

ACQUISITION MANAGEMENT DIRECTIVE

I. Purpose

A. This Directive provides the overall policy and structure for acquisition management within the Department of Homeland Security (DHS).

B. This Directive describes the Department's Acquisition Life Cycle Framework (ALF), Acquisition Review Process (ARP), and Acquisition Review Board (ARB). The ALF is a template for planning and executing acquisitions. The ARP is the Department's acquisition executive decision support process that culminates in an ARB and provides a consistent method to evaluate an acquisition's progress and status at critical points in the acquisition life cycle.

C. This Directive provides additional management procedures and responsibilities that augment the existing policies, regulations, and statutes that govern the procurement and contracting aspects of acquisition. Components retain the authority to set internal acquisition processes and procedures as long as the processes and procedures are consistent with the spirit and intent of this Directive.

II. Scope

This Directive is applicable throughout DHS, with the exception of the Office of Inspector General. This Directive applies to all future acquisitions. To the maximum extent possible, it also applies to all acquisitions in existence on the date of issuance.

III. Authorities

A. Title 6, United States Code, Section 341, "Under Secretary for Management"

B. Title 41, U.S.C., Section 403, "Definitions"

C. Title 41, U.S.C., Section 414, "Chief Acquisition Officers and senior procurement executives"

D. Title 48, Code of Federal Regulation (CFR), Chapter 1, "Federal Acquisition Regulation System"

E. Title 48, CFR, Chapter 30, "Department of Homeland Security, Homeland Security Acquisition Regulation (HSAR)"

IV. Responsibilities

A. The **Chief Acquisition Officer (CAQO)**, selected in accordance with Title 41, U.S.C. section 414, is responsible for the management, administration, and oversight of the Department's acquisition policies and procedures. CAQO responsibilities include:

1. Managing the direction of acquisition policy for DHS, including implementation of acquisition policies, regulations, and standards.
2. Serving as the Acquisition Decision Authority (ADA), for Level 1 and 2 acquisitions, as described below.
3. Designating Component Acquisition Executives (CAEs).

B. **Component Heads** oversee acquisition within their Components in accordance with the Department's acquisition policies and procedures and ensure the sound management, review, support, approval, and oversight of all types of acquisition within their respective organizations.

C. The **Under Secretary for Science and Technology** develops and delivers technology to the acquisition process and establishes test and evaluation policies and processes for DHS acquisitions, via the Directors, Operational Test and Evaluation (DOT&E), and Test and Evaluation Standards Division (TSD).

D. The **Assistant Secretary for Policy** supports the acquisition management system via the DHS Strategic Requirements Planning Process, developing Integrated Planning Guidance each year, and ensuring that acquisitions support the DHS Strategic Plan.

E. The **Acquisition Decision Authority (ADA)** is the official responsible for ensuring compliance with this Directive by reviewing and approving the movement of acquisitions through the phases of the acquisition life cycle upon satisfaction of applicable criteria at an Acquisition Review Board meeting convened for that purpose. The official designated as the ADA for a particular acquisition differs depending on the level of the acquisition, as described below.

F. The **Acquisition Review Board (ARB)** is the cross-component board within the Department that determines whether a proposed acquisition has met the requirements of key phases in the acquisition life cycle framework and is able to proceed to the next phase and eventual full production and deployment. The ARB is comprised of the Acquisition Decision Authority (chair of the ARB), the Under Secretary for Management, the Under Secretary for Science and Technology, the Assistant Secretary for Policy, the General Counsel, the Chief Financial Officer, the Chief Procurement Officer, the Chief Information Officer, the Chief Human Capital Officer, the Chief Administrative Officer, the Chief Security Officer, user representatives from Components sponsoring the capability, and other officials within the Department determined to be appropriate to the subject matter by the Acquisition Decision Authority.

G. The **Component Acquisition Executive (CAE)** is the senior acquisition official within a Component responsible for implementation, management, and oversight of his or her Component's acquisition processes, and coordinating those processes with the contracting and procurement processes of the Head of Contracting Activity (HCA). The CAE is responsible for:

1. Establishing acquisition processes within the Component;
2. Overseeing execution of the Component's acquisition portfolio;
3. Serving as the Acquisition Decision Authority for Component Level acquisitions and for Level 2 acquisitions, if designated by the CAQO.

