Procurement News - Near and **FAR**

Introduction

*W*elcome to the Fall quarterly edition of Treasury's Procurement News - Near and **FAR.**   This issue highlights our latest initiatives, programs and projects that are intended to improve the efficiency and effectiveness of Treasury procurement programs, such as electronic commerce, new performance measures, and related activities described herein.

Angelie Jackson will be the editor for the Winter issue, which will focus on small business procurement related initiatives. Articles and bureau job openings are due to Angelie by January 22, 1999. Angelie may be reached at 622-0245 or at Angelie.Jackson@treas.sprint.com. We welcome your comments and suggestions on how the newsletter can better serve you, our customer.

INSIDE

Electronic Commerce Initiative

by Annelie Kuhn

*W*e are excited to introduce a new Office of Procurement initiative dedicated to electronic commerce (EC). We have always wanted to pursue electronic commerce to benefit Treasury procurement programs and customers. I now have the resources to address this area and move the department ahead aggressively, with the full support of Ted Carter, the Deputy Assistant Secretary for Management Operations.

I believe that EC lies at the heart of federal procurement today. We have taken the last few years to develop streamlined regulations and practices.   It is now time to consolidate those gains by implementing them with an emphasis on the most efficient electronic tools.

Among the changes you can expect to see in the near future are a revamped Treasury Procurement Data System; improved procurement desktop applications; access to a past performance database managed by the National Institutes of Health; more widespread usage of the Electronic Posting System; automated training for Contracting Officer's Technical Representatives; and procurement applications derived from the Internet.

I invite you to join us in our overall EC effort. As a team , we can make it happen to benefit everyone.

POLICY CORNER

ELECTRONIC COMMERCE: KEY PROGRAMS THAT CAN BENEFIT TREASURY

by Geoff Gauger, Martha Lanigan, Lou Masciocchi and Richard Miller

E lectronic systems and computers affect us in more ways than we realize. We commute to work due to computers in our cars, trains or other modes of transportation.

We have computer chips in our watches and many of us access our offices through a computerized system. Many appliances and support systems for your home rely on computers as well. So why shouldn't your main business activity - federal procurement - be more fully automated as well? Electronic commerce is just that: It is the automation of all forms of business activity - actually reaching far beyond procurement.

The Treasury Office of Procurement (OP), under Acting Director Annelie Kuhn's leadership, intends to make Treasury one of the most advanced executive departments in procurement electronic commerce. Her commitment resulted in the establishment of an electronic commerce team that includes Martha Lanigan, Lou Masciocchi, Geoff Gauger and Richard Miller. All analysts in OP have projects related to electronic commerce (EC).

Deidre Lee, the Administrator for OFPP, is likewise highly committed to EC. OMB has issued a draft call for each department to compose an Electronic Commerce Strategic Plan from now through Fiscal Year 2000. The emphasis is on procurement and payments.

Where does Treasury stand on procurement electronic commerce? Well, an outsider who is familiar with Treasury would perhaps say, "it's all over the place!" Why? With twelve independently operating bureau procurement offices, we have many different procurement related systems in various states of development. For example, the Financial Management System's procurement office is presently using American Management System's (AMS) Procurement Desktop while the Federal Law Enforcement Training Center, Secret Service, and ATF's procurement offices plan to use the AMS system as well. The Office of Thrift Supervision uses the PAI procurement automation system while the Comptroller of the Currency and the Bureau of Engraving and Printing (BEP) use Sacons (BEP will also use

Compusearch's FARA). IRS uses hybrid commercial and customized applications known as the Request Tracking System and the Integrated Procurement System. Customs uses Distributed Solutions' Automated Acquisition Management System (DS/AAMS) and the Departmental Procurement Services Division is presently implementing the DS/AAMS system as well. Public Debt uses Acquire, an in-house developed procurement automation system and Mint uses Peoplesoft's Consolidated Information System.

There are pros and cons to having such variety. One distinct advantage is that communication among the bureaus regarding their systems can net valuable comparative information to assist decision-making on system changes and related future acquisitions. Through the Treasury EC task force that we are forming, we will encourage this dialogue among our Treasury bureaus.

