

Achieving Contract Savings

DESIRED ACQSTAT OUTCOME

- Agency achieves FY 2010 target or explains basis for shortcoming and steps to achieve FY 2011 target.
- Agency has identified 7 percent expected savings for FY 2011 and has necessary leadership commitment to achieve savings.

KEY INFORMATION

| Department of Energy | FY 2010 | | FY 2011 |
|--|----------------------|----------------------|----------------------|
| | Expected Savings | Actual Savings | Expected Savings |
| Terminations & Reductions | \$10,000,000 | \$135,000,000 | \$10,000,000 |
| Strategic Sourcing | \$179,580,000 | \$203,476,103 | \$102,086,000 |
| Reduction of high risk contracting | \$18,825,649 | \$123,652,508 | \$18,825,649 |
| Process reengineering | \$10,750,000 | \$10,750,000 | \$0 |
| Other savings (e.g., e-procurement strategies, administrative efficiencies from technology, conversion from assisted to direct acquisition, insourcing)* | \$300,000,000 | \$201,236,000 | \$165,000,000 |
| Rollover savings from 2010 ** | \$0 | \$0 | \$233,607,103 |
| Total | \$519,155,649 | \$674,114,611 | \$529,518,752 |

| | | |
|------------------------------------|--------------------------|--------------------------|
| Baseline | \$ 10,954,963,700 | \$ 10,954,963,700 |
| Target (3.5% FY10, 7% FY11) | \$ 383,423,730 | \$ 766,847,459 |
| % of Baseline | 4.7% | 6.2% |

* Eliminate the requirement that every contractor employee defined benefit (DB) pension plan be funded at the 80 percent level. The amounts for potential savings have been revised downward based upon various budget decisions.

** In terms of the basic principle, an action taken in FY 10 to reduce costs paid from what they otherwise would have been in FY 10 can be counted in FY 11 if the action taken in FY 10 continues to accrue benefits in FY 11 (e.g., continuing to take advantage of an FSSI or enterprise wide vehicle or from a contract that was recompleted or renegotiated; continuing to use reengineered business processes, etc.). Savings from actions that do not have recurring benefits (e.g., termination of a contract in FY 10 as a result of a program that was ended in FY 10 and was not going to be funded in FY 11) would not be counted towards achievement of the FY 11 goal. (See Attachment 1 for detail)

AGENCY ASSESSMENT

1. **Leadership commitment.** How are savings opportunities being identified in your agency? Is preparation of the plan a collaborative effort among the CXOs (i.e., CFO, CHCO, and CIO) at the agency? Does the plan have the commitment of senior agency leadership? How was the FY10 savings plan managed (e.g., who is responsible for tracking progress, what follow up is being taken if progress is insufficient)?

A key element is the Department's Energy Wide Strategic Sourcing (EWSS) program. The EWSS Program includes the NNSA Supply Chain Management Center (SCMC), Integrated Contractor Purchasing Team (ICPT), and the Federal Strategic Sourcing Initiative (FSSI) Program as well as key elements from the NNSA Business Management Advisory Council (BMAC). The SCMC has been able to achieve cost savings through lower prices but will eventually gain further savings with efficiencies

gained using the enterprise-wide systems and tools. The ICPT formally collaborates to identify leveraged buying opportunities for commonly used goods and services, conduct spend analyses across the contractor complex on those goods and services, negotiate and establish agreements that can be used by all eligible DOE contractors, obtain leveraged savings for DOE at substantial discounts from commercial market prices, monitor usage of established agreements, and administer agreements to oversee performance by subcontract suppliers. The FSSI Program was established to achieve similar benefits and to leverage cost savings and process efficiencies at both the Federal and major site contractor levels. The BMAC was established to coordinate cost savings initiatives across the NNSA complex in specific areas such as the SCMC, finance, contractor human resources, personal property, containers, and quality suppliers.

Another key initiative in DOE is the cool roof program. This initiative will broadly implement cool roof technologies on DOE facilities and buildings across the federal government. Cool roofs use lighter-colored roofing surfaces or special coatings to reflect more of the sun's heat, helping improve building efficiency by reducing cooling costs and offsetting carbon emissions. NNSA has already installed more than two million square feet of cool and white roofs at NNSA sites across the country. Through the Roof Asset Management Program (RAMP), NNSA currently saves an average of \$500,000 a year in energy costs and expects to save more than \$10 million over the next 15 years. Overall, NNSA has reduced building heating and cooling costs by an average of 70 percent annually on reroofed areas by installing cool roofs and increasing insulation.

The Department has existing and mature programs, systems, and management tools to ensure that contract risk and business processes are effectively identified, managed, and continually improved. These include the programs and processes managed directly by the Office of Procurement and Assistance Management (OPAM/DOE) or the Office of Acquisition and Supply Management (OASM/NNSA) such as the Balanced Scorecard Program, Procurement Management Review, Business Clearance, Acquisition Career Development, and Competition Advocacy Programs.

There are also Department-wide initiatives that directly impact the acquisition savings and reduction in high risk contracting initiatives including implementation of the Department's Corrective Action Plan (CAP) to better execute and integrate project and contract management and an effort coordinated by the Office of the Chief Financial Officer to establish corporate level strategies for mitigation of legacy pension liabilities.

One activity we plan to reinvigorate is the Contractor Purchasing Council (CPC). The CPC will act much in the same manner as the BMAC does for NNSA, but for the DOE side of the house. A focus of the CPC will be to provide communication between the DOE Procurement Executive and the Department's major facilities management contractors; provide a vehicle for communication for purchasing and logistics matters among the Department's major facility management contractors; represent the complex-wide views, concerns and interests of the contractor community regarding purchasing and purchasing-related issues; and serve as a means of coordinating action on issues affecting contractor complex-wide interests. Based on the consensus of its members, the CPC will identify the targets, goals, and objectives for savings and high risk reduction.

Our plan is coordinated with key stakeholders such as CFO, CIO, and CHCO as well as the Program and Procurement Directors in the various Program Offices. The Deputy Secretary recently convened an Operations Management Council meeting to discuss the Department's initiatives relative to strategic sourcing. As a result, he issued a memorandum, emphasizing the need to expand the

Department's efforts and utilize the NNSA's Supply Chain Management Center as a benchmark. He has asked that the success of the SCMC be expanded to all elements of DOE.

In addition, the Deputy Secretary holds "Deep Dive" meetings with program and acquisition officials to discuss major acquisitions both from a pre-award as well as a post-award status. His attention to acquisition has brought a renewed emphasis on sound acquisition management.

Starting in March 2010, the Department conducted over 30 Deputy Secretary-led "deep dives," or in-depth reviews, on Environmental Management (EM) and National Nuclear Security Administration (NNSA) capital asset projects. The Deputy Secretary conducted these in-depth reviews in lieu of the Quarterly Project Reviews (QPRs) mandated by DOE O 413.3A, Chg 1, Program and Project Management for the Acquisition of Capital Assets. The QPRs did not provide senior management, specifically the Deputy Secretary, adequate time to converse and review the details of each project identified by the Office of Engineering and Construction Management (the Department's compliance office) as having a potential for breaching its original approved performance baseline at Critical Decision (CD-2).

By July 2010, the Department found the "deep dives" to be invaluable in identifying and resolving project and contract performance challenges. As part of the Operations Management Council (OMC) Management Excellence initiative to improve contract and project management, the Deputy Secretary expanded the "deep dive" process to include high-visibility contracts and programs, especially those of concern to the Government Accountability Office (GAO).

Additionally, the Office of Management (MA-1) conducts a weekly teleconference with GAO staff to discuss upcoming "deep dives," follow-up on previously held "deep dives," and review any other issues they want to discuss. This effort was necessary to more quickly address GAO's concerns and to respond to their reported criticisms of the Department's high-visibility, high-value contracts and programs.

Here is an account of the Deputy Secretary-led "deep dives":

- *EM's "Deep Dives": (23 total)*
 - *Waste Treatment Plant (WTP) Project – two times in addition to daily tag-up meetings and monthly project reviews*
 - *East Tennessee Technology Park (ETTP) Project – three times*
 - *Salt Waste Processing Facility (SWPF) Project – seven times*
 - *U-233 Material Downblending and Disposition Project – three times*
 - *Los Alamos National Laboratory Cleanup Projects: Legacy Waste Disposition, Soil and Water Remediation, and Decontaminate and Decommission (2 projects)*
 - *Sodium Bearing Waste (SBW) Treatment Plant Project – six times*
 - *Depleted Uranium Hexafluoride (DUF-6) Conversion Project*
- *NNSA's "Deep Dives": (8 total)*
 - *Pit Disassembly and Conversion Facility (PDCF) Project – three times*
 - *Uranium Processing Facility (UPF) Project – two times*
 - *Chemistry and Metallurgy Research Building Replacement (CMRR) Project – two times*
 - *Mixed Oxide (MOX) Fuel Fabrication Plant Project*

- *High-Visibility, High-Value Contract and Program “Deep Dives”*: (4 total)
 - *NNSA’s Tritium Readiness Program*
 - *NNSA’s Readiness in Technical Base Facilities (RTBF) Program*
 - *EM’s Waste Tank Program*

*The savings plan is managed by the Office of Procurement and Management Assistance. We have revisited the savings baseline for FY 2008. We have a better understanding of what was expected in the baseline figures and our new FY 2010 baseline is **\$10,954,963,700**. The revised target savings for FY 2010 of 3.5% is now **\$383,423,730** and the FY 2011 savings target of 7% is **\$766,847,459**. This new baseline is calculated by taking the FY 2008 obligations (minus the M&Os), removing other cost we consider not applicable such as real property leases, international agreements, purchase of real property, other site and facilities management contracts (non-M&O), and those obligations that are require by statute, then adding back in the M&O subcontract obligations. The chart below summarizes this tally.*

| | |
|---|--------------------------|
| Total Obligations minus M&O | \$ 7,013,707,092 |
| - real property leases, international agreements, purchase of real property, and other site and facilities mgmt contracts (non-M&O) | \$ (3,977,199,253) |
| Subtotal Baseline | \$ 3,036,507,839 |
| - required by statute | \$ (411,327,893) |
| + M&O Subs | \$ 8,329,783,754 |
| New Savings Baseline | \$ 10,954,963,700 |
| FY 2010 Target 3.5% | \$ 383,423,730 |
| FY 2011 Target 7% | \$ 766,847,459 |

The DOE EWSS Program will provide significant opportunities to leverage acquisition savings through its various component activities for both the non-M&O and M&O activities. In addition, the Department’s savings target includes substantial anticipated savings through reductions in contract spending. Following an initial review of existing projects, there are several anticipated for significant changes in requirements based upon budget forecasts for FY 2010 and FY 2011. The contracts that support these projects have been reviewed and anticipated scope reductions have been identified. In implementing this Plan, DOE will continue to coordinate with the DOE’s Office of the Chief Financial Officer and program and staff offices to identify program changes that will result in reductions in contract spending for application to the Department’s savings targets for FY 2010 and FY 2011. For more detail, see Attachment 2.

Our cost savings are determined in several ways. For example, the SCMC uses one of three methods;

- *Previous price paid - this method should always be used if you have purchased the product or service previously. The previous paid price becomes the baseline price and is often described as a “price over price” comparison.*
- *Independent cost estimate - This method requires a comparison of the proposed price with a documented independent cost estimate and is generally associated with construction, facility services or general services. The independent estimate may take many forms as long as it is an estimate that was performed by someone other than the Buyer or the Seller. (NOTE: An estimate provided by a site’s cost estimating group may be considered an ‘independent*

estimate'.) The independent estimate becomes the Projected and/or Final baseline. (Note: When the scope of a project changes, buyers should amend baseline accordingly.)

- Preliminary market estimate -
 - Preliminary quote
 - Budgeted amount on requisition

If the transaction cannot be analyzed using previous two methods, a comparison may be made to a preliminary quote or the amount reflected on the requisition. Pricing is provided through a Request for Information (RFI), request of a Seller to provide budgetary estimate, or a requisition with a stated amount meets the requirement of this method. The preliminary estimate becomes the Projected and/or Final baseline and documentation should be available to support the requisition amounts.

ICPT Agreement savings are tracked throughout the entire FY, but only reported on an annual basis by the supplier holding the agreement. The savings are tracked by individual site and reported as total spend by site and total savings by site as well as a summary total spend and total savings against the agreement. ICPT will request that the suppliers begin reporting quarterly and will provide that report to the DOE Strategic Sourcing Program. There is no central repository or common system to report spend data; therefore, the ICPT relies on the suppliers to provide both spend and savings.

NNSA conducted an audit of its seven prime contractor sites eSourcing event cost savings calculations on September 25, 2009. The audit was performed by the Internal Audit Organization of Honeywell Federal Manufacturing & Technologies (FM&T). As a result of the audit, the SCMC established a permanent corrective action that requires a "self-audit" of the seven prime contractor eSourcing event cost savings calculations two times during each fiscal year.

Currently for ICPT, the data reported by the suppliers is not audited or validated; however, the information is submitted in sufficient detail for each site to validate spend against their purchasing system. Savings are calculated in one of two ways: (1) delta between ICPT Pricing and GSA Contract price - if the supplier holds a GSA Contract) or (2) delta between ICPT Pricing and supplier Published Pricing. Therefore, both calculations could be audited against a published source.

As previously discussed, due to established mission requirements and priorities, the M&O prime contracts labor and benefits costs are fixed. While efforts are underway to reign in, for example contractor pension costs, reductions in the rate of increase will not be immediate and will require careful management over a number of years. However, opportunities to influence acquisition savings at the subcontract level are a more viable approach to achieving savings and efficiencies in the timeframe of this initiative.

2. **Successes & challenges.** How would you assess your progress? Are you on track? Where are you having the greatest success? How is that being leveraged for FY 2011? Where are your largest challenges? How are you addressing them?

As you can see in the chart above, we have been able to exceed our goals for FY 2010 by **\$154,958,962**. Our greatest success has been in the SCMC, which we are attempting to expand to other programs within the Department during FY 2011. Our biggest challenge may be the way the Department is organized with independent programs. Our approach is to look for opportunities to

create efficiencies and enhance the value of contracts across the entire organization. Such opportunities include enhanced purchasing coordination across the Department's procurement offices to leverage purchase volumes and ensure supplier price uniformity for comparable goods and services; greater standardization of contracting processes to deliver supplies/services more quickly to end users and streamline the total contract lifecycle; and improve knowledge-sharing mechanisms across the Department to exchange supplier intelligence, market analysis, and contracting best practices.

Our biggest challenge is the impression that any savings we may generate will be removed from our follow-on year budget. As we have noted in our plan, monetizing the value of the initiatives and activities that will improve the way contracts are awarded and administered is difficult at best. Most if not all of the benefits of the activities and initiatives identified in our plan are in the form of cost avoidance, not true cost savings. Nevertheless, the value of these initiatives and activities in avoiding wasteful, duplicative, and ineffective expenditure of tax payer dollars cannot be understated and are absolutely critical to the cost effective management of the Department's acquisitions.

We have initiated an action plan to expand the success of the NNSA SCMC to other areas of the Department. For example, we have begun discussion with our Office of Science (SC) and Environmental Management (EM) to explore the pros and cons of supply chain management. SC has developed a plan of action to include establishing a team, establishing a baseline status of procurement activities at each lab, and kicked-off the SCM effort with an initial meeting to discuss the current status in early October. EM is developing their plan of action and approach. Neither of these two programs may contribute to the saving plan in FY 2010 or 2011, but we could possibly begin reaping the benefits of SCM in late FY 2011 or early FY 2012.

3. **Plans for FY 2011.** Does the plan you submitted in November 2009 identify savings of 7%? If not, what is needed to accomplish this goal and what changes are you making to the plan?

Our plan did include a savings target that was 3.5% for the year with a cumulative of 7% for FY10 and FY11. We are working diligently towards implementing basic supply chain activities within EM and SC. Estimates of potential savings are unknown at this time; however, given the NNSA success with their utilization of electronic purchasing tools we anticipate substantial savings to ultimately occur. FY11 will be a year of implementation, however, and minimal actual savings are expected.

Increasing the Use of Strategic Sourcing

DESIRED ACQSTAT OUTCOME

- Agency commits to spending 75% of its planned spend for office supplies through FSSI BPAs or suitable alternative vehicle.
- Agency has internal controls in place to ensure FSSI vehicles are being used.

KEY INFORMATION

| Commodity | Total Agency Spend for Commodity | Agency Spending through FSSI Vehicles | Spending through Other Strategic Sourcing Vehicles |
|--|----------------------------------|---------------------------------------|--|
| Office Supplies (planned FY 11)* | \$12,854,400 | \$0 | \$12,854,400 |
| Domestic Overnight Delivery Services (spent in FY 10) ** | \$4,097,017 | \$4,097,017 | \$0 |
| Domestic Overnight Delivery Services (planned for FY 11) | \$7,500,000 | \$7,500,000 | \$0 |

* Currently use Ability One contract vehicle

** Values are thru August 31, 2010

Agency specific—indicators of agency efforts to review internal buying patterns and leverage spending

- List examples of initiatives to leverage spending through bureau-wide or enterprise-wide prime contracts, other agency contracts, and BPAs, including efforts to achieve discounts.

A key element is the Department’s Energy Wide Strategic Sourcing (EWSS) program. The EWSS Program includes the NNSA Supply Chain Management Center (SCMC), Integrated Contractor Purchasing Team (ICPT), and the Federal Strategic Sourcing Initiative (FSSI) Program. The SCMC has been able to achieve cost savings through lower prices but will eventually gain further savings with efficiencies gained using the enterprise-wide systems and tools. The ICPT formally collaborates to identify leveraged buying opportunities for commonly used goods and services, conduct spend analyses across the contractor complex on those goods and services, negotiate and establish agreements that can be used by all eligible DOE contractors, obtain leveraged savings for DOE at substantial discounts from commercial market prices, monitor usage of established agreements, and administer agreements to oversee performance by subcontract suppliers. In a recent memorandum from the Deputy Secretary, he re-emphasized the success of the strategic programs within the Department, especially supply chain management. He has asked that the success of the SCMC be expanded to all of DOE.

AGENCY ASSESSMENT

1. **Leadership commitment.** (a) Is your leadership committed to strategic sourcing (e.g., do you have a senior level policy official focused on this issue, do you have a representative on the Strategic Sourcing Working Group or representatives participating in the FSSI Community of Practice or on any of the FSSI commodity teams)? If not, why not?

The Department’s EWSS program was established by the former Chief Acquisition Officer (CAO) under the direction of the Secretary of Energy. We currently have a representative on the Strategic Sourcing working Group (Jeff Davis) and representatives participating in the FSSI initiatives (Tom McAllister and Rose Johnson).

(b) Are you using FSSI vehicles for the vast majority of your spending in these areas? If not, why not? What benefits are you realizing (or expect to realize) using non-FSSI vehicles?

*For domestic ground delivery, we are using and recognizing benefits such as savings of approximately **\$8,597,027.14** per year. We currently do not use the Office Supplies FSSI vehicle since our current vehicle is an Ability One program.*

In general, our SCMC and ICPT contractors do not use the domestic ground delivery because UPS is not certified for handling classified mail and we can not have two separate solutions for classified and unclassified. As an alternative under review, we are looking at revising the business practice to use USPS for classified and then we may be able to leverage the UPS agreement for unclassified. This will take some time to perform the analysis and gain approval from security.

For office supplies, the ICPT has developed a separate agreement (American Office Product Distributors (AOPD) - a consortium of small office supply companies located all over the US) because of specific requirements for small business, catalogs, delivery and payment that are not addressed in the FSSI agreement. To date, this agreement has generated a savings (when compared to the GSA price) of \$249,671.

2. **Overall success.** (a) How would you rate your agency-level efforts to leverage spending to obtain lower prices or better value? With what goods or services are you having the greatest success in leveraging your agency's spending? Would any of these commodities be good candidates for government-wide strategic sourcing?

Our biggest success has been the NNSA Supply Chain Management Center (SCMC). The SCMC strategy is to implement an enterprise-wide, integrated procurement software/hardware platform utilizing such commercial best practices as: Spend Analysis, eSourcing (electronic sealed-bidding and Reverse Auctions); eStore (electronic Catalogs); and strategic sourcing (site-wide commodity pricing agreements). DOE expends the vast majority of its budget through a relatively small number of Management and Operating (M&O) contracts. We intend to focus on ensuring that those M&O contractors are utilizing industry best practices and are leveraging their purchasing potential to the maximum degree.

The following are recent examples of it success:

- *Lawrence Livermore National Laboratory (LLNL) had a recent requirement to consolidate its CISCO IT products and services. Using the SCMC eSourcing software and the associated methodology of "Sealed Bid by Rank," LLNL saved \$860,000 against an award of \$18,000,000.*
- *Kansas City Plant (KCP) using eSourcing and the methodology of "Sealed Bid by Rank," saved \$4,455,000 (or 52%) against the third party cost estimate \$9,205,000 for a contract which provides "Relocation Management Services from KCP to the new KCP Facility."*
- *NSE Enterprise-wide Strategic Sourcing Team – A SCMC strategic sourcing team comprised of members from all NSE sites, targeted the Laboratory and Measurement commodity. After completing the SCMC strategic sourcing process, the team awarded a SCMC strategic sourcing agreement for \$119M and realized savings of \$21.3M or 17.8%. The strategic sourcing agreement was awarded to a Small, Veteran-owned business.*

The SCMC, through June 2010, has generated site-wide savings of \$195M for a 1,360 percent ROI; and, approximately \$2.3B of procurement spend has been electronically transacted through eSourcing.

(b) What specific steps have you been taking at the agency level to obtain greater discounts and better value on your own agency BPAs? What are the results?

Certain elements of DOE have issued IDIQ contracts for technical and administrative services which have served the Department well. We are looking at expanding these vehicles to other elements of the Department. Also, DOE's IT support was centralized several years ago and certain functions within the overall contract have now been fixed priced.

(c) What are your projected savings from strategic sourcing and what has been realized to date?

| Actions | FY 2010 Budget | | FY 2011 Budget | | Explanation of Savings |
|---|----------------------|----------------------|----------------------|----------------|--|
| | Planned Savings | Actual Savings | Planned Savings | Actual Savings | |
| Non-M&O Action 1 - Use FSSI vehicles to satisfy ongoing needs for express ground delivery | \$5,400,000 | \$8,597,027 | \$5,400,000 | | Savings are calculated based on the difference between Department contract and FSSI contract vehicle prices times estimated usage of express ground delivery services estimated for FY 2010 and 2011. Transitioning providers has caused some reduction in actual savings to date - should be made up in the last quarter. |
| Non-M&O Action 2 - Consolidation of IT infrastructure services | \$43,000,000 | \$44,384,082 | \$24,700,000 | | Savings include the Office of Management and Budget (OMB) Circular A-76 competition (EITS) which was terminated for convenience as of 31 Dec 09. |
| Non M&O Action 3 - Consolidate copier services, purchases and maintenance in to DOE-wide vehicles | \$10,000,000 | \$8,000,000 | \$10,000,000 | | Savings include reduced contract administration costs of managing contracts as well as savings achieved as a result of lower prices due to leveraging the Department's purchasing power. |
| M&O Action 1 - Continued use of Integrated Contractor Purchasing Team (ICPT) | \$20,000,000 | \$30,464,994 | \$20,000,000 | | Leverage the buying power of our M&Os and operates to aggressively pursue strategic sourcing opportunities among DOE complex-wide contractors |
| M&O Action 2 - Continued use of Supply Chain Management Center (SCMC) | \$87,000,000 | \$104,323,000 | \$39,000,000 | | Enhance purchasing coordination across the Nuclear Weapons Complex; Leverage M&O contractor spend to reduce and standardize purchased prices through NNSA-wide commodity strategy; Enhance standardization of total cost of acquisition processes to deliver supplies/services more efficiently and streamline the total cost of acquisition |
| M&O Action 3 - Use of common contracts across complex | \$12,000,000 | \$5,437,000 | \$1,493,000 | | 5% Savings estimated from 2008 spend levels. FY10 contracts include: Bank Card, Software & maintenance; ground fuels; travel, RSA tokens; lab equip & supplies; glasses; and, staff augmentation. FY11 adds: Industrial supplies; electrical systems & supplies; furniture; ammunition; and, safety supplies. |
| M&O Action 4 - Collaboration savings - LANS/LLNS | \$2,000,000 | \$2,000,000 | \$1,493,000 | | Joint subcontracts & agreements to increase efficiency & cost savings |
| M&O Action 6 - Standardize IT products - LLNS | \$180,000 | \$270,000 | \$0 | | Standard Earned Value tracking & aggregated licensing purchases for Lab |
| Total | \$179,580,000 | \$203,476,103 | \$102,086,000 | | |

3. **Challenges.** What challenges have you encountered in initiating or implementing strategic sourcing and what would have to be done to overcome those barriers?

After an initial success with the start-up of the program in 1997, there was a less focus on the process. The Department created a Strategic Programs Division within the Office of Procurement and Assistance Management to provide oversight and direction for strategic sourcing in 2008. Until just recently, the office had not been staffed. With the completed staffing, the Strategic Sourcing Program Office is now undertaking expanding the success of the SCMC and has initiated with the Office of Science, Environmental Management, and the Office of the Chief Information Officer a process to expand strategic sourcing and supply chain management. Challenges remain with obtaining buy-in from programs and their M&O contractors. Establishing the methods/means by which savings and activities can be tracked is also a challenge. We intend to apply the lessons learned with the NNSA SCMC; however, even that process took several years to truly establish a working environment.

Our biggest challenge is the impression that any savings we may generate will be removed from our follow-on year budget. As we have noted in our plan, monetizing the value of the initiatives and activities that will improve the way contracts are awarded and administered is difficult at best. Most

if not all of the benefits of the activities and initiatives identified in our plan are in the form of cost avoidance, not true cost savings. Nevertheless, the value of these initiatives and activities in avoiding wasteful, duplicative, and ineffective expenditure of tax payer dollars cannot be understated and are absolutely critical to the cost effective management of the Department's acquisitions.

4. **Measures.** (a) How does your agency measure the benefits from strategic sourcing initiatives -- e.g., savings, better service, etc.? How do you measure savings?

Performance measurement, both at the EWSS Program level and at the commodity level, is critical to ensuring success of our EWSS Program. While program level metrics are higher level and generic in nature, commodity level metrics will tend to vary by commodity. The primary metrics used to measure performance at the program level include:

| Metric | Description | Outcome |
|--|---|---------------|
| # of Cross-Functional Commodity Teams Initiated | Total number of commodity teams continuously engaged in managing a commodity. | 18 |
| # of Commodity Strategies/Business Cases Developed | Total number of sourcing strategies developed by commodity teams. | 13 |
| % of Spend Addressed Through Strategic Sourcing | Total spend volume being sourced through commodity teams as a percentage of total addressable Department spend. | 8.50% |
| Total Savings Identified | How much savings have been identified for those commodities that are being strategically sourced? | \$50,000,000 |
| Total Savings Achieved vs. Total Savings Identified | In comparison to the savings identified, how much savings have been achieved? | \$103,520,785 |
| Small Business % Change for Strategic Sourcing Commodities | For commodities being strategically sourced, what is the net change in small business spend? | 69.40% |

These metrics are for the NNSA SCMC

Savings are measured in a variety of ways such as reduced contract administration costs of managing contracts as well as savings achieved as a result of lower prices due to leveraging the Department's purchasing power; or as simply as if the supplier has a GSA contract, then savings are equal to GSA Price minus purchase Price times volume or if the supplier does not have a GSA contract, then the savings are equal to the supplier's published price list minus the purchase price times volume.

- (b) If OMB were to measure how well you use strategic sourcing, what measures would you recommend (e.g., commitment to using FSSI vehicles as demonstrated through spending, internal controls, leadership role in establishing new FSSI vehicle, etc.)?

We would recommend using the following metrics: # of Cross-Functional Commodity Teams Initiated; # of Commodity Strategies/Business Cases Developed; % of Spend Addressed Through Strategic Sourcing; Total Savings Identified; Total Savings Achieved vs. Total Savings Identified; and Small Business % Change for Strategic Sourcing Commodities.

5. **OMB efforts.** What OMB actions might encourage greater agency use of strategic sourcing, especially FSSI vehicles?

The only way OMB will gain greater use of the FSSI vehicles is to make them mandatory, with possible exceptions. Exceptions would include a justification indicating the agency's lower negotiated price than the FSSI vehicle.

6. **Agency POC.** Who is the agency POC for further discussion on strategic sourcing?
Jeff Davis, 202-287-1877, jeff.davis@hq.doe.gov

Reducing High Risk Contracting

DESIRED ACQSTAT OUTCOME

- Agency achieves 10 percent high risk reduction targets or has corrective action plan in place.
- Agency has appropriate mechanisms in place (e.g., peer review process) to manage high risk over the long term.

KEY INFORMATION

DOE's High Risk Reduction Progress (X Million)

| | Base Obligations (in \$M) | | Obligations (in \$M) | | % of Base Obligations | | % Change |
|---------------------|---------------------------|----------|----------------------|---------|-----------------------|-------|----------|
| | FY09 | FY10 | FY09 | FY10 | FY09 | FY10 | |
| Noncompetitive | \$241.17 | \$295.20 | \$34.64 | \$28.66 | 14.36% | 9.71% | -32.4% |
| Competitive One bid | \$241.17 | \$295.20 | \$23.82 | \$19.12 | 9.88% | 6.48% | -34.4% |
| Cost Reimbursement | \$241.17 | \$295.20 | \$33.82 | \$27.23 | 14.02% | 9.22% | -34.2% |
| T&M/LH | \$241.17 | \$295.20 | \$28.97 | \$20.03 | 12.01% | 6.79% | -43.5% |

* FY09 obligations does not included the one time buy of petroleum for the strategic petroleum reserve.

High Risk Baseline (as defined by OMB)

| High Risk Contracting Authority | FY 2008 Obligations | 10% Targeted Reduction | Actual Reductions |
|---------------------------------|----------------------|------------------------|---------------------|
| Noncompetitive | 162,135,993 | 16,213,599 | 5,975,574 |
| Competitive, One Bid Received | 8,887,310 | 888,731 | 4,700,923 |
| Cost Reimbursement | 11,268,824 | 1,126,882 | 6,598,824 |
| T&M/Labor Hour | 5,964,370 | 596,437 | 8,939,594 |
| Total High Risk | \$188,256,497 | \$18,825,649 | \$26,214,915 |

Baseline \$188,256,497
Target (1% of Baseline) \$18,825,649
% of Baseline 13.9%

AGENCY ASSESSMENT

1. **Leadership commitment.** How are high risk contract reduction efforts being managed in your agency? Is senior agency leadership focused on this issue?

One of the key aspects of the Department's Plan for reducing high risk contracting is providing for increased accountability and ownership by the field contracting offices that are the primary interface with the program offices and in developing appropriate contract strategies. Accountability will be implemented not only through the independent review function at each contracting activity and the Department's Headquarters Business Clearance, but through the Federal Balanced Scorecard (BSC) Program and the Procurement Management Review (PMR).

2. **Successes and challenges.** (a) How do you assess your progress? What steps or corrective actions are you taking to address challenges?

Our progress has been extremely good, especially in reducing our T&M/LH obligations as shown above. We have met the goals in all areas with a >30% reduction in each target. One of the key aspects of the Department's Plan for reducing high risk contracting is providing for increased accountability and ownership by the field contracting offices that are the primary interface with the program offices and in developing appropriate contract strategies. Accountability will be implemented not only through the independent review function at each contracting activity and the Department's Headquarters Business Clearance, but the following programs as well:

Federal Balanced Scorecard (BSC) Program. The Department's BSC program establishes annual goals that are tied to the Department's strategic goals. The BSC Program will be reviewed to identify and develop performance measures for the individual field offices related to high risk contracting.

Procurement Management Review (PMR). These reviews will be used to identify systemic challenges within individual procurement offices in achieving the Departmental reduction targets as well as establishing accountability for addressing the systemic issues. The results of the PMR will also feed into identifying knowledge management gaps and whether additional training or guidance is needed to mitigate the issues.

We have also reduced the risk in our M&O contracts. The majority of DOE's M&O contracts (18 out of 25) are for the management and operation of DOE national laboratories. Of the 18 laboratory M&O contracts, 16 have been designated as DOE Federally Funded Research and Development Centers (FFRDCs). Since the early 1990s, DOE has reduced the number of M&O contracts from 58 to 25, while increasing the level of competition from approximately 10 percent to over 85 percent. The Department has issued an Acquisition Letter (AL-2009-03, Revision 1) that establishes the requirement that the cognizant Undersecretary concur in and the Deputy Secretary approve any acquisition plan for an M&O contract.

The unique attributes that enable the M&O contractors to execute the DOE mission present significant challenges in the Department's ability to establish a single overarching strategy for implementing either acquisition savings or reductions in high risk contracting. To achieve the level of cost savings in the form of reduced contract obligations as proposed by OMB would effectively require a 7.0 percent budget reduction in fiscal years 2010 and 2011. The reduced contract obligations would necessitate reductions in the contractor and subcontractor workforce and fundamentally impact the ability of the Department to meet its mission objectives. Material reductions in the M&O workforce would also require extensive coordination with Congressional and Senate representatives for the Congressional district as well as state and local officials, Unions, and other major stakeholders. The cost structure of the M&O contracts is an additional challenge. While somewhat varied, these costs are largely fixed costs (labor, benefits, facilities, and utilities costs) for which the Department is contractually or legally liable and in some cases, the liability extends well beyond the life of the contract itself (post retirement pension and benefit obligations). The Department decided not to include efficiency and effectiveness improvements measured through "soft savings" in the absence of clear guidance on the standards and methodology that would be applied to agency claims of "soft savings" and cost avoidance since these are often not discrete, auditable savings from an accounting standpoint. Nevertheless, the Department believes the collaborative effort between contractors continues to lead to efficiency and effectiveness improvements.

With the majority of Departmental funding going to our FFRDC laboratories and other major facility contractors under cost type contracts the Department is particularly challenged to further increase the number of fixed price type contracts. We continue to press our contractors to pursue the same objectives within their subcontracting and have achieved significant success in this area. The majority of prime contractor subcontracting is being awarded through fixed price type contracts and, furthermore, on average over 90% of all transactions processed by our prime contractors is against fixed price type contracts.

DOE, in its initial plan, excluded the M&O costs from the target baseline calculations and the exclusion of the Federally Funded Research and Development Centers (FFRDCs) that happened to be M&Os was explicit in the OMB memorandum with respect to high risk contracting. As discussed in a previous meeting, the Department has revised its strategy. DOE's revised plan is structured to provide the initial acquisition savings target and include the M&O costs. The targets for the reduction in high risk contracting strategy were based on the dollars provided in the OFPP April 1, 2010, supplemental guidance.

(b) What have you been hearing from your operational contracting staff regarding the ease or difficulty of reducing high risk contracting?

DOE, at the Federal level, spends over \$24 billion on the acquisition of goods and services with close to 85% of those dollars obligated for site and facility management contractor (FMCs) services. A central element of this contract portfolio is a cadre of special contracts called management and operating (M&O) contracts, which have their origins in the Manhattan Project and have endured under DOE and its predecessor agencies. An M&O contract is characterized by its special purpose and the unique relationship it creates between DOE and the contractor. The unique characteristics of the M&O contract that are critical to ensuring mission success include:

- Long-term relationship between DOE and the contractor to ensure continuity of work;*
- Flexible system for the definition and performance of work under the contract which includes a broad contract work statement, annual assignment of work to be undertaken, and special indemnification from third party liabilities;*
- Substantial reduction of financial risks of performance allowing greater flexibility to perform work assigned by DOE, including letter of credit financing, DOE unique cost principles based on the dedicated nature of the contract, and requirements for M&O contractors to maintain accounting and budgeting systems that are integrated with DOE's systems and audited by the DOE Inspector General through a Cooperative Audit Strategy; and*
- Special provisions for managing and controlling labor costs while assuring continuity of the M&O contract workforce through significant DOE involvement in M&O contractor labor relations matters, including DOE's stewardship of M&O contractor pension and post-retirement medical systems, review of contractor executive compensation, and authorizing certain M&O contractors to enter into Site Stabilization Agreements.*

Given these unique characteristics, these contracts are awarded on a cost-reimbursement basis. Furthermore, many of our M&O contracts are also FFRDCs. The Department has determined that the M&O contract structure is the most appropriate format for accomplishing the Department's varied missions. DOE can, and has, worked with its M&O contractors to revise the way in which subcontracts are awarded and achieved considerable success. Through our subcontract consent function we continually push our contractors towards less risky contracts and also to perform what is called "demand management" within the supply chain realm. An example being the reduction in "staff augmentation" subcontracts and the means by which staff augmentation is acquired (reducing the co-employment risk).

We did take a look at what we think is the most viable opportunity to influence cost with our M&O contracts. Due to established mission requirements and priorities, the M&O prime contracts labor and benefits costs are relatively fixed. While efforts are underway to reign in, for example contractor benefit costs, reductions in the rate of increase will not be immediate and will require careful management over a number of years. However, opportunities to influence acquisition savings at the

subcontract level are a more viable approach to achieving savings and efficiencies in the timeframe of this initiative. What we have found is that in most cases, greater than 80% of the subcontracts are approximately fixed price and transactions are >90% fixed price. This analysis would indicate there is little significant room to further reduce the high risk associated with M&O subcontracts.

3. **Management actions.** (a) What internal control mechanisms do you use to address high risk (review boards, peer reviews, scorecards)? What is most effective, what is least effective? If you're not using review boards or peer reviews, why not?

Accountability will be implemented not only through the independent review function at each contracting activity and the Department's Headquarters Business Clearance, but through the BSC Program and the PMR.

(b) How active is your Competition Advocate in addressing competition challenges? What are the most significant actions the advocate has taken in FY 10? Where is the competition advocate within the agency's organizational structure? Are there regular communications between the competition advocate and the SPE and CAO? What might the advocate do in the future that they are not doing now?

The SPE appoints the Agency Competition Advocate. The SPE designates the responsibility for appointing Activity Competition Advocates to the HCA. The HCAs appoint Activity Competition Advocates who are the day to day signatories of the JOFOCs, applicable acquisition plans, along with all reporting requirements required by the Agency Competition Advocate. The Agency Competition Advocate is responsible for the reporting requirements in FAR Part 6.5, acquisition planning coordination in FAR Part 7.1, as well as agency regulatory and non-regulatory guidance. The Agency Competition Advocate also meets no less than quarterly with the Activity Competition Advocates. Several of the Activity Competition Advocates are also Small Business Specialists, which helps to ensure small business goals are achieved as well.

At the beginning of the year, not all of the Activities had Activity Competition Advocates. As of today, most sites now have Activity Competition Advocates assigned.

Communications between the Agency Competition Advocate and the SPE are routine in nature. All of the Activity Competition Advocates are in contact via the Agency Competition Advocate on a case by case basis.

Future considerations for the Competition Advocates would include attending small business conferences. It is vital for them to understand the competition that is out there, and the best way to gain that understanding is to work hand in hand with the Small Business Specialist and know the rules and responsibilities of both jobs.

(c) Do you know your agency's spending profile and your statistics for competition within the highest categories of spending? (e.g., IT services, construction, professional and administrative services, products vs. services generally, etc.)

Our top spend categories are Professional Services, Construction, Industrial Goods, Automation/Communication, and Facilities.

(d) Do you have a plan to identify and determine the causes for “only one offer received” in response to a solicitation?

We are proactive in our attempts to increase our opportunities for competition by focusing on requirements development and outreach to potential vendors. Our goal is to provide sufficient information in the statement of work and sufficient time for response. Our Contracting Officers exchange information and work together to understand the market for the types of products or services they need, including how industry is structured, potential cost drivers, and its competitive state. We often invite potential offerors, through a request for information or an industry day that provides a general description of the scope or purpose of the acquisition, to submit information or have discussions on marketplace capabilities as well as take advantage of the full range of market research tools to understand marketplace capabilities and identify all reasonable potential solutions. We also engage potential suppliers, whenever practicable, in an advisory process, especially for complex needs, such as major systems, that invite potential offerors, through a pre-solicitation notice, to submit information that the Department will evaluate to advise offerors of their potential to be viable competitors.

If after this process we still only receive one bid, we revisit the market place to determine why we did not receive more bids or why the vendors lost interest in providing an offer.

4. **Measurement.** What recommendations do you have for improving the high risk dashboard so that viewers can both understand agency progress to reduce high risk and compare progress across agencies?

Our recommendation would be to display the metrics down to the lowest level, not just at the agency level.

Attaining the Best Balance of Contractors and Federal Employees

DESIRED ACQSTAT OUTCOME

- CAO/SPE is prepared to work with CHCO and program offices on appropriate review of select professional and technical services (in FY 2011) in conjunction with analysis of first service contract inventory.

