BALANCED SCORECARD

Environmental Protection Agency Acquisition System

Performance Measurement and Management Program Guide

Noted Changes Page

1. **Combined Parts 6, 7, and 8 into one section entitled "Contract Management Assessment Program". The previous Part 9 entitled "Using Performance Measurement to Effect change" is now Part 7. – Finalized December 11, 2013.**

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PART 1

Background

This part provides a brief discussion of the implementation of a results-oriented business-assessment program for the EPA Acquisition System.

All Federal agencies are continually faced with real and dramatic challenges to improve the performance of their business systems. This is especially true for Federal acquisition systems, which have undergone a series of reform efforts over the past thirty years. All of these reforms have focused on improving the quality, timeliness, and effectiveness of awarding and administering contracts in support of agency missions. These objectives require that agencies continually assess existing systems and processes to identify common-sense business solutions and business systems that work better and cost less. Moreover, Federal acquisition organizations continue to experience dramatic increases in the levels of customer expectations for quality, timeliness, and service – all at lower cost. These expectations are driven in large part by continuing budget and resource restrictions, coupled with high-priority program objectives, which require organizations to fundamentally and continually rethink existing approaches to business systems and business relationships.

1. *Business Systems Performance and Oversight*

Although historically OAM has expended considerable effort and resources to ensure that internal Strategic Goals mirror and support Agency goals, an objective, systematic, approach toward measuring achievements against either OAM or Agency Strategic Goals had not been established. Furthermore, although OAM has several programs in place which measure various aspects and/or criteria associated with the procurement process (e.g. Customer Survey, Employee Survey, and the Quality Assessment Program), a methodology did not exist in which results of the programs may be considered together as an indicator of the quality, effectiveness, and efficiency of the EPA's contracting operations.

As a result, OAM is implementing a Balanced Scorecard (BSC) performance measurement and performance management program (PMP) as the methodology for assessing the Agency's acquisition related business functions. The PMP is intended to facilitate an EPA-wide collaborative approach to ensure that business systems effectively support EPA's mission, vision, and strategy statements; follow best business management practices; and comply with applicable statutes, regulations, and contract terms and conditions. Through the utilization of the BSC, the Agency will be better positioned to strengthen its acquisition systems and its workforce. The intended result is to ensure a world class procurement operation at EPA.

2. *Mission, Vision, and Strategy*

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

MISSION: To provide trusted acquisition leadership and partnership to meet the Agency's mission of protecting human health and the environment.

VISION: To develop and execute strategic acquisition solutions to provide exceptional client services for EPA.

STRATEGY: To invest in our people, provide business leadership, optimize business processes, and strengthen the link between the acquisition function and the Agency's mission.

3. *Business Systems Management Goals*

EPA seeks to:

➢ Translate its vision into clear, measurable outcomes that define successes that will be recognized and shared throughout EPA;

➢ Develop an approach and methodology to assess and measure the results obtained under various independent OAM initiatives/programs together, in order to evaluate and improve the overall quality, effectiveness, and efficiency of EPA's contracting operation;

➢ Include measures of quality, cost, timeliness, customer service, and employee alignment, motivation, and skills in order to provide an in-depth, predictive, performance management system; and

➢ Move from strictly prescriptive audit and compliance based oversight models to an ongoing, forward-looking, strategic partnership, involving Headquarters and the Regions, to ensure the effectiveness and integrity of the EPA Acquisition System.

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 EPA business systems assessment program is to ensure that business systems support the EPA's and OAM'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 assessments 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 that drives proactive results-oriented approaches and continuous improvement which that leads to process efficiencies and more 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 skill 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 EPA's core values and cross-cutting fundamental strategies as listed in EPA's Strategic Plan.

3. _Roles and Responsibilities_

A. Cognizant EPA Office

The Cognizant EPA Office is the entity, either at Headquarters or in the Regions, that has the responsibility for performing oversight of the Agency's acquisition functions and systems.

The Cognizant EPA 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 follow-on reviews should be conducted. A follow-on review 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 which require EPA follow-up to protect the Government's interest or to validate the implementation of new functions or systems.

The Operations Division Directors (DDs) and Regional Acquisition Managers (RAMs) have both operational and oversight responsibility for EPA acquisition functions and systems. Operational responsibilities include acquisition-related business systems such as Agency procurement systems (e.g., EAS), as well as other Agency business systems.

B. Director, Office of Acquisition Management (The Senior Procurement Executive)

The Director, as the Agency's Senior Procurement Executive (SPE), is responsible for the management and direction of the EPA acquisition system, including implementation of Agency-specific policies, regulations, and standards. The SPE is responsible for overall management of the BSC program, including facilitating the collaborative establishment of Agency-wide performance measures and assessments.

PART 3

Performance Management Strategy

This part sets forth the definitional baselines for performance measurement and performance management, and provides a discussion of the characteristics and types of measures to be established.

1. *What is Performance Management?*

There are a wide range of definitions for the terms 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. Refers to the use of performance measurement information to effect positive change in organizational culture, systems, and processes. Accordingly, performance management helps to set agreed-upon performance goals, allocates and prioritizes resources, confirms or changes current policy or program direction to meet established goals, and shares the results of performance while pursuing established 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, include the population to be measured, the method of measurement, the data source, and the time period for the measurement. Measures should be written as formulae whenever 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** – use ongoing data from a reliable procurement system – not binary yes/no measures.

➢ **Cost-effective** – providing data worth the cost to gather.

➢ **Useful** – providing data necessary for the organization to manage business operations.

➢ **Motivating** – achieving the targets should drive good business decisions versus over-expenditure, over-compliance, or other sub-optimizing results.

B. Types of Measures

Types of measure normally include the following:

Core Measures. These are EPA-wide measures. As such, organizational performance measures that each EPA contracting organization will use and from which aggregate EPA system-wide performance can be measured.

Optional Measures. These are suggested, but not required, measures which may be useful indicators for assessing progress towards core objectives.

Local Measures. These are measures, which are specific for a site; each site may identify and include as part of their BSC.

Outcome and In-Process Measures. Core, optional, or local measures may be outcome or in-process measures.

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.

Both outcome and in-process measure are indicators of performance (mission success in business systems).

C. Agency Expectations/Targets

Annual core measures will be established through collaboration with and among all EPA contracting activities. It is recognized that local situations are impacted by organizational alignment, structure, vision, strategic objectives, and other conditions. All of these factors must be considered in the establishment and performance of core measures. All EPA contracting activities must strive to meet or exceed these expectations/targets.

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 still be realistic. It is expected that when targets are set below expectations, they will stimulate substantial progress toward those expectations and will rise over time. Similarly, where organizations have already exceeded expectations, targets in excess of Agency-wide 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. Local targets therefore may not rise perpetually. When acceptable levels are achieved, these should be maintained and other performance areas emphasized; especially areas where improvement is of 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 (BSC) Approach*

The BSC is a performance measurement and performance management system developed by Robert Kaplan and David Norton (see "The Balanced Scorecard – Measure 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 variety of public and private organizations.

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. Some indicators are maintained to measure an organizations' 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 informational systems – its ability to learn and improve.

2. *The Four Perspectives of the Balanced Scorecard*

A. Financial

Financial considerations in Government are different from those in the private sector. For example, financial considerations for public organizations are rarely the primary objective for business systems. Rather, success in Government is measured by how effectively and efficiently the Agency or organization meets the needs of its constituencies. This measure in Government is 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 BSC, both the requiring activity (the internal customer) and the EPA, as the sponsor, are regarded as customers of the business processes. Since, in government, customers and stakeholders take precedence over financial results, the principle driver of BSC performance is effective business partnership.

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. In order to meet continually evolving requirements and customer expectations, the contracting workforce may be asked to take on dramatically new responsibilities. This may require skills, capabilities, and organizational designs that were not previously available.

Figure 1: Balanced Scorecard Strategic Perspectives
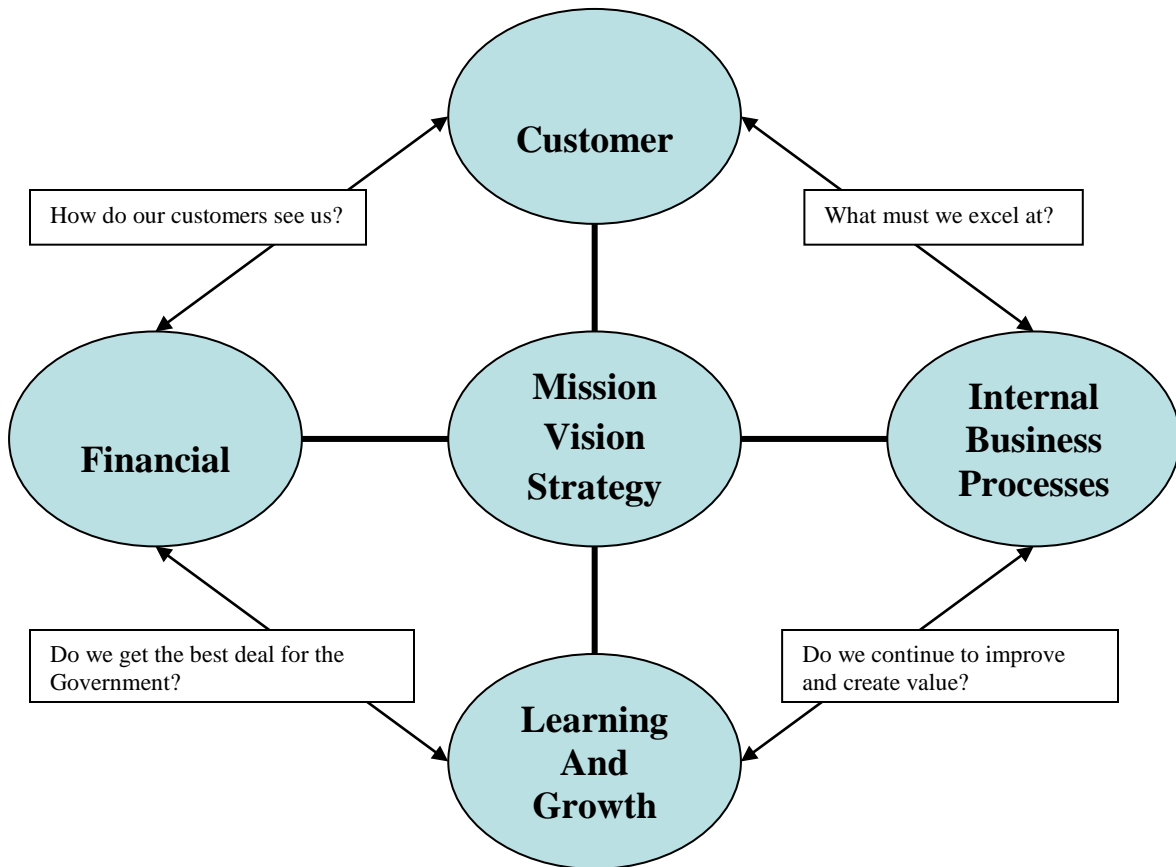
PART 5

Selection of Performance Objectives and Measures

This part summarizes the process used to establish core measures and how they will be used. Additionally, it 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 EPA-wide objectives and related measures used in order to determine progress towards Agency strategic goals. Individual organizations may add objectives and measures as necessary to implement specific strategic and tactical planning goals.