Two of the hottest EC developments affecting Treasury are GSA's Electronic Posting System and the Department of Health and Human Service's (HHS) potential replacement for our archaic Treasury Procurement Data System (TPDS) with their Internet enabled and windows-based Departmental Contract Information System (DCIS).

HHS successfully demonstrated DCIS to the bureau chief procurement officers and other bureau procurement representatives on November 5. DCIS permits a procurement specialist to independently access a user friendly system from his or her personal computer, and to submit data efficiently with several drop-down windows and menus. It even sends some data to the National Institute of Health's Past Performance Database, which will soon be accessible to our subscribing bureau procurement offices.

GSA's Electronic Posting System (EPS) is not altogether new to Treasury. Secret Service and BEP have used EPS since early August to instantly and directly post procurement synopses for industry, as well as solicitations in their entirety. Their feedback on EPS has been very positive. Other agencies, such as GSA, Transportation, NASA and the Air Force, are using EPS and it's available for you to use as well. EPS is a legitimate option to posting with the Commerce Business Daily (CBD) and CBDnet. EPS is free whereas a $5 charge is required for posting on CBDnet. The feedback we have received is that vendors advocate use of EPS. Vendors can register on EPS to receive automatic E-mail procurement synopses according to product or service classification codes or agency names, thus overriding the need for active searching.

EPS is also windows and web-based , and easy to access and

use. It remains in a pilot stage until early 1999 when it will be evaluated for expansion and addition of other features. GSA has agreed to accept other Treasury bureaus during this pilot stage. EPS has a demo capability built in, which can be accessed through the Internet's world wide web at **http://eps.arnet.gov.** Arrangements for actual use of EPS can be made by contacting Wilbert Kelly at (202) 208-2664 or **wilbert.kelley@gsa.gov.**

The Office of Procurement EC team has a number of projects underway, including web site development, EC strategic plan development, site visits to each bureau, EC data collection from each bureau, implementation of the NIH Past Performance Data Base, etc. The EC Task Force with its bureau representatives will help guide the procurement EC initiatives for Treasury.

If you have any ideas or suggestions on EC, please let us know. We'd like your input and look forward to working with you as we implement the aforementioned EC projects and face future EC challenges.

Performance Evaluation Model Introduced
by Terri Toplisek

The Office of Procurement has been working to design a new performance evaluation model to help us assess and improve Treasury's procurement system. As part of that process we have met individually with each of the Bureau Chief Procurement Officers (BCPOs) to ask for their ideas on additional metrics to supplement our Procurement Measurement Action Tool (PMAT) survey process , and for their ideas on a reengineered Staff Assistance Visit (SAV) process. Our Treasury Procurement Performance Measurement Council also has worked to identify additional metrics to supplement the PMAT survey data. Based on this input, we have designed a new Performance Evaluation Model for the Department.

We presented a summary of the model at our Nov 4 Treasury Procurement Performance Measurement Council and at our Nov 5 quarterly BCPO meeting. The highlights are as follows:

PHASE I - The first phase of the model is operational and consists of five perspectives: Financial; Customer; Employee Empowerment; Internal Business; and Innovation & Learning. The primary measurement tools for gathering information on 11 measures within these 5 perspectives are the Customer, Employee, and Self-Assessment Surveys. The majority of these measures are qualitative - a few of the questions in the Self-Assessment Survey are quantitative.

This was the initial Balanced Scorecard Model that Treasury used for obtaining baseline and comparison data through two rounds of the survey process. We recognize that while this tool is valuable, it needs to be enhanced with additional quantitative metrics. We also recognize that since we have not conducted routine visits to our bureaus since 1994, it is time to reintroduce a new version of the old Staff Assistance Visit (SAV).