KEY INFORMATION

| Department of Energy Workforce Pilot Results | Current State | | To-Be State | |
|--|--|---------------------------------|-------------|---------------------------------|
| | Federal FTE | Contractor Employee Equivalents | Federal FTE | Contractor Employee Equivalents |
| | 8 | 14 | 13 | 9 |
| <p>Description of pilot: DOE selected the Office of the Chief Information Officer (OCIO). Within OCIO, the pilot focused on the Acquisition Management Division (IM-13) within the IT Corporate Management Office and on Spectrum Management within the IT Planning, Architecture, and E-Government Office (IM-20).</p> | <p>Main findings: This pilot demonstrated our approach to understanding and implementing OMB's Multi-Sector Workforce Initiative. In an effort to identify the steps involved in enacting this requirement, as well as assessing its financial feasibility within the Department, DOE produced a repeatable process for assessing the capability and work distribution of an organization's existing workforce mix.</p> <p>Applying this process to the pilot organization (OCIO) revealed several critical elements, including the importance of studying finite organizational elements that have an excessive reliance, and/or inappropriate use of contractors to complete their organizational mission, particularly in areas critical to performance of DOE's mission. In addition, the budgetary analysis of this study was effective in identifying the workload and functional responsibilities within the OCIO (both federal and contractor) workforce. This allowed DOE to identify five positions that should clearly be converted to Federal status (saving the Government close to \$300,000 annually).</p> <p>Planned Actions: The analysis supported the conversion of several positions; however the issue of using contractual funding for federal payroll remains a challenge.</p> <p>Contracts and federal employee payroll are paid through different funding streams at DOE which creates issues relating to the reprogramming of funds. Congress has historically placed stringent limitations on DOE's budget execution and these limits, in relation to the size of DOE's appropriation. Specifically, the appropriations language in some cases limits DOE's ability to reprogram funds exceeding \$25,000 without seeking Congressional approval beforehand.</p> <p>DOE does not have the authorization needed to make these funding transfers immediately to meet its needs. Options available are:</p> <ul style="list-style-type: none"> • Reprogramming. With the approval of the OMB and Congress, allows DOE to move money between control points in the current budget year. Because of the multiple levels of approval required, this procedure typically takes between 8-12 weeks to carry out. • Budget Amendment. This option allows DOE, with approval of OMB, to change the mix of funding requested in the budget submitted to Congress. A budget amendment does not increase the total amount of funding sought by the Department for a given year, but reflects a change in priorities from the time that the budget was originally submitted. The amendment must be formally transmitted to Congress by the President, and must be enacted into law by Congress. • Budget Supplemental. Involves a formal request by the President on behalf of DOE for additional funding in the current fiscal year, subject to Congressional approval. Given the need to be approved by the White House, the bar is set extremely high (e.g. funding wars and natural disaster relief) for making a supplemental budget request or budget amendment. These vehicles are for high priority needs which could not have been foreseen during the regular budget process. • Budget request for budget year plus one. If the budget year supplemental request cannot be submitted on time or if it is not approved, the program office should work with the OCFO to request the necessary funding action for the budget year plus one. | | | |

AGENCY ASSESSMENT

1. **Leadership commitment.** Was there a shared responsibility for the pilot? Which offices played a significant role? What lessons did the agency learn from creating a multi-disciplinary team?

Yes, there was shared responsibility. The OCHO assumed the lead coordinating role while OCFO and MA contributed their expertise in finance, budgeting, and procurement, and the OCIO executed its responsibility as the program office conducting the pilot analysis. All support responsibilities were laid out in a Charter at the beginning of the pilot. The OCHO and OCIO played the largest roles because a majority of the work centered on the workforce analysis, and OCHO took responsibility for producing the pilot report and draft operating guidelines.

2. **Successes and challenges.** (a) How would you rate your pilot effort? What successes can be replicated? What should be avoided? (For example, in creating a work plan, some agencies broke down the actual tasks that each individual performs, and others used job title. What approach did your agency take and was it successful?)

We rate our pilot effort as an “A”. We developed an analytical approach that can be replicated and is flexible enough to adapt to various organizational differences. We used a very detailed work plan with established timeframes. We did identify about \$300,000 in annual savings by converting some contractor jobs to Federal positions.

(b) What information did the agency find was most helpful in reaching its conclusion?

The information we found most useful was actually identifying the nature of work done by specific contractors and identifying the compensation conversion costs for Federal employees at specific grade levels.

3. **Implementation.** (a) What barriers have you encountered in initiating or implementing the steps to close the gap between the current workforce state and the “to be” state or in hiring COTRs (if the action plan called for increased contract management)?

The biggest barrier is overcoming the difficulty in converting contract dollars to Federal salary dollars. Contracts and federal employee payroll are paid through different funding streams creating issues relating to the reprogramming of funds. Congress has historically placed stringent limitations on DOE’s budget execution and these limits, in relation to the size of DOE’s appropriation. Specifically, the appropriations language in some cases limits DOE’s ability to reprogram funds exceeding \$25,000 without seeking Congressional approval beforehand. Only program direction funds can pay for federal employee payroll, although various other funding sources can pay for contracts. If current year program direction funding is not available, options are:

- ***Reprogramming.*** *With the approval of OMB and Congress, allows the DOE to move money between control points in the current budget year. Could take as long as 8-12 weeks to carry out.*
- ***Budget Amendment.*** *Allows DOE, with approval of OMB, to change the mix of funding requested in the budget submitted to Congress and reflects a change in priorities from the time that the budget was originally submitted. The amendment must be formally transmitted to Congress by the President, and must be enacted into law by Congress.*
- ***Budget Supplemental.*** *Involves a formal request by the President on behalf of a department for additional funding in the current fiscal year, subject to Congressional approval.*
- ***Budget request for budget year plus one.*** *If the budget year supplemental request cannot be submitted on time or if it is not approved, the program office should work with the OCFO to request the necessary funding action for the budget year plus one.*

With new guidance provided by OFPP on November 8th, we are exploring if there is any way to solve this “color of money” issue. Our initial analysis indicates that there is no alternative to fund federal payroll from the existing contract funding except as noted above. It also appears the Department does not have discretionary ability to move money between funding lines.

(b) What steps could OMB take to help agencies address implementation challenges, either on the pilot or future rebalancing efforts?

OMB needs to facilitate an easy and timely way to convert contract dollars to Federal salary dollars.

(c) If your pilot involved only a small number of personnel, what challenges do you anticipate if your agency reviewed a larger organization or function?

Our pilot did involve a rather small staff. The challenge for larger staffs is the time and complexity of analyzing the roles and responsibilities of each Federal position as well as the contractor job. Many contracts are written to achieve broad functional goals. Identifying what contractor is doing what specific task/role is sometimes difficult. In some instances, the number of contractors actually doing the work varies with time.

4. **Additional reviews.** What other functions or organizations in your agency might require review? Generally speaking, what PSC codes would you be most inclined to focus on to determine if there is overreliance (e.g., professional and management services in the “Code R” series, such as R 406 (policy review), R407 (program evaluation services), R408&409 (program management and review), R 707 (contract and procurement support))?

We have no recommendation at this time. We submitted our pilot report and draft operating guidance to OMB for review on April 27, 2010. We never received any feedback on the report or operating guidance, and direction on the further employment of this initiative. As a result, we did not formally issue the draft guidance for organizational use. We have provided the draft operating guidance to a small number of organizational elements upon their request.

Strengthening the Acquisition Workforce

DESIRED ACQSTAT OUTCOME

- Agency is executing its 2010 Acquisition Human Capital Plan.

KEY INFORMATION

Acquisition Workforce

| Energy | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 |
|---------------------|------|------|------|------|------|------|------|------|
| 1102 | 510 | 522 | 583 | 639 | 673 | 704 | 714 | 724 |
| 1102 Cert Targets | * | 470 | 484 | 543 | 572 | 598 | 607 | 615 |
| 1102 Cert Targets % | * | 90% | 83% | 85% | 85% | 85% | 85% | 85% |
| P/PM Cert Targets | * | 294 | 342 | 373 | 383 | 393 | 403 | 413 |
| P/PM Cert Targets % | * | 99% | 99% | 99% | 99% | 99% | 99% | 99% |
| COTR Cert Targets | * | 882 | 1187 | 1354 | 1502 | 1651 | 1809 | 1994 |
| COTR Cert Targets % | * | 79% | 80% | 80% | 85% | 90% | 95% | 100% |

*Data is unavailable

| Attrition Rate | | |
|----------------|------------------|-------------------------|
| | Agency Workforce | Acquisition Workforce** |
| FY08 | 9.7% | 15% |
| FY09 | 9% | 6% |

** The overall acquisition attrition decreased due to the significant personnel gains in 2009 as compared to the personnel gains in 2008. For additional information please see Acq Stat – Acquisition Workforce – Attachment 3.

Agency initiatives to strengthen the capacity and capability of the acquisition workforce

- List examples of initiatives to increase the capacity and capability of the acquisition workforce.

As the largest civilian contracting agency in the Federal government in terms of annual contract obligations, DOE uses sound contract placement and administration practices that rely heavily on a stable, experienced acquisition workforce to effectively support the Department’s core missions. To this end, the Department has invested heavily in strategies to increase the capacity of the acquisition workforce by attracting, training, and retaining the best and brightest talent.

- *Special Hiring Authorities*
- *Federal Career Intern Program*
- *Targeted Marketing*

Although the Department has developed an algorithm to help project workforce shaping for capital construction projects, that particular algorithm was not used in the projection of the increase of the acquisition workforce. Instead, the growth (projected numbers) was derived by program office. Examples are provided below:

The Office of Science (SC) Integrated Service Center (ISC) performs an analysis of its workforce each year to prepare a workforce plan for the upcoming fiscal year. The workforce plan gives consideration to historical attrition trends coupled with actual eligibility projections, the impacts of impending retirements, projected changes in workload and/or mission, and any other conditions that may affect the workforce. The Workforce Plans are submitted to SC management, and the results are utilized on a local level to prioritize hiring decisions.

Although the Environmental Management Consolidated Business Center (EMCBC) did not use a projection model to develop the numbers for the increase in the acquisition workforce. Instead, they analyzed past and present acquisition workload and future workload projections and studied acquisition workforce hiring and attrition rates to determine the workforce numbers.

To increase the capacity, on an annual basis, DOE conducts an enterprise-wide competency assessment of the acquisition workforce to identify gaps and improve both training and human capital planning.

- *This annual assessment is developed from data drawn from the Federal Acquisition Institute's Acquisition Workforce Competency Survey.*
- *The assessment involves the active participation of DOE's acquisition managers in identifying and validating competencies, and its results are used for organizational planning.*
- *Information from the assessment also helps us to identify priorities for Department-wide workforce development efforts and training to improve the capabilities of the acquisition workforce to meet current and future mission needs.*
- *The results of these assessments also help frame the Department's annual acquisition workforce training priorities, which are managed under our Acquisition Career Management Program (ACMP).*

The main focus of DOE's efforts to increase the capacity of the acquisition workforce is managed by the Acquisition Career Management Program (ACMP).

- *The ACMP provides a formal, structured approach to career development that provides a framework to increase the capacity of DOE's acquisition workforce.*
- *The ACMP is designed to increase the proficiency of the acquisition workforce through competency-based training and provides a road map to guide acquisition employees through the training, education, and experience needed to advance in the profession.*
- *DOE's Acquisition Career Management Program is actually more vigorous than current requirements in terms of its mandatory training and experience requirements.*
- *Under the Department's program, the electives permitted under the Office of Federal Procurement Policy Program have been replaced with specific required classes to address skill gaps within DOE, resulting in a more structured program that mandates and delivers increased capacities.*
- *The ACMP also manages the following certifications specifically designed to increase the acquisition workforce capabilities and to deliver a requisite level of demonstrated proficiencies in education, experience, and training throughout the organization:*
 - *FAC-C (Level I, II, and III)*
 - *FAC-COR (Level I, II, and III)***
 - *Program Manager (Federal Project Director) - Level I, II, and III*
 - *Financial Assistance Certification (Level I, II, and III)****
 - *Technical Project Officer (Level I, II, and III)*
 - *Purchasing (Level I, II, and III)*
 - *Personal Property Management (Level I, II, and III)*
 - *Real Estate Contracting Officer (Level I, II, and III)*

***For additional information on the FAC-COR program, please see Attachment 5.*

****For additional information on the Financial Assistance Certification program, please see Attachment 4.*

AGENCY ASSESSMENT

1. Agency's acquisition culture.

(a) How does the acquisition function strategically contribute to the accomplishment of core mission and business processes? Is the acquisition function in a position where it can provide strategic support to the agency?

All acquisition functions and activities are strategically designed by Program Office to contribute to DOE's core mission.

For example, the Department of Energy (DOE) contributes to the future of the Nation by ensuring energy security, maintaining the safety, security and reliability of the nuclear weapons stockpile, cleaning up the environment from the legacy of the Cold War, and developing innovations in science and technology. These various missions are managed by Program Offices at DOE.

Within DOE, each program office determines the requisite acquisition support needed to accomplish the goals and objectives of the respective program office. The specific acquisition functions vary by program office.

The acquisition function has the overall responsibility for collaborating on acquisition planning, managing the selection process, administering contract award terms and conditions, retiring expired awards, developing and implementing procurement guidelines and procedures. Since DOE procures the majority of its mission requirements, all DOE acquisitions may be considered mission- focused. Accountability is measured through the DOE performance management program which assures that performance expectations cascade from the highest levels of the organization down to each member of the staff.

Overall, the Office of Procurement and Assistance Management leads DOE's procurement activities by providing corporate guidance and assistance in the areas of procurement, financial assistance, personal property, contractor human resources management, professional development, or business practices.

Environmental Management

As previously mentioned, the specific acquisition functions vary by program office. For example, one of the major focuses of the EM Federal workforce is to carry out an effective and efficient process for acquiring services for construction, deactivation and decommissioning, waste management, and environmental cleanup.

As such, EM created the Environmental Management Acquisition Center (EMAC) to provide a centralized focus on the major procurements that are required for EM to fulfill its mission of cleaning up the radiological and hazardous wastes that have been retained as the nation's legacy of the Cold War. The EMAC consists of EM Headquarters, Consolidated Business Center (CBC), and the site Procurement Offices. The purpose of the EMAC is to award contracts in order to free up the sites to management their work. EM must ensure contracts and project work scope are delivered to specifications within the negotiated costs and schedules. This mission is being accomplished through a standardized process with a clear delineation of roles and responsibilities; more focused contracting resources, clear expectations, and uniform guidance throughout the EM Program. EM continues to focus on reducing the time required to conduct major procurements through improved

planning, integration, communication, tracking, and by having the necessary resources and expertise available when required.

A major objective of establishing the EMAC was to implement a standardized acquisition planning process that will enable future cleanup acquisitions and contract transitions to execute rapidly and efficiently. To this end, the EMAC establishes and maintains:

- A cadre of skilled, experienced acquisition personnel to support operations and field managers, on a recurring basis, for major EM acquisition planning and source selection activities;*
- A central repository of DOE and EM-specific acquisition procedures, policies, templates, and other information that promotes common practices and workflows and ensures that “best in class” processes are used for planning and executing EM acquisitions;*
- A well-defined system of governance, with clearly defined roles and responsibilities throughout the acquisition process and with strong ethics and clear communication channels;*
- Support for Performance-Based Acquisition (PBA) awareness and implementation;*
- Collaborative acquisition and contract launch strategies to define requirements and mitigate risks by involving key stakeholders during initial kick-off and transition processes that take place from the time the contract is awarded, to the time when the contract administration processes begin;*
- A post-award performance monitoring system that assesses relative risk and measures results*

The EMAC has evolved into an integrated business system that supports operations and field offices in the planning, procurement and managing of major EM acquisitions. The EMAC along with representatives from the sites, develop and implement site and project specific acquisition and contract strategies, including award of major contracts. This is achieved with collaboration with the DOE Office of Assistance and Procurement and Assistance Management. Upon award, contracts are administered by the operations and site offices. To provide organizational continuity, Headquarters elements of the EMAC monitor post award performance and provide a conduit for post award communications with Headquarters Senior Management.

Environmental Management Consolidated Business Center

Another procurement organization is the EMCBC Office of Contracting. This mission of this field procurement organization is to acquire, manage, and direct the procurement of supplies and services required to support the EMCBC client sites and the EM Acquisition Center. The Assistant Director, Office of Contracting acts as a business advisor to the EMCBC Director and ensures a high level of support is provided to its clients by the EMCBC contracting staff. The Assistant Director accomplishes the mission with a dedicated and professional staff of contracting and other specialists. The Office of Contracting is organized as follows:

- Branch A – Acquisition Planning, Solicitation and Award*
- Branch B - Acquisition Planning, Solicitation and Award*
- Branch C – Contract Administration*
- Review Team*
- Contractor Human Resources Management Team*
- Contract Cost and Pricing Team*
- Policy and Administrative Support Team*

Branch A provides pre-award support through the Acquisition Initiation Phase, the Acquisition Planning Phase, and the Source Selection Phase. Branch A contracting professionals direct, plan, and execute site and Headquarters' pre-award requirements through acquisition planning, solicitation, and award functions.

Branch B provides support primarily to the Acquisition Initiation Phase, the Acquisition Planning Phase, and the Source Selection Phase. Branch B contracting professionals' direct, plan, and execute site and Headquarters' pre-award requirements through acquisition planning, solicitation, and award functions. Branch B also performs the simplified acquisition procedures, financial assistance, and purchase card activities for the EMCBC Office of Contracting.

Branch C contracting professionals provide post-award support at the Contract Management Phase. Branch C provides contract administration, incentive and award fee determination, and contract closeout.

The Review Team provides an independent review function for the EMCBC and provides support to the EM Acquisition Center as requested. The Review Team also provides special emphasis studies, evaluations, and analyses.

The Contractor Human Resources Management (CHRM) The CHRM Team manages the entire realm of EMCBC contractor human resources issues. These issues include actuarial assessment of contractor pension, medical and other post-retirement benefit programs, contractor employee welfare programs, contractor training, contractor workforce transition programs and contractor labor issues in accordance with DOE Order 351.1. The team has an active partnering relationship with Branches A, B, and C throughout the entire contracting process from solicitation to negotiation to award, administration and closeout.

The Contract Cost and Pricing Team provides cost and price analysis regarding pre-award proposals, post-award proposals, Requests for Equitable Adjustments, and fee actions such as draft fee plans, payments of Performance Based Incentives, and determinations of award/incentive fee earned.

The Policy and Administrative Support Team performs activities related to developing and maintaining EMCBC plans, policies, and procedures applicable to the procurement and acquisition management process. The team provides support in developing operating procedures and guidelines related to the procurement and administrative management of the client sites to ensure procurement actions comply with Federal and DOE Headquarters regulatory and policy requirements. Additionally, the team administers the Minority and Small Disadvantaged Business Program; manages the Balance Scorecard System; provide systems support including PADS, FPDS-NG, and STRIPES; documents Contracting Officer Warrants and Contracting Officers' Representative appointments; and manages the EMCBC Acquisition Career Development Program in accordance with DOE Order 361.1B.

Western Area Power Administration (WAPA)

WAPA is a decentralized organization with procurement offices at five locations – Corporate Services Office and four Regional Offices. Each procurement office plans and acquires requirements with their key customers, e.g. engineering, information technology, natural resources. If a requirement is a strategic sourcing candidate, the Procurement Director and Procurement Policy Manager, located in the Corporate Services Office, determine the office that will lead the acquisition with the customer.

Providing this decentralized servicing provides timely support to WAPA's key customers in achieving the core mission, which, in turn, helps DOE achieve its core mission.

National Nuclear Security Administration (NNSA)

The Acquisition Planning Department (APD) of the NNSA Service Center, Office of Business Services, has been created as the "first stop" for most NNSA program offices, business offices, and customers wanting to initiate a procurement action for goods or services, and to provide information on acquisition forecasting. The APD staff and the Procurement web site are available to provide advice and the necessary tools and information for the completion of Purchase Requisitions (PRs). Site and tenant organizations have received acquisition planning training and briefings by both APD and other representatives from the NNSA SC. Program Offices with major programs also provide liaisons support to the acquisition workforce supporting their requirements. Program Offices provide overview, and program briefings are provided to the acquisition teams who are dedicated to their programs.

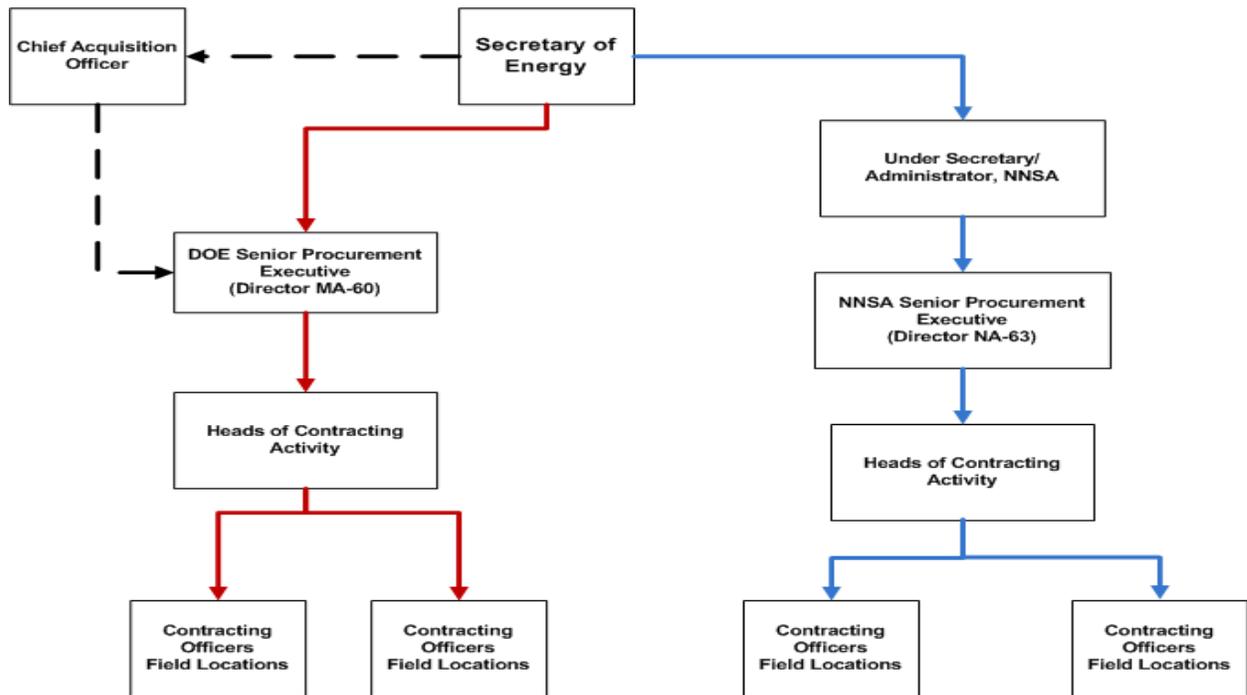
The Headquarters Procurement Office utilizes a Procurement Initiation Notice (PIN) process which provides the program requirement official a checklist for acquisition planning. The PIN process helps define program requirements. The program official is prompted to consider the various elements of the acquisition prior to submitting a PR to the buying organization.

Lastly, all NNSA Contracting Officers for Headquarters, the Service Center and the Site Offices are appointed by the appropriate HCA. With the exception of the Site Offices, COs are not co-located with the program offices; they reside primarily within the structure of the buying organization. For the Sites, the NNSA Site Manager, for the laboratory, test site, or production facility may be appointed as a Contracting Officer, consistent with the requirements of DOE O 541.1B, "Appointment of Contracting Officers and Contracting Officer's Representatives," and subject to the limitations established in their appointment.

These liaison and program involvement efforts integrate the program and acquisition function which contribute to meeting critical mission requirements.

- In response to OMB's Memorandum M-09-20, Planning for the President's Fiscal Year 2011 Budget and Performance Plans, DOE has identified the seven high priority performance goals that will be a particular focus over the next two years.*
- OPAM functions as the "Procurement Lead" for Department responsible for policy and oversight; however, the execution of the procurement activities is decentralized and managed by the Heads of Contracting Activities within each Program Office.*
- The following graphic best describes the functional alignment of the procurement function within DOE; however, OPAM reports to the Office of Management for functional accountability within the Department. The following graphic best describes the procurement flow within DOE:*

Flow of Authority



- Although not depicted here, the procurement directors play a key role in the procurement function within DOE. Although the Procurement Directors report directly to the site level director who may or may not be the HCA, each Procurement Director has functional accountability to the SPE. This provides for technical oversight of management controls over the acquisition process.

Are the Chief Acquisition Officer and Senior Procurement Executive placed such that they can effectively collaborate with the other CXO functions (i.e., CFO, CHCO, and CIO) and advise the program offices?

The acquisition function may have a more strategic role within the Department if it were elevated to collaborative membership within the DOE Staff and Support Offices. However, current leadership provides the necessary visibility and commitment while organizationally aligned as a subordinate entity of the Office of Management (MA). The Office of Management is comprised of the Offices of Administration, Engineering and Construction Management, Procurement and Assistance Management, Aviation Management, Scheduling and Advance, and the Executive Secretariat.

Although the acquisition function is program oriented, the HCAs coordinate to ensure that the DOE mission is accomplished. As previously mentioned, the specific acquisition functions vary by program office.

For example, one of the major focuses of the EM Federal workforce is to carry out an effective and efficient process for acquiring services for construction, deactivation and decommissioning, waste management, and environmental cleanup.

As such, EM created the Environmental Management Acquisition Center (EMAC) to provide a centralized focus on the major procurements that are required for EM to fulfill its mission of cleaning up the radiological and hazardous wastes that have been retained as the nation's legacy of the Cold War. The EMAC consists of EM Headquarters, Consolidated Business Center (CBC), and the site Procurement Offices. The purpose of the EMAC is to award contracts in order to free up the sites to management their work. EM must ensure contracts and project work scope are delivered to specifications within the negotiated costs and schedules. This mission is being accomplished through a standardized process with a clear delineation of roles and responsibilities; more focused contracting resources, clear expectations, and uniform guidance throughout the EM Program. EM continues to focus on reducing the time required to conduct major procurements through improved planning, integration, communication, tracking, and by having the necessary resources and expertise available when required.

A major objective of establishing the EMAC was to implement a standardized acquisition planning process that will enable future cleanup acquisitions and contract transitions to execute rapidly and efficiently. To this end, the EMAC establishes and maintains:

- A cadre of skilled, experienced acquisition personnel to support operations and field managers, on a recurring basis, for major EM acquisition planning and source selection activities;*
- A central repository of DOE and EM-specific acquisition procedures, policies, templates, and other information that promotes common practices and workflows and ensures that "best in class" processes are used for planning and executing EM acquisitions;*
- A well-defined system of governance, with clearly defined roles and responsibilities throughout the acquisition process and with strong ethics and clear communication channels;*
- Support for Performance-Based Acquisition (PBA) awareness and implementation;*
- Collaborative acquisition and contract launch strategies to define requirements and mitigate risks by involving key stakeholders during initial kick-off and transition processes that take place from the time the contract is awarded, to the time when the contract administration processes begin;*
- A post-award performance monitoring system that assesses relative risk and measures results*

The EMAC has evolved into an integrated business system that supports operations and field offices in the planning, procurement and managing of major EM acquisitions. The EMAC along with representatives from the sites, develop and implement site and project specific acquisition and contract strategies, including award of major contracts. This is achieved with collaboration with the DOE Office of Assistance and Procurement and Assistance Management. Upon award, contracts are administered by the operations and site offices. To provide organizational continuity, Headquarters elements of the EMAC monitor post award performance and provide a conduit for post award communications with Headquarters Senior Management.

Currently DOE has no official Chief Acquisition Officer and an Acting Senior Procurement Executive. Although the Department has solid leadership in its temporary members, it is critical that permanent managers be identified so as to establish permanency for support to the program clients and for the workforce.

With regard to the CAO, it is important that a permanent Chief Acquisition Officer be identified so as to provide horizontal and vertical integration of the procurement function throughout the organization.

It is important that the CAO be knowledgeable of acquisition and that acquisition is that individual's primary responsibility.

Until a permanent CAO is identified, the Acting Senior Procurement Executive coordinates between the HCAs. The procurement authority flows from the Secretary of DOE to the Senior Procurement Executive (SPE). The SPE further delegates to the each respective Head of Contracting Activity for each program office.

The DOE HCAs have regularly scheduled conference calls with the SPE to discuss acquisition matters. They also convene as necessary to coordinate emergent issues on major procurement actions.

(b) Is the acquisition of goods and services planned from an agency-wide perspective versus a transaction-by-transaction basis?

DOE is the largest Federal civilian contracting agency, based on Fiscal Year 2008 contract obligations of approximately \$25 billion.

A central element of DOE's contracting structure is a cadre of special contracts called Management and Operating contracts, which have their origins in the Manhattan Project and have endured under DOE and its predecessor agencies. The acquisition of these services is planned from an agency-wide perspective under the cognizance of the respective program offices.

These contracts for the management and operation of Government-owned national scientific, engineering, and research facilities are unique in all of Government and require a special and specific authorization by the Secretary of Energy. Many of the scientific and research facilities are also DOE Federally Funded Research and Development Centers, a special designation applied to these facilities because of their criticality to DOE's mission.

DOE has a number of other special contracts, called major site and facility management contract. These contracts are primarily for environmental clean-up and other work in support of DOE's Office of Environmental Management. While critical to DOE's mission, these contracts are not designated as Management and Operating contracts.

M&O and Site/Facility management contracts consume the vast majority of DOE's annual budget. Contractors and their subcontracts are the vehicles through which virtually DOE's entire budget is spent.

In addition, DOE also awards and administers thousands of other contracts that represent the full range of goods and services typically acquired by most Federal agencies.

All of the above acquisitions are managed strategically by the respective Program Office rather than on a transaction-by-transaction basis.

(c) How does the agency promote advance planning for acquisition requirements?

DOE promotes advance planning for acquisition requirements through acquisition reviews and milestone briefings and other inter-departmental collaborative meetings.

(d) How is the acquisition function evaluated within the agency? How does the agency ensure the effectiveness and efficiency of acquisition services provided?

The procurement function is evaluated internally and externally. NAPA recently completed a full assessment of the acquisition function.

Written customer service reviews are provided as a means of informal feedback by the end user.

In addition, as part of the Department's initiative to institutionalize strong contract management practices, DOE established a multi-functional Procurement Management Review Team that conducts extensive reviews at each procurement office. The program management review (PMR) process is designed to identify and collect contracting systemic vulnerabilities and /or significant deficiencies (major site contracting deficiencies) which detract from optimal DOE mission accomplishment. The FY2010 Program Management Review Trend Analysis is provided as an attachment. For additional information, please see Attachment 6.

DOE has also identified a number of opportunities for improvement which are outlined in the Department's July 2008 Root Cause Analysis Corrective Action Plan. Several of those initiatives are ongoing - subject to funds availability.

(e) How can OFPP help?

OFPP can best assist by advocating for additional funds to support the actions necessary to support the increased capacity and capability of the acquisition workforce. Our ability to grow and train a quality workforce will be limited without additional resources.

Funds are needed to support DOE in enhancing the capacity of the acquisition workforce through the development of an Acquisition Leadership Program that offers rotational assignments, external training opportunities, and potentially rotation programs with industry.

2. Acquisition human capital management.

(a) How does the agency identify its acquisition workforce? How does it promote a sense of community among them?

The Acquisition Workforce at DOE is composed of various business, industrial, logistics and engineering specialties and series as follows:

DOE ACQUISITION WORKFORCE COMPOSITION

- 1) All positions in the general schedule (GS) 1102 contracting series;
- 2) All Contracting Officers (CO) regardless of GS series with authority to obligate funds above the micro-purchase threshold;
- 3) All positions in the GS-1105 purchasing series;
- 4) Financial Assistance Specialists, regardless of GS series;
- 5) Personal Property Managers, regardless of GS series;
- 6) Real Estate Contracting Officer, GS-1170 series;
- 7) Federal Project Directors, as identified by the CAO;
- 8) Federal Program Managers, as identified by the CAO;
- 9) Federal Technology Managers
- 10) Contractor Human Resource Managers; and
- 11) All Contracting Officer's Representatives (COR), including Technical Project Officers and Task Monitors

While the overall DOE acquisition workforce is in excess of 3300 members, for the purposes of this initiative, we limit our discussion to those acquisition workforce members in the following disciplines:

- *GS 1102 personnel (FAC-C)*
- *COTRs*
- *Program Managers (FPDs)*

(b) How does it identify how many acquisition professionals it needs?

To support major construction projects, the Department developed algorithms based on benchmarking with other federal agencies. These algorithms help to identify the appropriate level of staffing and skill mix that is required for a given project, and significantly improve future staffing decisions.

Each program office determines their acquisition workforce resource requirements based on the requisite algorithm, statistical analysis, workload, programs, projects, and other related factors.

(c) How does the agency track the workload of its acquisition professionals?

DOE uses an enterprise-wide system (STRIPES) for tracking the workload of those acquisition professionals who are directly involved with the acquisition planning, pre-award, and contract management phases.

(d) Who is responsible for preparing and executing the annual Acquisition Human Capital Plan?

The Acquisition Career Manager is responsible for working collaboratively with the Program Offices and staff elements (CHCO, CFO) to prepare the annual Human Capital Plan.

(e) What are the roles and responsibilities of the agency's Acquisition Human Capital Manager (ACM)?

The DOE Acquisition Career Manager (ACM) is a fourth -tier office located within the Strategic Programs Division. The Strategic Programs Division reports to the Director, Office of Procurement and Assistance Policy, who reports to the Director of OPAM.

The ACM is responsible for leading the DOE Acquisition Career Management Program (ACMP). The ACM also serves as the principal advisor and the Department's recognized authority in acquisition workforce matters.

The ACM is knowledgeable about and functions as a principal advisor to senior corporate management at both corporate headquarters and program office and/or field levels.

The ACM manages all training procurement, scheduling, ACMP budget, ACMP travel, training deployment and monitoring, as well as COR for the various training task orders.

For the majority of the time, the ACM functions independently and works directly with the Site Acquisition Career Managers, Program Offices, and other clients.

The ACM participates with or on behalf of the Chief Acquisition Officer and/or Senior Procurement Executive in high-level meetings and conferences, within and outside of DOE, with responsibility and authority for the ACMP.

The ACMP works collaboratively with Human Capital for acquisition workforce support.

The incumbent is recognized by top management official as the sole authority in acquisition workforce issues.

The ACM works collaboratively with the Program Offices to identify and develop the acquisition workforce, including identifying staffing needs, training requirements, and other workforce development strategies.

The ACM develops implements and manages the annual acquisition workforce budget to ensure fulfillment of the requirements of Office of Federal Procurement Policy letters.

The ACM participates in the development of human capital strategies for training, competency fulfillment, career development, accession, recruitment, and retention and other facets of human capital management affecting the acquisition workforce.

The ACM conducts complex-wide competency and gap analyses, annual demographic studies, longitudinal studies and human capital assessments to ascertain the health of the acquisition workforce.

The ACM conducts complex-wide training needs assessments to identify both training needs and gap closure plans, and develops a budget based on analysis of the input.

The ACM develops implements and manages the annual budget for training and certification of the acquisition workforce, which includes over 3300 professionals.

The ACM is responsible for identifying innovative retention strategies; and new recruiting strategies, mechanisms and intake opportunities, and obtaining approval from senior leadership within and outside of DOE.

The ACM is responsible for developing and managing accession and succession, as well as leadership development.

The ACM reviews and approves all requests for certification under the ACMP, including GS-1102s, Contracting Officers and Contracting Officers Representatives, as well as Financial Assistance, TPOs, and Purchasing.

The ACM identifies or develops training to ensure competencies or emerging trends are addressed.

The ACM has responsibility for two budgetary and travel accounts to support complex-wide training and travel of the acquisition workforce.

The ACM's responsibilities are sensitive and wide-reaching because of the potential effects on acquisition workforce members' ability to hold a contracting officer's warrant.

The ACM's roles and responsibilities require expertise in a variety of issues including acquisition, human capital, organizational development, statistics, and demographics.

The ACM chairs the Site Acquisition Career Manager Council which supports the ACM in leading the ACMP.

The ACM organizes, plans, develops, writes, and issues regulations, policies, forms and directives to implement and manage the ACMP, and interprets and implements policies, regulations and procedures issued by the Office of Federal Procurement Policy on ACMP.

The ACM provides guidance, interpretation and assistance in the development and implementation of policies, regulations, and procedures issued by the Office of Federal Procurement Policy (OFPP), Federal Acquisition Regulation (FAR) Secretariat and the Office of Management and Budget (OMB) to address specific policy or management issues; conducts assigned studies; and reviews or evaluates specific program activities or analytical projects which cut across functional areas of responsibility in DOE.

The ACM has the responsibility to work collaboratively with Program Managers for CORs.

The ACM participates as DOE representative to interagency committees responsible for developing Government-wide approaches to acquisition issues or reviewing related matters of interest to more than one agency.

How do you suggest we strengthen that role?

The placement and role of the ACM within DOE is appropriate as currently structured. Additional emphasis on acquisition excellence and the identification of a CAO will assist the ACM in fulfilling the full range of roles and responsibilities.

3. **Successes and challenges.**

(a) **Recruiting:** How has the agency has been doing over the past 12 months in terms of hiring? Any special issues related to 1102s? Program/Project Managers? COTRs? Does the agency have any success stories? What are agency's hiring plans – any projected hurdles in execution?

DOE successfully recruited an additional 68 GS 1102s during the past 12 months. Of those 68: 14 were interns, 5 were term hires, and the remaining 49 were new hires/reassignments. Many of these hires were to support ARRA funding.

Although DOE has made admirable progress in expanding the acquisition professionals over the past two years, additional staffing initiatives remain subject to funds availability.

DOE needs additional funding to support recruiting at all levels throughout OPAM. A needs assessment indicates that approximately 40% of the current staff will be eligible to retire by the end of FY2011.

An assessment of the OPAM supervisors and managers indicates that 47% will be eligible to retire during FY2011.

Direct Hire Authority: In March 2010, the Secretary approved "Direct Hire Authority" for the GS – 1102 series. The use of this Authority is predicated on the determination that a critical shortage of qualified candidates exists in the 1102 series for these grade. This authority expires on September 30, 2012, unless otherwise extended by law.

Rehired Annuitants: OPM has delegated the authority to DOE for rehired annuitants on a case-by-case basis; whereas, the requesting office must ensure that the hiring of the rehired annuitant meets the strict implementation guidance and the regular reporting requirement must be met. DOE has used this authority to select Rehired Annuitants for those hard to fill positions as per the OPM guidance.

Mid-Level Hiring: DOE also participated in reviewing the centralized mid-level registers that were made available as part of the inter-agency wide recruiting initiative. However, given that these registers only identified limited metropolitan areas, they were of no use to many sites such as Idaho, West Virginia, etc. Note: DOE has experienced marginal success with the use of the OPM central registers for mid-level acquisition professionals given the Department's many geographical locations in both metro and non-metro areas. The registers most often do not offer candidates locations such as Morgantown, West Virginia. A few sites indicated that prior experience with other centralized registers presented difficulties by for the local human capital office. Some related the experience to previous errors in the qualifications determinations made by OPM staff. In most instances, DOE has focused on posting organizational specific job announcements. These efforts have yielded excellent candidates for recent vacancies.

DOE continually assesses the need for the appropriate number of acquisition workforce members through our annual skill gap assessments and other mechanisms.

In addition to the assessments, funds are needed to support the increased capacity. For FY11, DOE was identified to receive an additional \$11.4M to support the acquisition workforce needs; however,

those funds were cut from the budget resulting in DOE's inability to support the increased capacity and capabilities as required by the OFPP policy.

(b) **Workforce development:** Does the agency have developmental programs for its acquisition workforce, such as intern, mentoring or rotational assignment programs? What is working well and what isn't?

At the Program Office level, the agency uses the Federal Acquisition Career Intern Program, the ladder positions, as well as rotational assignments for enhanced professional development opportunities and to increase the capabilities of the acquisition workforce.

However, DOE needs additional funding to acquisition workforce development programs at all levels throughout the Department. Due to current staffing levels and the shortage of funds, rotational assignments and external training opportunities are not available to support the increased capabilities of the acquisition workforce.

DOE is also leveraging successful intern programs that assist us in hiring diverse young talent. For example, our Federal Career Intern Program currently has 237 participating interns across the nation. Of these 60% are women, 25% are African-American, 15% are Hispanic, and 3% are Asian. Currently, 16% of these interns are in the procurement/acquisition field.

(c) **Challenges:** What does the agency view as its three top acquisition workforce challenges?

The lack of funding to support the increased capacity and capability; lack of funding to support the retention initiatives such as tuition; and shortage of quality GS 1102 talent nation-wide

4. **Measures.** How does the agency track the effectiveness of its acquisition human capital strategies?

Performance Metrics are being developed to track the effectiveness of the acquisition human capital strategies.

In terms of measurement of the overall acquisition function: DOE Sure, the Balanced Scorecard Program ensures that there is an established and consistent approach utilized by Departmental procurement and purchasing organizations in assessing accomplishments and managing performance. For additional information on the Balanced Score Card (BSC), please see Attachment 7.

