

REQUEST FOR QUOTATIONS (THIS IS NOT AN ORDER)			THIS RFO <input type="checkbox"/> IS <input type="checkbox"/> IS NOT A SMALL BUSINESS SET-ASIDE		PAGE _____ OF _____ PAGES
1. REQUEST NO.	2. DATE ISSUED	3. REQUISITION/PURCHASE REQUEST NO.		4. CERT. FOR NAT. DEF. UNDER BDSA REG. 2 AND/OR DMS REG. 1	RATING >
5A. ISSUED BY				6. DELIVER BY (Date)	
5B. FOR INFORMATION CALL AND COLLECT CALLS				7. DELIVERY	
NAME		TELEPHONE NUMBER		<input type="checkbox"/> FOB DESTINATION <input type="checkbox"/> OTHER (See Schedule)	
		AREA CODE	NUMBER	9. DESTINATION	
8. TO				a. NAME OF CONSIGNEE	
a. NAME		b. COMPANY		b. STREET ADDRESS	
c. STREET ADDRESS				c. CITY	
d. CITY		e. STATE	f. ZIP CODE	d. STATE	e. ZIP CODE
10. PLEASE FURNISH QUOTATIONS TO THE ISSUING OFFICE IN BLOCK 5A ON OR BEFORE CLOSE OF BUSINESS (Date)		IMPORTANT: This is a request for information, and quotations furnished are not offers. If you are unable to quote, please so indicate on this form and return it and return it to the address in Block 5A. This request does not commit the Government to pay any costs incurred in the preparation of the submission of this quotation or to contract for supplies or services. Supplies are of domestic origin unless otherwise indicated by quoter. Any representations and/or certifications attached to this Request for Quotations must be completed by the quoter.			

11. SCHEDULE (Include applicable Federal, State and local taxes)

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
(a)	(b)	(c)	(d)	(e)	(f)

12. DISCOUNT FOR PROMPT PAYMENT >	a. 10 CALENDAR DAYS	b. 20 CALENDAR DAYS	c. 30 CALENDAR DAYS	d. CALENDAR DAYS	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER

NOTE: Additional provisions and representations are are not attached.

13. NAME AND ADDRESS OF QUOTER			14. SIGNATURE OF PERSON AUTHORIZED TO SIGN QUOTATION		15. DATE OF QUOTATION
a. NAME OF QUOTER			16. SIGNER		b. TELEPHONE
b. STREET ADDRESS					
c. COUNTY			c. TITLE (Type or Print)		NUMBER
d. CITY	e. STATE	f. ZIP CODE			

AUTHORIZED FOR LOCAL PRODUCTION
Previous Edition Not Usable

THE FOLLOWING PAGES INCLUDE SOLICITATION PROVISIONS AND CONTRACT CLAUSES, WHICH MAY BE APPROPRIATE TO A SOLICITATION AND ORDER AND SHOULD BE INCORPORATED AS APPLICABLE. THESE PAGES SHOULD NOT BE USED AS AN ATTACHMENT TO SOLICITATIONS, HOWEVER, CONTRACTING OFFICERS MAY USE THE FOLLOWING INFORMATION TO DEVELOP LOCAL CLAUSE SHEETS, AS APPROPRIATE.

(Include in all Solicitations)

FAR 52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE
(JUN 1988)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

(The following provisions may apply to a solicitation and should be selected on a case by case basis. The provisions shown below are provided by reference. However, when the contractor is required to "fill-in", or provide information the provision should be incorporated in full text.)

