

CHANGE REQUEST COVER SHEET

Change Request Number: 09-40

Date Received: 2/27/2009

Title: Clarification of LMS Authority and the Definition of Simplified Purchases

Name: Jeffrey Baker

Phone: 202-493-5723

Policy OR Guidance: Guidance

Section/Text Location Affected: AMS Procurement Guidance T3.1.4 and T3.2.2.5

Summary of Change: Clarification of Logistic Management Specialist (LMS) Authority and the Definition of Simplified Purchases

Reason for Change: As the field indicated a potential conflict between AMS Procurement Guidance T3.1.4 and T3.2.2.5, both are being revised to ensure consistency throughout AMS.

Development, Review, and/or Concurrence: AJA-43, AJA-431, ARC

Target Audience: FAA Procurement Workforce

Potential Links within FAST for the Change: None

Briefing Planned: No

ASAG Responsibilities: None

Potential Links within FAST for the Change: None

Links for New/Modified Forms (or) Documents (LINK 1)

Links for New/Modified Forms (or) Documents (LINK 2)

Links for New/Modified Forms (or) Documents (LINK 3)

SECTIONS EDITED:

Procurement Guidance:

T3.1.4 Delegations (Revision 10, October 2008)

Contracting Authority, Delegation, and Unauthorized Commitments

Section 6 : Limited Procurement Authority to Other Qualified Individuals

[\[Old Content\]](#) [\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision 22, March 2009) [\[Old](#)

[Content\]](#) [\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision 22, March 2009)

Simplified Purchasing

Section 1 : Simplified Purchasing [\[Old Content\]](#) [\[New Content\]](#) [\[RedLine Content\]](#)

SECTIONS EDITED:

Section 6 : Limited Procurement Authority to Other Qualified Individuals

Old Content: Procurement Guidance:

T3.1.4 Delegations (Revision 10, October 2008)

Contracting Authority, Delegation, and Unauthorized Commitments

Section 6 : Limited Procurement Authority to Other Qualified Individuals

a. *General.* The COCO may delegate a limited form of procurement authority to qualified individuals who are not warranted COs. This limited authority may be granted to individuals within or outside of the contracting office when supported by a demonstrated need. Managers of non-contracting offices that require limited purchasing authority may request a Delegation of Procurement Authority (DPA) from the COCO. The COCO evaluates the request and delegates authority to the individual needing the authority. The delegation must be in writing and state specific limitations governing the limited procurement authority, such as dollar thresholds or types of procurement (i.e. supply, services, construction, etc). Guidance in this section does not apply to the purchase card program, as it is addressed in AMS Procurement Guidance T3.2.6, Purchase Card Program.

b. *Redelegation.* Except for the purchase card program manager, individuals delegated limited procurement authority from the COCO cannot redelegate that authority.

c. *Delegation of Procurement Authority (Not Related to the Purchase Card Program).*

(1) Qualified non-1102 personnel (such as Logistic Management Specialists (LMS)) may be granted limited procurement authority to procure supplies, construction, or services using simplified purchase methods (AMS Procurement Guidance T3.2.2.5).

(2) *Delegation of Procurement Authority (DPA).* Limited procurement authority may be granted to non-1102s by the COCO through a written DPA (See Appendix 11 for a sample DPA). This form of DPA authorizes the individual to legally bind the FAA, and

is not related to the DPA issued through the FAA purchase card program. This procurement authority cannot be further delegated, and personnel cannot “sign for” or over someone else holding procurement authority.

(3) *Limitations.* DPAs define the dollar and scope limitations of the authority granted by the COCO. The dollar value of a transaction includes the base year and all options, as defined by "total estimated potential value" in Appendix C of AMS policy. In addition to the dollar value, a DPA must expressly state any limitations of authority (other than limitations in applicable laws or regulations) and state the specific types of transactions the non-1102 is authorized to make.

(4) *Levels of DPAs.*

(a) Level I: Persons may be granted procurement authority up to \$25,000 after satisfying the experience and training requirements for Level I certification, non-1102, detailed in Appendix 10 to this section.

(b) Level II: Persons may be granted procurement authority up to \$50,000 after satisfying the experience and training requirements for Level II certification, non-1102, detailed in Appendix 10 to this section.

(5) *Displaying the DPA.* Personnel must prominently display DPAs to make information on the authority and any limitations readily available to the public and FAA personnel.

