

TOPIC 1

ACQUISITION PLANNING

Objective

To determine whether the agency performed effective acquisition planning.

Sub-objectives

Specifically, determine whether the Agency:

1. Developed and implemented an adequate, written acquisition plan for the procurement.
2. Has adequate policies and procedures in place for the planning of acquisitions.
3. Conducted and documented market research.

ACQUISITION PLANNING

INTRODUCTION

This guide provides audit steps for determining whether an agency developed and implemented an effective acquisition plan. The guide expands upon the researchable questions associated with acquisition planning (Topic 1) identified in the *Contract Audit Guide Framework* released in 2009 by the Contracting Committee of the Federal Audit Executive Council. The framework provides a construct of issues and researchable questions to consider when planning audits or reviews of contracts. It is the Contracting Committee's intention to issue audit guides for each issue identified in the framework. Audit teams are encouraged to modify the *Acquisition Planning Audit Guide* as appropriate, and to use the guide, in conjunction with other appropriate tools, to assess acquisition planning.

BACKGROUND

The Federal Acquisition Regulations (FAR) states that agencies shall perform acquisition planning and conduct market research for all acquisitions. This planning shall integrate the efforts of all personnel responsible for significant aspects of the acquisition. The purpose of this planning is to ensure that the Government meets its needs in the most effective, economical, and timely manner.

According to the FAR, acquisition planning should begin as soon as an agency need is identified, preferably well in advance of the fiscal year in which contract award or order placement is necessary. In developing the plan, the agency head or designee – referred to as the planner – shall form a team consisting of all those who will be responsible for significant aspects of the acquisition, such as contracting, fiscal, legal, and technical personnel. The planner should review previous plans for similar acquisitions and discuss them with the key personnel involved in those acquisitions. At key dates specified in the plan, or whenever significant changes occur, and no less than annually, the planner shall review the plan and, if appropriate, revise it.

The FAR also establishes that the planner should consult with requirements and logistics personnel; secure the concurrence of the contracting officer; and coordinate with the cognizant small business specialist. Specifically, requirements and logistics personnel should avoid issuing requirements on an urgent basis or with unrealistic delivery or performance schedules, since this generally restricts competition and increases prices. The FAR emphasizes that the planner shall coordinate with and secure the concurrence of the contracting officer in all acquisition planning. If the plan proposes using other than full and open competition when awarding a contract, the plan shall also be coordinated with the cognizant competition advocate. In circumstances where the acquisition plan falls within established dollar amounts or involves contract bundling, the planner should coordinate with the small business specialist.

To facilitate attainment of the acquisition objectives, the acquisition plan shall be documented in writing. Ultimately, the plan must identify those milestones at which decisions should be made. The plan must address all technical, business, management, and other significant considerations that will control the acquisition. The specific content of plans will vary, depending on the nature, circumstances, and stage of the acquisition. However, acquisition plans for service contracts or

orders must describe the strategies for implementing performance-based acquisition methods or must provide rationale for not using those methods (FAR 7.105).

APPLICABLE LAWS AND REGULATIONS

The following laws and regulations prescribe the criteria applicable to acquisition planning:

- *FAR 7.1, "Acquisition Plans"* provides guidance on acquisition planning and conducting market research.
- *FAR 19.5, "Set-Asides for Small Business"* provides guidance on reserving an acquisition exclusively for participation by small business concerns.

Because the agency/department you are auditing may have FAR supplements or other implementing guidance in addition to the criteria identified above, you will also need to identify and become familiar with the requirements and criteria in those documents.

AUDIT STEPS

NOTE: Determining whether the agency developed and implemented an effective acquisition plan can be a challenge. High employee turnover rates, vague and outdated requirements, combined with poor documentation practices increases the chance that your audit trail is missing relevant documentation.

Some universe data can be identified from the Federal Procurement Data System-Next Generation (FPDS-NG), but you will most likely have to work closely with the audit client to obtain additional data from locally generated reports or systems.

SUBOBJECTIVE 1: DETERMINE WHETHER THE AGENCY DEVELOPED AND IMPLEMENTED AN ADEQUATE, WRITTEN ACQUISITION PLAN FOR THE PROCUREMENT.

- A. Review the contents of the plan to determine whether it addresses all of the technical, business, management, and other significant considerations that will control the acquisition in accordance with FAR 7.105. This would require interviewing parties responsible for establishing the acquisition requirements.
- B. If the plan proposes using other than full and open competition, ascertain whether the plan was coordinated with the cognizant competition advocate.
 1. Determine whether the plan explains why the agency had to restrict competition on the acquisition. If using only one responsible source as the authority, does the plan explain why only one contractor was capable of fulfilling those requirements, and where other proposed contractors failed to meet those requirements? If using "Unusual and Compelling Urgency" as the authority, is there a detailed explanation of why the urgency was not the result of poor agency planning? The plan must paint the full picture of this emergency situation and why it was not the user or contracting office's inability to plan that turned a normal acquisition into an urgent one. Further, it should identify what unique qualifications the proposed contractor had for fulfilling the contract.

- C. If the plan is for a service contract or orders, determine whether it contains strategies for implementing performance-based acquisition methods, or if not, a rationale for not using those methods.
- D. Determine whether the acquisition plan was modified to reflect significant changes throughout the acquisition life-cycle. If the acquisition was modified, for any reason other than a pre-planned product improvement, determine whether the acquisition plan was updated to include the new requirements; and determine whether the modified acquisition plan was reviewed and approved by the appropriate designated officials.
- E. Determine whether the acquisition plan utilized measurable/quantifiable performance objectives.
- F. Evaluate the acquisition plan's assessment of the inherent risks of the program. Determine whether the plan adequately addresses risk and proposes methods of mitigating those risks.
- G. Determine whether the acquisition plan contains a list of prospective sources capable of meeting the requirements, as well as source selection procedures.
- H. Determine whether the acquisition plan adequately describes the selected contracting method and the rationale for choosing this method. The plan should also contain instructions for the administration of the post-award contract, cost goals, proposed and secured funding, and budgeting.
- I. Assess the rationale for each contract type(s) selected; and determine whether the level of acquisition planning was commensurate with the contract type.

SUBOBJECTIVE 2: DETERMINE WHETHER THE AGENCY HAS ADEQUATE POLICIES AND PROCEDURES IN PLACE FOR PLANNING ACQUISITIONS.

- A. Review the agency's specific acquisition planning policy. Does it contain guidance for each factor outlined in FAR 7.103(a-v)?
- B. Determine whether the policy emphasizes that acquisition planning should begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which contract award or order placement is necessary; and that planners should avoid issuing requirements on an urgent basis or with unrealistic delivery or performance schedules.
- C. Determine whether the Agency has established procedures implementing all areas of its acquisition planning policy.
- D. Determine whether the agency's policies and procedures promote the use of full and open competition, and the procurement of commercial items to the maximum extent practicable.
- E. Ascertain whether the acquisition planning policy specifies that planners will coordinate with and secure concurrence of the contracting officer and will coordinate the plan with the cognizant small business specialist.

SUBOBJECTIVE 3: DETERMINE WHETHER THE AGENCY CONDUCTED AND DOCUMENTED MARKET RESEARCH.

- A. Refer to the Market Research Audit Framework for (Topic 2) for detailed audit steps. <http://www.ignet.gov/pande/faec/caguidemr.pdf>