



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer
Assistant Secretary for Administration
Washington, D.C. 20230

PROCUREMENT MEMORANDUM 2020-01

ACTION

MEMORANDUM FOR: Bureau Procurement Officials

FROM: Barry E. Berkowitz
Director, Office of Acquisition Management and
Senior Procurement Executive

SUBJECT: Department-wide Strategic Sourcing Policy Governance

REFERENCE: 1) Department-wide Strategic Sourcing Policy dated April 15, 2019
2) Acquisition Council Decision Memorandum 2020-01
3) Acquisition Council Decision Memorandum re: Department of Commerce Shared Services Acquisition Organization dated April 10, 2016

In my role as the Senior Procurement Executive (SPE) and Chair of the Department of Commerce Acquisition Council, I am defining through this memorandum the lines of governance, responsibilities, oversight, and reporting between the Enterprise Services - Acquisition (ES-A), the Office of Acquisition Management (OAM), the Bureau Procurement Officials (BPOs), and the Acquisition Council with respect to the strategic sourcing program and policy (Reference 1).

ES-A is responsible for the identification of new strategic sourcing initiatives (SSI), operation and management of the Department's strategic sourcing portfolio, and performance of associated reporting functions. Responsibility for strategic sourcing program strategy remains with OAM, while oversight of the execution of the strategic sourcing portfolio is performed jointly by OAM and the Acquisition Council.

ROLES AND RESPONSIBILITIES

Enterprise Services – Acquisition: In order to execute its strategic sourcing responsibilities ES-A shall:

- 1) Every two years conduct an opportunity analysis using spend data from the Federal Procurement Data System, the OAM Data Warehouse, the Spend Under Management data available through the Acquisition Gateway, and other sources for the Department's common items;

- 2) Present the results of the opportunity analysis to the Acquisition Council with prioritized recommendations for future SSIs;
- 3) Prepare business case analyses of selected opportunities including requirements developed across the Department, and present them to the Acquisition Council for approval;
- 4) Adhere to Departmental strategic sourcing policies and governance procedures;
- 5) Adhere to federal and departmental acquisition regulations and policies in the planning, acquisition, administration, and reporting of strategic sourcing procurements;
- 6) Collect, analyze, share, and present data on the performance of and any known deviations from the strategic sourcing portfolio, regularly to the Acquisition Council prior to presentation to the Department Management Council (DMC);
- 7) Process orders on behalf of all bureaus for items included in the strategic sourcing portfolio based on the SSI's approved operational characteristics;
- 8) Pursuant to Reference 2, review requests for waivers from use of mandatory SSIs and refer them to the Acquisition Council for decision if denied. Include data relevant to waivers in the regular reports provided to the Acquisition Council.
- 9) Include, as practicable, in all SSIs allowance for ordering using a purchase card.
- 10) Draft and publish to the Enterprise Services portal ordering instructions for purchase card holders to use all applicable SSIs.

Office of Acquisition Management: In order to perform oversight of the Department's strategic sourcing program and ES-A's operation and management of the portfolio OAM shall:

- 1) Develop, issue, and oversee compliance with policies necessary to enable the strategic sourcing program;
- 2) Review and provide feedback on the opportunity analysis, business case analyses, and other reports prior to their presentation to the Acquisition Council;
- 3) Ensure ES-A has access to the data necessary to perform its responsibilities with respect to the strategic sourcing portfolio;
- 4) Ensure compliance by all procurement bureaus with the operating characteristics identified for each SSI;
- 5) The SPE, as Chair of the Acquisition Council, will approve waivers and exceptions to the strategic sourcing program when consensus is reached;
- 6) Document and maintain records of recommendations of the Acquisition Council and decisions relative to the strategic sourcing portfolio;

- 7) Jointly with ES-A provide reports to the DMC on the activities of the Acquisition Council relative to the strategic sourcing portfolio;
- 8) Notify the DMC of new SSIs approved for inclusion in the strategic sourcing portfolio.

Acquisition Council: In order to fulfill its responsibilities with respect to the strategic sourcing program the Acquisition Council shall:

- 1) Review the opportunity analysis and recommendations provided by ES-A and recommend to the SPE opportunities for which a business case should be developed;
- 2) Review business case analyses for proposed SSIs, recommend approval to the SPE, including operating characteristics, and target dates for initiation;
- 3) Proactively collaborate with and support data gathering, business case development, and requirements definition activities of ES-A in the development of SSIs;
- 4) Review and vote on proposed waivers of mandatory use of an SSI denied by ES-A;
- 5) Collaborate and coordinate with other CXO Councils on the identification and selection of opportunities for inclusion in the strategic sourcing portfolio;

Bureau Procurement Officials (BPOs): In order to fulfill their responsibilities with respect to the strategic sourcing program the BPOs shall:

- 1) Proactively collaborate with and support data gathering, business case development, and requirements definition activities of ES-A in the development of SSIs;
- 2) Adhere to Departmental strategic sourcing policies and governance procedures including operating characteristics of all SSIs;
- 3) Maintain records of decisions to not source a product or service available on a first consideration SSI through the SSI.
- 4) Provide regular reports to OAM on decisions to not use first consideration SSIs.
- 5) Ensure that all Purchase Requests for supplies/services available through the strategic sourcing portfolio are reviewed and submitted to ES-A, when required for a mandatory source and when determined appropriate for a first consideration or available source pursuant to Reference 3.

