end-user needs? • Are Federal Procurement Data System (FPDS) product/service and competition data (including data related to the award of task and delivery orders), small business program accomplishments, past performance evaluations, and other related information reviewed to inform plans for meeting end-user needs? • Do stakeholders work together to develop a joint strategy for acquisitions? • How receptive are stakeholders to evaluating different acquisition approaches and solutions and making trade-off decisions? • How does the agency/component promote coordination among stakeholders as an acquisition moves through the various steps in the process? • Do stakeholders work together to understand each other's needs? • Does the acquisition community provide well informed business guidance to project managers regarding market research, requirements definition, competition, small business programs and contract type as a means of mitigating risk? | <ul style="list-style-type: none"> + Agency/component management has empowered stakeholders and hold them accountable for coordinating, integrating, and implementing effective acquisition decisions. + Acquisition planning and strategy development support the component's/agency's mission rather than focus on the needs of individual units/transactions. + FPDS product/service and competition data (including data related to the award of task and delivery orders), small business program accomplishments, past performance evaluations and other related information are reviewed to inform plans for meeting end-user needs. + Stakeholders work on an ongoing basis to define key business and acquisition drivers to understand each other's needs. + The component/agency has structures in place that require appropriate coordination among stakeholders developing and implementing acquisition strategies. + Management encourages and supports appropriate and timely coordination among stakeholders in acquisition planning. + Lessons learned are identified and shared among stakeholders. | <ul style="list-style-type: none"> ↓ There is no early, active and/or ongoing involvement between acquisition and stakeholders. ↓ There is little evidence of advance acquisition planning. ↓ Stakeholders do not clearly communicate their needs or work together to identify solutions. ↓ Lack of integration across the acquisition function results in redundancy, inconsistency, and an inability to leverage resources to meet shared requirements. ↓ No processes in place for the prior review of interagency transactions by contracting officers to ensure compliance with applicable guidelines and assure that interagency action is the best procurement strategy. ↓ Requiring and receiving agencies' roles and responsibilities are not clearly articulated and understood related to the award and administration of interagency transactions. ↓ Acquisition and financial management officials do not partner to develop a shared vision. |

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| <ul style="list-style-type: none"> • Are roles and responsibilities defined clearly and followed throughout the requirements planning and development process? • Is acquisition concentrating on individual and possibly redundant transactions rather than taking a strategic approach to identifying repetitive requirements and leveraging buying power? • Are contracting officers given an opportunity to review proposed interagency contracting actions prior to funding being transferred to the receiving agency to assure that proper procurement guidelines applicable to the component/agency are being followed and that the interagency action is the best enterprise procurement strategy? | <ul style="list-style-type: none"> + Proposed interagency transactions are reviewed by contracting officers to ensure compliance with applicable guidelines and assure that interagency action is the best procurement strategy. + Roles and responsibilities of requiring and receiving agencies are clearly articulated and understood for interagency transactions. | <ul style="list-style-type: none"> ↓ The acquisition community does not participate or is not included early enough in the requirements definition and planning process to provide well informed business guidance to project managers regarding market research, requirements definition, competition, small business programs and contract type as a means of mitigating risk. |
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2. Assessing Internal Requirements and the Impact of External Events

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • Does the agency/component strategically assess its needs and develop acquisition approaches to help it meet those needs? • Does the agency/component leverage purchasing volume by identifying component/agency-wide acquisitions of goods and services? • Does the agency/component systematically identify and analyze component/agency-wide acquisitions planned in the next 12 to 24 months? • Are needs identified in the budget request submission consistent with planned acquisition strategies? • Does the agency/component track the types of acquisition methods used for acquiring goods and services to ensure it is employing the most appropriate contract type? | <ul style="list-style-type: none"> + Adequate and relevant acquisition related data, e.g. contract type and product/service requirements, available and used to make strategic acquisition plans and decisions. + The acquisition function appropriately selects among contracting tools available, including commercial item acquisition, performance-based contracting, and purchase cards to best meet end-user needs in a cost-effective manner. + The acquisition function considers recurring purchases and develops or participates in component/agency-wide/Government-wide acquisition plans that best leverage these acquisitions. | <ul style="list-style-type: none"> ↓ The agency/component lacks a strategic acquisition plan. ↓ There is little evidence of advance acquisition planning. Acquisition planning is completed on a contract-by-contract basis rather than with consideration of corporate/agency-wide needs. ↓ The agency/component lacks data on the types of contracts used on procurement actions. ↓ Data are not periodically monitored or analyzed for acquisition planning and decision-making. ↓ Frequent emergency, time and materials, and/or sole-source purchases are made to meet routine or recurring needs. |

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| <ul style="list-style-type: none"> • Does the agency/component have a mechanism to review planned acquisitions and identify opportunities for suppliers from the small, veteran, woman-owned and small disadvantaged business communities? Has the agency/component achieved its goals in each of the socio-economic acquisition categories? • If acquisition plans anticipate contract bundling, or contract consolidation in the case of the Department of Defense, have written justifications for these actions and appropriate analyses been developed? • Has the agency/component achieved its competition goals/targets? • Does the agency/component have a process in place for determining the type or extent of work that is and should be performed in-house and which could be contracted out? • Has the agency/component assessed its core competencies and identified opportunities to compete commercial-type activities? • Do agency/component officials track new or pending legislation that might affect acquisition policies and processes, training and/or workload? • How recently have agency/component officials assessed whether their acquisition processes are capable of responding to unforeseen external events and emergencies? • Do agency/component officials carefully, and on an on-going basis, consider how to meet competing demands on the acquisition system? • Before awarding an interagency contract, does the agency/component research and evaluate what is already available Government-wide? | <ul style="list-style-type: none"> + Before awarding an interagency contract, the agency/component conducts research and evaluates what is already available Government-wide. The agency/component understands the market that might be available to the proposed interagency contract that is not already absorbed by others. Business cases are prepared for proposed interagency contracts. Clear roles and responsibilities are developed and defined for parties to the interagency contract. + Adequate and relevant data are available and used to make strategic decisions about what work the agency/component should perform in-house and to identify opportunities to compete work with the private sector. + The agency/component monitors achievements on an on-going basis, identifies opportunities for small, veteran, woman-owned and small disadvantaged businesses and consistently achieves socioeconomic goals. + Acquisition plans that anticipate contract bundling or contract consolidation, in the case of the Department of Defense, consistently include written justifications for these actions and appropriate analyses are developed. + The agency/component competition advocacy program is active in identifying obstacles to competition early in the requirements development process, and identifies competitive opportunities. | <ul style="list-style-type: none"> ↓ Before awarding interagency contracts, the agency/component does not conduct research and evaluate what is already available Government-wide. The agency/component does not understand the market that might be available to the proposed interagency contract that is not already absorbed by others, thereby promoting redundancy. Business cases are not prepared for proposed interagency contract vehicles. Clear roles and responsibilities are not developed and defined for parties to interagency contracts. ↓ The agency/component fails to achieve competition and socioeconomic goals. Data are not monitored on an on-going basis. ↓ Contract bundling or contract consolidation, in the case of the Department of Defense, is not supported by written justifications for these actions and the development of appropriate analyses. ↓ Little knowledge exists of what work is contracted out and what work is performed in-house. ↓ The agency/component has not assessed its core competencies or identified opportunities to compete commercial-type activities. ↓ The agency/component makes frequent changes to acquisition plans due to unforeseen expenses or budgetary shortfalls. ↓ The function is ill-equipped to purchase goods and services needed to respond to emergency situations. |
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| <ul style="list-style-type: none"> • Does the agency/component understand the market that might be available to their proposed interagency contract that is not already absorbed by others? Is a business case prepared for the proposed interagency contract? Are clear roles and responsibilities developed and defined for parties to the interagency contract? | <ul style="list-style-type: none"> + The agency/component consistently achieves competition goals/targets. + Strategic acquisition plans are current and reflect anticipated budgetary resources. + There is an awareness of current and pending legislation, policy, and plans and their potential implications on the acquisition function. + The agency/component has assessed and incorporated changes, as appropriate, to enable its acquisition processes to better respond to unforeseen external events and emergencies, e.g. use of pre-positioned contracts. + There is awareness within the acquisition community of the agency’s long-term budgetary outlook. | <ul style="list-style-type: none"> ↓ Contract types do not mitigate risk and/or reflect inadequate requirements planning and development. ↓ Acquisition plans are incomplete, not compliant with FAR Part 7 and otherwise demonstrate a general lack of effective advance planning and coordination. |
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B. Effectively Managing the Acquisition Process

1. Empowering Cross-Functional Teams

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • To what extent does the agency/component use cross-functional teams/Integrated Project Teams/integrated business teams in performing acquisition activities? Are staff from field offices involved at any level? How? • Are roles and responsibilities clearly defined, are team members invested in the project’s outcome, and do they feel empowered to make decisions? • Does the agency/component use integrated business teams (e.g., program management, finance, contracting, legal) to systematically identify acquisitions planned for the next 12 to 24 months? | <ul style="list-style-type: none"> + The agency/component uses cross-functional teams to plan for and manage projects. These teams develop a project plan to implement projects effectively. + Project performance is systematically monitored and controls and incentives are established for accountability. + Contracting Officer’s training is current and compliant with Federal Acquisition Certification in Contracting Program (FAC-C) or DAWIA equivalent and level of certification is appropriate to the acquisition to which he/she is assigned. | <ul style="list-style-type: none"> ↓ The agency/component makes limited use of cross-functional teams. ↓ Acquisition function representatives do not effectively participate as members of Integrated Project Teams nor do they feel empowered to contribute to project team decisions. ↓ COTRs, contracting officers, and PMs are not adequately trained, appropriately certified, assigned to acquisition at appropriate level, and/or continuous learning requirements have not been met. |

