



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

January 6, 2015

THE DIRECTOR

Francis S. Collins, M.D.
Director
National Institutes of Health
Building 1, Room 126, One Center Drive
Bethesda, Maryland 20892

Dear Dr. Collins:

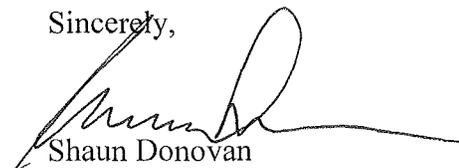
This letter is in response to your agency's request to the Office of Management and Budget (OMB) for a designation to serve as the executive agent for the Chief Information Officer-Commodities and Solutions (CIO-CS) government-wide acquisition contract (GWAC). The National Institutes of Health (NIH) provided information to OMB's Office of Federal Procurement Policy (OFPP) that describes NIH's efforts to put in place the CIO-CS GWAC to replace its current Electronic Commodity Store GWAC. The new CIO-CS GWAC, similar to the one it replaces, would provide information technology (IT) products with a focus on health-related IT equipment. The CIO-CS GWAC would have a ceiling of \$20 billion and an anticipated contract length of 10 years. Based on this information, OMB has granted the designation of NIH as the executive agent for the CIO-CS GWAC, subject to the terms in this letter.

This designation is made pursuant to section 5112(e) of the Information Technology Management Reform Act ("Clinger-Cohen Act"), 40 U.S.C. § 11302(e), which authorizes the Director of OMB to designate "one or more heads of executive agencies as executive agent for Government-wide acquisitions" of IT. The scope of this designation is limited to acquisitions of IT as defined in section 5002 of the Clinger-Cohen Act.

The designation is subject to conditions described in the Attachment, which includes annual reporting to OMB on CIO-CS GWAC usage and results achieved. The designation for the CIO-CS GWAC shall remain in effect until the end of the contract period, including any options or extensions, unless the designation is otherwise modified by OMB.

OMB appreciates NIH's efforts for more than a decade to provide agencies with cost-effective access to a range of IT equipment, services, and solutions. OMB looks forward to its continued partnership with NIH and the use of the CIO-CS GWAC as an anchor for expanding government-wide strategic sourcing opportunities for IT commodities.

Sincerely,



Shaun Donovan
Director

Enclosure

Executive Agent Responsibilities

NIH agrees to the following responsibilities as a condition of serving as an executive agent:

1. **Supporting OMB's and the Strategic Sourcing Leadership Council's (SSLC) efforts to promote government-wide strategic sourcing opportunities for IT commodities and adoption of strategic sourcing best practices.** Consistent with strategic sourcing best practices and sound commodity-based management, NIH will meet periodically with its customer agencies to evaluate how well the GWAC is meeting their needs, benchmark to keep prices current, make appropriate adjustments to maximize the value provided to their programs, and share lessons learned with the SSLC.
 - a. NIH will incorporate the characteristics for strategic sourcing acquisition vehicles¹ into CIO-CS contracts, which include:
 - reflecting input from a large number of potential customer agencies - especially the largest likely customers - regarding customer demand for the goods and services being considered for strategic sourcing, the acquisition strategy (including contract pricing, delivery and other terms and conditions, and performance requirements), and the commodity management approach;
 - ensuring that the Federal government gets credit for all sales provided under the CIO-CS, regardless of payment method, so that volume-based pricing discounts can be applied;
 - including tiered pricing, or other appropriate strategies, to reduce prices as cumulative sales volume increases;
 - requiring its contract holders to provide sufficient pricing, usage, and performance data to enable the government to improve their commodity management practices on an ongoing basis; and
 - being supported by a contract administration plan that demonstrates commitment by the executive agent to perform active commodity management and monitor vendor performance and pricing changes throughout the life of the contract to ensure the benefits of strategic sourcing are maintained.
2. **Capturing of prices paid.** NIH will ensure full tracking of quoting and ordering activities, terms and conditions, contract documents, including full contract line item data, and share this information and prices paid with customer agencies, as well as other coordinating agencies, currently the General Services Administration (GSA), to make this information available for both agency-specific and Federal-wide acquisition planning,

¹ Characteristics of strategic sourcing are set forth in OMB Memorandum M-13-02, "Improving Acquisition through Strategic Sourcing" at http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-02_0.pdf

strategic sourcing, and category/ commodity management efforts. In addition, NIH will work with OMB, GSA, and other coordinating agencies on a government-wide plan to centrally capture and share prices paid information within the Federal government.

3. **Continuing support of efforts to improve administrative efficiency and savings.** NIH will provide access, through the CIO-CS contracts, to a minimum number of pre-qualified vendors which allow customer agencies to complete contract actions quickly and efficiently.
4. **Submitting annual contract activity reports to OMB.** NIH shall report the following information on the CIO-CS to OFPP annually by December following each fiscal year that the GWAC is effective. The report shall address information covering the previous fiscal year as follows:²
 - (1) for each customer agency, the cumulative number and total dollar value of task or delivery orders awarded (whether by HHS or by the customer agency through delegation), sorted by function contact area and type of contract (e.g., firm-fixed-price, time-and-material, labor-hour, cost-reimbursement, fixed or award fee, etc.);
 - (2) for each customer agency, the total amount of negotiated price savings determined by the difference between the contract's catalog price versus the ordered price, sorted by function contact area and type of contract (e.g., firm-fixed-price, time-and-material, labor-hour, cost-reimbursement, fixed or award fee, etc.);
 - (3) total number and dollar value of task and delivery order awards:
 - (i) subject to fair opportunity; and
 - (ii) not subject to fair opportunity (see Federal Acquisition Regulation (FAR) 16.505(b)(2), identifying the applicable exception;
 - (4) revenue and cost information for managing and administering each GWAC as follows:
 - (i) projected and actual total revenue generated for each GWAC;
 - (ii) projected and actual direct and indirect costs for each GWAC;
 - (iii) actual full-time equivalents used to manage and administer each GWAC; and
 - (iv) strategy for re-calculating fees to correct any differences between revenue and costs;
 - (5) the assessment of customer satisfaction with contracts covered by the designation (using performance measures and benchmarks);
 - (6) the total number and cumulative value of task orders issued which do not comply with FAR Part 37.6, performance-based contracting;
 - (7) total number and dollar value of task and delivery order awards to:

² OMB reserves the right to modify these reporting requirements as may be required to inform its understanding of activities conducted pursuant to this designation.

- (i) small businesses;
 - (ii) small disadvantaged businesses;
 - (iii) women-owned small businesses
 - (iv) HUBZone small businesses;
 - (v) veteran-owned small businesses;
 - (vi) service-disabled veteran-owned small businesses;
- (8) total dollar value of fees collected and the percentage and dollar amount credited to the Acquisition Workforce Training Fund in accordance with 41 U.S.C. § 1703(i)(3); and
- (9) management or operational weaknesses (including customer misapplications) identified by the program, agency Inspector General, or Government Accountability Office, and remedial steps that have been taken or are planned.