

## HOMELAND SECURITY ACQUISITION MANUAL

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### DEPARTMENT OF HOMELAND SECURITY REVISIONS TO HSAM CHAPTER 3004 - ADMINISTRATIVE MATTERS AND HSAM CHAPTER 3032 – CONTRACT FINANCING

This HSAM Notice is being transmitted to all DHS Heads of Contracting Activities and Acquisition Leads. PLEASE DISSEMINATE TO WIDEST POSSIBLE AUDIENCE - ACQUISITION STAFF, FINANCIAL PERSONNEL, CUSTOMERS, PURCHASE CARDHOLDERS, ETC.

**Introduction:** This notice provides revisions to HSAM Subchapter 3004.70, Review and approval procedures and Subchapter 3032.1, Agency-Head responsibilities. This notice is issued in accordance with HSAM 3001.301-70(a). The changes are integrated into the electronic HSAM version at [www.dhs.gov](http://www.dhs.gov) and DHS Online. The HSAM changes are as follows:

#### CHAPTER 3004 ADMINISTRATIVE MATTERS

(1) **Subchapter 3004.7000(b)** is revised to read:

(b) This subchapter does not apply to acquisitions made under FAR Parts 8, 13, 17.5 or 41. However, see HSAM Subchapter 3004.7003(c) regarding legal reviews. Also see HSAM Subchapter 3004.7003(e) and 3032.113-70 regarding OCPO acquisition reviews and approvals which may include actions under FAR Parts 8, 13, 17.5 or 41.

(2) **Subchapter 3004.7003(c)** is revised to read:

(c) Legal review:

(1) Proposed solicitations, contract awards, contract modification awards, and intragovernmental transactions (intra/inter-agency agreements) expected to exceed \$500,000 shall receive prior legal review for sufficiency. This amount may be increased by the HCA in coordination with the OE's legal counsel.

(2) See HSAM 3032.113-70 regarding legal review and approval for contract financing.

(3) For the DHS HQ Office of Procurement Operations (OPO), the HCA will coordinate with the DHS Headquarters General Counsel.

(4) Modifications where the sole purpose is to extend the term of the contract and where the basic contract was reviewed by legal counsel are exempted from this review.

(5) Contracting officers may request legal review due to the complexity of issues or concerns associated with an acquisition at any dollar amount.

## **CHAPTER 3032 – CONTRACT FINANCING**

(3) Add a new subchapter for 3032.113-70, Customary contract financing as follows:

### **3032.113-70 Customary contract financing.**

(a) It is DHS's expectation that contracts will be fully funded except as permitted by FAR 32.703.

(b) Financing of contracts and requirements using other than progress payments or performance-based payments requires:

- (1) HCA approval and review; and
- (2) Legal counsel review and approval for legal sufficiency.

(c) Additionally, all contracts and requirements using private sector financing shall be approved by the Office of Chief Procurement Officer (OCPO). The HCA shall submit the action, including legal counsel review and approval for legal sufficiency, to the OCPO for approval.

#### **Additional Information:**

Direct questions or comments to Rachel Braden (202) 205-0213  
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**Attachment:** None

**Effective date:** December 23, 2004

**Signed by:**

(signed)

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**Ashley J. Lewis**  
**Director, Office of Acquisition Policy and Oversight**