- ___ FAR 52.204-3 TAXPAYER IDENTIFICATION (MAR 1994)
(Use when the quote is for a service exceeding \$600)
- ___ FAR 52.207-4 Economic Purchase Quantity - Supplies (AUG 1987)
(Use when the contractor is asked to quote on economic purchase quantities)
- ___ DFARS 252.210-7000 BRAND NAME OR EQUAL (DEC 1991)
(Use when the solicitation uses a brand name or equal purchase description)
- ___ FAR 52.210-6 LISTING OF USED OR RECONDITIONED MATERIAL, RESIDUAL INVENTORY, AND FORMER GOVERNMENT SURPLUS PROPERTY (APR 1984)
(Use when the solicitation allows the contractor to provide used or reconditioned material)

The following are clauses that, when appropriate, will apply to the solicitation and will be incorporated in any written order resulting from the solicitation.

(The following apply to all orders for supplies and/or services)

FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (JUN 1988)

This order incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

FAR 52.203-3 GRATUITIES (APR 1984)
 FAR 52.222-3 CONVICT LABOR (APR 1984)
 FAR 52.233-1 DISPUTES (MAR 1994)
 FAR 52.233-3 PROTESTS AFTER AWARD (AUG 1989)
 FAR 52.232-1 PAYMENTS (APR 1984)
 FAR 52.232-8 DISCOUNTS FOR PROMPT PAYMENT (APR 1989)
 FAR 52.232-25 PROMPT PAYMENT (MAR 1994)

(The following will apply to all orders for SUPPLIES, or services involving the furnishing of supplies)

FAR 52.212-10 DELIVERY OF EXCESS QUANTITIES (SEP 1989)
 FAR 52.225-11 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (MAY 1992)
 FAR 52.246-1 CONTRACTOR INSPECTION REQUIREMENTS (APR 1994)
 FAR 52.246-16 RESPONSIBILITY FOR SUPPLIES (APR 1984)

(The following will apply to an order for SUPPLIES, or services involving the furnishing of supplies) (select as appropriate)

___ FAR 52.210-5 NEW MATERIAL (APR 1984)
 ___ FAR 52.210-7 USED OR RECONDITIONED MATERIAL RESIDUAL INVENTORY AND FORMER GOVERNMENT SURPLUS PROPERTY (APR 1984)
 ___ FAR 52.212-9 VARIATION IN QUANTITY (APR 1984)
 (Item Numbers _____
 _____% Increase, _____% Decrease)
 ___ FAR 52.223-3 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA (NOV 1991)
 ___ DFARS 252.223-7001 HAZARDOUS WARNING LABELS (DEC 1991)

(Choose One)

- FAR 52.247-30 F.O.B. ORIGIN, CONTRACTOR'S FACILITY (APR 1984)
- FAR 52.247-32 F.O.B. ORIGIN, FREIGHT PREPAID (JUN 1988)
Estimated Freight Amount: _____
From City & State: _____
- FAR 52.247-34 F.O.B. DESTINATION (NOV 1991)
- FAR 52.247-35 F.O.B. DESTINATION, WITHIN CONSIGNEE'S PREMISES (APR 1984)

(Select, as appropriate)

- FAR 52.213-1 FAST PAYMENT PROCEDURE (AUG 1988)
- FAR 52.213-2 INVOICES (APR 1984)
- FAR 52.232-18 AVAILABILITY OF FUNDS (APR 1984)
- FAR 52.232-28 ELECTRONIC FUNDS TRANSFER PAYMENT METHODS (APR 1989)

(The following clauses, if checked, will apply to an order for SERVICES)

- FAR 52.213-3 NOTICE TO SUPPLIER (APR 1984)
(Use if an Unpriced Order is issued)
- FAR 52.237-2 PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT AND VEGETATION (APR 1984)
(Use if work will be performed on Government property)

CHAPTER 4

SOLICITATION OF QUOTATIONS EXCEEDING \$2,500

1. Scope. This chapter prescribes simplified acquisition procedures to be followed when soliciting quotations for the purchase of supplies or services with an anticipated value exceeding \$2,500.
2. Source List. Unless exempted by the head of the contracting activity or acquisitions are made through FACNET, each contracting office shall maintain a source list (or lists, if more convenient) and shall record on the list the file status of each source (when the status is made known to the contracting office) in the following categories:
 - a. Small business
 - b. Small disadvantaged business
 - c. Women-owned small business

The status information should be used to ensure that small business concerns are given opportunities to respond to solicitations issued using simplified acquisition procedures. New sources disclosed by customers, the activity's small business specialist, responses to solicitations, etc., should be reviewed and added to the source list.