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| <ul style="list-style-type: none"> • Do teams use a project plan to manage and control project implementation? • Does the project plan include performance measurement baselines for schedule and cost, major milestones, and target dates and risks associated with the project? • Is performance-based acquisition emphasized and used in an appropriate manner, e.g. use of cross-functional teams to determine results to be achieved, market research, metrics for achieving success and managing performance? • Do individuals outside the project team regularly review the status of cost, schedule, and performance goals, e.g. Earned Value Management data? • How are teams held accountable for meeting cost, schedule and performance goals? • Is there good a communications process among stakeholders? | <ul style="list-style-type: none"> + Contracting Officers Technical Representatives' training is current and continuous learning requirements are compliant with the Federal Acquisition Certification for Contracting Officer Technical Representatives (FAC-COTR). + Contracting Officer Technical Representative (COTR) and Program Manager (PM) work closely with the contracting officer. + Project Manager assigned to major acquisitions are current in training and compliant with Federal Acquisition Certification for Program and Project Managers (FAC-P/PM) or DAWIA equivalent and level of certification is appropriate to the acquisition to which he/she is assigned. + Open, honest, and clear communication is encouraged among all parties including team members, program officials, and contractors. | <ul style="list-style-type: none"> ↓ Contracting Officers Technical Representatives and contracting officers do not communicate on an ongoing basis throughout the period of performance of the project/contract. ↓ Project performance is not systematically monitored, and controls and incentives are not properly established for accountability. ↓ Teams fail to use key elements of good project management techniques, including monitoring project performance and establishing controls and incentives to meet project goals. |
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2. Managing and Engaging Suppliers

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| <ul style="list-style-type: none"> • Does the agency/component have a process to identify key suppliers, especially with regard to products/services supporting Government-wide initiatives, e.g. environment/greening, reduced energy consumption and section 508/accessibility? • Does the agency/component train its acquisition workforce on effective use of tools and practices for managing supplier relationships? | <ul style="list-style-type: none"> + The component/agency trains its acquisition personnel on how to manage supplier relationships, e.g. various tools, processes and practices that support strategic sourcing among other initiatives. + Plans are in place to provide maximum practicable opportunities for small businesses in subcontracting and prime contracting. | <ul style="list-style-type: none"> ↓ Knowledge of suppliers/contractors is not shared across the component/agency. ↓ Agency/component does not have a strategic sourcing plan. ↓ Plans are not in place to provide maximum practicable opportunities for small business both in prime contracting and subcontracting. |

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| <ul style="list-style-type: none"> • Has the agency/component established an effective communication and feedback system with its suppliers to continually assess and improve its own and its suppliers' performance? • Are meaningful and measurable performance metrics used to ensure that expectations are established and understood? • Are awards and incentives properly applied and based on measurable results, e.g. schedule, cost and/or performance? • How actively is past performance evaluated and results shared among the acquisition workforce? • Are processes in place for soliciting and evaluating contractor feedback on an on-going basis? • Are plans in place to provide maximum practicable opportunities for small businesses both in prime contracting and subcontracting? • Do statements of work/performance work statements/statements of objectives, including those in task and delivery orders have: (a) sufficient information that is clearly stated so that offerors may make informed business decisions on whether to respond and perform the due diligence necessary to propose the best solutions possible and (b) clear performance measures and expectations related to quality, responsiveness, timeliness and cost? • Does the agency/component have a process in place to identify and prevent acceptance of nonconforming products from suppliers? | <ul style="list-style-type: none"> + Contracting Officers ensure that contractors have a code of ethics and business conduct, establish and maintain specific internal controls to detect and prevent improper conduct in connection with the award or performance of government contracts or subcontracts and notify contracting officers without delay whenever they become aware of violations of Federal criminal law with regard to such contracts or subcontracts. + Past performance evaluations are routinely prepared in accordance with the procedures outlined in FAR Part 42 and used. + The contracting community has established an effective communication and feedback system with its suppliers. + The acquisition staff effectively utilizes IAE tools in conducting market research, soliciting competition and making contracting decisions. + Meaningful and measurable performance metrics are developed and implemented for contracts. + Statements of work/performance work statements/statements of objectives, including those in task and delivery orders have: (a) sufficient information that is clearly stated so that offerors may make informed business decisions on whether to respond and perform the due diligence necessary to propose the best solutions possible and (b) clear performance measures and expectations related to quality, responsiveness, timeliness and cost. | <ul style="list-style-type: none"> ↓ The function continues to select the same suppliers without periodically assessing whether the goods and services offered are competitive in terms of price, quality and/or performance. ↓ The function continues to use time and materials contracts without periodically assessing whether requirements are sufficiently stable to use another type of contract vehicle, e.g. firm fixed price contract. ↓ Statements of work/performance work statements/statements of objectives, including those in task and delivery orders are issued without: (a) sufficient information that is clearly stated so that offerors may make informed business decisions on whether to respond and perform the due diligence necessary to propose the best solutions possible and (b) clear performance measures and expectations related to quality, responsiveness, timeliness and cost. ↓ The acquisition staff lacks the skills, knowledge, and expertise to develop meaningful and measurable performance metrics and manage supplier relationships effectively. ↓ The acquisition staff does not effectively use IAE tools in conducting market research, soliciting competition and making contracting decisions. ↓ Past performance evaluations are not routinely prepared, reviewed and used in accordance with FAR Part 42. |
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| | <ul style="list-style-type: none"> + Contract awards and incentives are based on measurable results and are properly applied. + Processes are in place to identify and prevent acceptance of nonconforming, suspect or counterfeit products from suppliers. | <ul style="list-style-type: none"> ↓ Contract awards and incentives are not based on measurable results and as a result are improperly applied. ↓ The agency/component has not established an effective communication and feedback system with its suppliers, such as (a) using integrated teams to facilitate sharing of information (b) establishing an objective basis for providing feedback by setting performance measures and expectations in terms of quality, responsiveness, timeliness and cost and (c) providing periodic “report cards” and meeting formally with key suppliers to discuss issues. ↓ The agency/component does not review supplier quality assurance plans and does not have processes in place to identify, prevent or detect nonconforming, suspect or counterfeit products from suppliers. |
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3. Monitoring and Providing Oversight to Achieve Desired Outcomes

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • Does the agency/component track the types of acquisition methods used for acquiring goods and services to assess workload and training requirements? • What tools, processes and controls does the agency/component use to ensure effective oversight of contractor performance? • What tools, processes and controls does the agency/component use to ensure effective oversight of employees making purchases? | <ul style="list-style-type: none"> + The agency/component has undertaken workforce planning to ensure that individuals who award, manage and monitor contracts have clearly defined roles and responsibilities and have appropriate workload, skills and training to perform their jobs effectively. + The agency/component employs contract monitoring plans or risk-based strategies and tracks contractor performance. | <ul style="list-style-type: none"> ↓ Personnel responsible for contract management have skills and knowledge gaps that inhibit their ability to properly oversee the types of contracts used. ↓ There are no processes in place for monitoring whether contracts meet cost, schedule, performance and quality requirements. ↓ The component/agency does not assign clear roles and responsibilities for overseeing contracts. |

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| <ul style="list-style-type: none"> • Does the agency/component clearly define the roles and responsibilities for those who perform contract management and oversight? • What actions has the agency taken to ensure that it has adequate staff with the right skills, knowledge and training to implement policies and processes to oversee contractor performance? • Do agency personnel or external parties with appropriate knowledge, skills and responsibilities monitor internal control over the acquisition process on a continuous basis? • Are contracting and project management staffs adequately trained in and knowledgeable of earned value management and do they require their contractors to use earned value management as an investment planning and control tool? | <ul style="list-style-type: none"> + The agency/component’s acquisition workforce and project managers are adequately trained in and knowledgeable of earned value management. They ensure that suppliers have established earned value management systems and the agency/component verifies that it and its suppliers effectively use earned value management processes and procedures on all applicable programs. + The acquisition oversight process is regularly reviewed, areas needing improvement are identified and corrective action plans are established and implemented. For example, field level reviews are conducted in accordance with agency requirements. Commonalities among review findings are periodically analyzed and contracting activity/agency-wide corrective are actions taken. | <ul style="list-style-type: none"> ↓ The acquisition oversight process is not regularly reviewed; areas needing improvement are not properly identified and corrective action plans are not consistently established and implemented. ↓ Earned value data is unavailable or unreliable and earned value management principles are not properly understood and implemented. ↓ A significant percentage of contracts fail to meet cost, schedule, performance and/or quality requirements. ↓ There are material weaknesses and/or reportable conditions related to acquisitions in the agency/component’s performance and accountability report. |
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4. Enabling Financial Accountability

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • Does the acquisition workforce have access to and use timely contractual financial information to monitor and oversee individual acquisitions? • Is the agency/component’s financial management system integrated with its contract management system? • Does the financial management system report frequently enough to provide reasonable assurance of accountability in acquisitions? • Are financial data resulting from new contracts, task orders, and contract modifications clear and recorded properly? | <ul style="list-style-type: none"> + The acquisition workforce has ready access and uses information on obligated and expended funds with sufficient information to assure proper oversight and accounting at the contract level. + Entries are made to the financial management system by appropriate personnel that update the contract management and property accountability systems. + The quality, accuracy and frequency of reporting by the agency/component ensures accountability in the acquisition function. | <ul style="list-style-type: none"> ↓ Acquisition and financial management staff lack access or fails to effectively use critical information, including fiscal year, appropriation/Treasury fund symbol, organization code, cost center, object classification, estimated amount, project code, program code, transaction date, action code, subject-to-funds availability indicator, asset identifier code, contractor code/name, award date and amounts increased and/or decreased. |

