



U.S. Department of Housing and Urban Development
Washington, D.C. 20410

CHIEF PROCUREMENT OFFICER

Acquisition Instruction 17-01
Implementing FITARA

1. **Purpose.** The purpose of this acquisition instruction (AI) is to inform the acquisition workforce about the Federal Information Technology Acquisition Reform Act (FITARA) and define a process to ensure compliance.
2. **References:**
 - Office of Management and Budget (OMB) Memorandum entitled Management and Oversight of Federal Information Technology dated June 10, 2015
 - OMB Memorandum on the Federal Data Center Consolidation Initiative, dated February 26, 2010

3. **Definitions:**

Many of the requirements of this AI refer to the agency Chief Information Officer's (CIO's) involvement with the decision processes and policies related to "information technology resources" throughout the agency, including information technology (IT) within programs. To establish a consistent government-wide interpretation of the Federal resources included within scope of FITARA:

“Information technology resources” includes all:

- A. Agency budgetary resources, personnel, equipment, facilities, or services that are primarily used in the management, operation, acquisition, disposition, and transformation, or other activity related to the lifecycle of information technology;
- B. Acquisitions or interagency agreements that include information technology and the services or equipment provided by such acquisitions or interagency agreements; but
- C. Does not include grants to third parties which establish or support information technology not operated directly by the Federal Government.

“Information technology” includes:

- A. Any services or equipment, or interconnected system(s) or subsystem(s) of equipment, that are used in the automatic acquisition, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency; where

- B. Such services or equipment are 'used by an agency' if used by the agency directly or if used by a contractor under a contract with the agency that requires either use of the services or equipment or requires use of the services or equipment to a significant extent in the performance of a service or the furnishing of a product.
- C. The term "information technology" includes computers, ancillary equipment (including imaging peripherals, input, output, and storage devices necessary for security and surveillance), peripheral equipment designed to be controlled by the central processing unit of a computer, software, firmware and similar procedures, services (including provisioned services such as cloud computing and support services that support any point of the lifecycle of the equipment or service), and related resources.
- D. The term "information technology" does not include any equipment that is acquired by a contractor incidental to a contract that does not require use of the equipment.

4. **Cancellation:** Not applicable.

5. **Effective Dates.** This acquisition instruction is effective upon issuance and remains in effect until rescinded or canceled.

6. **Background.**

FITARA was included in the FY 2015 National Defense Authorization Act (NDAA) and signed into law by President Obama in December 2014. To implement the legislation, the Office of Management and Budget issued memorandum M15-14 dated June 10, 2015. FITARA is intended to improve how the federal government acquires, implements and manages its IT investments by giving agency CIOs increased authority over the budget, governance, and personnel processes for agency IT investments, and by improving transparency and review processes of agency IT investments.

As the U.S. Government Accountability Office (GAO) has repeatedly pointed out in recent years, the federal government spends approximately \$80 billion annually on IT, yet those investments continue to underperform, often incurring considerable cost overruns and delays. FITARA is intended to improve performance in this area.

In general, FITARA requires:

- HUD ensure its CIO has a significant role in IT decisions, including annual and multi-year planning, programming, budgeting, execution, reporting, management, governance and oversight functions.
- HUD's CIO to:
 - approve the agency's IT budget requests;
 - certify that IT investments adequately implement incremental development;
 - and