PHASE II - The second phase of the model will consist of quantitative measures that will be gathered from various in-house data systems as well as using data calls to the bureaus. These measures will be categorized within the 5 perspectives outlined in Phase I and will be analyzed with the results of Phases I and III. Data calls to the bureaus and data retrieval from our in-house sources (ICAR, purchase card reports, competition reports, etc.) will occur on a semi-annual basis (October-March and April-September). The first data call to the bureaus will cover the period January-March, to facilitate collection of the new data and to initiate some revisions to Treasury's Individual Contract Action Report (ICAR) form.

PHASE III - The third phase of the model is a new version of the old SAVs. This new system of performance evaluation recognizes that all of our bureaus have different missions, procure different goods and services, and are at varying stages of process and program management maturity. Consequently, our new model will encourage flexibility in the conduct of the evaluation visits; however, some core principles will be established and followed. The review team will use the information from Phases I and II and any other available information to tailor the approach to be used in conducting each visit. We plan to exercise a tremendous amount of flexibility and creativity in determining the focus and style of each visit, which will address both effective bureau procurement practices and problematic areas in bureau procurement processes. The approach will usually combine both traditional oversight techniques and consultant/teaching techniques. We believe that our visits to meet with the bureaus individually are the most important aspect of the Performance Evaluation Model. Our goals are: to gain a comprehensive understanding of all bureau operations; to strengthen working relations between the Department and the bureaus; to publish effective bureau procurement practices; and to complete four of these visits during 1999.

Not one of these phases, used in isolation, provides a sufficient basis for performance measurement or management. However, when the three phases are used in

concert they should provide a reliable overview of the health of our bureau procurement offices, and a sound basis for improving procurement processes. Our ultimate goal is to provide our bureaus with tools for effective performance management and to fulfill our responsibility ". . . for the maintenance and oversight of a Department wide procurement system. . ." (Treasury Directive 12-11, Procurement Authority).

FAC RULES
by Frances Sullivan

Federal Acquisition Circular (FAC) 97-09 was published October 30, 1998. It includes several interim rules that are effective immediately and a number of final rules that become effective on December 29, 1998. The major interim and final rules included in FAC 97-09 are summarized below:

Taxpayer Identification Numbers - This interim rule clarifies requirements for obtaining Taxpayer Identification Number (TIN) information from contractors and forwarding the information to payment offices; specifies that Government may use TIN information to collect and report on any delinquent amounts arising out of the contractor's relationship with the Government; and clarifies and updates requirements for reporting contract information and payment information to the Internal Revenue Service. For each order under Federal Supply Schedule (FSS) contracts, ordering officials must provide the FSS contractor's TIN (and other information) to the payment office. The information can be obtained from most FSS contract price lists or by requesting it directly from the FSS contractor prior to placing an order. The General Services Administration plans to establish an Internet based system by early 1999 that ordering officials can use to obtain this information.

Electronic Commerce - This interim rule eliminates the preference for electronic commerce within Federal agencies to be conducted on the Federal Acquisition Computer Network (FACNET) Architecture. In addition, this interim rules promotes use of cost-effective procedures and processes that employ electronic commerce in the conduct and administration of procurement systems. In order to facilitate access to Federal procurements, a single Governmentwide point of entry is required. Once the Administrator of the Office of Federal Procurement Policy (OFPP) designates a single Governmentwide point of entry, the FAR will be changed accordingly. FACNET qualifies as the single Governmentwide point of entry until the OFPP Administrator designates the single Governmentwide point of entry. Federal procurement systems that employ electronic commerce shall apply nationally and internationally recognized standards that broaden interoperability and ease the electronic interchange of information.

Alternative Dispute Resolution - This final rule clarifies that authority to contract with a neutral person is an exception to requirements for full and open competition; revises requirements for certification of a claim under the Administrative Dispute Resolution Act to conform to the requirements under the Contract Disputes Act; and specifies that certain dispute resolution communications are exempt from disclosure under the Freedom of Information Act.

Pay-As-You-Go Pension Costs - This final rule amends FAR for consistency with CAS 412 and CAS 413 relating to accounting for pension costs under negotiated Government contracts.