(6) *Procedures for Obtaining a DPA.* The request for a DPA is submitted on an Application for FAA Acquisition Management System Certification-DPA (see Procurement Forms) by the individual, through their immediate supervisor, to the COCO. The nominee's supervisor forwards the nomination package and ensures that the individual meets the training and experience requirements commensurate with the proposed delegated threshold. The COCO reviews the request and supporting documentation for completeness, evaluates the applicant's acquisition experience, training, and evidence of certification, and signs the request and DPA. The DPA issued to the individual includes a DPA number, level of authority, and any other applicable restrictions, such as types of acquisitions.

(7) *Skills Currency (Maintenance)/Continuous Learning.* Non-1102s holding DPAs are required to earn 40 continuous learning points (CLP) of skills currency training every two years. COCOs monitor the training of individuals to whom they delegate procurement authority for compliance with continuous learning requirements. If the 40 CLPs are not earned every two years, the COCO, the FAE, or Administrator may choose to revoke or modify the DPA to decrease the dollar value and/or specific type of transaction authority. The COCO notifies the non-1102, in writing, when the revocation or modification is effective. The notice provides enough time and sufficient instructions to ensure that no unauthorized obligations are made.

d. *Waivers.* The procedures, forms, and approvals needed to waive experience or training requirements for non-1102 personnel are the same as those for 1102 series personnel (see AMS Procurement Guidance T3.1.4:4, *Waivers to 1102 Series Education or Training Requirements and Fulfillment*).

e. All training and education information relating to personnel with procurement authority (other than authority through the purchase card program) must be entered into the enterprise Learning Management System (eLMS) (<https://elms.dot.gov/>) and the Acquisition Career Management Information System (ACMIS) (<https://admin.acmis.gov/>).

New Content: Procurement Guidance:

T3.1.4 Delegations (Revision 10, October 2008)

Contracting Authority, Delegation, and Unauthorized Commitments

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(5) Displaying the DPA. Personnel must prominently display DPAs to make information on the authority and any limitations readily available to the public and FAA personnel.

(6) Procedures for Obtaining a DPA.

(a) The request for a DPA is submitted on an "Application for FAA Acquisition Management System Certification-DPA" (see Procurement Forms) by the individual to his or her immediate supervisor.

(b) The nominee's supervisor forwards the nomination package to the COCO after ensuring that the individual meets the training and experience requirements commensurate with the proposed delegated threshold.

(c) The COCO reviews the request and supporting documentation for completeness, evaluates the applicant's acquisition experience, training, and evidence of certification, and signs the request and DPA. The DPA must include a DPA number, level of authority, and any other applicable restrictions, such as types of acquisitions.

(d) The COCO forwards the request and DPA to the FAE for approval. If approved, the FAE will sign the delegation and return it to the COCO for distribution.

(7) Skills Currency (Maintenance)/Continuous Learning. Non-1102s holding DPAs are required to earn 40 continuous learning points (CLP) of skills currency training every two years. COCOs monitor the training of individuals to whom they delegate procurement authority for compliance with continuous learning requirements. If the 40 CLPs are not earned every two years, the COCO, the FAE, or Administrator may choose to revoke or modify the DPA to decrease the

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f. A sample of a DPA can be found in Procurement Forms.

Red Line Content: Procurement Guidance:

T3.1.4 Delegations (Revision 10, October 2008)

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procurement authority cannot be further delegated, and personnel cannot “sign for” or over someone else holding procurement authority.

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d. *Waivers.* The procedures, forms, and approvals needed to waive experience or training requirements for non-1102 personnel are the same as those for 1102 series personnel (see AMS

Procurement Guidance T3.1.4:4, Waivers to 1102 Series Education or Training Requirements and Fulfillment).

e. All training and education information relating to personnel with procurement authority (other than authority through the purchase card program) must be entered into the enterprise Learning Management System (eLMS) (<https://elms.dot.gov/>) and the Acquisition Career Management Information System (ACMIS) (<https://admin.acmis.gov/>).