H. The **Director, Acquisition Program Management Division (APMD)** is responsible for:

1. Developing and maintaining acquisition policy, procedures, and guidance;
2. Providing support and assistance to Department acquisitions and acquisition personnel;
3. Serving as the DHS executive agent and coordinator for the Acquisition Review Process and as the Executive Secretary of the Acquisition Review Board (ARB);
4. Assisting the CAQO in the management of the Department's acquisition portfolio.

I. The **Director, Cost Analysis Division (CAD)** serves as the focal point within DHS for policy, process, and procedure regarding life cycle cost estimating and analysis. The Director, CAD is responsible for conducting Independent Cost Estimates (ICEs) and assessing and validating Life Cycle Cost Estimates

V. Policy and Requirements

A. Acquisition Lifecycle Framework

1. Overview

DHS has adopted the Acquisition Lifecycle Framework (ALF) to assure consistent and efficient acquisition management, support, review, and approval throughout the Department. The ALF applies to the acquisition of capital assets, enterprise service contracts, strategic sourcing, and Inter-Agency Agreements. The ALF interlinks the Department's requirements process, the resourcing process (i.e., Planning, Programming, Budgeting and Execution), and other processes such as systems engineering and enterprise architecture.

The ALF is a four-phase process by which DHS determines whether it is sensible to proceed with a proposed acquisition (See Figure 1). The four phases are:

- i. **Need:** identifying the need to be addressed by the acquisition;
- ii. **Analyze/Select:** analyzing the alternatives to satisfy the need and selecting the best option;
- iii. **Obtain:** developing, testing, and evaluating the selected option and determining whether to approve production; and,
- iv. **Produce/Deploy/Support:** producing and deploying the selected option and supporting it throughout the operational lifecycle.

Each phase culminates in a presentation to an Acquisition Review Board (ARB), at which the Acquisition Decision Authority (ADA) decides whether the proposed acquisition meets certain requirements necessary to move on to the next phase and eventually to full production.

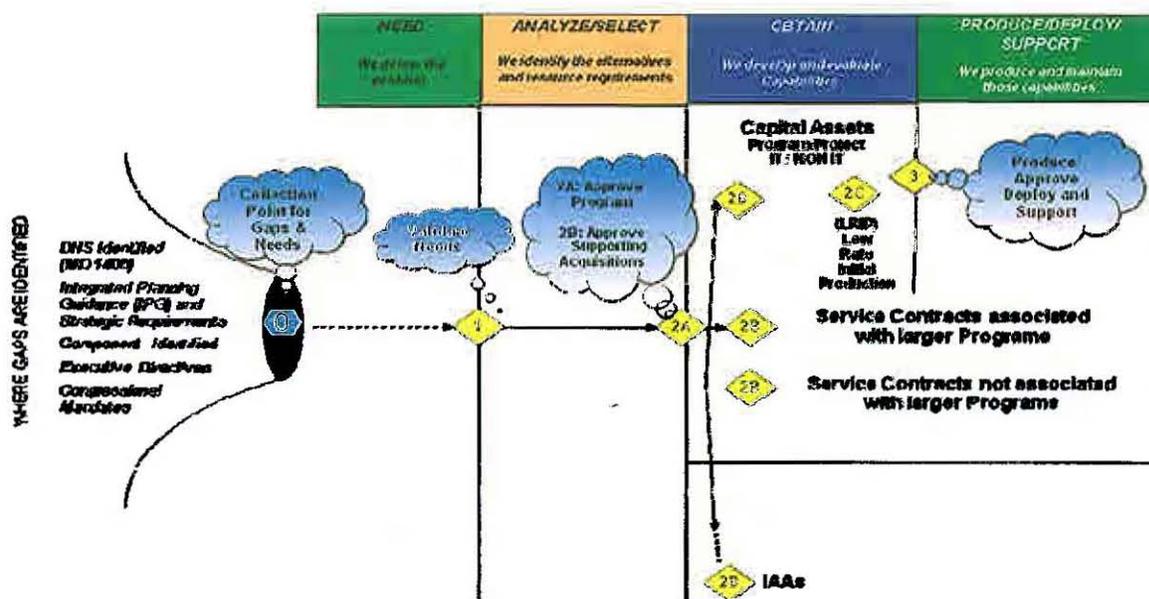


Figure 1 The DHS Acquisition Lifecycle

2. ALF Phases

i. Phase 1: Need

At this phase, the DHS Component pursuing an acquisition prepares to convince the Acquisition Decision Authority that its identified need warrants assignment of a program manager who will pursue the proposed acquisition through the acquisition life cycle framework process. In assessing the need, the Component should consider the Integrated Planning Guidance issued by the Assistant Secretary for Policy and how the identified need aligns with the Department’s strategic plan.