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| <ul style="list-style-type: none"> • Does the agency/component measure/monitor how often erroneous or improper payments are made? Is a risk assessment process in place to address improper payments? • Does the financial management system consistently record interagency transactions to include a consistent naming convention of the agency to which funds are transferred; the specific purpose of the funds transferred; if the transfer is for assisted contracting or if the receiving agency is performing the requirement in-house; and the amount of fee charged by the receiving agency? | <ul style="list-style-type: none"> + Adjustments to contract accounting records are clearly reported and accurate and such adjustments represent a low percentage of financial transactions. + Erroneous and improper payments and cost overruns are tracked and are not a significant problem. + Contracting and financial officials take appropriate corrective action when contractors are not meeting expectations for cost, schedule or performance. | <ul style="list-style-type: none"> ↓ Acquisition and financial management staff independently update the same types of data into independent financial and contract management systems. Standard systems are not used. ↓ Financial management systems fail to provide transaction details to support account balances or identify the method of acquisition, lack of evidence that the contractor's final invoice has been submitted and paid or fail to perform other transaction process and routine accounting activities adequately. ↓ Inadequate transaction processing, particularly improper payments, occur frequently. ↓ Failure to properly capture and identify taxpayer identification number for contractor identification and incoming reporting and debt collection purposes. ↓ Critical information is not being captured, and duplicative actions on the part of acquisition and financial management staffs are required to independently update data into the various systems thereby significantly increasing the probability of erroneous data entry. ↓ The agency/component receives a qualified, disclaimed or adverse audit opinion, which may indicate poor accountability. ↓ Auditors note weaknesses in the agency's/component's acquisition or financial management function in the agency/component's audit report. |
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| | | <p>↓ There is a significant number/backlog of undelivered orders.</p> <p>↓ The financial management system does not consistently record interagency transactions to include a consistent naming convention of the agency to which funds are transferred, the specific purpose of the funds transferred, if the transfer is for assisted contracting or if the receiving agency is performing the requirement in-house and the amount of fee charged by the receiving agency.</p> |
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C. Promoting Successful Outcomes of Major Projects

1. Using Sound Capital Investment Strategies
a. Integrating Organizational Goals into the Capital Decision-making Process

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • Are the agency/component’s capital investments linked to and driven by its mission and strategic goals/plan? • Has the agency clearly defined what constitutes a “major acquisition” for both IT and non-IT acquisitions? • Has the agency/component completed a comprehensive capital investment needs assessment? • Does the agency/component thoroughly consider alternatives to capital investments (e.g., see “Three Critical Questions,” Alternatives to Capital Investments, section 1.4, OMB Circular A-11, Part 7, Capital Programming Guide, V 2.0, June 2006)? • Does the agency/component perform a periodic needs assessment on large capital investment projects lasting more than one year? | <ul style="list-style-type: none"> + Capital asset and major acquisitions are clearly linked to strategic plans. + The agency has a clear definition of what constitutes a major acquisition as related to IT and non-IT projects. + The agency/component has completed a comprehensive needs assessment that considers the overall mission and identifies the resources needed to fulfill immediate requirements and anticipated future needs. + Gaps between current and needed capabilities are identified. + The agency/component tracks the use and performance of existing assets and facilities. | <ul style="list-style-type: none"> ↓ Capital investment decisions are made without strategic consideration of what assets the agency/component already has and what it needs or the resources needed to fulfill its long- term and short-term goals and objectives. ↓ The agency/component does not have a clear definition of what constitutes a major acquisition as related to IT and non-IT projects. ↓ Capital asset and major acquisitions are not linked to strategic plans. ↓ The acquisition staff does not participate as a member of program Integrated Project Teams. |

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| <ul style="list-style-type: none"> • Does the agency/component have an asset inventory? If so, does it contain assessments of the condition of the assets? • How does the agency/component ensure that it has the necessary resources available before beginning investments in capital projects? | <ul style="list-style-type: none"> + Sustainable design principles required under section 109 of the Energy Policy Act of 2005 are applied to the citing, design and construction of new and replacement buildings. + The agency/component routinely evaluates alternatives, including non-capital options, and repair and renovation of existing assets before choosing to purchase or construct a capital asset or facility. + The agency/component periodically assesses capital investment projects lasting more than one year to assess the continued viability, need and size of the project. + The agency/component has an asset inventory that includes condition assessments. + The agency/component ensures it has adequate time, money, technology and other resources in place before beginning major projects. + The acquisition function actively participates as a member of the Integrated Project Team and the in the development of acquisition strategies used in the component/agency's project business cases. | <ul style="list-style-type: none"> ↓ The acquisition strategies used in the component/agency's project business cases are developed without appropriate coordination with the acquisition function. ↓ There is little consideration of alternatives to satisfy agency/component needs. ↓ Sustainable design principles required under section 109 of the Energy Policy Act of 2005 are not applied to appropriate projects. |
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| 1. Using Sound Capital Investment Strategies (continued) | | |
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| b. Evaluating and Selecting Capital Assets Using an Investment Approach | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Does the agency/component have processes in place for the development of decision or investment packages, such as business cases, to justify capital project requests? • Are Project Managers appropriately assigned and trained in compliance with FAC-P/PM or DAWIA equivalent? • Does the agency have a standard process for identifying or a standard definition for what constitutes a major acquisition for both IT and non-IT investments? • Does the agency/component have pre-established criteria and a relative ranking of investment proposals? Does it maintain Review Boards for business case decision-making? • Does the agency/component develop and maintain capital planning documents at various levels of detail that define capital asset decisions? • Does the agency develop a long-term capital plan that defines capital asset decisions? • Are earned value or other project management techniques being properly applied to major acquisitions and major systems acquisitions? | <ul style="list-style-type: none"> + The agency/component has a processes in place for the development of investment packages that include common categories of information, such as links to organizational objectives; solutions to organizational needs; project resource estimates and schedules; and project costs, benefits, and risks. + The agency/component's policy and processes require appropriate levels of management review and approval and are supported by proper financial, technical, and risk analyses. + Processes for ranking and selecting projects are based on pre-established criteria, a relative ranking of investment proposals and trade-offs and an understanding of potential project risks. + Capital planning documents are developed and maintained at various levels of detail to guide implementation of organizational goals and objectives and helps decision makers establish priorities. + Agency has a process or policies in place to identify major acquisitions for both IT and non-IT investments. + Earned value management and other tools are properly applied in the planning and execution of major acquisitions and major systems acquisitions. + Project Managers are appropriately assigned and trained in compliance with FAC-P/PM or DAWIA equivalent. | <ul style="list-style-type: none"> ↓ No framework/policies are in place to ensure appropriate levels of management review, analysis and approval for capital investment projects before projects are initiated. ↓ Projects are selected without using pre-established criteria and without consideration of project risks. ↓ Year-to-year changes are made without consideration of strategic decisions. ↓ Agency has no standard definition of or means of identifying major acquisition for IT and non-IT investments. ↓ Tools such as earned value management systems are not used to track project cost and schedule and mitigate risk. ↓ Project Managers are not appropriately assigned and trained in compliance with FAC-P/PM or DAWIA equivalent. |

| 1. Using Sound Capital Investment Strategies (continued) | | |
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| c. Balancing Budgetary Control and Managerial Flexibility | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Does the agency/component budget for useful segments of capital projects? • Do managers have the necessary information to plan for capital investment projects? For example, does the agency/component have and use systems to estimate the full cost of projects? • Are alternatives to full up-front funding considered when they may be in the best interest of the Government? | <ul style="list-style-type: none"> + The agency/component budgets projects in useful segments. + Information and data systems are coordinated, in place and are used to develop estimates of the full cost of a project or segment early in the life of a project. | <ul style="list-style-type: none"> ↓ Capital projects are not funded in useful segments, which lead to acquisitions that may not be fully analyzed or justified, cancellation of major projects and the loss of associated sunk costs. ↓ Agencies/components lack or do not use timely objective, information to make strategic capital investment decisions, e.g., earned value management systems. |
| 2. Employing Knowledge-Based Acquisition Approaches | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Is a knowledge-based approach used to develop new products? • What technologies does the agency use to match end-users' requirements with the technology resources available and the program's ability to meet cost and schedule predictions? • Does the agency/component have an established metric or benchmark, such as the percentage of engineering drawings complete or similar criteria, to demonstrate that the product's design is stable? • Is there an established metric or benchmark, such as having 100 percent statistical control over key manufacturing processes to demonstrate that the product can be reliably produced and with high quality? • Do program managers quantify the extent to which development efforts fail to achieve established benchmarks and assess whether those shortcomings are critical and correctable during the next phase? | <ul style="list-style-type: none"> + The agency/component embodies a knowledge-based approach to acquisition that is reinforced in its policies, implemented in its processes, reflected in individual acquisition decisions and demonstrated through knowledge-based deliverables. + At knowledge point 1* or an equivalent milestone, the agency regularly matches requirements and technology resources before beginning product development. + At knowledge point 2* or an equivalent milestone, agency policy requires the developer to demonstrate that the design is able to meet requirements. To do so, the agency uses an established benchmark, such as the release of at least 90 percent of its engineering drawings as a criterion. | <ul style="list-style-type: none"> ↓ The agency/component does not use a knowledge-based process for developing new products. ↓ The agency/component does not use the necessary controls, such as demonstrating knowledge-based deliverables, to gauge whether adequate knowledge has been attained before deciding to move a product to the next phase of development. |