The guiding principles of the Federal Acquisition Regulation may be considered objectives against which any Agency acquisition function may be measured. Those principles are as follows:

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.

The core measures contained in EPA's BSC will be designed to determine whether we are effectively performing our basic functions, whether we are accomplishing the guiding principles of the FAR, and how well we are supporting the Agency's strategic goals and objectives.

In addition, while the BSC assessment model is not intended for the purpose of relative comparison among EPA's contracting activities, these measures do provide a meaningful basis for comparing how well each organization's acquisition system is functioning.

2. *The EPA Balanced Scorecard Program*

The EPA BSC is a functional component of EPA's PMP. Through collaboration, EPA's contracting activities will be poised to achieve the most effective combination of performance results in accordance with Agency expectations, customer requirements, laws, regulations, good business management and practices, and contract terms and conditions, as applicable.

The core objectives and performance measures established under the PMP apply 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 principle data generating and gathering source. Measurements are formulated to report on the status of performance to management and the customer; the feedback cycle then drives improvement actions as appropriate.

The core objectives and measures contained in the PMP are to be used by EPA contracting 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 an organization's performance. To ensure this data is trackable and reliable, the method used to establish the baseline should also be applied in subsequent assessments. It is recognized that results may not be directly comparable from one contracting activity to another.

Core measures and associated targets change on a periodic basis, therefore the current core measures and targets for EPA programs are not incorporated into this document. As objectives and/or measures and targets are established, modified, or updated, they will be issued by the SPE independent of this guide and made available on the EPA BSC web site.

The following examples are provided as part of this guide as illustrative 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.

- ➤ Customer Satisfaction
  - o % of customers satisfied with timeliness: The degree of satisfaction with the timeliness of the delivery of products/services and the acquisition schedule. This may include:
    - Are products/services delivered when needed?
    - Are milestones/procurement administrative lead times (PALTs) consistently met?
    - Does procurement planning occur or occur early in the acquisition process?
    - Is there sufficient communication?

- Is there effective communication?
- Does the contracting organization anticipate problems and issues in order to prevent potential delays?
  - % of customers satisfied with quality: Customer satisfaction with the quality of goods and services procured. This may include an assessment of whether or not the selected contractor offered the best combination of quality and price.
  - % of customers satisfied with the responsiveness, cooperation, and communication skills of the acquisition office: The perceptions and behavior of all participants in the acquisition process affect the outcome of any acquisition. This may include an assessment of the responsiveness of the acquisition team, as well as the degree of communications and problem solving abilities among all participants in the acquisition process.
- Customer Education
  - % of customers satisfied with the training they receive to support their role in the acquisition process: Customer satisfaction with the basic COTR courses offered through OAM, including information on how to achieve or maintain COTR eligibility.
  - % of customers satisfied with procurement policy knowledge sharing: Customer satisfaction with the way information regarding changes to procurement policy are shared. This may include: Hot Tips, Flash Notices, Mass Mailers, or other information passed from OAM personnel.

B. FINANCE PERSPECTIVE

- Cost to Spend Ratio. This element represents the cost for each division or regional office to spend one dollar of customer funds. The ratio is a calculation of the operating cost of the unit divided by the obligated dollars of the unit.
- Cost Avoidance/Savings. This element may include savings or cost avoidance achieved through various initiatives, including OMB Initiatives on Cost Savings and strategic sourcing of products and services.

C. INTERNAL BUSINESS PROCESSES PERSPECTIVE

- Acquisition Excellence
  - % Compliance as assessed through mechanisms such as: internal quality assessment processes, organizational self-assessments, peer reviews, protest activity/results, and Inspector General and Government Accountability Office audits.
- Maximization of Efficiency and Cost Effectiveness
  - As assessed through tools and exercises that may include: compliance with OMB cost savings initiatives, utilization of strategically sourced contract vehicles, reutilization of excess property, and % of awarded Performance Based Service Contracts (PBSC) of total eligible awards over $25K.
- Streamlined Processes
  - Potential measurements may include: % of acquisitions awarded within established PALTs

- ➢ Reporting: Timeliness, Accuracy, and Completeness: Tools or exercises used to measure may include:
  - o Timeliness of past performance rating information entered into Contractor Performance Assessment Rating System (CPARS)
  - o FPDS-NG reporting accuracy, especially in relation to information such as:
    - ▪ Socioeconomic contracting
    - ▪ Buy American
    - ▪ Competition
  - o Timeliness of reporting government property to the Contractor Property Coordinator (CPC)

D. LEARNING AND GROWTH PERSPECTIVE

- ➢ Acquisition Workforce Information: This includes initiatives such as implementing the Acquisition Workforce Development Strategic Plan recruitment and retention initiatives, and % of the contracting workforce that are certified at the appropriate level.
- ➢ Employee Satisfaction. This element may include measures such as % of employees meeting mandatory qualification standards of the GS-1102 job series; % of employees satisfied with their work environment; and % of employees satisfied with organizational leadership, professionalism, culture, values, empowerment, and available opportunities.

3. *Initial Selection, Additional, and Deletion of Performance Measures*

Many reasons exist for selecting a particular performance measure. However, in most instances 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, timeliness, and service provided.

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 may be developed that will stimulate performance towards strategic objectives.

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 meaningful strategic objectives. Too many measures will diffuse the focus of the organization and measurement process.

Although many factors exist that may influence a decision to add or delete a measure in the future, the following criteria will be followed to the extent appropriate:

> *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 ongoing performance. Therefore, each core measure developed should be available and used for several years in order to effectively assess progress toward achieving the intended objective(s).

> *In general, measures will be maintained for strategic purposes.* The BSC is a strategic tool whose objectives and measures are focused on strategic assessment and 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 ongoing need to ensure excellence in performance in certain strategic areas (e.g. customer satisfaction, statutory and regulatory compliance), even when organizations achieve a high level of consistent performance, organizations must continue to remain focused on these strategic performance areas, and have an assessment system that provides the organization with immediate notification if performance begins to slip.

> *The EPA Senior Procurement Executive (SPE) may require the inclusion of a performance measure.* Such inclusion 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 Federal or EPA mandated strategic goals.

PART 6

Contract Management Assessment Program

This part outlines the policies and procedures for the Office of Acquisition Management (OAM) Contract Management Assessment Program (CMAP). The CMAP is designed to ensure that contracting organizations operate in an effective and efficient manner and conform to the requirements as prescribed by the Federal Manager's Financial Integrity Act (FMFIA) 1982 and the OMB circular A-123 Management of internal controls.

1. *General*

The CMAP is a system of controls designed to measure operational awareness and to determine how well EPA's contracting organizations support their respective program/site mission requirements while meeting the other responsibilities described above. As such, the CMAP is the cornerstone of the OAM Performance Management System, emphasizing the evaluation of critical contracting processes, internal management controls, and supporting systems that are vital to an effective contracting organization. The end result is an analysis of all levels of contracting from pre-award, post-award, workforce development, knowledge management, systems and customer service. The CMAP identifies noteworthy practices as well as systemic vulnerabilities and obstacles to successful mission accomplishment through a holistic approach rather than utilizing compliance reviews.

There are four primary components to the CMAP which are discussed in detail below: Internal Control Plans; Self Assessment Reviews; Self Assessment Reporting; and CMAP Peer Reviews.

2. *Definitions*

a) **Internal Control Plan:** The Internal Control Plan (ICP), formerly known as the Quality Assessment Plan (QAP), identifies the methodology an organization utilizes to measure and assess its compliance with Federal Acquisition Regulations, agency policies and procedures, workforce development, knowledge management, customer outreach in order to identify systemic vulnerabilities/weaknesses. Each plan shall also include a corrective action plan component to address how an organization will eliminate identified vulnerabilities.

b) **Self Assessment:** An organization's objective self evaluation of its pre-award and post-award activities thru implementation of its ICP, as well as an evaluation of organizational systems such as staffing, internal policies and procedures, and customer outreach.

c) **Self Assessment Annual Reporting:** The annual report, due no later than the 3rd Friday of November to the SPE, consists of organizational self assessment results (retrospective report) and proposed self assessment activities for the upcoming year (prospective plan), as well as the organizational self assessment survey (see attachments A, B, and C).

d) **Triennial Reporting:** The three year accumulation of results from an organizations self assessments, external peer reviews, and Office of Inspector General audits, with the status of corrective actions, and any changes to its internal control plan.

e) **Peer Review:** Periodic verification and validation reviews of an organization's adherence to acquisition policy and procedures led by qualified persons who are independent of the organization and who do not have any real or apparent conflicts of interest.

3. *Internal Controls*

A. Internal Control Plans (ICP)

Consistent with the need for control systems which prevent or detect unauthorized or undesirable activities (i.e., vulnerabilities), each EPA operational contracting organization is required to establish, maintain, implement and sustain an Internal Control Plan (formerly known as the Quality Assessment Plan or QAP) as outlined below. The ICP shall describe the methodology of identifying systemic vulnerabilities and a corrective action component that includes correcting the deficiency. The ICP must provide adequate supervision and sufficient independent checks and balances to provide reasonable assurance that established objectives are achieved thru verification and validation.

The plan and procedures designed and implemented shall be sufficient to reasonably ensure prevention and/or detection of noncompliance with applicable laws, regulations, terms and conditions of contracts, as well as identify good business management practices. In addition, the plan must include a corrective action planning, development and implementation process in order to eliminate any systemic vulnerability. Lastly, the ICP needs to include a verification and validation process to ensure that the corrective actions employed eliminated the identified vulnerability. The overall purpose of the ICP is to be able to identify and correct vulnerabilities, correct them and verify and validate that the corrective action eliminated the identified vulnerability.