T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008)

Old Content: Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision 21, October 2008) New Content:
Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision 22, March 2009) Red Line Content:
Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision ~~21~~22, ~~October~~March ~~2008~~2009)

Section 1 : Simplified Purchasing

Old Content: Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision 22, March 2009)

Simplified Purchasing

Section 1 : Simplified Purchasing

a. *Scope of Simplified Purchasing.* Simplified purchasing covers methods used to obtain noncomplex products or services through a contract, purchase order, blanket purchase agreement, and Federal Supply Schedule order. Simplified purchase methods apply to noncomplex products or services that have been sold at established catalog or market prices or where prices can be determined fair and reasonable (see AMS Policy 3.2.2.5).

b. *Simplified Purchasing vs. Complex Source Selection.* The complexity of FAA's requirement shapes the complexity of the process to solicit, evaluate, and select a vendor. Contracting methods described in AMS Policy 3.2.2.3, Complex Source Selection, are generally not a time and cost efficient means for acquiring noncomplex products and services. There are exceptions to this consideration, such as when the procurement involves cost-reimbursement pricing or indefinite-delivery arrangements, both noncomplex and complex work is required, in-depth evaluation is needed to select the best qualified vendor, or extensive contract terms and conditions are necessary.

c. Authorized users of the FAA purchase card must use methods described in T3.2.6 when procuring items; however, Contracting Officers (CO) or others delegated procurement authority outside of the purchase card program may determine which purchasing method is appropriate,

either Simplified Purchase Method or Complex Source Selection, based on the factors surrounding each procurement.

d. *Funding.* All applicable funding requirements detailed in AMS Procurement Guidance T3.3.1 apply to procurement conducted using simplified methods. This includes:

- (1) Compliance with the Anti-Deficiency Act;
- (2) Ensuring sufficient funds are available;
- (3) Ensuring awards made subject to the availability of funds include the appropriate AMS Clauses (i.e., AMS Clause 3.3.1-10, Availability of Funds, or AMS Clause 3.3.1-11, Availability of Funds for the Next Fiscal Year); and
- (4) Ensuring that severable services crossing fiscal years are awarded using appropriate funds, and that the contract period does not exceed one year.

e. *Mandatory Sources and Other Requirements.* When using simplified purchase methods, COs or others with procurement authority (to include purchase card holders) must consider the following requirements:

(1) *Strategic Sourcing Initiatives.* This includes the following:

(a) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES). The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR).* For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act.* FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

(4) *Javits-Wagner-O'Day Act (JWOD).* FAA must first consider items and services available through the AbilityOne Program (formerly JWOD) before going to other sources. (See AMS Procurement Guidance T3.8.4)

(5) *General Services Administration (GSA) Federal Supply Schedules (FSS).* When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

(6) *Section 508 Requirements.* FAA must procure products and services that comply with federal requirements for Section 508 of the Rehabilitation Act. (See AMS Procurement Guidance T3.2.2)

(7) *Environmental Requirements.* FAA should acquire environmentally preferable, energy and water efficient, and recycled content products and services when possible. (See AMS Procurement Guidance T3.6.3 for additional information)

(8) *Labor Laws.* Depending on the nature of the requirement, FAA must comply with applicable labor laws when conducting procurements (i.e. the Davis Bacon Act for construction of over \$2,000, the Service Contract for applicable services over \$2,500, and the Walsh-Healey Public Contracts Act for materials, supplies, articles, or equipment exceeding \$10,000). (See AMS Procurement Guidance T3.6.2 for additional information)

f. *Set-asides.* Purchases with an anticipated value between \$10,000 and \$100,000, except those conducted using a purchase card, are automatically reserved for competition among SEDB 8(a) vendors, unless the purchaser, with review of the cognizant Small and Small Disadvantaged Utilization Specialist, determines there is not a reasonable expectation of obtaining quotes or offers from responsible SEDB 8(a) concerns that are competitive in terms of market prices, quality, and delivery. More information on set-asides, to include SEDB 8(a) and others, is available in AMS Procurement Guidance T3.6.1.

g. *Competition.*

(1) *Over \$10,000.* Purchases over \$10,000 must be competed among two or more qualified vendors, unless the proposed action is supported by a single source justification or is set-aside under a small business preference program authorizing noncompetitive awards.

(2) *Under \$10,000.* Competition is encouraged, but not mandatory for purchases under \$10,000. Purchasers should consider the administrative cost of the purchase versus potential savings that could result from competition. Purchases under \$10,000 on a single source basis do not require file documentation justifying the single source decision. However, purchasers should use sound business judgment and have a documented reasonable basis for any decisions involving purchases.