3. Methods of Soliciting Quotes

- a. FACNET

(1) The Federal Acquisition Computer Network (FACNET) is a governmentwide systems architecture for the acquisition of supplies and services that provides for electronic data interchange (EDI) of acquisition information between the government and the private sector. Full FACNET capability allows purchasing activities to electronically:

(a) Provide expeditious and widespread public notice of simplified acquisition opportunities, and issue solicitations to prospective quoters;

(b) Receive responses to solicitations and associated requests for information from qualified contractors;

(c) Receive questions regarding solicitations from interested parties, if practicable;

(d) Provide public notice of awards of simplified acquisition orders (including price);

(e) Issue simplified acquisition orders to the contractor receiving the award, if practicable;

(f) Initiate payments to contractors, if practicable; and

(g) Archive data relating to each procurement action.

(2) FACNET allows the private sector to electronically:

(a) Access notices of solicitations;

(b) Access and review solicitations;

(c) Respond to solicitations;

(d) Receive simplified acquisition orders, if practicable;

(e) Access information on awards of orders; and

(f) Receive payment by purchase card, electronic funds transfer, or other automated means, if practicable.

(3) FACNET is the preferred method of soliciting quotes for simplified acquisitions over the micro-purchase threshold. Department of Navy (DoN) activities shall acquire supplies and services via FACNET whenever practicable or cost effective. If the head of the contracting activity (e.g., COMNAVSUPSYSCOM, COMNAVAIR-SYSCOM, COMNAVSEASYSYSCOM, COMNAVFACECOM, COMSPAWARSYSCOM) has made a determination that it is not practicable or cost effective to process a specific purchase or class of purchases via FACNET, or FACNET is not available to an activity, quotations may be solicited through other appropriate means. The following list of procurements has been determined to be exempt from the use of FACNET:

(a) Sensitive or classified acquisitions;

(b) Directed FMS requirements;

(c) Requirements that require non-textual attachments;

- (d) Urgent/walk through service, supply, and subsistence requirements;
- (e) Pierside requisitions;
- (f) Local commuting area requirements;
- (g) Sole source and Technical Representative Services;
- (h) Actions issued against established contracts;
- (i) Actions for performance outside the United States and its possessions;
- (j) Section 8(a) actions; and
- (k) Actions not supported by the applicable procurement automated information system.

(4) Individual determinations regarding cost effectiveness and practicability of FACNET may be made by the contracting officer on a case by case basis.

b. Oral Solicitations

(1) Requests for quotations for purchase actions not expected to exceed \$25,000, and not processed through FACNET, should be solicited orally to the maximum practicable extent. Soliciting quotations over the phone is normally quicker, and requires less paperwork and administrative costs, than written solicitations.

(2) Oral solicitations for purchase actions not expected to exceed \$25,000 may be limited to qualified sources within the trade area in which the contracting office is located. However, buyers should not limit their solicitations to well known businesses or suppliers of the same makes or brands; nor may buyers solicit businesses on a personal preference basis.

(3) When soliciting a quotation by phone, the buyer should ask to speak with a Government sales representative. The buyer should first ask the sales representative the business size of the vendor; if the solicitation is set-aside for small businesses, do not ask for any other information if the vendor is not a small business (see paragraph 6, "Total Small Business Set-Aside").

(4) If the vendor qualifies to provide a quotation, the buyer must completely describe the customer's need and ask the sales representative to provide a quotation including manufacturer's name and part number, unit and extended price, delivery date, transportation terms, etc. (See Paragraph 11, "Record of Solicitation" for a more detailed list of the information the buyer should ask the quoter to provide).

