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ACQUISITION OVERSIGHT PROGRAM

I. Purpose

This Management Directive (MD) establishes the policies and procedures for the oversight of Department of Homeland Security (DHS) acquisitions with the following objectives:

- A. Establishing oversight and insight into the performance of the acquisition function in supporting the needs of the customers and the DHS mission.
- B. Continually assessing and improving DHS's acquisition function in service to the acquiring Components.
- C. Ensuring that all members of the DHS acquisition team work toward the common goal of delivering mission results while maintaining compliance with applicable laws, regulations, policies, and procedures.

II. Scope

This MD applies to all DHS Components unless specifically exempted by statutory authority. This MD applies to all acquisitions at all dollar values except for acquisitions supporting the Inspector General.

III. Authorities

- A. The Clinger-Cohen Act of 1996, Pub. L. 104-106 codified in 41 U.S.C., "PUBLIC CONTRACTS."
- B. The Homeland Security Act of 2002, Pub. L. 107-296, CODIFIED IN Title 6 U.S.C., "DOMESTIC SECURITY."
- C. Services Acquisition Reform Act of 2003, Pub. L. 108-136, Div. A, Title XIV.
- D. Homeland Security Acquisition Regulation (HSAR).
- E. DHS Management Directive 0003, "Acquisition Line of Business Integration and Management."

- F. DHS Management Directive 1400, "Investment Review Process."
- G. Information Security Policy, DHS 4300 A and B.

IV. Definitions

For detailed definitions of applicable terms and acronyms, see the *Acquisition Oversight Program Guidebook, Glossary*.

V. Responsibilities

- A. **Under Secretary for Management (USM)**: shall be responsible for all aspects of this MD. The USM is responsible for establishing the general policy direction for all management programs within DHS. This will be accomplished in coordination with, and mutually supportive of, the efforts of the Chief Financial Officer, Chief Procurement Officer, Chief Human Capital Officer, Chief Information Officer, and Chief Administrative Services Officer.
- B. **Chief Procurement Officer (CPO)**: shall be responsible for ensuring the integrity of DHS's acquisition process through the oversight of all acquisitions that support DHS, including financial assistance programs (grants), strategic sourcing programs, and competitive sourcing programs. The CPO will ensure process integrity by providing:
 - 1. Policies and procedures for the acquisition workforce training and certification.
 - 2. Guides and lessons learned for acquisition program management and execution, and
 - 3. Effective oversight reviews to verify the integrity of acquisition practices.
- C. **Head of Contracting Activity (HCA) for the Component**: shall execute acquisition programs by providing all of the necessary resources, facilities, and infrastructure for the acquisition process. Each HCA shall proactively manage the acquisition process within the Component and will provide data and lessons learned to the CPO for wider distribution within DHS. Component personnel shall be responsible for implementing this MD in their respective Component in conjunction with other appropriate DHS functions, such as acquisition, finance, and information technology.
- D. **Program Managers (PM)**: shall be responsible for managing individual programs and projects as DHS investment stewards, ensuring compliance with this MD.

VI. Policy & Procedures

A. Policy:

The Acquisition Oversight Program is designed to provide comprehensive insight into acquisitions at the Component level and apply successful management techniques to acquisition programs throughout DHS. The objective of the DHS Acquisition Oversight Program is to improve the performance of program administration by planning acquisitions and effectively managing each acquisition from requirement identification through closeout of the final contract action. Implementation of acquisition oversight will directly contribute to meeting DHS's mission by ensuring that DHS receives supplies and services according to the performance standards, schedules, and prices established in each contract.

B. Procedures:

1. This MD describes the four elements that make up the DHS Acquisition Oversight Program. This MD is to be used in conjunction with the *Acquisition Oversight Program Guidebook* which provides a more detailed description of each of the four elements, assessment questions, performance measures, separate "job aids" that contain established standards for assessment, and templates for reporting review results. The Guidebook will be a reliable resource to ensure that self-assessments and follow-on oversight activities will have a common basis and standardized inputs.
2. The following table summarizes the four elements of the Acquisition Oversight Program.

