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General Information

Lead Assignee: ADM

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Subject: Clarifying Chief Acquisition Officer Roles and Responsibilities

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Coordinate with OCFO, OCHCO and OIS, as appropriate. Please prepare response to the Office of Federal Procurement Policy for the signature of Cynthia Carpenter, ADM, by January 15, 2013. Please provide a copy of the response/memo to Darren Ash, DEDCM. See additional guidance attached.

Document Information

Originator Name: Joseph G. Jordan

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Addressee: Agency Chief Acquisition Officers/Sr. Procurement

Originator:

Incoming Task: Memo

OEDO POC: Cherrie Corley

Colleagues – As we have previously shared with you, the Government Accountability Office (GAO) recently examined the role of CAOs and found that their roles and responsibilities often differ among agencies depending on the mission of the agency and its acquisition environment. Because of the unique needs of each agency, GAO determined, and the Office of Management and Budget (OMB) agreed, that while the roles of CAOs may differ appropriately among agencies, they should be clearly articulated and communicated to agency leadership and the agency workforce in order to ensure that acquisition issues receive high-level management attention. GAO's report is available at <http://www.gao.gov/assets/600/593075.pdf>.

The attached memorandum provides guidance to agencies to update their internal management policies to clearly define CAO and SPE roles and responsibilities so that they reflect statutory and regulatory requirements and the priority management areas identified by OFPP in the memorandum. The memorandum invites CAOs and SPEs from the CFO Act agencies to the December 13, 2012 Chief Acquisition Officers Council meeting and also asks agencies to forward a copy of their updated policies to OFPP by January 15, 2013.

We greatly appreciate the feedback from you and your staff as we developed the memorandum. The memorandum will be shared with agency Chief Operating Officers, Chief Information Officers, Chief Financial Officers, and Performance Improvement Officers. If you have any questions, please contact Joanie Newhart at [202-395-4821](tel:202-395-4821) or [jnewhart@omb.eop.gov](mailto:jnewhart@omb.eop.gov).



OFFICE OF FEDERAL  
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

October 18, 2012

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS  
SENIOR PROCUREMENT EXECUTIVES

FROM: Joseph G. Jordan   
Administrator

SUBJECT: Clarifying Chief Acquisition Officer Roles and Responsibilities

With more than \$500 billion spent on Federal contracts annually – one out of every six dollars spent by the government – it is critical that agency acquisitions produce the best possible outcomes and value for taxpayers. To ensure that acquisition issues receive high-level management attention, the Services Acquisition Reform Act of 2003 (SARA)<sup>1</sup> established the position of the Chief Acquisition Officer (CAO),<sup>2</sup> and, today, CAOs work closely with others government-wide and within their agencies, including Senior Procurement Executives (SPEs), Performance Improvement Officers (PIOs), Chief Financial Officers (CFOs), Chief Information Officers (CIOs), Chief Human Capital Officers (CHCOs), and program and project managers to continuously improve the federal acquisition system.

The Government Accountability Office (GAO) recently examined the role of CAOs<sup>3</sup> and found that their responsibilities often differ among agencies depending on the mission of the agency and its acquisition environment. Additionally, GAO found that many of these non-career executives also hold multiple senior-level management positions, such as CFO or Assistant Secretary for Management, which can add to the complexity of the CAO's responsibilities. Because of the unique needs of each agency, GAO determined, and the Office of Management and Budget (OMB) agreed, that while the roles of CAOs may differ appropriately among agencies, those roles should be clearly articulated and communicated to the agency workforce.

To assist agencies in addressing GAO's findings, CAOs should work closely with their SPEs<sup>4</sup> to clarify CAO roles and responsibilities, focusing on those that can have the biggest

<sup>1</sup> Attachment 1 details the statutory responsibilities of the CAOs from SARA.

<sup>2</sup> Legislation enacted prior to SARA required DoD to have an Under Secretary of Defense (Acquisition, Technology and Logistics) with responsibilities similar to those of a CAO; SARA exempts the Department of Defense (DOD) from the CAO requirement.

<sup>3</sup> GAO 12-792, "*Chief Acquisition Officers: Appointments Generally Conform to Legislative Requirements, but Agencies Need to Clearly Define Roles and Responsibilities.*" available at <http://www.gao.gov/assets/600/593075.pdf>.