At the conclusion of Phase 1, the proposing DHS Component must make a presentation to the ARB to show that it:

- a. Submitted a Preliminary-Mission Need Statement (P-MNS) to the Director, APMD and the Assistant Secretary for Policy (via the Office of Strategic Policy), which describes the Component’s need in detail, including any initial acquisition funding to be requested in the Component’s Resource Allocation Proposal;
- b. Developed the P-MNS into a Component-approved Mission Needs Statement (MNS). Once this is completed, the Component submits the MNS to the Joint Requirements

- c. Has an analysis plan, sufficient resources, and sufficient personnel to execute the scope of activities in the next phase (Analyze/Select) as detailed in a Capability Development Plan (CDP).

This first Acquisition Decision Event (ADE-1) is noted as point 1 in Figure 1 above. If, following the ARB, the ADA agrees that the need is of sufficiently high priority to the Department, the proposed acquisition moves to Phase 2.

ii. Phase 2: Analyze/Select

With the ADA's approval for a proposed acquisition to move to Phase 2, the proposed acquisition is assigned a qualified Program Manager (PM) to shepherd the proposed acquisition through the remainder of the Acquisition Lifecycle Framework.

In Phase 2, the Program Manager identifies the possible alternative acquisition approaches/products that satisfy the identified need, researches the strengths and weaknesses of the various alternatives, selects the best option from the alternatives, completes certain cost studies on the selected option, and identifies necessary supporting acquisitions.

During Phase 2, the proposing component and the Program Manager must present to the ARB:

- a. A Concept of Operations (CONOPS) describing how the Component would use the desired capability in the fulfillment of its operations;
- b. An Analysis of Alternatives (AoA) or Alternatives Analysis (AA) identifying alternative solutions and analyzing/comparing the alternatives based on cost, risk, and capability;
- c. An Operational Requirements Document (ORD) selecting the best of the various alternative options based on a comparison of capability, cost, and schedule parameters;

- d. An Acquisition Plan (AP) that identifies the acquisition strategy by which the selected option will be obtained and supported;
- e. A full Life Cycle Cost Estimate (LCCE) for the selected option that, in the case of Level 1 acquisitions, has been validated by the Director, Cost Analysis Division;
- f. A preliminary Integrated Logistics Support Plan (ILSP) for the option selected;
- g. An Acquisition Program Baseline (APB) for the option selected.

Upon submission of these items, the ARB convenes to consider whether to approve the program. This Acquisition Decision Event (ADE-2A) is noted as point 2A in Figure 1 above. If the ADA approves the program and the selection of the proposed solution, the proposed acquisition moves to Phase 3.

iii. Phase 3: Obtain

In Phase 3, the Program Manager develops, tests, and evaluates the option that was approved by the ADA. This Phase 3 includes preliminary production efforts.

As part of Phase 3, the Program Manager may make multiple appearances before the ARB to seek approval for supporting acquisitions needed to test and evaluate the proposed acquisition, including small scale production and necessary service contracts. These interim appearances before the ARB, and the decisions by the ADA to approve such supporting acquisitions (i.e., Acquisition Decision Events 2B and 2C), are noted as the 2B and 2C points in Figure 1 above.

At the end of Phase 3, the proposing Component and the Program Manager must provide the ARB the following items in order to obtain the ADA's approval to go into production:

- a. Proof that the option satisfies the operational requirement;
- b. An assessment of the option's supportability and sustainability;

- c. All other documentation and reports required by Instruction 102-01-001.

The presentation to the ARB and the ADA's decision whether to approve production (i.e., Acquisition Decision Event 3) are noted as point 3 in Figure 1 above.

- iv. Phase 4: Produce/Deploy/Support

In Phase 4, with the approval of the ADA at the end of Phase 3, the Component Head pursues production of the acquisition, the completion of the full deployment of the acquisition, and the support of the acquisition throughout its operational lifecycle until its eventual retirement.

VI. Acquisition Levels and the Acquisition Decision Authority

The CAQO has classified acquisitions into three levels that determine the extent and scope of required project and program management, the specific official who serves as the Acquisition Decision Authority, and the specific reporting requirements.

