



OFFICE *of*
INSPECTOR GENERAL
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UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

Requirements Documentation in the U.S. Department of Housing and Urban Development's Acquisition Process

2023-OE-0006

February 06, 2025

Date: February 06, 2025

To: Jimmy Fleming-Scott
Chief Procurement Officer, Office of the Chief Procurement Officer, N



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From: John Garceau
Acting Assistant Inspector General for Evaluation, Office of Inspector General, G

Subject: Final Report – Requirements Documentation in the U.S. Department of Housing and Urban Development’s Acquisition Process (2023-OE-0006)

Please see the attached the final report on our evaluation of requirements documentation in the U.S. Department of Housing and Urban Development’s (HUD) acquisition process. It contains one finding and three recommendations. Our evaluation objective was to assess HUD’s processes for developing requirements documents in the preaward phase of the acquisition life cycle.

In response to our draft report, the Office of the Chief Procurement Officer (OCPO) concurred with recommendations 1, 2, and 3 but did not provide a proposed management decision for the recommendations. The status of these recommendations will remain “unresolved-open” until an agreed-upon OCPO-proposed management decision is received for each recommendation.

I greatly appreciate the assistance you and your staff provided during the evaluation. The report will be posted on our website within 3 days. Please do not hesitate to contact me at (202) 603-8410 or JGarceau@hudoig.gov or Gabrielle Foster, Assistant Director, at (202) 744-5703 or GFoster@hudoig.gov with any questions.

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Executive Summary

REQUIREMENTS DOCUMENTATION IN THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S ACQUISITION PROCESS | 2023-OE-0006

Why We Did This Evaluation

U.S. Department of Housing and Urban Development (HUD) programs rely on an acquisition management process to execute mission objectives, and HUD spends approximately \$1 billion per year on contracts for services and supplies. The Office of the Chief Procurement Officer (OCPO) is responsible for all matters related to HUD's acquisition needs and activities. At headquarters, these services are mostly research studies, business process reengineering, technical assistance, and logistical support services. At field offices, contracted services include property management and marketing, sales closings, routine inspections, and appraisals. For mortgage insurance programs, contracted services include mortgage credit analysis, mortgage insurance endorsement processing, title service, and underwriting analysis.

In the past 2 fiscal years (FY), we identified challenges in HUD's acquisition processes. In our FY 2023 Top Management Challenges (TMC) Report, we identified untimely and inefficient acquisition processes as two of HUD's main acquisition management risks. In this same report, we identified improving the quality of requirements documents as a key contributor to reducing delays in the acquisition process. Additionally, in our FY 2024 TMC Report, we reported that HUD program offices identified acquisition efficiency and processes as major challenges. HUD also echoed these findings in its FY 2025 Congressional Justifications, highlighting its goals in streamlining acquisition management processes by providing consultation services to program offices to improve the quality of requirements documents.

We conducted this evaluation to assess HUD's processes for developing requirements documents, which are a critical component of HUD's acquisition processes.

Results of Evaluation

HUD's development of requirements documents is a collaboration across HUD program offices. OCPO is responsible for obtaining all goods and services required by HUD efficiently and in the most cost-effective manner possible, while program offices are responsible for preparing the requirements documents and submitting an actionable requisition to OCPO. Once OCPO receives the requisition package, OCPO reviews the requirements documents in the package for any errors or disconnects between tasks and deliverables. When the requisition package is considered actionable, OCPO accepts the requirements documents and moves the package forward for solicitation.

HUD has processes to facilitate collaboration during the development of requirements documents, including the Acquisition Liaison Unit (ALU), the Integrated Project Team (IPT), and the Integrated Acquisition Team (IAT). The ALU and the IAT are led by OCPO. The ALU provides support to program offices by providing contracting expertise when program offices are developing requirements documents. The IAT promotes effective and timely collaboration between stakeholders early in the acquisition planning process. The IPT, which is led by program offices, also brings together all stakeholders in the

early stages of developing the requirement to ensure that the requirements are defined early in the acquisition life cycle.

Even though HUD has processes for the development of requirements documents, the acquisition workforce across HUD faces common challenges. The four challenges most frequently mentioned by both OCPO and program office staff members are related to requirements documents processes, collaboration, roles and responsibilities, and the capacity of OCPO. Process-related challenges refer to processes used to complete requirements documents, including the ALU, IPT, and IAT. Collaboration-related challenges include references to a lack of engagement. Challenges related to roles and responsibilities were cited with mentions of confusion or friction about roles and responsibilities of personnel involved in developing requirements documents. Challenges related to the capacity of OCPO refer to turnover, understaffing, and bandwidth of OCPO staff.

Recommendations

We provided HUD with three recommendations to improve requirements documents processes and requirements documents roles and responsibilities. We recommend that the Chief Procurement Officer (1) develop ALU engagement standards and incorporate them into acquisition policies and procedures; (2) update guidance to clarify the different roles and responsibilities of the ALU, contracting officer, contract specialist, and contracting officer's representative; and (3) develop, implement, and communicate requirements for program offices to establish written minimum roles and responsibilities for their respective procurement management functions, including but not limited to contracting officer's representatives, program and project managers, and subject-matter experts. The status of these recommendations will remain as "unresolved-open" until we receive and agree to OCPO's proposed management decisions for each recommendation.

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Introduction

OBJECTIVE

The objective of this evaluation was to assess the U.S. Department of Housing and Urban Development's (HUD) processes for developing requirements documents in the preaward phase of the acquisition life cycle.

