

PROCUREMENT MANAGEMENT

In FY 1999, approximately 550 HHS procurement personnel awarded and administered about 280,000 procurement actions (excluding purchase card transactions), worth more than \$3.7 billion. Also, HHS obligated an additional \$1.6 billion from the Medicare Trust Fund for contracts with Medicare intermediaries and carriers. These procurement actions and contracts helped to meet the Secretary's goals of ensuring cost-effective health care and human services; ensuring the integrity of the Medicare Program; enhancing health promotion and disease prevention; improving access to health care for all Americans; and providing adequate support for biomedical research.

Major procurement accomplishments in FY1999 included the following:

- The Department awarded 170 performance-based contracts and modifications for a total of \$1.99 billion. This represents about a 70% and 25% increase in the volume and dollar value of performance-based contracting - - respectively - - from the previous fiscal year. Performance-based contracting is one of the Administration's highest priorities.
 - HHS used purchase cards to conduct over 500,000 micro-purchases.
 - The Department submitted its first annual Commercial Activities Inventory under the FAIR Act, and set in place a procedure for responding to challenges and appeals.
 - HHS used three Electronic Commerce methodologies - - Internet-posted solicitations, FACNET and ECWeb to issue 1,525 electronic solicitations for simplified acquisitions and major procurements.
- The Department began to conduct Web-based customer, contractor, employee and manager surveys under its Acquisition Balanced Scorecard. This initiative will result in an estimated annual cost savings of \$7,000 per contracting office, as well as a reduction of between 20 and 30 days of personnel effort per contracting office. OPDIV burdens and costs have been reduced substantially because printing and mailing survey instruments and reminder notices - - as well as data entry and verification - - are no longer necessary.
 - Using web-based and JAVA-oriented technologies, HHS continued to enhance the query and reporting capabilities of its Departmental Contracts Information System (DCIS). This has resulted in improvements to the reliability, timeliness and utility of HHS's procurement data, as well as better support for executive decision-making. Also, in addition to servicing its OPDIV clients, HHS began to provide DCIS support to a new customer - - the Treasury Department - - under a reimbursable agreement.
 - The Department's Acquisition and Project Officer Training Program provided comprehensive, formal training for both contracting professionals and project officers. Contracting personnel used 1,780 training slots and project officers used 2,909 training slots. HHS experienced success with its interactive CD-ROM Project Officer instructional module; initiated the development of a training module and knowledge repository on Performance-Based Contracting; and developed a course in the high profile area of Earned Value Project Management. The Department also redesigned its overall curricula to reflect a new competency-

based, matrix-oriented training approach (for FY2000 and beyond).

- The Department conducted oversight of CDC's National Pharmaceutical Stockpile Program; monitored the selection decision to use the Department of Veterans Affairs as a partner; and supported the negotiation of the interdepartmental Memorandum of Agreement that underlies the program.
- HHS facilitated the transition of long-distance telecommunication services from GSA's FTS 2000 to the FTS 2001 program; selected MCI World-Com as the Department's new long-distance service provider; and awarded a contract to SAIC to provide Transition and Management Support (TMS) services for the Department.

- On behalf of the Department, NIH continued to refine HHS's user-friendly "Contractor Performance System"- - which gauges the past performance of government contractors. For example, NIH added a link to GSA's "List of Parties Excluded from Federal Procurement and Non-procurement Programs". Further, the system now has the capability to search and update Project Officer information. Also, NIH continued to add Federal agencies to its customer base.

We will continue to focus on sharing successful practices that are identified through our acquisition performance measurement and improvement system.