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| <ul style="list-style-type: none">• Does the agency/component measure the extent to which new product development activities meet the baseline cost, schedule or performance requirements of the activities?• Does the agency use lessons learned from programs that did not meet their baseline requirements to improve the agency's acquisition processes? | <p>+ At knowledge point 3* or an equivalent milestone, agency policy requires the developer to demonstrate that the production process is mature and uses an established benchmark, such as 100 percent statistical control of key manufacturing processes, as its criteria.</p> <p>* See Appendix 2, pages 44 and 45, for a discussion knowledge points 1, 2 and 3.</p> | |
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CORNERSTONE III – HUMAN CAPITAL

This cornerstone focuses on four elements and eight critical success factors that can be used to assess the effectiveness of human capital policies and practices in relation to the acquisition function.

| A. Valuing and Investing in the Acquisition Workforce | | |
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| 1. Commitment to Human Capital Management | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • How does the agency/component’s leadership demonstrate commitment to the acquisition workforce? • What is the role of acquisition officials in developing the agency/component’s human capital strategic plans? • Does the agency/component have performance expectations for senior leaders and managers to foster collaboration within and across organizational boundaries and demonstrate a commitment to lead and facilitate change? • How are senior leaders and managers held accountable for effectively managing the acquisition workforce? | <ul style="list-style-type: none"> + Acquisition officials, including the ACM, play a significant role in developing the agency/component’s overall human capital strategy and ensure that it reflects the goals of the acquisition function. + Acquisition officials develop, implement, and evaluate human capital approaches designed to ensure accountability, meet customer needs, and improve overall business performance. + Acquisition officials collaborate with and secure the support of managers at all levels for human capital approaches. + Acquisition officials are held accountable for managing the acquisition workforce effectively. + Acquisition employees are provided with resources for continuous learning efforts, competency-based appraisal systems and retention and reward programs. | <ul style="list-style-type: none"> ↓ Agency/component leadership views people as costs rather than as assets. ↓ Agency/component leadership makes decisions about the workforce without considering how the decisions affect mission accomplishment, e.g. contracting officer warrants and workload. ↓ Agency/component leadership & management are not held accountable for effectively managing the acquisition workforce. ↓ Acquisition officials including the ACM do not contribute in developing the agency/component’s overall human capital strategy and ensure that it reflects the goals of the acquisition function. ↓ Business decisions proceed without consideration of human capital needs or human capital approaches necessary for success. ↓ Acquisition-related performance standards and expectations do not cascade throughout the contracting organization. |

| 2. Role of the Human Capital Function | | |
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| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • What are the roles and responsibilities of human capital officials with respect to the acquisition workforce? • How do acquisition managers collaborate with human capital personnel to make hiring and staffing decisions and how do they engage in strategic human capital planning? | <ul style="list-style-type: none"> + Human capital professionals partner with the agency/component's leaders and managers. + Human capital professionals use streamlined personnel processes and other means to meet customer needs, including hiring and retaining an acquisition workforce with the right skills. | <ul style="list-style-type: none"> ↓ Agency/component leadership views human capital management as a support or overhead function. ↓ Acquisition and human capital officials do not coordinate with each other. |
| B. Strategic Human Capital Planning | | |
| 1. Integration and Alignment | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Do agency/component managers recruit, hire and manage their contracting support in a unit-centric human capital approach that allows for consideration of how well the unit's contracting function supports Government-wide qualification requirements or agency-/component-wide goals or strategies? Or do agency/component managers develop or follow a corporate approach to recruiting, hiring and managing its contracting support? • Does the agency/component have a strategic human capital plan that incorporates the needs of the acquisition function? If not, does the acquisition function have its own plan? Has/Is the agency participated/participating in the Office of Personnel Management's human capital survey/initiative for acquisition? • Does the agency/component's strategic human capital plan address the use of contractors that provide commercial-type services to the agency/component? | <ul style="list-style-type: none"> + Comprehensive agency/component-wide workforce planning efforts. + A strategic workforce plan that reflects the needs of the acquisition function, including consideration of which functions to maintain in-house. + Strategies for recruiting, retaining, and developing acquisition staff, including performance measures to evaluate the contribution these strategies make in supporting the agency/component's acquisition function and achieving its mission and goals. + The agency/component has inventoried its acquisition workforce and identified current and future weaknesses and needs in acquisition skills (i.e., conducted a skills gap analysis). | <ul style="list-style-type: none"> ↓ The agency/component does not fully recognize the link between its human capital approaches and organizational performance objectives. ↓ The unit adopts human capital approaches without considering how well they support organizational and acquisition goals and strategies or how these approaches may be interrelated. |

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| <ul style="list-style-type: none"> • Does the agency’s succession planning and management of its acquisition workforce receive active support from top leadership, link to strategic planning, identify people with critical skills, emphasize development assignments in addition to formal training and address such human capital challenges as diversity, leadership capacity and retention? • Does the agency/component ensure that teams developing plans for the acquisition workforce consist of all stakeholders, such as customers or end-users, contracting officers, representatives from budget and finance, legal counsel and human capital personnel? • How does the agency/component track the effectiveness of human capital strategies for its acquisition workforce? | | |
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2. Data-Driven Human Capital Decisions

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • Who is included in the acquisition workforce? • How does the agency/component track data on its acquisition workforce? For example, how does the agency use the Acquisition Career Management Information System (ACMIS) or DoD equivalent to support human capital decisions? • How does the agency/component determine the appropriate size of its acquisition workforce? • Is the mix of entry-level, mid-level, top-level executives, and contract formation and administration resources appropriate given the agency/component’s mission and role of the acquisition function? | <ul style="list-style-type: none"> + Data on the agency/component’s acquisition workforce are reflected in strategic workforce planning documents. + Data are available on staff development, including the number of people receiving training, money spent on training and measures to determine the real impact on the agency’s goals and objectives, e.g., increased productivity, enhanced customer satisfaction, increased quality, reduced costs and errors. + Acquisition workforce data are used for planning and decision-making. | <ul style="list-style-type: none"> ↓ Officials lack or do not use critical information with which to create a profile of the acquisition workforce or to evaluate the effectiveness of human capital approaches. ↓ Data are not accurate, timely and/or used to evaluate and improve the effectiveness of training and development programs. ↓ Performance measures and goals for agency/component human capital programs, especially as they link to programmatic outcomes, have yet to be identified. |

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| <ul style="list-style-type: none"> • What training and professional certifications have current acquisition employees attained? • How does the agency/component track the workload of the acquisition staff? • Does the agency/component have a skills inventory for the acquisition workforce? How is it used to make human capital decisions? • How long does the recruitment process take? • What has the attrition rate been for the acquisition workforce? • Does the agency/component conduct exit interviews with departing acquisition workforce employees to determine why people are leaving? If so, how are lessons learned used? • What is the acceptance rate of applicants offered positions? • How are training and development programs and results evaluated, and how does the agency/component track, report and use this information? • Does the agency/component use the annual FAI Report on acquisition workforce data/trends? (www.fai.gov) • Has/Is the agency implemented/implementing results from the Office of Personnel Management's human capital survey/initiative for acquisition? | <ul style="list-style-type: none"> + The agency/component uses data to evaluate and continuously improve the effectiveness of training and development programs. + The agency/component sees value of and is committed to completing accurate timely acquisition workforce data. | <ul style="list-style-type: none"> ↓ The agency/component has little knowledge of what work is contracted out and what work is performed in-house. ↓ Agency/component does not use the annual FAI Report. |
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| C. Acquiring, Developing, and Retaining Talent | | |
|---|---|---|
| 1. Targeted Investments in People | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Does the agency/component have a method for determining the appropriate level of spending on training, recruiting and retention efforts? • Does the agency/component have a current acquisition workforce plan that includes contracting officers, COTRs, PMs and others that the CAO includes in the acquisition workforce? • Are individual training plans established for all employees? Are model career paths charted for acquisition staff? • Is continuous learning emphasized and opportunities provided? For example, attending meetings, seminars and summits to hear about best practices or otherwise stay up-to-date on issues in the workforce's field? • What are the training requirements for new and current acquisition staff and related positions? • How is staff trained regarding new practices in acquisition? • Does the agency/component use a comprehensive training management system that can track the delivery of training? • Do managers consistently provide resources (funds, people, equipment and time) to support training and development priorities for the acquisition staff? • Does the agency/component have a succession plan? | <ul style="list-style-type: none"> + The CAO designated an agency ACM in accordance with OFPP Policy Letter 05-01 (April 15, 2005). + The agency/component has a current acquisition workforce plan that includes contracting officers, COTRs, PMs and others that the CAO includes in the acquisition workforce. + The agency/component has prioritized the most important training initiatives; secured top-level commitment and provided/is providing resources; obtained and considered input on training and resource needs from management and staff; identified those needing training and set requirements; tailored training to meet the needs of the workforce; tracked training to ensure it reaches the right people at the right time; and measured the effectiveness of training. + The agency/component targets investments in human capital to help it attract, develop, retain and deploy talented high-performing staff to accomplish its mission. These investments may include training and professional development, recruiting bonuses, retention allowances and skill-based pay. + Goals, expectations and criteria for investments in human capital development are clearly defined, transparent, consistently applied & based on expected improvement in results. | <ul style="list-style-type: none"> ↓ An agency ACM has not been designated by the CAO. ↓ Training and other human capital expenditures are minimized rather than viewed as an investment. ↓ The agency/component does not have a current acquisition workforce plan that includes contracting officers, COTRs, PMs and others that the CAO includes in the acquisition workforce. ↓ Funding decisions are made without clearly defined objectives or adequate consideration of how they will impact the workforce. ↓ The agency/component does not establish priorities, provide adequate funding or track investments in human capital. ↓ Individual training plans are not established for all employees. ↓ There is little or no evidence of succession planning. ↓ A general lack of certifications and workforce policies. |