ICPs are dynamic documents that will periodically require revision and may be updated as needed. All ICPs and subsequent revisions must be submitted to the CMAP team leader for review and concurrence by the OAM-PTOD Director.

B. Content of Internal Control Plans

Each organization's ICP shall contain both transactional and non-transactional oversight activities as detailed below to identify control measures for daily acquisition related activities and organizational development.

1) *Transactional Oversight Process*: Each ICP must contain activities that establish an adequate strategy to evaluate the ongoing quality of each primary contracting workload function performed within the organization (i.e., one level above reviews). ICP activities can include items discovered thru internal reviews, legal reviews, CMAP review findings for the activity, and CMAP enterprise wide findings. Workload functions are the standard categories of contracting activities performed by most large Federal contracting organizations. They include, but are not limited to, simplified acquisitions, General Services Administration (GSA) Federal Supply Schedule (FSS) orders, pre-award (placement) activities related to the award of new contracts, post-award (management)

activities related to the administration of active contracts, and contract closeout. Even though each organization's overall oversight strategy may differ, the ICP shall include the following components for each workload function:

(a) Review Cycle: ICPs must identify the review cycle period (normally by fiscal year).

(b) Responsible Parties: ICPs must identify who is assigned to perform the oversight (with as much specificity as possible). Generally, the individual(s) performing the oversight should be independent and impartial so as not to be influenced by organizational or personal relations. When possible, the preponderance of ICP oversight should be performed by senior staff including management, contracting officers, procurement analysts, etc.

(c) Frequency and Timing of Oversight: ICPs must establish the frequency and timing of when the oversight will occur. Normally, file reviews of actions yet to be executed or of recently completed transactions are most effective. Also, when possible, it is preferable that transaction oversight be spread throughout the review cycle.

(d) Oversight Sample Size: ICPs must establish the transactional sample size for each major workload function to be reviewed. In most cases, the oversight strategy and established sample size should focus on those workload functions or specific transactions that represent areas that are recognized as having the greatest risk and vulnerability. For example, sole source procurements, source selection, cost/price analysis, acquisition planning, CPARs, invoice approvals, negotiated contracts and modifications, etc. Established sample size is at the discretion of each contracting activity.

(e) Scope of Oversight Reviews: ICPs must clearly establish the scope of the file reviews so that meaningful and consistent oversight occurs. In all cases, file reviews must be of sufficient breadth and depth to accurately assess the quality of the transactions. Senior management must ensure that all transactional oversight is effectively performed and documented.

2) Non-transactional oversight activities: The following activities are integral components that shall be included in all ICPs:

(a) Perform Quality Control Before or During Transaction Processing: The oversight and enhancement of the quality of contracting actions should be pursued as early in the process as possible. Ideally, this should be an integral part of acquisition planning and should begin during the initial phases of an acquisition. This type of up-front quality control can be performed in a variety of ways. An effective means is to perform independent reviews of contracting documents (e.g., purchase requests, performance work statements, and procurement initiations) prior to their normal assignment for processing. This type of oversight is designed to enhance quality in the beginning of the process and serve as a preventive tool for contracting officers and management.

(b) Professional Development of the Acquisition Staff: The most effective means to influence the quality of contractual actions is to have a well-trained, experienced, and versatile acquisition staff. As a result, a well-conceived strategy for the ongoing professional development of the staff is an essential element of an ICP. Evidence of such a strategy might include information on acquisition FAC-C certification, FAC-C maintenance, staff participation in mentoring programs, percentage of staff trained during specific time intervals (monthly, quarterly, etc.) and information on specific categories of training received (e.g., internal, classroom, online, or peer-to-peer). The developmental activities may vary, but shall normally include formal and on-the-job training, mentoring programs, rotational assignments, peer review activities, teaming arrangements (e.g., backup contracting officer assignments for large contracts), etc.

(c) Knowledge Management Strategy: A well conceived and effective communications strategy is an integral part of a contracting organization's ability to influence and sustain high quality operations. ICP implementation identifies lessons learned and best practices which must be effectively conveyed to staff members. This form of professional development is a significant contributor to the overall quality of each contracting organization's operations. Each ICP shall address the knowledge management strategy for disseminating information and ensuring that the contracting staff understand and benefit from the lessons learned.

(d) Workload Management: The detailed assessment and ongoing management of each organization's workload is a critical factor in the development and implementation of an effective ICP. A comprehensive knowledge of an organization's workload types, volume, complexity, and customer base is essential to the formation of a successful quality control and oversight strategy. This level of knowledge provides managers the insight to apply the necessary focus, flexibility and long term planning to sustain an ICP. All ICPs should be supported by an active means to manage the details and dynamic nature of each organization's workload, i.e. maintenance of weekly status reports to ensure timely processing of actions, statements of how work is assigned and/or prioritized, customer meetings to discuss annual acquisition plans, etc.

(e) Customer Relations and Communications: EPA contracting organizations support a diverse group of customers. In most cases, contracting actions are dependent upon input from the technical staff (e.g., PINs, SOWs, sole source justifications, TEP reports). As a result, customer relations and communications have a significant impact on the quality of contracting actions. ICPs shall include activities that relate to how contracting organizations work with their customers to enhance quality. These activities may include:
➢ Training of contracting officer's technical representatives and other technical staff.
➢ Oversight of contracting activities performed outside of the contracting office, such as reviews of onsite contractors, purchase card transactions, COR duties delegated by the contracting officer, etc.
➢ Routine communications with technical staff to share relevant contracting information (e.g., regulatory/policy changes, lessons learned).
➢ Various means to obtain customer service feedback.

C. Documentation of ICPs

ICP implementation must be documented for several reasons. Given that this program is a primary component of EPA's acquisition oversight program, a formal record and audit trail must be established and maintained. ICP documentation also provides the Agency's SPE with documented evidence of the overall quality of contracting operations. From this information, trends can be identified, lessons learned can be shared, and best practices adopted throughout the Agency. ICP records also provide each primary contracting organization with its own history that serves as an important planning tool, as well as a means to ensure that acquisition quality is managed and remains a priority.

All organizations shall comply with the following ICP documentation requirements:

(1) All required compliance activities must be supported by adequate documentation. Records produced shall reflect sufficient detail to confirm that each activity was completed, along with the date, results, and corrective actions taken. Instances where quality activities are not performed, or are not implemented consistent with the ICP, shall be documented.

(2) All documentation shall be maintained as a separate record within the cognizance of each primary contracting organization for a period of three years or until completion of the next CMAP peer review. This documentation will be evidence of the contracting activity's assessment of their operations in accordance with their 3-year self assessment, to the SPE, in accordance with the Federal Manager's Financial Integrity Act of 1994, and verified during the performance of independent peer reviews.

(3) Complete oversight records must be maintained for all transaction file reviews for all major workload functions performed. At a minimum, the record shall outline for each workload function:
  - ➢ Which contracts and/or functions were reviewed (e.g., identified by contract number),
  - ➢ Who conducted the reviews,
  - ➢ When the reviews occurred,
  - ➢ Results of the reviews, including best practices, quality problems, lessons learned, etc.,
  - ➢ How quality issues were corrected/resolved, if applicable,
  - ➢ How best practices and lessons learned were communicated to the organization.

4. *Self Assessment Reviews*

Organizational self-assessment is a critical element in performance management; as such, the CMAP includes a self-assessment approach/component which provides EPA's operational contracting managers with a mechanism to objectively evaluate the effectiveness of their procurement activity through their ICP.

Each organization shall perform assessment review activities utilizing the peer review/self assessment checklist criteria which can be found on the OAM BSC intranet page under Training/Guidance. The Self Assessment Checklist is maintained by the CMAP team lead and will be updated as deemed necessary by the PTOD Director.

The self assessment review is used to test the effectiveness of an organizations internal control measures for transactional activities identified above. The results will be used by each organization to determine if their established controls are adequate to ensure compliance with policies and procedures and whether adjustments are needed to strengthen or shift controls to accommodate differing organizational, regulatory, or internal/external conditions.

The self assessment checklist consists of two parts and contains various system criteria that offices shall use when conducting self assessment reviews. Part One covers Acquisition Management Criteria, such as staffing, policies and procedures, contracting officer certifications and socioeconomic programs. Part Two contains Acquisition System Review Criteria which consists of all pre- and post-award activities such as acquisition planning, solicitations, cost and pricing, modifications, closeouts, etc.

The process and the timing of self assessment activities may vary by office as long as the cumulative results of compliance evaluations are sufficient to provide each organization with accurate, comprehensive, and timely quality information. Flexibility is permitted in the timing of the review (for example, a total assessment once every three years, or a partial assessment each of the three years) as long as all appropriate aforementioned parts are reviewed and assessed at least once every three years. For example, an organization may select to complete the pre-award section - system criterion 8 thru 16 the first year of the review cycle. In doing so, the organization will report the results of advance planning, pre-solicitation, solicitation, evaluation and source selection, cost/price analysis and profit/fee. ***The checklist questions serve merely as a reference guide for reviews conducted in each respective criterion and do not require submission of documented responses of each individual question for reporting purposes.***

5. *Self Assessment Reporting:*

    A. *Annual Reporting Requirements*
After conducting the self assessment, each organization shall prepare and submit one consolidated report to the CMAP team leader in the first quarter of each fiscal year, no later than the 3rd Friday in November, that will include the following sections: A) Organizational Retrospective Report; B) Prospective Organizational Internal Review Plan; and C) Organizational Self Assessment Survey.

The data from these annual reports will be used to identify cross-organizational systemic issues, implement corrective actions and share best practices in support of OAM's knowledge management initiatives; inform the scope of future periodic peer reviews using a lessons learned approach, and conduct peer reviews using reported information such as previous review reports, self assessments, IG findings, OMB directives, ratifications, protests, and data quality reviews. *Organizations may choose to use any format for reporting purposes; however, a template is provided as an attachment to this document for optional use.*

I. Organizational Retrospective Report:

After conducting the assessment, the organization shall prepare a BSC Retrospective Report which looks at your previous year internal review activities in support of this program and identifies trends, systemic vulnerabilities/weaknesses/issues, corrective actions taken, and best practices discovered thru ICP implementation, self assessments, peer review, and audits. This report shall contain, at a minimum, the following information:

➤ **Introduction/Background.** This section identifies the organization and point of contact with telephone number, and lists the date of the most current review thresholds (if applicable).