A. Program Acquisition Levels

Levels are determined by the lifecycle cost of the program (in constant year 2009 dollars), not just the procurement cost. The levels are as follows:

- Level 1 (Major)** Life Cycle Cost: At or above \$1 billion
ADA: Deputy Secretary, or the Chief Acquisition Officer (upon designation by the Deputy Secretary), or the Under Secretary for Management (upon designation by the CAQO)

- Level 2 (Major)** Life Cycle Cost: \$300 million or more, but less than \$1 billion
ADA: Chief Acquisition Officer, or one of the following officials as designated by the CAQO: Under Secretary for Management or the Component Acquisition Executive

- Level 3 (non Major)** Life Cycle Cost: Less than \$300 million
ADA: Component Head, or the Component Acquisition Executive (upon designation by the Component Head)

An acquisition may be raised to a higher acquisition level by the Acquisition Review Board if (a) its importance to DHS's strategic and performance plans is disproportionate to its size; (b) it has high executive visibility; (c) it impacts more

than one DHS Component; (d) it has significant program or policy implications; or (e) the Deputy Secretary, Chief Acquisition Officer, or ADA recommends an increase to a higher acquisition level.

B. Enterprise Service Acquisition Levels

Enterprise services acquisitions are subject to the following levels based on annual expenditure levels (in constant year 2009 dollars):

Level 1 (Major) Annual Expenditure Level: At or above \$1 billion
ADA: Chief Acquisition Officer

Level 2 (Major) Annual Expenditure Level: \$100 million or more, but less than \$1 billion
ADA: Chief Procurement Officer

Level 3 (non Major) Annual Expenditure Level: Less than \$100 million
ADA: Component Head of Contracting Activity

C. Reporting Requirements

1. Level 1, 2, and 3 acquisitions must comply with the DHS periodic reporting process. Reporting requirements are identified in the next Generation Periodic Reporting System (nPRS) manual.
2. Level 1 and 2 acquisitions must comply with the Capital Planning and Investment Control (CPIC) procedures per Directive 4200.1. A Level 3 information technology acquisition with a lifecycle cost above \$50 million must also follow the CPIC procedures.
3. In the case of a Level 2 acquisition for which ADA responsibility has been delegated to a CAE, the required acquisition documentation approved by the ADA must also be provided to the Chief Acquisition Officer.

VII. Acquisition Review Process and the Acquisition Review Board

A. With respect to acquisitions, the ARB oversees executable business strategy, resources, management, accountability, and alignment to strategic initiatives. The ARB supports the Acquisition Decision Authority in determining the appropriate direction for an acquisition at key Acquisition Decision Events (ADE). At each ADE, ADA approval is required for an acquisition to proceed to the next phase in the acquisition lifecycle.

B. The Acquisition Review Process is the support process followed to prepare for an ARB and to ensure appropriate implementation of the decisions made at the ARB. At the outset of the acquisition lifecycle, APMD works with Department stakeholders, the Program Manager for the acquisition, and the Component organization responsible for oversight of the acquisition to identify the key acquisition decisions to be made and the key preliminary issues to be resolved.

1. Prior to the ARB, APMD coordinates a review of the acquisition by the Acquisition Review Team (ART), comprised of the action officers for the ARB members. This review consists of: (a) a briefing to the ART on the program's current status and known Subject Matter Expert (SME) issues; (b) the collection of comments from ART members and other stakeholders and the assembly of a common set of issues to be addressed by the ARB; and (c) a briefing of the ART by APMD to summarize the issues and decisions to be made at the ARB. Following this review, APMD prepares an issue paper for the ARB.

2. Following an ARB meeting, APMD shall prepare an Acquisition Decision Memorandum (ADM) as the official record of the Acquisition Decision Event, to be signed by the Acquisition Decision Authority. The ADM shall describe the approval or other decisions made at the ARB and any action items to be satisfied as conditions of the decision.

3. Following the approval of the ADM, APMD shall track the action items contained in the ADM and report to the ADA on any failure to satisfy such conditions. Completion of such action items is a prerequisite for advancement to the next phase of the Acquisition Lifecycle.

VIII. Questions

Address any questions or concerns regarding this Directive to the Director, Acquisition Program Management Division.



Elaine C. Duke

Under Secretary of Management

20 Jan 2010
Date