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| | + Agency/component training investments are monitored and evaluated for effectiveness. | |
| 2. Human Capital Approaches Tailored to Meet Organizational Needs | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • What human capital flexibilities have agency officials used over the past few years and with what results? • What laws, regulations or policies, if any, do officials view as limiting flexibility in human capital approaches? • Does the agency/component use state-of-the-art recruiting techniques to attract new employees to the acquisition workforce? • Does the agency/component deploy sound marketing techniques in promoting the acquisition field as an attractive career option to potential employees? • Does the agency explore retention and turnover issues (i.e. prognosticators of potential staff loss or morale indicators)? | <ul style="list-style-type: none"> + The agency/component has a human capital strategy for the acquisition workforce and it is based on the agency/component's mission. + The agency explores opportunities to increase its competitiveness as an employer and eliminate barriers to building an effective skilled acquisition workforce and takes appropriate action. | <ul style="list-style-type: none"> ↓ Managers view improvements in the acquisition workforce as improbable. ↓ Managers fail to fully explore the range of tools and flexibilities available under existing laws and regulations. |
| D. Creating Results-Oriented Organizational Cultures | | |
| 1. Empowerment and Inclusiveness | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Does management seek ideas from the acquisition workforce? Do employees feel a sense of ownership about policies and procedures? • Does management conduct new employee orientation, "climate surveys" and exit interviews? Is this information used to improve empowerment and inclusiveness? • Do managers involve employees when planning and sharing acquisition performance information? | <ul style="list-style-type: none"> + Management obtains employees' ideas, involves employees in planning and sharing acquisition performance information and incorporates employee feedback into new policies and procedures. + The agency/component has established a communication strategy to create shared expectations about the acquisition function and to report progress. | <ul style="list-style-type: none"> ↓ Employee ideas are not sought by management and employees are not involved in planning and sharing acquisition performance information within the organization. ↓ Employees do not feel a sense of ownership about policies and procedures. ↓ High turnover rates that could impact mission accomplishment. |

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| <ul style="list-style-type: none"> • Has the agency/component established a communication strategy to create shared expectations about the acquisition function and to report progress? | | <ul style="list-style-type: none"> ↓ The agency/component has not established a communication strategy to create shared expectations about the acquisition function and to report progress. ↓ Substantial time and resources are consumed by reacting to workplace disputes and long-standing sources of conflict. |
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2. Unit and Individual Performance Linked to Organizational Goals

| CONSIDER | LOOK FOR | BEWARE OF |
|---|---|---|
| <ul style="list-style-type: none"> • Has the agency/component recently assessed whether its performance management systems for the acquisition workforce adequately meet its needs? • What efforts, if any, are underway to review or improve existing performance management systems? • Does the agency/component’s performance management system provide (a) candid and constructive feedback to help individuals understand their contributions and help the organization achieve its goals, (b) objective information to reward top performers and (c) documentation and information to deal with poor performers? | <ul style="list-style-type: none"> + Individual performance expectations are aligned with organizational and cross-cutting goals. + Performance information is routinely used to track and plan follow-up actions to address organizational priorities. + Competencies are used that enable fuller assessment of performance. + Meaningful distinctions in performance are made. + Roles and responsibilities are defined and enable staff to maintain a consistent focus on programmatic priorities even during organizational transitions. | <ul style="list-style-type: none"> ↓ Performance expectations are not aligned with organizational goals. ↓ The agency/component does not use performance information to track progress at meeting organizational priorities. ↓ Individual performance expectations are not articulated in a timely manner. |

CORNERSTONE IV – INFORMATION MANAGEMENT AND STEWARDSHIP

This cornerstone focuses on two critical elements and five critical success factors that focus on data essential to making good acquisition decisions.

| A. Identifying Data and Technology that Support Acquisition Management Decisions | | |
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| 1. Tracking Acquisition Data | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • What acquisition-related data does the agency/component collect? Are data kept current? • Are the agency/component’s financial (including budgetary), acquisition, operating and management information systems integrated? Do the systems provide timely, accurate and relevant information? • Do stakeholders believe the agency/component’s information systems meet their business needs? • How does the agency/component make needed data available to stakeholders within the acquisition process, such as program officials and contracting officers? • How does the agency/component manage institutional knowledge and identify and share best practices? • Has the agency/component established specific goals and metrics and collected data in support of those metrics to assess the performance of the acquisition function? • Does the agency/component annually review and certify its FPDS data quality, accuracy and timeliness? For example, has the agency/component implemented an annual FPDS verification and validation plan that complies with OFPP guidance? | <ul style="list-style-type: none"> + Acquisition managers ensure that employees are aware of the importance of timely and accurate transaction reporting and provide training to ensure data quality. + Transaction data are reported timely and accurately. + Transaction data are regularly monitored for accuracy and completeness. + Transaction data are credible, reliable and timely, and is used to make informed decisions. + Contract management information tracks events throughout the life of a contract, e.g. contract award, period of performance, modifications and close-out. + Financial data, e.g. budgetary resources and funds availability, status of obligations and expenditures on individual contracts, outstanding purchase requests and payments for the receipt of goods and services are readily available to stakeholders. + Finance executives work with acquisition executives and managers on an ongoing basis to determine business and acquisition information needed to manage and oversee the agency/component’s mission and objectives. | <ul style="list-style-type: none"> ↓ The agency/contracting activity has not collected the full set of information or data to make effective and fact-based decisions. ↓ Incomplete data prevent the agency/component from maximizing information tools for strategic acquisition planning and analysis. ↓ Data are not current, reliable, complete or accurate. ↓ Transaction data are not regularly monitored for accuracy and/or completeness. There is no regularly scheduled data review and certification. ↓ The agency/component does not make needed data accessible to decision makers leading them to rely on informal ad-hoc systems to make acquisition decisions. ↓ Decisions are not supported by demonstrable underlying information. ↓ Lack of integration among systems hinders a user’s ability to access acquisition-related information in a timely manner. ↓ Metrics established measure only inputs rather than outputs. |

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| <ul style="list-style-type: none"> • Has the agency implemented OMB's guidance on future data submissions under the Federal Funding Accountability and Transparency Act (FFATA) (See OMB Memorandum M-08-12)? | <ul style="list-style-type: none"> + Relevant financial information pertaining to acquisition is presented with suitable detail in an understandable format. + Contracting personnel make regular use of data and spend analysis techniques to support strategic planning efforts. + The agency/contracting activity knows how much it is spending using purchase cards and has considered this information in its spend analysis. + The agency/contracting activity uses a variety of information, including financial data to conduct a spend analysis. + Agency has an acceptable FPDS verification and validation plan. | <ul style="list-style-type: none"> ↓ Measurements taken in support of metrics are not credible leading to disagreements over numbers and the value of the assessment process. ↓ Agency does not have an acceptable FPDS verification and validation plan. |
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2. Translating Financial Data into Meaningful Formats

| CONSIDER | LOOK FOR | BEWARE OF |
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| <ul style="list-style-type: none"> • Do finance executives work with acquisition executives and managers to determine their information needs? • What types of financial data or reports are regularly provided to acquisition officials? • To what extent do acquisition personnel use financial information to support acquisition decisions? | <ul style="list-style-type: none"> + Finance and acquisition executives and managers work together on an on-going basis to determine business and acquisition information needed to manage and oversee the agency/component's mission and objectives. + Relevant financial information pertaining to acquisition is presented with suitable detail in an understandable format. Multiple levels of detail are available to provide complete and consistent obligation and expenditure information for an agency/component's overall contracting activities and for individual contracts. | <ul style="list-style-type: none"> ↓ Financial information pertaining to acquisition is not of the proper scope, level of detail, timing, content and presentation format to provide real value to users. ↓ Acquisition information received by financial management staff is not clear and understandable impairing efficient processing of the information into management reports. |

| | <ul style="list-style-type: none"> + Financial management staff and officials receive feedback from acquisition staff and officials to ensure that the reporting needs of the acquisition function are being met. | |
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| 3. Analyzing Goods and Services Spending | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • Does the agency/component regularly conduct and make use of spend analyses for key goods and services? • What processes does the agency/component use to conduct a spend analysis? • Does the agency/component include purchases made with purchase cards in its spend analysis? • If spend analyses have been conducted, how were the results used? | <ul style="list-style-type: none"> + The agency/component makes regular use of spend analysis techniques to support strategic planning and sourcing efforts. + The agency/component knows how much it is spending using purchase cards and has considered this information in its spend analysis. + The agency/component uses a variety of information, including financial data to conduct a spend analysis and it is reflected in the agency/component's strategic sourcing plan. At minimum, the agency/component's spend analysis identifies what types of goods and services are being acquired, how many suppliers for a specific good or service the agency/component is using, how much they are spending for that good or service, in total and with each supplier, which units within the agency are purchasing the goods and services and what goods and services have been or could be purchased to meet socio-economic supplier goals. + The agency/component participates in strategic sourcing partnerships and shares its strategic planning and sourcing information internally and with other agencies. | <ul style="list-style-type: none"> ↓ The agency/component does not conduct or make regular use of spend analysis. ↓ The agency/component information and financial management systems are unable to provide credible, reliable and timely data needed to conduct spend analysis. ↓ Information is not maintained in a standardized format or is of poor quality, thus hampering efforts to use data to more effectively manager the spending of goods and services. ↓ Spend analysis is not reflected in the agency/component's strategic sourcing plan. |