The Office of Procurement and Assistance Management Balanced Scorecard Program and associated metrics apply to all acquisition functions within the DOE. In addition, many program offices develop their own.

For example, the Office of Science develops Annual Performance Plans that include goals, objectives, and metrics for each office. Metrics developed for each office include quality, timeliness, collaboration, compliance, and completion of identified policy and guidance initiatives.

A sample of EM performance metrics follows:

- *Achieve EM overall prime contract small business goal of 5.0%.*
- *Award the Decontamination and Decommissioning (D&D) contract for Portsmouth by the end of the 1st quarter FY 2011.*
- *Award the cleanup contract for East Tennessee Technology Park (ETTP) by the end of the 2nd Quarter FY 2011.*
- *Achieve 70% of forecasted key acquisition milestones per contract procurement.*
- *Negotiate 90% of project changes that require contract modifications in advance of Acquisition Executive approval.*
- *Finalize 80% of change orders within 180days.*
- *Complete 90% of contractor performance evaluations on time*
- *Ensure that 85% of contracting series workforce has appropriate certification*

Although some program offices primarily use the Balanced Scorecard, as is the case with the Western Area Power Administration, the Procurement Director issues an annual Strategic Initiatives Plan for the procurement/contracting function. It is a dynamic plan that changes depending on the initiatives procurement management deem necessary to improve functional policy and procedures. For example, in FY 2011, the successful implementation of STRIPES is listed, which depends upon a successful design and implementation of a unique system interface between WAPA's financial management system called BIDSS and STRIPES. In addition, there is an initiative to improve customer and procurement staff understanding of purchase request flow within the systems and the different requirement documents necessary for an effective and efficient acquisition.

For NNSA, program specific metrics may be used. For example, the following metrics have been utilized through FY2010 (for FY2011, there may be a few revisions or deletions to the current metrics).

The OBS metrics are a core element within the Service Center Management Systems that provide the integrated framework used to efficiently and effectively accomplish the work and improve performance. This mechanism is used to implement the core function of Feedback and Continuous Improvement.

OBS tracks metrics on a quarterly basis and focuses on Acquisition Career Management Program contracting and property certification levels and continuous learning (percentages shown include HQ, Site Office and SC personnel); customer satisfaction surveys which are distributed to all customers for any action with a face value change of \$100K or greater (charts are captured for HQ, Site Offices and SC feedback for OBS actions); acquisition cycle times, and buy plans (acquisition plans) meeting scheduled milestones (OBS actions only).

NNSA HQ

We utilize acquisition metrics to measure performance for the Federal prime contracts issued by the HQ Procurement Office (HPO) and the SC/OBS as well as the Management and Operating (M&O) Contractor subcontracting acquisition function. Utilizing a Pareto Analysis approach, the percentage of acquisition dollars spent within the NNSA Nuclear Weapons Complex is split approximately 20% Federal to approximately 80% M&O Contractors. Due to this fact, the OASM has determined that it

is necessary to examine the purchasing activity of our M&O suppliers at a more intense level than would normally be required in a prime/sub relationship.

Organizational Health Assessment

The Federal prime contract acquisition process is evaluated using a method defined as an Organizational Health Assessment. This process has identified three Acquisition Management Outcomes with underlying performance measures. These outcomes are defined as Operational Effectiveness, Resource Efficiency and Compliance. These individual measures would have specific targets and goals and be managed depending on the level of performance delivered. Examples of the types of underlying metrics you see in the Operational Effectiveness category are Procurement Action Lead Time, Cycle Time, Customer Satisfaction and Training Investments. The underlying metrics for the Resource Efficiency category is Contracting Mechanisms or contract type analysis and Cost of Acquisition Operations or Cost to Spend. For the Compliance category, the underlying metrics are Small Business related. This Organizational Health Assessment model was also applied to the M&O Contractors to help us determine how well they are performing in the area of acquisition.

Line Oversight and Contractor Assurance Systems

NNSA has been measuring the performance of its M&O Contractors acquisition activity for many years utilizing a methodology referred to as an Objectives Matrix (OM). The OM was originally designed with many of the same metrics the Federal procurement function uses to measure its performance due to the federal norm. As part of our effort to transform the NNSA governance model, we have now begun utilizing the M&O Contractors own internal control systems (also known as Contractor Assurance Systems (CAS)) to leverage the information they utilize to manage their business and to use that same information to make risk based decisions on the level of oversight and assurance we conduct based on that information. In the area of acquisition, the NNSA business function is utilizing a series of CAS measures in the areas of Procurement, Property, Finance, Small Business, Contractor Human Relations and Administration. There are many, many underlying CAS metrics utilized by the functional subject matter experts to monitor the M&O Contractors performance and many still under development.

Some offices also utilize traditional acquisition metrics including ALT, PALT, and many others.

Expanding Opportunities for Small Businesses

DESIRED ACQSTAT OUTCOME

- Agency has appropriate plans in place in meet its FY 2011 small business goals.

KEY INFORMATION

| Prime Contracting | Agency Goal FY 2009 | Achievement FY 2009 | Agency Goal FY 2010 | Achievement FY 2010 (as of 8/31/10) |
|--|------------------------|------------------------|------------------------|--|
| Small Business | 5.87% | 6.32% (\$1.959B) | 6.00% | 7.46% |
| WOSB | 0.71% | 0.89% | 5.00% | 1.12% |
| SDB | 1.57% | 1.73% | 5.00% | 2.94% |
| SDVOSB | 0.70% | 1.20% | 3.00% | 0.84% |
| HUBZone | 0.20% | 0.13% | 3.00% | 0.71% |
| Overall Small Business Procurement Scorecard Grade (2009): A | | | | |
| Areas where plan progress had not been fully demonstrated (SBA Scorecard Peer Reviews): All full responses | | | | |

AGENCY ASSESSMENT

1. **Leadership commitment.** What steps is the agency taking to meet its FY11 goal? -- e.g., does the agency have a plan for outreach and workforce training? Are you holding regular SPE-OSDBU/Business Director meetings to discuss strategies? Is there increased emphasis on small business contracting in performance evaluations? What steps are being taken to produce and make publicly available forecast information for agency procurements?

DOE utilizes a number of techniques to improve SB participation. In May 2010 DOE convened its 11th Annual Small Business Conference & Expo at the Georgia World Congress Center in Atlanta, Georgia. Drawing more than 1,700 participants, an all-time high for this event, the conference and expo presented information to help small businesses across the country capitalize on Recovery Act Funding, grant opportunities, contracting openings, and subcontracting options. This annual event (next scheduled for May 2011) is our foremost outreach activity. One-on-one matchmaking sessions and workshops led by DOE procurement analysts and small business specialists teach small business owners to identify funding opportunities and gain a greater understanding of how to do business with the Department. Conference agendas and presentations are available at http://diversity.doe.gov/business/small_business.htm. DOE has a robust OSDBU organization which can be found at http://diversity.doe.gov/business/documents/sbpm_directory_sep222010.pdf.

DOE maintains a web-based acquisition forecast system located at <http://hqinc.doe.gov/forecast>.

Acquisitions exceeding \$3M are discussed during required Advanced Planning Acquisition Team (APAT) sessions that include both SPE offices, Programs and OSDBU. This venue focuses on SB participation.

2. **Successes and challenges.** What is working well? What are you working to improve? What steps are you taking to address shortcomings identified in plan to improve your small business scorecard? (see above)

The APAT sessions are working well to enhance SB participation as are the annual conferences. In addition, DOE's participation in numerous other public meetings provides additional information for Contracting/Program officials to consider. DOE has also utilized specialty firms to conduct specific market research on certain commodities/services.

3. **CAO/SPE-OSDBU collaborations.** What best practices have you developed with your small business director to maximize the productivity of your relationship? At what points does the OSDBU typically become involved? Do you believe the OSDBU's current position in the agency is optimal for maximizing small business contracting opportunities?

OSDBU is involved in all acquisitions exceeding \$3M holding APAT sessions to encourage greater utilization of SBs. This tool has been quite effective in allowing DOE to meet and exceed most goals in FY 2009.

4. **Order set-asides.** What is your agency's practice regarding the use of set-asides on orders under multiple award ID/IQ contracts? Would you favor a policy that requires application of the rule of two at the order level? Why or why not? On Schedule purchases, does your agency consider socio-economic status, as provided in FAR 8.405-5(b)? If not, why not?

Given the Delex decision it appears that we must follow the rule of two. On Schedule buys we do at times consider socio-economic status - typically when we have identified a preference firm that is well qualified do the work.

5. **Attaining the best balance.** Is rebalancing associated with efforts to achieve the best mix of contractors and federal employees having an effect on your small business contracting? If so, on what types of activities?

No effects have been noted to date.

6. **OMB efforts.** What steps would you like to see OMB take to support the agency's efforts?

We believe our interaction with programs and OSDBU are sufficient at this time given the fact that the vast majority of DOE funds are expended through M&O/facility/site contracts. SB plans for those contracts are quite robust and generally far exceed federal goals.

**U.S. Department of Energy
Acq Stat**

Acquisition Savings Attachment 1

Acquisition Savings Detail

| Actions | Strategic Sourcing (Y/N) | Responsibility | Baseline | Estimated Completion Date | FY 2010 Budget | | FY 2011 Budget | | Explanation of Savings |
|---|--------------------------|----------------|----------|---------------------------|-----------------|----------------|-----------------|----------------|---|
| | | | | | Planned Savings | Actual Savings | Planned Savings | Actual Savings | |
| Non-M&O Action 1 - Use FSSI vehicles to satisfy ongoing needs for express ground delivery | Y | DOE/NNSA | | 3/30/2015 | \$5,400,000 | \$8,597,027 | \$5,400,000 | | Savings are calculated based on the difference between Department contract and FSSI contract vehicle prices times estimated usage of express ground delivery services estimated for FY 2010 and 2011. Transitioning providers has caused some reduction in actual savings to date - should be made up in the last quarter. |
| Non-M&O Action 2 - Consolidation of IT infrastructure services | Y | DOE/NNSA | | Various | \$43,000,000 | \$44,384,082 | \$24,700,000 | | Savings include reduced contract administration costs of managing contracts as well as savings achieved as a result of lower prices due to leveraging the Department's purchasing power and the Office of Management and Budget (OMB) Circular A-76 competition (EITS) which was terminated for convenience as of 31 Dec 09. |
| Non M&O Action 3 - Consolidate copier services, purchases and maintenance in to DOE-wide vehicles | Y | DOE/NNSA | | Various | \$10,000,000 | \$8,000,000 | \$10,000,000 | | Savings include reduced contract administration costs of managing contracts as well as savings achieved as a result of lower prices due to leveraging the Department's purchasing power. |
| Non M&O Action 4 - Use of preferable contracting methods | N | NNSA | | Various | | \$1,236,000 | | | Administrative services LASO \$36K, Proforce@Service Center \$1.2M |
| Non M&O Action 5 - NNSA Roof Asset Management Program (RAMP) | N | NNSA | | Various | \$500,000 | \$539,758 | \$500,000 | | NNSA has already installed more than two million square feet of cool and white roofs at NNSA sites across the country. Through the Roof Asset Management Program (RAMP), NNSA currently saves an average of \$500,000 a year in energy costs and expects to save more than \$10 million over the next 15 years. Overall, NNSA has reduced building heating and cooling costs by an average of 70 percent annually on reroofed areas by installing cool roofs and increasing insulation. |
| M&O Action 1 - Continued use of Integrated Contractor Purchasing Team (ICPT) | Y | DOE/NNSA | | Various | \$20,000,000 | \$30,464,994 | \$20,000,000 | | Leverage the buying power of our M&Os and operates to aggressively pursue strategic sourcing opportunities among DOE complex-wide contractors |
| M&O Action 2 - Continued use of Supply Chain Management Center (SCMC) | Y | NNSA | | Various | \$87,000,000 | \$104,323,000 | \$39,000,000 | | Enhance purchasing coordination across the Nuclear Weapons Complex; Leverage M&O contractor spend to reduce and standardize purchased prices through NNSA-wide commodity strategy; Enhance standardization of total cost of acquisition processes to deliver supplies/services more efficiently and streamline the total cost of acquisition |
| M&O Action 3 - Use of common contracts across complex | Y | DOE/NNSA | | Various | \$12,000,000 | \$5,437,000 | \$1,493,000 | | 5% Savings estimated from 2008 spend levels. FY10 contracts include: Bank Card, Software & maintenance; ground fuels; travel, RSA tokens; lab equip & supplies; glasses; and, staff augmentation. FY11 adds: Industrial supplies; electrical systems & supplies; furniture; ammunition; and, safety supplies as well as new health care providers and recompeted pharmacy contract |
| M&O Action 4 - Collaboration savings - LANS/LLNS | Y | NNSA | | Various | \$2,000,000 | \$2,000,000 | \$1,493,000 | | Joint subcontracts & agreements to increase efficiency & cost savings |
| M&O Action 5 - Reduce the volatility of pension plan contributions | N | CFO | | Various | \$300,000,000 | \$200,000,000 | \$165,000,000 | | Eliminate the requirement that every contractor employee defined benefit (DB) pension plan be funded at the 80 percent level. Measured by the difference between plans' approved minimum required contributions and the contractors' desired contribution amounts. The amounts for potential savings have been revised downward based upon various budget decisions (FY11 = \$165M). |
| M&O Action 6 - Standardize IT products - LLNS | Y | LLNL | | Various | \$180,000 | \$270,000 | \$0 | | Standard Earned Value tracking & aggregated licensing purchases for Lab |
| Non M&O and M&O Action 1 - Pcard rebates | N | DOE/NNSA | | Various | \$730,000 | \$1,091,958 | \$873,613 | | The Department of Energy receives a monetary payment (rebate) from JPMChase Bank based on how much money is spent and the timeliness and/or frequency of payments to JPMC. DOE automatically receives a rebate from JPMC for each dollar spent; however, an additional rebate is assessed if DOE pays timely and frequently. |

| Actions | Strategic Sourcing (Y/N) | Responsibility | Baseline | Estimated Completion Date | FY 2010 Budget | | FY 2011 Budget | | Explanation of Savings |
|--|--------------------------|-----------------|----------|---------------------------|----------------------|----------------------|----------------------|----------------|--|
| | | | | | Planned Savings | Actual Savings | Planned Savings | Actual Savings | |
| Non M&O and M&O Action 2 - BMAC | N | NNSA | | Various | \$97,405,000 | \$82,644,000 | \$49,550,000 | | |
| Healthcare & Dental Plans | N | CHR | | | \$ 25,000,000 | \$ - | \$ - | | Consolidate Administration, Convert to Self-Insurance, Re-negotiate Rx Vendors & Clinical Rx Programs |
| Eliminating reinsurance at Pantex | N | CHR | | | \$ 1,000,000 | \$ 300,000 | \$ - | | Move to self-insurance only |
| Various HR savings initiatives at Nevada Test Site | N | CHR | | | \$ 1,350,000 | \$ 375,000 | \$ - | | Participate in So NV Health Svc Coalition, new pharmacy contract, consolidate HMOs, self-insured dental, dependent eligibility audit |
| Medical Benefit Changes - Sandia | N | CHR | | | \$ - | \$ - | \$ - | | Change in healthcare options and shift portion of retiree healthcare cost to retirees. |
| Collaboration Savings - LANS/LLNS | Y | Collaboration | | | \$ 2,000,000 | \$ 2,000,000 | \$ 1,493,000 | | Not included in the total for BMAC - separate entry above |
| Refurbishing Containers - Y12 | N | Container | | | \$ 30,000 | \$ 36,000 | \$ - | | Efficiency measure to better utilize time while containers sit unused. |
| Retirement Plans | N | Finance/Pension | | | \$ 5,000,000 | \$ 3,000,000 | \$ 2,000,000 | | Consolidate Administrative Service providers, Investment Managers, Shift portion of retiree healthcare to retirees |
| KCP Productivity Savings | N | KCP | | | \$ 6,000,000 | \$ 12,300,000 | \$ 6,000,000 | | Use of supplier commodity teams; integrated phase gates; consolidate W76 part procurements; use public domain specs; update inventory mgmt process |
| NM Gross Receipts Tax Recalculation - LANS | N | LANL | | | \$ 15,000,000 | \$ 11,700,000 | \$ 7,000,000 | | Changed calculation methodology |
| Domestic Airfare Controls - LANS | N | LANL | | | \$ 1,500,000 | \$ 1,974,000 | \$ - | | Strengthened policy requiring least cost airfare |
| Reduction of travel - LANS | N | LANL | | | \$ 950,000 | \$ 200,000 | \$ - | | Increased use of tele & video conferencing |
| Process Improvements ADEP - LANS | N | LANL | | | \$ 875,000 | \$ - | \$ - | | Process improvements through consolidation & theft reduction |
| Increase WCCRF Throughput - LANS | N | LANL | | | \$ 2,500,000 | \$ 1,100,000 | \$ - | | Process improvements |
| Reduce furniture purchases - LANS | N | LANL | | | \$ 600,000 | \$ 560,000 | \$ 500,000 | | Strengthen policy to require reuse |
| Reduce costs of executing hydrodynamic shots - LANS | N | LANL | | | \$ 2,000,000 | \$ - | \$ - | | |
| In-Source previously subcontracted work - LANS | N | LANL | | | \$ 5,000,000 | \$ 12,000,000 | \$ 12,000,000 | | Fewer employees req'd, less fee, corp costs & other indirect costs |
| TA55 Process Improvements | N | LANL | | | \$ - | \$ 3,000,000 | \$ - | | Attention to Pit Yield, Continuous Improvement Initiatives and increased recycling |
| Inter-site equipment re-use | N | LANL | | | \$ - | \$ 5,300,000 | \$ - | | Machine Shop purchase from Sandia |
| Process Improvements - Livermore | N | LLNL | | | \$ 1,000,000 | \$ 1,500,000 | \$ - | | Process improvements related to work for others and allocating office space allowed for reductions in FTE |
| Reduction in phone charges - LLNS | N | LLNL | | | \$ 2,500,000 | \$ 3,752,000 | \$ - | | Reduce # cell phones & calling cards; bulk consolidation of long distance charges |
| Standardize IT products - LLNS | Y | LLNL | | | \$ 180,000 | \$ 270,000 | \$ - | | Not included in the total for BMAC - separate entry above |
| Energy Savings - LLNS | N | LLNL | | | \$ 3,800,000 | \$ 5,700,000 | \$ - | | Reduced consumption of electricity, water, sewer & natural gas; increased operating temp in data center |
| Sandia Management Efficiency Initiatives | N | Sandia | | | \$ 11,200,000 | \$ 11,236,000 | \$ - | | IES OB&D Support reduction, finance IT upgrades, other IT upgrades. |
| Sandia Energy Savings | N | Sandia | | | \$ 1,100,000 | \$ 86,000 | \$ - | | Reduce footprint, improve energy efficiency |
| Use of Supply Chain Management Center by M&O Contractors | Y | SCMC | | | \$ 50,000,000 | \$ 81,155,000 | \$ 30,000,000 | | Not included in the total for BMAC - separate entry above |
| Use of Common Contracts across Complex | Y | SCMC | | | \$ 12,000,000 | \$ 5,437,000 | \$ 6,000,000 | | Not included in the total for BMAC - separate entry above |
| Subcontract Savings | Y | SCMC | | | \$ 25,000,000 | \$ 8,458,000 | \$ - | | Not included in the total for BMAC - separate entry above |
| Negotiated sub contract savings | Y | SCMC | | | \$ - | \$ 9,273,000 | \$ 3,000,000 | | Not included in the total for BMAC - separate entry above |
| Move to 4X10 shifts - Y12 | N | Y-12 | | | \$ 7,500,000 | \$ 5,625,000 | \$ - | | Savings compared to running plant 5X8's |
| Delmia Human Modeling Tool - Y12 | N | Y-12 | | | \$ 1,700,000 | \$ 1,700,000 | \$ - | | Automating previously manual process |
| Dismantlement Throughput Efficiencies - Y12 | N | Y-12 | | | \$ 300,000 | \$ 75,000 | \$ - | | Process improvements to increase throughput |
| Part Feature Modification - Y12 | N | Y-12 | | | \$ 1,500,000 | \$ 1,125,000 | \$ - | | |
| Quality Supplier | N | QSWG | | | \$ - | \$ - | \$ 900,000 | | Reflects one third of triennial \$1.5M savings which is based on getting concurrence/approval, and implementation of the new NSE Supplier Assessment Operations Procedure and Checklists and the development and implementation of the Master Approved Suppliers List (MASL) database. Further details of projected savings will be presented in the October Face-to-Face meeting. |
| Retirement Plan Employee Contribution | N | LANS | | | \$ - | \$ - | \$ 11,000,000 | | Consolidate Administrative Service providers, Investment Managers, Shift portion of retiree healthcare to retirees |
| License Fees | N | LLNL | | | \$ - | \$ - | \$ 150,000 | | |
| LLNL Healthcare Plans | N | LLNL | | | \$ - | \$ - | \$ 8,000,000 | | |
| Health Benefits - multiple | N | NSTec | | | \$ - | \$ - | \$ 2,000,000 | | |
| Total | | | | | \$578,215,000 | \$488,987,819 | \$318,009,613 | \$0 | |
| Total Percent Planned Savings | | | | | 5.3% | 4.5% | 2.9% | 0.0% | |
| Combined Baseline Value | | | | \$10,954,963,700 | | | | | |

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Acquisition Savings Attachment 2

Rollover Savings Detail

| Actions | Strategic Sourcing (Y/N)* | Responsibility | Baseline | Estimated Completion Date | FY 2010 Budget | | FY 2011 Budget | | Explanation of Savings |
|---|---------------------------|----------------|----------|---------------------------|----------------------|----------------------|----------------------|----------------|--|
| | | | | | Planned Savings | Actual Savings | Planned Savings | Actual Savings | |
| Non-M&O Action 1 - Use FSSI vehicles to satisfy ongoing needs for express ground delivery | Y | DOE/NNSA | | 3/30/2015 | \$5,400,000 | \$8,597,027 | \$5,400,000 | | Savings are calculated based on the difference between Department contract and FSSI contract vehicle prices times estimated usage of express ground delivery services estimated for FY 2010 and 2011. Transitioning providers has caused some reduction in actual savings to date - should be made up in the last quarter. |
| Non-M&O Action 2 - Consolidation of IT infrastructure services | Y | DOE/NNSA | | Various | \$43,000,000 | \$44,384,082 | \$24,700,000 | | Savings include reduced contract administration costs of managing contracts as well as savings achieved as a result of lower prices due to leveraging the Department's purchasing power and the Office of Management and Budget (OMB) Circular A-76 competition (EITS) which was terminated for convenience as of 31 Dec 09. |
| Non M&O Action 3 - Consolidate copier services, purchases and maintenance in to DOE-wide vehicles | Y | DOE/NNSA | | Various | \$10,000,000 | \$8,000,000 | \$10,000,000 | | Savings include reduced contract administration costs of managing contracts as well as savings achieved as a result of lower prices due to leveraging the Department's purchasing power. |
| M&O Action 1 - Continued use of Integrated Contractor Purchasing Team (ICPT) | Y | DOE/NNSA | | Various | \$20,000,000 | \$30,464,994 | \$20,000,000 | | Leverage the buying power of our M&Os and operates to aggressively pursue strategic sourcing opportunities among DOE complex-wide contractors |
| Eliminating reinsurance at Pantex | N | CHR | | | \$ 1,000,000 | \$ 300,000 | \$ - | | Move to self-insurance only |
| Various HR savings initiatives at Nevada Test Site | N | CHR | | | \$ 1,350,000 | \$ 375,000 | \$ - | | Participate in So NV Health Svc Coalition, new pharmacy contract, consolidate HMOs, self-insured dental, dependent eligibility audit |
| Collaboration Savings - LANS/LLNS | Y | Collaboration | | | \$ 2,000,000 | \$ 2,000,000 | \$1,493,000 | | Not included in the total for BMAC - separate entry above |
| KCP Productivity Savings | N | KCP | | | \$ 6,000,000 | \$ 12,300,000 | \$ 6,000,000 | | Use of supplier commodity teams; integrated phase gates; consolidate W76 part procurements; use public domain specs; update inventory mgmt process |
| In-Source previously subcontracted work - LANS | N | LANS | | | \$ 5,000,000 | \$ 12,000,000 | \$ 12,000,000 | | Fewer employees req'd, less fee, corp costs & other indirect costs |
| Process Improvements - Livermore | N | LLNL | | | \$ 1,000,000 | \$ 1,500,000 | \$ - | | Process improvements related to work for others and allocating office space allowed for reductions in FTE |
| Sandia Management Efficiency Initiatives | N | Sandia | | | \$ 11,200,000 | \$ 11,236,000 | \$ - | | IES OB&D Support reduction, finance IT upgrades, other IT upgrades. |
| Use of Supply Chain Management Center by M&O Contractors | Y | SCMC | | | \$ 50,000,000 | \$ 81,155,000 | \$ 30,000,000 | | Not included in the total for BMAC - separate entry above |
| Use of Common Contracts across Complex | Y | SCMC | | | \$ 12,000,000 | \$ 5,437,000 | \$ 6,000,000 | | Not included in the total for BMAC - separate entry above |
| Subcontract Savings | Y | SCMC | | | \$ 25,000,000 | \$ 8,458,000 | \$ - | | Not included in the total for BMAC - separate entry above |
| Move to 4X10 shifts - Y12 | N | Y-12 | | | \$ 7,500,000 | \$ 5,625,000 | \$ - | | Savings compared to running plant 5X8's |
| Delmia Human Modeling Tool - Y12 | N | Y-12 | | | \$ 1,700,000 | \$ 1,700,000 | \$ - | | Automating previously manual process |
| Dismantlement Throughput Efficiencies - Y12 | N | Y-12 | | | \$ 300,000 | \$ 75,000 | \$ - | | Process improvements to increase throughput |
| | | | | Total | \$202,450,000 | \$233,607,103 | \$115,593,000 | \$0 | |

In terms of the basic principle, an action taken in FY 10 to reduce costs paid from what they otherwise would have been in FY 10 can be counted in FY 11 if the action taken in FY 10 continues to accrue benefits in FY 11 (e.g., continuing to take advantage of an FSSI or enterprise wide vehicle or from a contract that was recompeted or renegotiated; continuing to use reengineered business processes, etc.). Savings from actions that do not have recurring benefits (e.g., termination of a contract in FY 10 as a result of a program that was ended in FY 10 and was not going to be funded in FY 11) would not be counted towards achievement of the FY 11 goal.

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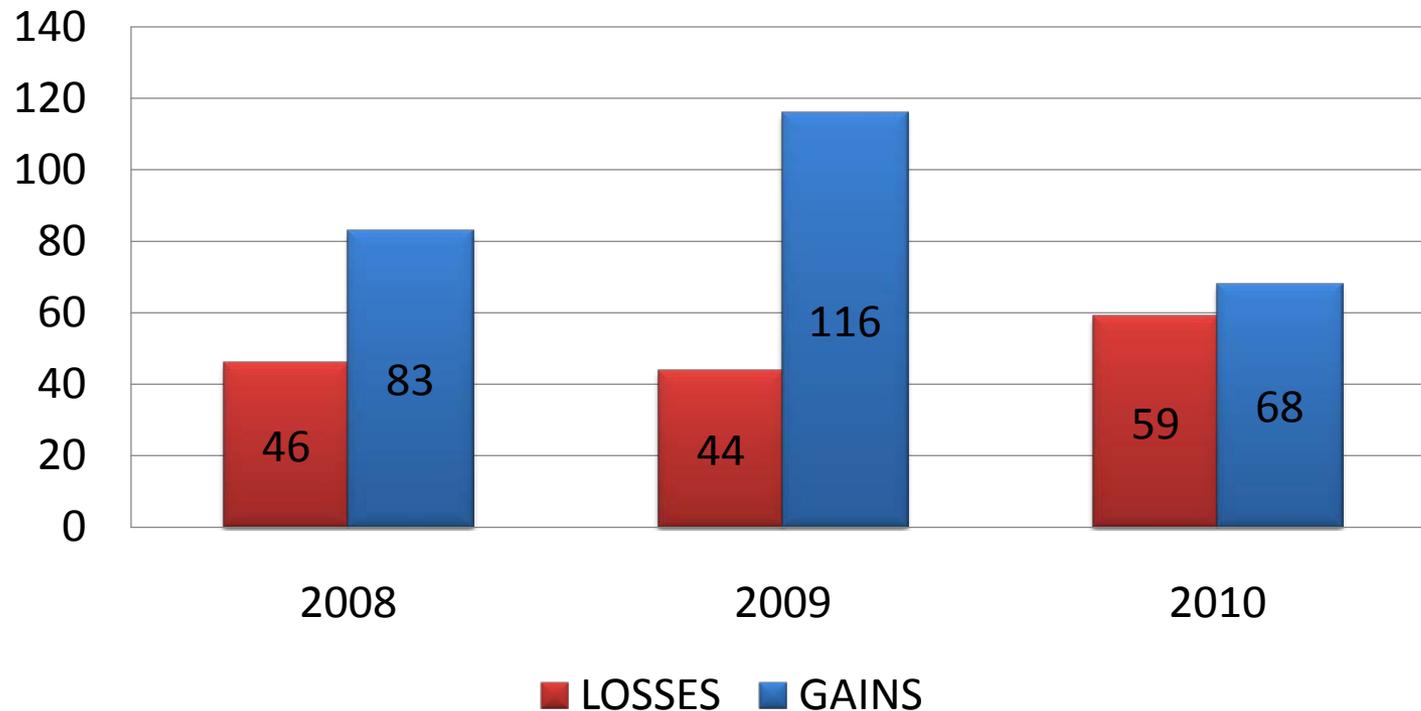
Acquisition Workforce

Attachment 3

Acquisition Workforce Question 1 Response

U.S. Department of Energy (Gains and Losses)

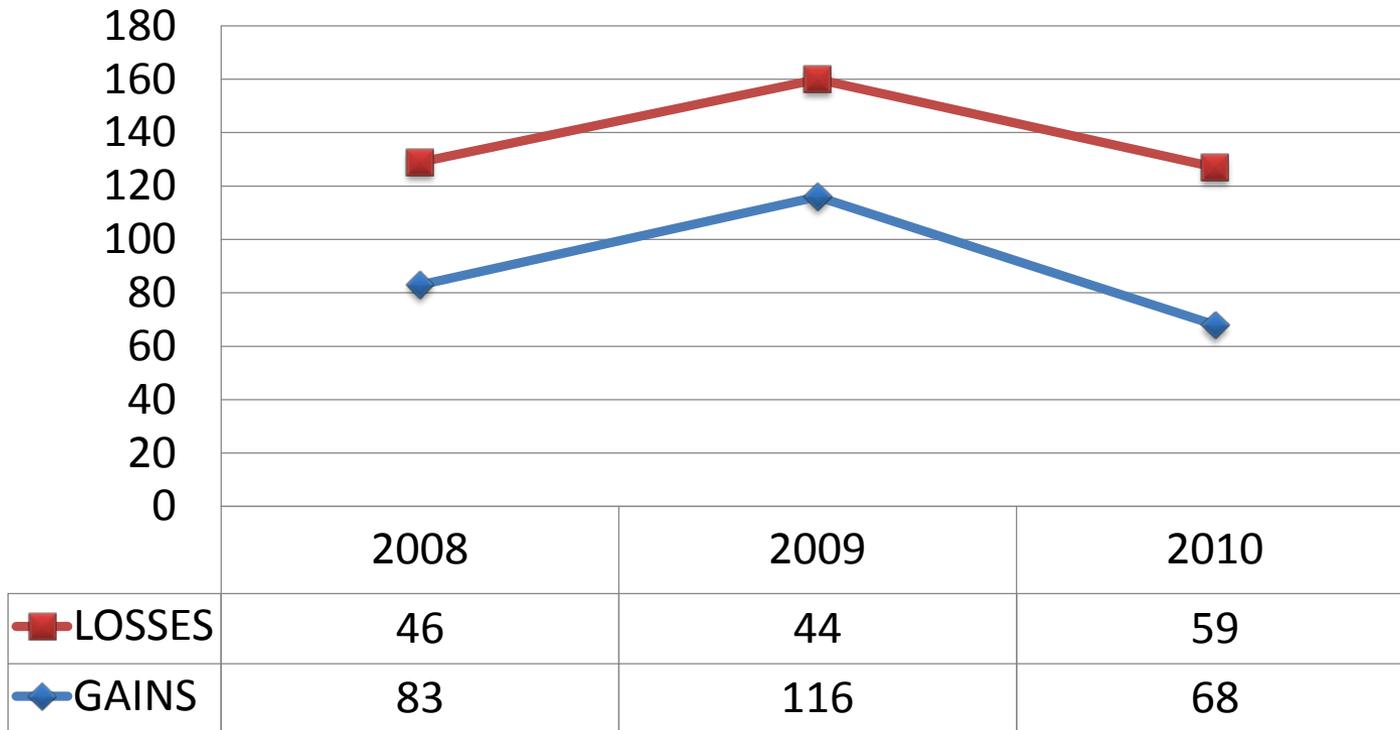
FY2008 – FY2010



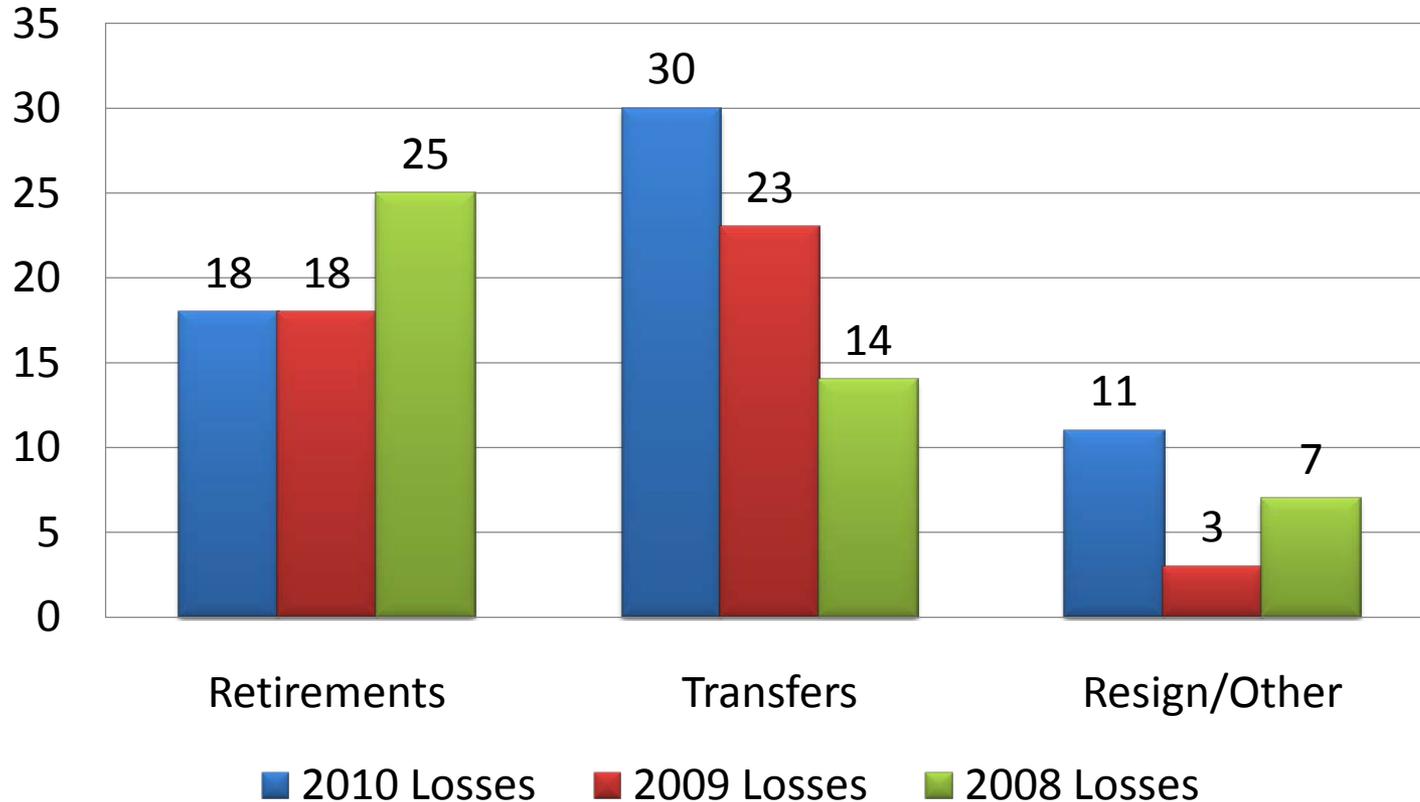
U.S. Department of Energy (Gains and Losses)

(w/NNSA)