(3) Purchasers may obtain competition by reviewing commercial catalog/price lists, or by soliciting quotes informally by telephone, email, or fax, or formally through written or electronic methods of request for quotation or offer.

h. *Solicitation.*

(1) *Request for Quotation.* A request for quotations (RFQ) may be used to obtain information on prices and availability of products and services. An RFQ is generally used when the purchaser expects to place an order, but does not wish to bind the vendor at the time the quotation is received. All of the terms and conditions to be included in

any purchase that may result from the RFQ are to be included in the RFQ. An RFQ may be either written or oral.

(2) *Request for Offer.* A request for offer (RFO) is appropriate when the purchaser needs some amount of discussion to clearly communicate needs and to understand products and services being offered. The purchaser should discuss all aspects of the RFO, including quality, warranty, payment and other significant aspects included in a written RFO. An RFO may be used when non-price-related information and evaluation is necessary.

i. *Discounts.* Quantity discounts are usually offered for purchasing a specific quantity or dollar value of items at one time, or a specified dollar total over an agreed-upon time period. A trade discount from the catalog/commercial list price is one that is offered to all customers by a vendor. This may include promotion of seasonal, new or slow-selling items or special discounts offered by a manufacturer or dealer. A prompt payment discount is one that is offered by a vendor for payment by the Government before the date payment is due. Such discounts are not considered in the evaluation of quotes or offers, but any discount offered is included in the award. The purchaser should seek discounts when appropriate.

j. *Competition- Evaluation and Basis for Award.*

(1) Purchasers must consider all timely and responsive quotations or offers received.

(2) Requirements solicited on an all-or-none basis specify that prospective vendors must furnish all of the requested items to be considered for award. If vendors are informed in the request for quotation or offer, the purchaser may consider the lowest cost alternative between a single award and multiple awards based on the prices for each item and the administrative costs of making multiple awards.

(3) An award is made to the responsive and responsible vendor offering the best value to FAA. Purchasers may evaluate vendors on the basis of lowest priced, technically acceptable offer or quote, which will result in the best value to FAA.

(4) Non-price related evaluation factors, such as past performance, quality, qualifications, delivery terms or warranties, may also be evaluated but must be communicated to vendors.

k. *Price Reasonableness.*

(1) *Purchases Under \$10,000.* Purchasers do not need to document price analysis for purchases when they find no justifiable reason to question that the price is fair and reasonable. The administrative cost of verifying price reasonableness of purchases may more than offset potential savings from detecting instances of overpricing. When there are doubts about the reasonableness of the price, the purchaser should obtain additional quotes or take other action to verify price reasonableness, such as reviewing current published price lists, reviewing historical prices for purchases of the same or similar item or service, or requesting data from the vendor on sales prices to other customers.

(2) *Purchases Over \$10,000.* Procurements over \$10,000 must be supported by a written determination by the purchaser that the price is fair and reasonable. When possible, this determination is based on competition. When awards are made without competition or when only a single responsive quote or offer is received, the purchaser must use other price analysis techniques to determine if the price is reasonable. Price analysis techniques that the purchaser may consider, along with the independent Government cost estimate, include:

- (a) Comparison of prior pricing for the same or similar items or services in comparable quantities;
- (b) Application of rough yardsticks (e.g. dollars per pound or horsepower) to highlight significant inconsistencies that warrant additional pricing inquiry;
- (c) Comparison with current published catalog or market prices, similar indexes, or discount or rebate arrangements;
- (d) Ascertaining that law or regulation establishes pricing; and
- (e) Other information gained through a market survey.

1. *Documenting the Award Decision.* Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A.4, Prohibited and Restricted Purchases), then the award decision must, despite the dollar value of the purchase, document the basis and background for the purchase.

(1) *Purchases under \$10,000.* Documentation is not required except for awards that, without documentation, would appear questionable to a “reasonable person” with market knowledge of the products or services being purchased.

(2) *Purchases over \$10,000.* The purchaser must record prices received, names of vendors contacted, and discounts, and other terms quoted by each vendor. If competitive quotes or offers were solicited and award was made to other than the lowest priced, technically acceptable vendor, the purchaser must document evaluation criteria and results, and basis for the award decision.

m. *Rotating Awards for Requirements under \$10,000.* When possible and economically feasible, purchasers should distribute simplified purchase awards of widely available products and services among vendors.

n. *Requisitioner Role.*

(1) The requisitioner defines the requirement by supplying applicable information or documentation to the purchaser that includes, but is not limited to, the following:

- (a) Part numbers;
- (b) Item descriptions;
- (c) Statements of work and specifications;
- (d) Packaging and shipment requirements;
- (e) Inspection and acceptance requirements;
- (f) Funding and any required approvals; and
- (g) Suggested vendors.

