

**ACQUISITION REDESIGN  
REPORT**

**DECEMBER 1996**

## EXECUTIVE SUMMARY

The Acquisition Redesign Team was established to identify, evaluate, and recommend “radical” changes in acquisition of goods and services in the Bureau of Land Management. The team’s focus was on internal changes that BLM could make, rather than proposing legal and regulatory change where there would be nominal opportunity for change. Three “radical” redesign ideas were identified and are recommended for implementation. The team concluded the Bureau could reap significant savings by aggressive implementation of improvements allowed by the many recent Government-wide changes in procurement rules.

Recommended “radical” redesign changes:

- ◆ Replacement of the imprest fund with a simple petty cash using VISA purchase card ATM access, and to allow coding to a single fixed-cost account (exception coding allowed).
- ◆ Submittal of a plan for GAO approval to allow an increase in the statistical sampling limit.
- ◆ A recommendation on delegation of procurement authority at various organization levels.

Statutory and regulatory constraints to radical redesign are detailed in the “Resource Document” compiled by the team.

Because of constraints, most changes deemed practical in the near-term were not considered radical by the team, but worthy of implementation. If implemented, time and money would be saved. Some require changes in internal policy. Some simply require providing clearer guidance to the field, and broader use of existing opportunities for streamlining by implementing recent Government wide procurement changes. Items requiring positive management policy or action for implementation are included in this report.

The team reviewed a large body of data in its effort, including existing law, existing processes, high-level macro and detailed process flows, and the recommendations and reports of other teams that have or are addressing these and related issues. The team felt strongly that it came, independently, to many of the same conclusions found in the “Federal Acquisition Streamlining Team Report to the Director” of November 28, 1994.

With guidance from the team’s sponsors, the Bureau’s budget and property systems were reviewed in a context beyond procurement. The process from budget generation to reconciliation was reviewed. The most radical savings to the taxpayer will not be possible as long as the Bureau’s budget is generated in its current politicized context, with accountability and input for minute and specific actions by field managers required at the Congressional level.

The team also reviewed the opportunities for a “seamless” information and accountability flow, using enhanced electronic data processing technology to replace redundant and non-compatible systems. Our research confirmed that this is both desirable and possible.

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**IMPLEMENTATION DECISIONS**

► **Radical Redesign**

► **Imprest/Petty Cash**

1. Field office petty cash needs will be met by use of cash acquired through a Visa purchase card accessing an Automated Teller Machine, replacing the use of the traditional imprest fund and its cumbersome replenishment process.\*

Concur  X  Do Not Concur \_\_\_\_\_

Changes:

2. Field Offices will use a predetermined cost code for cash transactions. Provisions for exception cost-coding exist.\*

Concur  X  Do Not Concur \_\_\_\_\_

Changes:

► **Auditing**

3. The BLM will request a waiver from the General Accounting Office to raise the statistical sampling dollar limit.

Concur  X  Do Not Concur \_\_\_\_\_

Changes: The Redesign Team will work with the National Business Center staff in developing streamlined procedures. The need for a waiver will be assessed as part of that process.

► **Delegation of Authority**

4. The State Offices will be delegated procurement authority up to the \$100,000 Simplified Acquisition Threshold (SAT). The National Business Center will handle contracts over the SAT for State Offices. Oregon and the Helium Office will retain current procurement authority. The Eastern States and Washington Offices will obtain contract assistance above the SAT from the National Business Center (NBC).

Concur  X  Do Not Concur \_\_\_\_\_

Changes: Delegations of \$100,000 authority is approved with the condition that simplified acquisition procedures in Federal Acquisition Regulations part 13 be used.

► **Non-Radical Process Improvements**

5. Develop and implement action plans for improving processes by:\*

- a. Commercial Item Buys                      Concur   X      Do Not Concur \_\_\_\_\_
  
- b. Internet    Concur   X      Do Not Concur \_\_\_\_\_
  
- c. Checking Capabilities                      Concur   X      Do Not Concur \_\_\_\_\_
  
- d. Oral Presentation                              Concur   X      Do Not Concur \_\_\_\_\_
  
- e. Indefinite Delivery/  
    Indefinite Quantity                      Concur   X      Do Not Concur \_\_\_\_\_
  
- f. Past Performance                              Concur   X      Do Not Concur \_\_\_\_\_
  
- g. Performance Work  
    Statements                                      Concur   X      Do Not Concur \_\_\_\_\_
  
- h. SBA Exception                                  Concur   X      Do Not Concur \_\_\_\_\_

The request for exception would be that review is needed only for those contracts which were not planned to be set aside. If they are planned for set aside, review seems redundant.