| B. Safeguarding the Integrity of Operations and Data | | |
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| 1. Ensuring Effective General and Application Controls | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • When was the last information systems control review performed? • What documentation exists on the reviews? • What issues or problems did the reviews identify? • How were the issues and problems addressed? • What are the unresolved issues or problems? • What is the impact of the unresolved issues and problems? • What practices and procedures does the agency/component use to ensure that hardware and software are reliable, secure and user-friendly? | <ul style="list-style-type: none"> + Evidence in general controls that the structure, policies and procedures, which apply to all or a large segments of the agency/component's information systems help to ensure proper operation, data integrity and security. + Evidence in application controls that the structure, policies and procedures that apply to individual application systems, such as contract writing systems, inventory systems produce outputs that are complete, accurate, authorized, consistent, timely, relevant and useful for its intended purpose. | <ul style="list-style-type: none"> ↓ The agency/component has not recently reviewed the internal controls governing its acquisition and financial systems. ↓ The agency/component has not addressed all identified major internal control issues or established corrective action plans. |
| 2. Data Stewardship | | |
| CONSIDER | LOOK FOR | BEWARE OF |
| <ul style="list-style-type: none"> • How does the agency/component ensure that data reflected in its knowledge and information management systems have the following properties? <ul style="list-style-type: none"> - Integrity of data; - Synchronization of data collection; - Reduced data redundancy; - Accessibility of data; - Transferability of data; and - Flexibility in the data management process • Is acquisition system administration/support provided as a collateral duty? • Are systems and data routinely monitored for quality and reliability? | <ul style="list-style-type: none"> + Sufficient resources are dedicated to ensuring that users are provided with proper system support and use. + Systems and data are routinely monitored and tested for quality and reliability. + Corrective actions are taken in a timely manner to address any identified weaknesses. + System access rights are closely monitored. + The agency/component's internal controls provide reasonable assurance that data are accurate, complete, timely and reliable. | <ul style="list-style-type: none"> ↓ System and data reviews/tests do not take place on a routine basis. ↓ Insufficient support is provided to administer systems and assist users. ↓ Corrective actions are not taken in a timely manner to address identified weaknesses. ↓ System access rights are not sufficiently monitored. ↓ Internal controls are insufficient to provide reasonable assurance that data are accurate, complete, timely and reliable. ↓ Data are redundant. Inconsistencies are not eliminated. |

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| <ul style="list-style-type: none">• Are corrective actions taken in a timely manner when areas of weakness are identified?• Are system access rights closely monitored?• Are acquisition officials required to certify acquisition system data accuracy? | <ul style="list-style-type: none">+ There is consistency among data definitions, sources, controls and edit routines.+ Managers group data into logical categories and collect data according to commonly accepted reporting timeframes.+ Data are redundant only when necessary. Inconsistencies are eliminated.+ Data are accessible to authorized users when needed.+ Data can be transferred to other systems for operational, analytical and forecasting processes. | <ul style="list-style-type: none">↓ Data are not accessible to authorized users when needed.↓ Data are unreliable, incomplete or unsuitable for efficient and effective management decisions.↓ Users have little or no confidence in the credibility of the data and outputs from information systems.↓ Management does not periodically test the reliability of its data. |
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APPENDIX 2: SUPPLEMENTARY INFORMATION

This appendix discusses three components of the acquisition assessment template - cornerstones, elements and critical success factors. Discussion focuses on the purpose or goal of each component of the template.

CORNERSTONE I: Organization Alignment and Leadership

Organizational alignment is the appropriate placement of the acquisition function in the organization, with stakeholders having clearly defined roles and responsibilities. Executive leadership is key to obtaining and maintaining organizational support for executing the acquisition function. Executive leadership determines the relationship between the various functional departments and is key to strengthening the interaction between the agency's management and employees.

| ELEMENTS | CRITICAL SUCCESS FACTORS |
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| <p>A. Aligning Acquisition with Agency Mission and Needs</p> <p>The end goal of organization alignment is to ensure that the acquisition function enables the agency to meet its overall mission and needs. The acquisition function needs proper management support and visibility within the organization to meet that goal.</p> | <p>1. Assuring Appropriate Placement of the Acquisition Function</p> <p>There is no single optimal way to organize an acquisition function in an agency. However, effective organization alignment enables organizations to implement a coordinated and strategically oriented approach to acquisition activities. Agency/component assessments of the current placement of its acquisition function help to determine whether the needs of the agency/component are being met in an effective manner vis-à-vis acquiring needed goods and services, supporting strategic decision-making, and ultimately contributing to the component's and agency's overall business performance.</p> <p>2. Organizing the Acquisition Function to Operate Strategically</p> <p>How an activity organizes and manages its acquisition function affects its ability to operate strategically. Fragmented business units tend to reduce the quality and consistency of overall agency or corporate support.</p> |

| ELEMENTS | CRITICAL SUCCESS FACTORS |
|---|---|
| | <p>3. Clearly Defining and Integrating Roles and Responsibilities</p> <p>An acquisition function that is successful at effectively and efficiently meeting the agency’s mission generally reflects a consistent, cross-functional and multi-disciplinary approach. This approach requires engagement by all relevant stakeholders, including representatives from program offices, contracting officials, financial managers, human capital officials, information technology officials, and other appropriate participants. An integrated approach helps agencies better define their needs and identify, select, and manage providers of goods and services.</p> <p>Agency management at each level of the organization is responsible for development of an environment that encourages the establishment of interaction and effective communication among disciplines that recognizes roles and clear lines of responsibility.</p> |
| <p>B. Commitment from Leadership</p> <p>Leadership is critical to providing direction and vision and, if necessary, changing the culture of the organization. Leaders have the responsibility to set the corporate agenda, define and communicate the values and culture of the organization and remove barriers that block organizational changes.</p> <p>Congress recognized the critical role leaders play in providing direction and vision by requiring certain civilian agencies to designate a Chief Acquisition Officer to take primary responsibility for managing acquisitions. These responsibilities include evaluating the performance of acquisition programs, advising the agency head on business strategies, and directing acquisition policy for the agency.</p> | <p>1. Clear, Strong and Ethical Executive Leadership</p> <p>This factor will help agencies assess the acquisition function’s direct support from and access to leadership in identifying and mitigating risk and promoting the role of acquisition as a strategic business resource in accomplishing mission requirements.</p> <p>2. Effective Communications and Continuous Improvement</p> <p>Management needs to effectively communicate to employees the mission, values and expectations for the component/agency acquisition function. This can be done through the development, application and active monitoring of meaningful metrics to measure the effectiveness of the acquisition function and to provide a foundation for continuous improvement.</p> |

CORNERSTONE II: Policies and Processes

Policies and processes embody the basic principles that govern the way an agency performs the acquisition function. Ideally, policies and processes clearly define the roles and responsibilities of agency staff, empower people across the agency to work together early and effectively to:

- ♦ develop requirements;
- ♦ procure desired goods and services;
- ♦ establish expectations for stakeholders to effectively plan acquisitions; and
- ♦ proactively manage the acquisition process.

To be effective, policies and processes must be accompanied by controls and incentives to ensure that they are translated into practice. For the acquisition function, agency/component policies and processes should:

- ♦ ensure that regulations, federal policies, clauses/provisions, technological processes and procedures are being implemented properly and timely;
- ♦ implemented and used consistently throughout the organization; and
- ♦ ensure transaction quality and compliance.

Refer to agency internal control guidance for information on requirements and standards related to review processes and procedures.

| ELEMENTS | CRITICAL SUCCESS FACTORS |
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| <p>A. Planning Strategically</p> <p>Planning strategically requires attention to the larger context within which acquisitions occur. First, it requires identifying and managing relationships among the parties involved in the acquisition process. Second, sufficient attention should be given to analyzing aggregate agency needs and devising strategic acquisition plans to meet those needs. Acquisition planning should also take into consideration the effects of the appropriations process and other external factors on the timing and execution of major contracts.</p> | <p>1. Partnering with Internal Organizations</p> <p>Federal Acquisition Regulation (FAR) Subpart 7.102 requires agencies to perform acquisition planning and conduct market research for all acquisitions in order to promote and provide for: (1) acquisition of commercial items to the extent suitable; and (2) full and open competition to the maximum extent practicable. Section 7.102(b) states that:</p> <p>This planning shall integrate the efforts of all personnel responsible for significant aspects of the acquisition. The purpose of this planning is to ensure that the Government meets its needs in the most effective, economical, and timely manner.</p> <p>This factor assesses the strength and timeliness of the acquisition function’s engagement with stakeholders from various disciplines, e.g., finance, legal, program offices, and other appropriate participants in identifying needs, assessing alternatives, developing cost-effective acquisition approaches, allowing for appropriate competition, addressing small business program requirements and needs and helping to ensure financial accountability.</p> |