➤ **Identification of Assessment Review Personnel.** The names, titles, and organizational affiliation of all individuals (including peer personnel) who participated in the assessment review shall be listed in this section.

➤ **Scope of Review Activities.** The assessment review activities that were completed shall be listed in this section. This summary shall be presented in sufficient detail to allow the 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 must be included for assessments of greater significance. A separate discussion of compliance activities conducted must also be included.

➤ **Trend Analysis.** Include trend analysis of how performance over time indicates continuous improvement or opportunities for management attention.

➤ **Assessment of Trade -offs.** Include analysis of whether performance is "out-of-balance" and what is being done or needs to be done to bring it back into balance.

➤ **Identification of Management Initiatives.** Include any process reengineering/redesign, training, or benchmarking opportunities for leveraging across EPA contracting offices.

➤ **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 recurrence. It is expected that managers will determine the real causes for occurrences, violations, problems, and failures to achieve 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.

II.   Prospective Organizational Internal Review Plan:

Each contracting organization will prepare/update an annual Prospective Organizational Internal Review Plan for the upcoming year. The Prospective Plan uses the results from the previous organizational self assessment to plan and improve upon the upcoming year's assessment, such as implementing new internal controls and identifying future self assessment activities, etc.

The Prospective Plan should address the depth and scope of the upcoming fiscal year internal reviews (e.g., sample size and type of transactions, assessment of 1102, COR, support activities). The depth and scope will be tailored to fit the breadth of the organization's activities. Organizations may determine the extent of the internal reviews required from prior assessment results, external review results, or from any other relevant information. Additionally, organizations with significant areas of improvement from previous assessments may merit additional attention in areas of weakness, or of special interest or importance.

At a minimum, the Prospective Plan shall address the following:

> **Background information.** This section should include information specific to the organization, including: point of contact information, schedule of upcoming reviews and, in general terms, the status of any corrective actions taken since previous reviews (e.g., internal reviews, peer reviews, OIG or GAO audits, as applicable).

> **Identification of Internal Review Personnel.** Each plan must identify who is assigned to perform the internal oversight of the contracting activities' transactional and management programs and processes, i.e., name, position title, organizational component.

> **Status of Prior/Current Internal Review Activities.** This section shall describe the actions that have or have not been fully implemented from the most recent reviews(s) as applicable, including its self-assessment and any prior peer reviews or audits. It shall include a summary of actions and completion dates or target completion dates.

> **Internal Review Activities for the Upcoming Fiscal Year.** This section shall address the organization's annual plan for conducting its organizational internal reviews. The scope, duration, and number of staff that are appropriate for conducting meaningful internal reviews will vary among EPA contracting organizations based on such factors as size of the contracting organization, the nature and complexity of the organization's contracting portfolio, and the results of previous internal reviews, including A-123 reviews and GAO or IG audits.

III.   Organizational Self Assessment Survey:

The purpose of the survey is for managers to assess the overall state of their contracting organizations *(see attachment C).* Additionally, parts of the survey tie directly into several of OAM's BSC performance measures, specifically those related to acquisition excellence, access to strategic information and whether organizations are structured for continuous improvement. Information from the surveys may be used to create new performance measures in the future.

When completing the survey, each Division Director or Regional Acquisition Manager may choose to seek input from managers or other personnel; however, the response sent to the CMAP team leader must be a single consolidated response approved by the Division Director or Regional Acquisition Manager.

B. *Triennial (3 year) Self Assessment Reporting Requirements:*

At the conclusion of each three year cycle, organizations shall submit a triennial self assessment report that provides a cumulative discussion of its annual assessment results and covers each part of the checklist to include: acquisition management, pre-award, and post-award management. The organizational self assessment survey, included as attachment C to this document, is required. The report shall also include the detailed results, if applicable, of the annual third year self assessment as prescribed above. (Some offices may have completed all parts of the checklist in years 1 and 2 and therefore will only provide the triennial report in year 3. However, if an office completed a part of the checklist in year 3, an annual retrospective report should be included as part of the triennial report that discusses the activities reviewed, trends, trade-offs, etc.).

The triennial report shall discuss the overall health of the organization as discovered during the three year cycle, and shall discuss changes to the organizations internal controls that will further ensure and strengthen the effectiveness, statutory, regulatory, and policy compliances for acquisition related activities. *Organizations may choose to use any format for reporting purposes; however, the annual reporting template may be modified to fulfill this reporting requirement.*

6. *CMAP Peer Reviews*

An integral part of the management control process is to perform periodic reviews led by qualified persons who are independent of the organization and who do not have any real or apparent conflicts of interest. As such, one of the components of the CMAP is the Peer Review. The Peer Review is an independent assessment of contracting activities and associated functions conducted by the Contract Management Assessment Team (CMAT). The CMAT is led by PTOD contract management staff and is comprised of peers from other OAM and regional contracting offices, as well as knowledgeable professionals from related disciplines such as Policy, Small Business and Financial Analysis.

The team is responsible for all logistical activities pertaining to the review. Activities include coordinating with management officials for the activity to be reviewed, staffing for the review, advance data collection and analysis, drafting of findings, recommendations and best practices, and, subsequent to the reviews, monitoring the resolution of any corrective actions.

Peer review is a non-attribution process. The overall goal of the peer review requirement is to ensure that independence and objectivity are maintained; and that no financial, organizational, or personal relationship will prevent the peer reviewer/evaluator from rendering an impartial and unbiased judgment and opinion when performing these critical evaluations.

Each contract organization will be reviewed no less than once every three to five years, depending on contract complexity, number of procurement actions, IG reports, results of previous reviews, and other risk factors.

In conjunction with the CMAT manager, the SPE establishes the next-year review schedule at the end of each fiscal year. Contracting offices may be requested to assist the review team with the data call approximately 30 days prior to review which will include, but is not limited to, the following:

- Listing of contracts, purchase orders, task orders, BPA calls, modifications
- Contracting/Customer Organizational charts
- Copies of self assessments, IG and GAO reports, previous reviews, protest log

A teleconference will be held with the contracting office to discuss unique issues approximately two to three weeks prior to review. The length of the peer review will vary, but is generally two weeks in duration for large organizations and a week for smaller contracting offices, including Simplified Acquisition Contracting Office (SACO) reviews.

During the peer review process, selected contract files are reviewed, both contracting employees and their customers are interviewed, and best practices and areas that indicate opportunities for improvement are documented. A briefing is held at the end of each day with the cognizant managers to highlight and validate findings and observations, identify systemic issues or best practices, and to share information among the parties.

The peer review also has a 360-degree component, providing opportunity for the organization being reviewed to raise issues that need to be addressed by the OAM Director (e.g., development or clarification of new policies/procedures, initiatives that require re-engineering).

At the conclusion of the review, the office is debriefed on general review results. The SPE is debriefed by the peer review team lead and the draft report forwarded back to the contracting organization for review and comment to ensure accuracy of team observations. A final report is then prepared and submitted to the contracting organization. . Any deficiencies identified require a response in the form of a written corrective action plan within 90 days upon receipt of the final report. Responses are followed by quarterly updates on all corrective action plans until closed.

At the end of each fiscal year's CMAP review cycle and periodically throughout the year, a listing of best practices and areas of concern is compiled and displayed on the PTOD web page. Furthermore, best practices will be reviewed within PTOD, for possible use enterprise wide.

FY 13 Annual Self Assessment Reporting

November 15

2013

Each organization shall prepare and submit one consolidated report to the CMAP team leader in the first quarter of each fiscal year, no later than the 3rd Friday in November, that will include the following sections: 1) Organizational Retrospective Report; 2) Prospective Organizational Internal Review Plan; and 3) Organizational Self Assessment Survey. Organizations are encouraged to use any format for reporting self assessment results; however, this template was developed to provide assistance with meeting reporting requirements.

In accordance with Part 6 of the PMMP guidance, an annual self assessment was conducted and the results of which are contained in this report. The report looks at the previous year of internal review activities and identifies trends, systemic vulnerabilities/weaknesses/issues, corrective actions taken and identified best practices. The data collected from each organization will be used to identify enterprise wide systemic trends, proposed corrective actions, and tools for maintenance of a knowledge management system, such as checklists, training slides, templates, standard operating procedures (SOPs), etc. **Organizations are encouraged to include tables, graphs, charts, and attachments, such as audit reports, to supplement summary level information contained herein.**

I. **Background Information:** This section identifies the organization in terms of structure, staffing, workload, and customers supported. This section should also identify the names, titles, and organizational affiliation of all individuals (including peer personnel) who participated in the assessment review.

II. **Organizational Retrospective Report:** The retrospective report looks at your previous year review activities in support of this program and identifies trends, systemic vulnerabilities/weaknesses/issues, root cause analysis, corrective actions taken, and best practices discovered thru ICP implementation, self assessments, peer reviews, and audits.

A. **Summary of Scope of Review Activities:** List internal assessment review activities (those activities conducted by individuals within your immediate organization) completed during the review cycle in sufficient detail to allow the reader to understand the significance of the information contained herein.

1. **Internal Reviews** – This section should discuss assessment activities conducted by your organization during this cycle, i.e. sufficient Determination and Findings (D&Fs), CPAR compliance, SAPs awarded to small businesses.

2. **External Reviews** - During this cycle in review, external reviews (activities conducted by individuals outside of your immediate organization) were conducted by OAM's CMAT, EPA's OIG……

B. Identification of Management Initiatives/Best Practices: Include any process reengineering/redesign, training, or benchmarking opportunities for leveraging across EPA contracting offices. i.e. monthly COR training, simplifying source selection documents, posting sources sought notices in advance of the PIN, quarterly OGC training, etc.

C. Assessment of Trade-Offs: Include analysis of whether performance is "out-of-balance" and what is being done or needs to be done to bring it back into balance, i.e. staffing shortage, change in workload, etc.

III. Prospective Organizational Internal Review Plan

Each contracting organization will prepare/update an annual Prospective Organizational Internal Review Plan for the upcoming year. The Prospective Plan uses the results from the previous organizational self assessment to plan and improve upon the upcoming year's assessment, such as implementing new internal controls and identifying future self assessment activities, etc.

A. Background Information: Identify any current or anticipated changes to the structure of the organization since the last review.