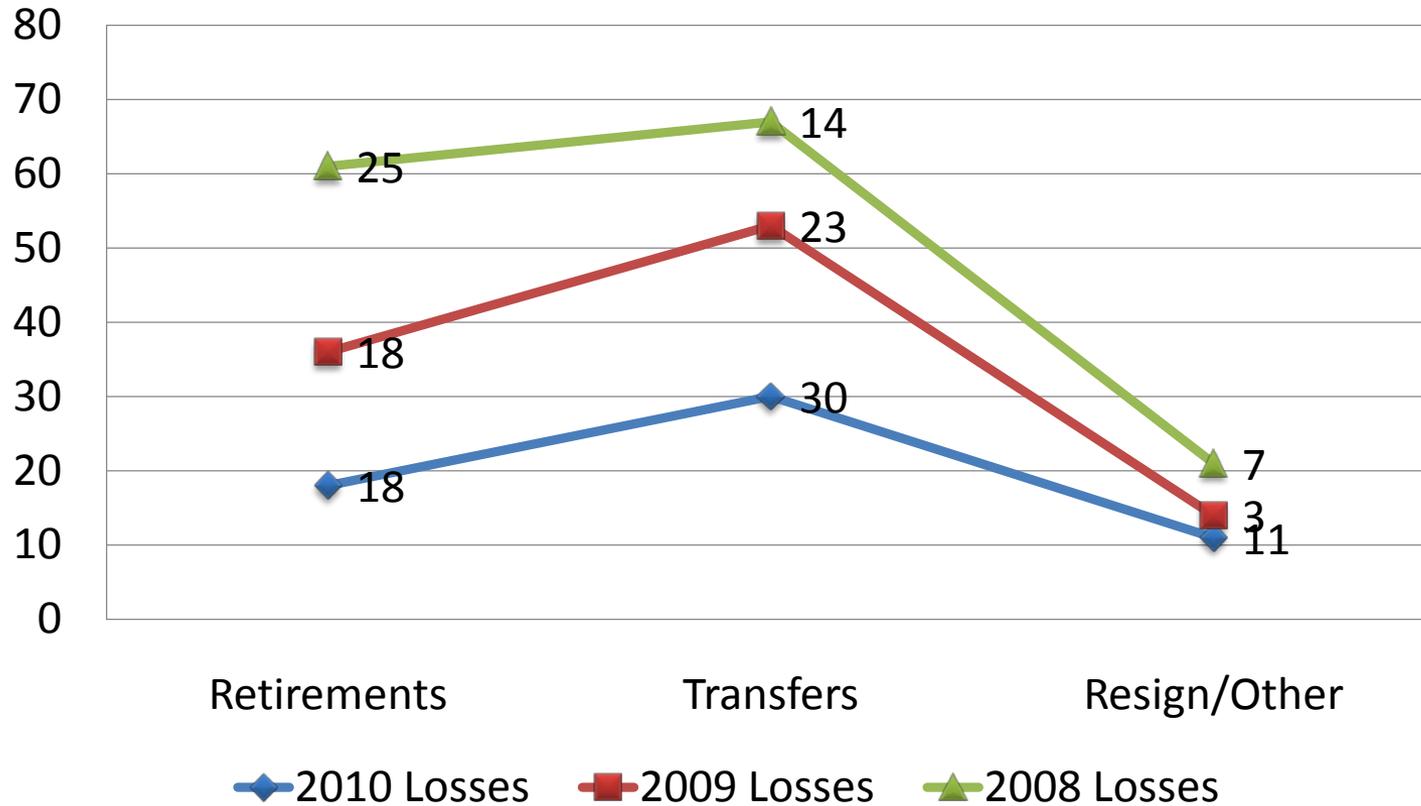
FY2008 – FY2010



U.S. Department of Energy 2008 - 2010 Loss Demographical Data

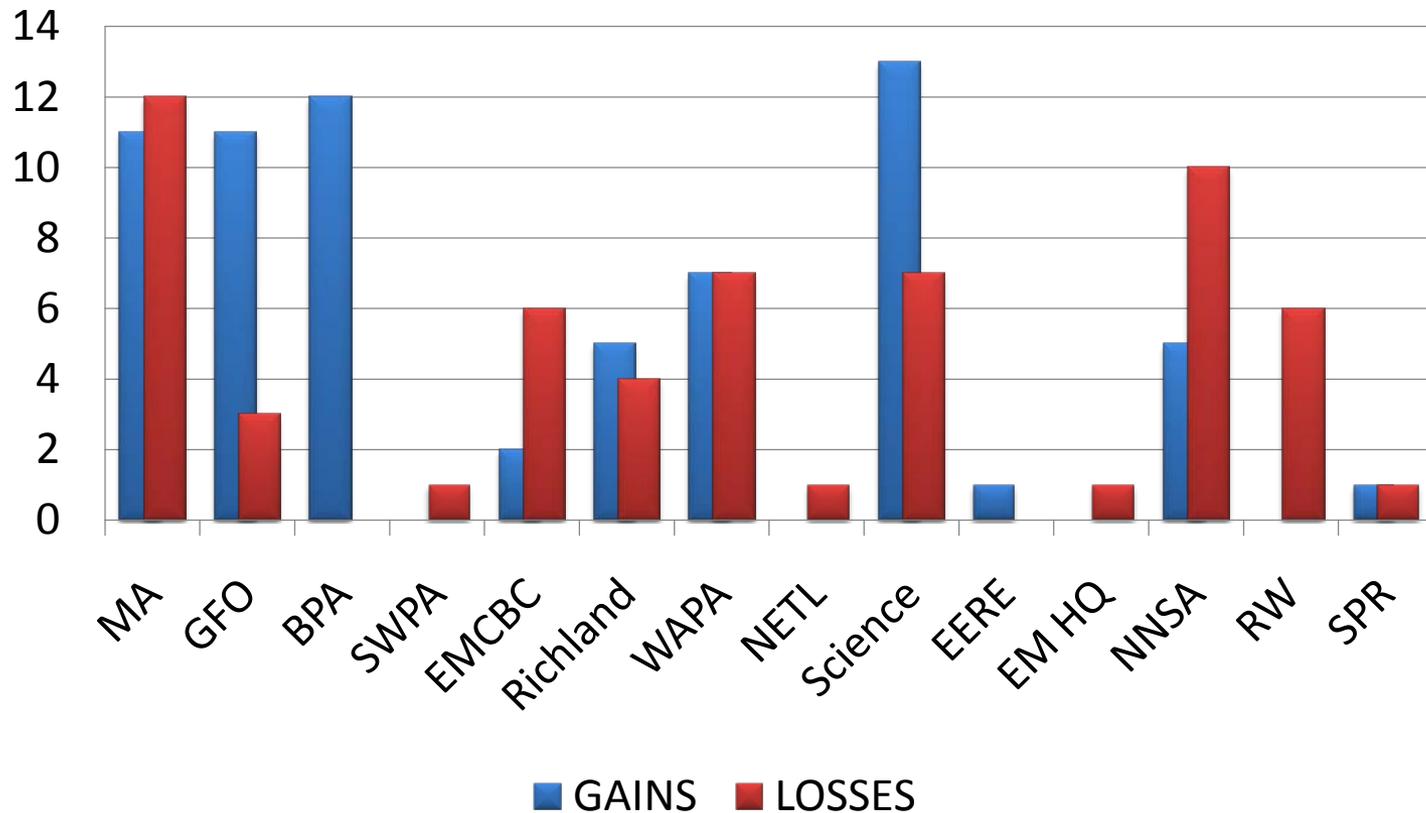


U.S. Department of Energy 2008 - 2010 Loss Demographical Data



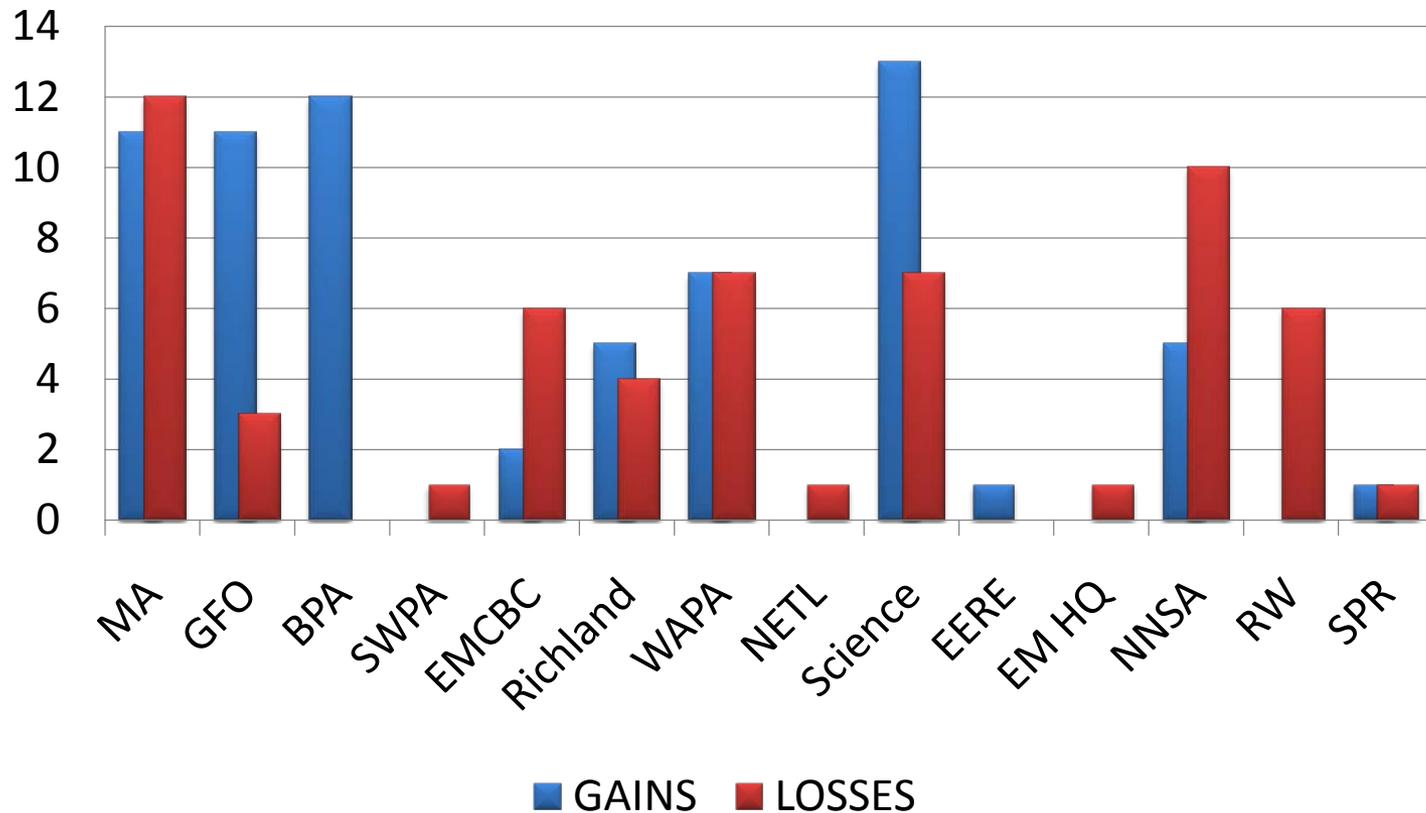
FY2010

1102 - Gains and Losses



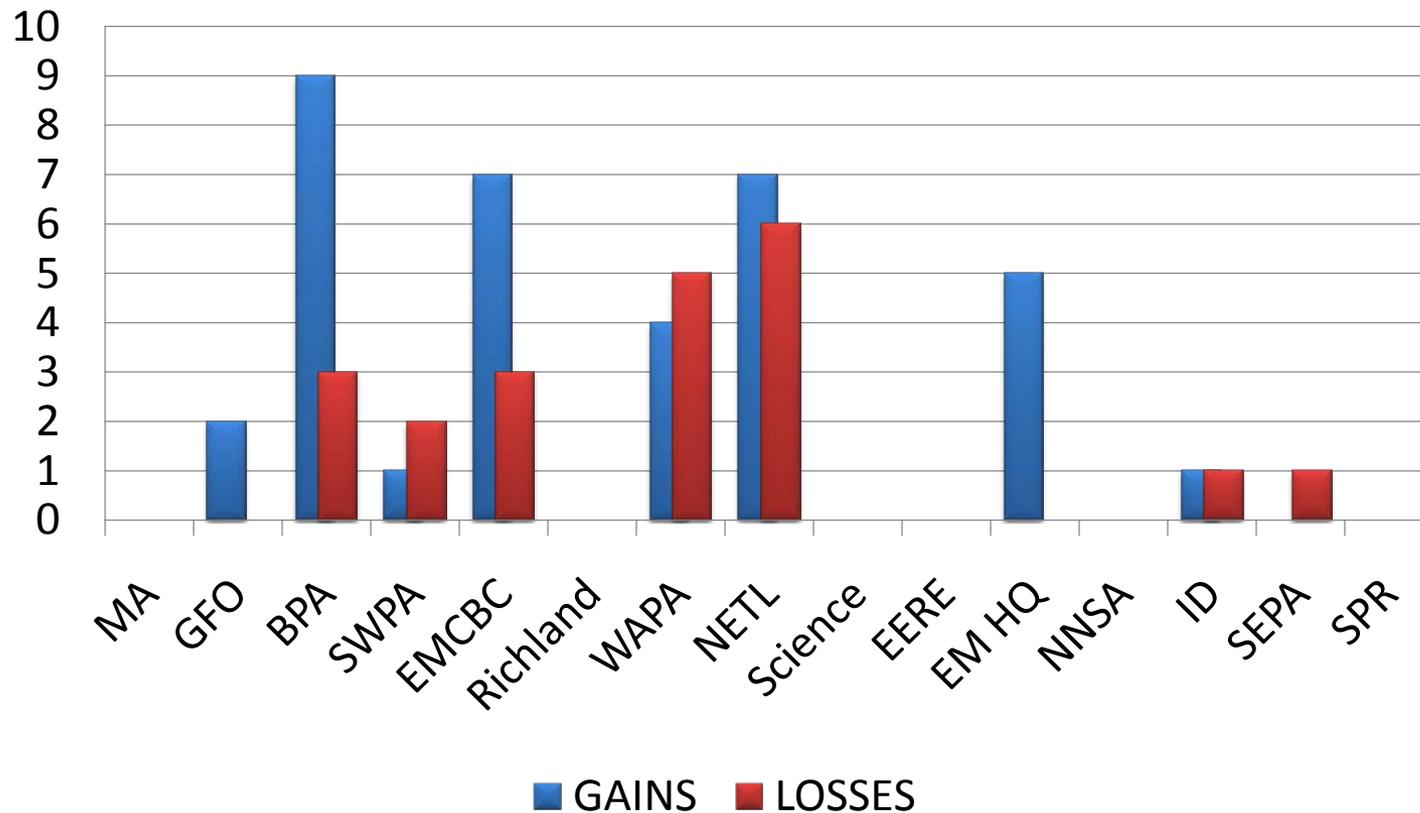
FY2009

1102 - Gains and Losses



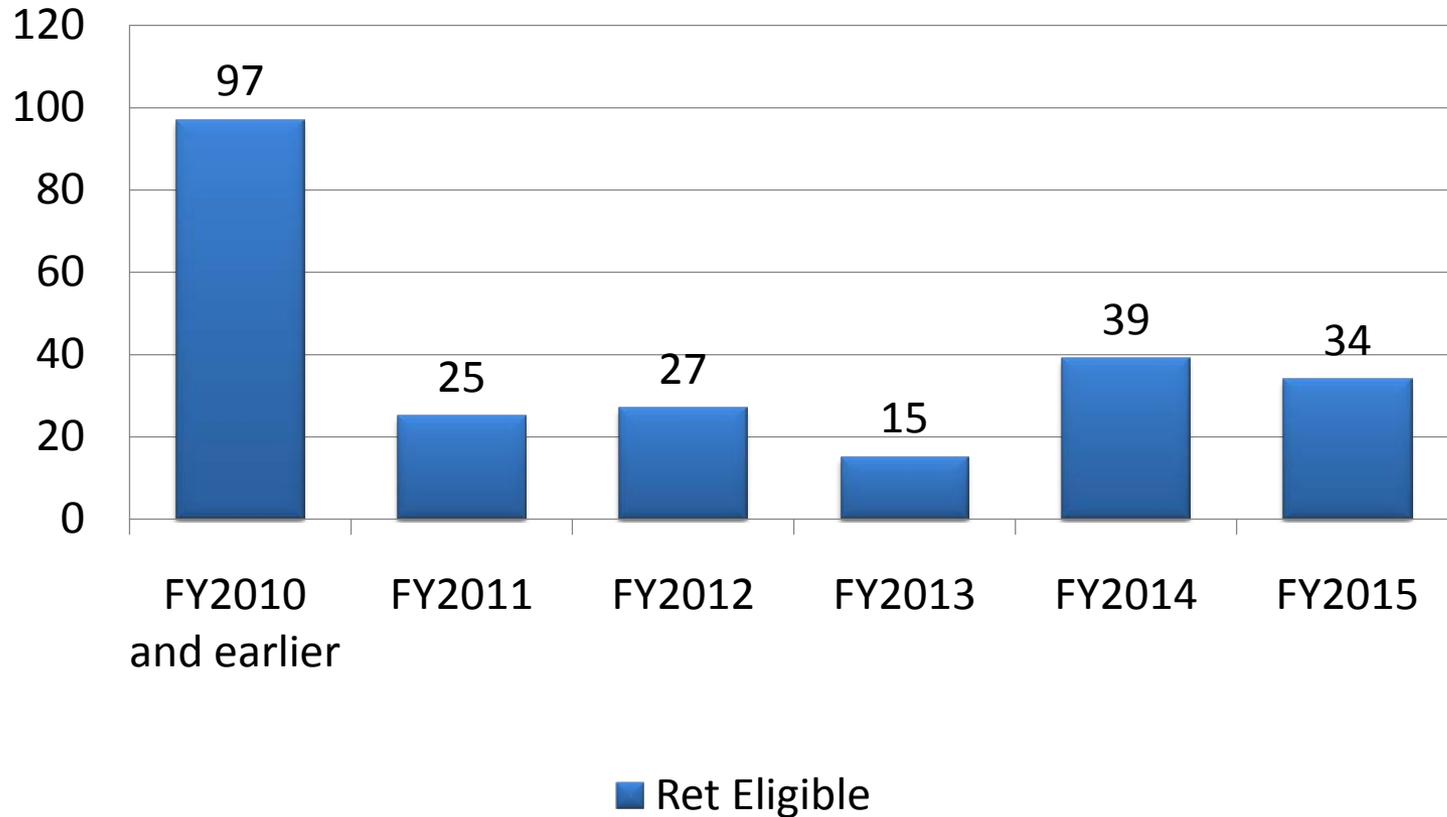
FY2008

1102 - Gains and Losses



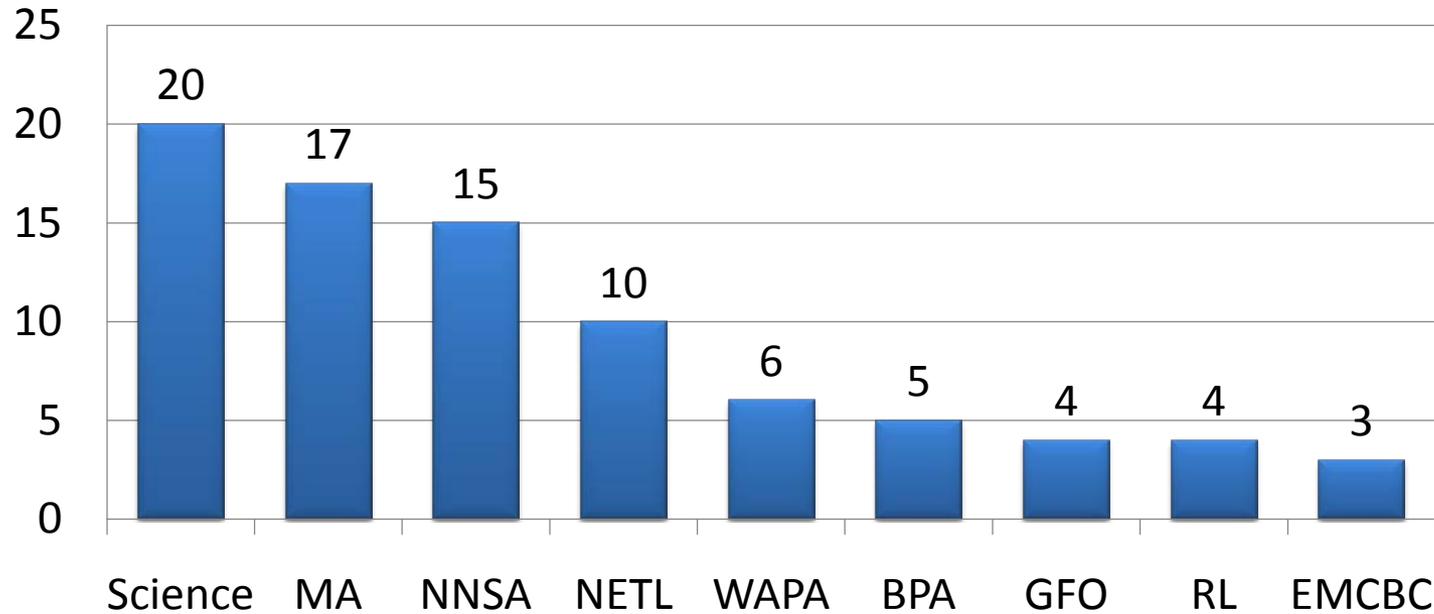
Retirement Eligible GS 1102s

Pre-FY2010 through FY2015



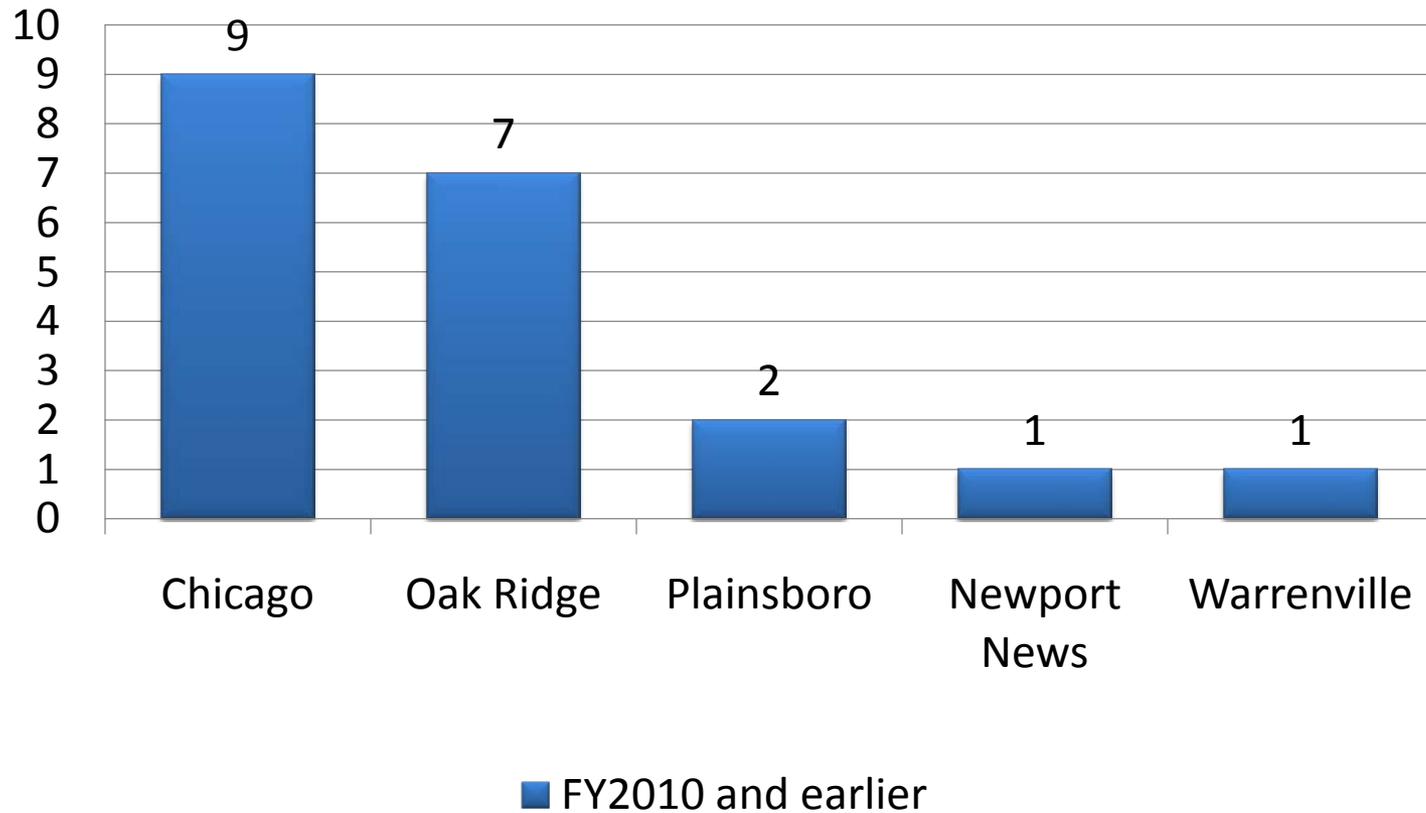
FY2010 and Earlier Currently Eligible 1102s

(Demographics by Program Office)

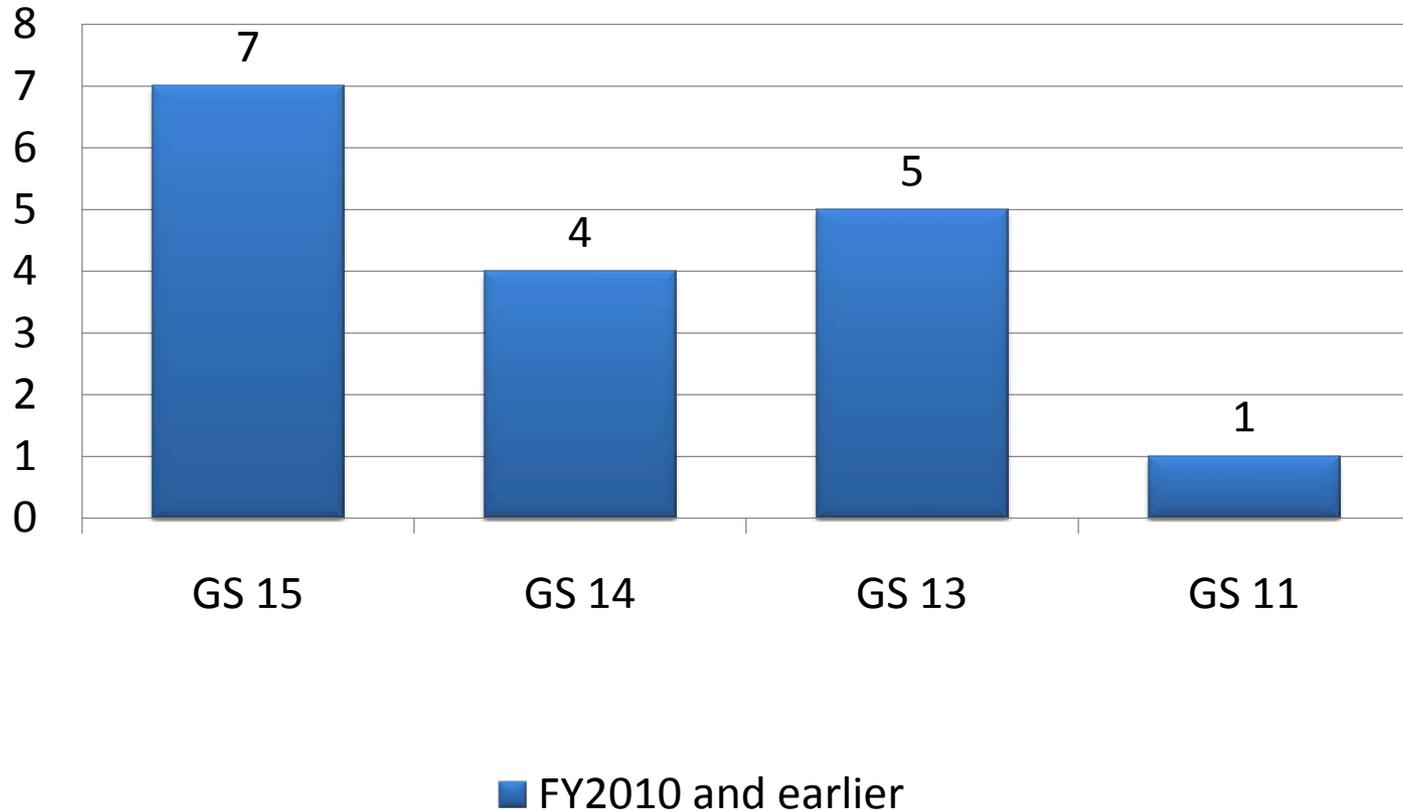


■ FY2010 and earlier

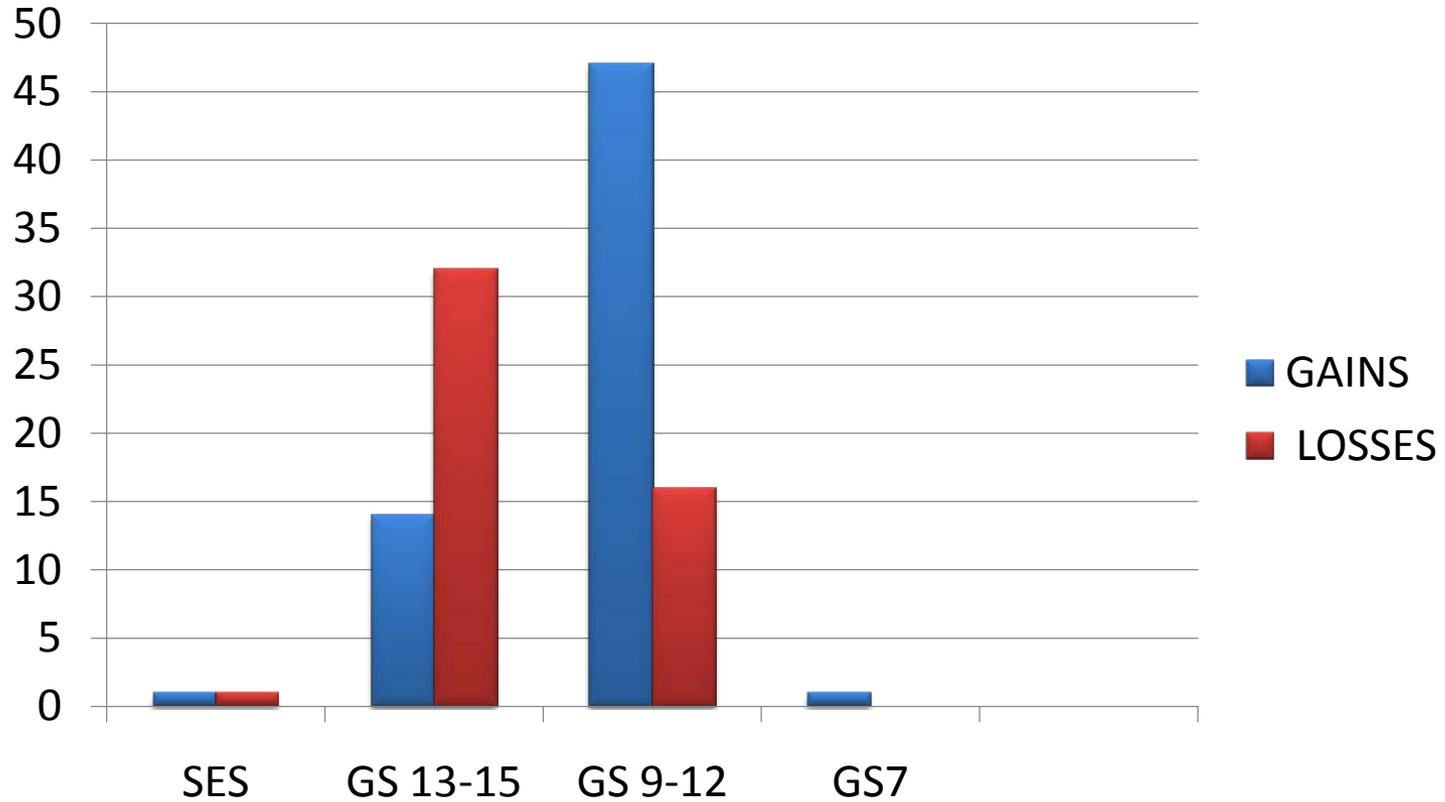
Office of Science Currently Eligible 1102s (Geographical Data)



Office of Management Currently Eligible 1102s (Grade Demographics)



FY2010 – 1102 - Gains and Losses Demographics by Grade (non-NNSA)



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Acquisition Workforce

Attachment 4

Acquisition Workforce Question 4 Response

Financial Assistance Certification

Chapter 4 Financial Assistance Certification

Financial Assistance Qualification Standards

Financial assistance award and administration in DOE is performed primarily by contract specialists. The Financial Assistance Career Development (FACD) Program is built upon the skills acquired by contract specialists in the performance of their acquisition duties and the training provided under the Contracting/Purchasing certification program. This is possible because of the similar skills required for acquisition and financial assistance. These skills include planning, preparing solicitation documents, proposal analysis, cost analysis, negotiation, selection of award instrument type, financing performance, audits, preparing award documents, debriefing, administration, monitoring, terminations, and closeout. For non-1102s performing financial assistance duties, the certification requirements are particularly important to ensure that they have the skills necessary to award and administer financial assistance actions. The FACD program allows contract specialists only performing financial assistance duties to develop these skills and provides basic cross-training that could allow for performance of acquisition duties if the specialist otherwise meets the requirements of the GS-1102 series. Contract specialists performing financial assistance, in addition to acquisitions duties, must meet the certification requirements for both the FACD program and the FAC-C program.

The FACD Program provides acquisition workforce members the opportunity to analyze and resolve on-the-job performance issues and methods or techniques to determine their levels of proficiency. The FACD Program curriculum is designed to provide members with the necessary financial assistance skills and with experience in a wide range of thinking, approaches, and practices. The required courses are listed below.

Individuals certified in financial assistance prior to October 1, 2008, will be “grandfathered” in at the new Level II under the FACD program upon application using the sample provided in Appendix D-3A and D-3B. All new requirements for Level I and II certification must be completed prior to obtaining the Level III certification, and should be completed within two years of certification under the new requirements. A Level IV certification may be granted for individuals with old financial assistance certification, Level III FAC-C certification and TIA training, upon application using the sample provided in Appendix D-3C and D. The new training requirements for Levels I, II and III must be completed as CL/CE within two years.

For the majority of contract specialists performing financial assistance duties, there are three levels of certification. Level IV is for only those individuals involved in the award and administration of Technology Investment Agreements.

Financial Assistance Core Curriculum

The core curriculum for certification at Level I, II, III and IV in financial assistance is shown below:

Financial Assistance Certification Requirements

| Level | GS Grade | Training Providers |
|-----------------|--|---|
| Level I | GS-5 to GS-7 | |
| Experience: | 1 year of experience in contracting or financial assistance | |
| Training: | CON 100 Shaping Smart Business Arrangements | DAU/DAU-certified provider |
| | CON 110 Mission Support Planning | DAU/DAU-certified provider |
| | Federal Financial Assistance (1) OR GRT 201 Grants Agreements Management (2) OR Introduction to Grants and Cooperative Agreements for Federal Personnel (3) AND Uniform Administrative Requirements (4) | (1) DOE Training Contractor ; (2) DAU ; (3) and (4): MCI |
| | Monitoring Grants and Cooperative Agreements for Federal Personnel | MCI |
| | Cost Principles OMB Circulars A-21, A-87, A-122 and FAR 31.2 | DOE Training Contractor |
| | Federal Funds Management | MCI |
| | | |
| Level II | GS-9 to GS-11 | |
| Experience: | 2 additional years of experience in contracting or financial assistance (3 years cumulative experience) | |
| Training: | CON 111 Mission Planning Execution | DAU/DAU-certified provider |
| | CON 112 Mission Performance Assessment | DAU/DAU-certified provider |
| | CON 120 Mission Focused Contract | DAU/DAU-certified provider |
| | Cooperative Agreements and Substantial Involvement | DOE Training Contractor |
| | Understanding National Policy Requirements Affecting Grants | MCI |

| | | |
|--------------------------|---|--|
| Level III | GS-12 to GS-15 | |
| Experience: | 2 additional years of experience in contracting or financial assistance (5 years cumulative experience) | |
| Training: | Federal Assistance Law | MCI |
| | Accountability for Federal Grants: Planning, Measuring and Reporting Grant Performance | MCI |
| | Audit of Federal Grants and Cooperative Agreements | MCI |
| | Advanced Cost Principles | MCI |
| | CON 214 Business Decisions for Contracting | DAU/DAU-certified provider |
| | CON 217 Cost Analysis and Negotiation Techniques | DAU/DAU-certified provider |
| | | |
| Level IV | GS-12 to GS-15 | |
| Experience | 2 additional years of experience in contracting or financial assistance (7 years cumulative experience) | |
| Training | DOE TIA Training | DOE Office of Procurement and Assistance Management |
| | | |
| Additional Requirements: | Level III FAC-C certified | |

Course descriptions can be found at Appendix M.

The policies and procedures established for certification in contracting, as discussed in the preceding, also apply to financial assistance certification.

Technology Investment Agreements

Section 1007 of the Energy Policy Act of 2005 granted to DOE Other Transaction Authority (OTA). A Contracting Officer may award a Technology Investment Agreement (TIA) under OTA only if the CO warrant authorizes award and administration of TIAs, and the Contracting Officer is Level IV certified in Financial Assistance and FAC-C Level III.

Continuous Learning/Continuous Education

To maintain FACD certification, financial assistance specialists are required to obtain 80 hours of CL/CE by October of the second year after certification or recertification. If acquisition workforce members perform a mix of acquisition and financial assistance, continuous learning should include both functional areas, with a minimum of 24 hours of financial assistance coursework for those specialists that are GS-1102s. However, this requirement should be viewed as a complement to the contracting requirements, therefore total training hours do not necessarily have to exceed 80 hours every 2 years.

Members are to request re-certification based on completion of CL/CE hours using the sample provided at Appendix J.

Suggested CL/CE

- Ethics in the Grants Environment – MCI
- Appropriation Law for Financial Assistance – MCI
- Essential Skills for Grants Professionals – MCI
- Any of the MCI classes in grants management for recipients
- Completion of all classes leading up to a Level III FAC-C, especially:
 - Project Management
 - Financial Management
 - EVMS
 - Property Management
- Classes in cost analysis
- Classes in negotiation techniques

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Acquisition Workforce

Attachment 5

Acquisition Workforce Question 4 Response (COR)

Chapter 11 **Contracting Officers Representatives (COR) and Technical Project Officers**

Contracting Officers Representatives

Background

FAI published a report in 2003 on the competencies necessary for the COR job function and the US Merit Systems Protection Board published a report in 2005 entitled “Contracting Officer Representatives: Managing the Government’s Technical Experts to Achieve Positive Contract Outcomes.” Both reports are available at www.fai.gov. A common theme in these reports is the need to organize and support the COR community to ensure that acquisition management is implemented effectively. Some of the findings and recommendations of the reports are:

- CORs must be formally delegated authority to work on particular contracts
- CORs must receive adequate training in contracting, their technical area, and general competencies at the right time and in the right way
- The COR workforce should be strategically managed by identifying CORs and tracking competencies and skills currency

To implement the findings, OFPP issued the Federal Acquisition Certification for Contracting Officer Technical Representatives (FAC-COTR), which DOE implemented.

Terminology

The terms “COR” and “COTR” are considered equivalent terms, and are used interchangeably. DOE has adopted the term “COR,” which includes “COTR” and “task managers.”

Certification for CORs

The intent of the ACMP and the various chapters contained in it is to establish performance expectations to increase acquisition workforce members’ efficiency and effectiveness on the job. This applies to all members of the acquisition workforce. Accordingly, before assuming the responsibilities of a COR, prospective CORs must be certified as a COR, in accordance with the core curriculum for COR certification program provided below.

| COR CERTIFICATION | | Suggested Providers |
|--|--|--|
| Level | Minimum Training | |
| Level I COR, non-management and operating/non-management and integration (non-M&O/non-M&I) | <p>COR Responsibilities, 24 hours</p> <p>OR</p> <p>FAI continuous learning modules: -CLC 106 COR with a Mission Focus -CLC 007 Contract Source Selection -CLC 011 Contracting for the Rest of Us -CLC 004, Market Research -CLM 024 Contracting Overview</p> <p>AND</p> <p>CLC 013 Performance-Based Services Acquisition (ALL modules must be completed)</p> <p>AND</p> | <p>Colleague Consulting: Contract Administration for Technical Representatives ESI: The COTR Training Program; NPI: COR/COTR Certification Course; MCI: Contracting Officers Representative Course; USDA Grad School: Comprehensive COTR Workshop</p> |
| Level II COR, M&O/M&I | <p>Performance-Based Statements of Work, 16 hours (CLC 013 must be completed in addition to 16 hours of performance-based Statements of work)</p> <p>COR Responsibilities, 24 hours</p> <p>OR</p> <p>FAI continuous learning modules: -CLC 106 COR with a Mission Focus -CLC 007 Contract Source Selection -CLC 011 Contracting for the Rest of Us -CLC 004, Market Research -CLM 024 Contracting Overview</p> <p>AND</p> <p>CLC 013 Performance-Based Services Acquisition (ALL modules must be completed)</p> <p>Performance-Based Statements of Work, 16 hours (CLC 013 must be completed in addition to 16 hours of performance-based Statements of work)</p> | <p>NPI: Developing Performance-Based Work Statements MCI: Performance-Based Service Contracting PMCDP: Performance-Based Contracting USDA: Performance-Based Statements of Work ESI: Performance-Based Service Contracts</p> <p>Colleague Consulting: Contract Administration for Technical Representatives ESI: The COTR Training Program; NPI: COR/COTR Certification Course; MCI: Contracting Officers Representative Course; USDA Grad School: Comprehensive COTR Workshop</p> |
| | <p>Performance-Based Statements of Work, 16 hours (CLC 013 must be completed in addition to 16 hours of performance-based Statements of work)</p> | <p>NPI: Developing Performance-Based Work Statements MCI: Performance-Based Service Contracting PMCDP: Performance-Based Contracting USDA: Performance-Based Statements of Work ESI: Performance-Based Service Contracts</p> |
| | <p>COR Responsibilities for M&O/M&I Contracts</p> | <p>PMCDP: Contract Administration for M&O Contractors</p> |

| COR CERTIFICATION | | Suggested Providers |
|--|--|--|
| Level | Minimum Training | |
| Level III | | |
| COR, Capital Projects and Operating Projects | <p>COR Responsibilities, 24 hours</p> <p>OR</p> <p>FAI continuous learning modules: -CLC 106 COR with a Mission Focus -CLC 007 Contract Source Selection -CLC 011 Contracting for the Rest of Us -CLC 004, Market Research -CLM 024 Contracting Overview</p> <p>AND</p> <p>CLC 013 Performance-Based Services Acquisition (ALL modules must be completed)</p> <p>AND</p> <p>Performance-Based Statements of Work, 16 hours (CLC 013 must be completed in addition to 16 hours of performance-based Statements of work)</p> <p>AND</p> <p>Earned Value Management</p> <p>AND</p> <p>COR Responsibilities for M&O/M&I Contracts</p> | <p>Colleague Consulting: Contract Administration for Technical Representatives ESI: The COTR Training Program; NPI: COR/COTR Certification Course; MCI: Contracting Officers Representative Course; USDA Grad School: Comprehensive COTR Workshop</p> |
| | | <p>NPI: Developing Performance-Based Work Statements MCI: Performance-Based Service Contracting PMCDP: Performance-Based Contracting USDA: Performance-Based Statements of Work ESI: Performance-Based Service Contracts</p> |
| | | <p>PMCDP: Earned Value Management Systems and Project Reporting DAU: BCF 102 Earned Value Management (on-line)</p> |
| | | <p>PMCDP: Contract Administration for M&O Contractors</p> |

A COR certified to Level II may only serve as a COR for services and M&O/M&I contracts, but not for capital/operating projects. A COR certified to Level III may serve as a COR on any kind of contract (services, M&O/M&I, capital/operating projects).

Federal Project Directors certified at any level under the Office of Engineering and Construction Management's Project Management Career Development Program and those holding a Project Management Professional certification from the Project Management Institute are considered qualified to serve as CORs, but must request COR certification. Additionally, CORs and prospective CORs must request COR certification through their immediate supervisor in accordance with Chapter 1 prior to delegation as a COR. Failure to do so will result in revocation of authority.

Technical Project Officers

Background

The award and administration of financial assistance agreements (grants, cooperative agreements and TIAs) requires a Federal technical presence and oversight. Cooperative agreements and TIAs in particular require knowledgeable TPOs to coordinate the substantial involvement in the awards and ensure that the Federal involvement is appropriately provided.