(5) If the sales representative cannot provide an immediate quotation, the buyer should provide a cut-off date beyond which no further quotations will be accepted. The buyer must establish a response time which will afford potential quoters a reasonable opportunity to respond.

c. Written Solicitations

(1) Written solicitations for purchase actions for supplies and services not expected to exceed \$25,000 should only be issued when obtaining electronic (FACNET) or oral quotations is not considered economical or practical.

(2) Written solicitations may be limited to qualified source in the local trade area and may be considered prudent or appropriate when:

(a) The anticipated value of the simplified acquisition exceeds \$25,000;

(b) Numerous items are included in a single action;

(c) Detailed purchase descriptions or statements of work are involved;

(d) It is necessary to provide documentation such as drawings, schematics, blueprints, pictures, technical references, etc., to each of the prospective quoters; or

(e) The contracting officer determines that a written solicitation is in the best interest of the Navy.

(3) Written solicitations may be made using the following forms:

(a) Standard Form 18 (SF18), "Request for Quotations"; or

(b) An approved automated format such as electronic bulletin boards or official Navy messages.

(4) A SF-18 and solicitation provisions that may be determined applicable are found at the end of this chapter. Contract clauses that may be determined to be appropriate for the solicitation and resulting order may be found in chapter 6D, Purchase Orders.

(5) Written solicitations may be sent to potential quoters via facsimile transmissions if the use of such a method is determined to be the most cost effective and efficient way of soliciting quotes. All of the requirements for written solicitations remain in effect. Facsimile responses may also be authorized.

d. Adequacy of the Solicitation. Whether soliciting quotes orally or in writing, the buyer must describe the requirements in a clear and concise manner to each prospective quoter. This description must include at least the identification of the required supplies or services, the quantities needed, the delivery date and location, and the deadline for responding to the solicitation. The solicitation must establish a response time which will afford potential quoters a reasonable opportunity to respond.

4. Publicizing Solicitations

a. Buyers and contracting officers must ensure simplified acquisition needs are adequately publicized in order to:

(1) Increase competition;

(2) Notify small businesses of simplified acquisition opportunities; and

(3) Broaden the participation of an industry's small, small disadvantaged, and women owned small businesses in meeting Navy requirements.

b. FACNET is the preferred method of publicizing simplified acquisition actions estimated to exceed \$2,500.

c. Posting Written Solicitations. The contracting officer must ensure written solicitations for purchase actions in excess of \$5,000 but not greater than \$25,000 have an unclassified notice or a copy of the request for quotation posted in a public place. The notice must be posted no later than the date the solicitation is issued; and remain posted

for at least ten calendar days or until the deadline for the receipt of quotations, whichever is later.

e. Synopsis.

(1) If not publicized via FACNET, all simplified acquisitions actions (including modifications) anticipated to exceed \$25,000 must be synopsisized and have a notice published in the Commerce Business Daily (CBD) at least 15 calendar days before issuance of the solicitation unless an exception at FAR 5.202 applies to the proposed purchase. Evidence that the solicitation was synopsisized, or a written justification for not synopsisizing, must be retained in the purchase file. A formal Justification and Approval is not required. A sample "Solicitation Synopsis Transmittal Format" is found at the end of this chapter.

(2) The synopsis must establish a solicitation response time which will afford potential offerors a reasonable opportunity to respond. If the synopsis contains enough information to receive oral quotations, the contracting officer is not required to issue a separate written solicitation.