- i. Solicitor Review                              Concur   X      Do Not Concur \_\_\_\_\_
  
- j. Eliminate Form 1510-47                      Concur   X      Do Not Concur \_\_\_\_\_

Changes:

► **Procurement Decision Guide**

6. Develop and distribute a simple guide to assist in procurement choices.\*

Concur   X      Do Not Concur \_\_\_\_\_

Changes:

► **Guidance and Training**

7. Schedule Bureau-wide annual procurement workshop for 2nd Quarter FY-97, annually thereafter.\*

Concur  X  Do Not Concur \_\_\_\_\_

Changes:

8. Recommend to the Executive Leadership Team that a position at the National Training Center (NTC) be established and designated for coordination and development of applicable procurement training, policy guidance, and advisory material on regulatory and policy changes.\*

Concur \_\_\_\_\_ Do Not Concur  X

Changes: A position is being established which would encompass the responsibilities suggested by the team in addition to other tasks.

9. WO-800 will pilot the Department's Quality Improvement in Contracting (QUIC) System Implementation Plan for FY 1997 in the National Business Center.

Concur  X  Do Not Concur \_\_\_\_\_

Changes: As modified.

10. Integrally involve (planning, implementing, monitoring) the Acquisition Redesign Team members in implementation of the above recommendations.\*

Concur  X  Do Not Concur \_\_\_\_\_

Changes: A Quarterly Progress Report will be developed by WO-800 and distributed to the Executive Leadership Team to maintain focus and assess progress regarding implementation of the above decisions.

\* = Indicates that the team considers these are the highest priority action items.

/s/ William C. Calkins  
William C. Calkins  
State Director, New Mexico

2/12/97  
Date

/s/ Nina Rose Hatfield  
Nina Hatfield  
AD, Business & Fiscal Resources

2/13/97  
Date

# Team Redesign Recommendations and Analysis

## ► General Recommendations

The most significant impact of implementing the recommendations of this report is the potential reduction in FTE's in the procurement field throughout the agency.

The reduction was developed using an update of "personnel to workload transaction ratios". Application of these new ratios indicated the operational workforce could be reduced by approximately 20% from the 1995 level. In order to understand why such a radical change occurred, an understanding of the assumptions of the old and new ratios is necessary. The old ratios were based on the assumption that the majority of the procurement staff had additional duties beyond procurement, e.g. property, fleet management, etc., and did not have access to the most recent changes in technology as well as the process improvements described in this report. Thus lesser proficiency and productivity were considered in estimating these previous ratios. In contrast, the new ratios assume full-time, well-trained procurement personnel, using all the new procurement tools. The team believes that if the BLM chooses to allow specialization in the procurement field, significant savings can result.

The team recommends modified implementation of Alternative 4, Delegation of \$100,000 to the States. Oregon and the Helium Office will retain their current authority. Because the Eastern States Office and Washington Office workload over \$100,000 is minimal the team recommends that the work be transferred to the National Business Center. The team believes that with a focus on specialized and trained staff, the additional complexity and number of transactions (10-12 transactions between \$50-100K per state per year) can readily be accomplished. With implementation of this alternative the field will have the opportunity to fully realize the benefits of simplified procedures and maintain field control of procurement priorities. Because of these simplified procedures, the workload between \$50-100K can now be performed by staff at comparatively lower grade levels.

Implementation of these recommendations must be considered in context with the overall budget reductions the Bureau is confronted with in the near term. Given the need in many locations to combine administrative positions as organizations are reduced in size, the extent to which procurement staff can be full-time, and therefore specialized, will vary. It is the team's belief that with the inherent complexities in procurement, and the fiduciary responsibilities embodied in these positions, that management should consider consolidating procurement work into full-time positions in "central" or "zoned" locations.

## A. RADICAL REDESIGN RECOMMENDATIONS

Three significant, or "radical" redesign elements were identified by the team which should decrease paperwork, improve service to the customer, cut costs, and simplify the acquisition and financial processes.

### 1. Imprest Fund

The team confirmed that despite the availability of Government purchase cards, cash is still a necessary procurement tool. Although it is one of the simplest procurement functions, in its current state it is also one of the most process-ridden. Implementation of the following recommendations are expected to save about \$50,000 annually.

► **Purchase Card With ATM Capability Instead of Imprest:** Each cashier would maintain a Government purchase card that has automated teller machine (ATM) cash withdrawal capability. Rather than the current Imprest fund with its cumbersome Treasury check replenishment process, the field offices' needs would be met by use of cash acquired through an ATM or bank teller. This would eliminate the inherent time delays in receiving reimbursement checks from Treasury, and decrease the paperwork involved in obtaining more funds and accounting for dollars spent.

In addition, this method would allow use of the "bank's money" instead of Treasury's, and essentially eliminate the need for large standing imprest funds. Replenishment can be as immediate as the need arises. Accounting would be handled through the normal purchase card statement approval and payment

process. A small service fee may be required by the bank card company through contract negotiations, but is expected to be nominal, and would be paid as part of the purchase card contract. Specific, designated individual(s) in a field office would have the authority to secure limited amounts of cash using their purchase card, and to disburse the cash as needed, similar to current imprest procedures.

