UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer
Assistant Secretary for Administration
Washington, D.C. 20230

MAR 28 2007

PROCUREMENT MEMORANDUM 2007-03

ACTION

MEMORANDUM FOR: HEADS OF CONTRACTING OFFICES

FROM: Leslie A. Andrecs
Director, Commerce Acquisition Performance, Policy and Support
Office of Acquisition Management and Financial Assistance

SUBJECT: Acquisition Plan Format

Background
Acquisition planning consists of activities associated with preparing for the effective execution of the acquisition of products and services. The purpose of acquisition planning is to ensure that the Government meets its needs in the most effective, economical, and timely manner. Subpart 7.1 of the Federal Acquisition Regulation (FAR) requires Agencies to perform acquisition planning and conduct market research for all acquisitions in order to promote and provide for full and open competition. Commerce Acquisition Manual (CAM) Subpart 7.1, "Acquisition Plans", dated August 1989 identifies the Department of Commerce requirements for an acquisition plan. The Office of Acquisition Management (OAM) is currently in the process of updating and reissuing CAM Subpart 7.1 to reflect emerging acquisition issues. The acquisition plan format contained in this Procurement Memorandum will be incorporated into the final version of CAM Subpart 7.1.

Purpose
The purpose of this Procurement Memorandum is to provide updated guidance for effective development of acquisition plans within the Department of Commerce. This guidance will be applicable to all acquisitions within the Department of Commerce where a written acquisition plan is required, including information technology acquisitions (Attachment A). The Acquisition Plan Format detailed in this guidance replaces the current Attachment A to Exhibit 300, "Acquisition Plan". See FAR 7.105 for additional direction regarding acquisition planning requirements.

Actions Required
Effective immediately, departmental acquisition and program personnel should use the attached Acquisition Plan Format in preparing acquisition plans required by CAM Subpart 7.1.

If you have any questions regarding this memorandum, contact Barbara Fallat at 202-482-3780.

Attachment

cc: Acquisition Community
Acquisition Council
Lisa Westerback, OCIO
Stuart Simon, OCIO
Mark Langstein, OGC
Judith Gordon, OIG

ACQUISITION PLAN FORMAT

Part I – Acquisition Background and Objectives

(a) **Title** – Provide a short descriptive title.

(b) **Statement of Need** – Include a brief statement of need, the technical and contractual history of the project, feasible acquisition alternatives and the impact of prior acquisitions on those alternatives, and related in-house effort.

(c) **Applicable Conditions** – Discuss all significant conditions affecting the acquisition such as need for compatibility with existing or future systems or programs, and any known cost, schedule, capability or performance constraints.

(d) **Cost** – Provide total estimated cost and the rationale supporting the estimated costs, including any options. When options are involved, show the cost for each separately from the total cost. For acquisitions subject to Office of Management and Budget (OMB) Circular A-76 procedures, the total cost may be expressed either as a range or by total number of Full Time Employees. As appropriate, discuss how the following approaches were utilized in developing the cost estimates

> (i) Life-cycle-cost – Discuss how life-cycle cost will be considered. If it is not used, explain why. If appropriate, discuss the cost model used to develop life-cycle cost elements.
>
> (ii) Design-to-cost – Describe the design-to-cost objective(s) and underlying assumptions, including the rationale for quantity, learning curve, and economic adjustment factors. Describe how objectives are to be applied, tracked and enforced. Indicate specific related solicitation and contractual requirements to be imposed.
>
> (iii) Should-cost analysis – Describe the application of should-cost analysis to the acquisition plan (see FAR 15.407-4).

(e) **Capability or performance** – Specify the required capabilities or performance characteristics of the supplies or services being acquired and state how they are related to the need.

(f) **Delivery or performance-period requirements** – Describe the basis for delivery or performance period requirements (see FAR Subpart 11.4 and show how they relate to the Government's need. Explain and provide reasons for any urgencies if it results in concurrency of development and production or constitutes justification for not providing for full and open competition.