Rehabilitation Act, Workers With Disabilities - This final rule implements Department of Labor regulations regarding affirmative action to employ and promote employement of qualified individuals with disabilities.

Civil Defense Costs - This final rule deletes, as unnecessary, the civil defense cost principle at FAR 31.205-5. The acceptability of civil defense costs will remain governed by the allocability, allowability and reasonableness criteria discussed in FAR Part 31.

Costs Related to Legal/Other Proceedings - This final rule clarifies the allowability of costs incurred for *qui tam* suits in which the Government does not intervene. This rule is consistent with audit guidance issued by DCAA on August 24, 1995.

Service Contracts - This final rule allows the military to enter into a contract for procurement of severable services for a period that begins in one fiscal year and ends in the next fiscal year. This authority remains the same for civilian agencies other than NASA.

Payment Due Dates - This final rule clarifies that agencies may amend the clauses at FAR 52.232-25, Prompt Payment, and 52.232-26, Prompt Payment for Fixed-Price Architect-Engineer Contracts, to specify a period shorter than 30 days (but not less than 7 days) for making contract invoice payments.

Deidre Lee Selected as OFPP Administrator

Deidre Lee became the new Administrator of OMB's Office of Federal Procurement Policy (OFPP) during August after receiving confirmation by the Senate. Ms. Lee previously served as NASA's Associate Administrator for Procurement. Ms. Lee intends to facilitate procurement reform by effecting buy-in from senior agency officials; obtaining input from private industry procurement program representatives, through a reactivated Federal Procurement Council; continuing and expanding front-line procurement forums; and stressing the need to educate and train procurement officers towards a more business oriented focus. We look forward to working with Ms. Lee in pursuing these objectives and furthering procurement reform.

## Off-site Meeting Held for Bureau Chief Procurement Officers

The Office of Procurement held an off-site BCPO meeting, chaired by Annelie Kuhn, on November 5 at the Treasury Executive Institute. The meeting was held to confirm the major projects and programs that will be pursued regarding Treasury procurement. The meeting included a discussion of the new procurement evaluation model by Terri Toplisek, as summarized in a previous article herein, and a demonstration of the Departmental Contracts Information System, which is to replace the Treasury Procurement Data System (and is also noted in the lead article for this newsletter). The feedback regarding the DCIS demonstration was very positive.

In addition, Len Postman, of the Treasury Reinvention Team, discussed her report on procurement related best practices and emerging trends, which was a follow-up to the Office of Procurement Mission Review and which will be studied by our new Procurement Front Line Forum Team. Ted Carter, the Deputy Assistant Secretary for Management Operations, discussed his vision for Treasury procurement programs, including continued improvement and establishment of best practices as outlined in Ms. Postman's report. Mr. Carter also discussed the Treasury Investment Review Board's refocus towards Information Technology (IT) and Non-IT pursuits. Kevin Boshears, the Acting Director for the Treasury Office of Small and Disadvantaged Business Utilization, discussed small business procurement related initiatives, including the mentor-protégé program. The meeting also included a discussion of issues raised by the BCPOs, electronic commerce initiatives and the status of other procurement projects and programs (including the purchase card, revised Procurement Instruction Memorandum

listing and the DTAR Council). More detailed information regarding the aforementioned projects and planned actions will be forthcoming over the next few weeks, and we invite you to contact any Office of Procurement representative for more information regarding the BCPO meeting.

Federal Register Now Available on Line

The Federal Register can now be accessed, free of charge, through the world wide web at **http://www.access.gpo.gov/** nara/index.html**.**

BUREAU HIGHLIGHTS
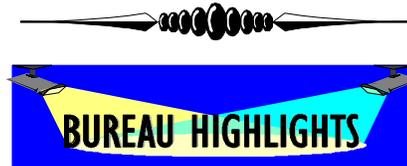
U.S. Secret Service Upgrades Automated Procurement System to Include EPS
by Andy Anderson

The United States Secret Service (USSS) went live on a new Windows 95-based procurement system in October, launching a new era of automation for USSS simplified acquisitions and contracts. The USSS implemented Procurement Desktop software developed by American Management Systems (AMS).