- ensure that all requested IT positions meet ongoing requirements.
- That all contracting for IT and requests for reprogramming of IT funds must be reviewed and approved by HUD's CIO.
- HUD's CIO to approve contracts through the agency's governance process. The CIO may delegate contract approval duties for OMB-defined non-major IT investments to an individual who reports directly to the CIO.
- HUD's CIO to approve the appointment of any other employee who functions in the capacity of a CIO for any component organization within the agency.
- HUD's CIO to certify at least quarterly the accuracy and risks associated with designated major IT investments and to categorize the investment level of risk using specified cost and schedule risk rating factors.
- The Director of OMB's Office of Electronic Government to deny requests for additional development, modernization or enhancement funding for investments that receive high risk ratings for four consecutive quarters until HUD's CIO certifies that the root causes have been addressed and there is sufficient capability to deliver the remaining planned increments within the planned cost and schedule.
- GSA to develop a strategic sourcing initiative to enhance government-wide acquisition, shared use, and dissemination of software, as well as compliance with end user license agreements.
- GSA to allow the purchase of a software license agreement that is available for use by all executive agencies as one user.
- HUD's CIO to review its IT investment portfolio to reduce duplication and waste, consolidate acquisition and management functions and increase costs savings.

For purposes of HUD CIO approval, the CIO has designated the Deputy Chief Information Officer (DCIO) and the Customer Relationship Coordinators (CRC) to review and approve actions as described herein.

The policies outlined below will support HUD in meeting the identified goals of FITARA.

7. **Exceptions.** No exceptions will be granted.
8. **Applicability.** Procedures described herein apply to the following requirements and contracts:

- All IT-funded requirements and contracts not issued by OCIO and that exceed \$500,000; and
 - Any other funded requirements and contracts that include any IT component exceeding \$500,000.
9. **Acquisition Planning.** During the Annual Strategic Acquisition Planning (ASAP) process, program offices must identify applicable (see Section 8) Annual Procurement Plans (APPs) by selecting “yes” in the FITARA drop-down box. All APPs identified as FITARA and not issued by OCIO will then be routed to an OCIO Customer Relationship Coordinator for approval prior to approval by the Chief Procurement Officer (CPO).
10. **Integrated Acquisition Team.** The Contracting Officer (CO) will invite an OCIO CRC representative to Integrated Acquisition Team (IAT) meetings where drafting of the performance work statement occurs on all applicable (see Section 8) requirements.
11. **Requisitions.** Program personnel, when processing applicable (see Section 8) requisitions, must select “yes” in the FITARA drop-down box. Requisitions associated with applicable (see Section 8) planned and unplanned actions must be routed by the program office to an OCIO CRC representative through PRISM for approval prior to release to the Office of the Chief Procurement Officer (OCPO) for processing. Requisitions that are unaccompanied by a CIO Approval Request for IT Acquisition Memo will not be processed by OCPO and the program office will be asked to cancel them until such time as CIO Approval Request for IT Acquisition Memo is obtained.

Attachment A contains a template that program offices must submit with each applicable (see Section 8) requisition.

Requisitions submitted to OCPO must include an Independent Government Cost Estimate (IGCE). For requirements that contain IT components, the IGCE must break out the costs associated with the IT components separately and also include the total cost of the IT components in the overall cost estimate.

Requisitions for modifications to existing contracts/orders that increase the obligations for an IT component above the OCIO threshold, require a CIO Approval Request for IT Acquisition Memo in accordance with the policies and procedures contained in this AI.

12. **Contract Awards.** OCPO COs may not award applicable (see Section 8) contracts without a CIO Approval Request for IT Acquisition Memo except as follows:

If a non-IT funded requisition’s IGCE states that the IT component(s) is not anticipated to exceed \$500,000, but through the acquisition process, the firm identified as the best value to the government proposes costs associated with the IT components that exceed \$500,000 by not greater than 10%, the CO may continue to award.

If the CO discovers, in situations such as described above, that the firm identified as the best value to the government proposed costs associated with the IT components that exceed \$500,000 by more than 10%, the CO will put the requisition on a review route to the program office and require that they upload a completed CIO Approval Request for IT Acquisition Memo (see Attachment A) and route the requisition for review to an OCIO CRC representative through PRISM. The OCIO CRC representative will review the paperwork and route the requisition with an uploaded approved document back to the CO through PRISM. The CO may then proceed with awarding the contract.