(g) **Trade-offs** – Describe any trade-offs to be considered among cost, performance, and schedule goals and their consequences.
(h) **Risks** – Describe the technical, cost, and schedule risks and discuss what efforts are planned or underway to reduce risk; also address the consequences of failing to achieve acquisition goals. If concurrency of development and production are planned, discuss its effects on cost and schedule risks and planned mitigation strategies.

(i) **Acquisition streamlining** – If specifically designated by the Department as a program subject to acquisition streamlining, discuss plans to:

(i) Encourage industry participation by using draft solicitations, presolicitation conferences, and other means of stimulating industry involvement during the design and development phase.

(ii) Select and tailor only the most cost-effective requirements; and

(iii) State the timeframe for identifying which of those specifications and standards, originally provided for guidance only, will become mandatory.

Part II – Plan of Action

(a) **Sources** – Indicate the prospective sources of supplies and/or services that can meet the need. Discuss the following:

(i) Describe the efforts that will be made to identify all qualified sources, including: Small business, veteran-owned small business, service disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business. Consider required sources of supplies or services (see Part 8) and sources identifiable through databases including Governmentwide databases. Discuss the results of market research and/or surveys and indicate their impact on the various elements of the plan. ***NOTE***: A notice of intent to contract on a sole source basis in FedBizOpps does not constitute market research.

(ii) Acquisitions involving bundling. See FAR Part 7.107. When the proposed acquisition strategy involves bundling, identify the incumbent contractors and contracts affected by the bundling. Describe the extent of contract bundling and the benefits (such as cost savings or price reduction, quality improvements that will save time or improve or enhance performance or efficiency, reduction in acquisition cycle times, better terms and conditions, and any other benefits) resulting from the bundling. Include a specific determination that the anticipated benefits of the proposed bundling justify its use. Also, include an assessment of the specific impediments to participation by small business concerns as contractors that result from bundling and any actions to maximize small business participation as contractors or subcontractors. Identify alternative strategies that would reduce or minimize the scope of the bundling.

(b) **Competition** – Describe how competition will be sought, promoted, and maintained throughout the course of the acquisition. Specifically:

(i) Describe the efforts to be made to identify additional firms that could effectively compete for this requirement, in addition to the required FedBizOpps announcement(s). If full and open competition is not contemplated, cite the authority in FAR 6.302, discuss the basis for the application of that authority, identify the proposed source(s), and discuss why full and open competition cannot be obtained.

(ii) Identify and discuss the major work components or subsystems and their potential for "breakout" (i.e., as a separate acquisition) to enhance competition.

(iii) If applicable, describe how competition will be sought, promoted, and sustained for spare and repair parts. Identify any key logistics milestones, such as technical data delivery schedules, that affect competition.

(iv) When effective subcontract competition is both feasible and desirable, describe how such subcontract competition will be sought, promoted and sustained. Identify any known barriers to increasing subcontract competition and address how to overcome them.

(v) If a cascading set-aside process is envisioned, include specific request for authorization by the Procurement Executive to use this process.

(c) **Evaluation and source selection procedures**:

(i) Describe the evaluation and source selection procedures to be used and show the relationship of the evaluation factors to the objectives of the acquisition. Discuss the evaluation methodology and describe the relative importance among technical, business management, and cost factors in the selection process. Discuss how options, if any, will be evaluated.

(ii) State whether "Formal Source Selection Procedures" in accordance with Commerce Acquisition Manual 15-2 will be used and identify the individual who will serve as the Source Selection Official (SSO). If the SSO is changed, at any time, after approval of the acquisition plan, the name of the new SSO must be provided, in writing, to the Procurement Executive.

(iii) When an Earned Value Management System is required (see FAR 34.202(a)) and a pre-award Integrated Baseline Review (IBR) is contemplated, the acquisition plan must discuss: how the pre-award IBR will be considered in the source selection decision; how it will be conducted in the source selection process (see FAR 15.306); and whether offerors will be directly compensated for the costs of participating in a pre-award IBR.