► **Default Charge Code For Cash Purchases:** A predetermined cost code should be used for cash transactions. This would significantly reduce the amount of information currently being keyed into the Federal Financial System (FFS). Exception cost-coding would still be available for fund coding integrity if needed.

**Implementation:** BC-600 will need to request a modification to the existing GSA contract with Rocky Mountain Bankcard System (RMBCS) or make other arrangements directly with RMBCS to allow for a purchase card with ATM capability within 90 days. BC-600 would develop new, simple internal procedures, including use or development of forms to provide accountability within 60 days after conclusion of negotiations with RMBCS.

Bureau management at WO-800 and BC-600 would need to issue internal guidance directing state offices to establish a predetermined cost code for all recurring and fixed cost cash purchases within 90 days. All routine, recurring cash charges would be considered “fixed costs” much as telephone or space rental is now treated. The internal procedures would specify when special circumstances make exception cost coding appropriate.

**Field Comments:** Some field comments expressed a concern that a common fixed cost structure for cash transactions would result in inaccurate coding or unrestrained spending out of the cash fund. The team felt that these concerns were adequately dealt with by exception coding provisions and placing responsibility for budgeting and management of these funds with the field office manager.

The majority of comments supported the use of the ATM card as the source of cash. There was also a suggestion for creating a new imprest or cash form to use in place of the Form 1510-18, rather than just documenting necessary information on the receipt. This should be addressed in the internal procedures.

## 2. Auditing

► **Increase the Statistical Sampling Dollar Limit:** To achieve greater efficiency and more effective use of resources for the critical process of review and audit for proper payment of funds, BLM will request a waiver from General Accounting Office (GAO) to raise the statistical sampling dollar limit. The waiver request will include a cost benefit analysis and a statistical sampling plan. Lack of data makes it impossible to make an estimate of any savings at this time.

**Implementation:** BC-600 will prepare a waiver request to be presented GAO for implementation in 60 days. WO-800 will submit to The Department of the Interior (DOI) and to GAO for approval in 30 days. BC-600 will develop procedures within 60 days after approval from GAO.

**Field Comments:** Comments were supportive.

## 3. Organizational Changes for Procurement Functions

► **Alternatives for Delegation of Acquisition Authority:** The following qualitative analysis of five delegation alternatives was done by the team. In large measure, these alternatives are built on those from the Federal Acquisition Streamlining Report to the Director.

### Alternative 1 - BUSINESS CENTER CENTRALIZATION

The following chart describes how procurement authority would be delegated in this alternative:

#### Delegated Authority

	<u>Business Center</u>	<u>States/OR/WO</u>
<u>Simplified Procurement</u>	SAT	≤\$2,500
BPA	Yes	No
Imprest	Yes	Yes
Check Writing	Yes	Yes
VISA Card	Yes	Yes
Purchase Orders	Yes	No
RFQ	Yes	No
<u>Contracts</u>	Unlimited	
RFP	Yes	No
IFB	Yes	No
Assistance Agreements	Yes	No
Interagency Agreements	Yes	No

Pros

- Reduce overall training costs as all staff would be in one location.
- Facilitate Procurement quality control; most everyone will be in one place.
- Build higher level of expertise in-house at BC as more opportunities for skill development and career advancement would exist.
- Opportunity to consolidate contracts increased thereby cutting costs.
- Optimize Procurement skills given backup and cross-training opportunities.

Cons

- States would lose some control over priority of their procurement.
- Would necessitate extremely well-constructed Annual Procurement Plans by states and AD's.
- BC staff would take time to gain knowledge of local vendors.

Alternative 2 - STATE CENTRALIZATION

The following chart describes how procurement authority would be delegated in this alternative:

	<u>Delegated Authority</u>	
	<u>Business Center</u>	<u>States/OR/WO</u>
<u>Simplified Procurement</u>	≤\$2,500	SAT
BPA	No	Yes
Imprest	Yes	Yes
Check Writing	Yes	Yes
VISA Card	Yes	Yes
Purchase Orders	No	Yes
RFQ	No	Yes
<u>Contracts</u>		Unlimited
RFP	No	Yes
IFB	No	Yes
Assistance Agreements	No	Yes
Interagency Agreements	No	Yes

Pros

Cons

- Ensures state priorities met.

- Some increase in training costs with distributed procurement staff.

- Work accomplished closer to the ground (customer) will facilitate better accomplishment of the BLM's resource missions.

- Some states would not have sufficient work to support high-level skill bank.

- The Colorado State Office would need to provide acquisition support to the Denver Centers.

- Increased risk of contracting problems as skilled personnel in BC leave BLM.

Note: Redelegation within states would be at the discretion of the State Director.

