
PROCUREMENT MANAGEMENT BUSINESS LINE

The Procurement Management Business Line combines Purchase Card Surveillance with Contract Closeout to further ensure the integrity of the procurement function within the DOE. These business segments help validate compliance with procedures and improve the internal controls of the Department and respond to specific issues raised by the Inspector General. Ultimately, they result in savings to programs by avoiding fraud, waste, and abuse.

I. Purchase Card Surveillance

Services Description

This business segment provides surveillance over the use of purchase cards by DOE and contractor employees under a task order DOE executed with the Bank of America through the SmartPay program administered by the General Services Administration. The funding for this effort would be derived in general from rebates DOE elements receive from the Bank of America, which are based upon dollar volume of purchases. This business would develop, install and operate a data mining system, using proprietary software, and oversee the operation of the Purchase Card Automated Reporting Transaction Tool for DOE, to track and resolve suspicious purchase card transactions.

Pricing Policy

In May/June of each fiscal year, when budget guidance is developed for the Working Capital Fund customers, the last four quarterly payments by the Bank of America will be aggregated by the receiving DOE entity. Each payment will be attributed to a DOE element or field office. (Refunds to the Federal Energy Regulatory Administration will be omitted from the calculations as will refunds that could not be identified to a specific DOE element.) A percentage distribution among DOE elements will be calculated and applied to the Board-determined annual levy for this business segment. Each DOE element with funding responsibility will be notified and asked to secure the necessary funding from among the participating field offices and contractors. The DOE element can decide which refunds and which B&R's are most appropriate for meeting this requirement.

Billing

The Fund will bill all entities for the full annual advance once during the year.

Budget Estimates

Budget estimates for budget years will be a pro rata share of \$300,000 (\$500,000 in FY 2004) allocated on the basis of the latest estimate for rebates, which in most cases will be the most recent billing charge for the current year, unless trends in the quarterly rebates render that estimate obsolete.

Management Flexibility

This business model is based on providing the infrastructure to maintain internal controls on purchase cards. Management flexibility is determined when the manager decides to use this method of procuring goods. The level of program cost is determined by the dollar value of all transactions in the purchase card program.

Points of Contact

The following persons should be contacted regarding Purchase Card Surveillance.

Business Line Manager: Steve Mournighan (202) 586-8613

II. Contract Closeout

Services Description

Upon the expiration of each instrument type, namely purchase orders; firm fixed price contracts; interagency agreements; financial assistance instruments; and cost reimbursement contracts, the closeout process assures that all terms and conditions of the instrument have been fulfilled, all financial information has been submitted and evaluated, final payment has been made, any remaining funds have been deobligated, and the instrument is administratively retired from the Procurement Automated Data System (PADS). The retired instrument is boxed and stored locally or shipped to a federal storage facility.

Pricing Policy

The pricing policy is described below. The customer may choose one of three pricing options regarding contract closeout services:

(1)	Base Level Service	Unit Cost
	Purchase Order	\$240
	Firm Fixed Price	\$240
	Interagency Agreement	\$320
	Financial Assistance	\$440
	Cost Reimbursement	\$4960

This is the standard pricing option the customer may choose by applying the unit cost to the number and type of instruments to be retired. The unit cost was developed by applying the number of hours to retire an instrument to the average hourly loaded rate, i.e., for a purchase order (6 hours x \$40/hour = \$240).

(2)	Additional Directed Service	Unit Cost
	Purchase Order	\$540
	Firm Fixed Price	\$540
	Interagency Agreement	\$720
	Financial Assistance	\$1,020
	Cost Reimbursement	\$11,160

This pricing option is at a premium cost based upon the incremental staffing hours applied toward the retirement of these instruments.

(3)	Dedicated Service
	Dedicated Service is priced at \$31,200 for a three month period. There are no unit prices for this service.

Billing

The Contract Closeout Business Line is billed monthly. Charges are for actual instruments closed at the rates set forth in the Pricing Policy section.

Budget Estimates

The universe of available physically completed (expired) instruments for each fiscal year will be reviewed to determine which of those instruments can be targeted for retirement during that year. Budget estimates will be based upon one of three methods used. They are:

Each customer's budget estimate for the following fiscal year will be based on the actual number of instruments retired, by category, in the preceding year; or

Estimates may be based on the number of instruments targeted for retirement during the year; or

Estimates may be based on an amount negotiated between the customer and the Office of Headquarters Procurement Services.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- Customers: Provide competent and accurate closeout of targeted instruments.
- Financials: Improve the availability of funding to programs.
- Internal Processes: Improve contract closeout to accommodate changing contract types.
- Learning and Growth: Improve knowledge, skills, and abilities of staff and improve business systems that support the business line.

For more information on these objectives and business line performance measures please go to www.ma.mbe.doe.gov/wcf and view the Closeout Five-year Plan.

Service Standards

The standard lead times for Contract Closeout Services for each instrument type are as follows:

Type of Instrument	Standard
Purchase Order	6 hours
Firm Fixed Price	6 hours
Interagency Agreement	8 hours
Financial Assistance	11 hours
Cost Reimbursement	124 hours

Management Flexibility

The customer can choose any of the three pricing policies listed above to determine contract closeout services costs. The customer also can save money by electing to use firm fixed price contracts rather than cost reimbursement instruments whenever possible.

Points of Contact

The following persons should be contacted regarding Contract Closeout Services.

Business Line Manager	Jeffrey Rubenstein	(202) 287-1516
Service Point of Contact	Deborah Black	(202) 287-1416