

PROCUREMENT OVERSIGHT PROGRAM

I. Purpose

This Directive establishes and implements procedures for the oversight of the Department of Homeland Security (DHS) procurement function with the following objectives, to:

- A. Oversee and gain insight into the performance of the procurement function in supporting customer needs and the DHS mission.
- B. Continually monitor and improve the effectiveness of internal controls associated with the DHS procurement function.
- C. Ensure that DHS procures supplies and services in accordance with applicable laws, regulations, and sound business practices.

II. Scope

This Directive applies to all DHS procurements with the exception of those executed by the Office of Inspector General. This Directive supersedes and cancels Management Directive 143-05 entitled Procurement Oversight Program, dated August 28, 2012.

III. Authorities

- A. Title 41, United States Code, Section 1702(c), "Senior Procurement Executive"
- B. Title 48, Code of Federal Regulations (C.F.R.), Chapter 1, "Federal Acquisition Regulation"
- C. Title 48, C.F.R., Chapter 30, "Department of Homeland Security Homeland Security Acquisition Regulation (HSAR)" which is available at <http://www.dhs.gov/publication/hsar>
- D. The Homeland Security Acquisition Manual (HSAM) which is available at <http://www.dhs.gov/hsam>
- E. Office of Management and Budget (OMB) Circular A-123, "Management's

Responsibility for Internal Control,” December 21, 2004 (as amended)

- F. Office of Federal Procurement Policy (OFPP) Memorandum “Conducting Acquisition Assessments under OMB Circular A-123,” May 21, 2008
- G. Federal Managers’ Financial Integrity Act of 1982 (P.L. 97-255)

IV. Responsibilities

A. Senior Procurement Executive (SPE). The SPE is the Chief Procurement Officer (CPO). The SPE ensures the integrity of DHS’s procurement process through the oversight of all procurements covered by this directive. The SPE is accountable to the Chief Acquisition Officer for the management of the DHS procurement function and ensures procurement process integrity by conducting effective oversight reviews to verify compliance with procurement laws, regulations and the Department’s established policies and procedures.

B. Head of the Contracting Activity (HCA). The senior acquisition official in the Office of Procurement Operations (OPO), the Office of Selective Acquisitions (OSA) and the following Components:

1. United States Coast Guard
2. U.S. Customs and Border Protection
3. Federal Emergency Management Agency
4. Federal Law Enforcement Training Centers
5. U.S. Immigration and Customs Enforcement
6. U.S. Secret Service
7. Transportation Security Administration

The HCA is the individual responsible for the direct management of the entire procurement function within the named Components, or on behalf of their customers in the case of OPO and OSA. The HCA is responsible for developing and maintaining effective internal controls related to the procurement function within his/her organization.

V. Policy & Requirements

A. Policy

The Procurement Oversight Program continually monitors the effectiveness and efficiency of internal control related to procurement operations and compliance with applicable laws, regulations, and the Department's policies and procedures throughout DHS. Implementation of an effective procurement oversight program directly contributes to meeting DHS's mission by ensuring that DHS procures supplies and services in accordance with applicable laws, regulations, and sound business practices resulting in products and services which meet the performance standards, schedules, and prices established in the contract.

The DHS Procurement Oversight Program has four elements: HCA Self-Assessment; Acquisition Plan Review and Approval; Operational Status Reviews; and On-site Reviews. These elements support and complement the objectives of a comprehensive DHS procurement function. The Procurement Oversight Program Guidebook provides the guiding principles for procurement oversight, a detailed description assessments, and follow-on oversight activities to facilitate benchmarking within DHS.

B. Requirements

1. HCA Self-Assessment

The HCAs annually assess the strengths and weaknesses of the Contracting Activity. This assessment is conducted by the HCA using the "Self-Assessment Questionnaire Using the Acquisition Evaluation Framework" (Exhibit 1.1, Procurement Oversight Program Guidebook), and submitted to the Office of the Chief Procurement Officer (OCPO), no later than March 15, annually.

The Acquisition Evaluation Framework is based on the Government Accountability Office-developed framework for departments and agencies within the Federal Government to assess the overall health of their acquisition functions within their acquisition organizations. It is comprised of the following five interrelated elements that promote an efficient, effective, and accountable acquisition process:

- Organizational leadership and alignment;
- Policies and procedures;
- Human capital;
- Knowledge and information management;

- Financial accountability.