Certification of TPOs

Certification of TPOs will ensure more effective oversight of financial assistance. Accordingly, before assuming the responsibilities of a TPO, prospective TPOs must be certified as TPOs, in accordance with the core curriculum for TPO certification provided below:

| TPO CERTIFICATION | | Suggested Providers |
|---|--|--|
| Level | Minimum Training | |
| Level I TPO for small dollar (under \$10 m) grants and cooperative agreements | Federal Financial Assistance (1) OR GRT 201 Grants and Agreements Management (2) OR Introduction to Grants and Cooperative Agreements for Federal Personnel (3) AND Uniform Administrative Requirements (4) AND Monitoring Grants and Cooperative Agreements for Federal Personnel | (1) DOE Training Contractor ; (2) (2) DAU ; (3) & (4) MCI |
| Level II TPO for large dollar (over \$10 m) grants, cooperative agreements and TIAs | Cooperative Agreements and Substantial Involvement AND Accountability for Federal Grants: Planning, Measuring and Reporting Grant Performance AND TIA Training | MCI MCI MCI |
| Additional requirement if the TPO is for a TIA | | DOE |

TPO certification may be granted for currently certified CORs and program managers upon request. The CL/CE for the first 2 year period must focus on completing the required financial assistance classes. Requests for certification, both for new TPOs and for CORs and program managers, are to be submitted using the sample provided at Appendix D-7A and D-7B.

Continuous Learning/Continuing Education

CORs

CORs are required to obtain 40 hours of CL/CE every 2 years. Failure to do so will result in their COR certification lapsing and may result in revocation of their authority to serve as CORs. The 40 hours of CL/CE is not additive to the CL/CE required of certified FPDs and PMPs, but will also count towards the CL/CE required for COR certification.

CORs must take CL/CE in the following areas, among others:

- Project Management (not required as CL/CE for FPDs and PMPs); and
- Property Management

TPOs

TPOs must have 40 hours of CL/CE every 2 years. Failure to do so may result in the loss of the TPO certification and the ability to serve as a TPO.

TPOs should consider taking the classes in MCI's grants management certification program (See the Financial Assistance Career Development Program certification requirements for Levels I and II) in addition to project management classes. TPOs may also take technically specific training in such areas as property management, intellectual property and the National Environmental Policy Act (NEPA).

Waiver

Waiver of COR/TPO certification may be requested from the CAO through the ACM. A waiver will permit the COR/TPO to serve as a COR/TPO until they complete the required training. It does not relieve them of the requirement to obtain training leading to certification appropriate to their level. See Chapter 13, Waivers, for additional information regarding waivers.

U.S. Department of Energy

Acq Stat

Acquisition Workforce Attachment 6

Acquisition Workforce Question 8 Response – PMR

Department of Energy

FY 2010 Procurement Management Review Trend Analysis



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Annual PMR Program Assessment

- The PMR process is designed to identify and correct contracting systemic vulnerabilities and/or significant deficiencies (major site contracting deficiencies) which detract from successful DOE mission accomplishment
- PMR annual requirement to brief the SPE and senior staff on such systemic vulnerabilities/deficiencies



Systemic Issue Criteria

- Findings/Trends based upon:
 - 6 PMR Reviews conducted during FY 2010
 - Identified at two or more sites
 - Significant site vulnerabilities



Systemic Issue Criteria

- Categorizing Findings Trends :
 - Management (MGT)– Insufficient management oversight and/or attention
 - Policy (P) – Lack of or clarity of HQ/Site policy and procedures
 - Knowledge (K) – Lack of or additional training required



FY 2010 PMR Reviews

| Site | Dates |
|--|-----------------------------|
| Office of River Protection & Pacific Northwest Nat'l Lab | October 26-November 4, 2009 |
| Strategic Petroleum Reserve Office | December 7-11, 2009 |
| Savannah River Ops Office | January 4-15, 2010 |
| Chicago Operations Office | March 1-12, 2010 |
| EM Consolidated Business Center | April 12-23, 2010 |
| Stanford/Berkeley Site Offices | May 17-21, 2010 |

Department of Energy



FY 2010 PMR Cycle Statistics

| | |
|-----------------------------------|--|
| PMR Teams: | 6 Teams; varied in size 18 Augmentees (Hqs EM, EMCBC, OECM, SWPA, CH, RL, NETL, SRS, ORO) |
| Reviewed: | 591 Contract actions with a cumulative award value of \$435 billion 100 Financial assistance actions valued at \$30 million 126 Consents to subcontract valued at \$1.5 million 50 Work for Others (WFO) agreements valued at \$731 million |
| Interviewed/ Surveyed: | 110 Customers/CORs/senior advisors and 77 contracting employees |

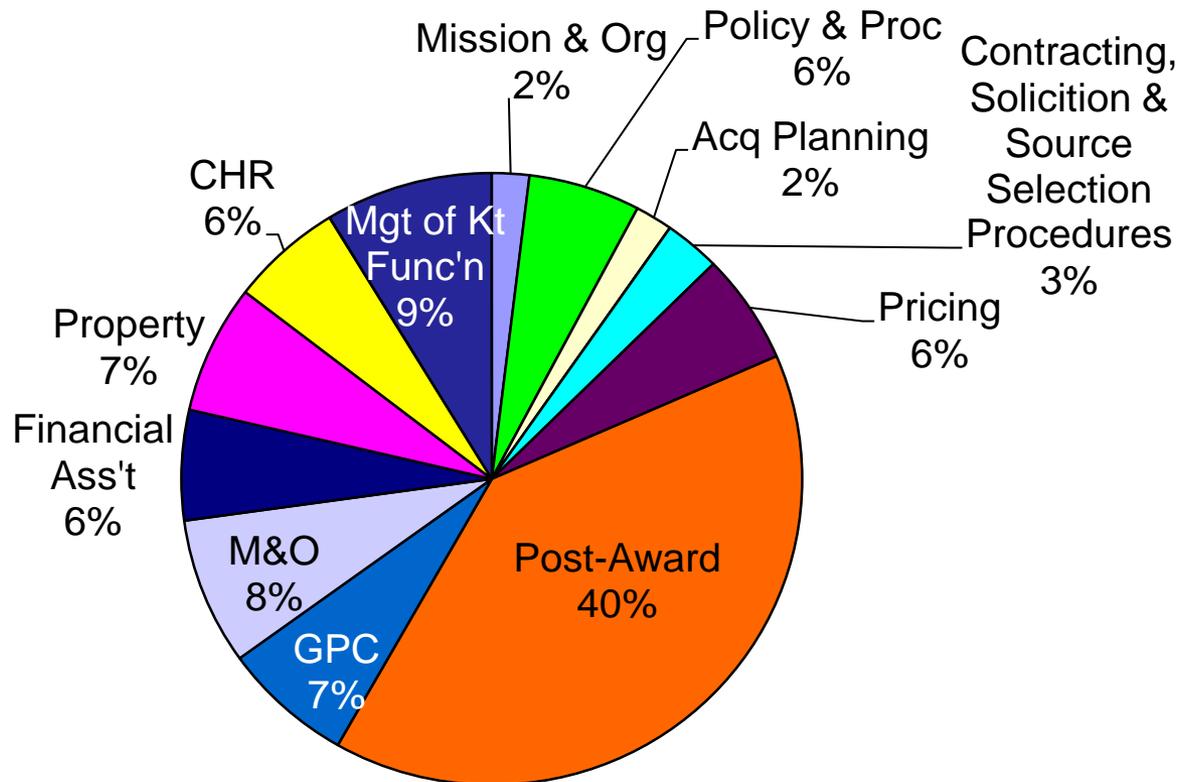


Major Areas of Review

- Organization and Mission
- Policies and Procedures
- Procurement Planning
- Contracting Solicitation and Selection Procedures
- Contract Pricing
- Post-Award Management
- Financial Assistance
- Contractor Property Management
- Contractor Human Resource Management
- Management of the Contracting Function

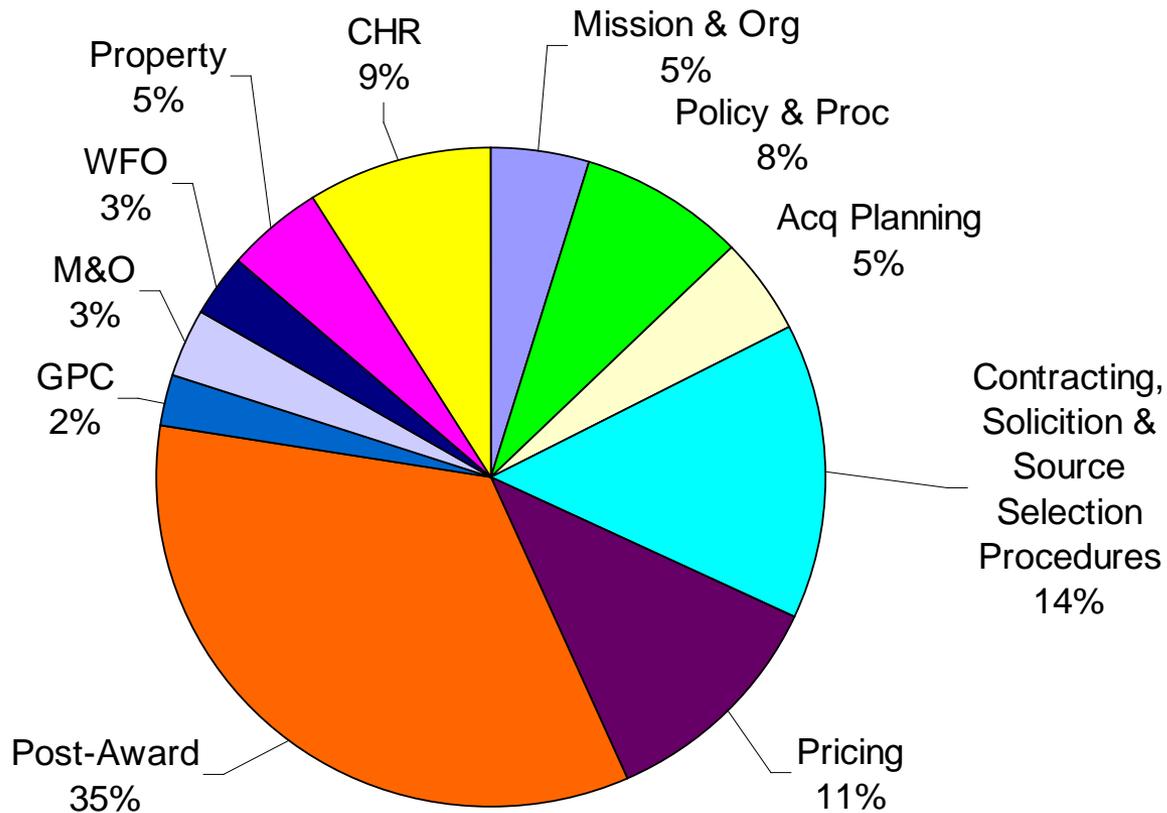


FY 2010 Review Cycle Findings by Subject Area





FY 2009 Review Cycle Findings by Subject Area





Mission and Organization

- Successful Practices:
 - Strong mission commitment (All)
 - Site developed contract management training program tailored for program management officials/technical staffs (ID)
 - Posting/listing authorities on the site intranet, available to contracting and customer staffs (ID & RL)



Mission and Organization

- Systemic Issue:
 - HCA site delegations & responsibilities are not in compliance with FAR & DOE policy



Policy and Procedures

- Successful Practices:

- Policy staff maintains a comprehensive policy & procedures system (RL)
- Policies and procedures easily accessible on the intranet to customers and procurement staff (RL)
- DOE HQ policy directives are expeditiously analyzed and disseminated (RL)



Policy and Procedures

- Systemic Issue:
 - Policy & procedures are out-of-date (MGT)
 - No plan for periodic review/updates
 - Noted during FY 2009 cycle also
 - Ineffective/no independent internal review process (MGT)
 - Superficial – i.e., “pencil whipped”



Procurement Planning

- Successful Practices:

- Market Research Checklist and Flowchart (WAPA)
- Identifying 8(a) sources (WAPA)



Acquisition Planning

- Systemic Issues:
 - Market Research not consistently accomplished (K) (MGT)
 - Lack and limited knowledge on conducting market research
 - Acquisition Planning – reactive vs. proactive (K) (MGT)
 - When required
 - Content
 - Process



Contracting, Solicitation & Selection Procedures

- Successful Practices:
 - Sealed Bid Award Memorandum - standardized basis for award document (WAPA)
 - Locally developed Past Performance Questionnaire (WAPA)



Contracting, Solicitation & Selection Procedures

- Systemic Issues:
 - T&M awards not justified, nor approved by HCA (K)
 - CO Determinations & Findings not accomplished
 - Official contract files are disorganized & missing key documents (MGT)
 - Financial assistance award documents/negotiation memoranda were inadequate, incomplete and not fully supported (K)



Contracting, Solicitation & Selection Procedures

- Systemic Issues:
 - IDIQ contracts not being issued or managed properly (K)
 - CORs issuing Task Orders/maintaining files
 - Vague and inadequate SOWs
 - Multiple award preference



Pricing

- **Successful Practices:**
 - Locally developed standard proposal cost format (WAPA)
 - Enables side-by-side comparison of multiple offers



Pricing

- **Systemic Issues:**
 - Cost/Price analysis requires improvement in depth and detail
 - Audits waived without justification or approval (MGT)
 - Lack of comprehensive pricing analysis (MGT)
 - Failure of pricing reports and PNM to reconcile audit and technical findings
 - Pre and Post-Negotiation Memoranda not prepared/missing in contracts, modifications and task order files (MGT)
 - Non 1102 supervision of pricing personnel (MGT)



Post-Award Management

- **Successful Practices:**
 - Invoice logs, modification logs, task/delivery order logs and grants modification log chronology (PPPO, WAPA)
 - Reduction in the number of CORs (ID)
 - Timely Contract/Financial Assistance Closeout Procedures (ID)



Post-Award Management

- **Systemic Issues:**
 - Lack of Past Performance (CPARS) Reporting (MGT)
 - Also noted during FY 2009 cycle
 - Change Orders issued/administered improperly (MGT)(K)
 - Contractor proposals not obtained or inadequate
 - Negotiated without IGCE or evaluation of contractor's proposal
 - Lack of technical evaluations & audits
 - No definitization schedule



Post-Award Management

- Systemic Issues (continued):
 - Contracting Officer signed contractual actions above his/her warrant limit
 - Contract Management Plans (MGT)
 - Not developed nor timely
 - Not submitted for MA-622 review
 - Administration of Award/Performance Fee (MGT)
 - Measures not challenging or objective



Post-Award Management

- **Systemic Issues cont:**
 - Options exercised incorrectly (MGT)
 - Notice of Intent to Exercise Option missing or not issued within the time period required
 - Options exercised on contracts without an Option clause
 - Options exercised based on the Changes clause



Post-Award Management

- Systemic Issues cont:
 - COR oversight issues (MGT)
 - Exceeding authority/performing CO duties
 - Not certified or appointed when required
 - Unable to perform duties due to competing senior management priorities



Post-Award Management

- **Systemic Issues cont:**
 - Construction and Service Contracts (K)
 - Performance/payment bonds for construction awards not obtained
 - Wage determination not being updated IAW applicable labor laws
 - Failure to conduct payroll reviews/site investigations per Davis Bacon Act



Government Purchase Card

- **Successful Practices:**
 - Maximize use of automation to (ID)
 - Identify repetitive purchases
 - Increase efficiency
 - Good recordkeeping and access to hardcopies (receipts, statements, transaction logs, etc.) (ID, RL)

Government Purchase Card



- Systemic Issues
 - No Government oversight of contractor use of GPC (P)



Property

- Systemic Issues:

- FAR Clause 52.245-1 not incorporated into the contract
- Property Administrator duties have not been properly assigned IAW DOE Order 580.1(P)



Contractor Human Resource Management

- Systemic Issues cont:
 - Pension costs not funded quarterly IAW FAR 31.205-6(j) (K)
 - No oversight of risk management (MGT)(P)
 - Liability insurance coverage exceeds areas permitted



Management of the Contracting Function

- Successful Practices:
 - Strong management commitment to employee welfare
 - Supervisory support
 - Tools and training
 - Open lines of communication with customers
 - Division recognition/morale/team building

FY 2011 PMR Schedule



6 – 10 Dec 2010

Brookhaven Site Office, Upton, NY

24 Jan – 4 Feb 2011

HQ Procurement Services, Washington, DC

7 – 11 Mar 2011

Princeton Site Office, Princeton, NJ

11 – 22 Apr 2011

National Energy Technology Laboratory,
Pittsburgh, PA

23 – 27 May 2010

West Valley Area Office, West Valley, NY

U.S. Department of Energy

Acq Stat

Acquisition Workforce Attachment 7

Acquisition Workforce Question 10 Response

- **DOE Balanced Scorecard**

- **FY2009 BSC By Site**

Revised: January 2005



BALANCED SCORECARD

PERFORMANCE MEASUREMENT AND PERFORMANCE MANAGEMENT PROGRAM

FOR

**FEDERAL PROCUREMENT
AND
MAJOR SITE AND FACILITY
MANAGEMENT CONTRACTOR
PURCHASING SYSTEMS**

PREFACE

Over the past decade, the Department of Energy (DOE) has reengineered its programs for oversight of Federal and contractor procurement/purchasing systems, replacing Headquarters-based, process-oriented review programs with ones which rely on local assessment of performance against Departmental expectations. Through the use of an assessment approach that focuses on the accomplishment of results designed to achieve strategic goals, DOE and its contractor community have fundamentally redesigned performance assessment.

From the very beginning of the transition from the traditional purchasing system reviews to the redesigned Federal and contractor system assessment approaches that replaced them, it was understood that further refinement and continuous improvement would occur. Consistent with that long-term strategy, and building on the originally redesigned Federal and contractor purchasing assessments, the Department's business system assessment models evolved to bring them more formally into line with the Balanced Scorecard (BSC) approach to performance measurement and management, which is currently in use by many "world class" private corporations.

The following describes the Department's "corporate" business systems assessment program, implementation procedures, evaluation standards, and reporting process as it applies to procurement systems. This document establishes the Departmental conceptual framework for performance management for both Federal and contractor purchasing systems assessments, as well as consistent techniques useful in performing the contract administration and contractor oversight functions. In accordance with these policies and expectations, each Federal and contractor procurement or purchasing component shall develop a tailored balanced "Scorecard" specific to their individual tactical contribution to Departmental strategic objectives and goals.

The core performance measurement approach, strategic objectives, core measures, and national targets outlined in the model program are areas in which the Department intends to achieve consistency and uniformity, to the greatest extent practicable.

Finally, while the program is intended to be a results oriented, systems focused, organization accomplished assessment, the Department of Energy Acquisition Regulation (DEAR) still requires compliance with specific laws, regulations, and contract terms and conditions. Review of compliance procedures is considered an important part of the assessment process as described in the reporting procedures covered in Parts 6, 7, and 8 of this document.

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Acronyms

| | |
|----------------|---|
| BSC | Balanced Scorecard |
| CAPS | Center for Advanced Purchasing Studies |
| CO | Contracting Officer |
| CPSR | Contractor Purchasing System Review |
| DEAR | Department of Energy Acquisition Regulation |
| FASA | Federal Acquisition Streamlining Act |
| FAR | Federal Acquisition Regulation |
| FPDS-NG | Federal Procurement Data System – Next Generation |
| GAO | General Accounting Office |
| GPRA | Government Performance and Results Act |
| HCA | Head of the Contracting Activity |
| M&O | Management and Operating |
| OFPP | Office of Federal Procurement Policy |
| OMB | Office of Management and Budget |
| NPR | National Partnership for Reinventing Government (previously known as the National Performance Review) |

PART 1

Background

This part provides a brief discussion of the transition from process-oriented to results-oriented business assessment programs, and of the Department's goals for assessing business functions.

1. Business Systems Performance and Oversight

The DOE and its contractors continue to be faced with real and dramatic challenges to improve business systems performance. Federal agencies have been called on to look at commercial models for common-sense business solutions and business systems that work better and cost less. Both Federal and contractor organizations are experiencing quantum increases in the levels of customer expectations for quality, timeliness, and service -- all at a lower cost. Both Federal and contractor organizations are facing continuing budget and resource restrictions, which require fundamentally rethinking approaches to business systems and business relationships.

In 1995, the DOE eliminated the "Federal norm" as the standard against which it evaluates contractor purchasing systems, replacing it with the standards of "best-in-class" purchasing organizations, be they public or private. At the same time, the Department reengineered its programs for oversight of Federal and contractor purchasing systems, replacing Headquarters-based, process-oriented review programs with ones that rely on local assessment of performance against Departmental expectations.

2. Mission, Vision, and Strategy

These are the statements of an organization's highest level purpose, desired end-state, and methodology for achieving that end-state for its business systems. All objectives and measures should support these statements.

MISSION: To provide business services to support accomplishment of the Department's programmatic goals and objectives.

VISION: To deliver on a timely basis the best value product or service to our customers while maintaining the public's trust and fulfilling public policy objectives.

STRATEGY: To develop and maintain an organizational culture, management systems, and line processes in the acquisition system that ensure a focus on results, while emphasizing integrity, fairness, competition, openness, and efficiency.

3. Business Systems Management Goals

The Department seeks to:

- Translate its vision into clear, measurable outcomes that define successes that will be recognized and shared throughout the Department and with its contractors;
- Continue to shift from prescriptive, audit-and compliance-based oversight to an ongoing, forward-looking strategic partnership involving Headquarters, the field, and contractors;
- Provide a tool whereby the overall efficiency, and effectiveness of business systems can be assessed, managed and improved;
- Include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, predictive performance management system; and
- Continue to replace current business systems assessment models with an improved and more consistent approach to performance measurement and management.

PART 2

Business Systems Assessment Program

This part describes the objectives, concept and scope of the business systems assessment program. It also addresses the roles and responsibilities of key participants in the program.

1. Program Objectives

The objectives of the DOE Federal and contractor business systems assessment programs are to ensure that business systems adhere to the Department's mission, vision and strategy statements; follow recognized "Best Business Management" practices; and comply with applicable statutes, regulations, and contract terms and conditions.

2. Program Concept and Scope

This program requires periodic evaluations of business systems and processes by each intra-organizational component responsible for those systems and processes. This evolutionary approach looks beyond compliance and evaluates performance and operational effectiveness. The program is intended to be an adaptable, reliable tool, which moves from transactional to results-orientation, drives continuous improvement, and which provides for more cost effective oversight.

The assessment program is characterized by the following key features:

- It determines the degree of customer satisfaction with performance;
- It employs measures and trends to determine cost and efficiency of business systems and processes;
- It assesses the organization's strategic information and skills in order to ensure that they are aligned to support critical business systems and processes; and
- It ensures compliance with applicable laws, regulations, and contract terms and conditions.

This assessment program is consistent with and supports DOE's core values and critical success factor strategies as listed in the Department's Strategic Plan, in the following areas:

- *Customer Orientation.* This approach measures how business decisions and actions are responsive to the customer's needs.
- *Teamwork.* The planning and oversight elements of this program encourage teamwork, particularly integrating and coordinating the roles and responsibilities of DOE HQ,

Cognizant DOE Offices, and contractors, as appropriate. As part of the team, DOE HQ, Field Offices, and contractors should share pertinent information, as appropriate, regarding field and contractor performance. Cognizant DOE Offices, both in HQ and in the field, should consider all available data in communicating the Department's expectations in assessing performance against such expectations.

- *Best Business Management Practices.* Successful business management practices improve processes and customer satisfaction, and reduce defects and rework.

Although the DOE “corporate” Federal and contractor business systems assessment program encompasses the business functional areas of procurement, personal property, and contractor human resources, this document will address the program as it relates to Federal procurement and contractor purchasing. Personal property and contractor human resources will be addressed elsewhere.

3. Roles and Responsibilities

A. Cognizant DOE Office

The Cognizant DOE Office is that entity, either at HQ or in the Field that has the responsibility for performing oversight of the Department’s business systems.

The Cognizant DOE Office concurs with and validates assessment processes, reviews problem analyses, and must be knowledgeable about the approach and timing of improvement action planning. The outcome of assessments shall be used to determine whether additional “for cause” reviews should be conducted. “For cause” reviews of business system operations may be required as a result of the identification of significant areas for improvement or trends which indicate the potential for improvement and require DOE follow-up to protect the Government's interest. They may also arise from implementation of new requirements on the contractor or new contractor systems which require validation.

B. Head of the Contracting Activity

The Head of the Contracting Activity (HCA) may have both operational and oversight responsibility for DOE business systems. The HCA has operational responsibilities for business systems such as the Federal procurement systems, as well as other Federal business systems. The HCA may also have oversight responsibilities for the Department’s major site and facility management contractors’ business activities.

HCAs may consider use of, or tailor, this program to meet system oversight requirements for other contractors where DOE is the Cognizant Federal Agency and the Operations/Field Office is the Cognizant DOE Office for system oversight purposes. The Cognizant DOE Office will ensure that the following requirements are met, when applicable:

- 1). The contractor shall maintain a written description of its business systems which must

- be accepted by the Contracting Officer (CO);
- 2). Substantive changes to a contractor's business systems must be accepted in writing; and
 - 3). Periodic self-assessments are performed by the contractor, in accordance with the terms and conditions of the contract and the BSC assessment methodology.

HCA's are responsible for the approval, conditional approval, or disapproval of contractors' business systems and for furnishing a copy of system determinations to DOE HQ. HCA's are also responsible for ensuring that Federal contracting activities are complying with applicable acquisition and financial assistance regulations. Part 6 describes the inclusion of compliance reviews as part of the BSC assessment process.

C. Cognizant Contracting Officers

The Cognizant Contracting Officer, for each major site and facility management contractor under his/her cognizance, shall:

- Review balanced scorecard development and implementation and ensure conformance with the program.
- Evaluate and validate the contractor's assessment methodology, and monitor the contractor's assessment activities.
- Serve as a peer review participant during assessments and/or as part of verification and validation of process and results.
- Ensure that appropriate steps are planned and carried out to achieve the scorecard's intended objectives, including ensuring that any additional objectives and measures identified by the contractor are consistent with the Department's objectives and do not serve to sub-optimize the balance of the scorecard.
- Collect and analyze, as appropriate, contractor assessment results, and advise the HCA and/or the Procurement Executive of any performance issues or compliance deficiencies, as appropriate.
- Work with the contractor to determine any appropriate actions needed to: 1) identify and address management initiatives by DOE or the contractor needed to assist achievement of strategic objectives/targets; 2) identify and implement additional or revised objectives and initiatives; and 3) identify benchmarking and process improvement opportunities to facilitate leveraging knowledge across the DOE complex.

D. Contractor

Each applicable contractor is responsible for establishing and maintaining business systems and processes which meet Departmental requirements. Contractors are also responsible for conducting credible, documented assessments of the business processes, to include problem analyses and improvement planning to ensure compliance with applicable laws, regulations, and terms and conditions of the contract. Compliance should focus on objectively measurable criteria and allow for meaningful trend and rate of change analyses. If requested by the contractor, outside entities may aid in administering the contractor's assessment program.

E. Director, Office of Procurement and Assistance Management (The Procurement Executive)

When requested by the HCA, the Procurement Executive will provide consultation, training, or facilitator services to Cognizant DOE Offices or contractors based on availability of resources, including facilitation of benchmarking and process improvement based on BSC results.

DOE Operations/Field Office performance will be evaluated as part of the Federal Balanced Scorecard Performance Management Program. Under that program, DOE Operations/Field Offices will perform assessments of the Federal procurement systems as well as manage contractor oversight.

Cognizant DOE Office implementation of the contractor BSC program will be evaluated as part of the Federal BSC assessment program administered by DOE HQ.

PART 3

Performance Management Strategy

This part sets forth the definitional baselines for performance measurement and performance management, provides a discussion of the characteristics and types of measures, and discusses Departmental and local targets for performance.

1. What is Performance Management?

There are a wide range of definitions for performance objective, performance goal, performance measure, performance measurement, and performance management. To frame the dialog and to move forward with a common baseline, certain key concepts need to be clearly defined and understood, such as:

- **Performance objective.** This is a critical success factor in achieving the organization's mission, vision, and strategy, which if not achieved would likely result in a significant decrease in customer satisfaction, system performance, employee satisfaction or retention, or effective financial management.
- **Performance target or goal.** A target level of activity expressed as a tangible measure, against which actual achievement can be compared.
- **Performance measure.** A quantitative or qualitative characterization of performance.
- **Performance measurement.** A process of assessing progress toward achieving predetermined goals, including information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs (how well they are delivered to clients and the extent to which clients are satisfied) and outcomes (the results of a program activity compared to its intended purpose), and the effectiveness of government operations in terms of their specific contributions to program objectives.
- **Performance management.** The use of performance measurement information to effect positive change in organizational culture, systems and processes, by helping to set agreed-upon performance goals, allocating and prioritizing resources, informing managers to either confirm or change current policy or program directions to meet those goals, and sharing results of performance in pursuing those goals.
- **Output measure.** A calculation or recording of activity or effort that can be expressed in a quantitative or qualitative manner.
- **Outcome measure.** An assessment of the results of a program compared to its intended purpose.

2. Performance Measures

Each performance objective should be supported by at least one measure that will indicate an organization's performance against that objective. Measures should be precisely defined, including the population to be measured, the method of measurement, the data source, and the time period for the measurement. Measures should be written as mathematical formulae, wherever possible.

A. Characteristics of Measures

Ideally, measures should possess the following characteristics:

- **Objective** - not judgment calls.
- **Controllable** - the results are substantially in the hands of the organization with the effects of potential outside influences minimized.
- **Simple** - easily understood and measuring only one thing.
- **Timely** - frequently available indicators of recent or current performance.
- **Accurate** - reliable, precise, sensitive indicators of results.
- **Graded** - trackable data available before system failure-not binary yes/no measures.
- **Cost-effective** - providing data worth the cost of gathering it.
- **Useful** - providing data necessary for the organization to manage the business.
- **Motivating** - achieving the targets should drive good business decisions-not over expenditure, over compliance, or other sub-optimization.

B. Types of Measures

Types of measures normally include the following:

- *Core Measures*. These are measures the Department expects all elements to employ where applicable. The formulae and methods for core measures shall be maintained as standard as is practicable from site to site.
- *Optional Measures*. These are measures suggested, but not required, by the Department, and may be useful indicators for assessing progress towards the predetermined core objective.
- *Local Measures*. These are measures, which have site or contractor specificity, that each

site may identify and include as part of their BSC.

- *Outcome and In-Process Measures.* Core, optional, and local measures may be outcome or in-process measures. All are indicators of performance (mission success in business systems). Outcome measures may be found in the Customer, Financial or Internal Business Process Perspectives. Outcomes are products delivered to customers. Outcome measures establish the current performance of a system.

In-process measures will drive future performance, and are no less important than outcome measures. However, success is only desirable in these metrics, to the extent that it leads to success in outcome measures. Success in these measures alone will not satisfy customers. Poor performance in these measures may be addressed in time to prevent negative impact on process outcomes and customer satisfaction. In short, in-process measures are management tools to drive and sustain performance.

C. Departmental Expectations/National Targets

The Department has established Departmental expectations (desirable scores) for its core measures. These expectations or targets correlate to performance levels demonstrated by successful organizations. All sites shall strive to meet or exceed these expectations/targets. It is recognized that local situations are impacted by organizational alignment, structure, vision, strategic objectives, and current conditions.

D. Local Targets

Each site may establish short-term local targets for core, optional and local measures. While these should provide aggressive “stretch” performance targets, they should be realistic. There is little benefit in creating unrealistic or unattainable targets for “optics.” It is expected that when targets are set below Departmental expectations, they will be set to stimulate substantial progress toward those expectations and will rise over time. Similarly, where organizations have already exceeded Departmental expectations, targets in excess of National averages may be maintained as part of continuous improvement.

It is understood that performance should not be driven beyond what is necessary to be supportive of the organizational mission, taking into consideration funding and resource realities (e.g., though it is always desirable to drive cost-effectiveness, it is recognized there is a point in performance or cycle time beyond which improvement does no service to the customer and could drive unnecessary costs.) Local targets may therefore not rise perpetually. When acceptable levels are achieved, these should be maintained and other performance areas emphasized whose improvement have greater strategic importance.

PART 4

The Balanced Scorecard Performance Measurement and Management System

In this part, the framework of the Balanced Scorecard performance measurement and management system is discussed, including a description of the four perspectives of the assessment methodology.

1. The Balanced Scorecard Approach

The BSC is a performance measurement and performance management system developed by Robert Kaplan and David Norton (see “The Balanced Scorecard--Measures That Drive Performance,” Harvard Business Review, Jan-Feb 1992; and “The Balanced Scorecard-Translating Strategy into Action,” Harvard Business School Press, 1996) and has been adopted by a wide range of leading edge organizations, both public and private.

The BSC is a conceptual framework for translating an organization’s vision into a set of performance indicators distributed among four perspectives: Financial, Customer, Internal Business Processes, and Learning and Growth. Indicators are maintained to measure an organization's progress toward achieving its vision; other indicators are maintained to measure the long term drivers of success. Through the BSC, an organization monitors both its current performance (finances, customer satisfaction, and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems--its ability to learn and improve.

2. The Four Perspectives of the Balanced Scorecard

A. Financial

In government, and with DOE’s major site and facility management contractors, the “financial” perspective differs from that of the traditional private sector. Private sector financial objectives generally represent clear long-range targets for profit-seeking organizations, operating in a purely commercial environment. Financial considerations for public organizations, to include the DOE’s major contractors, have an enabling or a constraining role, but will rarely be the primary objective for business systems. Success for such organizations should be measured by how effectively and efficiently these organizations meet the needs of their constituencies. In government, and for DOE’s contractors, this perspective captures cost efficiency, delivering maximum value to the customer for each dollar spent.

B. Customer

This perspective captures the ability of the organization to provide quality goods and services, effective delivery, and overall customer satisfaction. For purposes of this model, both the recipient of goods and services (the internal customer) and the sponsor/overseer (DOE) are regarded as customers of the business processes. In a governmental model, or for DOE contractors, the principal driver of performance is different than in the strictly commercial environment; namely, customers and stakeholders take preeminence over financial results. Recognizing that budgets are limiting factors, public organizations and DOE contractors have a greater stewardship responsibility and focus than do private sector entities.

C. Internal Business Processes

This perspective provides data regarding the internal business results against measures that lead to financial success and satisfied customers. To meet the organizational objectives and customers' expectations, organizations must identify the key business processes at which they must excel. Key processes are monitored to ensure that outcomes are satisfactory. Internal business processes are the mechanisms through which performance expectations are achieved.

D. Learning and Growth

This perspective captures the ability of employees, information systems, and organizational alignment to manage the business and adapt to change. Processes will only succeed if adequately skilled and motivated employees, supplied with accurate and timely information, are driving them. This perspective takes on increased importance in organizations, like DOE and its contractors, that are undergoing radical change. In order to meet changing requirements and customer expectations, employees may be asked to take on dramatically new responsibilities, and may require skills, capabilities, technologies, and organizational designs that were not available before.

The following figure visually depicts the global BSC framework.



PART 5

Selection of Performance Objectives and Measures

This Part summarizes the process used to establish the core measures and how they will be used, and provides samples of organizational-specific measures for acquisition.

1. Establishing Measures for an Acquisition System

The term “core objectives and measures” as used throughout this document refers to the common set of objectives and related measures used in order to determine progress towards pre-determined strategic states, and to facilitate benchmarking within the acquisition arena. Individual organizations, both Federal and non-federal, may add additional objectives and measures as necessary to implement organization-specific strategic and tactical planning goals.

The guiding principles of the FAR are:

“1.102 Statement of guiding principles for the Federal Acquisition System.

(a) The vision for the Federal Acquisition System is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. Participants in the acquisition process should work together as a team and should be empowered to make decisions within their area of responsibility.

(b) The Federal Acquisition System will--

(1) Satisfy the customer in terms of cost, quality, and timeliness of the delivered product or service by, for example—

(I) Maximizing the use of commercial products and services;

(ii) Using contractors who have a track record of successful past performance or who demonstrate a current superior ability to perform; and

(iii) Promoting competition;

(2) Minimize administrative operating costs;

(3) Conduct business with integrity, fairness, and openness; and

(4) Fulfill public policy objectives.

Federal Procurement Systems:

For Federal systems, the Federal Acquisition Regulation (FAR) provides a standard to focus on, with each perspective of the BSC requiring separately identified goals and measures that would help us see how well we are progressing toward each goal.

The core measures contained in the Federal BSC are designed to determine if we are performing our basic functions well and whether or not we are accomplishing the guiding principles of the FAR. Although the BSC assessment model has not been created for the sole purpose of relative comparison among the participating organizations, we believe that the measures do provide an adequate basis for comparing how well each organization's acquisition system is functioning.

970.4402 Contractor purchasing system

The following shall apply to the purchasing systems of management and operating contractors:

...(d) Contractor purchasing systems shall identify and apply the best in commercial purchasing practices and procedures (although nothing precludes the adoption of Federal procurement practices and procedures) to achieve system objectives. Where specific requirements do not otherwise apply, the contractor purchasing system shall provide for appropriate measures to ensure the:

- (1) Acquisition of quality products and services at fair and reasonable prices;**
- (2) Use of capable and reliable subcontractors who either (i) Have track records of successful past performance, or (ii) Can demonstrate a current superior ability to perform;**
- (3) Minimization of acquisition lead-time and administrative costs of purchasing;**
- (4) Use of effective competitive techniques;**
- (5) Reduction of performance risks associated with subcontractors, and facilitation of quality relationships which can include techniques such as partnering agreements, ombudsmen, and alternative disputes procedures;**
- (6) Use of self-assessment and benchmarking techniques to support continuous improvement in purchasing;**
- (7) Maintenance of the highest professional and ethical standards; and**
- (8) Maintenance of file documentation appropriate to the value of the purchase and which is adequate to establish the propriety of the transaction and the price paid.**
- (9) Maximization of opportunities for small business, HUBZone small business, small disadvantaged business, and woman-owned small business concerns to participate in contract performance**

Contractor Purchasing Systems:

For contractor purchasing systems, DEAR 970 identifies the objective of a management and operating contractor's purchasing system; i.e., to deliver to its customers on a timely basis those best value products and services necessary to accomplish the purposes of the Government's contract. To achieve this objective, contractors are expected to use their experience, expertise and initiative consistent with this subpart. The purchasing systems and methods used by management and operating contractors shall be well-defined, consistently applied, and shall follow purchasing practices appropriate for the requirement and dollar value of the purchase. It is anticipated that purchasing practices and procedures will vary among contractors and according to the type and kinds of purchases to be made.

It must be kept in mind that contractor purchases are not Federal procurements, and are not directly subject to the Federal Acquisition Regulation in 48 CFR. Nonetheless, certain Federal laws, Executive Orders, and regulations may affect contractor purchasing, as required by statute, regulation, or contract terms and conditions.

In addition, DEAR 970.0370 requires that contractors develop and maintain management and quality control systems that discourage waste, abuse, and fraud. These systems must also ensure that the products and services provided to DOE meet required specifications. Contractors must maintain management control systems which:

- Are documented and satisfactory to DOE.
- Ensure that all levels of management are accountable for effective management systems and internal controls within their areas of assigned responsibility.
- Cover both programmatic and administrative functions.

- Provide reasonable assurance that government resources are safeguarded against theft, fraud, waste, and unauthorized use.
- Promote efficient and effective operations.
- Ensure that all obligations and costs incurred are in compliance with the contract's terms and conditions and intended purposes.
- Properly record, manage, and report all revenues, expenditures, transactions and assets.
- Maintain financial, statistical and other reports necessary to maintain accurate, reliable, and timely accountability and management controls.
- Are periodically reviewed to ensure they are adequate to provide reasonable assurance that the objectives of the system are being accomplished and that these controls are working effectively.
- Are in accordance with the Comptroller General's standards for internal controls, as set forth in the General Accounting Office Policy and Procedures.

2. The DOE Balanced Scorecard Program

The DOE balanced scorecard (BSC) is a functional component of the Departmental business systems performance measurement and management program. Federal and contractor systems are expected to achieve the most effective combination of performance results in accordance with Departmental expectations, customer requirements, laws, regulations, good business management practices, contractor management objectives, and the terms and conditions of their contracts, as appropriate.

The core objectives and performance measures established under this program for the Federal and contractor organizations are applicable to all activities. Under the BSC program, performance objectives and measures are established, targets are assigned and measurements taken. Formal documented self-assessments are the principal data generating or gathering source. Measurements are formulated to report status of performance to management and the customer and the feedback cycle drives improvement actions as appropriate.

The core objectives and measures contained in the Federal and contractor BSCs are to be used by participating activities to monitor their business processes. The initial step in each area will be to establish a baseline against which future performance will be compared. The objective should be to measure trends in continuous improvement affecting the organization's performance. To ensure this data is trendable and reliable, the method used to establish the baseline should also be applied in subsequent assessments. It is recognized that the results may not be directly comparable from one purchasing management activity to another.