5. Competition

a. The buyer must solicit a reasonable number of quotes from qualified suppliers to promote competition to the maximum practicable extent. In general, at least three quotations should be solicited from responsible qualified suppliers, who independently contend for an order and can satisfy the Navy's needs in order for competition to be considered adequate. If practicable, two sources not included in a previous solicitation should be requested to furnish quotations. However, all qualified sources must, upon request, be allowed to submit a quotation if the quote is submitted in a timely fashion.

b. The following are some of the factors that may influence the number of quotations that reasonably should be solicited in connection with any particular purchase:

- (1) The nature of the supplies or services to be purchased and whether it is highly competitive or is relatively noncompetitive;
- (2) The urgency of the proposed purchase;
- (3) The dollar value of the proposed purchase; and

(4) The inquiries received from potential quoters in response to the FACNET advertisement, public posting or CBD synopsis.

c. The most important element in obtaining adequate price competition is the purchase description. The purchase description must describe the supplies or services in a manner which will encourage maximum competition and eliminate any restrictive features which limit acceptable quotes to one contractor's product whenever possible.

d. The receipt of more than one quotation is not necessarily an indication of adequate price competition. The buyer and the contracting officer must evaluate the quotations as explained in Chapter 5, "Evaluation of Quotations", in order to determine if price competition is adequate.

e. The contracting officer may allow the solicitation to be restricted to one source, or to only one brand name, if he or she makes a written determination that only one source or product is reasonably available to provide the Navy's requirements due to the nature or circumstances of the proposed simplified acquisition. This determination must be based on an acceptable justification, provided by the customer, explaining why the item is the only one that will meet the government's requirements. Statements such as "only known source" or "only source which can meet the required delivery date" are inadequate and insufficient to support a sole source purchase.

f. Activity Review Requirement for Competition. Activities with contracting authority in excess of \$2,500 shall establish appropriate internal review procedures to ensure that competition is maximized.

6. Total Small Business Set-Aside

a. General. Each proposed acquisition with an anticipated total delivered price exceeding \$2,500, but not exceeding \$100,000, to be acquired in the United States (U.S. including its territories and possessions, Puerto Rico, and the Trust Territory of the Pacific Islands) is reserved exclusively for small businesses and shall be set-aside, unless the contracting officer makes a determination to dissolve the set-aside. Foreign concerns shall not be solicited or awarded acquisitions reserved for small businesses.

b. Small Business Concern. A small business concern is defined as a business (including its affiliates) that is independently owned and operated, not dominant in the field of operation in which it is quoting, and qualified as a small business under the criteria and size standards in FAR 19.102. The size standards further state that any concern that proposes to furnish a product which it did not manufacture, is deemed to be a small business when it has no more than 500 employees and furnishes a product of a small business manufacturer or producer providing a domestic end product.

c. Notification of Set-Aside. When a purchase action is set-aside, the buyer shall notify potential quoters that the solicitation is restricted to small businesses providing a product of their own manufacture or that of another small business. FACNET and written solicitations shall include the provision at FAR 52.219-6, "Notice of Total Small Business Set-Aside". If the solicitation is oral, the information contained in the provision or its alternate must be given to potential quoters. Potential quoters must be notified that:

(1) Quotes will be solicited only from small business concerns offering the product of a small business concern;

(2) Quotes received from vendors that are not small businesses offering the product of a small business shall be considered nonresponsive and will be rejected; and

(3) Any award resulting from the solicitation will be made to a small business.

c. Size Standards Representation

(1) Size Standards. After reviewing the purchase description or statement of work, the buyer must determine the appropriate standard industrial classification (SIC) code and the related small business size standard; and include them in the solicitation.

(2) Provision. FACNET and written solicitations shall include the provision at FAR 52.219-1, "Small Business Program Representations". If the solicitation is oral, the information asked for in the provision must be solicited from potential quoters.

(3) Quoter's Representation. To be eligible for award under a small business set-aside, a quoter must represent in good faith that the vendor is a small business as of the date the quotation is submitted. The buyer/contracting officer

shall accept the Quoter's representation unless (1) another quoter or interested party challenges the vendor's representation or (2) the contracting officer has a reason to question the representation. Challenges of and questions concerning a specific vendor's representation shall be referred to the Small Business Administration (SBA) in accordance with FAR 19.302.

d. Set-Aside Procedures

(1) When the buyer solicits an adequate number of small business concerns and receives one or more acceptable small business quotations, the contracting officer may make award, if the price quotation is reasonable and the small business is considered responsible.

e. Dissolving the Set-Aside

(1) The contracting officer may dissolve the small business set-aside when a determination has been made that there is no reasonable expectation of obtaining quotations from two or more responsible small business concerns (providing the product of a small business manufacturer) that will be competitive in terms of market price, quality, and delivery.