**Alternative 3 - SHARED ACQUISITION - \$50,000 Current Simplified Acquisition Threshold**

The following chart describes how procurement authority is currently delegated:

	<u>Delegated Authority</u>	
	<u>Business Center</u>	<u>States</u>
<u>Simplified Procurement</u>	<u>WO, OR</u> ≤\$50,000	≤\$50,000
BPA	Yes	Yes
Imprest	Yes	Yes
Check Writing	Yes	Yes
VISA Card	Yes	Yes
Purchase Orders	Yes	Yes
RFQ	Yes	Yes
<u>Contracts</u>	Unlimited	≤\$50,000
RFP	Yes	No
IFB	Yes	No
<u>Agreements</u>	Unlimited	Unlimited
Assistance	Yes	Yes
Interagency	Yes	Yes
<u>Pros</u>		<u>Cons</u>

- Allows organizations to change at their own pace.

- Does not take full advantage of changes in procurement law/regulations.

**Alternative 4 - SHARED ACQUISITION - \$100,000 Simplified Acquisition Threshold**

The following chart describes how procurement authority would be delegated:

	<u>Delegated Authority</u>	
	<u>Business Center</u>	<u>States/OR/WO</u>
<u>Simplified Procurement</u>	≤\$100,000	≤\$100,000
BPA	Yes	Yes
Imprest	Yes	Yes
Check Writing	Yes	Yes

VISA Card	Yes	Yes
Purchase Orders	Yes	Yes
RFQ	Yes	Yes
<u>Contracts</u>	Unlimited	≤\$100,000
RFP	Yes	No
IFB	Yes	No
<u>Agreements</u>	Unlimited	Unlimited
Assistance	Yes	Yes
Interagency	Yes	Yes

It is assumed as part of this alternative that various states may share procurement expertise/positions.

Note: This alternative would transfer the current unlimited authority of both the Washington Office and Oregon State Office to the Business Center. In this scenario, WO and ORSO personnel who perform work above the \$100,000 threshold could remain at their current duty stations but report to the Business Center.

Pros

- Nominal workload change in states (average increase of 10 transactions per state at this threshold).
- Maintains Bureau's expertise for most complex/high-dollar procurement.
- Better management of workload (opportunity to consolidate contracts within states).
- Lower-graded employees can do a larger share of procurement work using Simplified Acquisition procedures.
- States retain control of most priorities.
- Logical extension of new procurement laws given increase in cost of doing business.

Cons

- Quality of procurement actions may vary with decentralized workforce
- Additional specialized training needed in states.

Alternative 5 - SHARED ACQUISITION - \$25,000 Delegated Acquisition Threshold

The following chart describes how procurement authority would be delegated:

	<u>Delegated Authority</u>	
	<u>Business Center</u> <u>OR/WO</u>	<u>States</u>
<u>Simplified Procurement</u>	SAT	≤\$25,000
BPA	Yes	Yes
Imprest	Yes	Yes
Check Writing	Yes	Yes
VISA Card	Yes	Yes
Purchase Orders	Yes	Yes

RFQ	Yes	Yes
<u>Contracts</u>	Unlimited	≤\$25,000
RFP	Yes	No
IFB	Yes	No
<u>Agreements</u>	Unlimited	Unlimited
Assistance	Yes	Yes
Interagency	Yes	Yes

The Business Center, the Oregon State Office and Washington Office would assume responsibility for all contracts above \$25,000. This threshold exists because acquisition reform legislation did not eliminate all contracting complexities, such as the requirement for nationwide competition, and in construction procurement the need to obtain payment protection.

Pros

- Opportunity to consolidate contracts.
- Facilitate quality control for complex work.

Cons

- States may lose priority control of a large number of their procurement actions.

#### 4. Analysis of Alternatives for Organizational Changes for Procurement Functions

##### Acquisition Staffing/Workload Ratios

The team reviewed the staffing standards from the "Federal Acquisition Streamlining Report to the Director" of November 28, 1994 and obtained 1995 workload statistics from the Interior Procurement Data System. The workload statistics and ratios contained in these reports were revised to reflect current streamlining and expected future streamlining of procurement procedures. The degree of complexity at different contracting levels was also considered. And most importantly, in order to optimize procurement skills, the most proficient and productive staff would be specialized, i.e., work on a full time basis in acquisition. Based on the benchmarking of the 1995 workload data, the old ratios, the collective knowledge, and professional judgement of the team about actual workload, the following new ratios were established.

##### Old Ratios (1994-1995)

Simplified Acquisitions (less than \$25,000)	1:750
Simplified Contracts (less than \$25,000) and Agreements(unlimited)	1:45
Formal Contracts (over \$25,000)	1:25

##### New Ratios (1996)

Simple Acquisition (less than \$25,000, i.e., oral quotes/orders)	1:1500/1:2250
Contracts (similar to construction and service less than \$25,000)	1:90
Contracts (\$25,000-\$100,000) and Agreements (unlimited)	1:60
Formal Contracts (over \$100,000)	1:25

Note: The 1:1500 ratio equates to 1 transaction processed every 1 hour and 15 minutes. The 1:2250 ratio equates to 1 transaction processed every hour. The 1:90 ratio equates to processing about 2 transactions per week. The 1:60 ratio equates to about one transaction every week. The 1:25 ratio equates to about two transaction per month. 1:2250 was used with Alternative 1 based on economies of scale that would be realized if all procurement in excess of \$2,500 were centralized at the Business Center.