<sup>4</sup> GAO noted that having an effective SPE is an important factor in developing an efficient, effective and accountable agency acquisition function. In accordance with 41 U.S.C. § 1702, SPEs are responsible for management direction of the agency's acquisition system, including implementation of unique acquisition policies, regulations, and standards.

impact on the agency's ability to meet its mission goals efficiently and effectively. Areas of focus should include:

- **Buying smarter.** CAOs should prioritize those efforts that help the agency buy smarter. Specifically, working with CFOs, CIOs, and CHCOs to increase the agency's use of government-wide and agency-wide strategic sourcing vehicles will save money and reduce duplication. Additionally, identifying goals for increasing competition and reducing the use of high-risk contracts<sup>5</sup>—and tracking agency progress toward these goals— can also help the agency get the most value for each taxpayer dollar. Finally, supporting the agency's CIO in ongoing information technology (IT) portfolio investment reviews,<sup>6</sup> and working with the CFO to target administrative savings opportunities,<sup>7</sup> will also help the agency buy smarter.
- **Strengthening the acquisition workforce.** A well-trained acquisition workforce can properly define requirements, build the right supplier relationships, select the best solutions for contract award, and effectively manage these acquisitions—all actions that lead to greater fiscal responsibility. To support this effort, CAOs should work with the agency's CHCO and principal program managers to develop and implement the annual Acquisition Human Capital Plan,<sup>8</sup> and work with the CIO to determine how best to support IT acquisition, such as through the development of specialized IT acquisition cadres.<sup>9</sup>
- **Building the right supplier relationships.** Promoting a high-performing, ethical, and dynamic supplier base is key to delivering value to taxpayers. CAOs should lead efforts to, among other things, improve the value of contractor past performance assessments and increase the transparency of contractor business integrity data so that the Federal Government only does business with reputable firms. An additional, primary

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<sup>5</sup> High-risk contracts include non-competitive or limited competition contracts and cost reimbursement and time-and-materials/labor-hour contracts. For additional information, see the Presidential Memorandum on Government Contracting (March 4, 2009, available at: <http://www.whitehouse.gov/the-press-office/memorandum-heads-executive-departments-and-agencies-subject-government-contracting>), OMB Memorandum M-09-25, *Improving Government Acquisition* (July 29, 2009, available at: [http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda\\_fy2009/m-09-25.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_fy2009/m-09-25.pdf)), and OFPP Memorandum, *Increasing Competition and Structuring Contracts for the Best Results* (October 27, 2009, available at: [http://www.whitehouse.gov/sites/default/files/omb/assets/procurement\\_gov\\_contracting/increasing\\_competition\\_10272009.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/procurement_gov_contracting/increasing_competition_10272009.pdf)).

<sup>6</sup> See OMB's March 30, 2012 Memorandum, *Implementing PortfolioStat*, available at <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-10.pdf>.

<sup>7</sup> See OMB's August 17, 2011 Memorandum, *Delivering an Efficient, Effective and Accountable Government*, available at <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-31.pdf>.

<sup>8</sup> Available at [http://www.whitehouse.gov/sites/default/files/omb/assets/procurement\\_workforce/AFE\\_Plan\\_10272009.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/procurement_workforce/AFE_Plan_10272009.pdf).

<sup>9</sup> See OFPP's July 13, 2011 Memorandum, *Guidance for Specialized Information Technology Acquisition Cadres*, (available at <http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/guidance-for-specialized-acquisition-cadres.pdf>) for some considerations on setting up cadres.

responsibility for the Federal Government is to champion efforts to maximize contracting with small businesses and other responsible, high-performing sources.<sup>10</sup>

- ***Advancing mission performance.*** CAOs should also work closely with agency leaders, such as the Chief Operating Officer (COO), PIO, and key mission program managers that depend heavily on acquisition, to help define acquisition needs that will advance agency goals and objectives in the most cost-effective manner possible. CAOs should ensure acquisition strategies are aligned with, and driven by, mission program and performance objectives, such as those established in an agency's strategic plans, or those that support the achievement of agency priority goals.<sup>11</sup> To support this effort, CAOs should participate in COO-led data driven reviews and partner with PIOs and others to ensure the adoption of effective acquisition-related program management practices throughout the agency.