13. **Assisted Acquisitions.** Any applicable (see Section 8) requirements associated with assisted acquisitions must be approved by the CIO on the CIO Approval Request for IT Acquisition Memo prior to submission to the acquiring agency.
14. **GSA Strategic Sourcing Vehicle for Software Licenses.** Upon issuance of GSA's strategic sourcing vehicle for government-wide software licenses, use is mandatory unless the CO, based upon program office analysis, is able to determine it is not in the best interest of the government and documents the acquisition plan accordingly. Review and approval of the determination at the Assistant Chief Procurement Officer level is required.
15. **Template.** The template contained in Attachment A is loaded and accessible on OCPO's Mandatory Template Intranet Web site at the following URL:

http://hudatwork.hud.gov/po/arc/regs/Aquisition%20Templates/acq_templates.cfm

16. **Additional Information.** The CIO issued additional guidance to the HUD workforce by memorandum entitled FITARA Requirements and Guidance and standard operating procedures to the OCIO workforce. A copy of the memorandum is attached.

All HUD program offices are subject to this guidance unless they have a separate CIO designated (see Section 6, 5th bullet) and that CIO issues their own FITARA policy.

17. **Point of Contact.** The point of contact for this AI is Ms. Lisa D. Maguire, Assistant Chief Procurement Officer for the Office of Policy, Systems and Risk Management. You may reach Ms. Maguire at Lisa.D.Maguire@HUD.gov or at 202-402-3484.

Keith W. Surber,
Chief Procurement Officer

Date

Attachments:

OCIO Requesting CIO Approval for IT Acquisition Memo Template
OCIO Memorandum entitled FITARA Requirements and Guidance

If the CO discovers, in situations such as described above, that the firm identified as the best value to the government proposed costs associated with the IT components that exceed \$500,000 by more than 10%, the CO will put the requisition on a review route to the program office and require that they upload a completed CIO Approval Request for IT Acquisition Memo (see Attachment A) and route the requisition for review to an OCIO CRC representative through PRISM. The OCIO CRC representative will review the paperwork and route the requisition with an uploaded approved document back to the CO through PRISM. The CO may then proceed with awarding the contract.

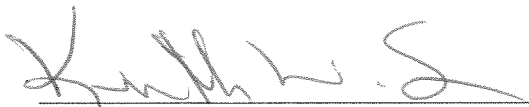
13. **Assisted Acquisitions.** Any applicable (see Section 8) requirements associated with assisted acquisitions must be approved by the CIO on the CIO Approval Request for IT Acquisition Memo prior to submission to the acquiring agency.
14. **GSA Strategic Sourcing Vehicle for Software Licenses.** Upon issuance of GSA's strategic sourcing vehicle for government-wide software licenses, use is mandatory unless the CO, based upon program office analysis, is able to determine it is not in the best interest of the government and documents the acquisition plan accordingly. Review and approval of the determination at the Assistant Chief Procurement Officer level is required.
15. **Template.** The template contained in Attachment A is loaded and accessible on OCPO's Mandatory Template Intranet Web site at the following URL:

http://hudatwork.hud.gov/po/arc/regs/Aquisition%20Templates/acq_templates.cfm

16. **Additional Information.** The CIO issued additional guidance to the HUD workforce by memorandum entitled FITARA Requirements and Guidance and standard operating procedures to the OCIO workforce. A copy of the memorandum is attached.

All HUD program offices are subject to this guidance unless they have a separate CIO designated (see Section 6, 5th bullet) and that CIO issues their own FITARA policy.

17. **Point of Contact.** The point of contact for this AI is Ms. Lisa D. Maguire, Assistant Chief Procurement Officer for the Office of Policy, Systems and Risk Management. You may reach Ms. Maguire at Lisa.D.Maguire@HUD.gov or at 202-402-3484.



Keith W. Surber,
Chief Procurement Officer

DEC 27 2016

Date

Attachments:

OCIO Requesting CIO Approval for IT Acquisition Memo Template
OCIO Memorandum entitled FITARA Requirements and Guidance