##### Alternative 1

Application of the ratios Bureau-wide for this alternative:

		FTE
Simple Acquisition (less than \$25,000)	1:2250	39
Contracts ( less than \$25,000)	1:90	21
Contracts (\$25,000-\$100,000) and Agreements (unlimited)	1:60	20
Formal Contracts (over \$100,000)	1:25	<u>11</u>
	Total	91

Of all the alternatives, this was the least costly in terms of labor. Of the 143 operational procurement staff in the workforce in 1995, 52 positions would be affected. However, implementation costs, including potential Reduction-in-Force (RIF), Permanent Change of Station (PCS) Costs and training, must also be considered in the decision-making process. If RIF costs approximate one year of salary per person, and each PCS move at \$60,000 per person, considerable costs could result. Additional space costs at the Business Center would need to be considered. No commentors identified this as their preferred alternative.

Alternative 2

Application of the ratios Bureau-wide for this alternative:

		FTE
Simple Acquisition (less than \$25,000)	1:1500	58
Contracts ( less than \$25,000)	1:90	21
Contracts (\$25,000-\$100,000) and Agreements (unlimited)	1:60	20
Formal Contracts (over \$100,000)	1:25	<u>11</u>
	Total	110

In contrast to the previous alternative of total centralization, this alternative of total decentralization would mean a reduction of 33 operational FTE throughout the Bureau. Implementation costs would include potential RIF and training costs. If RIF costs approximate one year of salary per person, considerable costs could result. No commentors identified this as their preferred alternative.

Alternative 3

Application of the ratios Bureau-wide for this alternative:

		FTE
Simple Acquisition (less than \$25,000)	1:1500	58
Contracts ( less than \$25,000)	1:90	21
Contracts (\$25,000-\$100,000) and Agreements (unlimited)	1:60	21
Formal Contracts (over \$100,000)	1:25	<u>11</u>
	Total	111

Implementation of this alternative would mean a reduction of 32 operational FTE throughout the Bureau. Though this is the status-quo alternative, the analysis reflects optimization of the procurement workforce resulting in a 22% reduction of current operational procurement staff. Therefore, the only possible implementation costs would be potential RIF actions. Two commentors identified this as their preferred alternative.

Alternative 4 \$100,000

Application of the ratios Bureau-wide for this alternative:

		FTE
Simple Acquisition (less than \$25,000)	1:1500	58
Contracts ( less than \$25,000)	1:90	21
Contracts (\$25,000-\$100,000) and Agreements (unlimited)	1:60	20
Formal Contracts (over \$100,000)	1:25	<u>11</u>
	Total	110

Implementation of this alternative would mean a reduction of 33 operational FTE throughout the Bureau. This alternative raises the delegation of authority to the field to the maximum legal level. The analysis also reflects optimization of the procurement workforce resulting in a 23% reduction of current operational procurement staff. The only implementation costs would be potential RIF and training. Three commentors identified this as their preferred alternative.

Alternative 5 \$25,000

Application of the ratios Bureau-wide for this alternative:

		FTE
Simple Acquisition (less than \$25,000)	1:1500	58
Contracts ( less than \$25,000)	1:90	32
Contracts (\$25,000-\$100,000) and Agreements (unlimited)	1:60	10
Formal Contracts (over \$100,000)	1:25	<u>11</u>
	Total	111

Implementation of this alternative would mean a reduction of 32 operational FTE throughout the Bureau. This alternative lowers the delegation of authority to the field to the previous level of 1995. The analysis also reflects optimization of the procurement workforce resulting in a 22% reduction of current operational procurement staff. The only implementation costs would be potential RIF. Four commentors identified this as their preferred alternative.

**Criteria Used in the Evaluation of Alternatives and Formulation of Recommendations**

Primary Weight Factors:

- Cost/Cost Savings and Avoidance/Budget Constraints
- Customer Service and Preferences
- Bureau Mission Support and Accomplishment

Secondary Weight Factors:

- Field Comments
- Optimizing Existing Procurement Skills

**B. CHANGES IN TECHNOLOGY AND LEGISLATION**

Potential radical changes in the way acquisition functions are performed will probably result from changes in technology and legislation. New, electronic information processing systems continue to change paradigms of organizational structure. The team realized on analysis, for example, that enhanced remote data entry (RDE) and better electronic data processing system capabilities can be used to support both centralized and decentralized organizational systems. These new capabilities were seen more as enhanced tools influencing and facilitating direction changes rather than a reason for change in itself.