The new Procurement Desktop system is based on the Department of the Interior's Electronic Acquisition System (IDEAS) and was implemented through an interagency agreement with the Department of Interior's Washington Administrative Service Center (WASC).

Procurement Desktop supports all phases of the acquisition process, includes online access to the Federal Acquisition Regulation (FAR), integrates with third-party word processing and spreadsheet tools (e.g., for automated generation of contract documents), and offers Web-based components for requisitioning and electronic commerce.

The USSS expects Procurement Desktop to improve its procurement process by allowing users to generate procurement documents online, route work electronically for approval, maintain electronic files, and post documents directly to the Internet.

The USSS management's commitment to success, the high quality of the software, and the experience and comprehensive approach of the USSS/WASC/AMS

implementation team were all instrumental in making the new system a success at the USSS. Procurement Desktop was fully implemented in the USSS Procurement Division less than three months after the initial Interagency Agreement was signed. The USSS staff put Procurement Desktop to immediate use in October, entering over 200 purchase requests and awarding over 70 purchase orders by the end of the first full week of production.

The USSS Procurement Staff analyzed the USSS' business practices, established how the Procurement Desktop features would be implemented, and executed a plan for training and providing hands-on training for their procurement staff in support of the system. The USSS conducted a review of their technical architecture to ensure that they had the necessary technical infrastructure and expertise to facilitate a smooth running of the system.

The WASC is providing functional and technical support when necessary, scheduled software upgrades, and provided a Help Desk to answer user questions that may arise while using the system.

Prior to implementation of Procurement Desktop, the USSS Procurement Division was a very viable cornerstone of electronic commerce (EC) on the Internet by becoming the first Treasury bureau to pilot test the Electronic Posting System (EPS). The EPS is a world wide web based application located on a GSA server that provides an interface with the Commerce Business Daily Net for electronically creating quotations, bids, proposals and permitting uploads of solicitation files. This allows vendors access through a single Government-wide point of entry

EPS is permitting the USSS to move aggressively towards wide implementation of EC, leaving behind costly paper-based procurements and embracing "paper-less" electronic services. The efficiency gains from the EPS for procurement activities were further enhanced when the Procurement Division completed installation of their Automated Procurement System (Procurement Desktop).

Procurement Desktop coupled with EPS are new and very promising software tools that permit bureaus to customize their EC tool suite to their particular needs. Contract specialists using the Government-wide electronic posting system have expressed strong satisfaction and expect significant savings in time and effort. Furthermore, the new system has enabled the USSS to maintain a "single face" to industry when advertising its business opportunities.

For technical information, contact the Secret Service

Procurement Division Webmaster: Andy Anderson or Chris Phillips, Procurement Analyst at (202) 435-6940. Visit the Secret Service Procurement Division at:
http://www.treas.gov/usss/proc.

EG&G Services Selected Large Business Partner of the Year
by Celeste Rueffert

EG & G Services (EG&G), a prime contractor for the U.S. Customs Service, was selected as the Department of the Treasury Partnerships '98 Large Business Partner of the Year. EG&G has been the prime seized property contractor for the U.S. Customs Service since 1990. Under the contract, EG&G provides custody, management, and disposition services to the Department of the Treasury for seized property and general order merchandise. This contract supports not only the U.S. Customs Service, but also the Internal Revenue Service, the U.S. Secret Service, ATF, the Office of Foreign Assets Control, and the Food and Drug Administration. EG&G's support is provided through their headquarters office in Fairfax, Virginia, three regional offices, and seventeen district offices covering the United States, Puerto Rico, the U.S. Virgin Islands, and Guam.