What	Who	When	Target Audience	How
Self- Assessment	DHS HCA	Annually	HCA/Component Head	Use Acquisition Evaluation Framework
Acquisition Planning Review	DHS HCA with HCA and CPO review of individual acquisition plans	Quarterly updates for the Advance Acquisition Plan. Annually for the review of acquisition planning for the Component and singly for each Acquisition requiring a written AP	OCPO/Component Head	Update the data in the Advanced Acquisition Plan database. Review overall planning against the Acquisition Planning assessment questions in the Acquisition Oversight Program Guidebook and review APs against Acquisition Planning Guide requirements.
Operational Status Review	Joint CPO and HCA	Quarterly	OCPO/Component Head	Discussion of self-assessment and performance measures on the status of acquisition operations

What	Who	When	Target Audience	How
On-Site Review	DHS On-site review team	Every 3 years	CPO/Component Head/HCA	Formal analysis and reporting on the assessment and performance measures of the acquisition function's capabilities and results in successfully supporting the DHS mission

3. A detailed description of the four elements of the acquisition oversight program is as follows:

a. **Self-Assessment.**

(1) The DHS HCAs, using the Acquisition Evaluation Framework to assess the well-being of their Component and acquisition processes, will conduct an annual, high-level self-assessment of the strengths and weaknesses of the HCA's acquisition people, process and programs. The self-assessment will be performed on the five interrelated elements necessary to promote an efficient, effective, and accountable acquisition process. These elements are:

- (a) Organizational Leadership and Alignment
- (b) Policies and Processes
- (c) Human Capital
- (d) Knowledge and Information Management
- (e) Financial Accountability

(2) The answers to the self-assessment questions contained in the *Acquisition Oversight Program Guidebook* should reflect the degree to which the Component's acquisition activity is achieving the elements and critical success factors for an effective acquisition function. Self-assessments are to be used to identify areas that need improvement. They are not intended for use as performance measures.

(3) On an annual basis, the HCA will appoint a team from a cross-section of the acquisition staff to anonymously answer the assessment questions. The HCA will use the results as input to both the Component's continuous improvement effort and the Operational Status and On-Site reviews.

(4) Self-assessments will serve as an overall acquisition process risk management tool for the Component's Acquisition Program.

(5) The *Acquisition Oversight Program Guidebook* contains more detailed guidance for performing the self-assessment and a description of the *Acquisition Evaluation Framework*.

b. **Acquisition Planning Review.**

(1) On an annual basis, the HCA will review the Component's programs and assess the acquisition planning performed using the Acquisition Plan Questionnaire. A more detailed description of the review is in the *Acquisition Oversight Program Guidebook*. This review will provide input on continuous improvements in the area of planning acquisitions.

(2) Prior to beginning a new fiscal year and on a quarterly basis during the fiscal year, each Component will enter information on all acquisitions over \$100,000.00 into the Advanced Acquisition Plan database.

(3) Acquisition plans that meet or exceed the thresholds in HSAM 3007.103(h)(1)(i) require approval by the CPO prior to initiating action on the acquisition. The HCA signature shall signify that the HCA concurs with the AP contents and the HCA has met all the requirements in FAR 7.103 and HSAM 3007.103. It is vital that the HCA critically review each AP to ensure that the resulting acquisition meets the Component's mission requirements in an efficient and effective manner. If more than one Component is involved in the acquisition, the Component preparing the Acquisition Plan must coordinate the plan with the appropriate individuals within DHS.

(4) The Office of the Chief Procurement Officer (OCPO) shall review all APs that meet or exceed the thresholds in HSAM 3007(h)(1) to ensure that each AP complies with all applicable statutes, executive orders, regulations and policies. OCPO will, where applicable, also provide recommendations and guidance based on DHS and best business practices applicable to the acquisition. Based on the nature of the acquisition and after review of the AP, the OCPO may review pre and post award documentation, including but not limited to, solicitations, determinations and findings, justifications for other than full and open competition, price negotiation memorandum, or award documents to ensure that sound business practices are being used; and that actions are in compliance with applicable laws, executive orders, acquisition regulations and policies; and serve the Government's best interest.

