



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

OFFICE OF FEDERAL  
PROCUREMENT POLICY

May 25, 2007

MEMORANDUM FOR SELECTED CHIEF ACQUISITION OFFICERS  
SELECTED SENIOR PROCUREMENT EXECUTIVES

FROM:

*for*  

Paul A. Denett  
Administrator

SUBJECT:

Use of Performance-Based Management Systems for Major  
Acquisition Programs

Subtitle B of the Federal Acquisition Streamlining Act of 1994 (FASA V) requires that the Office of Federal Procurement Policy (OFPP) report to Congress on civilian agencies' progress in implementing performance-based management systems (PBMS) for major acquisition programs. Performance-based management requires that cost, schedule and performance goals be established for all major acquisition programs, and that agencies achieve, on average, 90 percent of those goals. The purpose of this memorandum is to request agency input for OFPP's report.

Sound capital programming is key to the successful acquisition of capital assets and helps agencies to identify and mitigate cost overruns, schedule delays, and performance shortfalls. Office of Management and Budget (OMB) Circular A-11, Part 7, and its *Capital Programming Guide*, reissued in June 2006, present unified, updated guidance to agencies on implementing performance-based acquisition management for their capital asset programs, which include major acquisitions. The revised guide reiterates the importance of needs assessment, alternative analyses, cross-functional participation and sustainable practices in the planning process. It also includes expanded coverage on earned value management to ensure agencies have and use objective "early warning" information throughout the acquisition life-cycle to identify projects that may be falling short on their cost, schedule, and performance goals and make reasoned decisions to support corrective action. Please ensure your personnel have familiarized themselves with the revised guide and update internal guidance to implement changes.

In addition, to assist OMB in assessing agency progress implementing PBMS for major acquisition programs, please provide the information described in the attachment to OFPP by June 29, 2007. Responses should be sent to Patricia Corrigan at [pcorrigan@omb.eop.gov](mailto:pcorrigan@omb.eop.gov). The report should include the name, e-mail, and telephone number of an agency point of contact. Questions may be directed to Ms. Corrigan at 202-395-6805.

Thank you for your attention to this matter.

Attachment

cc: Selected Chief Financial Officers

## **Reporting on the Use of Performance-Based Management Systems (PBMS) for Major Acquisition Programs**

To assist the Office of Management and Budget (OMB) in assessing agency progress in implementing Performance-Based Management Systems (PBMS) and the Office Federal Procurement Policy in meeting its responsibilities under Subtitle B of the Federal Acquisition Streamlining Act of 1994, agencies shall report the following information on new major acquisitions, ongoing projects, and capital asset management programs.

**Note:** Information on new projects and ongoing projects (item nos. 1 and 2 below) should be limited to non-information technology (IT) projects. Assessment of IT projects will be made using Exhibit 300s and Information Resource Management plans previously provided to OMB. A sample format for responding to items 1 and 2 is attached.

**1. New Projects.** Provide a list of all new non-IT major acquisitions for which funding was received in FY 2007 or for which funding was requested in the President's FY 2008 Budget, regardless of whether Exhibit 300s were developed and/or submitted to OMB for the projects. For each new project, identify if: (a) the acquisition is linked to agency's strategic and annual performance plans, (b) the agency plans to use a PBMS to monitor acquisition progress, and (c) clear cost, schedule, and performance goals have been established for the project.

**2. Ongoing Projects.** Provide a list of non-IT ongoing projects for which funding was received in FYs 2005, 2006, and 2007, regardless of whether Exhibit 300s were developed and/or submitted to OMB for the projects. For each ongoing project, identify: (a) whether the agency is using a PBMS to monitor progress, (b) if there are variances greater than 10% from baseline cost and schedule goals, (c) the percentage of baseline performance goals that have been met, and (d) steps to address variances greater than 10 percent.

**3. Capital Asset Management Programs.** Provide a short profile of your agency's major acquisition/capital planning process, preferably not more than 2 pages. Reference any applicable Internet sites. The profile should address:

(1) agency thresholds for capital programming;

(2) a description of agency capital planning and investment control policies and processes for IT and non-IT capital asset planning, acquisition, and total portfolio management, including any systems that have been implemented;

(3) capital programming linkage with agency strategic planning processes, and agency accomplishments in the development of long-term or agency capital planning documentation;

(4) agency alignment with/implementation of the *Capital Programming Guide* (i.e., version 2.0);

(5) use of earned value management (EVM) and EVM system, and implementation of EVM requirements in Subpart 34.2 of the Federal Acquisition Regulation.

(6) agency project management training and certification programs for project managers and contracting personnel;

(7) corrective actions taken as a result of Office of Inspector General, Government Accountability Office, or internal agency management reviews of the agency capital planning process, as applicable; and

(8) any best practices.

Attachment

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