

May 21, 2003

AGAR ADVISORY

**UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF PROCUREMENT AND PROPERTY MANAGEMENT
PROCUREMENT POLICY DIVISION
AGAR ADVISORY NO. 53**

USDA Information Technology Acquisition Approval Process

INTRODUCTION: The purpose of this Agriculture Acquisition Regulation (AGAR) Advisory is to disseminate information, issued by the Department of Agriculture (USDA) Office of the Chief Information Officer (OCIO), regarding the information technology (IT) acquisition approval process; and to remind acquisition personnel of these requirements.

SUMMARY: USDA Chief Information Officer (CIO) memorandum of May 13, 2003, revised the threshold at which USDA CIO IT acquisition approval is required, lowering the threshold from \$250,000 to \$25,000. All exemptions and conditions included in the current process, delineated in USDA OCIO Memorandum of May 9, 2002, remain in place, until superseded by revised USDA OCIO guidance. AGAR Advisory No. 47, dated May 20, 2002, is cancelled and superseded by this AGAR Advisory which incorporates the revised threshold.

SPECIFIC ISSUES:

- USDA CIO memorandum of May 13, 2003, copy attached, lowers from \$250,000 to \$25,000 the threshold at which IT investments are required to be approved by the USDA CIO.
- All special exemptions and conditions included in the current process will remain in effect. The current process is set forth in USDA OCIO memorandum of May 9, 2002, copy attached.
- USDA OCIO memorandum of May 9, 2002, delineates the approval requirements for IT acquisitions, and includes a format to be followed when preparing an acquisition approval request.
- As stated in the OCIO May 9, 2002 memorandum, *revised to replace \$250,000 with \$25,000*, where that threshold appears:

“An acquisition approval request must be made if a USDA agency wishes to expend

\$25,000 “or more for an IT acquisition. *This also applies to orders against all existing contracts and General Services Administration schedules.* The following activities are exempt from the IT acquisition approval process:

- The renewal of existing contracts for maintenance and leases, so long as optional enhancements and/or upgrades which exceed the **\$25,000** threshold are not involved; and
- IT acquisitions for organizations other than USDA agencies when funded by USDA grants.

Special activities that require acquisition approval as part of this process include:

- All telecommunication acquisitions (with no dollar threshold) for agencies that have not met the Telecommunications Network Stabilization and Migration Program requirements. This includes entry of planned telecommunication acquisitions into the Forecast, Inventory and Reporting system; and
- Software or hardware for major systems within the functional areas of the Department's corporate *Administrative and Financial Systems Portfolio*. This will ensure that agency activities are coordinated while enabling agencies to proceed on priorities that are not part of the corporate portfolio. Specifically, the functional areas include:
 - Accounting/Budget Execution;
 - Budget Formulation/Salary Projections;
 - Human Resources;
 - Procurement (Purchase Card and other acquisitions);
 - Property (Personal and Real);
 - Payroll; and
 - Travel.”

Questions regarding these IT acquisition approval requirements should be directed to agency CIOs or the USDA OCIO.

- Departmental Regulation 5039-7, Delegation of Procurement Authority for Information Technology, dated September 18, 1998, paragraph 3, Background, subparagraph d states that:

“Proposed IT acquisitions and information resources activities must comply with all requirements established by the OCIO. OCIO oversight includes both approving IT investments and monitoring and evaluating the performance of these investments. Requirements include: (1) compliance with the Capital Planning and Investment Control Process; (2) compliance with standards of the USDA Information Systems Technology Architectures; (3) obtaining technical approvals in accordance with DR 3130-1; and (4) compliance with requirements of any prevailing OCIO moratoriums or USDA directives.”

The IT acquisition approval requirements delineated in the USDA OCIO May 9, 2002 memorandum, as modified by the USDA CIO May 13, 2003 memorandum, are the procedures which superseded the original OCIO IT acquisition moratorium procedures.