We interviewed HUD acquisition staff in the Office of the Chief Procurement Officer (OCPO) and seven other HUD program offices: the Office of Community Planning and Development, the Office of Fair Housing and Equal Opportunity, the Government National Mortgage Association, the Office of Housing, the Office of the Chief Human Capital Officer, the Office of the Chief Information Officer, and the Office of Public and Indian Housing. Throughout this report, when we cite program office staff members, we are referring to one or more of these seven program offices, and when we cite OCPO staff members, we are referring specifically to OCPO.

BACKGROUND

Requirements documents¹ are essential to the successful completion of an acquisition at HUD. This evaluation aimed to assess HUD's processes for developing requirements documents because OCPO shared concerns regarding the quality and the timeliness of requirements documents.

Requirements Documents Are Developed During the Acquisition Planning Phase

The acquisition process begins when HUD establishes a need and determines that the need will be fulfilled by contracting. HUD's acquisition-related actions are governed by two sets of regulations: the Federal Acquisition Regulation² (FAR) and the HUD Acquisition Regulation (HUDAR). The FAR is the primary regulation for use by all executive agencies in their acquisition of supplies and services and provides codification and publication of uniform acquisition policies and procedures. The HUDAR implements and supplements the FAR and provides uniform HUD acquisition policies and procedures. The FAR and HUDAR are the primary sources of acquisition policy and procedural guidance for all HUD contract actions and take precedence over any other guidance, such as the HUD Procurement Handbook. The HUD Procurement Handbook, which was last updated in March 2019, supplements the FAR and HUDAR by providing guidance on HUD reviews, approvals, and clearances related to contract actions. Any exceptions or changes to the HUD Procurement Handbook are drafted in acquisition instructions and are added to the HUD Procurement Handbook whenever it is updated.

The acquisition life cycle has three phases: preaward, award, and postaward. The preaward phase is also known as the acquisition planning phase. The acquisition planning phase is defined as the process by

¹ Examples of requirements documents and supporting documents at HUD include but are not limited to performance work statements, statements of objectives, statements of work, the Quality Assurance Surveillance Plan, market research documentation, and independent Government cost estimates. For clarity purposes, we will use the term requirements documents throughout this report when referring to any such documents in the requisition package.

² 48 CFR (Code of Federal Regulations) chapter 1

which personnel responsible for an acquisition coordinate to fulfill the agency's need in a timely manner and at a reasonable cost. This process includes developing the overall strategy and plan for managing the acquisition. During the acquisition planning phase, an agency will develop and document its requirements, which are what an agency wants to purchase and the terms and conditions to which the agency wants contractors to agree. The requirements documents developed during acquisition planning impact contract pricing and quality of deliverables. Requirements documents should state HUD's needs clearly and correctly, avoiding unnecessary requirements, because unnecessary requirements result in unnecessary costs for HUD. Any error, imprecision, ambiguity, or other such deficiency in a requirements document may, in part, allow the contractor to forgo full responsibility for any lack of performance.

HUD's Acquisition Function Is a Joint Effort Across HUD Program Offices

During acquisition planning, program offices work to provide an actionable requisition package to OCPO, and then OCPO develops a solicitation for the required goods or services. OCPO is responsible for obtaining the required goods and services efficiently and in the most cost-effective manner possible. OCPO has staff in HUD headquarters and in five field offices: Atlanta, GA, Chicago, IL, Denver, CO, Fort Worth, TX, and Philadelphia, PA. OCPO assists program offices in defining and specifying their needs; provides advice, guidance, and technical assistance to all program offices on acquisition matters; oversees HUD's acquisition guidelines and procedures; and reports acquisition-related data to other Federal agencies, such as the Office of Management and Budget.

Program offices are responsible for identifying their needs, which is the official start of acquisition planning. Each HUD program office that requires contract support must include its needs in an Annual Strategic Acquisition Plan (ASAP),³ which includes an advanced procurement plan (APP). After the program office head approves the ASAP and OCPO reviews and accepts the ASAP, OCPO begins routing the APP for review and approval across HUD. This review process includes the Office of Small and Disadvantaged Business Utilization and, as deemed necessary, the Office of General Counsel, the Office of the Chief Financial Officer, and the Office of the Chief Information Officer.

To initiate a specific acquisition, the program office develops requirements documents and submits a complete requisition package to OCPO in the Purchase Request Information System Management (PRISM).⁴ The acquisition strategy determines what requirements documents are to be included in the requisition package. Within program offices, contracting officer's representatives (COR), program and project managers (PM),⁵ and subject-matter experts (SME) work together to develop the requirements documents and get an actionable requisition package, with all mandatory requirements documents, to OCPO. Within OCPO, the contracting officer (CO) or contract specialist (CS) reviews the requisition package to ensure that it is complete and works with the program office to resolve any issues. Once the

