

Memoranda 97-07 (Multiagency contracts under the Information Technology Management Reform Act of 1996)

February 26, 1997

M-97-07

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

FROM: Franklin D. Raines
Director

SUBJECT: Multiagency contracts under the Information Technology Management Reform Act of 1996

This memorandum authorizes agencies to enter into multiagency contracts for information technology and sets forth good management practices to be followed by agencies that do so.

Authority:

Section 5124(a)(2) of the Clinger-Cohen Act (formerly the Information Technology Management Reform Act of 1996)(ITMRA), 40 U.S.C. 1424(a)(2), states that an Executive agency may "enter into a contract that provides for multiagency acquisitions of information technology in accordance with guidance issued by the Director." The accompanying Conference Report, H.Rep. 104-450, states that "the requirements and limitations of the Economy Act, and other provisions of law, apply to these multiagency acquisitions." Accordingly, to the extent practicable, and consistent with the requirements of the Economy Act, 31 U.S.C. 1535, and other relevant provisions of law, agencies may permit use of their contracts by other agencies, and award contracts for multiagency use.

This guidance is limited to multiagency contracts issued by agencies pursuant to Section 5124(a)(2) of ITMRA, 40 U.S.C. 1424(a)(2). Under Section 5124(a)(3) of ITMRA, 40 U.S.C. 1424(a)(3), the Director may authorize an agency to enter into a multiagency contract for procurement of commercial items of information technology that requires each agency covered by the contract either to procure the items under that contract or to justify an alternative source of the items. Similarly, under Section 5112(e) of ITMRA, 40 U.S.C. 1412(e), the Director may designate one or more heads of Executive agencies as executive agents for government-wide acquisitions of information technology. The CIO Council is

encouraged to identify appropriate candidates. This guidance does not apply to contracts under Sections 5124(a)(3) and 5112(e).

Policy:

The ITMRA provides agencies the flexibility to acquire information technology effectively and efficiently. Multiagency contracts permit aggregation of agency demand to encourage vendors to offer the best possible prices, and serve to reduce the overhead associated with multiple acquisitions, particularly by smaller agencies. In order to realize these benefits, a management commitment commensurate with the potential size of the contracts is essential. This is especially important because customer demand can be difficult to anticipate, potentially exceeding the agency's ability to manage the contracts, disrupting business relationships among agency customers and vendors.

Agency heads should, with regard to multiagency contracts:

- assure that their Chief Information Officers and Senior Procurement Executives work together to assign responsibilities and establish clear lines of accountability;
- see that the agency component conducting the acquisition has established effective contract management systems and has an adequately trained and sized staff available to administer the resulting contracts;
- monitor the progress of the contracts and ensure that adequate management resources continue to be devoted, particularly if the contracts prove to be unexpectedly popular or otherwise begin to strain existing management resources;
- assure agency compliance with Federal Acquisition Regulation section 16.504(a) by setting an initial dollar or quantity limit on such contracts; and,

- consider placing an initial limit on the amount of interagency usage, subject to periodic adjustment (either upward or downward) depending on the agency component's demonstrated ability to adequately manage the contracts in light of the volume of orders received.

Additional Information:

If you need further information regarding this guidance please contact the Office of Information and Regulatory Affairs, (202)395-3785. If you need information regarding procurement-related issues please contact the Office of Federal Procurement Policy, (202)395-3501.

OMB continues to review procurement-related matters on the use of multiagency contracts and will issue additional guidance in the future as appropriate. This memorandum supersedes OMB Memorandum M-96-36, issued August 6, 1996