(5) The AP reviews will provide the HCA with insight into the acquisition strategy, process, and timeline anticipated for each contractual action. The HCA shall use this information as a tool to manage the Component's acquisitions.

c. **Operational Status Reviews.**

(1) Operational status reviews between the CPO and the HCAs of each of the Components will be conducted quarterly.

(2) The focus of the Operational Status review will be to provide insight into the operational status of the acquisition function. These reviews will provide an opportunity for solutions-oriented discussions between the HCA and the CPO regarding both short-term and long-term issues.

(3) The CPO or his/her designee will visit the HCA's site to conduct the review, which will not exceed a day. The OCPO Desk Officer for the Component, and staff deemed appropriate by the CPO, will also participate in the visit.

(4) The HCA should be prepared to discuss the Acquisition Framework self-assessment questions and performance measures in an atmosphere that fosters teamwork between the OCPO and the Component for jointly solving and resolving issues. HCAs will be requested to complete the self-assessment questions and collect the performance measures data two weeks before the CPO's visit and transmit the results in a report to the CPO. The CPO will review the report, select areas of special interest for discussion, and inform the HCA of the topics selected for discussion one week before the visit.

d. **On-Site Reviews.**

(1) On-Site reviews will be conducted every three years at each Component. The organizations will be selected for review on a rotating basis unless there are compelling reasons that necessitate selecting a particular organization. At the beginning of each calendar year, the Office of Chief Procurement Officer (OCPO) will publish an agenda for the On-Site and Operational Status Reviews for the Components.

(2) The focus of the On-Site review will be to provide insight into the strategic capability of the Component's acquisition function to support DHS's mission; and to determine compliance with applicable Federal and DHS acquisition regulations, policies, and guiding principles. The On-Site review results will be an opportunity for solutions-oriented discussions between the HCA and the CPO, with a focus on long-term issues.

(3) On-Site reviews should take approximately two weeks to accomplish and will be conducted by a DHS-matrix team. The team for the review will include staff from OCPO, functional experts, CPO Desk Officers, and may include a representative from the reviewed Component, and acquisition staff from a Component not being reviewed. (More information on the composition of the team is in the *Acquisition Oversight Program Guidebook*.) The CPO will coordinate staffing needs from the Components at least three months in advance so as to minimize work disruption at the Component providing staffing assistance. The rationale for using Component staff from the Components not being reviewed is to promote sharing of acquisition knowledge and teaming among the various DHS acquisition organizations.

- (4) The areas of assessment during the On-Site review may include:
- (a) Component acquisition policies and procedures,
 - (b) Component acquisition workforce,
 - (c) Independent validation of the *Acquisition Evaluation Framework* self- assessment,
 - (d) Independent validation of performance measures,
 - (e) Regulatory and policy compliance of a statistically valid sample of completed and in-progress contracts or acquisition transactions,
 - (f) Special topics, such as items of interest discussed during quarterly operational reviews.
- (5) The CPO will provide the HCA a description of the scope of the review at least sixty (60) days before the visit.
- (6) In preparing for the review of a statistical sample of contracts, the HCA will be responsible for developing an inventory of both issued and in-process contract actions valued at more than \$10 million, and those valued at less than \$10 million, from which a statistically valid sample can be derived.
- (7) The On-Site review team will prepare a report, resulting from the assessment, for the CPO on the status of the acquisition function at the Component. Before drafting the final report, the review team will conduct a debriefing with the Component acquisition organization and provide a draft copy of the report to the HCA before it is submitted to the CPO. The final report will be an internal document (not for official publication). The CPO may use the report to develop strategic initiatives for improvements in the DHS acquisition process.
- (8) The *Acquisition Oversight Program Guidebook* contains a set of assessment questions and performance measures that are helpful in preparing for an On-Site review.

VII. Questions

Address any questions or concerns regarding this MD to the Office of the Chief Procurement Officer, Director of Acquisition Policy & Oversight.