Federal procurement is also a highly political issue. Both foreseen and unforeseen changes in legislative and political initiatives may force the BLM to conform with larger initiatives, regardless of Bureau-specific task considerations. While not considered a primary factor in the team's analysis or recommendations, it did influence these. Hopefully, the recommended alternative will position the BLM to respond positively to these changes.

**C. NON-RADICAL PROCESS IMPROVEMENT RECOMMENDATIONS:**

Many radical changes have already been instituted Government wide. The team discovered that many efficiencies were available that require only Bureau implementation. Many of these changes, though available to our organization, have not been implemented.

**1. New and Existing Government wide Procurement Tools**

In recent years, the procurement community has been given several new tools to increase efficiency and better satisfy customer needs. The Bureau has been slow to fully implement these new tools.

► **Commercial Item Buys:** Acquisition of commercial items is intended to more closely resemble those customarily used in the commercial marketplace and is preferred over detailed design specifications. Using the commercial item buy process may result in cost savings and savings of up to 25% in processing time through:

- Faster buys.
- Simpler acquisition process.
- Price savings on items because vendors do not incur costs for special designs and specifications.
- Less burdensome to requisitioners because special specifications are not needed.

**Field Comments:** No field comments were received.

**Implementation:** The team's consensus was that Commercial Item Buys, as well as other new procurement tools, are not being used to the fullest extent because of lack of both training and policy direction. The team found that the rapid changes in the procurement field, reorganizations within the BLM, loss of subject matter experts through separation, retirement, and reassignment, and the attempt to use lower-graded, less experienced employees to perform larger workloads have left a void in institutional knowledge and expertise.

WO-850 and BC-680 should take the lead in coordinating an enhanced training and workshop program for procurement. Another method of sharing information is the internal procurement "home page" that BC-680 is building on the Internet. It has been established and is located on the Internet at <http://www.blm.gov.natacq>.

► **Use of the Internet:** The Internet is expected to become a way we do business in the procurement world by making it possible to solicit and receive quotes online as well as obtain prices from online information. Also, orders and payments can be processed on the Internet. Finite savings in costs are undetermined, as no firm data is available, but as the business community moves towards increased use of the Internet, government efficiency will demand concurrent use. Use of the Internet could result in time savings of up to 10% through:

- Limitless access to vendors to obtain best prices.
- More efficient payment using purchase cards.
- Paperless.

**Field Comments:** A concern was expressed that use of the Internet could put small "mom and pop" businesses at a disadvantage. For this reason, the Internet should be simply an additional tool, and not mandatory. Field and State offices will still develop and maintain "paper process" relationships with local small businesses.

**Implementation:** WO-800 and BC-600 should continue to ensure computer hardware, software, and appropriate approvals are in place to allow BLM procurement staff to make the greatest possible use of this tool.

► **Checking Capabilities:**

The team found that checking capability would enhance field procurement operations, and a method of securing these services should be implemented in FY-97.

- **Fed-Select Checks:** This method would allow designated individuals to generate a check electronically with direct interface with Treasury. This method of procurement is not widely applicable in the field, but should be pursued as a tool to use in appropriate situations.

**Field Comments:** Field comments supported expeditious implementation.

► **Visa Checks:** Visa checks would be issued to selected Visa purchase card holders for local field use. These would be similar to credit card drafts available to private individuals. Potential savings in processing time could equal 50%. Cost savings of up to \$15 per transaction could be realized based on information from the Department of Agriculture. Use of Visa checks would allow purchase on a cash-and-carry basis for merchants that do not honor the purchase card, and provides quicker, easier purchasing in fire emergencies and other field situations.

**Field Comments:** Interpretation of comments received showed strong support for aggressive adoption and implementation of the Visa Check method.

► **Third-Party Drafts:** Third-party drafts have been investigated in the BLM in past years, but not implemented, ostensibly because of high costs per draft.

**Field Comments:** Field comments did not specifically address third-party drafts.

**Implementation:** BC-680 should examine the available options for checking capability, and select an efficient method for implementation by FY-98.

► **Oral Presentations:** This technique is an innovative, legal procurement practice that greatly reduces the amount of written material in competitor's proposals. Information is conveyed in a more meaningful and efficient way through an oral presentation. This method saves both the Government and competitors time and money and there is nothing in this method that suggests that its use would negatively impact the selection process. The team believes that use of the oral presentation process could save up to 20% in time in the award process.

**Field Comments:** No data or adverse field comments were received.

**Implementation:** The same educational comments apply here as are covered under **Commercial Item Buys**, above. A recently issued information bulletin from Washington Office includes guidelines for this method of procurement.

► **Indefinite-Delivery Contracts for Similar Work:** Increased use of indefinite delivery (ID) contracts will allow for fewer contracts to be issued covering multiple needs throughout one or more offices; therefore reducing administrative time spent in negotiating and awarding individual contracts. There would be a 50% time savings in the award process for the types of items that fall under an existing ID contract.