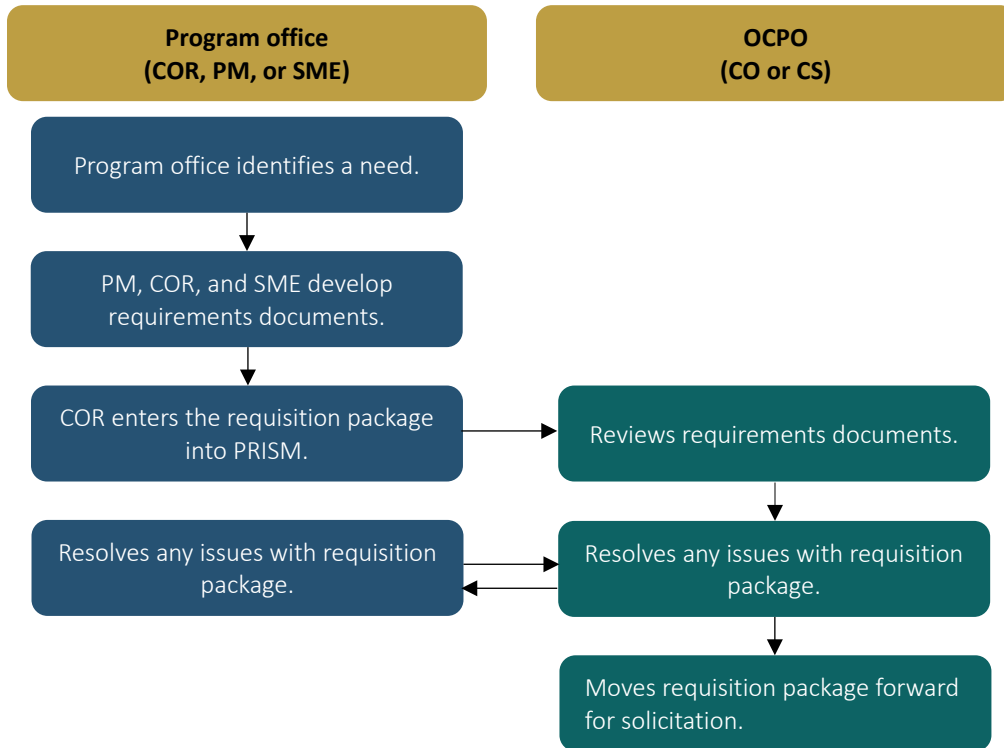
³ In March 2023, OCPO issued Acquisition Instruction 23-01, HUD Two-Year Annual Strategic Acquisition Plan. It changed the ASAP to a 2-year plan, requiring the ASAP to include APPs for planned actions that cover 2 fiscal years (FY).

⁴ HUD uses the U.S. Department of Homeland Security's PRISM, which is a software that provides procurement support during all acquisition stages, including acquisition planning.

⁵ The HUD Procurement Handbook and HUD Acquisition Instruction 20-01 refer to program and project managers as PPMs and P/PMs, respectively. For clarity, we use PM throughout this report.

CO accepts the requisition package, OCPO moves the requisition package forward for solicitation. See figure 1 for program office and OCPO responsibilities in developing requirements documents.

Figure 1. Program office and OCPO responsibilities in developing requirements documents



Finding

HUD HAS PROCESSES FOR DEVELOPING REQUIREMENTS DOCUMENTS, BUT THE ACQUISITION WORKFORCE FACES CHALLENGES

While OCPO and program offices have distinct roles when developing requirements, the process of developing requirements documents requires close collaboration. OCPO has specific processes and roles to support program offices and facilitate collaboration between OCPO and the program offices during the development of requirements documents. However, HUD staff members from OCPO and from seven other HUD program offices face challenges related to processes, collaboration, roles and responsibilities, and OCPO capacity.

HUD Has Processes for Developing Requirements Documents

OCPO provides vital logistic support to the program offices in acquiring goods and services to meet their mission needs. OCPO manages HUD's acquisition workforce in terms of training, certifications, compliance, regulations, policies, standardized processes, automated systems, replication of best practices, and communication of lessons learned.

The following roles and OCPO divisions are involved in the process of developing requirements documents:

- The **Acquisition Liaison Unit (ALU)** is an OCPO resource to assist the program office staff members in developing requirements documents.
- The **Office of Policy, Systems, and Risk Management** maintains OCPO's policies and procedures, including updating the HUD Procurement Handbook and acquisition instructions. The Office of Policy, Systems, and Risk Management facilitates communities of practice for acquisition-related positions and communicates changes to acquisition regulations and mandatory templates.
- The **CO and CS** have the authority to enter into and administer contracts only to the extent of the authority delegated to them. COs determine the appropriate contracting method for each requirement. No contract can be entered into unless the CO ensures that all requirements of law and acquisition regulations have been met. The CS also performs substantive contracting duties and functions of acquisitions.

New contract actions require OCPO's review and acceptance based on levels of authority. The program office sends its requirements documents to OCPO for review in PRISM, and OCPO provides feedback. The CO or CS reviews the requirements documents and required template information for errors and disconnects between tasks and deliverables. If necessary, the CO or CS will hold meetings with the program office to discuss concerns and answer questions related to the acquisition process and the use of OCPO's mandatory templates. OCPO reviews and accepts the requirements package based on the levels specified in figure 2.

Figure 2. Contract actions threshold and OCPO review authority

Approver	Thresholds
Deputy Chief Procurement Officer	Exceeding \$50 million
Assistant Chief Procurement Officer	\$10 million up to \$50 million
Branch Chief or Division Director	\$1 million up to \$10 million
CO	Up to \$1 million

OCPO’s Office of Policy, Systems, and Risk Management assists program offices with the development of requirements documents by providing emails and signal notices via their shared site about changes or deviations to HUD’s acquisition processes, the FAR, and HUDAR. OCPO provides mandatory acquisition templates to program offices to standardize solicitations, reduce risk of protests to HUD, and provide a means for program offices to accurately document the program office needs. When necessary, the Office of Policy, Systems, and Risk Management updates the templates and communicates any changes to program offices.

