



FEB 9 2001

MEMORANDUM FOR: Chief Information Officers
Heads of Contracting Offices

FROM: Roger W. Baker *Roger W. Baker*
Chief Information Officer

Michael S. Sade *Michael S. Sade*
Director for Acquisition Management and
Procurement Executive

SUBJECT: IT Acquisition Policy

This memorandum transmits the Department's new policy regarding the approval process for information technology acquisition initiatives. This policy supersedes the previous policy described in Chapter 3, "Acquisition of Information Technology Resources," dated October 1995 of the Information Technology Management Handbook (ITMH).

This policy is based on the Office of Management and Budget (OMB) Circular A-11, Exhibit 300B. Our goal is that it will streamline your documentation process by authorizing the use of a single document to satisfy OMB and the Commerce offices: the Office of the Chief Information Officer, the Office of Acquisition Management and the Office of Budget.

This policy will be posted on the ITMH web site shortly. In the meantime if you have questions, call Steve Turpack on 202-482-0275 or Greg Crider on 202-482-5751.

Attachment

cc: Barbara Retzlaff, O/B
Mary Street, OGC
Budget Officers
Administrative Officers
Karen Hogan, OCIO

Documentation of IT Acquisition Initiatives

What documentation is required for an information technology (IT) acquisition initiative?

An Exhibit 300B (link here to <http://www.whitehouse.gov/OMB/circulars/a11/00TOC.html>) from the Office of Management and Budget (OMB) Circular A-11 must be used to document acquisition initiatives for IT hardware, software, telecommunications, and support services above the thresholds defined below or above lower thresholds established as part of the internal IT management process within each operating unit, regardless of the acquisition vehicle/procurement method. These acquisition vehicles or procurement methods include, but are not limited to, the following:

- COMMITS (COMMERce IT Solutions),
- GWAC (Government-Wide Acquisition Contract),
- MASC (Multiple Award Schedule Contract),
- CONOPS (CONcept of OPerationS),
- Interagency Agreement,
- Memorandum of Understanding or Agreement,
- FTS2001 (Federal Telecommunications Service 2001),
- MAA (Metropolitan Area Acquisition), and
- WITS (Washington Interagency Telecommunications Service).

What is an IT acquisition initiative?

For purposes of this document, an acquisition initiative is an activity that requires the expenditure of funds for information technology. Documentation for an initiative could address a single acquisition; a logical grouping of hardware, software, telecommunications, and support services that will involve multiple acquisitions; or a project that will take place either within a particular fiscal year or over a longer life cycle and involve multiple acquisitions. An initiative might be a proposal for new funding within the budget process or it might be a proposal for additional expenditures for an ongoing project.

What is included under “information technology”?

“The term information technology with respect to an executive agency means any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the executive agency. The term information technology includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources” (Clinger-Cohen Act of 1996, Section 5002).

Who established this policy?

The Office of the Chief Information Officer (OCIO) and the Office of Acquisition Management (OAM) are jointly responsible for this policy.

Why was this policy established and what is its relationship to other IT policies?

Prior to this policy, major procurements were subject to a number of documentation requirements that were in part duplicative. An office may have prepared a Consolidated Requirements and Acquisition Initiative (CRAI) and/or Requirements Initiative (RI), an Agency Procurement Request (APR), and an Acquisition Plan. When a major IT system or budget initiative is involved, OMB and Commerce's Office of the Budget (OB) already require that an Exhibit 300B be prepared. OCIO is already using the Exhibit 300B to document all IT initiatives in the budget process and as the basis for the Operational IT Plan.

Exhibit 300B will also help satisfy the OMB mandate that Circular A-11 information be transmitted electronically to OMB. The Information Technology Investment Portfolio System (link here to <http://www.itips.gov>), an automated system for managing IT investments, will generate the Exhibit 300B and transmit it electronically to OMB in the near future. In addition, the use of the 300B will satisfy certain requirements external to the Department (see below). Thus, use of the Exhibit 300B will streamline documentation and justification procedures by allowing a single document to satisfy requirements at OMB and within OCIO, O/B, and OAM at Commerce.

Submission of the Exhibit 300B will now be the first step in obtaining a Delegation of Procurement Authority (DPA), the Chief Information Officer's permission for entering into a contract.

Why should you document your IT acquisition initiative?

Documenting your IT acquisition initiative will help you define your requirements, ensuring that the requirements support your mission and are consistent with your operating unit IT architecture. It will also help you define your acquisition strategy, which will facilitate your acquisition process.

Will the 300B satisfy any external requirements?

Yes. Legislation and regulations require agencies to establish and maintain a capital planning system. Use of the Exhibit 300B will provide essential information for such a system. Other regulations require documentation of plans for certain acquisitions.