(d) **Contracting method and considerations** – Discuss the proposed type of contract/order (see FAR Part 16) and why it was selected. When an incentive-type contract/order is proposed, discuss the incentive provisions considered most suitable for accomplishing the acquisition objectives. Describe use of special funding, options, or any special contracting methods (see FAR Part 17), any special clauses (e.g., economic price adjustment clauses), special solicitation provisions, or FAR/Commerce Acquisition Regulations (CAR) deviations required; whether sealed bidding or negotiation will be used and why; whether equipment will be acquired by lease or purchase and why; and any other relevant considerations. Provide rationale if a performance-based acquisition is not used or if a performance-based acquisition for services is contemplated on other than a firm-fixed-price basis will be used.

(e) **Budgeting and funding** – Describe how the budget estimates were derived and discuss the schedule for obtaining adequate funds when required. Identify the funding amounts by appropriation account, fiscal year, line item and project. Where funding is obtained from multiple projects, provide a complete identification of each fund source.

(f) **Product or service descriptions** – In accordance with FAR Part 11, explain the choice of product or service description types (including performance-based acquisition descriptions) to be used in the acquisition.

(g) **Priorities, allocations and allotments** – When urgency of requirement dictates a particularly short delivery or performance schedule, certain priorities may apply. If so specify the method for obtaining and using priorities, allocations, and allotments and the reasons for them (see Subpart 111.6).

(h) **Contractor versus Government performance** – Address the consideration given to OMB Circular No. A-76 (see Subpart 7.3).

(i) **Management information requirements** – Discuss what management system(s) and project management tools will be used to monitor performance.

(i) EVMS reporting is required on all major acquisitions for development. DOC considers a "major acquisition for development" to be an acquisition that includes $25 million or more in development, modernization, and enhancement (DME) costs over the life of the acquisition (all options). The Department may also direct that acquisitions with less than $25 million in DME costs over the life of the acquisition be treated as a "major acquisition for development" for acquisitions that merit special attention due to its sensitivity, mission criticality or risk potential.

(ii) Discuss how the offeror's/contractor's EVMS will be verified for compliance with the American National Standards Institute/Electronics Industries Alliance (ANSI/EIA) Standard-748, Earned Value Management Systems, and the timing and conduct of integrated baseline reviews (whether prior to or post award).

(iii) For developmental acquisitions where EVMS is not required, describe the project management tools and management information tools being used to monitor performance.

(j) **Inherently governmental functions** - Address the consideration to ensure that inherently governmental functions are not performed by contractors (see FAR Subpart 7.5).

(k) **Make or buy** – Discuss any considerations given to make-or-buy programs. (see FAR 15.407-2).

(l) **Test and evaluation** – If applicable, describe the test program to be used by the Government and Contractor. Describe the test program for each major phase of a major system acquisition. If concurrency of development and production is planned, discuss the extent of testing to be accomplished before production release.

(m) **Logistics considerations** – Describe:

(i) The assumptions determining contractor or agency support, both initially and over the life of the acquisition, including maintenance and servicing considerations (i.e. maintenance, repairs, spare parts), and distribution of commercial products.

(ii) The reliability, maintainability, and quality assurance requirements, including use of warranties.

(iii) The requirements, if any, for contractor technical data (i.e, software, engineering drawings, etc.) and associated data rights, their estimated cost, and the use to be made of the data.

(iv) The standardization concepts, including the need to designate, in accordance with agency procedures, technical equipment as "standard" so that future purchases can be made from the same manufacturer.

(n) **Government-furnished property** – Describe any property to be furnished to the contractor, both real and personal, and discuss its availability, condition and schedule. Discuss what steps are being taken to ensure that the property will be timely furnished to the contractor.

(o) **Environmental considerations** – Discuss all environmental and energy issues associated with the acquisition (see FAR Part 23), the applicability of an environmental assessment or environmental impact statement (see 40 Code of Federal Regulations 1502), the proposed resolution of environmental issues, and any environment-related requirements to be included in the solicitation and contract. Discuss compliance with Executive Order 13101, Greening the Government Through Waste Prevention, Recycling and Federal Acquisition.

(p) **Government-furnished information** – Discuss any Government-owned information (manuals, drawings and test data) to be provided to prospective offerors and contractors. Indicate which information that requires additional controls to monitor access and distribution (*e.g.*, technical specifications, maps, building designs, schedules, etc.), as determined by the agency, is to be posted via the Federal Technical Data Solution (FedTeDS) (see 5.102(a)).