The Office of Policy, Systems, and Risk Management also offers communities of practice, trainings, and workshops for HUD’s acquisition workforce, such as CORs, COs, and PMs. OCPO holds annual acquisition summits to improve acquisition process efficiency. In addition, OCPO’s shared site offers program offices

- the requirements matrix, detailing every document that must be part of the requirements package by acquisition strategy;
- resources by acquisition life-cycle phase and acquisition role; and
- frequently used links to best practices, acquisition instructions, forms, templates, and systems.

Program Offices Are Responsible for Drafting Requirements Documents

HUD program offices are responsible for preparing the requirements documents. For each acquisition submitted in PRISM, the program office must submit the documents identified for an actionable requisition listed within the requirements matrix.

Various program office staff members are involved in developing requirements documents.⁶

- **COR:** The COR assists the PM in ensuring the overall success of the acquisition, including the preaward phase. The CO appoints the COR in writing.
- **PM:** The PM leads and manages the acquisition process from the definition of requirements through the closeout of the resulting contract. During the process of developing requirements documents, the PM ensures that requirements are appropriately written and that performance standards are established. The PM is responsible for ensuring that the CO or CS receives an actionable requisition package. The PM is ultimately responsible for the success of the acquisition process.
- **SME:** The SME is a program office designee who does not perform COR duties but supports the COR in technical matters as a subject-matter expert.

⁶ The roles and responsibilities for program office personnel involved in developing requirements documents may vary by program office.

Six of the seven program offices⁷ within our evaluation scope have an acquisition support function: either a procurement management division (PMD)⁸ or a COR Advocate position. The PMD or the COR Advocate serves as a liaison between OCPO and program offices and provides contracting expertise to support different divisions within program offices when developing requirements documents.

OCPO Has Processes Available To Facilitate Collaboration

The development of requirements documents involves stakeholders across OCPO, program offices, and other supporting offices, with each stakeholder contributing its unique expertise to the process. OCPO and program offices use the ALU, Integrated Project Team (IPT), and Integrated Acquisition Team (IAT) to ensure that collaboration across stakeholders happens when developing requirements documents. OCPO's ALU provides assistance to program offices in support of developing requirements documents, and its review is mandatory for requirements greater than \$20 million. Program offices lead IPT meetings, which are the first opportunity for stakeholders from both OCPO and program offices to collaborate on requirements. OCPO leads IAT meetings, and the initial IAT meeting should occur after the IPT process.

The ALU Is Designed To Support Program Offices When Developing Requirements Documents

The ALU primarily provides consultation services to program offices. OCPO's acquisition liaison specialists support program offices by providing contracting expertise when program offices are developing requirements documents. In 2012, OCPO created the ALU to assist program offices with developing requirements documents, due to OCPO's concerns regarding the quality of requirements documents submitted by program offices. According to OCPO, requirements documents submitted by program offices are often missing information, and requirements are not well defined.

The ALU provides program offices with assistance in the preparation of the following documents:

- market research reports;
- performance work statements, statements of objectives, or statements of work;⁹
- the Quality Assurance Surveillance Plan;
- independent Government cost estimates; and
- acquisition plans.

In addition to providing assistance in developing requirements documents, the ALU assists in determining acquisition strategies and objectives, recommending acquisition methods, determining contract type, and determining the extent of competition. Working with the ALU is mandatory for requisitions over a threshold of \$20 million.

During interviews, several program office staff members stated that the ALU is helpful in developing requirements documents. Program office staff members stated that the ALU improves the quality of

⁷ The Office of Community Planning and Development was the only program office within our evaluation scope that did not have an acquisition support function.

⁸ While the title of the office with the acquisition support function varies by program office, we refer to this function as PMD throughout this report.

⁹ Performance work statement is a statement of work for performance-based acquisitions that describes the required results in clear, specific, and objective terms with measurable outcomes. Statement of objectives means a Government-prepared document incorporated into the solicitation that states the overall performance objectives. The statement of work provides a narrative description of products, services, or results to be delivered.

requirements documents by providing contracting expertise and bridging the knowledge gap. Assistance from the ALU is particularly beneficial for certain requirements, such as new requirements or requirements in which the COR or PM had little prior experience. However, some program office staff members face several challenges in working with the ALU, mainly because it often causes delays in the review process. For more information on challenges related to the ALU, see the section entitled “Challenges Related to Process.”

The IPT and the IAT Were Created To Foster Collaboration

The IPT and IAT foster collaboration by bringing acquisition team members from both OCPO and program offices together during the initial stages of developing requirements documents. Program office PMs are tasked with leading the IPT, and the OCPO CO or CS assigned to the requirement leads the IAT.

Guidance on the IPT in Acquisition Instruction 20-01 became effective in 2020. The goal of the IPT is to promote effective and early collaboration between the program office and all stakeholders. Guidance in Acquisition Instruction 20-01 stated that the formation of the IPT should occur as early as possible to ensure that the requirements are defined early in the acquisition life cycle and should occur before the initial IAT and no later than the submission of the APP. The IPT should be formed for all planned and unplanned requisitions exceeding the simplified acquisition threshold.¹⁰ During interviews with program office staff members, some stated that the primary benefit of holding IPT meetings is that they allow for collaboration among stakeholders, specifically by discussing roles and responsibilities and expectations upfront. Despite its benefits, some program offices implement the IPT process differently, due to varying interpretations of the guidance. For more information on challenges related to the IPT, see the section entitled “Challenges Related to Processes.”

