

**Department of  
Veterans Affairs**

Enclosure 2

# Memorandum

Date: AUG 23 2001

From: Assistant secretary for Information and Technology (005)

Subj: information Technology Acquisition Management

To: Administration Heads, Assistant Secretaries and Other Key Officials

1. To facilitate implementation of the Secretary's memorandum of July 25, 2001, entitled "Information Technology Governance" (copy attached), I am providing direction to further define the Information Technology (IT) approval process and changes in your delegated IT acquisition authority. The intent is to assure that we know how and on what our \$1.4 billion-plus IT budget is being spent and that our expenditures are consistent with our IT enterprise architecture and do not compromise our system integrity.

2. The delegated thresholds and procedures for IT acquisition above \$250K and those dollar thresholds established for the VA IT Capital Investment Process will remain at the levels already in place except as discussed below. Chief Information Officer (CIO) acquisition approval and the IT Capital Investment Process will continue to be separate, but related, processes. An additional step will be added to the IT Capital Investment Process to incorporate a high level CIO conceptual review of major IT initiatives prior to preparation of Capital Investment Plans.

3. All IT acquisitions below the \$250K threshold, which are to provide new capability, must be approved by the CIO prior to any expenditure of IT funds. *This includes:* implementation of new systems including prototypes, pilots, and conceptual demonstrations, new software programs or databases; new services or enhancements to provide capability not currently in operation; new or expanded telecommunications service such as wide area networks (WANS) or local area networks (LANs), telephone service or cell phones; non-PCHS PC acquisitions; and expenditures to plan such activities. The process to submit acquisitions requests will be promulgated by separate correspondence.

4. For activities discussed below that have been approved through the Capital Investment Board or were fully operational prior to July 25, 2001, Administration CIOs and principal IT managers of Department level functional areas are delegated the authority to approve the following, independent of dollar value: contract renewals for existing annual services; renewal of license agreements; scheduled augmentation of equipment or services to meet planned capacity requirements for existing services (except telecommunications capacity

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improvements); repair of equipment-, replacement of minor system components because of recurring failure or reliability; and acquisitions from the PCHS contract if made to replace PC's, laptops and servers more than three years old or otherwise formally scheduled and planned as technology refreshment.

5. Significant VA IT funds are expended that are not accounted for in the current IT CIB and acquisition approval process. For all IT expenditures initiated using FY 2002 funds and beyond, Administration CIOs and Staff Offices must provide a recap of IT expenditures to the CIO within thirty days of the end of each quarter. It is expected the report will use VA financial system IT budget object codes with additional specificity to achieve better granularity in what our IT funds are being used to accomplish. The codes to be used are:

- 2307 Data Communication Services
- 2342 Office Automation/ Word Processing, Rental
- 2343 ADP Equipment Rental
- 2345 Telecommunications Equipment Rental
- 2507 Information Technology Support Services - Non-Fed
- 2510 Data Processing Services & IT Support Services - Fed
- 2511 ADPE Time/Data Processing Service - Commercial
- 2513 ADP Operations & Maintenance Support Services
- 2515 Systems Analysis and Programming - Commercial
- 2517 Information Resources Studies - Commercial
- 2544 ADP Equipment & Maintenance Contracts
- 2590 VA/DOD Sharing Agreement - IT
- 2600 Supplies and Materials - See Definition in
- 2623 Automated Data Processing Recording Media
- 3100 Equipment - See Definition in
- 3122 Office Automation/Word Processing - Capitalized
- 3123 Automated Data Processing Equipment - Capitalized
- 3124 Automated Data Processing Software - Capitalized
- 3125 Telecommunications Equipment - Capitalized
- 3128 Office Automation/ WP Equipment - Not Capitalized
- 3129 ADP Equipment - Not Capitalized
- 3133 Telecommunications Equipment - Not Capitalized
- 3134 ADP Software - Not Capitalized

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3160 Equip Under Lease Purchase Contracts - Capitalized  
3161 Equipment Under Capital Lease  
3221 Site Prep for IS Technology - Capitalized  
3225 Telecommunications Equipment - Capitalized  
3226 Telecommunications - Not Capitalized  
3227 Site Preparation for IT Systems - Not Capitalized  
4155 One Time Miscellaneous (for IT)

(Further definition of these account codes is in VA Handbook 4671.2)

6. I ask that our IT staffs work together quickly to institutionalize a final format for reporting IT expenditures in FY 2002 and beyond by September 14, 2001. Please designate a point of contact in your office to participate in and serve to coordinate this activity on an ongoing basis. If you have any questions, please call me at 273-8842, or have a member of your staff contact Allan Gohrband at 273-8127 or Cindy Krohmal at 273-8125.

/s/John A. Gauss

Attachment