Agencies should update their internal management policies to clearly define CAO and SPE roles and responsibilities so that they reflect statutory (see Attachment 1)<sup>12</sup> and regulatory requirements, and the priority management areas identified above. Non-CFO Act agencies may not have a CAO, but should update their policies, as appropriate, to clearly define acquisition leadership roles and responsibilities at the agency. CFO Act agencies should forward a copy of their updated policies to Joanie Newhart at the Office of Federal Procurement Policy, by January 15, 2013, using the contact information below.

Additionally, I would like to invite the CAOs and SPEs from the CFO Act agencies to our December 13, 2012, Chief Acquisition Officers Council meeting to discuss how we can leverage our combined efforts to improve acquisition across the Federal Government. The meeting is scheduled from 9:30 am to 11:30 am in the White House Conference Center, Truman Room. An agenda for that meeting will be circulated in early December 2012.

I appreciate your attention to these efforts and look forward to continuing to work with you to fulfill our shared commitment to an acquisition system that delivers cost-effective, timely and quality service to the public. Please contact Joanie Newhart on (202) 395-4821, or at [jnewhart@omb.eop.gov](mailto:jnewhart@omb.eop.gov) if you have any questions.

cc: Chief Operating Officers  
Chief Information Officers  
Chief Financial Officers  
Performance Improvement Officers

<sup>10</sup> See OFPP's and SBA's June 6, 2012 Memorandum, *Follow-Up: April 25, 2012 Meeting of the Small Business Procurement Group*, available at [http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/follow-up-april\\_25-2012-meeting-of-the-small-business-procurement.pdf](http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/follow-up-april_25-2012-meeting-of-the-small-business-procurement.pdf).

<sup>11</sup> This is required by the Government Performance Results Act Modernization Act of 2010 (P.L. 111-352).

<sup>12</sup> <http://uscodebeta.house.gov/view.xhtml?req=granuleid:USC-title41-section1702&num=0>

CHIEF ACQUISITION OFFICER STATUTORY RESPONSIBILITIES

Pursuant to 41 U.S.C. § 1702(b), Chief Acquisition Officers (CAOs) are responsible for the following:

Chief Acquisition Officer

The primary duty of a CAO is acquisition management. A CAO shall advise and assist the head of the executive agency and other agency officials to ensure that the mission of the executive agency is achieved through the management of the agency's acquisition activities. CAOs are also responsible for:

1. monitoring the performance of acquisition activities and acquisition programs of the executive agency, evaluating the performance of those programs on the basis of applicable performance measurements, and advising the head of the executive agency regarding the appropriate business strategy to achieve the mission of the executive agency;
2. increasing the use of full and open competition in the acquisition of property and services by the executive agency by establishing policies, procedures, and practices that ensure that the executive agency receives a sufficient number of sealed bids or competitive proposals from responsible sources to fulfill the Federal Government's requirements (including performance and delivery schedules) at the lowest cost or best value considering the nature of the property or service procured;
3. increasing appropriate use of performance-based contracting and performance specifications where appropriate;
4. making acquisition decisions consistent with all applicable laws and establishing clear lines of authority, accountability, and responsibility for acquisition decision-making within the executive agency;
5. managing the direction of acquisition policy for the executive agency, including implementation of the unique acquisition policies, regulations, and standards of the executive agency;
6. developing and maintaining an acquisition career management program in the executive agency to ensure that there is an adequate professional workforce; and
7. as part of the strategic planning and performance evaluation process required under section 306 of title 5 and sections 1105(a)(28), 1115, 1116, and 9703 (added by section 5(a) of Public Law 103-62 (107 Stat. 289)) of title 31 -
  - o assessing the requirements established for agency personnel regarding knowledge and skill in acquisition resources management and the adequacy of those requirements for facilitating the achievement of the performance goals established for acquisition management;
  - o developing strategies and specific plans for hiring, training, and professional development to rectify a deficiency in meeting those requirements; and
  - o reporting to the head of the executive agency on the progress made in improving acquisition management capability.