At minimum, the IPT is comprised of

- PM
- COR
- Technical SME
- CO or CS, as required
- ALU, as required but mandatory for requirements at \$20 million and above

The IAT was first introduced in 2013, with Acquisition Instruction 14-01. According to the HUD Procurement Handbook, the IAT is an ad hoc group of contracting, program, and technical personnel assembled to accomplish an acquisition. It states that one of the goals of the IAT is to promote effective and timely collaboration among the program office, CO, CS, and ALU early in the acquisition planning process. The IAT should be established for all planned and unplanned contracts, task orders, and option modifications exceeding the simplified acquisition threshold. The initial IAT meeting is held no later than 45 days after the approval of the ASAP. Similarly to the IPT, some OCPO and program office staff members stated that IAT meetings are beneficial to the process of developing requirements documents because the stakeholders can engage early in the process. However, some program office staff members still experience challenges in engaging with the IAT. For more information on challenges related to the IAT, see the section entitled “Challenges Related to Processes.”

The IAT is comprised of

¹⁰ The FAR defines the simplified acquisition threshold as \$250,000, with exceptions.

- The CO or CS
- ALU (except for modifications to exercise option periods)
- COR, as applicable
- Office of the Chief Information Officer (if it is an information technology (IT) requirement subject to the Federal Information Technology Acquisition Reform Act)
- PM
- Competition advocate, for sole source requirements requiring approval
- Legal advisor
- Other technical or program office staff members whose knowledge and expertise are essential to the acquisition

In HUD’s FY 2025 Congressional Justification, HUD highlighted the role of the IAT in improving acquisition execution by facilitating earlier planning and early engagement between OCPO and program offices, one of OCPO’s key operational initiatives.

OCPO and Program Offices Shared Common Challenges Related to Processes, Collaboration, Roles and Responsibilities, and OCPO Capacity

During interviews with HUD staff members from OCPO and seven additional program offices, we learned that there were various challenges they face when developing requirements documents. We present these challenges based on two methodologies: (1) qualitative analysis of testimonial evidence and (2) a combination of documentary evidence and testimonial evidence.

We analyzed interviewee statements from the 18 OCPO staff members and the 33 program office staff members to identify challenges. The four challenges most frequently mentioned by both OCPO and program office staff members were the same: processes, collaboration, roles and responsibilities, and OCPO capacity, as shown in figure 3. For our full definition of each challenge, see appendix D. We describe each of these four challenges in more detail below.

Figure 3. Four most common challenges mentioned by OCPO and program offices

Challenge	Program office mentions	Percentage of 33 program interviewees who mentioned challenge	OCPO staff mentions	Percentage of 18 OCPO interviewees who mentioned challenge
Processes	23	70%	15	83%
Collaboration	21	64%	12	67%
Roles and responsibilities	20	61%	8	44%
OCPO capacity	19	58%	10	56%

Challenges Related to Processes

Process-related challenges were the challenges most frequently mentioned by OCPO and program office staff members. During interviews, 83 percent of OCPO interviewees and 70 percent of program office

interviewees mentioned process-related challenges. OCPO and program office staff members experience challenges related to the ALU, specifically with timeliness of reviews and unclear authority. The HUD Procurement Handbook, which is the main source of guidance for the ALU, does not include timeliness standards for its review. This issue was also highlighted by OCPO and program office staff members, who cited the absence of a policy or guidance on a timeline for ALU reviews. Program office staff members noted that working with the ALU was time consuming and created delays in drafting and reviewing requirements documents, while OCPO staff members observed that program offices often expected the ALU to review documents in too little time.

The HUD Procurement Handbook also lacks guidance on situations in which the ALU provides direction that conflicts with those of the CO or CS or whose direction takes precedence, which led to challenges for OCPO and program offices. OCPO and program office staff members communicated about the ambiguity of decision-making authority when working with the ALU and the CO. OCPO staff members stated that program office staff members may not realize that they need to follow the CO's advice. Program office staff members noted that guidance on requirements documents could differ between the ALU and the CO or CS, and they expressed confusion about whose instruction to follow. Another program office staff member expressed confusion because the ALU was not involved earlier in the drafting process, since early collaboration might help address conflicting guidance.

In addition, OCPO and program offices implement processes such as those of the IPT and IAT differently across program offices, even though guidance exists, suggesting that guidance is either unclear or insufficiently communicated. Some program office staff members stated that they were not familiar with the IPT process or held meetings internal to the program office without calling them IPT meetings. In addition, some program office staff members stated that IAT meetings were not always held in accordance with HUD guidance and IAT meetings were either not held as required or did not involve required IAT members.

Recommendations

We recommend that the Chief Procurement Officer

1. Develop ALU engagement standards and incorporate them into acquisition policies and procedures.
2. Update guidance to clarify the different roles and responsibilities of the ALU, CO, CS, and COR.

Challenges Related to Collaboration

OCPO faces several challenges when collaborating, particularly when early engagement does not occur. During interviews, 67 percent of OCPO interviewees and 64 percent of program office interviewees cited challenges related to collaboration. OCPO staff members noted that program offices should regularly invite OCPO to IPT meetings so that OCPO can be part of the early collaboration. OCPO staff members also stated that collaboration challenges arose when stakeholders did not have IPT and IAT meetings and when program offices did not present draft documents at IPT meetings. OCPO staff members expressed uncertainty about whether program offices held IPT meetings and emphasized the need for OCPO's involvement in the early stage of developing requirements documents. However, OCPO staff members also acknowledged that reaching division directors in advance or assigning a CO early to facilitate collaboration could be difficult.