B. Status of Corrective Actions: This section shall describe the actions that have or have not been fully implemented from the most recent reviews(s), including its self assessment and any prior peer reviews or audits.

C. **Internal Review Activities for the Upcoming Fiscal Year** - This section shall describe all reviews scheduled for the upcoming FY (i.e. FY 14) including internal reviews conducted by the POD or Region, CMAP reviews, OIG audits, etc. Additionally, any reviews that were not completed in the previous FY (e.g. FY 13) that will carry over to the upcoming FY (e.g. FY 14) shall be discussed in this section.

D. **External Reviews for the Upcoming Fiscal Year** - This section shall describe all reviews scheduled for the upcoming FY (i.e. FY 14) such as CMAP review, OIG audits, etc. Additionally, any external reviews that were not completed in the previous FY (e.g. FY 13) that will carry over to the upcoming FY (e.g. FY 14) shall be discussed in this section.

(Use one template for each incident)

GENERAL INFORMATION	
Recommendation Number:	
Recommendation Description:	
Requirement not met:	
APPROACH TO COMPLIANCE	
Corrective Action to be taken:	Describe the corrective action to be taken along with the necessary steps to correct the vulnerability
Roles and Responsibilities:	Describe each project team member and stakeholder involved in the corrective action, and identify their associated responsibilities for ensuring the correction is executed appropriately.
Interim Activities (until compliance is reached):	Describe any processes or procedures that need to be followed until the vulnerability is corrected.
Approval of Approach:	Describe the approval process required for the correction of the vulnerability.
SCHEDULE FOR COMPLIANCE	
Major Milestones:	Provide the milestones and dates for the correction of the vulnerability.
CONCLUSION AND NEXT STEPS	
Checkpoints:	Designate checkpoints to ensure the correction of the vulnerability.
Re-assessment of finding:	Describe the steps required to re-assess the vulnerability once it has been corrected.
Approvals and Certification of Compliance:	Describe the approval required for the re-assessment/certification of compliance once the vulnerability has been corrected.

SELF-ASSESSMENT SURVEY

Thank you for taking the time to complete this Self-Assessment of your Procurement Office. The purpose of this assessment is to collect information about the procurement practices in your organization. The results will be used with other performance measures in assessing the performance of your procurement office, and will ultimately provide data for self-improvement. This exercise is intended to help learn about best practices. It is intended that this self-assessment be filled-out by the Procurement Director with participation of his or her senior staff (i.e. Branch Chiefs or other management personnel).

You are requested to score each category by rating the level at which your procurement practices match the descriptors. If you believe your organization falls somewhere between descriptors you may assign partial credit. For example, if your organization meets all of Level IV requirements and at least half of Level V requirements for "Quality Assurance Systems" you may assign a score of 4.5.

PROCUREMENT OFFICE CODES
Circle the category which best describes your organization:

Category	Type of Organization
1	Centralized small purchase organization.
2	Small purchase function residing in Program Offices.
3	Procurement office with limited authority above small purchase level. Primary procurement method is sealed bidding. Some small purchase activity.
4	Procurement office with unlimited authority. Majority of procurements accomplished using sealed bidding. Some negotiated procurement.
5	Procurement office with unlimited authority. Approximately equal mix of sealed bidding and negotiated procurements.
6	Procurement office with unlimited authority. Majority of procurements accomplished using negotiated procurements.
7	Procurement office with unlimited authority. Majority of procurements accomplished using negotiated procurement. Office involved with "major systems" acquisitions (As defined by agency regulations).

ACQUISITION EXCELLENCE

CATEGORY	I.	II.	III.	IV.	V.	RATING
QUALITY ASSURANCE SYSTEMS	● ORGANIZATION HAS NO QUALITY ASSURANCE SYSTEM. CONFORMANCE WITH LAW AND REGULATION IS DEPENDENT SOLELY UPON INDIVIDUAL EMPLOYEE INITIATIVE. THERE IS NO RELIABLE SYSTEM FOR DISTRIBUTION OF FEDERAL, DEPARTMENTAL AND INTERNAL GUIDANCE.	● ORGANIZATION UTILIZES SOME QUALITY ASSURANCE TECHNIQUES BUT THEY ARE NOT IMPLEMENTED IN A SYSTEMATIC OR COMPREHENSIVE MANNER. ORGANIZATION RELIES ON EXTERNAL REVIEW ACTIVITIES (GAO, OIG, DEPARTMENTAL OVERSIGHT ORGANIZATIONS) TO IDENTIFY FAILURES TO COMPLY WITH LAW AND REGULATION. EMPLOYEES ARE NOT FULLY INFORMED OF REGULATION CHANGES.	● ORGANIZATION HAS A QUALITY ASSURANCE SYSTEM THAT HAS BEEN COMMUNICATED TO ALL EMPLOYEES. PROCESS IDENTIFIES STRENGTHS AND WEAKNESSES WITH LESSONS LEARNED COMMUNICATED TO STAFF. REGULATIONS AND INTERNAL PROCEDURES ARE DISTRIBUTED TO THOSE WHO NEED THEM. PERFORMANCE IN KEY AREAS IS MEASURED OVER TIME**.**	● ORGANIZATION HAS AN EFFECTIVE QUALITY ASSURANCE PROCESS IN PLACE. THE PROCESS HAS BEEN COMMUNICATED TO ALL EMPLOYEES AND THEY ARE ACTIVELY ENGAGED IN THE PROCESS. THE EFFECTIVENESS OF THE SYSTEM IS ASSESSED AND IMPROVED. GUIDING PRINCIPLES ARE DEVELOPED IN MANY AREAS TO ENCOURAGE BEST PRACTICES AND IMPROVEMENT. FAILURES TO COMPLY WITH LAW AND REGULATION ALMOST NEVER OCCUR AND EXTERNAL REVIEW ACTIVITIES HAVE NOT REPORTED ANY SYSTEMIC PROBLEMS. PERFORMANCE IN KEY AREAS IS MEASURED OVER TIME AND GOALS FOR IMPROVEMENT ARE ESTABLISHED.	● ORGANIZATION HAS AN EFFICIENT AND EFFECTIVE QUALITY ASSURANCE SYSTEM. THE ORGANIZATION IS RECOGNIZED BY THOSE OUTSIDE THE AGENCY FOR THE QUALITY OF ITS WORK PRODUCTS. EMPLOYEES ARE ENGAGED IN THE QUALITY ASSURANCE PROCESS AND ARE CONTINUALLY IMPROVING WORK PRODUCTS. EMPLOYEES ARE INFORMED OF CHANGES TO LAW AND REGULATION IN A TIMELY MANNER AND IMPLEMENT THOSE CHANGES IN THEIR WORK PRODUCTS. THE HIGHEST QUALITY STANDARDS ARE MAINTAINED WITH A MINIMUM OF OVERSIGHT OR REVIEW INTERNAL PROCEDURES PROVIDE EMPLOYEES THE NECESSARY GUIDANCE TO EFFECTIVELY DO THEIR JOB AND ENCOURAGE CREATIVE ALTERNATIVES TO IMPROVE PERFORMANCE. PERFORMANCE IN KEY AREAS IS MEASURED OVER TIME. GOALS FOR IMPROVEMENT ARE ESTABLISHED AND GOALS ARE FREQUENTLY MET.	
VENDOR SELECTION	● ORGANIZATION HAS NO EFFECTIVE SYSTEM FOR SELECTING THE APPROPRIATE COMPETITIVE PROCEDURE (E.G., SEALED BIDS VERSUS COMPETITIVE PROPOSALS) FOR INDIVIDUAL ACQUISITIONS. THE PROCESS OF VENDOR SELECTION IS DEPENDENT SOLELY UPON INDIVIDUAL EMPLOYEE INITIATIVE. TYPICALLY VENDORS ARE SELECTED ON PRICE ALONE. PERFORMANCE PROBLEMS ARE A FREQUENT OCCURRENCE.	● THE ORGANIZATION HAS INITIATED SOME EFFORTS TO FOCUS ATTENTION ON THE SELECTION OF QUALITY VENDORS. STAFF IS AWARE OF THE NUANCES BETWEEN SMALL PURCHASE, SEALED BIDDING AND COMPETITIVE PROPOSAL PROCEDURES. VENDORS ARE SELECTED ON PRICE AND DELIVERY FACTORS. THERE ARE OFTEN DISAGREEMENTS BETWEEN THE CUSTOMER AND CONTRACTING OFFICER OVER SELECTION DECISIONS. PERFORMANCE PROBLEMS REMAIN A CONCERN.	● THE ORGANIZATION HAS IMPLEMENTED A SYSTEM DESIGNED TO PROMOTE THE SELECTION OF QUALITY VENDORS. VENDORS ARE SELECTED ON PRICE, DELIVERY AND QUALITY FACTORS. PAST PERFORMANCE INFORMATION IS COLLECTED, ANALYZED AND USED IN SELECTION DECISIONS. AFFIRMATIVE RESPONSIBILITY DETERMINATIONS ARE A PREREQUISITE OF SELECTION DECISIONS. CONTRACTOR PERFORMANCE IS GENERALLY SATISFACTORY.	● THE ORGANIZATION HAS AN EFFECTIVE VENDOR SELECTION SYSTEM. VENDOR SELECTION IS TAILORED TO THE REQUIREMENT. THE ORGANIZATION PROPERLY SELECTS THE COMPETITIVE PROCEDURE BEST SUITED UNDER THE CIRCUMSTANCES OF THE PROCUREMENT. SELECTION DECISIONS ARE DESIGNED TO ENSURE THAT THE GOVERNMENT RECEIVES BEST VALUE, PRICE AND OTHER FACTORS CONSIDERED. IN MOST INSTANCES, THE CUSTOMER IS AN ACTIVE PARTICIPANT IN THE EVALUATION SELECTION PROCESS. IN NEARLY ALL CASES, CONTRACTOR PERFORMANCE	● THE ORGANIZATION HAS IMPLEMENTED AN EFFECTIVE VENDOR STRATEGY DESIGNED TO PROMOTE AND FOSTER THE ACQUISITION OF HIGH QUALITY PRODUCTS OR SERVICES AND ELIMINATE CHRONIC POOR PERFORMERS. THE ORGANIZATION MAINTAINS A STRONG PARTNERSHIP WITH THE BUSINESS COMMUNITY. KEY OBJECTIVES INCLUDE MORE LONG TERM RELATIONSHIPS WITH VENDORS WHO DEMONSTRATE A COMMITMENT TO QUALITY AND LESS CONFRONTATIONAL, AND MORE COOPERATIVE APPROACHES TO PROBLEM SOLVING.	