| ELEMENTS | CRITICAL SUCCESS FACTORS |
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| | <p>2. Assessing Internal Requirements and the Impact of External Events</p> <p>Successful acquisition strategies require sufficient attention to analyzing component/agency needs. Past acquisitions should be reviewed to identify trends and opportunities for consolidating similar acquisitions planned in the coming year to leverage buying power and reduce administrative burdens. Acquisition planning should take into consideration the effects of the appropriations process on the timing and execution of major contracts. Additionally, contracting personnel must be aware of component/agency strategic plans, congressional mandates, socioeconomic/small business policy objectives, and other factors. Acquisition processes should also be sufficiently flexible to address unforeseen external events and emergencies, e.g. fires, hurricanes, disasters, etc. This factor will help agencies assess the acquisition function’s success in monitoring and effectively using transaction data, strategic planning, and awareness of external factors and requirements and the ability to manage them.</p> |
| <p>B. Effectively Managing the Acquisition Process</p> <p>This element acknowledges the fact that the role of the acquisition function does not end with the award of contracts. Acquisitions that help the agency meet its needs require continued involvement throughout contract performance and close-out. In other words, agency processes need to ensure that contracted goods and services will be delivered according to the schedule, cost, quality and quantity specified in the contract. Factors that can help an organization effectively manage its acquisition process include empowering cross-functional teams, managing and engaging external suppliers, providing effective monitoring and oversight and implementing sound financial accountability measures.</p> | <p>1. Empowering of Cross-Functional Teams</p> <p>Using cross-functional teams with the right mix of knowledge, technical expertise and credibility helps organizations better define their needs and identify, select and manage providers of goods and services, which in turn helps support strategic sourcing initiatives and ensures that users’ needs are met at the lowest total costs to the organization. Teams generally include representatives from acquisition, internal users of goods and services and the budget or finance office. They are responsible for analyzing spend data, identifying and prioritizing potential opportunities for more detailed review, defining internal needs and requirements and conducting market research. Timely establishment of cross-functional teams and defining clear roles and responsibilities are vital to the acquisition processes, e.g. establishing Integrated Project Teams.</p> |

| ELEMENTS | CRITICAL SUCCESS FACTORS |
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| | <p>2. Managing and Engaging Suppliers</p> <p>One of the 24 initiatives under the President’s Management Agenda E-Gov program is the Integrated Acquisition Environment (IAE), which provides Government contracting personnel with ample opportunity to conduct on-line market research and monitor suppliers through tools including the Central Contractor Registration (CCR); Past Performance Information Retrieval System (PPIRS), which provides timely and pertinent contractor past performance information to the Federal acquisition community for use in making source selection decisions; Excluded Parties Lists System (EPLS), which identifies those parties excluded throughout the U.S. Government (unless otherwise noted) from receiving Federal contracts, certain subcontracts, or financial assistance; FedBizOpps.gov, the single government-wide point-of-entry for Federal government procurement opportunities over \$25,000; and the On-line Representations and Certifications Application (ORCA) designed to replace the paper-based representations and certifications process.</p> <p>This factor assesses the acquisition community’s awareness and use of these tools to identify suppliers and manage supplier relationships thereby encouraging competition, enhancing price analysis, contractor quality and performance. In addition, it supports consideration of how well the agency/component establishes meaningful and measurable performance metrics, proper application of awards and incentives, past performance evaluation and reporting and processes for soliciting and evaluating contractor feedback.</p> <p>3. Monitoring and Providing Oversight to Achieve Desired Outcomes</p> <p>This factor assesses the quality of the agency/component’s monitoring and oversight processes by evaluating the tools (e.g. earned value management), processes and controls the function uses to ensure effective monitoring of contractor performance and of employees making purchases. This factor will help agencies answer the following questions about those who monitor and provide oversight of contracts: Are the roles and responsibilities of those who perform contract management and oversight clearly defined? Do these individuals have the right skills and training to ensure that contractors provide the needed goods and services?</p> |

| ELEMENTS | CRITICAL SUCCESS FACTORS |
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| | <p>4. Enabling Financial Accountability</p> <p>Throughout the acquisition process financial information should be tracked and communicated in a way that enables effective evaluation and assessment of acquisition activities. When financial data are not useful, relevant, timely or reliable, the acquisition function, as well as other functions across an organization, is at risk of inefficient or wasteful business practices.</p> <p>Standardized on-line procurement systems such as FPDS and CCR can provide acquisition staffs with access to critical financial and vendor information. Procurement systems with financial interfaces eliminate the need for independent entry of the same data by acquisition and financial staffs. This factor assesses the acquisition function’s access to, and most importantly, use of financial information.</p> |
| <p>C. Promoting Successful Outcomes of Major Projects</p> <p>The federal government spends billions of dollars each year on major physical capital investment projects and to research, develop, and produce large custom projects. Capital investments and custom projects are generally expensive, span multiple years, and are crucial to the agency’s strategy. Capital investments therefore usually require more analysis, support, and review than projects that cost less, have shorter time frames, or have less agency-wide impact. Particular attention must be given to these long-term, capital-intensive projects.</p> <p>To ensure an effective capital investment strategy leading organizations: (a) integrate organizational goals into the capital decision-making process, (b) evaluate, select, and control capital assets using an investment approach and (c) balance budgetary control and managerial flexibility when funding capital projects.</p> | <p>1. Using Sound Capital Investment Strategies</p> <p>a. Integrating Organizational Goals into the Capital Decision-making Process</p> <p>Capital decision-making begins by defining the organization’s mission in comprehensive terms and results-oriented goals and objectives. This process enables managers to identify resources needed to satisfy program requirements based on program goals. This factor will help agencies assess the extent that capital decision-making supports organizational goals.</p> <p>b. Evaluating and Selecting Capital Assets Using an Investment Approach</p> <p>An investment approach builds on an agency’s assessment of where it should invest its resources for the greatest benefit over the long term. Projects that are expensive, span multiple years and are crucial to the agency’s strategy generally require more analysis, support and review than projects that cost less, have shorter timeframes or less agency-wide impact. This factor will help agencies assess the effectiveness of its investment approach.</p> |

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| <p>Early and active participation by the acquisition function in developing acquisition strategies as part of an Integrated Project Team is crucial to the capital planning effort. Numerous studies and reports have identified the root cause of capital asset and major acquisition failures to include:</p> <ul style="list-style-type: none"> ♦ Lack of defined benchmarks ♦ Ineffective prioritization and resource allocation ♦ Poor alignment between authority, accountability and responsibility ♦ Insufficient staffing, inadequate skills, inadequate training <p>Which cause:</p> <ul style="list-style-type: none"> ♦ Poor front-end planning before establishing project baselines ♦ Poor risk identification, assessment, and/or management ♦ Poor acquisition strategies and planning ♦ Contract awards before independent estimates ♦ Inadequate ownership/accountability <p>This element, as well as other elements and critical success factor help agencies to identify contributing factors that lead to weaknesses in the capital asset and major acquisition process.</p> | <p>c. Balancing Budgetary Control and Managerial Flexibility</p> <p>In the federal environment, to mitigate the risks of unplanned changes in future budgets, agencies may budget for “useful segments” of capital projects. [NOTE: The OMB has defined a “useful segment” as a component that (1) provides information that allows the agency to plan the capital project, develop the design, and assess the benefits, costs, and risks before proceeding to full acquisition (or canceling the acquisition) or (2) results in a useful asset for which the benefits exceed the costs even if no further funding is appropriated. See OMB Circular A-11, Supplement to Part 7, <i>Capital Programming Guide</i>.] This factor assesses whether agencies’ are employing best practices for managing the budgets of capital projects.</p> <p>2. Employing Knowledge-Based Acquisition Approaches</p> <p>The Federal government spends billions annually to research, develop and produce large custom projects. Undesirable acquisitions occur, however, because agencies/components proceed further into development or production without obtaining sufficient knowledge that the product will be able to meet established cost, schedule, performance and quality targets. The risk of undesirable acquisition outcomes can be significantly reduced by employing a knowledge based acquisition approach.</p> <p>GAO has identified three discrete points in the development process at which obtaining certain levels of knowledge promote successful outcomes. The attainment of each successive knowledge point builds on the preceding one, as follows:</p> <p>Knowledge point 1: A match between resources and needs occurs when the customer’s requirements and the available resources, which are knowledge, time and funding – correspond. Achieving a high level of technology maturity at the start of development is an important indicator of whether this match has been made.</p> <p>Knowledge point 2: Design stability occurs when a program determines that a product’s design is stable, that is, it will meet customer requirements and cost and schedule targets.</p> <p>Knowledge point 3: Production process maturity occurs when it has been demonstrated that the product can be manufactured within cost, schedule and quality targets and that the process is repeatable and sustainable.</p> |

CORNERSTONE III: Human Capital

Human capital policies and practices should support an organization’s overall mission and performance goals. Human capital permeates virtually every effort within an agency, including successfully acquiring goods and services and executing and monitoring contracts. Effective human capital management ensures that an agency has the right staff in the right numbers applying skills where needed to accomplish the mission effectively.