Program office staff members stated that collaboration with OCPO was often limited, leading to delays. Program offices reported that they sometimes waited months to receive feedback from OCPO on requisition packages. Due to these difficulties, some program offices sought assistance from other resources, such as the Office of General Counsel or the Office of Small and Disadvantaged Business Utilization, to address questions about requirements documents. One strategy identified by program offices to improve collaboration was to involve OCPO as early as possible. However, OCPO is not always available to collaborate early, and program office staff expressed a desire for more proactive engagement from OCPO.

In addition, program offices noted specific challenges related to IPT and IAT collaboration. Despite program offices' inviting OCPO to IPT meetings, staff members stated that OCPO frequently did not attend, which led to delays in developing requirements documents. Similarly, IAT meetings were either infrequent or did not occur, leaving program offices uncertain about the direction of acquisition strategies and requirements documents. The absence of followup IAT meetings further complicates the process.

Collaboration issues for program offices extend beyond OCPO to other offices, such as the Office of the Chief Information Officer, the Office of Small and Disadvantaged Business Utilization, and the program offices' own PMDs. Program office staff members reported difficulties in coordinating with the Office of the Chief Information Officer for IT-related acquisitions, often due to the Office of the Chief Information Officer's staffing shortages. Additionally, program office staff members found the process of working with the Office of Small and Disadvantaged Business Utilization to be time consuming, adding another layer of complexity to collaboration efforts. Program office staff members described how communicating through their PMDs to OCPO sometimes resulted in miscommunications with OCPO.

Challenges Related to Roles and Responsibilities

OCPO and program office staff members shared challenges related to roles and responsibilities. During interviews, 44 percent of OCPO interviewees and 61 percent of program office interviewees mentioned challenges related to roles and responsibilities. According to OCPO staff members, there were challenges related to unclear roles and responsibilities, many of which OCPO was already aware of and planning to address.

In the program offices, the most mentioned challenges related to roles and responsibilities involved the PMD. Even though OCPO is responsible for providing acquisition-related advice and guidance to all program offices and for overseeing HUD's acquisition guidelines and procedures, the HUD Procurement Handbook does not provide guidance on how program offices should define roles and responsibilities of their respective PMDs. This issue was also highlighted by program office staff members, who conveyed frustration about the PMD's role when developing requirements documents, commenting that the PMD's involvement added errors to requirements documents. They also hoped for the PMDs to serve as a better advocate for the program office during the review and revision process with OCPO, especially when developing documents for technical requirements.

Program office staff members also expressed uncertainty about the PMD's role during the preaward phase. These staff members were confused about the authority of the PMD COR compared to the program office PM and unclear about project management responsibilities when a PM from the PMD and a PM from the program office were both assigned to work on a contract. Additionally, the PMD did not

invite necessary staff members from the program office to IPT meetings, leaving them out of the collaboration process.

Recommendation

3. We recommend that the Chief Procurement Officer develop, implement, and communicate requirements for program offices to establish written minimum roles and responsibilities for their respective procurement management functions, including but not limited to CORs, PMs, and SMEs.