(2) As necessary, the requisitioner may assist the purchaser with evaluation of offered products and services.

(3) As part of market research, requisitioners may contact potential vendors about product or services offered, pricing, quality, warranty, delivery terms, and other information. Requisitioners should clearly communicate to prospective vendors that the contact is for market research purposes only and is not a commitment to purchase.

o. Inspection and Acceptance.

(1) Acceptance by a FAA representative constitutes acknowledgement that the supplies or services received conform to applicable contract or purchase requirements. Acceptance is documented using an inspection and acceptance form such as FAA Form 256, by a commercial shipping document or packing list, or through other means to include annotation on the purchase order form.

(2) Acceptance of the supplies or services is the responsibility of the CO or cardholder. This responsibility may be assigned to a program office or center representative.

(3) Each award must specify the place of acceptance as well as other necessary acceptance provisions.

New Content: Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision 22, March 2009)

Simplified Purchasing

Section 1 : Simplified Purchasing

a. Scope of Simplified Purchasing. Simplified purchasing covers methods used to obtain noncomplex products, services, or construction through a contract, purchase order, blanket purchase agreement, and Federal Supply Schedule order. Simplified purchase methods apply to

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c. Authorized users of the FAA purchase card must use methods described in T3.2.6 when procuring items; however, Contracting Officers (CO) or others delegated procurement authority outside of the purchase card program may determine which purchasing method is appropriate, either Simplified Purchase Method or Complex Source Selection, based on the factors surrounding each procurement.

d. *Funding.* All applicable funding requirements detailed in AMS Procurement Guidance T3.3.1 apply to procurement conducted using simplified methods. This includes:

- (1) Compliance with the Anti-Deficiency Act;
- (2) Ensuring sufficient funds are available;
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- (4) Ensuring that severable services crossing fiscal years are awarded using appropriate funds, and that the contract period does not exceed one year.

e. *Mandatory Sources and Other Requirements.* When using simplified purchase methods, COs or others with procurement authority (to include purchase card holders) must consider the following requirements:

- (1) *Strategic Sourcing Initiatives.* This includes the following:
 - (a) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES). The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).
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(7) *Environmental Requirements*. FAA should acquire environmentally preferable, energy and water efficient, and recycled content products and services when possible. (See AMS Procurement Guidance T3.6.3 for additional information)

(8) *Labor Laws*. Depending on the nature of the requirement, FAA must comply with applicable labor laws when conducting procurements (i.e. the Davis Bacon Act for construction of over \$2,000, the Service Contract for applicable services over \$2,500, and the Walsh-Healey Public Contracts Act for materials, supplies, articles, or equipment exceeding \$10,000). (See AMS Procurement Guidance T3.6.2 for additional information)

f. *Set-asides*. Purchases with an anticipated value between \$10,000 and \$100,000, except those conducted using a purchase card, are automatically reserved for competition among SEDB (8(a)) vendors, unless the purchaser, with review of the cognizant Small and Small Disadvantaged Utilization Specialist, determines there is not a reasonable expectation of obtaining quotes or offers from responsible SEDB 8(a) concerns that are competitive in terms of market prices, quality, and delivery. More information on set-asides, to include SEDB 8(a) and others, is available in AMS Procurement Guidance T3.6.1.

g. *Competition*.

(1) *Over \$10,000*. Purchases over \$10,000 must be competed among two or more qualified vendors, unless the proposed action is supported by a single source justification or is set-aside under a small business preference program authorizing noncompetitive awards.

(2) *Under \$10,000.* Competition is encouraged, but not mandatory for purchases under \$10,000. Purchasers should consider the administrative cost of the purchase versus potential savings that could result from competition. Purchases under \$10,000 on a single source basis do not require file documentation justifying the single source decision. However, purchasers should use sound business judgment and have a documented reasonable basis for any decisions involving purchases.

(3) Purchasers may obtain competition by reviewing commercial catalog/price lists, or by soliciting quotes informally by telephone, email, or fax, or formally through written or electronic methods of request for quotation or offer.

h. *Solicitation.*

(1) *Request for Quotation.* A request for quotations (RFQ) may be used to obtain information on prices and availability of products and services. An RFQ is generally used when the purchaser expects to place an order, but does not wish to bind the vendor at the time the quotation is received. All of the terms and conditions to be included in any purchase that may result from the RFQ are to be included in the RFQ. An RFQ may be either written or oral.