Note: Because core measures and associated targets change on a periodic basis, the current core measures and targets for the DOE Federal and contractor BSC programs are not included here, but are available on the Internet at “<http://professionals.pr.doe.gov>”. As objectives and/or measures and targets are modified or updated, they will be issued independent of this Guide by the Procurement Executive and made available at the above web site. However, below we have illustrated examples of the types of measures that are important to procurement organizations.

A. CUSTOMER PERSPECTIVE

For this perspective, “customer” means the government end-user of the contract. This includes direct internal customers and, for multi-organization acquisitions, direct or external customers.

- ***% of customers satisfied with timeliness.*** This is the customer’s degree of satisfaction with the timeliness of the delivery of products or services and other factors affecting the acquisition schedule. The timeliness category may include an assessment of the following:
 - Are products and services delivered when needed?
 - Are milestones consistently met?
 - Is planning performed early in the acquisition process?
 - Is communication consistent and effective?
 - Does the acquisition office do a good job in preventing problems which may lead to delays?

% of customers satisfied with quality. This is the customer’s satisfaction with the quality of goods and services delivered. “Quality” also includes an assessment of whether or not contractors selected for awards offer the best combination of quality and price.

- ***% of customers satisfied with the responsiveness, cooperation, and communication skills of the acquisition office (i.e., the “professionalism” of procurement staff).*** The perceptions, choices, and behavior of all participants in the acquisition process affect the outcome of any acquisition. This element is based upon the degree of responsiveness of the acquisition team, the success of mechanisms which support teaming, and the degree of satisfaction with communications and problem solving.

B. FINANCE PERSPECTIVE

- ***Cost to spend ratio.*** This element represents the cost for each office to spend one dollar of their customer’s funds. This figure is calculated by dividing the operating cost of each office by the total obligations of that office. The amount for total obligations is taken from the FPDS-NG. The cost of operating each office includes: salaries, training, and contractor support. (It is recognized that these elements of cost

may not capture the entire cost of the acquisition system, but the decision was made not to attempt to quantify indirect costs).

In addition, due to the variation in acquisition system organizational structures across the Federal agencies, the result of this cost to spend measure may not be directly comparable, one organization to another. Cost to spend measurements should be looked at as only one of the indicators of the current status of the acquisition systems' efficiency. The most important focus should be on improvements themselves. Benchmarking across, and outside of, Federal agencies can provide avenues of inquiry for identifying best practices for possible adoption, and should also be one of the techniques used to facilitate performance improvement.

C. INTERNAL BUSINESS PROCESSES PERSPECTIVE

- ***% of actions using Electronic Commerce.*** This element represents the total number of acquisition actions processed through the use of electronic commerce.
- ***% of actions competed.*** This element assumes that cost savings, greater quality, and/or better sourcing are generally achieved through the use of competition versus non-competition. This element tracks the organization's percentage of competitive procurements and percent of dollars obligated as a percentage of total procurements.
- ***% of service contracts issued as performance-based.*** This element measures the percent of service contracts issued as performance-based, and the percent of service contract dollars obligated as performance-based.

D. LEARNING AND GROWTH PERSPECTIVE

- ***Extent of reliable management information.*** This measure captures the extent to which the managers of the procuring activities believe they have timely, accurate, and complete information to make management decisions.
- ***% of employees meeting mandatory qualification standards.*** This measure identifies the percentage of acquisition employees (GS-1102 only) that meet the mandatory education, training and experience requirements as identified in the OPM Contract Specialist Qualification Standards. It will be calculated by dividing the number of acquisition employees that meet the education, training, and experience requirements by the total number of acquisition employees in the organization.
- ***% of employees satisfied with the work environment.*** In order to retain high quality acquisition professionals, and enhance worker performance, the work environment must be pleasant and include the necessary resources for accomplishment of work. This measure represents the employees' degree of satisfaction with items such as tools provided (e.g., information technology, reference material, etc.) working conditions, and reward mechanisms.

- ***% of employees satisfied with the professionalism, culture, values and empowerment.*** Management plays a vital role in the operation of each acquisition team by directing, motivating, and leading their personnel. Acquisition leadership should foster a professional environment that promotes the efficient and effective acquisition of goods and services from responsible contractors. This measure includes an assessment of the employee perception of organizational professionalism, culture, values and empowerment.

3. Initial Selection, Addition, and Deletion of Performance Measures

Many reasons exist for selecting a particular performance measure. In most instances, however, the reason for selecting a measure should fall within one or more of the following:

A. Customer-focused

In most organizations, customer perception of product/service cost, quality, timeliness, and service-provider responsiveness plays a significant role in organizational success. As a result, performance measures should be created that monitor product/service cost, quality, “speed” and service.

B. Strategic Considerations

Senior management is responsible for guiding organizational performance in a direction that will ensure accomplishment of strategic goals. Once strategic goals are defined, performance measures can be developed that will help stimulate performance towards achievement of pre-determined objectives and in the desired strategic direction.

C. Critical Few

Performance measures should constitute those which are determined critical to achieving customer satisfaction and service, as well as organizational, informational, workforce, and business process improvements, and other strategic objectives. Too many measures will diffuse the focus of the organization and the measurement process.

The core measures used in the Federal procurement and contractor purchasing models were established by cooperation between DOE Headquarters and DOE field elements (for the federal program) and DOE Headquarters, DOE field elements, and contractor purchasing organizations (for the contractor purchasing program). Cooperation between participating parties is expected to continue in the creation and deletion of core performance measures. All Federal offices and participating contractor purchasing organizations are required to include all core measures in their assessment programs, unless a particular core measure is not applicable. Any other instance of non-inclusion must be discussed with the DOE Headquarters Office of Contract Management (ME-62) prior to finalization of the organization’s annual assessment plan.

Although many factors exist that can influence any decision to add or delete a measure, the following criteria will be followed to the extent possible:

- *Each measure will be retained for multiple years, usually not less than three years.* Assessment of performance under the BSC methodology is dependent upon trend data established over time. A one-time-only assessment will provide a “snapshot” of current performance, but it does not provide a reliable assessment of where the organization is going. As a result, it does not make much sense to create a performance measure that will be utilized for one assessment period only. Therefore, in general, each core measure developed will be used for several years before any decision to delete is made.
- *In general, measures will be maintained for strategic purposes.* The BSC is a strategic tool whose objectives and measures are focused on strategic change. Therefore, when performance has reached stable levels of excellence, objectives and measures may be adjusted to focus on new directions and areas needing attention. However, because of the importance of excellent performance in certain areas (e.g. customer satisfaction, statutory and regulatory compliance), even when organizations achieve a high level of consistent performance, organizations still need to keep focused on these performance areas, and have an assessment system that provides the organization with immediate notification if performance begins to slip.
- *DOE Headquarters (Federal program) or DOE Headquarters or field element (contractor program) may mandate the inclusion of a performance measure.* In certain circumstances, DOE may require the inclusion of a measure without the participation or agreement of affected parties. These circumstances will be limited to instances where specific measurement is directed by law or regulation, or is deemed critical to guide organizational performance in a direction necessary to accomplish strategic goals.

PART 6

Compliance, Operational Awareness, and Reasonable Assurance

In this part, a discussion is provided of the importance of ensuring that procurement and purchasing organizations conform with appropriate laws, regulations, contract terms and conditions, etc. In other words, besides focusing on results, an acceptable performance assessment methodology in a government organizational environment must also consider organizational compliance issues.

1. General

The DOE Procurement Executive and contracting activities are responsible for ensuring conformance with laws, regulations, terms and conditions of contracts, and performance sufficient to meet Departmental expectations, including routine compliance activities, business systems surveillance, and validation and verification of measurement techniques and data. Together, these administrative activities can be described as operational awareness. More specifically, operational awareness is the continuous attention to those activities which enable an organization to determine how well it is meeting predetermined performance objectives.

2. Quality Assurance

Consistent with the need for control systems which prevent or detect unauthorized or undesirable activities, procurement organizations must have a quality assurance program which provides adequate supervision and sufficient independent checks and balances to provide reasonable assurance that the expectations set, and the objectives established, for the procurement system are achieved. Quality assurance is also important in achieving and maintaining a high level of credibility.

The policies, plans, and procedures designed and implemented by management should be sufficient to reasonably ensure prevention and/or detection of noncompliance with applicable laws, regulations, terms and conditions of contracts, and good business management practices.

An integral part of a satisfactory procurement system is a management control process that includes periodic reviews performed by qualified persons who are independent of the organization and who do not have any real or apparent conflict of interest. These assessments must ensure that the system and associated processes are adequate to provide reasonable assurance that the objectives of the system are being accomplished and that these controls are working effectively. “Qualified individuals” are persons with the technical proficiency and educational background appropriate for the procurement activities under review. “Independent of the organization” means the individual is not a part of, or under the control of, the area being assessed. (See, also, the related discussion in Section 5, Peer Review, of this Part.)

Management is responsible for initiating such corrective actions as are necessary to achieve compliance and to achieve predetermined objectives.

3. Risk Assessment

All organizations encounter risk. There is no practical way to reduce risk to zero. Accordingly, management must continually make judgments as to the level of risk it is willing to accept. (For the purpose of this guidance, risk is the probability that an event or action may adversely affect the organization.)

Risk assessment is the systematic process for assessing and integrating professional judgments about probable adverse conditions and/or events. The risk assessment process can provide a means of organizing and integrating professional judgments in developing the review work schedule. In designing an assessment program, managers should perform a risk assessment and assign those areas constituting the greatest risk to the earliest and most frequent evaluation, monitoring and testing.

4. Compliance Activities

Procurement systems must be evaluated periodically to assess basic compliance with system requirements, including laws, regulations, terms and conditions of contracts, ethical standards, and good business management practices, as appropriate. This periodic assessment of compliance activities is required by the regulations and is, accordingly, an important part of the Balanced Scorecard Program. A core performance measure related to compliance is included in the slate of core measures for Federal offices (Acquisition Excellence), and for contractor organizations (Effective Internal Controls). The results of the periodic compliance reviews represent a key source of information for organizations assessing performance under these core performance measures. In the case of contractor purchasing organizations, the results of these reviews also serve as input to the CO on purchasing system acceptability.

A compliance review of each Federal and contractor procurement office is to be conducted at least once every three years. This formal review of compliance activities is needed to assist Federal and contractor site procurement management in justifying the assessment rating of compliance under the BSC program as mentioned above. It is also needed to assist Federal offices in their contract administration responsibilities in conjunction with their major site contractors, and is needed for HQ assurance of satisfactory compliance by Federal field procurement offices and contractor purchasing systems as part of the HQ oversight responsibility.

In the conduct of these compliance reviews, Federal procurement and contractor purchasing organizations are to abide by the following requirements:

- Federal Offices: Federal offices are to use the *Acquisition and Financial Assistance Self-*

Assessment Checklist. It contains a detailed checklist of compliance standards and review questions that Federal offices are to use when conducting the compliance portion of the self-assessment. The process and the timing by which Federal procurement directors structure their assessment activities may vary, so long as the cumulative results of compliance evaluations are sufficient to provide accurate, comprehensive, and timely information. Flexibility is permitted in the timing of the review (i.e. either a total review once every three years, a partial review each of the three years, etc.) as long as all appropriate review criteria are covered at least once every three years. The *Acquisition and Financial Assistance Self-Assessment Checklist* document is available on the internet at the DOE Procurement Homepage (<http://professionals.pr.doe.gov>).

- **Contractors:** The contractors are to follow the requirements of the *Contractor Peer Review Program*. This program was established by the Procurement Evaluation and Reengineering Team (PERT). The program represents a partnering of Federal and contractor personnel in evaluating the efficiency and effectiveness of contractor purchasing systems as defined in the prime contract and in applicable statutes and regulations, and as implemented by the contractor's policies and procedures. The program provides for the establishment of a peer review team that will conduct the compliance review of the contractor's purchasing system, and will also validate Balanced Scorecard assessment results. The program provides for standardized review criteria that will be used in the compliance review. As needed, both the contractor and the CO will participate in modifying the standardized criteria to fit specific requirements, and in developing additional criteria needed to fit local purchasing practices.

The *Contractor Peer Review Program* is mandatory for all contractors participating in the Balanced Scorecard program. However, since the CO is ultimately responsible for contractor purchasing system review and approval, the CO may determine that a particular peer review needs to be supplemented in some fashion, or replaced by another approach (e.g., a formal CPSR done in accordance with FAR 44.3, etc.). In this event, it will be necessary to get the concurrence of the Procurement Executive prior to conduct of the compliance review. The *Contractor Peer Review Program* document is available on the internet at the DOE Procurement Homepage (<http://professionals.pr.doe.gov>).

5. Peer Review

One of the critical elements of a credible DOE procurement performance measurement and performance management system is the level of competency, independence, and objectivity of those assessing the operation of the systems, both Federal and contractor. To facilitate such credibility, an integral part of all procurement systems assessments will involve some level of independent peer review.

This review approach shall consist of involvement by knowledgeable contracting professionals and personnel from related disciplines that are from outside the organization being reviewed. These personnel are to be involved in the design and conduct of the review, in the verification

and validation of review policies, procedures, practices, and in the resolution of review findings. Those from outside the organization can include staff from other sites, federal/contractor counterparts, internal auditors, other organizational performance evaluation staff, independent commercial sources, or Headquarters personnel. As far as the compliance component of the BSC self-assessment process is concerned, contractor participation in the required Contractor Peer Review Program described earlier in this Part will satisfy peer review requirements. However, there shall be involvement by the Cognizant Contracting Officer, or designee, in the BSC design, planning, conduct and evaluation of results by the contractors of their purchasing systems and activities, including participation in the planning, execution, and resolution of internal compliance activities to ensure that the resulting information is used for continuous improvement.

The overall point of the peer review requirement is to ensure that independence and objectivity are maintained and that there is no financial, organizational, or personal relationship that will prevent the peer reviewer/evaluator from rendering impartial and unbiased judgment and opinions when performing this assignment.

6. Operational Awareness

Factors influencing the level of operational awareness include: the nature of the work, the type of organization, and past performance. Accordingly, oversight organizations should maintain a relationship with the overseen organization and its management staff that affords on-going awareness of that organization's strengths and weaknesses, if any. This monitoring or surveillance is a fundamental part of operational awareness.

A. Surveillance

1). Surveillance includes both formal and informal activities. Formal surveillance activities, based on specific criteria, are typically established in writing and provided to the organization. Surveillance, general in nature and usually conducted and reported orally, is an effective approach when circumstances require flexibility to accommodate changing emphasis, shifting priorities, or establishing rapport. There should be scheduled activities that provide for sufficient levels of operational awareness, a sampling of which follows:

- Hold periodic meetings between management staff with agenda items designed to fully communicate subjects such as current initiatives, status of problem areas and actions taken to date, scheduled and planned training, policy and procedure revision status of organizational or contract change implementation, as appropriate.
- Review status reports and trend analyses of performance measures, perform limited on-site review (if applicable) of selected areas of significant risk as appropriate, and

- Maintain awareness and involvement at a level such that a “for cause” issue is not a surprise.
- 2). When a “for cause” condition exists, certain surveillance activities may be assigned to other disciplines or functional areas. In these instances, supporting documentation resulting from the findings should be provided to the organization. Reports generated as a result of internal audits performed by independent auditors in special areas, and reviews conducted by other Federal personnel, such as the GAO and the Inspector General, are considered valuable diagnostic tools for the Cognizant DOE Office.
 - 3). Selected significant risk areas, as mentioned above, typically refer to those actions or activities that require compliance with laws, regulations and contract terms and conditions. Oversight of organizational self-assessments in these compliance areas is significant and accordingly, should be closely coordinated with that organization. There should be various control systems employed as necessary to ensure compliance and to test the currency and adequacy of the business system.
 - 4). The degree of monitoring and the formality of the Cognizant DOE Office’s/HQ’s oversight approach must be value-added, understood by both parties and commensurate with the business system status and consistent with the reasonable assurance that the system is meeting expectations.

B. Validation

Validation is the process of determining the degree of accuracy and completeness of the measurement techniques and the resulting data. The DOE HQ Office of Contract Management, ME-62, will validate assessment practices and results for Federal offices. The Cognizant Contracting Officer will validate assessment practices and results for contractor purchasing systems (the Contractor Peer Review Program will assist in validating contractor results). More specifically, the cognizant oversight office will review and concur with the organization’s proposed assessment plan, which includes the processes, approaches, and data systems to be used. In particular, the cognizant oversight office must be able to determine the validity of the organization’s assessment techniques for measuring performance outcomes. The success of the assessment will depend largely on the mutually-agreed and understood performance objectives, measures, and expectations; the scope, depth, and effectiveness of the self-assessment; and, the integrity of the self-assessment.

C. Verification

Verification is the process of substantiating a set of data results by such means as checking stated facts, citations, measurements or attendant circumstances. Procurement Directors are responsible for ensuring the verification of data results for the Federal offices. Contractor Purchasing Directors are responsible for verification of data results for their purchasing systems.

Verification of data resulting, for example, from the assessment and other operational awareness activities will, in part, formulate the basis of the approval of the business system. The data should be analyzed to determine its accuracy and that comparisons or benchmarks are valid.

Verification of narrative or statistical data should be tailored by data type. Interviews with selected internal and external customers and the organization's employees may also verify reported survey results. Trend analysis of the assessment results should reflect the factual information provided by the interviews with staff.

D. Validation and Verification Suggestions

The following suggestions can assist in the validation and verification of the assessment process and results:

- Mutually understand what and how the organization will measure performance;
- Be familiar with the data sources and methods that will be used in the calculations;
- Confirm that the collection methodology is accurate, complete, and timely;
- Confirm that the data is properly controlled; and
- Become familiar with the trend analysis techniques to be used and gain assurances that the organization's personnel are qualified in this area.

7. Reasonable Assurance

When properly carried out, operational awareness activities should provide reasonable assurance that the business systems are operating in the best interests of the Government. Reasonable assurance is based on the collection and analysis of limited but critical data, from which inferences can be made and conclusions reached regarding the acceptability of the organization's management of the particular function. Sources for the data may include:

- On-going operational awareness activities,
- "For cause" reviews,
- Other reviews (e.g., Internal Audit, Inspector General, Defense Contract Audit Agency, and Contracting Officer appraisals), and
- Organizational self-assessments.

PART 7

Balanced Scorecard Assessment Plan

This part provides a discussion of the BSC Assessment Plan that will be developed by each assessed organization prior to the beginning of the assessment period.

1. General

Each organization under assessment will prepare an annual Balanced Scorecard Assessment Plan addressing the four perspectives of the BSC. The Plan shall address the following areas as a minimum:

- **Background Information.** This section identifies the DOE organization or contractor, Field Office or contract number, point of contact and telephone number, and if appropriate, the name of the Cognizant DOE Office, and CO name and telephone number. The date of the last system assessment (if applicable), scheduled date of the next assessment, status of the business system, and the current review thresholds shall also be listed in this section.
- **Identification of Assessment Review Personnel.** The specific names, titles, and corporate affiliation of individuals who are participating in the assessment shall be identified. It is essential that the assessments be conducted by technically qualified and results-oriented professionals.
- **Current Assessment (if applicable).** Describe improvement actions which have not been fully implemented from the most recent assessment; proposed improvements; and target completion dates. Significant areas shall be discussed in greater detail.
- **Assessment Activities** - The organization's assessment program (including review processes utilized) shall be described. A description of the specific review activities to be performed and sampling methodology used in conducting the assessment must be included in this section. Be sure to include a separate discussion of compliance activities as described in Item 4 of this part entitled "Administrative Issues Specific to Compliance."

2. Planning for and Conducting an Assessment

The assessment may be divided into phases. Within each phase, various activities should be accomplished to properly plan, coordinate, conduct, gather data, analyze results, and close-out the assessment activity for any particular review period.

The Plan will describe the depth and scope of the assessments. The depth and scope will be tailored to fit the breadth of the organization's activities. Organizations who have had significant areas for improvement identified from previous assessments of their system may merit additional attention in areas of weakness or of special interest or importance. To determine the extent of the assessment, the organization (contractor or Cognizant DOE Office, as appropriate) will review previous assessment reports (if applicable) and such other pertinent information as may be available within DOE. This may include surveillance reports, internal DOE reviews, Inspector General reports, GAO audits, other internal assessment reviews, system procedures, transactional reviews, and business management reviews.

3. Problem Analysis and Business System Improvement Action Planning

Improvement action planning shall be based on the results of problem analyses, as applicable, for any less than satisfactory area of organizational performance. An effective problem analysis will identify the most basic reason for a problem, inadequate performance, or obstacle to improvement.

Once an assessment has been conducted, the organization shall brief the HCA, or DOE HQ as appropriate, describing any improvements to be undertaken to correct less than satisfactory areas identified in the assessment report. Agreement shall be reached on plans for performance enhancement activities. All such enhancement actions shall be completed within 12 months.

4. Submission of Assessment Plan to HQ

Annual assessment plans for Federal and contractor purchasing offices are to be submitted to DOE HQ by October 15 of each year (unless date changed by memo from DOE HQ), prior to the beginning of the fiscal year being assessed. Contractor plans are to be submitted to the Cognizant DOE Office for review. The Cognizant DOE Office will provide the contractor with written comments on the sufficiency of the plan, and forward their comments and a copy of the contractor plan to DOE HQ.

5. Administrative Issues Specific to Compliance

Both Federal and contractor purchasing organizations are expected to follow the plan guidelines listed above for structuring their BSC assessment plan. And as mentioned previously, a review of compliance activities is a key part of the BSC assessment process. However, due to the importance of compliance issues, Federal procurement and contractor purchasing organizations shall provide a *separate and distinct* discussion of compliance evaluation activities planned for the fiscal year as discussed in Section 4, Compliance Activities, of PART 6. For the Federal offices, this separate discussion shall cover the same information requested above for the BSC assessment plan. For the contractors (who are required to abide by the requirements of the Contractor Peer Review Program sponsored by the PERT) a discussion of the timing of any peer review for the upcoming year would be sufficient since team participants and other pertinent information would be controlled by the review team. For both Federal offices and contractor

organizations, if no formal compliance review is planned (e.g. because it was completed last year), then provide a discussion of the current status of corrective action implementation resulting from the most recent compliance review. Also, provide a discussion of the day-to-day review activities that focus on compliance. For example, what process(es) is/are in place to ensure that contracts are awarded in accordance with rules and regulations? Attachment of any current local policies and procedures relative to review of actions for compliance issues would be appropriate. As discussed in Part 6 of this Guide, when conducting compliance reviews, Federal offices are to use the *Acquisition and Financial Assistance Self-Assessment Checklist* as a starting point, modifying the criteria to suit local needs, or to up-date as needed. Major site and facility management contractors are to abide by the requirements of the *Contractor Peer Review Program*.

PART 8

Balanced Scorecard Assessment Report

At the end of each assessment period, each organization must prepare a report of the assessment results which will be reviewed by the Cognizant DOE Office. This part describes the contents of the report.

1. General

The organization shall conduct the assessment in accordance with the previously prepared BSC Assessment Plan. After conduct of the assessment, the organization shall prepare a BSC Assessment Report which will be submitted to the Cognizant DOE Contracting Officer (for contractors) or DOE HQ Procurement & Assistance Management, Office of Contract Management, ME-62 (for Federal offices). This Report shall contain, at a minimum, the following information:

- **Introduction/Background.** This section identifies the contractor or DOE organization, contract number or field office, point of contact and telephone number, and if appropriate, the name of the Cognizant DOE Office. List the date of the most recent purchasing system approval (for contractors) and current review thresholds (if applicable).
- **Identification of Assessment Review Personnel.** The names, titles, and organizational/corporate affiliation of all individuals (including peer personnel) who participated in the assessment review shall be listed here.
- **Scope of Review Activities.** The assessment review activities that were completed are listed in this section. This summary shall be presented in sufficient detail to allow any reader to understand the significance of the information contained in the report. The status of open items from the prior assessment shall be discussed (if applicable). Problem analyses and improvement action planning shall be discussed for assessments of greater significance. Be sure to include a separate discussion of compliance activities as described in Item 3 of this part entitled “Administrative Issues Specific to Compliance.”
- **Trend Analysis.** Include analysis of trends as to how the performance over time indicates continuous improvement or opportunities for management attention.
- **Assessment of Perspective Trade-offs.** Include analysis of whether performance is “out of balance,” and what is being done to bring it back into balance.
- **Identification of Management Initiatives.** Include any process reengineering/redesign, training, or benchmarking opportunities for leveraging across

the DOE complex.

- **Root Cause Analysis.** Root cause analysis refers to the process of identifying the causal factors for an event or circumstance which, if corrected or eliminated, will prevent its reoccurrence. It is expected that managers will determine the real causes for occurrences, violations, problems, failures to achieve agreed to objectives or target levels of performance, less than satisfactory performance, etc.
- **Corrective Action Plans.** Improvement action planning should be based on the results of root cause/problem analyses, as applicable, for any less than satisfactory area of organizational performance. An effective problem analysis will identify the most basic reason for a problem, inadequate performance, or obstacle to improvement.

Once an assessment has been conducted, the organization shall brief the HCA, CO or DOE HQ, as appropriate, describing any improvements to be undertaken to correct less than satisfactory areas identified in the assessment report. Agreement shall be reached on plans for performance enhancement activities. All such enhancement actions shall be completed within 12 months if possible.

2. Data Reporting To DOE Headquarters

Annual reports are required from both Federal and contractor entities. Federal office reports will be submitted directly to DOE HQ Office of Procurement & Assistance Management, Office of Contract Management, ME-62. Reports from contractors must be submitted to the Cognizant Contracting Officer who will analyze the results, and communicate results of the analysis to the contractor. The Cognizant Contracting Officer will then provide a copy of the contractor BSC report results to DOE HQ, along with a copy of the results of their analysis of the contractor submission. Submission of Federal reports, including copies of contractor reports, are to be submitted to DOE HQ by December 15 for the fiscal year just ending. Any change to this date will be made by memo from DOE HQ. The data submitted to DOE HQ will be used to generate Departmental expectations/targets for the performance measures for both the Federal and contractor BSC programs. DOE HQ will also develop Department-wide average scores for each of the BSC performance measures in the Federal and contractor BSC programs. In addition, DOE HQ will identify the names of those organizations who represent the top percentile for each measure. The intent here is to stimulate benchmarking among the Department's field offices and contractors. DOE HQ does not intend to release, outside of DOE, any other names or individual organizational data submitted. However, voluntary sharing of this information among field offices and contractors is encouraged.

3. Administrative Issues Specific to Compliance

As with the discussion of the BSC Plan development, Federal procurement and contractor purchasing offices are requested to provide to DOE HQ, or the Cognizant Contracting Officer, a *separate and distinct* discussion of any compliance reviews conducted during the past fiscal year. Please include a complete discussion following the guidelines discussed in Section 1, General, above. Provide a general discussion of the review results, significant findings, etc. Also discuss corrective action needed, current status of these correction activities, etc.

PART 9

Using Performance Measurement Results to Effect Change

This part provides a discussion of the importance of using performance assessment results in an appropriate fashion - one that helps ensure organizational success.

Obviously, making constructive use of assessment results is critical if the organization is to improve, and perhaps, to survive. There are certain significant aspects of using the results of performance measurement that should be kept in mind when deploying a performance management system. They are as follows:

1. Performance Measurement Systems Must Provide Intelligence for Decisionmakers, Not Just Compile Data

Performance measures should be limited to those that relate to strategic organizational goals and objectives, and that provide timely, relevant, and concise information for use by decisionmakers—at all levels—to assess progress toward achieving predetermined goals.

Although each organization is unique in how performance results can best benefit the organization, several concepts appear to apply across the board. They include the following:

A. Assessment Results Must Provide Meaningful Information.

Management needs intelligent information for decision making. If properly constructed, the performance measures selected will result in data that is meaningful to decision makers in terms of improving organizational performance. The data generated should be timely, relevant, and concise. Assessment results should provide information on the efficiency of the production of goods and services, on how well current performance compares to intended programmatic purposes, and on the effectiveness of organizational activities and operations in terms of their specific contribution to program objectives. Numerous factors need to be considered when determining the effectiveness of assessment results. They include the following:

- Does the data indicate any performance trends over time and over projects/functional areas?
- Can the data be used to improve performance in areas other than the one(s) assessed?
- Have the correct performance measures been selected for assessing desired performance?
- Do the measures reflect priorities?
- Do the results reflect an understandable causal relationship between performance effort

and performance result?

- If performance targets are not met, what inhibited successful performance?
- If performance targets are significantly exceeded, are there additional benefits to the organization that can be gained in terms of reducing operating costs or improving performance?

B. Employing Supplemental Information Sources.

An organization can leverage the BSC's power by supplementing BSC results with data from other sources that provide information on the "health" and direction of the organization. Such information provides a more detailed picture of an organization's external environment and internal capabilities. It can also identify issues or problems not otherwise reflected in BSC results. This in turn helps the organization to interpret BSC results with a fuller understanding and make appropriate adjustments to its strategies. Useful sources for the acquisition function include:

- Agency protest statistics/ombudsman activities
- Workforce training and education data
- Performance-based service contract reports
- Debarment and suspension statistics
- Inspector General reviews
- General Accounting Office reviews
- Internal Audit reports

C. Assessment results must be properly analyzed

Understanding what a particular result really means is important in determining whether or not it is useful to the organization. Data by itself is not useful information, but it can be when viewed from the context of organizational objectives, environmental conditions, and other factors. Proper analysis is imperative in determining whether or not performance indicators are effective, and results are contributing to organizational objectives.

2. Results Must Be Used or No One Will Take Them Seriously

This seems so obvious that it should not need to be stated. Nevertheless, assessments are often followed with little effective analysis of results, or honest attempts at improved performance. The following represent some of the ways that leading organizations, both public and private, use performance information to improve performance, manage risk, and support decision-making:

A. Gap Management

Performance results can be used to determine gaps between specific strategic objectives and/or annual goals and actual achievement. The root causes of these gaps are analyzed, and countermeasures developed and implemented. Whenever there is a gap between current results and an organization's objectives, it is an opportunity for process improvement. Reengineering and redesign are a frequent response to the identification of gaps between objectives and achievement, and are usually very effective, particularly when they include "process flow analysis" which requires a detailed examination of the existing process(s) and allows for exploration of alternate procedures within a process. Process flow analysis is especially useful when BSC results indicate performance gaps in the areas of timeliness, purchasing costs or efficiency. Understanding which key processes need the most attention, and then aggressively addressing the differences between current performance and the desired end state is a hallmark of successful organizations.

B. Self-diagnosis

A contracting or purchasing activity can use the information for "self-diagnosis." BSC data together with other reports and statistics can help the activity anticipate and resolve issues before they become problems, or at least minimize the effect of problems by early action. Information from other reports and statistics may also indicate the need to adjust BSC strategies and measures.

C. Enhancing Strategic Feedback and Learning

Kaplan and Norton recommend that, in addition to tracking progress on past results, managers can use the BSC to learn about the future. Managers should discuss not only how they achieved past results, but also whether their expectations for the future remain on track. Changes in the environment (e.g., new technology, legislative initiatives, etc.) may create new opportunities or threats not anticipated when the managers developed their initial strategies. If an organization followed established strategies, but did not achieve target results, managers should examine internal capabilities and assess whether the underlying strategies remain valid. Based on such analyses, managers may adjust or redirect their strategies or identify new strategies. This focus serves as a foundation for effective process improvement and risk management. It also completes a feedback loop that supports decision-making at all levels of the organization.

D. Benchmarking

An organization can use the BSC to benchmark its performance against other organizations. Benchmarking helps to get a picture of how the organization's procurement function performs compared to others. It also serves as one input for developing target goals. However, the strength of benchmarking is not in identifying best performance, but in learning best practices. That is, the organization should identify, study, analyze, and adapt the "best practices" that led to the "best performance." Understanding the best practices helps managers to make better-informed decisions about where and how to change their organization.

To make valid comparisons, the organization should consider how the other organization is both similar and different. Common factors to consider, whether selecting another agency or an industry for benchmarking, include:

- Is the total size and budget similar?
- Is the amount spent on acquisition comparable?
- Is the percent of total budget spent on acquisition similar?
- Does the other organization have a similar mission or perform work of comparable complexity?
- Are the products and services acquired similar?

Several sources have information available for benchmark comparisons:

- An organization can compare its performance on the core measures identified in this BSC to other Federal agencies that use the same measures.
- Other agencies may also have similar supplemental organization-specific measures.
- The Center for Advanced Purchasing Studies (CAPS) reports on numerous industries plus municipal governments and state/county governments on many standard benchmarks.
- The FPDS contains information useful for comparing several financial and internal business process measures (e.g., percent of acquisition dollars awarded competitively, percent of acquisition dollars spent on commercial items, etc.).

E. Oversight and Compliance

The Procurement Executive can use the BSC and supplemental data to support oversight and compliance activities. Results of BSC measures and other reports and statistics help highlight areas of concern. If BSC measures are properly aligned with significant objectives, then review efforts should be focused where they will have the most benefit. Reviews should analyze the

cause of concern and identify appropriate remedies (e.g., recommending changes in operational practices, clarifying existing or developing new policies, eliminating or revising policies that create problems, eliminating non value-added activities, etc.). The BSC also provides a framework for reporting to the agency head, chief executive officer, laboratory director, Congress, and OMB.

F. The Business Case

In addition to strategic feedback and learning, managers can also use the BSC to build a strong, sound business case to support proposals for changes or requests for resources. The BSC illuminates links between strategies, measures, and expected outcomes at different levels in the organization, and across different operational components. This provides a framework for explaining how and why a proposed change will benefit the organization and the expected effect on linked components. For example, a contracting activity could use the BSC to demonstrate how a proposed change to processing requisitions would improve its efficiency and also benefit program mission accomplishment.

The BSC also provides the framework for justifying requests for resources. For example, in presenting the annual budget request, a manager can use the BSC to demonstrate the expected results from a given level of funding. Similarly, the manager could use the BSC to defend requests for increases in resources, by showing how additional resources would improve results for one or more measures.

G. Cross-functional Problem Solving

By illuminating the links between strategies, measures, and expected outcomes at different levels in the organization, and across different operational components, the BSC also encourages cross-functional problem-solving. For example, the procurement office may identify a Department-level or corporate policy that impedes its ability to accomplish a certain objective. The Office could raise the issue, using the BSC to demonstrate the cause-and-effect relationship, and work together with the appropriate management toward a solution. Or a procurement office may work with finance to establish an electronic system for receiving and processing invoices that benefits the performance of both organizations.

**Department of Energy
Procurement Performance**

Federal Contracting Activities

Balanced Scorecard

Performance Assessment Results

FY 2009



Balanced Scorecard Perspectives and Objectives

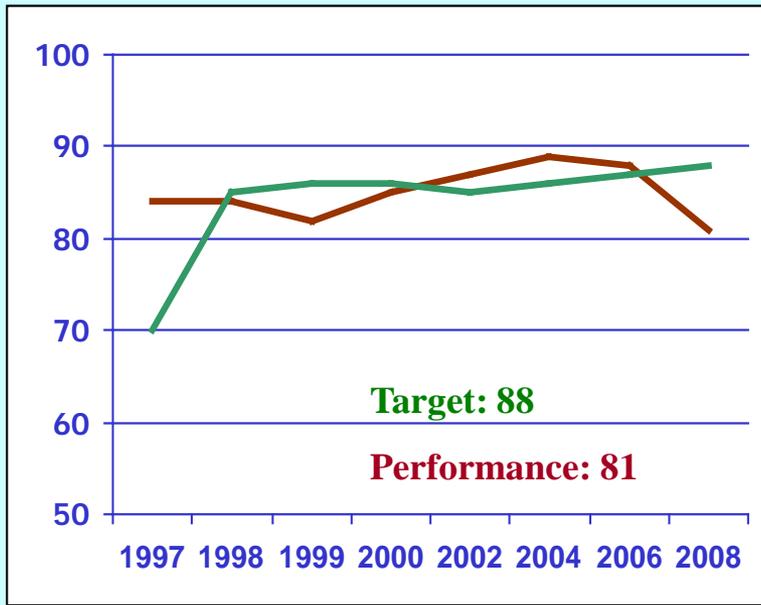


Perspective: Customer Customer Satisfaction - Timeliness

Average For All Sites

Measures the extent of customer satisfaction with the timeliness of procurement processing, planning activities, and on-going communications.

Performance Trend, 1997-2008



Percent of Offices That Have Met the
FY 08 Target: 43% (6 of 14)

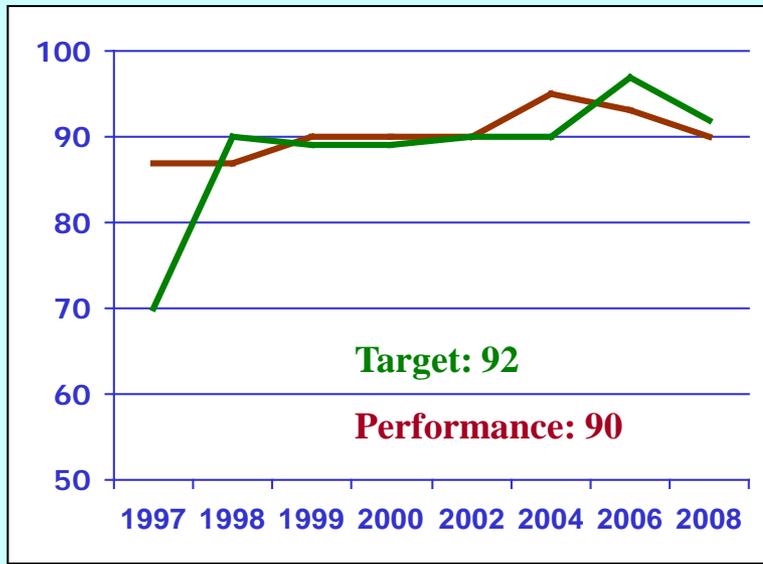
Note: This measure is not assessed
every year. The next assessment will
be FY 11.

Perspective: Customer Customer Satisfaction - Quality

Average For All Sites

Measures the extent of customer satisfaction with quality of goods and services delivered.

Performance Trend, 1997-2008



Percent of Offices That Have Met the
FY 08 Target: **64% (9 of 14)**

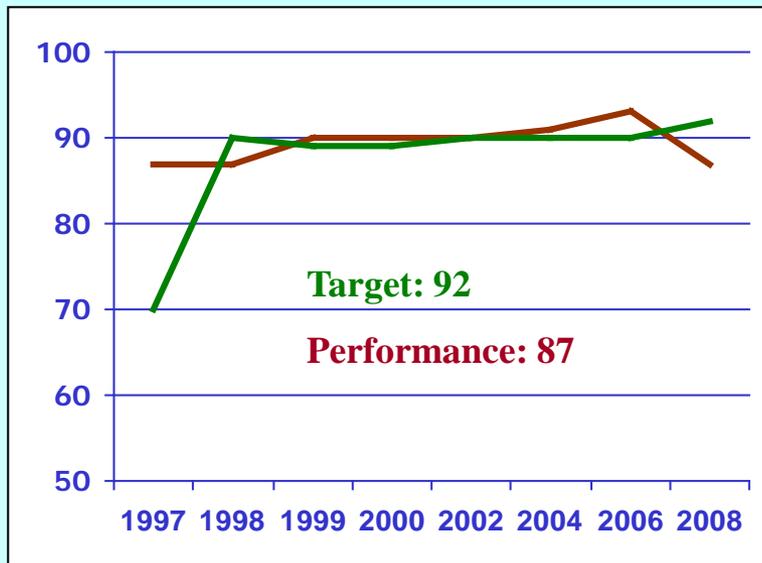
Note: This measure is not assessed
every year. The next assessment will
be FY 11.

Perspective: Customer Effective Service/Partnership

Average For All Sites

Measures the extent of customer satisfaction with the responsiveness, cooperation, and level of communication with the procurement office.

Performance Trend, 1997-2008



**Percent of Offices That Have Met the
FY 08 Target: 57% (8 of 14)**

**Note: This measure is not assessed
every year. The next assessment will
be FY 11.**

Perspective: Internal Business Processes

Acquisition Excellence - Internal Quality Control Systems

Average For All Sites

Measures the extent to which quality control systems are effective, particularly with respect to compliance with laws and regulations, vendor selection and performance, contract administration, and subcontractor oversight.