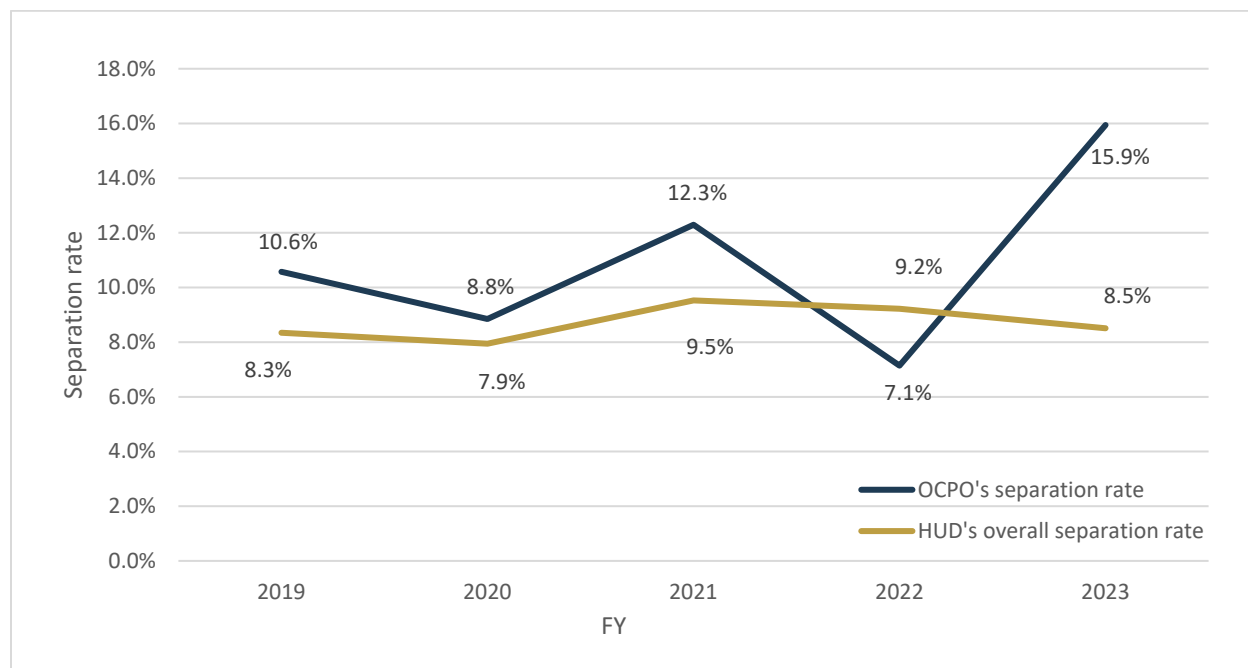
Challenges Related to OCPO Capacity

OCPO and program office staff members shared challenges regarding OCPO's capacity and its impact on collaboration processes, such as those of the ALU, IPT, and IAT. During interviews, 56 percent of OCPO interviewees and 58 percent of program office interviewees mentioned challenges related to OCPO capacity. OCPO staff members highlighted issues related to OCPO's retention, training new OCPO staff, and improving knowledge management to maintain an understanding of HUD's processes during staff transitions. In our 2023 Top Management Challenges Report, we stated that increasing capacity within the ALU was one of HUD's initiatives to improve the quality of requirements documents and streamline the overall acquisition process. In interviews, OCPO staff members commented that limited capacity reduced the ALU's service.

OCPO staff members faced notable staffing shortages, as evidenced by HUD retention data from FY 2019 to 2023.¹¹ As shown in figure 4, from FY 2019 to 2021 and in FY 2023, OCPO's separation rate was higher than the HUD-wide rate, reaching a peak of 15.9 percent in FY 2023, compared to the HUD rate of 8.5 percent. Although OCPO's separation rate declined in FY 2022, the separation rate rose in FY 2023, reaching the highest separation rate since FY 2019.

¹¹ These were the most recent data available at the time of issuance.

Figure 4. Comparison of OCPO's separation rate to HUD's overall separation rate¹²



The latest separation rate data available to us was from FY 2023. To determine OCPO's current capacity, we reviewed OCPO's organizational charts from December 13, 2023, and August 1, 2024. OCPO's organizational charts showed that OCPO had 169 total full-time equivalent (FTE) employees as of December 13, 2023, and 168 total FTEs as of August 1, 2024, indicating that OCPO had lost 1 FTE. OCPO's organizational charts also revealed that OCPO had several vacancies across OCPO divisions, although the number of vacancies decreased between December 2023 and August 2024. OCPO had 45 vacancies as of December 13, 2023, and 34 vacancies as of August 1, 2024, indicating that OCPO had filled 11 of its vacancies.

Program office staff members stated that turnover within OCPO led to a lack of consistency in the assignment of the CO or CS. Program office staff members indicated that frequent turnover of the CO disrupted the process of developing requirements documents by affecting review timelines for requirements documents. Program office staff members also raised issues of transparency regarding the CO's decision-making process, particularly when a new CO was assigned to a requisition during the preaward phase. Program office staff members noted that they had to change the acquisition strategy and associated requirements documents from the previous CO's direction, without clarity from the new CO.

Program office staff members also communicated that the CO and CS personnel were overwhelmed with their workload. In their experience, CO and CS understaffing led to several collaboration and engagement issues, including slow responsiveness to emails, low attendance at IPT meetings, delays in initiating IAT meetings, and slow review of requisition packages. Program office staff members commented that a lack

¹² The hiring and separation rates were calculated based on the Office of the Chief Financial Officer's FTE formula, which is a formula based on salaries and expenses to determine FTEs for congressional budget purposes.

of early engagement from OCPO, particularly in IPT or IAT meetings, led the program office to draft requirements documents that needed to be updated with a different acquisition strategy after OCPO provided input.

Other Challenges

In addition to the four most common challenges discussed above, we identified 11 other challenges that OCPO and program office staff members face related to developing requirements documents, as shown in figure 4. For our full definition of each challenge, see appendix D.

Figure 4. Other challenges mentioned by OCPO and program offices

Challenge	Program office mentions	Percentage of 33 program interviewees who mentioned challenge	OCPO staff mentions	Percentage of 18 OCPO interviewees who mentioned challenge
Tools	16	48%	5	28%
Timeliness	15	45%	7	39%
Expertise	15	45%	5	28%
Guidance	14	42%	4	22%
Program office capacity	9	27%	6	33%
Planning	6	18%	10	56%
Accountability	5	15%	3	17%
Training	3	9%	3	17%
Work quality	2	6%	7	39%
Knowledge management	2	6%	4	22%
Transparency	2	6%	2	11%

Conclusion and Recommendations

HUD has processes to support collaboration when developing requirements documents, but challenges exist. The process of developing requirements documents involves collaboration between OCPO and program offices. OCPO provides vital logistic support to program offices in acquiring goods and services to meet their mission needs and creates processes to facilitate collaboration with program offices when developing requirements documents. Program offices are responsible for preparing the requirements documents and ensuring that all necessary documents for an actionable requisition are sent to OCPO. OCPO uses the ALU, IPT, and IAT to facilitate collaboration with other HUD program offices.

However, HUD staff members from OCPO and the seven other program offices in our evaluation scope highlighted challenges related to processes, collaboration, roles and responsibilities, and OCPO capacity. These challenges reflect a need for improved timeliness, clarity, and communication to enhance the processes for developing requirements documents.

WE RECOMMEND THAT THE CHIEF PROCUREMENT OFFICER

1. Develop ALU engagement standards and incorporate them into acquisition policies and procedures.

To address the timeliness of ALU reviews and mitigate delays, OCPO should incorporate engagement standards for the ALU into its acquisition policies and procedures and communicate these standards to HUD's acquisition workforce. Ensuring timely ALU reviews will increase the timeliness of developing requirements so that HUD can meet its target requisition release dates.