(q) **Security and Information Technology (IT) Security considerations** – For acquisitions dealing with classified matters, describe how adequate security will be established, maintained and monitored. For information technology acquisitions , discuss how agency information security requirements will be met. Discuss applicability and incorporation of required IT Security clauses for contracts: (i) for information technology resources or services, (ii) requiring contractor personnel access to DOC IT Systems or DOC sensitive/classified information, or (iii) where contractor IT systems are interconnected to DOC IT Systems. Discuss compliance with Homeland Security Presidential Directive-12 (HSPD-12). Note: Additional guidance on security and IT security considerations is described in Procurement Memorandum 2006-06, and accompanying attachments: Information Security checklist, CAR clause 1352-239-73 (revised), and CAM 1337.70 (revised)

(r) **Contractor Access to Government Facilities or Information** - For acquisitions requiring routine contractor physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system, discuss how agency requirements for personal identity verification of contractors will be met (see Subpart 4.13).

(s) **Contract administration** - Describe how the contract will be administered. In contracts for services, include how inspection and acceptance corresponding to the work statement's performance criteria will be enforced. Explain how performance will be monitored.

(t) **Other considerations** – As applicable, discuss the consideration given to the following and other items required by FAR Subpart 7.1 (especially FAR 7.105):

(i) Value Engineering provisions;

(ii) Pre-proposal conference;

(iii) Site visits for contractors;

(iv) Preaward Surveys;

(v) Requirements of Section 508

(vi) Benchmark testing/performance validation; and

(vii) Potential or actual conflicts of interest as well as any plans for mitigation thereof

(viii) Other issues deemed appropriate by the contracting or program officials (i.e., restrictions on telecommuting (see FAR 7.108)).

(u) **Other approvals** – Describe any separate approvals that are required. Required approvals include, but are not necessarily limited to:

(i) Requirements Initiative – If the acquisition includes information technology (as defined in the Department's "Information Technology Management Handbook"), identify the requirements initiative by its title, description, number, and provide the date of the Departmental approval. The name of the Departmental-level official who approved the initiative must also be included.
(ii) Delegations of Procurement Authority (DPA) – for certain Information Technology or telecommunications acquisitions as described in the Information Technology Management Handbook.
(iii) CD-570 Small Business Set-Aside Review

(v) **Milestone Plan** – Attach a copy of the milestone plan. Fully explain and completely justify times shown which are shorter than normal lead-times. The typical milestone plan may contain some or all of the following items or other milestones when required.

- Acquisition plan approval.
- Statement of work.
- Specifications.
- Data requirements.
- Completion of acquisition-package preparation.
- Purchase request.
- Justification and approval for other than full and open competition where applicable and/or any required Determination and Findings approval.
- Issuance of synopsis.
- Issuance of solicitation.
- Receipt of Proposals
- Evaluation of proposals, audits, and field reports.
- Beginning and completion of negotiations.
- Contract preparation, review, and clearance.
- Contract award.

(w) **Additional requirements for major acquisitions** – See DAO 201-45 and FAR 7.106.

(x) **Participants in the acquisition process** – List the names and phone numbers for the following individuals:

(i) Responsible Contracting Officer

(ii) Acquisition Specialist

(iii) Responsible program manager

(iv) Contracting Officer's Technical Representative, if different from (iii)

(v) Bureau Small Business Specialist

(vi) Additional individuals who helped prepare the acquisition plan.

(vii) Source Selection Official

EXHIBIT 1

Sample Format

Acquisition Plan Approval Signature Page

Approval Requested:

Program Official Dept/Bureau: Phone Number:	Date
Contracting Officer Dept/Bureau: Phone Number:	Date
Office of General Counsel (or counsel specifically assigned to a procurement office) Phone Number:	Date
Head of Contracting Office Dept/Bureau: Phone Number:	Date
Head of Contracting Activity Dept/Bureau: Phone Number:	Date
Procurement Executive Department of Commerce Phone Number:	Date