(2) *Request for Offer.* A request for offer (RFO) is appropriate when the purchaser needs some amount of discussion to clearly communicate needs and to understand products and services being offered. The purchaser should discuss all aspects of the RFO, including quality, warranty, payment and other significant aspects included in a written RFO. An RFO may be used when non-price-related information and evaluation is necessary.

i. *Discounts.* Quantity discounts are usually offered for purchasing a specific quantity or dollar value of items at one time, or a specified dollar total over an agreed-upon time period. A trade discount from the catalog/commercial list price is one that is offered to all customers by a vendor. This may include promotion of seasonal, new or slow-selling items or special discounts offered by a manufacturer or dealer. A prompt payment discount is one that is offered by a vendor for payment by the Government before the date payment is due. Such discounts are not considered in the evaluation of quotes or offers, but any discount offered is included in the award. The purchaser should seek discounts when appropriate.

j. *Competition- Evaluation and Basis for Award.*

(1) Purchasers must consider all timely and responsive quotations or offers received.

(2) Requirements solicited on an all-or-none basis specify that prospective vendors must furnish all of the requested items to be considered for award. If vendors are informed in the request for quotation or offer, the purchaser may consider the lowest cost alternative between a single award and multiple awards based on the prices for each item and the administrative costs of making multiple awards.

(3) An award is made to the responsive and responsible vendor offering the best value to FAA. Purchasers may evaluate vendors on the basis of lowest priced, technically acceptable offer or quote, which will result in the best value to FAA.

(4) Non-price related evaluation factors, such as past performance, quality, qualifications, delivery terms or warranties, may also be evaluated but must be communicated to vendors.

k. *Price Reasonableness.*

(1) *Purchases Under \$10,000.* Purchasers do not need to document price analysis for purchases when they find no justifiable reason to question that the price is fair and reasonable. The administrative cost of verifying price reasonableness of purchases may more than offset potential savings from detecting instances of overpricing. When there are doubts about the reasonableness of the price, the purchaser should obtain additional quotes or take other action to verify price reasonableness, such as reviewing current published price lists, reviewing historical prices for purchases of the same or similar item or service, or requesting data from the vendor on sales prices to other customers.

(2) *Purchases Over \$10,000.* Procurements over \$10,000 must be supported by a written determination by the purchaser that the price is fair and reasonable. When possible, this determination is based on competition. When awards are made without competition or when only a single responsive quote or offer is received, the purchaser must use other price analysis techniques to determine if the price is reasonable. Price analysis techniques that the purchaser may consider, along with the independent Government cost estimate, include:

- (a) Comparison of prior pricing for the same or similar items or services in comparable quantities;
- (b) Application of rough yardsticks (e.g. dollars per pound or horsepower) to highlight significant inconsistencies that warrant additional pricing inquiry;
- (c) Comparison with current published catalog or market prices, similar indexes, or discount or rebate arrangements;
- (d) Ascertaining that law or regulation establishes pricing; and
- (e) Other information gained through a market survey.

l. *Documenting the Award Decision.* Purchasers should have a rational basis for purchasing decisions. The extent of documentation substantiating purchase decisions depends on the value and circumstances of the purchase. If the purchase involves an item that is a viable exemption to an applicable prohibition or restriction (See AMS Procurement Guidance T3.2.2.5.A.4, Prohibited and Restricted Purchases), then the award decision must, despite the dollar value of the purchase, document the basis and background for the purchase.

(1) *Purchases under \$10,000.* Documentation is not required except for awards that, without documentation, would appear questionable to a “reasonable person” with market knowledge of the products or services being purchased.

(2) *Purchases over \$10,000.* The purchaser must record prices received, names of vendors contacted, and discounts, and other terms quoted by each vendor. If competitive quotes or offers were solicited and award was made to other than the lowest priced, technically acceptable vendor, the purchaser must document evaluation criteria and results, and basis for the award decision.

m. *Rotating Awards for Requirements under \$10,000.* When possible and economically feasible, purchasers should distribute simplified purchase awards of widely available products and services among vendors.

n. *Requisitioner Role.*

(1) The requisitioner defines the requirement by supplying applicable information or documentation to the purchaser that includes, but is not limited to, the following:

- (a) Part numbers;
- (b) Item descriptions;
- (c) Statements of work and specifications;
- (d) Packaging and shipment requirements;
- (e) Inspection and acceptance requirements;
- (f) Funding and any required approvals; and
- (g) Suggested vendors.