The specific requirements are as follows. The Clinger-Cohen Act (CCA) of 1996; the Federal Acquisition Regulation (FAR) Part 7, Acquisition Planning; and OMB Circular A-130, Management of Federal Information Resources require that executive agencies address the information required in the

Exhibit 300B. The CCA requires an executive agency to define a process to “...provide for the selection of information technology investments to be made by the executive agency, the management of such investments, and the evaluation of the results of such investments” (Section 5122). FAR Part 7 requires Agency Heads to establish criteria and thresholds at which written acquisition plans shall be prepared. OMB Circular A-130 requires agencies “...to establish and maintain a capital planning and investment control process that links mission needs, information, and information technology in an effective and efficient manner... The capital planning and investment control process includes all stages of capital programming, including planning, budgeting, and procurement” (OMB Circular A-130, proposed revision to Section 8b(1), April 13, 2000).

Exhibit 300B will help the CIO meet his assigned responsibilities under the Clinger-Cohen Act to promote the effective and efficient use of IT resources at the Department. It will also help facilitate integration of IT management with the budget and acquisition processes.

Is a new Exhibit 300B required as the information within it changes?

No, the existing Exhibit 300B may be revised. An Exhibit 300B for a specific acquisition initiative may go through several iterations. The initial Exhibit 300B justifying a budget proposal might be broad and conceptual. As research on alternatives progresses, plans should become firmer and more specific. An Exhibit 300B that supports an acquisition or forms the basis of the Operational IT Plan should be detailed and explicit, identifying the expenditure stream and schedules for the fiscal year.

Who does this policy apply to?

This policy applies to the Office of the Secretary and all operating units of the Department of Commerce, except the U.S. Patent and Trademark Office. The OCIO and the OAM will require an Exhibit 300B before certain procurement actions (release of a Request for Proposal, solicitation, COMMITS Request for Solutions, Memorandum of Understanding, etc.) can take place.

Who has to approve a 300B, and are there dollar thresholds?

If the acquisition initiative is above the dollar thresholds identified below, an Exhibit 300B and attachments must be submitted to OCIO for approval. You may be required to brief the Commerce Information Technology Review Board (CITRB) (link here to <http://www.doc.gov/cio/oipr/itplandoc12.html>), which advises the CIO. The CIO at his discretion may waive the requirement to brief the CITRB for routine initiatives such as maintenance, operations, or support.

The thresholds below apply to the total life cycle cost (for instance, total contract value including option years) of the acquisition initiative, which may include more than one acquisition.

- Operating units, including National Oceanic and Atmospheric Administration (NOAA) line offices, with approved Strategic and Operational IT Plans: \$10 million;
- NOAA Line Offices without plan approvals: \$2.5 million;
- All others: \$500,000

To obtain approval for IT acquisition initiatives over \$5 million, you must also complete an Attachment A, Additional Acquisition Planning Information (link here to http://oamweb.osec.doc.gov/app/docs/attachment_a.pdf) for each new acquisition over \$1 million within the initiative. An Attachment A is required regardless of the acquisition vehicle or procurement method proposed for use.

The approval levels for Attachment A are based on the total life cycle cost of the acquisition initiative covered by the Exhibit 300B, including all separate acquisitions, as follows:

- < \$10 million - Head of the Contracting Office
- ≥ \$10 million - Office of Acquisition Management

Any Attachment A submitted for approval must include the signature of the cognizant Contracting Officer.

On a selected basis, OCIO may also review IT acquisitions that are highly visible, technically complex, or have a high degree of risk even though they are below these thresholds.

The approval requirements and the standards for the level of documentation for actions below the operating unit thresholds will be determined by the operating unit CIO.

How do you obtain CIO approval?

To request the approval of your IT initiative and issuance of a Delegation of Procurement Authority (DPA), submit the following to the OCIO through your operating unit CIO:

- A cover memorandum,
- An Exhibit 300B, and
- An Attachment A, if required.

The OCIO will forward a copy of the Exhibit 300B (and Attachment A, if required) to OAM and the Office of the General Counsel (OGC) for review and will schedule you to brief the CITRB, unless such a briefing is waived. The CIO will approve the IT acquisition initiative and grant a DPA if recommended by the CITRB and if cleared by OAM and OGC. (OAM is represented on the CITRB.)

When should you submit the Exhibit 300B to the OCIO?

For IT acquisition initiatives above life cycle operating unit thresholds, you will need the CIO's approval of the IT initiative and issuance of a DPA before a procurement action can take place. Submit the paperwork in sufficient time to gain approval of the initiative. Normally this will be 30 calendar days. Remember that the Exhibit 300B will be used to justify an initiative in the budget process and will be the basis for the Operational IT Plan. For most large acquisitions an Exhibit 300B will already exist, but it may need to be updated and/or refined.

Who can answer questions about this policy?

Direct questions on the overall process and IT policy and procedures to Steve Turpack at (202) 482-0275 or sturpack@doc.gov and on acquisition policy and procedures to Greg Crider at (202) 482-5751 or gcrider@doc.gov.

Effective date: February 9, 2001