				MEETS OR EXCEEDS CUSTOMER EXPECTATIONS.		

ACQUISITION EXCELLENCE (Continued):

CATEGORY	I.	II.	III.	IV.	V.	RATING
VENDOR PERFORMANCE DATA	● RESPONSIBILITY DETERMINATIONS ARE BASED ON CURRENT KNOWLEDGE WITHOUT VERIFICATION OF AN OFFEROR'S SATISFACTORY PERFORMANCE RECORD. ● PERFORMANCE FEEDBACK IS NEITHER COLLECTED NOR COMMUNICATED TO VENDORS.	● RELEVANT PAST PERFORMANCE INFORMATION IS CONSIDERED IN MAKING RESPONSIBILITY DETERMINATIONS. ● DATA ON THE TYPE AND AMOUNT OF WORK PREVIOUSLY PERFORMED BY A CONTRACTOR IS USED IN SOURCE SELECTION DECISIONS. ● NEGATIVE PERFORMANCE FEEDBACK (E.G., SHOW CAUSE OR CURE NOTICE) IS COMMUNICATED TO VENDORS, BASED ON RESULTS OF INSPECTION.	● THE QUALITY OF AN OFFEROR'S PERFORMANCE RECORD IS ASCERTAINED BY CHECKING REFERENCES FROM PREVIOUSLY PERFORMED CONTRACTS. THE INFORMATION IS USED IN PURCHASING DECISIONS. ● COLLECTING AND COMMUNICATING PERFORMANCE FEEDBACK IS ROUTINE.	● AN EFFECTIVE AND WELL-ESTABLISHED SYSTEM IS IN PLACE WHEREBY PERFORMANCE DATA IS COLLECTED, COMMUNICATED TO VENDORS, AND USED IN PURCHASING DECISIONS. THE SYSTEM IS TAILORED TO THE COMPLEXITY OF THE CONTRACT AND/OR SMALL PURCHASE. ● PERFORMANCE EVALUATIONS CONDUCTED UNDER AN ON-GOING CONTRACT OR AT THE TIME OF COMPLETION ARE RETAINED IN THE CONTRACT FILES, AND SHARED WITH THE CONTRACTOR. THE CONTRACTOR IS GIVEN THE OPPORTUNITY TO PROVIDE COMMENTS AND REBUTTALS BACK TO THE AGENCY. ● PAST PERFORMANCE INFORMATION IS SHARED WITH OTHER AGENCIES ON AN AD HOC BASIS.	● ALLIANCES HAVE BEEN FORMED WITH VENDORS TO FACILITATE RESOURCE/INFORMATION SHARING AND PARTNERING. ● AN AUTOMATED DATABASE HAS BEEN BUILT FOR PAST PERFORMANCE INFORMATION, AND IS USED EFFECTIVELY FOR VENDOR SELECTION (INCLUSION OF VENDORS THAT RECEIVE ONLY SMALL PURCHASE AWARDS IS OPTIONAL).	
CONTRACT ADMINISTRATION	● ORGANIZATION HAS NO EFFECTIVE SYSTEM FOR MANAGING AND ADMINISTERING CONTRACTS TO ASSURE THAT THE GOVERNMENT RECEIVES A QUALITY PRODUCT OR SERVICE. ● CONTRACTOR COMPLIANCE WITH ESTABLISHED REQUIREMENTS (e.g., COST, DELIVERY, TECHNICAL, QUALITY REQUIREMENTS AND OTHER CONTRACT TERMS AND CONDITIONS) IS GENERALLY DEPENDENT UPON VOLUNTARY CONTRACTOR COMPLIANCE AND/OR INFORMAL ACTIVITIES OF PROCUREMENT STAFF OR REQUIREMENTS ORIGINATORS.	● CONTRACT ADMINISTRATION RESPONSIBILITIES ARE ASSIGNED AT THE TIME OF CONTRACT AWARD. ● CONTRACTOR PERFORMANCE IS MONITORED SPORADICALLY. ● PROBLEMS WITH QUALITY AND TIMELINESS OF PRODUCTS OR SERVICES PERSIST.	● THE ORGANIZATION HAS AN ESTABLISHED SYSTEM DESIGNED TO ENSURE THAT PRODUCTS AND SERVICES PROVIDED BY VENDORS CONFORM TO ESTABLISHED REQUIREMENTS. THE PROGRAM ENCOMPASSES PLANNING, INSPECTION, TESTING AND ACCEPTANCE. ● CONTRACT PERFORMANCE IS MONITORED AND ACTION TAKEN TO ENSURE CONTRACT PERFORMANCE. ● MODIFICATIONS/ DELIVERY/TASK/CHANGE ORDERS ARE MANAGED EFFECTIVELY. ● CONTRACTOR PERFORMANCE IS DOCUMENTED PRIOR TO PAYMENT. ● PAYMENT IS MADE TIMELY.	● THE ORGANIZATION HAS AN EFFICIENT AND EFFECTIVE QUALITY SYSTEM TO ENSURE THAT ALL PRODUCTS AND SERVICES MEET CUSTOMER EXPECTATIONS. ● THE ORGANIZATION IS ACTIVELY INVOLVED IN QUALITY PLANNING (e.g., REVIEW OF PRE-AWARD SURVEYS AND POST-AWARD CONFERENCES, ETC..). ● THE ORGANIZATION HAS A WELL-ESTABLISHED TRACK RECORD IN MANAGING AND PROCESSING TIMELY AND EFFECTIVE MODIFICATIONS/ DELIVERY/TASK/ CHANGE ORDERS. ● 90% OF THE CONTRACTS ARE CLOSED-OUT IN ACCORDANCE WITH THE FAR. ● CONTRACT AUDIT BACKLOGS ARE MINIMAL. ● THE ORGANIZATION HAS INITIATED EFFORTS TO ENHANCE THE WORKING RELATIONSHIP AND INSTILL A SPIRIT OF COOPERATION WITH ITS CONTRACTORS (e.g., PARTNERING, ALTERNATE DISPUTE RESOLUTION, ETC.).	● THE ORGANIZATION HAS IMPLEMENTED A STRATEGIC ALLIANCE WITH ITS CUSTOMERS INCLUDING CONTRACTORS. ● A SPIRIT OF COMMON MISSION AND VISION EXISTS. ● THE ORGANIZATION IS VIEWED AS A LEADER IN THE FORMATION AND IMPLEMENTATION OF COOPERATIVE EFFORTS DESIGNED TO DELIVER HIGH QUALITY GOODS AND SERVICES ON TIME AND AT A FAIR PRICE.	

ACQUISITION EXCELLENCE (Continued):

CATEGORY	I.	II.	III.	IV.	V.	RATING
SOCIO-ECONOMIC GOALS	● MORE THAN HALF OF THE SOCIO-ECONOMIC GOALS HAVE BEEN MET OR EXCEEDED IN EACH OF THE LAST TWO YEARS.	● MORE THAN 75% OF THE SOCIO-ECONOMIC GOALS WERE MET OR EXCEEDED IN EACH OF THE LAST TWO YEARS. ● PROCUREMENT AND PROGRAM PERSONNEL ARE GENERALLY AWARE OF THESE PROGRAMS.	● SOCIO-ECONOMIC GOALS WERE COMMUNICATED TO ALL PROGRAM AND PROCUREMENT PERSONNEL AND NEARLY ALL CATEGORY GOALS WERE MET OR EXCEEDED IN EACH OF THE LAST TWO YEARS.	● ALL SOCIO-ECONOMIC GOALS WERE MET OR EXCEEDED OR EXCEEDED AT LEAST ONCE IN THE LAST TWO YEARS. ● SUBCONTRACTING PLANS WERE GENERALLY MONITORED FOR COMPLIANCE.	● SOCIO-ECONOMIC GOALS WERE MET OR EXCEEDED IN ALL CATEGORIES DURING THE LAST TWO YEARS. ● ORGANIZATION HAS AN EFFECTIVE PLAN DESIGNED TO IDENTIFY AND EXPAND OPPORTUNITIES FOR SMALL BUSINESSES. ● SUBCONTRACTING PLANS WERE CLOSELY MONITORED AND APPROPRIATE LIQUIDATED DAMAGES ASSESSED.	
ORGANIZATIONAL PLACEMENT	● THE PROCUREMENT ORGANIZATION IS PLACED AT A SIGNIFICANTLY LOW ORGANIZATIONAL LEVEL WHERE ON A ROUTINE BASIS, PROGRAMMATIC DESIRES IMPROPERLY INFLUENCE GOOD BUSINESS DECISIONS.	● THE PROCUREMENT ORGANIZATION IS PLACED AT A LOW ORGANIZATIONAL LEVEL WHERE ON A FREQUENT BASIS, PROGRAMMATIC DESIRES IMPROPERLY INFLUENCE GOOD BUSINESS DECISIONS.	● THE PROCUREMENT ORGANIZATION IS PLACED AT A LEVEL WHERE OCCASIONALLY, PROGRAMMATIC DESIRES IMPROPERLY INFLUENCE GOOD BUSINESS DECISIONS.	● THE PROCUREMENT ORGANIZATION IS PLACED AT A SUFFICIENTLY HIGH LEVEL TO PROVIDE COMPARATIVE EQUALITY WITH PROGRAM OFFICE CUSTOMERS.	● THE PROCUREMENT ORGANIZATION IS PLACED AT A SUFFICIENTLY HIGH LEVEL TO SUPPORT THE ORGANIZATION'S CHECKS AND BALANCES THAT RESULT IN ACCOMPLISHMENT OF AGENCY MISSION WITHOUT SACRIFICING GOOD BUSINESS PRACTICES.	
SUBCONTRACTOR OVERSIGHT	● THE ORGANIZATION PROVIDES NO OVERSIGHT OF THE SUBCONTRACTING ACTIVITIES OF ITS PRIME CONTRACTORS. NOTE THAT PRIME CONTRACTORS INCLUDES ALL CONTRACTORS, M&O AND NON-M&O.	● THE STAFF OF THE ORGANIZATION HAS SOME UNDERSTANDING OF WHAT IS REQUIRED TO REVIEW AND APPROVE INDIVIDUAL SUBCONTRACTS BUT THERE IS LITTLE SYSTEMATIC INVOLVEMENT WITH CONTRACTOR SUBCONTRACTING ACTIVITIES.	● THE DEPARTMENT'S POLICIES CONCERNING SUBCONTRACTING ACTIVITIES BY PRIME CONTRACTORS ARE COMMUNICATED TO THE STAFF ARE UNDERSTOOD BY THE STAFF, AND OVERSIGHT IS BEING CARRIED OUT TO ENSURE THAT THESE CONTRACTORS ARE USING EFFECTIVE PURCHASING PRACTICES TO MEET MISSION GOALS.	●THE STAFF OF THE ORGANIZATION HAS A CLEAR UNDERSTANDING OF THE DEPARTMENT'S POLICIES CONCERNING PRIME CONTRACTOR SUBCONTRACTING AND THEY ARE ACTIVELY ENGAGED IN WORKING WITH THE CONTRACTOR TO PROMOTE THE USE OF COMMERCIAL PURCHASING PRACTICES TO MEET CONTRACT MISSION GOALS. ASSESSMENT PROCESSES HAVE BEEN ESTABLISHED TO MEASURE CONTRACTOR PERFORMANCE IN SUBCONTRACTING.	●THE STAFF OF THE ORGANIZATION ACTIVELY PROMOTES INNOVATIVE SUBCONTRACTING ACTIVITIES BY THE PRIME CONTRACTORS, INCLUDING BENCHMARKING OTHER COMMERCIAL ORGANIZATIONS TO BEST MEET CUSTOMER NEEDS AND CONTRACT MISSION GOALS. BALANCED SCORECARD APPROACHES TO ASSESSING SUBCONTRACTING PERFORMANCE ARE IN PLACE AND ARE CONTINUALLY IMPROVED UPON.	