Performance Trend, 1999-2009

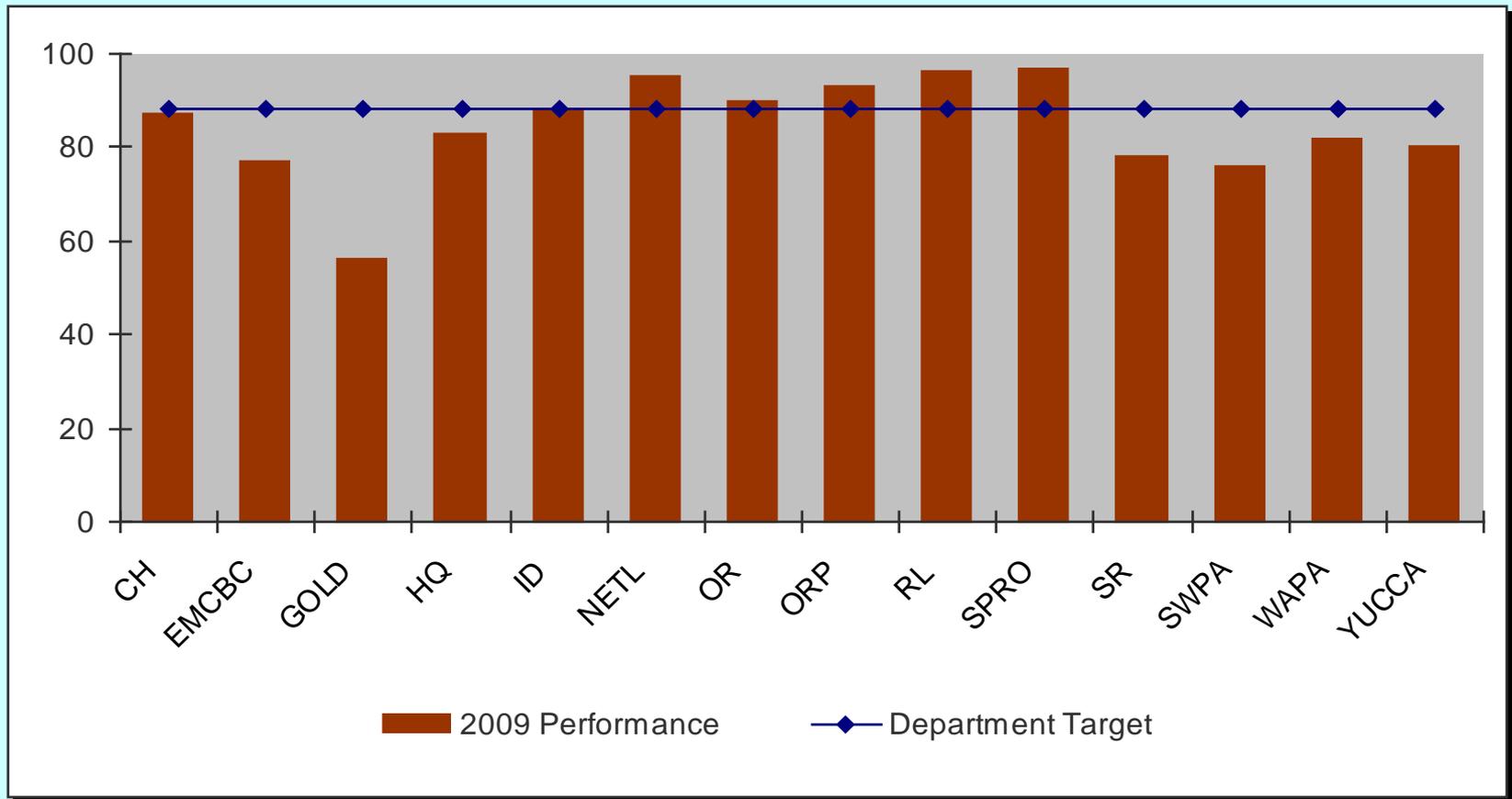


Percent of Offices That Have Met the
FY 09 Target: 43% (6 of 14)

Perspective: Internal Business Processes

Acquisition Excellence - Internal Quality Control Systems

All Sites



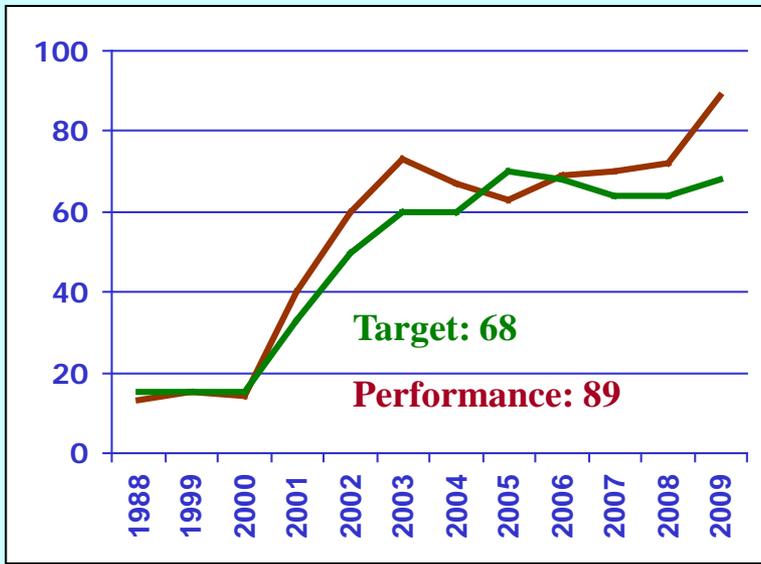
Perspective: Internal Business Processes

Percent of Simplified Actions Issued Using EC

Average For All Sites

Measures the percent of purchase and delivery orders issued through electronic commerce as a percentage of total simplified acquisition actions.

Performance Trend, 1999-2009

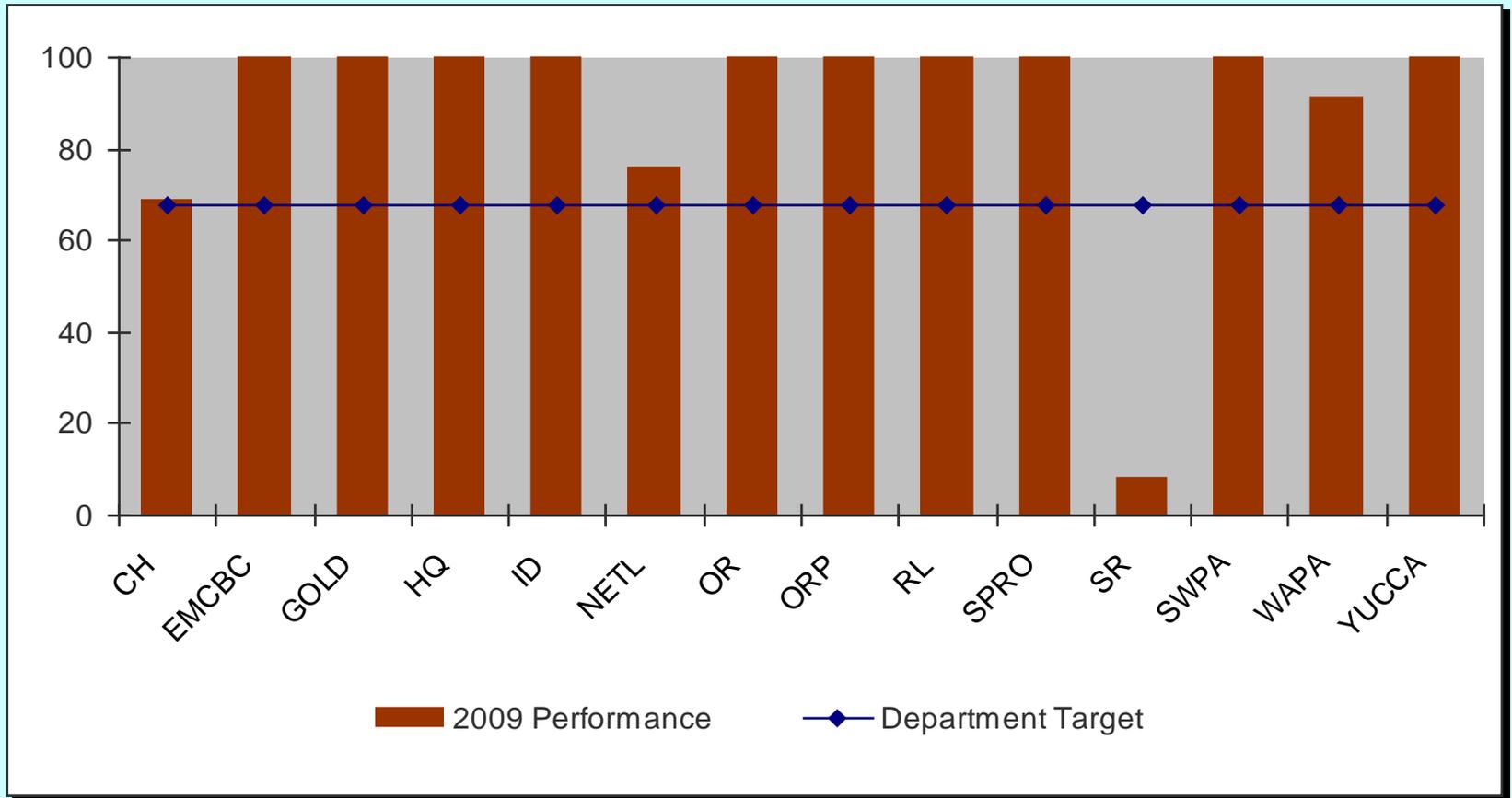


Percent of Offices That Have Met the
FY 09 Target: 93% (13 of 14)

Perspective: Internal Business Processes

Percent of Simplified Actions Issued Using EC

All Sites



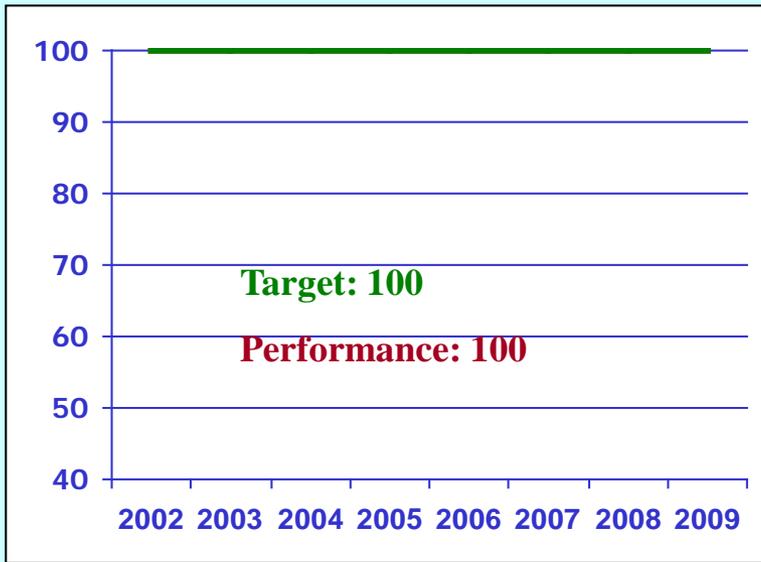
Perspective: Internal Business Processes

Percent of Synopses Posted on FEDBIZOPPS

Average For All Sites

Measures the percent of synopses that are required to be posted on the Government's single point of entry, applicable to actions over \$25,000 only.

Departmental Average 2009



This measure is assessed at the Departmental level only.

Departmental performance remains at the target level of 100%.

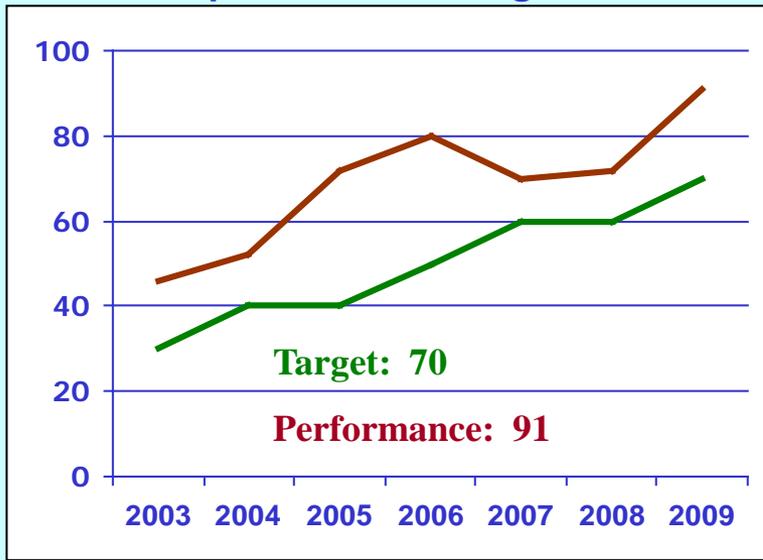
Perspective: Internal Business Processes

Percent of Competitive Actions Conducted Through EC

Average For All Sites

Measures the percent of all new competitive acquisition transactions over \$100,000 conducted through electronic commerce.

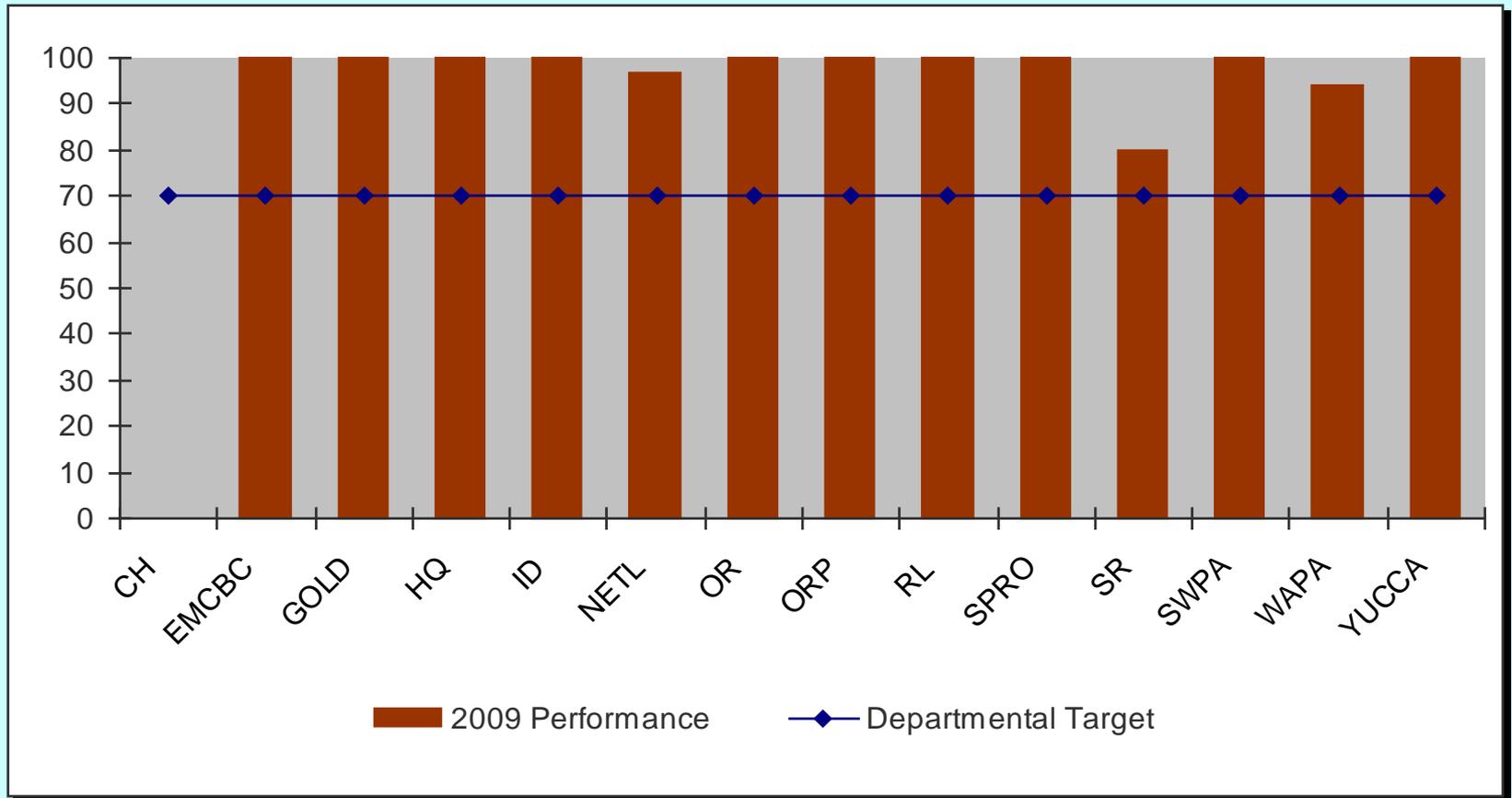
Departmental Average 2009



Percent of Offices That Have Met the
FY 09 Target: 93% (13 of 14)

Perspective: Internal Business Processes

Percent of Competitive Actions Conducted Through EC All Sites



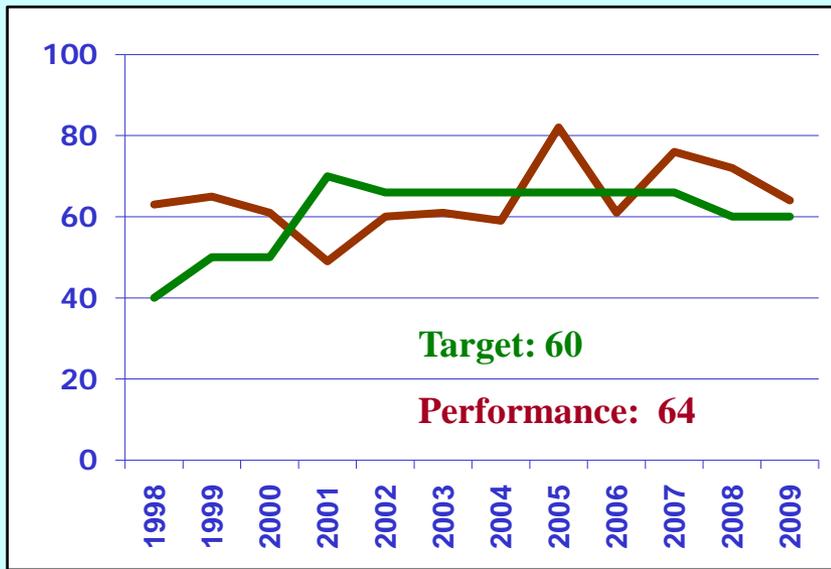
Perspective: Internal Business Processes

Percent of Total Service Awards Issued as Perf. Based

Average For All Sites

Measures the number of new Performance-Based Service Contracts awarded as a percentage of total eligible new service contract awards for actions over \$25,000.

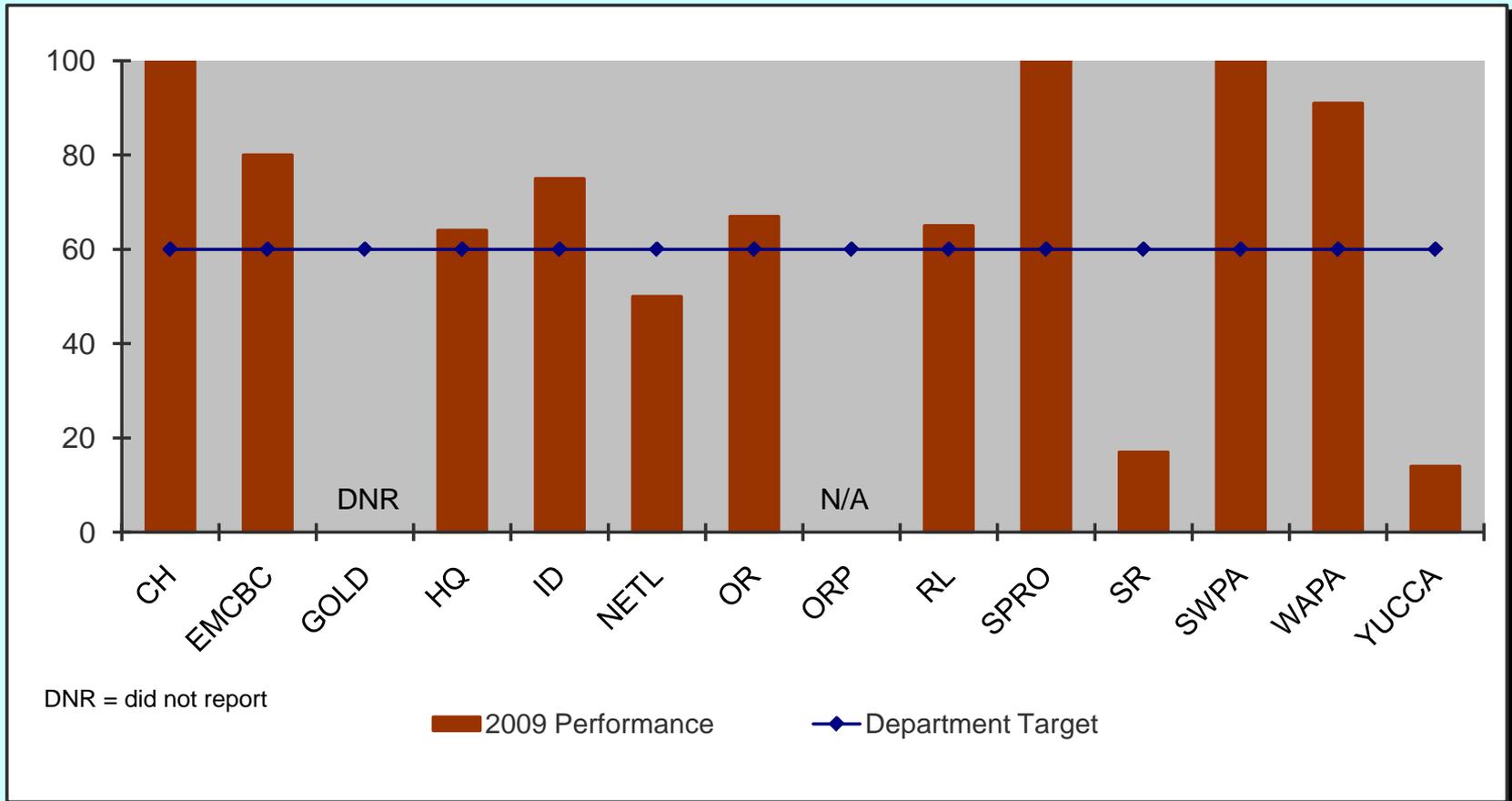
Performance Trend, 1998-2009



**Percent of Offices That Have Met the
FY 09 Target: 75% (9 of 12)**

Perspective: Internal Business Processes

Percent of Total Service Awards Issued as Perf. Based All Sites



Perspective: Internal Business Processes

Percent of Dollars Obligated on Perf. Based Contracts

Average For All Sites

Measures the dollars obligated on performance-based service contracts (with a contract value over \$25,000) as a percentage of total eligible service contract dollars obligated.

Performance Trend, 2001-2009



This measure is being assessed at the Departmental level only.

We did not meet our target in FY 2009.

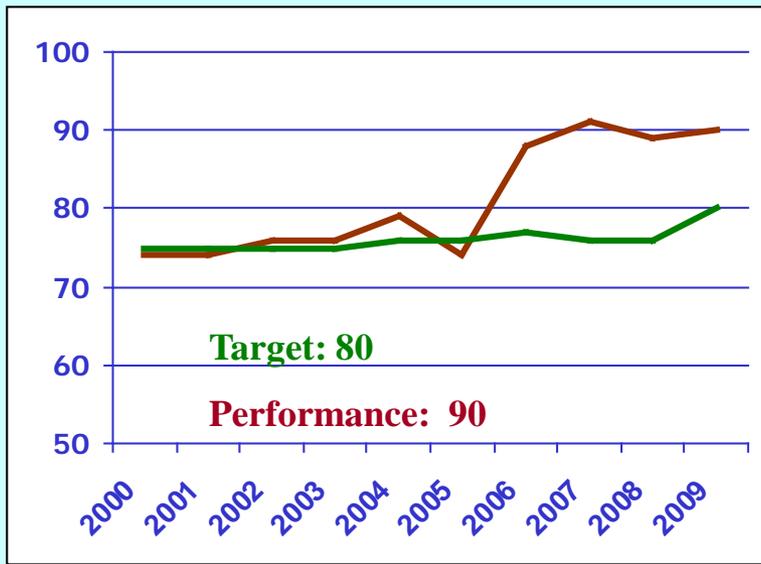
Perspective: Internal Business Processes

Percent of \$ Obligated on Competitive Actions > \$2,500

Departmental Average

Measures the percent of dollars obligated on competitive acquisition actions over \$2,500 compared to all actions over \$2,500.

Performance Trend FY 2000 - 2009



This measure is being assessed at the Departmental level only.

The Departmental target was met.

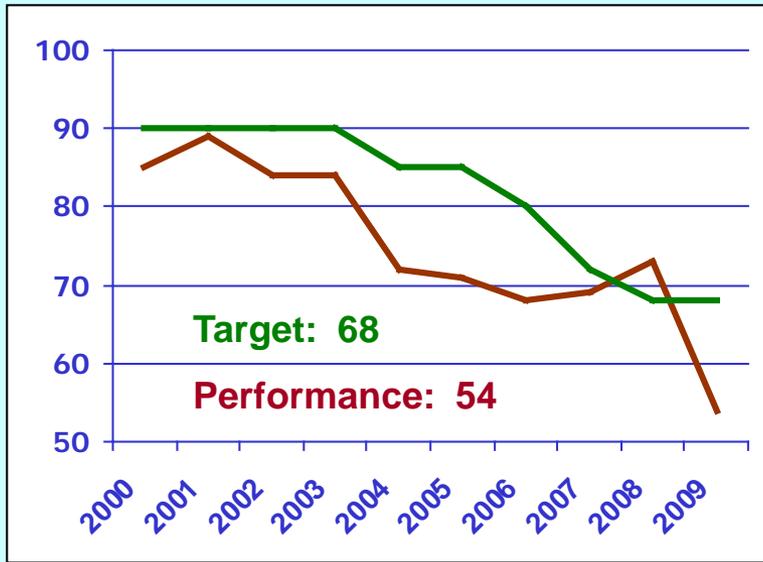
Perspective: Internal Business Processes

Percent of Actions Completed for Actions > \$2,500

Departmental Average

Measures the percent of new acquisition contract award actions competed for actions over \$2,500.

Departmental Average 2009



This measure is being assessed at the Departmental level only.

Our target of 68% was not met.

Perspective: Internal Business Processes

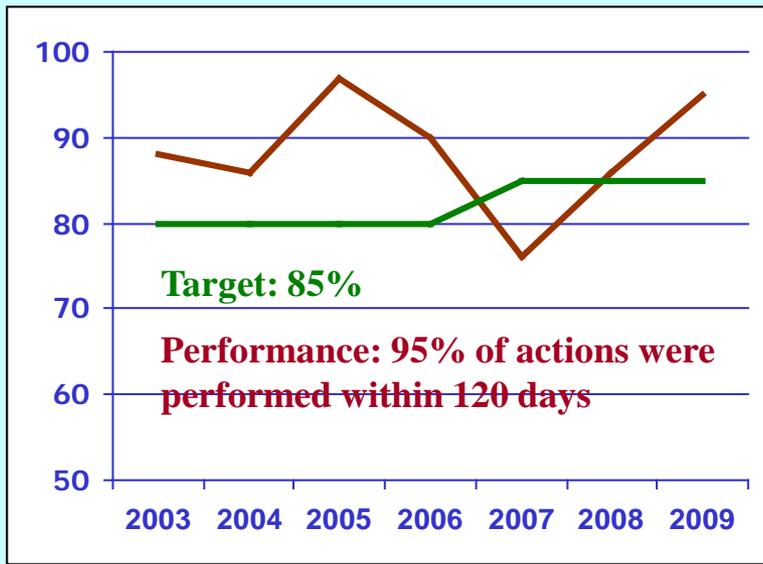
PALT for Competitive Service Awards Over \$100K

Average For All Sites

Procurement Administrative Lead Time for Acquisition

Measures the percent of new competitive service awards over \$100,000 awarded within 120 days (facility management contracts exempted).

Departmental Average 2009

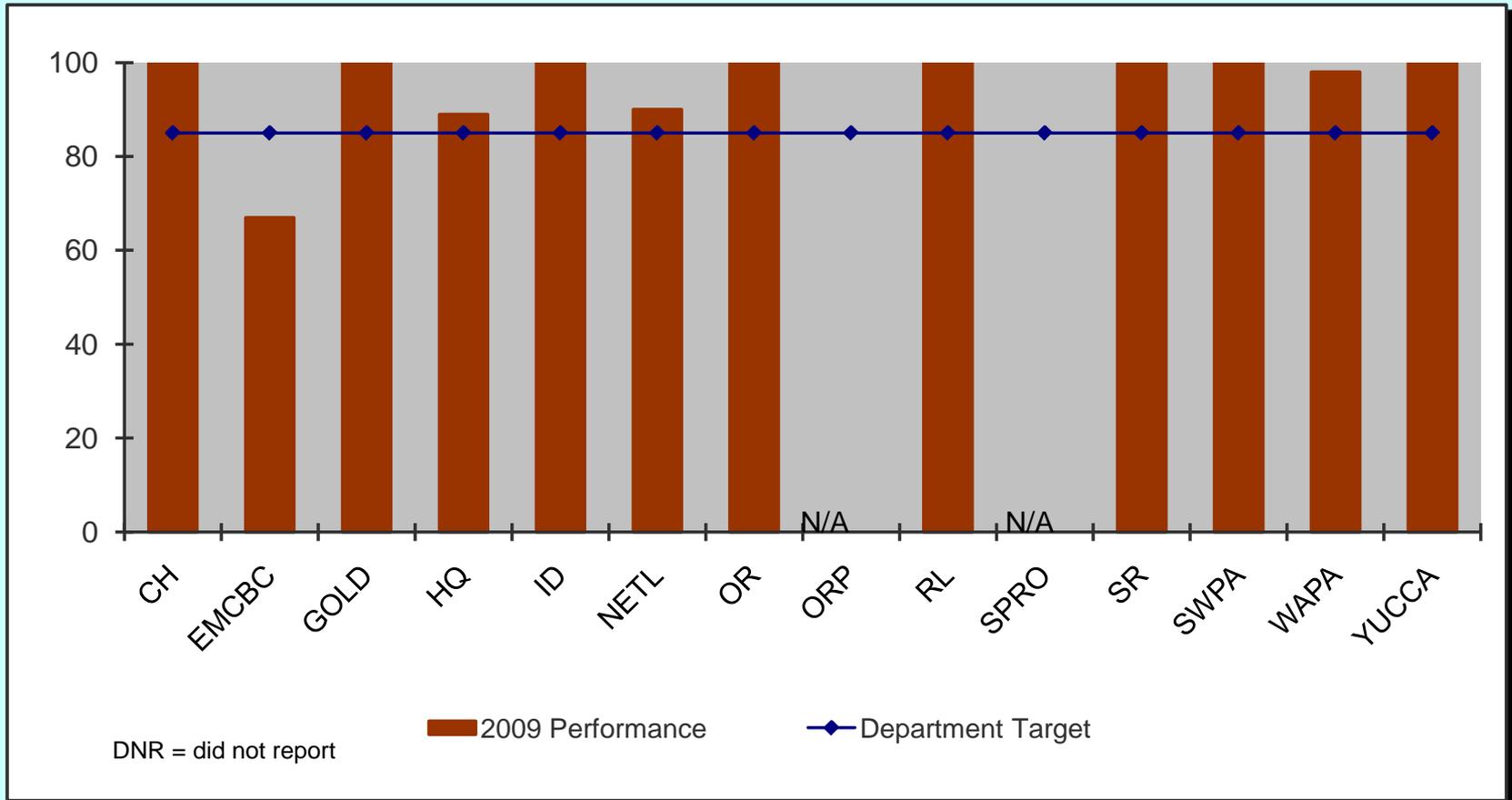


**Percent of Offices That Have Met the
FY 09 Target: 92% (11 of 12)**

Perspective: Internal Business Processes

PALT for Competitive Service Awards Over \$100K

All Sites



Perspective: Internal Business Processes

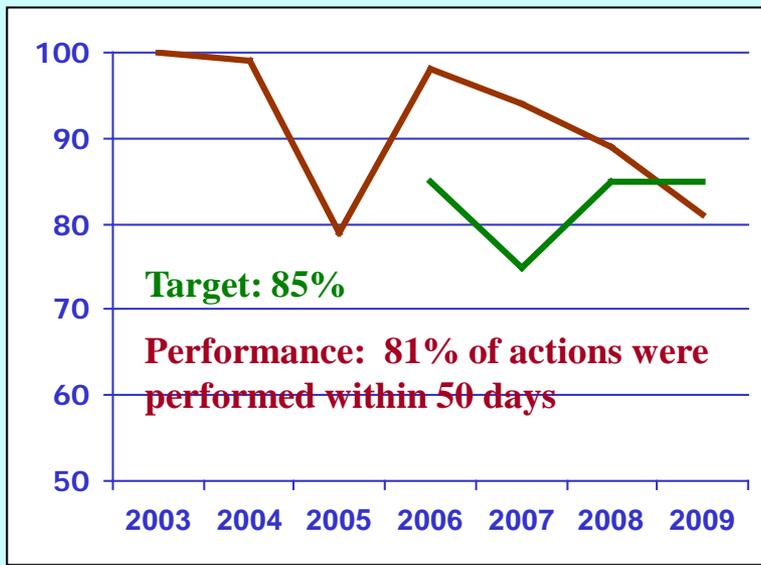
PALT for Orders Under the FSS that Require a Statement Of Work and a RFQ

Average For All Sites

Procurement Administrative Lead Time for Acquisition

Measures the percent of actions awarded within 50 days for services under the Federal Supply Schedules that exceed the micropurchase threshold and which require a Statement of Work and a Request for Quotation. The measurement is done from receipt of quotation to date of award.

Departmental Average 2009

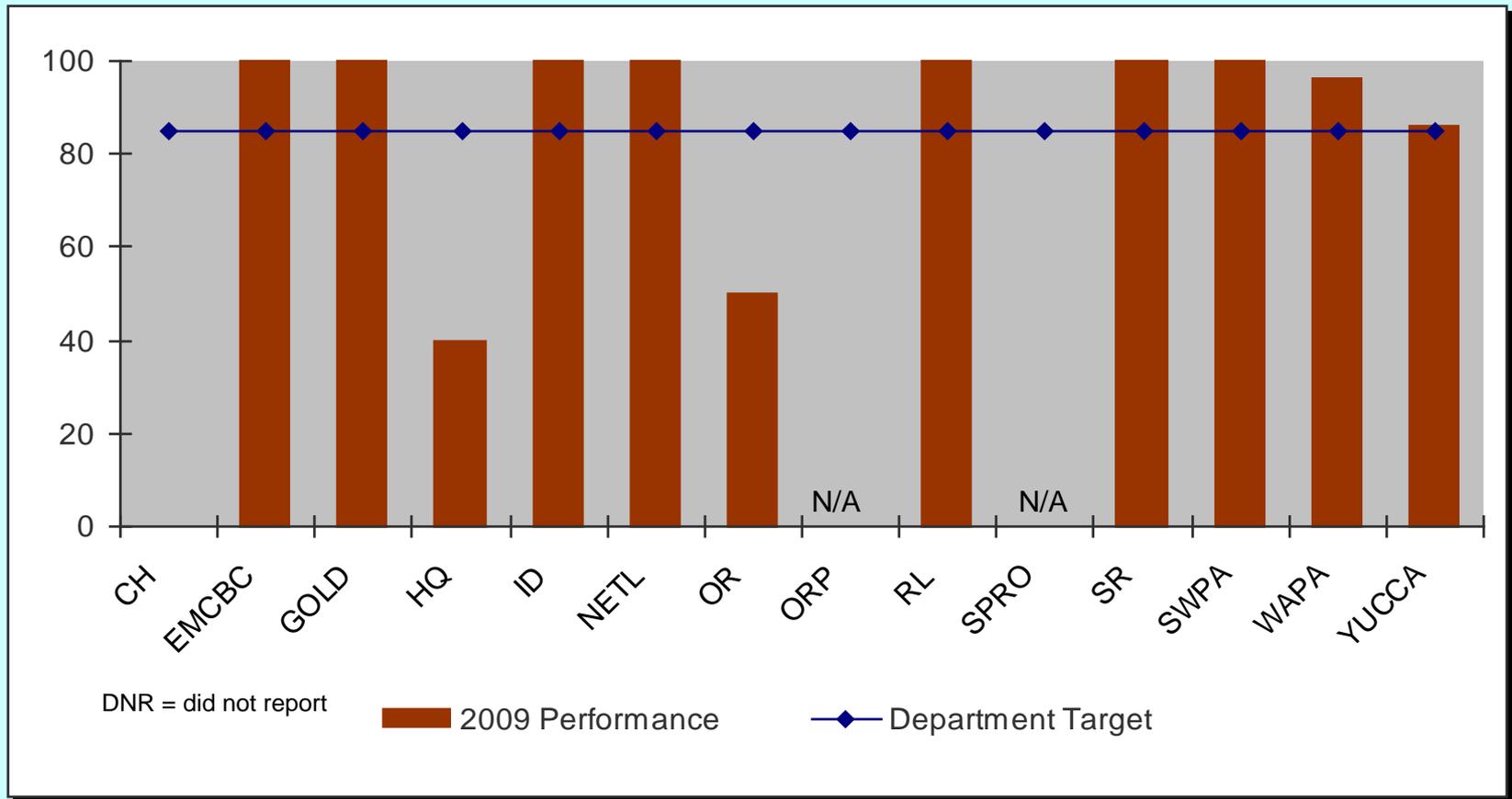


Percent of Offices That Have Met the FY 09 Target: 75% (9 of 12)

Perspective: Internal Business Processes

PALT for Orders Under the FSS That Require a Statement of Work and a Request for Quotation

All Sites



Perspective: Internal Business Processes

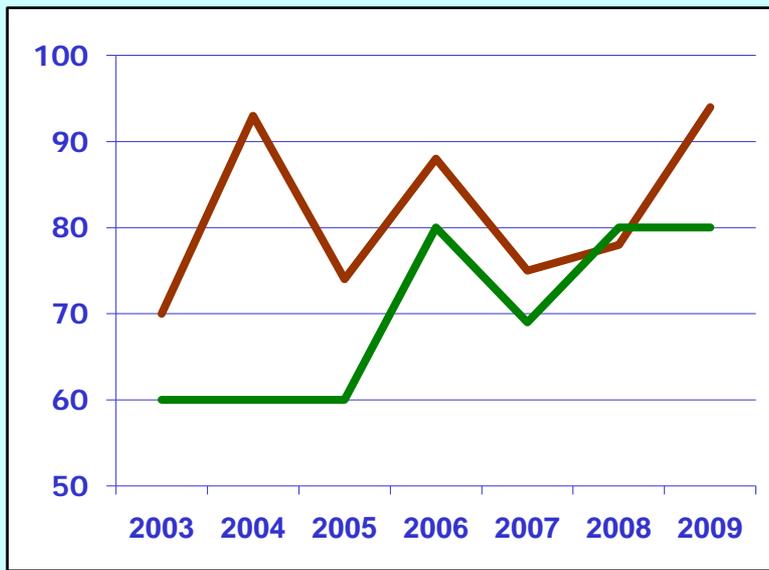
PALT for Competitive Financial Assistance Awards

Average For All Sites

Procurement Administrative Lead Time for Financial Assistance

Measures the percent of actions awarded within 120 days for new competitive financial assistance awards. The measurement is from receipt of application to date of award.

