
Methods Of Procurement

Simplified Acquisition (FAR Part 13)

The threshold for simplified acquisitions is \$100,000. The purpose of simplified acquisitions is to use simplified procedures to

- (a) reduce administrative costs
- (b) improve opportunities for small business concerns to obtain a fair proportion of Government contracts
- (c) promote efficiency and economy in contracting, and
- (d) avoid unnecessary burdens for agencies and contractors.

Some of the procurement methods under simplified acquisition procedures are Purchase Orders, Micro-Purchases, and Blanket Purchasing Agreements.

A Purchase Order, when issued by the Government, means an offer by the Government to buy supplies or services, including construction and research and development, upon specified terms and conditions, using simplified acquisition procedures. Purchase orders generally are issued on a fixed-price basis. They specify the quantity of supplies or scope of services ordered; contain a determinable date by which delivery of the supplies or performance of the services is required; and, unless a special situation exists, the Government shall inspect contracts at or below the simplified acquisition threshold at destination for type and kind; quantity; damage; operability (if readily determinable); and preservation, packaging, packing, and marking, if applicable.

Micro-purchases are acquisitions of supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. The Government commercial purchase (credit) card is the preferred method to purchase and to pay for micro-purchases. Micro-purchase threshold means \$2,500, except (1) \$2,000 for construction subject to the Davis-Bacon Act; and (2) \$15,000 for acquisitions by or for the Department of Defense facilitating the defense against terrorism or biological or chemical attack as described in 13.201(g), except for construction subject to the Davis-Bacon Act. (The Davis-Bacon Act states that contracts in excess of \$2,000 to which the United States or the District of Columbia is a party for construction, alteration, or repair of public buildings or public works within the United States, shall contain a clause that no laborer or mechanic employed directly upon the site of the work shall receive less than the prevailing wage rates.)

A blanket purchase agreement (BPA) is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. Contracting Officers may establish BPAs when there is a wide variety of items in a broad class of supplies or services that are generally purchased, but the exact items, quantities and delivery requirements are not known in advance. A BPA must be in place before vendors are permitted to submit quotes electronically. A BPA is an agreement and not a contract. The Government is neither financially nor contractually obligated to place calls against an established BPA.

Methods Of Procurement, Continued

Simplified Acquisition (FAR Part 13), continued

A BPA is designed to reduce administrative costs in accomplishing small purchases by eliminating the need for issuing individual purchase orders. The BPA is established for a specified period of time, and if performance is satisfactory, it is automatically renewed for the next specified period of time. The period of time that a BPA is established may vary and is dependent on the contracting office procedures, industry, and commodities. The agreements are reviewed annually to assure contractor conformance to the terms and conditions of the agreement and satisfactory performance, as well as to update clauses. This contracting type provides for long-term coverage for small, repetitive buys that can be extended indefinitely. When the BPA is combined with electronic transmission, greater efficiency is realized.

A basic ordering agreement (BOA) is a written instrument of understanding, negotiated between an agency, contracting activity, or contracting office and a contractor. A BOA may be used to expedite contracting for uncertain requirements for supplies or services when specific items, quantities, and prices are not known at the time the agreement is executed, but a substantial number of requirements for the type of supplies or services covered by the agreement are anticipated to be purchased from the contractor.

Limitations. A basic ordering agreement shall not state or imply any agreement by the Government to place future contracts or orders with the contractor or be used in any manner to restrict competition.

Sealed Bidding (FAR Part 14)

Purchases over \$100,000 are made by sealed bidding, by competitive proposals (negotiation), or (in unusual circumstances) by other-than-competitive procedures.

Contracting officers shall solicit sealed bids if—

- (1) time permits the solicitation, submission, and evaluation of sealed bids
- (2) the award will be made on the basis of price and other price-related factors
- (3) it is not necessary to conduct discussions with the responding offerors about their bids, and
- (4) there is a reasonable expectation of receiving more than one sealed bid.

It is a method of contracting that employs competitive bids, public opening of bids, and awards. Procurement by sealed bidding begins with the issuance of an invitation for bids (IFB) containing all the information bidders need to respond. The IFB states the needs of the purchasing activity and defines the work in sufficient detail to permit all bidders to compete on the same basis. It also identifies all factors to be considered in evaluating the bids. A standard form is provided on which bids are submitted, and a specific time is set for bid opening. The opening is held in public (you can attend), and the contract is awarded to that responsible bidder whose bid offers the best value to the Government, considering only price and the price-related factors included in the invitation. No discussions are allowed under sealed bidding procedures.

Methods Of Procurement, Continued

Contracting by Negotiation (FAR Part 15)

A contract awarded using other than sealed bidding procedures is a negotiated contract. It allows flexibility in defining the exact requirement or the terms and conditions of the procurement.

The purchasing office issues a request for proposals (RFP). RFPs communicate the Government requirements to prospective contractors and solicit proposals. After reviewing the proposals received, the contracting officer ordinarily will negotiate with those contractors that have submitted acceptable proposals (NOTE: a contract Can be awarded without discussions), seeking the most advantageous best value contract for the Government.