QUALITY WORKFORCE

CATEGORY	I.	II.	III.	IV.	V.	RATING
EDUCATION	● LESS THAN 25% OF CONTRACT STAFF GRADUATED FROM A COLLEGE OR UNIVERSITY WITH A BACHELORS OR HIGHER DEGREE.	● AT LEAST 25% OF CONTRACT STAFF GRADUATED FROM A COLLEGE OR UNIVERSITY WITH A BACHELORS OR HIGHER DEGREE.	● AT LEAST 50% OF CONTRACT STAFF GRADUATED FROM A COLLEGE OR UNIVERSITY WITH A BACHELORS OR HIGHER DEGREE.	● AT LEAST 75% OF CONTRACT STAFF GRADUATED FROM COLLEGE OR UNIVERSITY WITH A BACHELORS OR HIGHER DEGREE. AND ● HALF OF GRADUATES MAJORED IN PROCUREMENT, BUSINESS LAW OR PUBLIC ADMINISTRATION.	● AT LEAST 75% OF CONTRACT STAFF GRADUATED FROM COLLEGE OR UNIVERSITY WITH A BACHELORS OR HIGHER DEGREE. AND ● AT LEAST 75% OF GRADUATES MAJORED IN PROCUREMENT, BUSINESS, LAW OR PUBLIC ADMINISTRATION.	
EXPERIENCE	● AT LEAST 25% OF CONTRACT STAFF HAVE MORE THAN 3 YEARS EXPERIENCE IN THE PROCUREMENT FIELD.	● AT LEAST 25% OF CONTRACT STAFF HAVE MORE THAN 7 YEARS EXPERIENCE IN THE PROCUREMENT FIELD.	● AT LEAST 50% OF CONTRACT STAFF HAVE MORE THAN 7 YEARS EXPERIENCE IN THE PROCUREMENT FIELD.	● AT LEAST 75% OF CONTRACT STAFF HAVE MORE THAN 7 YEARS EXPERIENCE IN THE PROCUREMENT FIELD.	● AT LEAST 75% OF THE CONTRACT STAFF HAVE MORE THAN 10 YEARS EXPERIENCE IN THE PROCUREMENT FIELD.	
TRAINING	● ORGANIZATION HAS NO PLAN TO ENSURE TIMELY AND PERTINENT TRAINING FOR ALL EMPLOYEES.	● ORGANIZATION SCHEDULES TRAINING FOR EMPLOYEES ON AN AD HOC BASIS.	● ORGANIZATION HAS AN INFORMAL PROCESS TO ENSURE SOME EMPLOYEES RECEIVE TRAINING WHEN REQUIRED.	● ORGANIZATION HAS A SYSTEMATIC PROCESS WHERE MOST EMPLOYEES RECEIVE TIMELY AND PERTINENT TRAINING. ● QUALITATIVE ASPECTS OF TRAINING ARE ASSESSED.	● ORGANIZATION HAS AN EFFECTIVE PROCESS TO ENSURE THAT ALL EMPLOYEES RECEIVE TIMELY AND PERTINENT TRAINING. ● QUALITATIVE ASPECTS OF TRAINING ARE CONTINUOUSLY ASSESSED INCLUDING ENSURING THAT TRAINING IS COMPETENCY BASED.	
INDIVIDUAL DEVELOPMENT PLANS	● ORGANIZATION HAS NO INDIVIDUAL DEVELOPMENT PLANS.	● INDIVIDUAL DEVELOPMENT PLANS ARE DISCUSSED WITH SOME BUT NOT ALL EMPLOYEES.	● DEVELOPMENT PLANS ARE PREPARED FOR ALL EMPLOYEES BUT PROVIDE FEW DETAILS.	● INDIVIDUAL DEVELOPMENT PLANS ARE ESTABLISHED FOR ALL EMPLOYEES WHICH AS A MINIMUM INCLUDE ROTATIONAL ASSIGNMENTS, APPROPRIATE RESPONSIBILITY, AND ACCOUNTABILITY FOR ASSIGNMENTS.	● INDIVIDUAL DEVELOPMENT PLANS ARE ESTABLISHED, SUCCESSFULLY IMPLEMENTED, AND MONITORED FOR ALL EMPLOYEES. WORK ASSIGNMENTS PROVIDE CONTINUOUS CHALLENGE FOR EMPLOYEES TO DEVELOP AND UTILIZE KNOWLEDGE, SKILLS AND ABILITIES.	
CERTIFICATION	● CERTIFICATION PROGRAM DOES NOT EXIST OR EMPLOYEES ARE NOT MEASURED AGAINST EXISTING CERTIFICATION CRITERIA FOR CONTRACTING OFFICERS.	● CERTIFICATION PROGRAM FOR CONTRACTING OFFICERS EXISTS. MORE THAN 50% OF THE CONTRACTING OFFICERS MEET THE ESTABLISHED CERTIFICATION CRITERIA.	● MORE THAN 75% OF THE CONTRACTING OFFICERS MEET THE ESTABLISHED CERTIFICATION CRITERIA FOR CONTRACTING OFFICERS.	● MORE THAN 90% OF THE CONTRACTING OFFICERS MEET THE ESTABLISHED CERTIFICATION CRITERIA FOR CONTRACTING OFFICERS AND THE ORGANIZATION HAS A COTR CERTIFICATION PROGRAM. ● CERTIFICATION CRITERIA INCLUDE REQUIREMENTS FOR CONTINUED TRAINING AFTER BASIC REQUIREMENTS ARE MET.	● TRAINING FOR ALL CONTRACTING OFFICERS MEET OR EXCEED THE CERTIFICATION REQUIREMENTS FOR CONTRACTING OFFICERS AND COTRS. ● CERTIFICATION CRITERIA INCLUDE REQUIREMENTS FOR CONTINUED TRAINING AFTER BASIC REQUIREMENTS ARE MET. ● NO INTERIM WARRANTS ARE ISSUED.	

ACCURATE, TIMELY, AND EFFICIENT DATA COLLECTION

CATEGORY	I.	II.	III.	IV.	V.	RATING
INFORMATION TECHNOLOGY	● THE ORGANIZATION RARELY USES INFORMATION TECHNOLOGY (IT) IN AN APPROPRIATE AND EFFECTIVE MANNER IN ITS PROCUREMENT PROCESSES.	● THE ORGANIZATION OCCASIONALLY TAKES ADVANTAGE OF APPROPRIATE AND EFFECTIVE IT OPPORTUNITIES TO IMPROVE THE PROCUREMENT PROCESS. ● EXISTING AUTOMATED PROCUREMENT SYSTEMS HAVE NOT BEEN DESIGNED TO INTERFACE WITH OTHER ADMINISTRATIVE SYSTEMS.	● THE ORGANIZATION'S USE OF IT IS GENERALLY EFFECTIVE AND APPROPRIATE FOR THE SIZE AND FUNCTION OF THE PROCUREMENT OFFICE. ● EXISTING PROCUREMENT AUTOMATION ALLOWS FOR POTENTIAL INTERFACE WITH OTHER FUNCTIONAL AREAS (e.g., FINANCE, PROPERTY). ● SYSTEMS REQUIRE A MINIMUM OF DUPLICATIVE DATA ENTRY. ● SPECIFIC PLANS FOR EDI HAVE BEEN GENERATED.	● THE ORGANIZATION'S USE OF IT IS EFFECTIVE AND APPROPRIATE FOR THE SIZE AND FUNCTION OF THE PROCUREMENT OFFICE. ● EXISTING PROCUREMENT AUTOMATED SYSTEMS HAVE APPROPRIATE AND EFFECTIVE INTERFACES WITH OTHER ADMINISTRATIVE SYSTEMS, RESULTING IN INCREASED EFFICIENCY. ● PILOT EDI INITIATIVES ARE UNDERWAY WHERE CONSIDERED COST- EFFECTIVE AND PRACTICABLE. ● EXISTING AUTOMATED SYSTEMS HAVE APPROPRIATE AND EFFECTIVE INTERFACES WITH OTHER ADMINISTRATIVE SYSTEMS WHICH RESULT IN MORE EFFICIENT OPERATIONS WITHIN THE ORGANIZATION. ● PILOT EDI INITIATIVES ARE UNDERWAY IN THOSE ORGANIZATIONS WHERE THE USE OF EDI HAS BEEN DETERMINED TO BE COST-EFFECTIVE.	● THE ORGANIZATION MEASURES AND TAKES MAXIMUM ADVANTAGE OF FULL RANGE OF COST-EFFECTIVE OPPORTUNITIES TO RE-ENGINEER THE PROCUREMENT PROCESS. ● EXISTING AUTOMATED SYSTEMS ARE FULLY INTEGRATED WITH OTHER ADMINISTRATIVE SYSTEMS, RESULTING IN HIGH OPERATIONAL EFFICIENCY INCLUDING MEETING CUSTOMER NEEDS. ● EDI HAS BEEN IMPLEMENTED SUCCESSFULLY, AND IS USED FOR THE MAJORITY OF BUSINESS TRANSACTIONS WHERE COST-EFFECTIVE AND PRACTICAL.	
DATA COLLECTION	● NO RELIABLE PRE-AWARD AND/OR POST-AWARD MANAGEMENT INFORMATION SYSTEM (MIS) EXISTS. ● ORGANIZATION REPORTS DATA MANUALLY TO THE FEDERAL PROCUREMENT DATA SYSTEM (FPDS). ERROR RATES ARE NOT MEASURED.	● MIS DATA IS PROVIDED UPON REQUEST FROM AUTOMATED OR MANUAL SYSTEMS. ● ORGANIZATION REPORTS DATA MANUALLY TO FPDS. ERROR RATES ARE IDENTIFIED BY EXTERNAL SOURCES.	● MIS GENERATES PERIODIC REPORTS TO INTERNAL CUSTOMERS (e.g., UPPER MANAGEMENT) AND EXTERNAL CUSTOMERS (e.g., PROGRAM OFFICES, IRM OFFICE) ON WORK IN PROGRESS (e.g., REQUEST FOR CONTRACT/ REQUISITION; RFP/IFB). ● ORGANIZATION REPORTS DATA MANUALLY TO FPDS. ERROR RATES ARE MEASURED.	● MIS GENERATES TIMELY, ACCURATE, COMPLETE, AND USEFUL REPORTS TO INTERNAL AND EXTERNAL CUSTOMERS; AND CUSTOMERS CAN DIRECTLY ACCESS SELECTED PRE-AWARD AND CONTRACT ADMINISTRATION DATA. ● ORGANIZATION REPORTS DATA TO FPDS VIA TAPE OR DISKETTE. ERROR RATES ARE MEASURED. SYSTEM IS IN PLACE TO CORRECT ERRORS.	● STANDARD AND AD HOC MIS REPORTING CAPABILITIES ARE OF HIGHEST QUALITY. CUSTOMERS CAN DIRECTLY ACCESS ALL PERTINENT PRE-AWARD AND POST-AWARD MANAGEMENT INFORMATION ON REAL-TIME BASIS. DATA IS USED TO IMPROVE CONTRACT OPERATIONS. ORGANIZATION REPORTS DATA TO FPDS ELECTRONICALLY. DATA IS ON-TIME, AND 100% ACCURATE AND COMPLETE. .	