Departmental Average 2009



**Percent of Offices That Have Met the
FY 09 Target: 80% (4 of 5)**

Target: 80

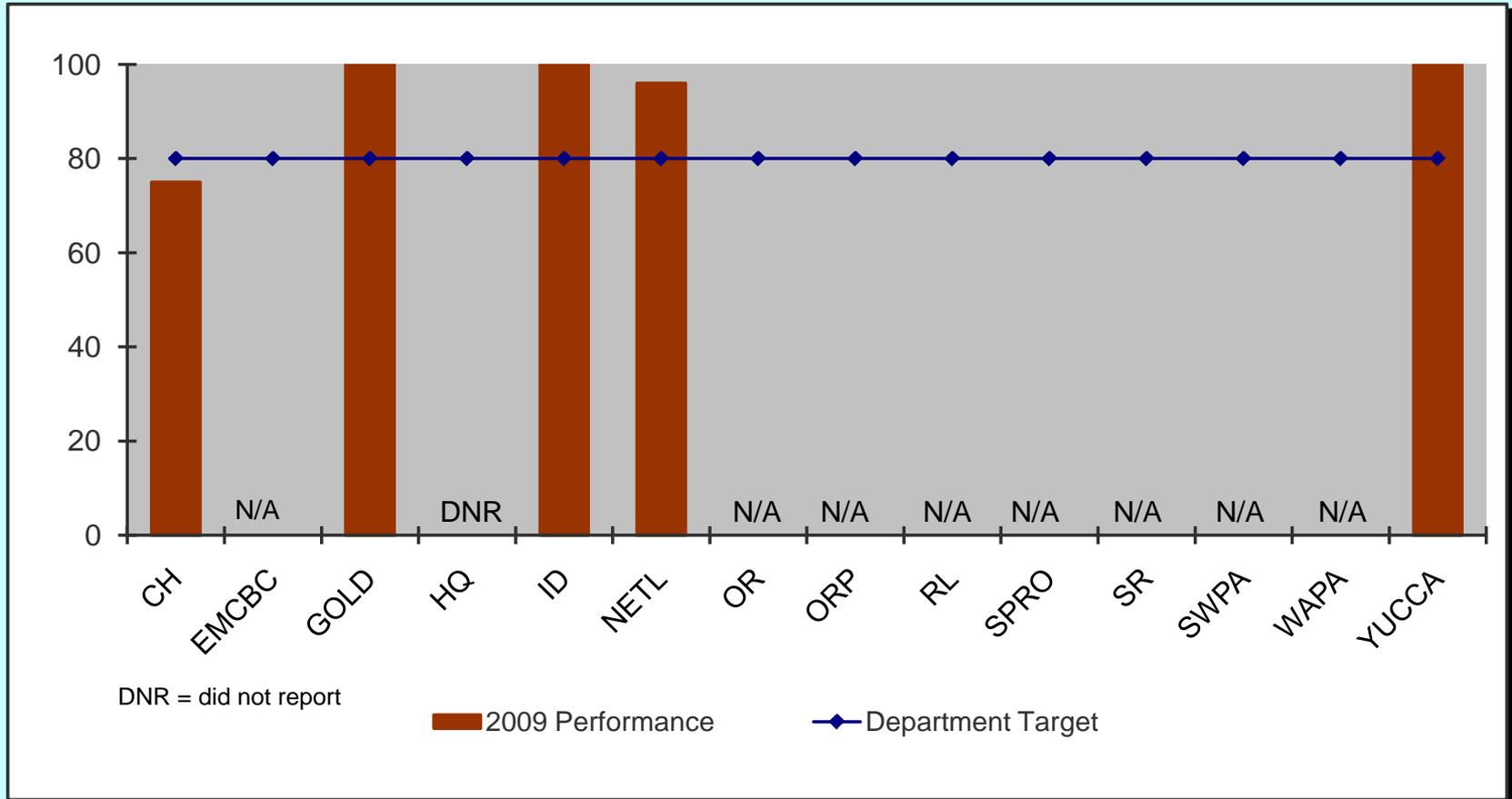
**Performance: 94% of actions were
performed within 120 days**

Perspective: Internal Business Processes

PALT for Competitive Financial Assistance Awards

Percent of Actions Awarded Within 120 Days for New Competitive Financial Assistance Awards

All Sites



Perspective: Internal Business Processes

Percent Reduction in Overage Instruments

Departmental Average

Measures the percent reduction in the number of contract and assistance actions in the overage closeout status.

Performance Trend, 2001 - 2009

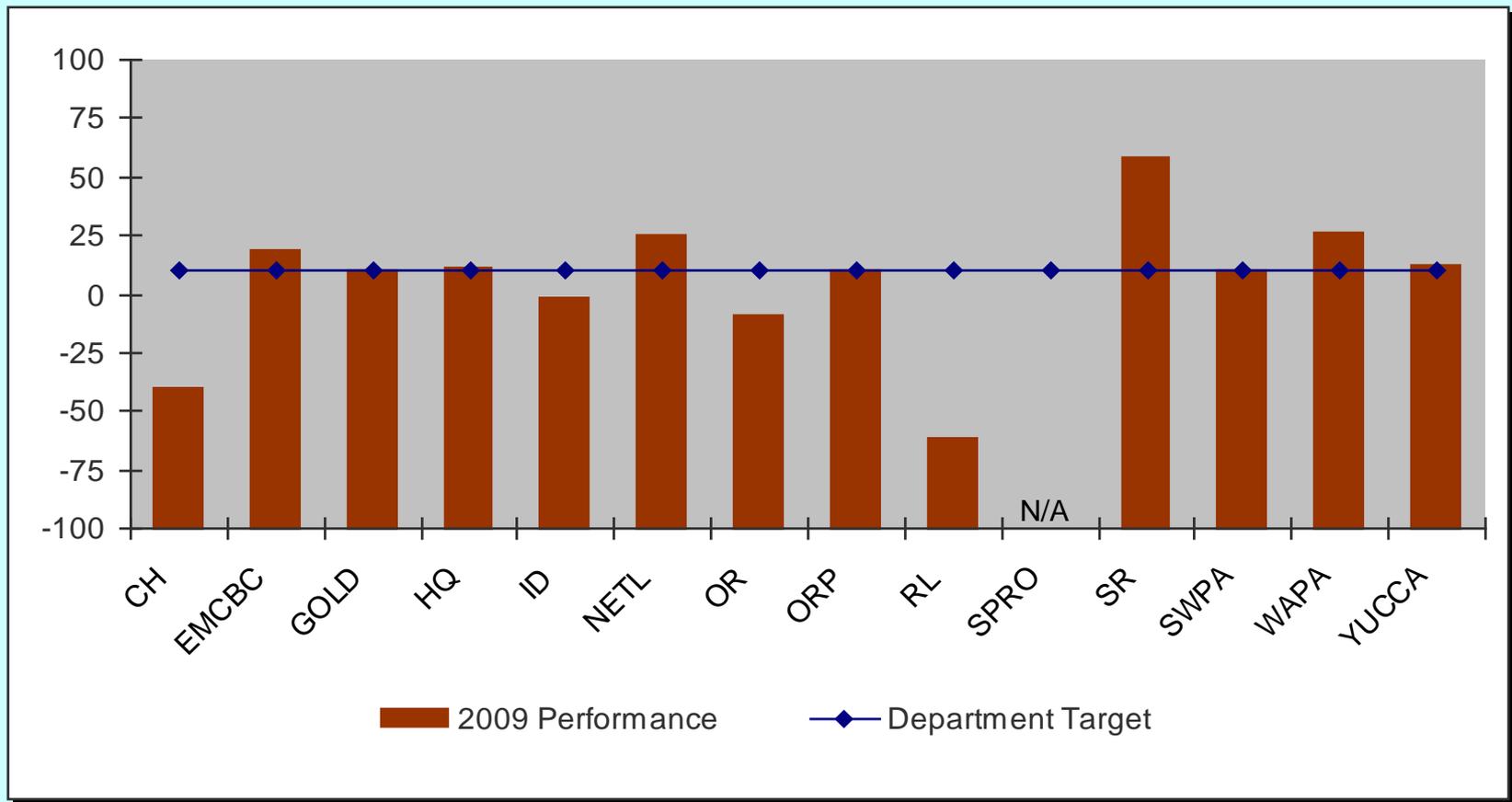


Percent of Offices That Have Met the
FY 09 Target: 69% (9 of 13)

Perspective: Internal Business Processes

Percent Reduction in Overage Instruments

All Sites



Perspective: Internal Business Processes

On-Time Delivery - Percent Meeting Contract Requirements

Average For All Sites

Measures the percentage of contracts where contractual delivery date meets actual delivery/acceptance date. Applies only to procurement actions over \$1 million.

Performance Trend, 1998-2009

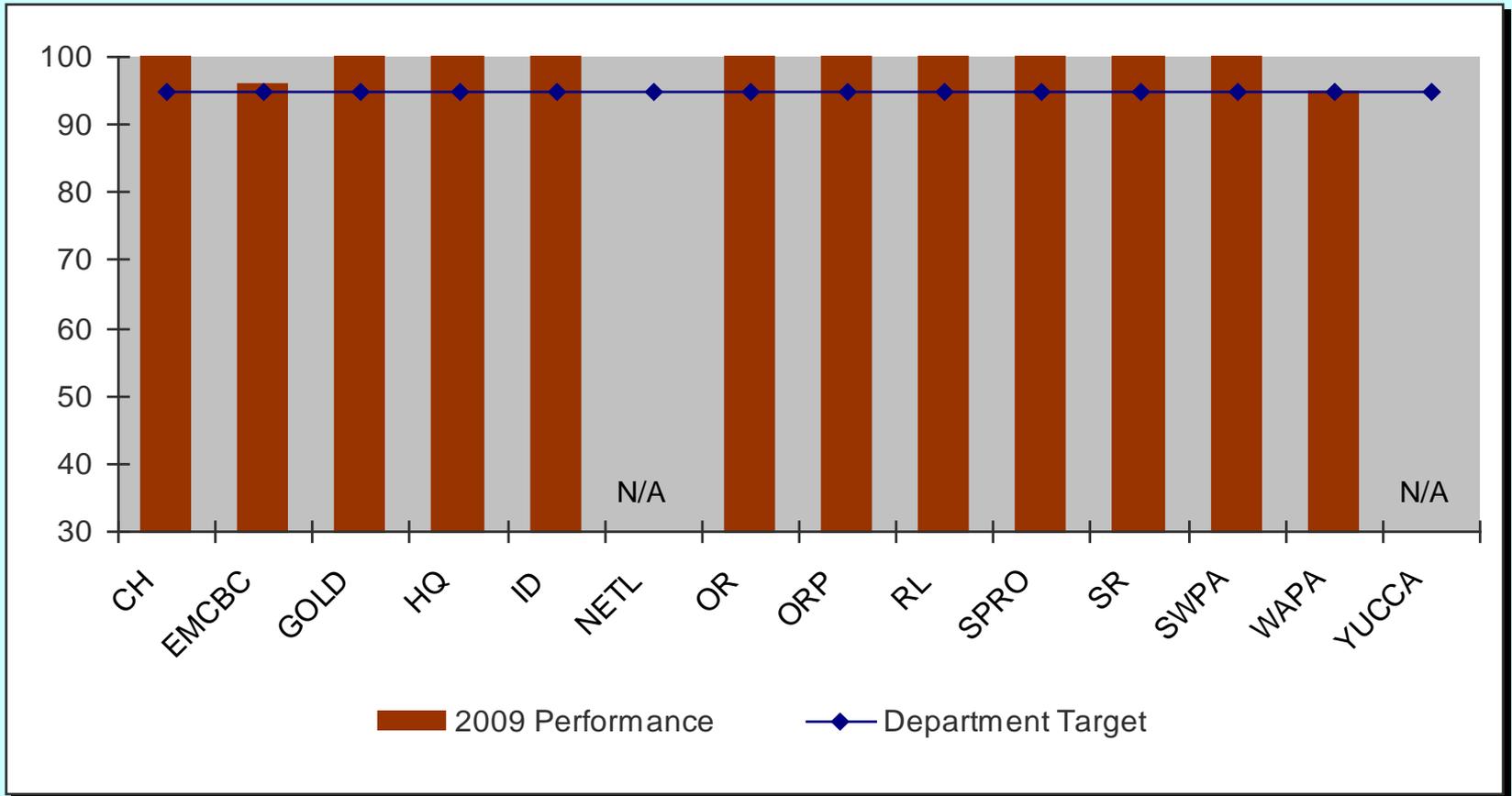


Percent of Offices That Have Met the
FY 09 Target: 100% (12 OF 12)

Perspective: Internal Business Processes

On-Time Delivery - Percent Meeting Contract Req'ts

All Sites



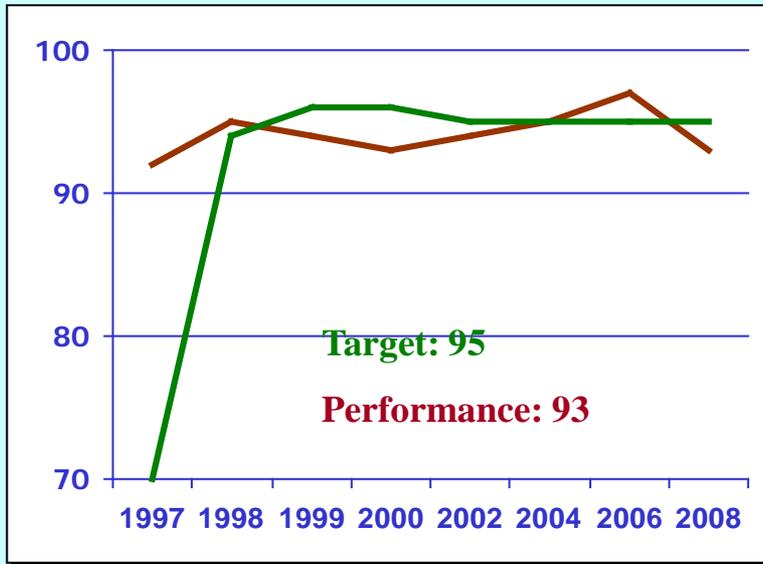
Perspective: Internal Business Processes

Supplier Satisfaction

Average For All Sites

Measures the extent of supplier (i.e., contractor/vendor) satisfaction with the responsiveness, cooperation, and level of communication with the procurement office.

Performance Trend, 1997-2008



Percent of Offices That Have Met the
FY 08 Target: **64% (9 of 14)**

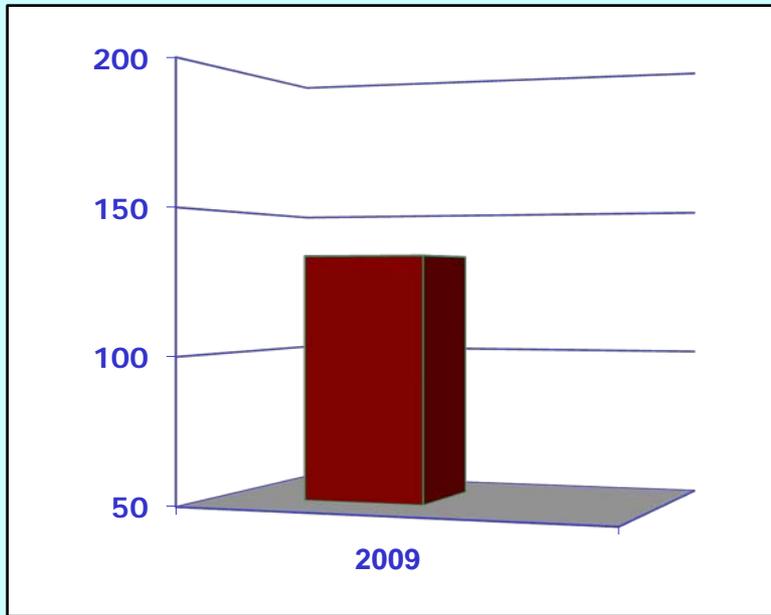
Note: This measure is now assessed
every other year. The next
assessment will be FY 10.

Perspective: Internal Business Processes

Socioeconomics - Percent Achievement of Goals

Average For All Sites

Measures the percent of achievement of assigned socioeconomic goals.



This measure is tracked at the Departmental level. We achieved an average of 134% of our assigned socioeconomic goals.

Target: 100

Performance: 134

NOTE: The above figure includes NNSA; excluding NNSA the FY 2009 achievement is 136.6%.

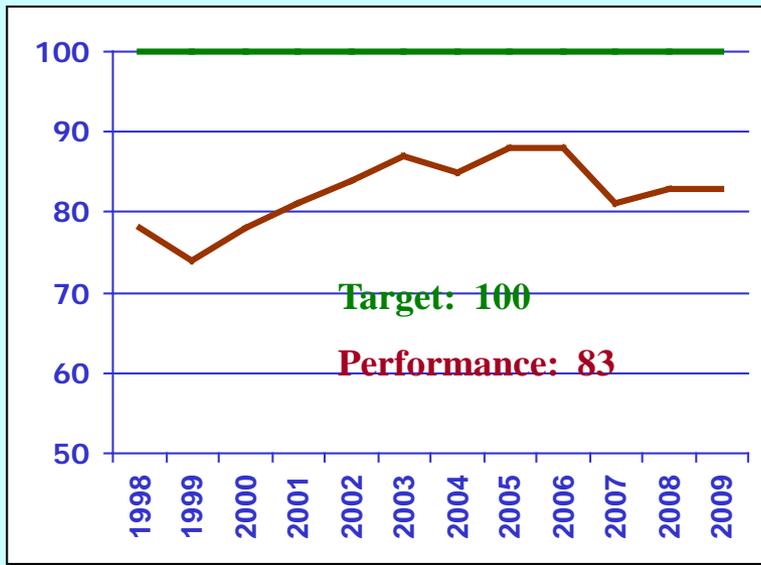
Perspective: Learning and Growth

Access to Strategic Information

Average For All Sites

Measures the extent to which reliable procurement management information systems are in place. It considers the quality of in-house management information systems, electronic reporting of data to the FPDS, whether or not customers can access real-time award data, etc.

Performance Trend, 1998-2009

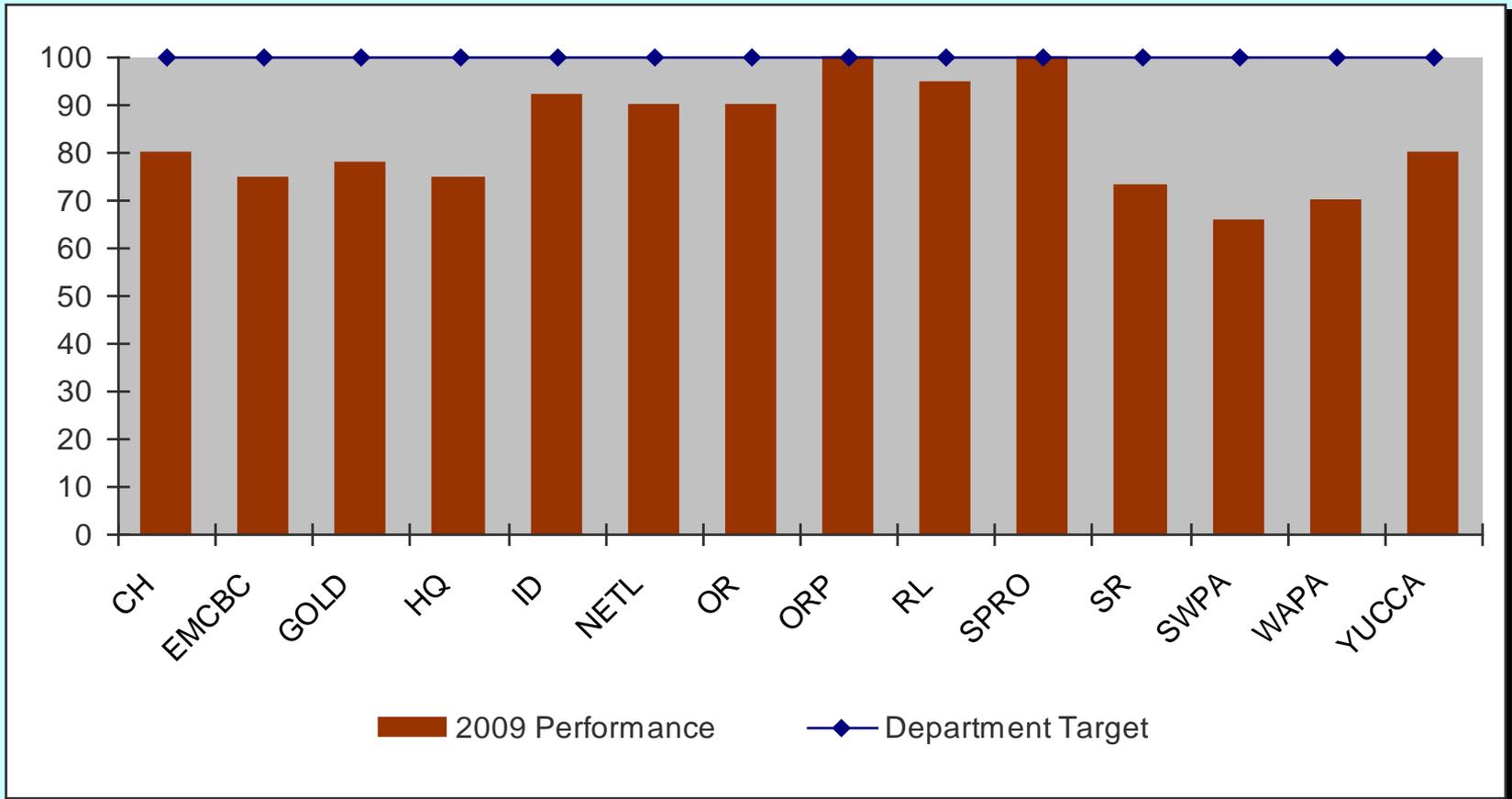


Percent of Offices That Have Met the
FY 09 Target: 14% (2 of 14)

Perspective: Learning and Growth

Access to Strategic Information

All Sites



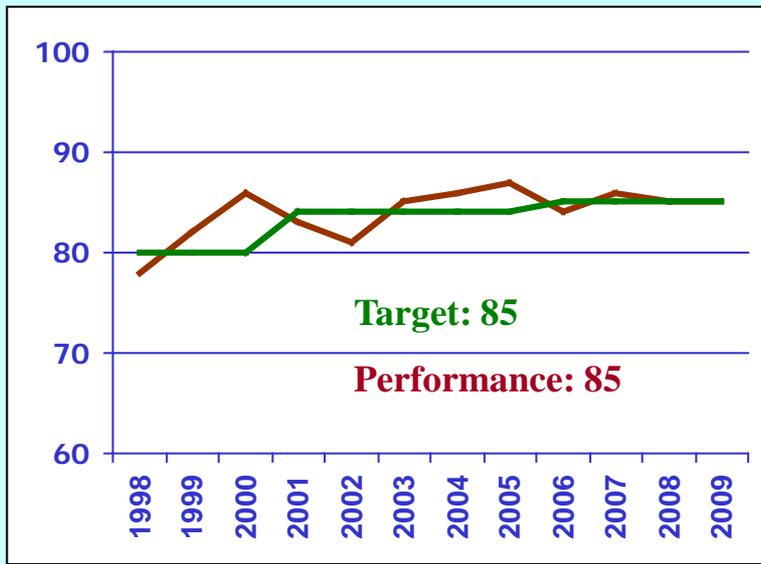
Perspective: Learning and Growth

Employee Satisfaction - Superior Executive Leadership

Average For All Sites

Measures employee perception of organizational culture and values, professionalism of procurement management, and extent of empowerment.

Performance Trend, 1998-2009

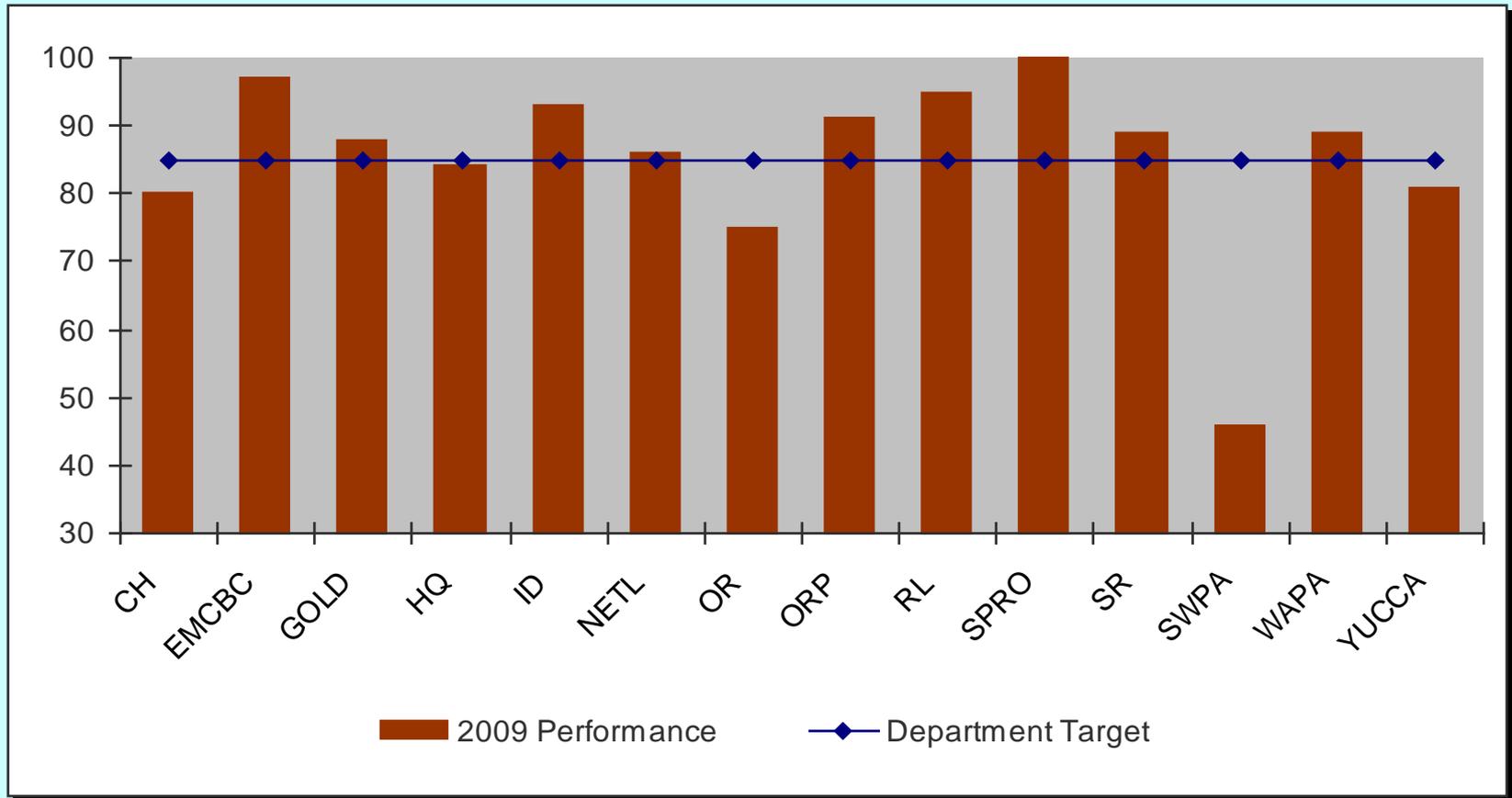


Percent of Offices That Have Met the
FY 09 Target: **64% (9 of 14)**

Perspective: Learning and Growth

Employee Satisfaction - Superior Executive Leadership

All Sites



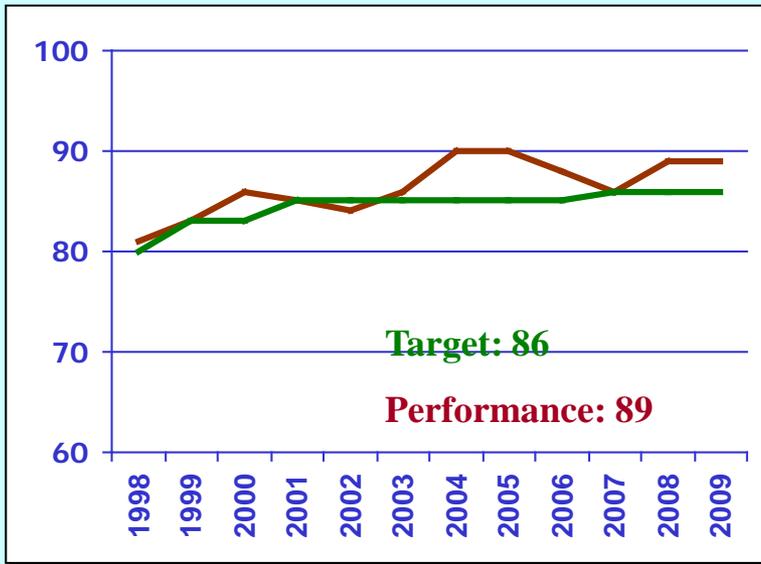
Perspective: Learning and Growth

Employee Satisfaction - Quality Work Environment

Average For All Sites

Measures employee's degree of satisfaction with tools available to perform the job, with mechanisms in place to ensure effective communications to accomplish job requirements, and with current benefits and job security.

Performance Trend, 1998-2009

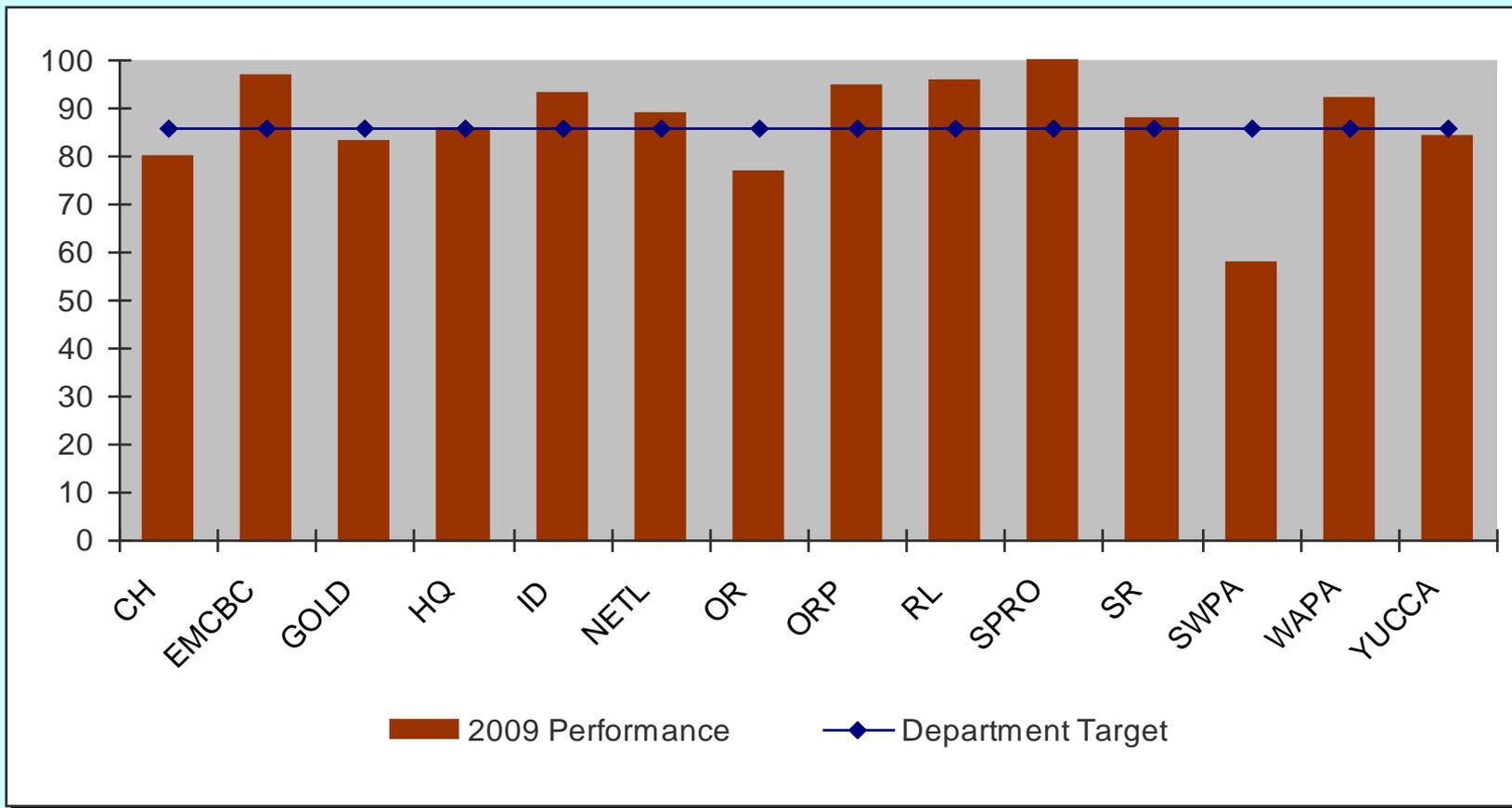


Percent of Offices That Have Met the
FY 09 Target: 64% (9 of 14)

Perspective: Learning and Growth

Employee Satisfaction - Quality Work Environment

All Sites



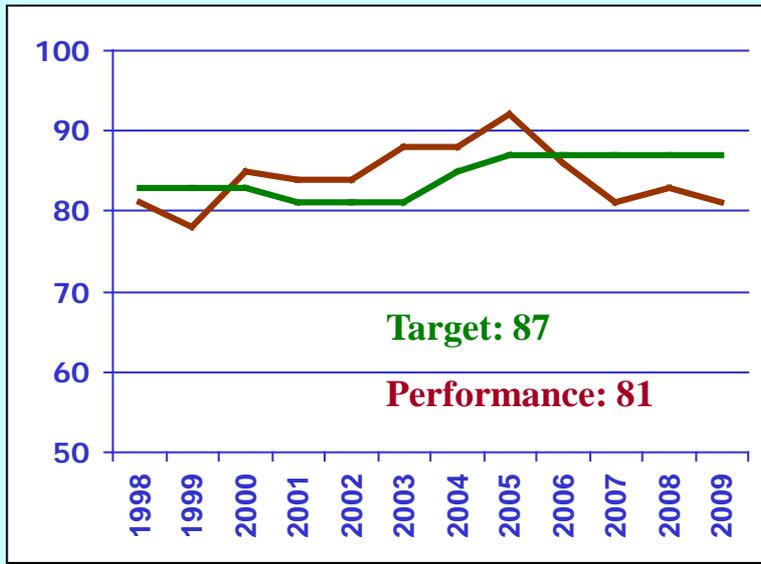
Perspective: Learning and Growth

Continuous Improvement

Average For All Sites

Measures the extent of benchmarking and other improvement initiatives, the existence of an effective quality culture, existence of strategic planning actions, etc.

Performance Trend, 1998-2009

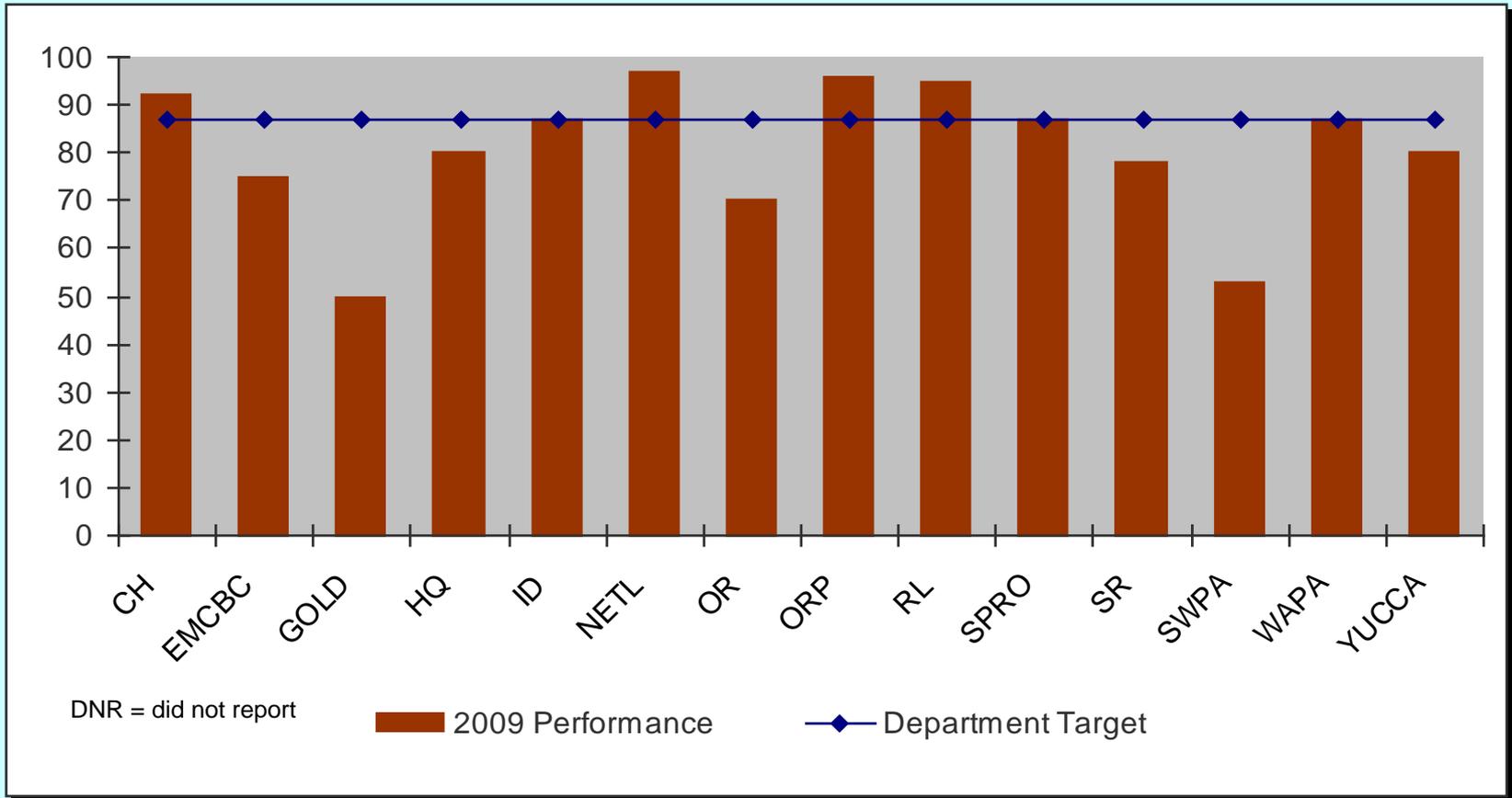


Percent of Offices That Have Met the
FY 09 Target: 50% (7 of 14)

Perspective: Learning and Growth

Continuous Improvement

All Sites



Perspective: Learning and Growth

Percent of 1102s Certified as FAC-C

Average For All Sites

Measures the percentage of 1102's that are FAC-C certified.

Performance Trend, 1998-2009



NOTE: This was not measured in FY 08.

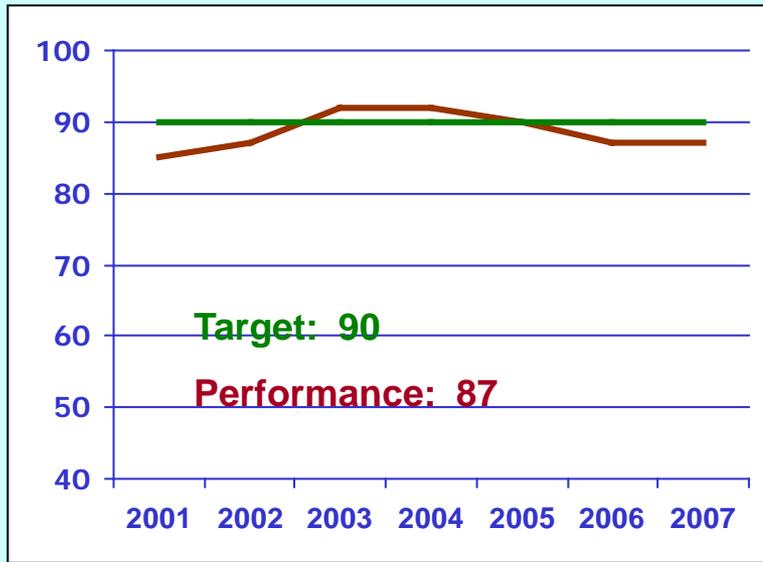
Perspective: Learning and Growth

Percent of Certified Acquisition Personnel Meeting ACD Continuous Learning Requirements

Average For All Sites

Measures the extent to which certified acquisition personnel have met the continuous learning requirements of the Acquisition Career Development program.

Performance Trend, 2001 - 2008



Performance under this measure was suspended for FY 08

FY 09 data not available.

FY 10 data will be available after November 1, 2010.

Perspective: Learning and Growth

Percent of Financial Assistance Personnel Certified Under the Financial Assistance Career Development Program

Average For All Sites

Measures the extent to which all financial assistance personnel have met the training and experience requirements of the Financial Assistance Career Development Program.

Performance Trend, 2001 - 2008



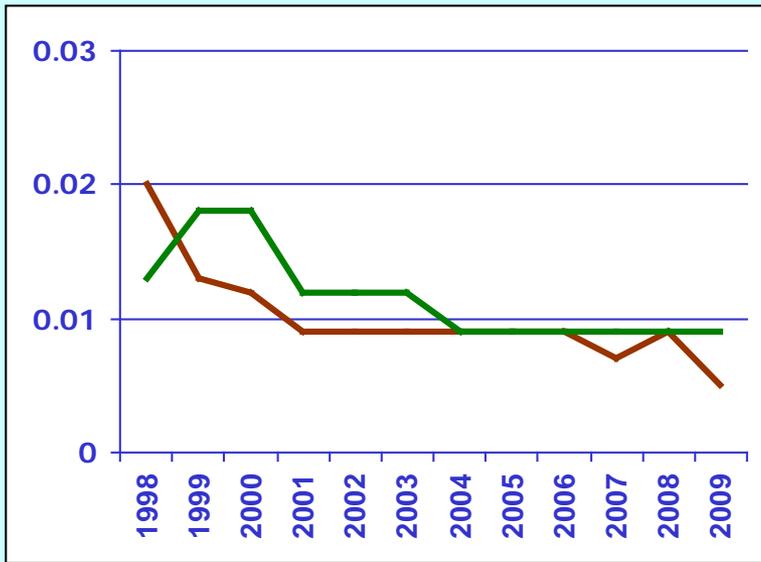
NOTE: This was not measured in FY 08.

Perspective: Financial Cost to Spend Ratio

Average For All Sites

This measure represents the ratio of the cost of operation of the procurement office versus the total dollars obligated. The costs and obligations associated with the management and operating contracts are excluded. **The lower the ratio, the better.**

Performance Trend, 1998-2009



Percent of Offices That Have Met the
FY 09 Target: **64% (9 of 14)**

Target: 0.009

Performance: 0.005

The lower the ratio, the better.

Perspective: Financial Cost to Spend Ratio

(The lower the ratio, the better)