(2) As necessary, the requisitioner may assist the purchaser with evaluation of offered products and services.

(3) As part of market research, requisitioners may contact potential vendors about product or services offered, pricing, quality, warranty, delivery terms, and other information. Requisitioners should clearly communicate to prospective vendors that the contact is for market research purposes only and is not a commitment to purchase.

o. *Inspection and Acceptance.*

(1) Acceptance by a FAA representative constitutes acknowledgement that the supplies or services received conform to applicable contract or purchase requirements. Acceptance is documented using an inspection and acceptance form such

as FAA Form 256, by a commercial shipping document or packing list, or through other means to include annotation on the purchase order form.

(2) Acceptance of the supplies or services is the responsibility of the CO or cardholder. This responsibility may be assigned to a program office or center representative.

(3) Each award must specify the place of acceptance as well as other necessary acceptance provisions.

Red Line Content: Procurement Guidance:

T3.2.2.5 - Simplified Purchase Method (Revision 22, March 2009)

Simplified Purchasing

Section 1 : Simplified Purchasing

a. *Scope of Simplified Purchasing.* Simplified purchasing covers methods used to obtain noncomplex products ~~or~~, services, or construction through a contract, purchase order, blanket purchase agreement, and Federal Supply Schedule order. Simplified purchase methods apply to noncomplex products ~~or~~, services, or construction that have been sold at established catalog or market prices or where prices can be determined fair and reasonable (see AMS Policy 3.2.2.5).

b. *Simplified Purchasing vs. Complex Source Selection.* The complexity of FAA's requirement shapes the complexity of the process to solicit, evaluate, and select a vendor. Contracting methods described in AMS Policy 3.2.2.3, Complex Source Selection, are generally not a time and cost efficient means for acquiring noncomplex products ~~and~~, services, or construction. There are exceptions to this consideration, such as when the procurement involves cost-reimbursement pricing or indefinite-delivery arrangements, both noncomplex and complex work is required, in-depth evaluation is needed to select the best qualified vendor, or extensive contract terms and conditions are necessary.

c. Authorized users of the FAA purchase card must use methods described in T3.2.6 when procuring items; however, Contracting Officers (CO) or others delegated procurement authority outside of the purchase card program may determine which purchasing method is appropriate, either Simplified Purchase Method or Complex Source Selection, based on the factors surrounding each procurement.

d. *Funding.* All applicable funding requirements detailed in AMS Procurement Guidance T3.3.1 apply to procurement conducted using simplified methods. This includes:

(1) Compliance with the Anti-Deficiency Act;

(2) Ensuring sufficient funds are available;

(3) Ensuring awards made subject to the availability of funds include the appropriate AMS Clauses (i.e., AMS Clause 3.3.1-10, Availability of Funds, or AMS Clause 3.3.1-11, Availability of Funds for the Next Fiscal Year); and

(4) Ensuring that severable services crossing fiscal years are awarded using appropriate funds, and that the contract period does not exceed one year.

e. *Mandatory Sources and Other Requirements.* When using simplified purchase methods, COs or others with procurement authority (to include purchase card holders) must consider the following requirements:

(1) *Strategic Sourcing Initiatives.* This includes the following:

(a) Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES). The SAVES program is a mandatory source for some equipment and office supplies (see AMS Procurement Guidance T3.8.6).

(b) The Dell Blanket Purchase Agreement (BPA).

(2) *Federal Prison Industries, Inc. (FPI) (also known as UNICOR).* For those products available through FPI, the procedures detailed in AMS Procurement Guidance T3.8.4, Government Sources of Products/Services, must be strictly followed.

(3) *Randolph-Sheppard Act.* FAA must first consider the blind in the operation of vending facilities. (See AMS Procurement Guidance T3.8.4)

(4) *Javits-Wagner-O'Day Act (JWOD).* FAA must first consider items and services available through the AbilityOne Program (formerly JWOD) before going to other sources. (See AMS Procurement Guidance T3.8.4)

(5) *General Services Administration (GSA) Federal Supply Schedules (FSS).* When procuring items through a GSA FSS, FAA must follow the procedures detailed under AMS Procurement Guidance T3.8.3, Federal Supply Schedules. Note that GSA is not a mandatory source for FAA.

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