MISSION GOALS

CATEGORY	I.	II.	III.	IV.	V.	RATING
CONTINUOUS IMPROVEMENT	● THE ORGANIZATION HAS NO EFFECTIVE SYSTEM FOR IMPLEMENTING AND INTEGRATING QUALITY ACTIVITIES. QUALITY IMPROVEMENT IS TYPICALLY DEPENDENT UPON EMPLOYEE INITIATIVE ALONE.	● THE ORGANIZATION IS IN THE EARLY STAGES OF CREATING AWARENESS AND CHANGE IN ATTITUDES TOWARD THE IMPORTANCE OF QUALITY AND CUSTOMER FOCUS. KEY ASPECTS OF A STRATEGY FOR CONTINUOUS IMPROVEMENT ARE UNDER DEVELOPMENT.	● THE ORGANIZATION HAS IMPLEMENTED A SYSTEM CONDUCIVE TO QUALITY IMPROVEMENT. SENIOR MANAGEMENT'S COMMITMENT TO TOTAL QUALITY HAS BEEN COMMUNICATED THROUGHOUT THE ORGANIZATION. RESPONSIBILITY FOR QUALITY, CONTINUOUS IMPROVEMENT AND CUSTOMER SATISFACTION IS SHARED BY ALL MEMBERS OF THE ORGANIZATION.	● AN EFFECTIVE QUALITY CULTURE IS FIRMLY ENTRENCHED THROUGHOUT THE ORGANIZATION. THE ORGANIZATION HAS A NUMBER OF QUALITY IMPROVEMENT INITIATIVES UNDER WAY. CUSTOMER SATISFACTION IS MEASURED AND ASSESSED THROUGH THE USE OF PERIODIC FOCUS GROUPS. MEANS FOR MEASURING SUCCESS HAVE ALSO BEEN IMPLEMENTED.	● THE ORGANIZATION IS A RECOGNIZED LEADER IN QUALITY IMPROVEMENT.	
BEST PRACTICES	● THE ORGANIZATION HAS NO EFFECTIVE SYSTEM TO IDENTIFY OR SHARE INNOVATIONS OR BEST PRACTICES. ANY INNOVATION IS GENERALLY THE RESULT OF SOME ACTION BY STAFF ACTING INDEPENDENTLY.	● THE ORGANIZATION ENCOURAGES STAFF TO BE INNOVATIVE AND TO SEEK ALTERNATIVES. PARTICIPATION IN PROFESSIONAL ORGANIZATIONS IS ALSO ENCOURAGED.	● THE ORGANIZATION HAS INITIATED EFFORTS TO EXPLORE THE FEASIBILITY OF BENCHMARKING TECHNIQUES FOR PROCESS IMPROVEMENT. THE ORGANIZATION SUPPORTS INNOVATIVE GOVERNMENT WIDE INITIATIVES SUCH AS PROMOTION OF BANK CARDS AND OTHER NATIONAL PERFORMANCE REVIEW ACTIVITIES.	● SOME BENCHMARKING ACTIVITIES ARE NOW UNDERWAY. THE ORGANIZATION HAS AN EFFECTIVE SYSTEM FOR IDENTIFYING NEW TECHNOLOGIES AND INNOVATIONS, AND PUBLICIZING AND SHARING ITS OWN ACCOMPLISHMENTS.	● ORGANIZATION CONTINUALLY BENCHMARKS PROCESSESS, PRODUCTS AND SERVICES WITH GOVERNMENT AND INDUSTRY. THE ORGANIZATION HAS INSTITUTED A FUNDAMENTAL RETHINKING OF ITS BUSINESS PROCESSES TO ACHIEVE DRAMATIC IMPROVEMENT IN CRITICAL AREAS OF PERFORMANCE.	
PLANNING	● THE AGENCY/BUREAU HAS NO ESTABLISHED SHORT-TERM OR STRATEGIC PLANNING PROCESS CONSISTENT WITH ITS' OVERALL GOALS AND OBJECTIVES. CUSTOMER FOCUS IS TYPICALLY REACTIVE, NOT PROACTIVE.	● THE AGENCY/BUREAU HAS INITIATED SOME EFFORTS TO IMPLEMENT STRATEGIC AND TACTICAL PLANNING IN THE ORGANIZATION. THE PROCUREMENT ORGANIZATION SUPPORTS THESE EFFORTS. PLANNING ACTIVITY IS DIRECTED TO THE SHORT-TERM (1-2 YEARS).	● THE AGENCY/BUREAU HAS AN ESTABLISHED STRATEGIC FOCUS . PLANNING ACTIVITIES FOR THE SHORT- AND LONG-TERM (+3 YEARS) ARE ESTABLISHED. A FOCUS TOWARD ACHIEVING IMPROVED PERFORMANCE OVER TIME IS SET OUT IN THE LONG-RANGE PLAN. THE PROCUREMENT ORGANIZATION ASSISTS IN THE DEVELOPMENT OF STRATEGIC FOCUS.	● THE AGENCY/BUREAU HAS AN EFFECTIVE STRATEGIC PLAN WHICH HAS BEEN FULLY COMMUNICATED TO ALL EMPLOYEES. GOALS AND OBJECTIVES FOR THE MAJOR FUNCTIONS AND OPERATIONS OF THE AGENCY/BUREAU ARE ESTABLISHED AND EVALUATED. THE PROCUREMENT ORGANIZATION IS ACTIVELY ENGAGED IN THE DEVELOPMENT OF THE AGENCY/BUREAU PLAN.	● THE PROCUREMENT ORGANIZATION IS ACTIVELY ENGAGED IN DEVELOPING AND IMPLEMENTING THE AGENCY/ BUREAU STRATEGIC PLAN. THE PROCUREMENT ORGANIZATION'S CONTRIBUTION TO THE ATTAINMENT OF THE AGENCY/BUREAU GOALS AND OBJECTIVES ARE DIRECTLY LINKED TO CUSTOMER FOCUS.	

Revised 12/11/13

PART 7

Using Performance Measurement to Effect Change

This part provides a discussion of the importance of using performance assessment results to help ensure organizational success.

Making constructive use of assessment results is a critical part of the BSC process. As a result, the following aspects/results must be considered when implementing an effective performance management system.

1. *Performance Measurement Systems Must Provide Intelligence for Decision Makers, 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 decision makers – at all levels – to assess progress toward achieving predetermined goals.

Although each organization is unique in how performance results can best benefit the organization, the following concepts generally apply to all organizations.

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 production of goods and services, 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:

➢ 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 those that are 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 program 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

➢ Debarment and suspension statistics

➢ Inspector General reviews

➢ Government Accountability Office reviews

➢ Internal review programs and self-assessments

C. Assessment results must be properly analyzed

Understanding what a particular result means is important in determining whether or not it us 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 point 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 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 when they include "process flow analysis". Process flow analysis requires a detailed examination of existing processes and allows for exploration of alternative procedures within a process. This 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 BSC 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

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 challenges 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 as 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. When benchmarking, the organization should identify, study, analyze, and adapt the "best practices" that led to informed decisions about where and how to effect organizational change.

To make valid comparisons, the organization should consider how other organizations are 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 comparison:

➢ An organization can compare its performance on the core measures identified in the BSC to other Federal agencies that use the same measures.

➢ Other agencies may also have similar supplemental organization-specific measures.

➢ The Center for Advances Purchasing Studies (http://www.capsresearch.org) reports on numerous industries, municipal governments, and state/county governments on many standard benchmarks.

➢ FPDS-NG 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 SPE 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 success as well as 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 concerns 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 Acquisition Officer, Congress, and the 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 analysis 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 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, by showing how additional resources would improve results for one or more measures, the manager could use the BSC to defend requests for increases in resources,

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 organization may identify an Agency-level or corporate policy that impedes its ability to accomplish a certain objective. The organization could raise the issue, using the BSC to demonstrate the cause-and-effect relationship, and work together with the appropriate management toward a solution.