**Field Comments:** No adverse comments or new data were received from the field.

**Implementation:** BC-680 should continually monitor acquisition plans to identify opportunities for ID contracts for like items through advance planning. The same educational comments apply here as are covered under **Commercial Item Buys**, above.

► **Past Performance Evaluation:** This tool provides the ability for contracting officers to use past performance information as part of the award process. This offers an alternative to award based solely on low price and is very useful in cases where contractor quality is critical. The team anticipates a potential savings of 20% in contract administration time by avoiding those contractors with bad past performance.

**Field Comments:** No data or adverse field comments were received.

**Implementation:** WO-800 should distribute the written government-wide guide to all procurement staffs within 120 days. Training and education needs are the same as are covered under **Commercial Item Buys**, above.

► **Best Value Procurement:** Under simplified acquisition procedures, the contracting officer may evaluate quotations or offers based on price alone or price and other factors without the requirement for formal

evaluation plans. The team estimates that use of this process would result in cost savings of up to 20% by avoiding the costs incurred due to failure of inferior products.

Field Comments: No data or adverse field comments were received.

► **Performance Work Statements:** The Office of Management and Budget (OMB) has stated that use of this tool can save about 15% of the cost of routine service contracts when the work can be specifically defined.

Field Comments: Since this is a new OMB release, and was not included in the original draft report, therefore, no field comments were received.

Implementation: BC-680 and WO-850 should distribute the guide to the field which was summarized in BLM Handbook H-1510-4, Contracting for Services, and provide training to contracting officer's representatives (CORs) for use of this work statement type of contract.

#### **Implementation Common to the Above:**

Implementation of these tools will be implemented via the method discussed in Section 3, Written Guidance and Training. Internet use will also depend on security improvements and BLM computer system upgrades.

► **Procurement Performance Measurement:** There would be significant streamlining of the procurement process using many new procurement tools to increase efficiency. It is important that management has a method to measure performance and provide feedback for improving operational procurement effectiveness to meet the mission and customers' needs with increasingly limited resources. The team supports the Procurement Performance Measurement Test Pilot Program that recently partnered with DOI. Results and lessons learned from this pilot program will be available in September 1996. The data from the surveys collected in the pilot test will also be collected from automated systems and from third-party reviews to verify the surveys and procurement practices.

Field Comments: No field comments were received on this item.

Implementation: The DOI will issue a "Quality Improvement in Contracting" (QUIC) plan for implementation by all Bureaus in FY-97 to meet Federal Manager's Financial Integrity Act (FMFIA), Government Performance Results Act (GPRA), and other requirements. WO-800 will implement the DOI plan in FY-97.

## **2. Procurement Decision Guide**

### **Recommendation:**

Procurement guidance is needed from a central source for procurement staff, technical staff, and managers. Many changes have occurred in the acquisition arena; however, due to a variety of reasons, these changes have not been implemented consistently or aggressively by all levels of the organization. Additionally, these changes do not affect only the procurement staff, but other functional components as well. Some procurement and contracting staff have been reluctant or slow to implement changes, as adequate training and line-officer policy direction have not been given. It is the Team's recommendation that a decision guide will be prepared for approval and distribution to the field.

Field Comment: No adverse field comments were received.

### **Procurement Decision Guide Outline**

Use the most efficient and least costly tool to acquire goods and services. Tools are listed in order of most efficiency. Exceptions may exist due to unique situations where written delegations of authority exist, i.e. Fire Program.

GSA Supply items (Customer Supply Center (CSC) and FEDSTRIP) are purchased by a designated BLM employee. Some items are under mandatory procurement regulations. For items available from these sources, coordinate with the designated employee for purchase or check with procurement for mandatory purchase requirements.

Indefinite delivery type contracts contain provisions for ordering against the contract. Coordinate with the administrative contracting officer for further guidance.

<u>Est. Dollar</u>	<u>Method - Priority Order</u>	<u>Requisition Required</u>
\$500 or less	BPA (if established)	Yes
	IMPAC VISA	No (for non-proc. cardholder)
	Imprest	Yes
\$501-\$2500	BPA (if established)	Yes
	IMPAC VISA	No (for non-proc. cardholder)
	Purchase Order - procurement	Yes

The following methods will be performed by procurement

Competition Required - allow additional lead time		
\$2500-\$25,000	BPA (if established)	Yes
	IMPAC VISA	Yes
	Purchase Order	Yes
Public notice and adequate response time required - allow 30 days minimum		
\$25,000-\$100,000	Purchase Order	Yes
Mandatory time frames - allow 90-120 days minimum		
Over \$100,000	Contract	Yes

Implementation: The team recommends the Decision Guide be developed by the third quarter of FY-97 and kept current by WO-850 and BC-680B. It may be useful to include a graphic "decision tree" illustration for assisting in determining which acquisition method is most cost-effective and who can do it.