2. Update guidance to clarify the different roles and responsibilities of the ALU, CO, CS, and COR.

OCPO should update its guidance to provide more detailed clarification on the different roles and responsibilities of the ALU, CO, CS, and COR. For example, the HUD Procurement Handbook lacks guidance on situations in which the decision-making authority among the ALU, CO, CS, and COR is unclear. Each of these roles provides feedback on requirements documents, and sometimes the responsibility or authority of each role is unclear. Providing more clarity will address the ambiguity of the decision-making authority.

3. Develop, implement, and communicate requirements for program offices to establish written minimum roles and responsibilities for their respective procurement management functions, including but not limited to CORs, PMs, and SMEs.

To improve the clarity of roles and responsibilities of the procurement functions in program offices in the process of developing requirements documents, OCPO should develop, implement, and communicate requirements for program offices to establish minimum roles and responsibilities of their respective procurement management functions. OCPO should advise program offices to include the roles and responsibilities of PMs and SMEs to ensure that the challenges experienced by PMs and SMEs are considered when developing technical requirements.

Appendixes

APPENDIX A – AGENCY COMMENTS AND OIG RESPONSE

Summary of OCPO’s Comments and OIG’s Response

We requested that OCPO provide formal comments in response to our draft report and indicate agreement or disagreement with recommendations 1, 2, and 3. OCPO concurred with the recommendations and did not provide formal comments.

The status of recommendations 1, 2, and 3 will remain “unresolved-open” until an agreed-upon OCPO-proposed management decision is received for each recommendation. We will contact OCPO following the issuance of this report to discuss the management decisions and recommendations.

APPENDIX B – SCOPE, METHODOLOGY, AND LIMITATIONS

We completed this evaluation under the authority of the Inspector General Act of 1978 as amended and in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency (December 2020).

Scope

This evaluation considered HUD’ processes for developing requirements documents in the preaward phase of the acquisition life cycle. This evaluation considered HUD guidance and policies applicable from FY 2019 to 2023.

Methodology

We reviewed and analyzed HUD guidance and policies for developing requirements documents, and we gathered documentary and testimonial evidence through a combination of document requests and interviews. We interviewed acquisition staff from the Office of Community Planning and Development, the Office of Fair Housing and Equal Opportunity, the Government National Mortgage Association, the Office of Housing, the Office of the Chief Human Capital Officer, the Office of the Chief Information Officer, and the Office of Public and Indian Housing. We considered employees in PMDs, CORs, PMs, and SMEs to ensure that interviewees represented all acquisition staff involved in developing requirements documents.

Limitations

We had no limitations associated with this evaluation.

APPENDIX C – ABBREVIATIONS

Abbreviation	Definition
ALU	Acquisition Liaison Unit
APP	advanced procurement plan
ASAP	Annual Strategic Acquisition Plan
CFR	Code of Federal Regulations
CO	contracting officer
COR	contracting officer's representative
CS	contract specialist
FAR	Federal Acquisition Regulation
FTE	full-time equivalent
FY	fiscal year
HUD	U.S. Department of Housing and Urban Development
HUDAR	HUD Acquisition Regulation
IAT	Integrated Acquisition Team
IPT	Integrated Project Team
IT	information technology
OCPO	Office of the Chief Procurement Officer
PM	program and project manager
PMD	procurement management division
PRISM	Purchase Request Information System Management
SME	subject-matter expert
TMC	Top Management Challenges

APPENDIX D – DEFINITION OF CHALLENGES

Challenge	Challenge definitions
Accountability	References to accountability or blame
Capacity (OCPO)	References to turnover, bandwidth, staffing, understaffing, hiring, retention, capacity, or not having enough time to complete work in reference to OCPO (including OCPO roles such as the CO, CS, and ALU members)
Capacity (program office)	References to turnover, bandwidth, staffing, understaffing, hiring, retention, capacity, or not having enough time to complete work in reference to program office (including roles such as PMD, SME, COR, and PM)
Collaboration	References to collaboration or collaborating; references to engagement or being engaged; descriptions of program offices and OCPO working together; descriptions of program office staff working together across roles or functions (for example, PMD and program office); descriptions of working with support offices; attendance at meetings (including IPT and IAT meetings), holding or initiating meetings (including IPT and IAT meetings), and attendance at trainings; responsiveness to emails or other communications; references to communication or miscommunication
Expertise	References to expertise, knowledge, or specialized skills needed to complete work, including technical knowledge, technical expertise, understanding of requirements, and skill in articulating requirements
Guidance	References to policies or instructions on completing work; references to clarity or confusion on what is expected or how to complete work
Knowledge management	References to building and maintaining institutional knowledge in the organization
Planning	References to planning, preparation, organization, or starting and engaging early
Process	References to processes used to complete requirements documents, including the ALU, IPT, and IAT; descriptions of how work gets completed
Roles and responsibilities	Mentions or descriptions of roles or responsibilities; descriptions of confusion or friction about roles or responsibilities (including who does what, who should be involved, when should someone be involved, and who makes final decisions); comments about roles not adding value to the overall process
Timeliness	References to delays, lateness, timing, being on time, holding up work or processes, or impacts on timeliness or deadlines
Tools	References to resources and tools used to aid work (such as templates, sample documents, dashboards, the requirements matrix, and PRISM)
Training	References to training or teaching
Transparency	References to transparency
Work quality	References to quality requirements documents or poor quality of work

APPENDIX E – ACKNOWLEDGEMENTS

This report was prepared under the direction of John Garceau, Acting Assistant Inspector General for Evaluation, and Gabrielle Foster, Assistant Director of the Program Evaluations Division. The Office of Evaluation staff members who contributed are recognized below.

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