2. Acquisition Plan Review and Approval

If the acquisition plan meets or exceeds the thresholds specified in HSAM 3007.103(j)(2)(ii)(a), the HCA forwards it to the CPO for approval subsequent to the HCA's review and concurrence of the plan. If the acquisition plan is below the thresholds, the HCA approves the plan or re-delegates approval authority.

3. Operational Status Reviews

OCPO conducts a quarterly Operational Status Review (OSR) to determine the health of each DHS Component acquisition organization and to ensure that each is in strategic alignment with the OCPO's goals and objectives. The OSR supplies the data for the Procurement Health Assessment (PHA). The PHA is developed on a semi-annual basis to identify significant trends or potential concerns.

a. Operational Review Process. The Components are responsible for submitting the data necessary to prepare the OSR through input via the Enterprise Reporting Application (ERA). The deadline for input via the ERA system is on or about 30 days following the end of the quarter (e.g., January 31 for the first quarter data).

OCPO tracks the status of each Component throughout the fiscal year and provides reports to the CPO and external stakeholders based on the information provided. Appendix A identifies the areas that the OSR addresses.

b. Procurement Health Assessment. Data from the OSR is used to populate the PHA. However, elements of the PHA are more robust and are aligned with the OCPO strategic plan. Appendix B identifies the elements of the PHA.

4. On-site Reviews

As part of the Department's continuous monitoring of internal controls related to procurement operations, OCPO performs periodic on-site reviews of procurement operations. The purpose of the on-site reviews is to: (a) analyze and report aspects of internal control activities related to Components' procurement operations; (b) assess regulatory and policy compliance; (c) identify internal control deficiencies and recommend corrective action; and (d)

identify best practices for potential use throughout DHS. To achieve this purpose, the review focuses on the following:

- Organizational alignment and leadership;
- Human capital;
- Adequacy of policies and procedures;
- Review of contract files to assess compliance with procurement regulation, HSAM requirements, and specific Component requirements; and
- Follow-up of actions from the previous review to determine if recommendations have been implemented and assess the extent of improvement.


On-site Component reviews are normally conducted every three years. Each year, three Components are selected for review on a rotating basis, unless there are compelling reasons that necessitate selecting a particular Component to be evaluated more quickly or frequently.

Specific topics of interest identified during Government Accountability Office and Inspector General reviews, as a result of OSRs, and by management are also considered as candidates for reviews.

On-site reviews provide an opportunity for solutions-oriented discussions between the HCAs and the CPO based on systemic findings. They also provide an opportunity for monitoring Components' implementation of corrective action plans associated with previous reviews.

VI. Questions

Address any questions or concerns regarding this Directive to the OCPO.



Chris Cumminskey
Acting Under Secretary for Management


Date

Appendix A
Areas of Operational Status Reviews

- Human Capital
 - o 1102 Certification Rates
 - o Other than 1102 Warrant Certification Rates
- Efficiency and Productivity
 - o Total Transactions and Obligations
 - o Performance-Based Acquisition (PBA)
- Policies and Procedures
 - o Competition Report
 - o Small Business Awards
 - o Open Claims
 - o Protests
 - o Industry Communications
 - o Unauthorized Commitments
- Financial Accountability
 - o Prompt Payment Late Fees Paid
 - o Undefined Contract Actions

Appendix B
Elements of Procurement Health Assessment

- Quality Contracting
 - Competition
 - High Risk Contracting
 - Strategic Sourcing
 - Service Contracting
 - Acquisition Planning
 - Procurement Systems
 - Cost/Price Expertise
 - Green Contracting
 - Protests/Claims
 - Small Business
 - Past Performance/Contractor Performance Assessment Reporting System
 - Data Quality/Federal Procurement Data System
 - Financial Oversight/Prompt Payment
- Quality People
 - Acquisition Professional Career Program (APCP)
 - 1102 Certification/Attrition Rate
 - Contractor Support Spend
 - Employee Satisfaction
- Quality Program Support
 - Customer Satisfaction Survey
 - Total Obligations/Transactions
 - Procurement Action Lead Time
 - Certification Rates of Designated Acquisition Professionals
 - Training
 - Federal Acquisition Institute Training Application System Registration
- Quality Industry/Government Communications