EG&G employs an extensive base of subcontractors and vendors to assist in providing the services under the contract. They have many small business vendors to call upon for service of the various types of property including general property, vehicles, vessels, aircraft, real property, and operating businesses. Small business firms constitute 79.7 percent of EG&G's entire vendor base, and account for 83.6 percent of EG&G's subcontracting dollars. Small disadvantaged businesses constitute 11.1 percent of EG&G's entire vendor base, and account for 14 percent of their subcontracting dollars. Women-owned businesses constitute 7 percent of EG&G's entire vendor base, and account for 15.2 percent of EG&G's subcontracting dollars. These subcontractors and vendors perform a range of activities including property storage, transportation, maintenance, sale, destruction, and business management. Since the contractor generally has custody of over 11,500 line items of property located nationwide, with an appraised value exceeding $215 million, this broad network of subcontractors and vendors is essential to EG&G's contract operations.

The EG&G contract was one of the first to incentivize a contractor to proactively locate and subcontract with small businesses. EG&G has consistently exceeded the defined goals for subcontracting with all procurement preference groups. During 1998, EG&G continued its aggressive efforts to identify, qualify and award procurements to small,

minority and women-owned small businesses. EG&G has participated in many federally sponsored outreach events that are organized to provide information to small businesses and improve socio-economic program opportunities. As a result of participation in these events, EG&G has established agreements with many firms in the small, small disadvantaged, and women-owned small business community.

PEOPLE ON THE MOVE

Frances Sullivan recently left the Treasury Office of Procurement to join the Navy Facilities Engineering Command (NAVFAC). Frances' professionalism, expertise, and experience will be sorely missed and we wish her well in her new job.

Richard Miller, Geoff Gauger, and Lou Masciocchi have joined the Treasury Office of Procurement. Richard joins us from OCC, Geoff from FMS, and Lou from our Procurement Services Division (PSD). In addition, Jean Lilly from IRS and Armeda Daye from PSD are on detail to the Treasury Office of Procurement. We welcome the newest members to our team and congratulate Geoff and Lou on their promotions.

Karen Waters is the new procurement analyst at OCC. Karen was previously assigned to PSD and was a former Treasury Office of Procurement Intern. We congratulate Karen and extend our best wishes regarding her new job.

Efrain Fernandez has been selected as the Department of Commerce's Director of Acquisition Services. Efrain was previously Manager for the Equipment and Services Division at the Bureau of Engraving and Printing. We congratulate Efrain and wish him well in his new job.

We would also like to acknowledge and congratulate our new Bureau Chief Procurement Officers as follows:

Marion Palaza is the ?new Director for Treasury's Procurement Services Division (PSD). Marion was previously assigned to the Treasury Office of Procurement.

Wes Hawley is the Procurement Director for the Treasury Building Renovation office (TBARR) and was previously assigned to PSD.

Coleen Vogel was promoted to the Assistant Director for Procurement position at Mint. Colleen was Mint's procurement small business specialist.

Madeline Weinberger is the Director for the Financial Management Service's (FMS) Acquisitions Management Division. Madeline was previously assigned to the IRS procurement office.

Gina Nightengale is presently the Office of the Comptroller of the Currency's (OCC) Acting Associate Director for Acquisitions Services. Gina joined OCC from the EPA procurement policy office.

Larry Schlosser has retired from the BCPO position at the Office of Thrift Supervision. The OTS BCPO responsibilities are presently being assumed by John Connors, the OTS Deputy Assistant Director for Procurement and Administrative Services

JOB OPPORTUNITIES

Bureau of Alcohol, Tobacco and Firearms (ATF) - Contract Specialist (GS-1102-05), Announcement # 97-45, Closes 12/29/98, Contact Velma O. Hall, Bureau of ATF Personnel Office at (202) 927-8610, Room 4170, 650 Massachusetts Ave, NW, Washington, DC 20226

TREASURY WIDE CONTRACTS REVISIONS

The following deletions of IRS contracts apply to the *Department of the Treasury Multi-User Contract List* that was published in our November/December 1997 issue:

Tir-95-D-00100	Tir-96-D-00030
Tir-95-D-00112	Tir-96-D-00031
Tir-96-D-00002	Tir-96-D-00038
Tir-96-D-00007	Tir-96-D-00039
Tir-96-D-00022	Tir-97-D-00001

LOOK FOR YOUR NEXT ISSUE THIS WINTER!