If you have questions about this advisory, please contact Pat Honda by telephone at (202) 720-8924, by fax at (202) 720-8972, or by email to phonda@usda.gov. This advisory is available on the USDA homepage at <http://www.usda.gov/procurement/policy/advisories.html>.

EXPIRATION DATE: Effective until canceled.

[END]

ATTACHMENT TO AGAR ADVISORY NO. 53



United States
Department of
Agriculture

Office of the Chief
Information Officer

1400 Independence
Avenue SW

Washington, DC
20250

MAY 13 2003

TO: Under Secretaries
Assistant Secretaries
Agency Heads

FROM: Scott Charbo
Chief Information Officer

A handwritten signature in blue ink, appearing to read "Scott Charbo".

SUBJECT: Revision of \$250K Information Technology Acquisition Threshold

As you may be aware, all USDA information technology (IT) acquisitions over \$250,000 require that a waiver be submitted by the Agency Head and then approved by the USDA Chief Information Officer (CIO). Unfortunately, even at this waiver level, many USDA IT investments are still not reported and tracked as part of the USDA Capital Planning and Investment Control Process. **In order to ensure that the Department is spending its IT resources on its highest priorities, effective immediately, I am lowering the threshold for IT investments that require a waiver from \$250,000 to \$25,000.** All special exemptions and conditions included in the current moratorium process will remain in effect. In addition, I will provide some new guidance in a subsequent more detailed memorandum to each Agency Head.

Authority for this action is included in the Fiscal Year 2003 Agriculture Appropriations Act (Public Law 108-7) through the following provision: "None of the funds made available to USDA by this Act may be used to acquire new IT systems or significant upgrades, as determined by the Office of the Chief Information Officer (OCIO), without the approval of the Chief Information Officer and the concurrence of the EITIRB."

Further, this action is consistent with the Department's Executive Information Technology Information Review Board's (EITIRB) recent commitment to an approach to investment management. This newly endorsed approach emphasizes the importance of preserving and protecting the USDA Enterprise Architecture (modernization blueprint) and protecting the Department's IT investments.

I want to express my appreciation for your ongoing efforts to work together as we continue to improve IT management at USDA by collectively leveraging our IT investment dollars for common and enterprise-wide efforts. I realize this reduction in threshold has workload implications for all of us. My staff will seek to minimize affects on workload as we develop implementation guidance. Please call me at 720-8833, or have your staff contact Associate CIO Gregory Parham at 720-5865, with any questions or concerns.

cc: Russ Ashworth, OPPM
Agency Deputy Administrators for Management
Agency Chief Information Officers



MAY - 9 2002

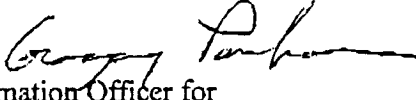
United States
Department of
Agriculture

Office of the Chief
Information Officer

1400 Independence
Avenue SW

Washington, DC
20250

TO: Chief Information Officers

FROM: Gregory Parham 
Associate Chief Information Officer for
Information Resources Management

SUBJECT: USDA Information Technology Acquisition Approval Process

The information technology (IT) acquisition approval process is the mechanism by which the USDA Office of the Chief Information Officer (OCIO) monitors and reviews agency-level IT spending. We use this process to:

- Improve the management of the underlying IT projects;
- Ensure compliance with applicable laws and rules;
- Create an opportunity for information exchange between staff at the department level and at the agency level; and
- Address department-wide redundancies and inefficiencies where possible.

I want to remind everyone that the USDA IT acquisition approval process is still in place and share some information with you regarding the background and applicability of this process.

BACKGROUND

Public Law 105-86, making appropriations for fiscal year 1998, included the following provision, "None of the funds made available to USDA by this Act may be used to acquire new IT systems or significant upgrades, as determined by OCIO, without the approval of the Chief Information Officer (CIO) and the concurrence of the Executive Information Technology Investment Review Board (EITIRB)." This provision continues today in Public Law 107-76, Sec. 719, making appropriations for fiscal year 2002.