OPERATIONAL CHARACTERISTICS DEFINITIONS

Since its origination in 2012, the required usage of portfolio options has been defined as either “mandatory” or “first consideration.” The Acquisition Council will decide which operational characteristic will be assigned to each SSI and document the decision in a decision memorandum. The strategic sourcing portfolio may also include initiatives directed by the other CXO Councils for mandatory use across the Department. Such initiatives will be governed by the operating characteristics determined by the governing CXO Council. ES-A may create additional contracts, which incorporate the reporting requirements of SSIs and are available to meet the requirements of all bureaus but are neither “first consideration” or “mandatory” use.

Such contracts shall be considered “available” for use throughout the department, however, because they are neither “mandatory” or “first consideration” they will not be subject to the governance process described herein.

Mandatory Use: Requirements for products or services available under SSIs designated for mandatory use must be sourced through the portfolio unless a waiver is issued. The ordering activity for all orders issued under a mandatory use SSI, other than purchase card orders, shall be ES-A unless otherwise designated by the SPE. The Director of ES-A or the SPE may also waive the mandate for ES-A to be the ordering authority for a particular order on a case by case basis.

First Consideration: Requirements for products or services available under SSIs designated for first consideration must be evaluated for sourcing through the portfolio. The decision not to source the requirement through the portfolio must be documented in the file and included in a report to OAM. A decision not to source the requirement through the portfolio may not be justified based solely on a preference to retain responsibility for the acquisition and management of the requirement in the requiring bureau. The justification must be based on urgency, mission requirements, demonstrably preferential terms, conditions, or prices, or similar basis. The ordering activity for all orders issued under a first consideration use SSI, other than purchase card orders, shall be ES-A unless otherwise designated by the SPE. The Director of ES-A or the SPE may also waive the mandate for ES-A to be the ordering authority for a particular order on a case by case basis.

Available: Requirements for products or services available under SSIs designated as available may be sourced through the SSI or through any other acquisition method at the discretion of the contracting officer. There is no requirement to document the decision not to use a SSI designated as available. The ordering activity for all orders issued under an available use SSI, other than purchase card orders, shall be ES-A unless otherwise designated by the SPE. The Director of ES-A or the SPE may also waive the mandate for ES-A to be the ordering authority for a particular order on a case by case basis.

REPORTING

Enterprise Services - Acquisition: ES-A will provide semi-annual reports (May 31st and November 30th) to OAM and the Acquisition Council identifying those items, available within the strategic sourcing portfolio, that have been purchased outside of an SSI, to assist with OAM’s oversight and BPOs enforcement responsibilities. In addition, ES-A shall report, at least annually (November 30th), to the Acquisition Council on the overall status of the portfolio.

Bureau Procurement Officials: BPOs shall provide semi-annual reports (May 31st and November 30th) to OAM listing all decisions to not source a product or service available on a first consideration SSI through the SSI. The report shall include a description of the requirement, the source selected, and justification for not using the SSI.

Office of Acquisition Management: OAM, on behalf of the Acquisition Council, jointly with ES-A, shall brief the DMC at least semi-annually and as requested, on the status of the strategic sourcing portfolio including any waivers issued.

FLOWCHART

The following flowchart lays out the overall process by which new SSIs will be presented, considered, and added to the strategic sourcing portfolio.

IMPACT ON OTHER POLICIES AND MEMORANDA

This Memorandum supersedes and rescinds PM 2015-07 *Federal Strategic Sourcing Initiative for Office Supplies Third Generation (FSSI OS3)* as well as all other strategic sourcing memoranda and ordering guides issued prior to PM 2019-05 *Department-wide Strategic Sourcing Policy* dated April 15, 2019. Notwithstanding the rescission of PM 2015-07, the blanket exception from mandatory sources for Office Supplies identified on the Enterprise Services Portal for the *PaperClips* stores located at Commerce Headquarters (Herbert C. Hoover Building), US Census Bureau (Suitland, MD), and online at www.paperclipsetc.com remains. The blanket rescission has no effect on Acquisition Council Decision Memoranda.

For questions concerning the strategic sourcing portfolio please contact Olivia J. Bradley at 202-482-4511 or obradley@doc.gov.

Strategic Sourcing Process Flowchart and Governance

PM-2020-01