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| <p>A. Valuing and Investing in the Acquisition Workforce</p> <p>Successful acquisition efforts depend on agency leadership and management valuing and investing in the acquisition workforce.</p> | <p>1. Commitment to Human Capital Management</p> <p>This factor assesses the commitment of component/agency management in valuing and investing in its acquisition workforce. NOTE: Performance metrics/results, surveys, and interviews are especially important in supporting assessment in this area.</p> <p>2. Role of the Human Capital Function</p> <p>The human capital function should incorporate a strategic approach for accomplishing the agency/component’s mission and programs. This requires the agency/component to ensure that human capital professionals are considered and used as trusted advisors and partners of senior leaders and acquisition managers. To accomplish this, agency/component leaders need to ensure that human capital professionals have the appropriate authority, competencies and experience.</p> |
| <p>B. Strategic Human Capital Planning</p> <p>By focusing on recruiting, hiring, training and professional development, strategic workforce planning outlines ways to help the agency fill gaps in knowledge, skills and abilities.</p> | <p>1. Integration and Alignment</p> <p>This factor assesses the agency/component’s success in developing strategic human capital plans that incorporate the needs of the acquisition function. This factor will assess whether managers take a corporate approach versus a unit-centric human capital approach to recruit, hire, and manage their contracting support. Unit-centric human capital approaches tend not to show consideration of how well the unit’s contracting function supports Government-wide qualification requirements or agency/component-wide goals or strategies.</p> <p>2. Data-Driven Human Capital Decisions</p> <p>A fact-based performance-oriented approach to human capital management is crucial to maximizing the value of human capital and managing risk. This factor assesses the adequacy of data and the effectiveness with which it is used in making human capital decisions related to the acquisition workforce.</p> |

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| <p>C. Acquiring, Developing, and Retaining Talent</p> <p>Recent trends in hiring and retirements in the federal government will leave many agencies with workforce imbalances in terms of skills, knowledge and experience. Without sufficient attention given to acquiring, developing and retaining talent, federal agencies could lose a significant portion of their contracting knowledge base.</p> | <p>1. Targeted Investments in People</p> <p>This factor assesses the adequacy of the agency/component’s investment in and enhancement of the value of their acquisition staff. Investing in training for the acquisition workforce is critical to ensuring that better informed business guidance is provided and adequate oversight of the quality, cost and timeliness of goods and services delivered by third parties.</p> <p>2. Human Capital Approaches Tailored to Meet Organizational Needs</p> <p>Existing laws, rules and regulations provide agencies with flexibility to offer competitive incentives to attract skilled acquisition employees, to create performance incentives and training programs. This factor assesses agency/component use of these flexibilities to build and maintain their acquisition workforce.</p> |
| <p>D. Creating Results-Oriented Organizational Cultures</p> <p>Leading organizations foster a work environment in which people are empowered and motivated to contribute to continuous learning and mission accomplishment.</p> | <p>1. Empowerment and Inclusiveness</p> <p>This factor assesses management’s success in getting acquisition employees at all levels of the organization involved in the planning process to develop mission goals and objectives from a front-line perspective.</p> <p>2. Unit and Individual Performance Linked to Organizational Goals</p> <p>This factor assesses whether the agency/component employs an effective performance management system, through which, among other things, acquisition employee performance plan metrics are clear and consistent, and provide a “line of sight” between individual activities, organizational requirements, e.g. OMB Circular A-123 compliance, Government, agency or component management initiatives and organizational results. For example, do senior management performance requirements cascade to employee performance plans in a clear and consistent manner?</p> |

CORNERSTONE IV: Information Management & Stewardship

Information management and stewardship refers to a variety of technologies and tools that help managers and staff make well-informed acquisition decisions. Such decisions have a direct impact on many levels, including program and acquisition personnel who decide which goods and services to buy, project managers who receive the goods and services from contractors, commodity managers who maintain supplier relationships, contract administrators who oversee compliance with the contracts, and the finance department, which pays for the goods and services. They all need meaningful data to perform their respective roles and responsibilities in an effective manner.

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| <p>A. Identifying Data and Technology that Support Acquisition Management Decisions</p> <p>Leading organizations gather and analyze data to identify opportunities to reduce costs, improve service levels, measure compliance with supplier agreements and provide better management of service providers. Information systems help managers learn how much is being spent with which service provider and for what supplies or services. Additionally, data collected in support of meaningful metrics can assist agencies track achievements in comparison with plans, goals and objectives. They can also allow agencies to analyze differences between actual performance and planned results. Generating meaningful data, however, requires good data stewardship.</p> | <p>1. Tracking Acquisition Data</p> <p>There is a wealth of acquisition data available to contracting personnel from a variety of sources. Some of the data provided from these sources identify what the agency/contracting activity buys, how much it buys, and the procurement methods used. The data can be used for many purposes including the elimination of redundancies, identification of strategic sourcing opportunities, internal control monitoring purposes, highlighting areas where additional/supplementary training is necessary and workload management (office to agency-wide). This factor assesses how accurately transaction data are reported and the effectiveness with which the data are used.</p> <p>2. Translating Financial Data into Meaningful Formats</p> <p>New technology tools can generate volumes of data, but the data are meaningless unless they can be translated into relevant understandable formats for acquisition officials. Financial information is meaningful for acquisition officials when it is relevant, timely and reliable enabling the information can enable managers to manage costs, measure performance and make program funding decisions. This factor will help agencies assess whether they are using meaningful data.</p> <p>3. Analyzing Goods and Services Spending</p> <p>Leading organizations continually analyze their spending on goods and services to answer basic questions about how much is being spent and where dollars are going. When organizations complete spend analyses they often realize they are buying similar goods and services from numerous providers often at greatly varying prices. Conducting a spend analysis is also the first step in developing a comprehensive strategic sourcing plan. This factor will help agencies assess whether they are effectively using data to analyze spending trends for goods and services.</p> |

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| <p>B. Safeguarding the Integrity of Operations and Data</p> <p>Internal controls, such as policies and procedures, promote efficiency, reduce the risk of asset loss, help ensure that financial and acquisition management systems issue reliable reports and that the organization is in compliance with laws and regulations. It is essential that acquisition management systems contain appropriate, cost-effective controls to safeguard assets, ensure accurate aggregation and reporting of information and support the accomplishment of organizational objectives. Internal control actions and activities occur throughout organizational programs and operations and on an on-going basis. The element addresses how well management balances safeguards with the need to make accessible, timely and accurate data available to managers and others needing acquisition information.</p> <p>There are two broad groupings of information systems controls that help safeguard the integrity of operations and data: general controls and application controls. Assessing general and application controls is a technical analysis and requires the assistance of persons knowledgeable in computer systems evaluation.</p> | <p>1. Ensuring Effective General and Application Controls</p> <p>This factor addresses both general and application controls. General control applies to all information systems and includes agency/component-wide security program planning, management control over data center operations, system software, acquisition and maintenance, access security and application system development and maintenance. Application control is designed to help ensure the completeness, accuracy, authorization and validity of all transactions during application processing.</p> <p>General and application controls over computer systems are interrelated. General control supports the functioning of application control and both are needed to ensure complete and accurate information processing.</p> <p>2. Data Stewardship</p> <p>This factor helps agencies evaluate the effectiveness of their data stewardship internal controls. Effective data stewardship ensures that data captured and reported are accurate, accessible, timely and usable for acquisition decision-making and activity monitoring. Effective stewardship provides the structure, oversight and assurance that data can be accurately translated into meaningful information about organizational activities. Taking the time to manage quality of data ultimately helps support the agency/component’s acquisition management needs.</p> |



APPENDIX 3: RESOURCES AND REFERENCES

The following is a list of suggested resources and references that can be helpful in preparing for and conducting reviews/assessments using the template:

- ♦ OMB Circular A-123 (Revised);
- ♦ Agency internal control guidance;
- ♦ Government Accountability Office's Framework for Assessing the Acquisition Function at Federal Agencies (GAO-05-218G) and Internal Control Management and Evaluation Tool (GAO-01-1008G);
- ♦ OMB Circular A-11, Capital Programming Guide (V. 2.0) (June 2006);
- ♦ Headquarters staff knowledge gained from on-going day-to-day work within the agency/component acquisition function;
- ♦ Review and analysis of acquisition data as reported to the Federal Procurement Data System (FPDS), e.g. competition trends, small business program and accomplishments and amounts spent on products/services;
- ♦ Acquisition performance metrics used by the agency/component and accomplishments;
- ♦ Functional/performance review reports for acquisition;
- ♦ Review/sample of acquisition transaction files;
- ♦ Annual agency report on performance and accountability;
- ♦ Agency/component strategic plan;
- ♦ Agency/component capital planning and investment control policy;
- ♦ Agency/component Administrative Manual [pertinent parts and chapters];
- ♦ Staffing and organization charts/descriptions for the acquisition organization under review;
- ♦ Federal Acquisition Certification in Contracting (FAC-C), Federal Acquisition Certification for Program and Project Managers (FAC-P/PM), Federal Acquisition Certification for Contracting Officer Technical Representatives (FAC-COTR) and/or Defense Acquisition Workforce Improvement Act (DAWIA);
- ♦ ACMIS data for the acquisition organization under review;
- ♦ Supervisory contracting officer and staff annual performance plans;
- ♦ Copies of draft and final acquisition management review reports of field level activities;
- ♦ Pertinent Office of Inspector General and Government Accountability Office reports;

- ♦ Agency/component directives, policies, handbook and descriptions of procedures involving the acquisition function;
- ♦ Agency/component acquisition inter/intranet sites;
- ♦ Interviews with stakeholders;
- ♦ Agency/component annual competition reports;
- ♦ Agency/component reports related to socio-economic contracting accomplishments;
- ♦ Agency/component guidance/supplements to FAC-C, FAC-P/PM, FAC-COTR or DAWIA equivalents;
- ♦ Agency/component acquisition-related performance metrics;
- ♦ Agency/component human capital studies including skills gap analyses related to acquisition workforce;
- ♦ FAI Annual Report (www.fai.gov);
- ♦ OMB Policy Letter 91-3, Reporting Nonconforming Products
- ♦ FPDS verification and validation plan; and
- ♦ OMB's Guidance on Future Data Submissions under the Federal Funding Accountability and Transparency Act (FFATA), dated March 6, 2008) (OMB Memorandum M-08-12)