The law establishes the OCIO and the EITIRB as the review and approval authorities for "significant" IT spending requests. In 2000, the USDA EITIRB determined that its ongoing capital planning activities were sufficient to address its responsibilities under this law. Specifically, the EITIRB determined that the inclusion of IT projects in the department's budget and in the Information Technology Investment Portfolio System was sufficient to address its responsibilities under the law. The EITIRB further determined that it would only review IT acquisition approval requests (also known as waivers) under very limited circumstances. Since relatively few projects meet the exceptions, OCIO manages the majority of IT acquisition approval requests for the department.

IT ACQUISITIONS REQUIRING APPROVAL

An acquisition approval request must be made if a USDA agency wishes to expend ~~\$250,000~~^{*} or more for an IT acquisition. *This also applies to orders against all existing contracts and General Services Administration schedules.* However, the following activities are exempt from the IT acquisition approval process:

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Chief Information Officers

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- The renewal of existing contracts for maintenance and leases, so long as optional enhancements and/or upgrades which exceed the ~~\$250,000~~ threshold are not involved; and
- IT acquisitions for organizations other than USDA agencies when funded by USDA grants.

Special activities that require acquisition approval as part of this process include:

- All telecommunication acquisitions (with no dollar threshold) for agencies that have not met the Telecommunications Network Stabilization and Migration Program requirements. This includes entry of planned telecommunication acquisitions into the Forecast, Inventory and Reporting system; and
- Software or hardware for major systems within the functional areas of the Department's corporate *Administrative and Financial Systems Portfolio*. This will ensure that agency activities are coordinated while enabling agencies to proceed on priorities that are not part of the corporate portfolio. Specifically, the functional areas include:
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 - Budget Formulation/Salary Projections;
 - Human Resources;
 - Procurement (Purchase Card and other acquisitions);
 - Property (Personal and Real);
 - Payroll; and
 - Travel.

In response to agency concerns about the administrative burdens of complying with the approval process, OCIO is continuing discussions about viable alternatives to this process.

For your information, Attachment 1 is a list of the waivers received by our office this year. Please review this list and ensure that all activity underway in your agency is appropriately covered by approval from the CIO. Attachment 2 is the format to follow for preparing an acquisition approval request.

I would like to take this opportunity to express my appreciation for your ongoing efforts as we continue to improve management of IT at USDA. Please call me at 720-5865, or have your staff contact Marilyn Holland at 720-6275, if you have questions or concerns regarding the IT acquisition approval process or this memorandum.

Attachments

cc: IT Major Investment Project Managers
Deputy Administrators for Management

***NOTE:** By USDA CIO Memorandum of 5/13/03 revised to \$25,000

Attachment 1 to OCIO Memorandum of May 9, 2002 is not included with AGAR Advisory No. 53

ATTACHMENT 2

INFORMATION TECHNOLOGY ACQUISITION APPROVAL REQUEST

FROM: *Agency Head*
 Staff Office Director

JUSTIFICATION FOR ACQUISITION:

Provide a justification and address the consequences if the acquisition is not approved.

DESCRIPTION OF ACQUISITION:

For all requests include:

Security analysis/requirements and security costs.

For Hardware or Software requests include:

Technical description of hardware and software

List of cost, quantity, type, and manufacturer name and model, if available

City and State of office where items will be located

Statement that items will conform to USDA architecture

For Support Services or Services requests, attach:

List of technical and business requirements

Statement of Work, if available

Start and completion dates

BUDGET INFORMATION:

Dollar amount of acquisition broken out by Fiscal Year and Information Technology category: Hardware, Software, Support Services, & Services

Information Technology Investment Portfolio (I-TIPS) entries for Life Cycle Costs.

AGENCY CONTACT:

Name, telephone number, and e-mail address of agency point of contact

DECISION BY THE CHIEF INFORMATION OFFICER:

Approve: _____

Disapprove: _____

Discuss with me: _____

Date: _____