### **3. Written Guidance and Training for Procurement Staff**

#### Recommendation

Organizational and process changes and personnel shifts have made providing adequate direction and sharing information more difficult. Continual guidance should be provided to procurement staffs via formal instruction memoranda (IM's), GroupWise communications, electronic bulletin boards, and formal training on new and existing tools. Annual procurement management workshops should be resumed. A specific procurement position should be set-aside solely to coordinate procurement regulatory changes as they occur and disseminate information through training, policy guidance, and advisory material.

Training has already been restructured to include a new warrant maintenance class every other year in BLM's advanced purchasing seminar. We recommend **all** contracting officers attend this class as its structure and topics are designed to BLM's changing needs.

Field Comments: The team found a general sense that field procurement staff do not feel that training, policy dissemination, and guidance have been adequate in recent years. Comments were received suggesting greater use of GroupWise to disseminate information, and a suggestion that the FAR, BLM Manual, and other written guidance be placed on the Bureau's Internet internal home page.

Implementation: BC-680B staff at the National Business Center (NBC) have established an electronic communication mechanism for procurement staff to carry on continual discussion of issues. The NBC, WO, and selected State Office procurement personnel should work closely with the National Training

Center to provide appropriate training modules for all employees. All relevant manuals, instruction memoranda, and other guidance relevant to procurement should be placed on the BLM Internet internal home page.

A Bureau-wide annual procurement management workshop should be instituted beginning in FY-97. This workshop provides a forum for the Business Center and State Procurement Analysts to share new procedures and lessons learned. It also provides an opportunity for all to participate in the establishment of procurement policy.

A procurement training coordinator position should be located at the National Training Center (NTC). The training coordinator would develop and coordinate the needed training and policy dissemination, and ensure training is consistent Bureau-wide. This would include preparation of policy guidance and advisory material to clarify and explain regulatory and policy changes.

#### **4. Process Improvement**

Many minor, nonradical redesign opportunities were evaluated by the team and are detailed in the body of the "Resource Document" compiled by the team. They are all streamlining and simplification changes that are already allowable under current law and regulations.

Across the board, the team attempted to streamline by reducing any steps that did not add meaningful and consistent quality or value to processes; such as, redundant Solicitor review, unnecessary paper documentation, review, and retention, or excessive policing checks on staff. The team believes these minor improvements would result in administrative costs and time savings of about 5 percent.

##### **► Specific Process Improvements Discussed by the Team:**

- WO-800 to request in 30 days from DOI, that Small Business Administration (SBA) coordination via Form DI-1886 be used on an exception basis only.
- BC-600 will initiate an interagency agreement to raise the mandatory solicitor review threshold for contracts from \$150,000 to \$500,000 (\$1 million for construction contracts). This would reduce administrative costs and time, and bring the review threshold up-to-date with inflationary trends.
- WO-800 and BC-600 should, within 30 days, issue instructions to make use of Form 1510-47, "Recertification of Funding Data" discretionary. This form was devised and implemented prior to adoption of RDE. It is redundant and slows processing.

#### **5. Opportunities for Efficiencies Through Use of Electronic Data Processing Systems (IRM) and Centralization of IRM Procurement**

As part of the implementation of the redesigned acquisition process, BLM's current automated procurement systems should be streamlined to achieve efficiency and standardization. The goal of a "seamless" comprehensive system is probably possible in the next several years. The BLM should continue to work with other agencies, as well as internally, towards this end. Rapidly changing technology and system complexities do not lend themselves to a quick, easy fix.

Centralization of IRM Procurement:

An "Efficiency Initiative" for centralized IRM procurement was analyzed. BLM's Configuration Management (CM) methods provide an organizational standardization process to ensure proper decisions regarding IRM procurement. A second and parallel procurement process would be redundant. There were no State Office IRM Chiefs that supported this proposal. Procurement for IRM will be handled as with all other

procurement; no special standards or processes are appropriate.

#### **REFERENCE DOCUMENTS FOR FURTHER INFORMATION**

1. Acquisition Redesign Team Analysis Document - BLM Acquisition Redesign Team
2. Washington Office IM No. 95-165, August 14, 1995. Including the "Federal Acquisition Streamlining Team Report to the Director, " November 28, 1994.
3. IRM Centralization of Procurement - BLM Efficiency Initiative Decision Report, undated (1996).
4. Acquisition Workload Profile of 1993-1995, NBC, May 1996.
5. Summary Report - Analysis of the Survey, Denver Service Center.
6. Concerns of the Denver Service Center Acquisition Redesign Team, RE: Washington Office IM No. 95-165.
7. US Dept. Of the Interior Business Practices Initiative - Use of Purchase Cards Saves - (undated).
8. BLM Acquisition Workload, Fiscal Year 1995 Workload Table.