(2) If the contracting officer proceeds with the set-aside, but does not receive at least one quotation at a reasonable price from a responsible small business, the set-aside may be dissolved and the purchase may be continued on an unrestricted basis. (This will require amending the solicitation to delete the set-aside clause before reissuing.)

(3) The decision to dissolve the set-aside must be documented in the purchase file. Normally, the buyer prepares a recommendation to dissolve the set-aside and forwards it to the contracting officer for his or her determination. However, if the anticipated purchase price exceeds \$10,000, the buyer must consult with the Small Business Specialist for assistance in finding small business sources prior to forwarding the recommendation to dissolve the set-aside to the contracting officer. The contracting officer must review the findings made by the buyer (and, if applicable, the Small Business Specialist) and make a written determination to dissolve the set-aside. (See the sample "Determination to Dissolve the Total Small Business Set-Aside" at the end of this chapter.)

f. Non-Manufacturer's Rule. FAR 52.219-6 requires the small business contractor to quote on products of his own manufacture or those manufactured by another small business. If the contracting officer wishes to proceed with the set-aside rather than dissolving and soliciting on an unrestricted basis, and the product does not fall into a class for which the SBA has determined that there are no small business manufacturers, the contracting officer may request an individual waiver from SBA. Once the waiver is received the contracting officer may proceed with the small business set-aside, incorporating FAR 52.219-6, Alternate I, in the solicitation.

g. If it is determined that a quotation should be requested for a foreign made product, the Small Business Set-Aside must be dissolved. Once the solicitation is on an unrestricted basis, or if FAR 52.219-6, Alternate I is incorporated, quotes on foreign products may be accepted. However, that does not relieve the contracting officer of the provisions of FAR Part 25, and DFARS Part 225 regarding foreign acquisitions.

7. Buy American Act

a. General. The Buy American Act applies to supply orders and to orders for services that involve the furnishing of supplies. DoD activities are required to buy domestic end products as prescribed at FAR 13.105, FAR 19.102, FAR Part 25 and DFARS Part 225. Buyers, contracting officers and quoters must use the definitions found in the clause at DFARS 252.225-7001, "Buy American Act and Balance of Payments Program," in order to determine if the articles, materials and supplies are considered domestic end products.

b. Exceptions. The Buy American Act shall not apply to the purchase of articles, materials, and supplies if one or more of the following exceptions to the Act apply.

(1) The product is being purchased for use outside the United States (which includes its possessions and Puerto Rico; but does not include leased bases or trust territories.

(2) A determination is made that the cost of a domestic end product is not reasonable. This determination shall be made by evaluating quotes in accordance with the procedures at DFARS 225.105 and Chapter 5, "Evaluation of Quotations Exceeding \$2,500".

(3) When it has been determined that domestic preference would be inconsistent with the public interest. DoD has made that determination for products produced or manufactured in the countries listed as "qualifying countries" at DFARS 225.872-1(a). Additional determinations may be made on a case by case basis in accordance with DFARS 225.872-1(b).

(4) The product is not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality. DoD has determined that the articles, materials, and supplies listed at FAR 25.108, DFARS 225.102 and DFARS 225.108 qualify for this exception.

c. Nonavailability Determination. A determination that an article, material, or supply is not reasonably available is required where no domestic offer is received or when domestic offers are insufficient to meet the requirement and award is to be made on a nonqualifying country end product. This determination must be approved as discussed in FAR 25.102(b)(1) and DFARS 225.102(b).

d. Solicitation Provision and Clause Requirements

(1) When quotations are solicited in writing (including FACNET), the buyer will include the following provisions and clause as prescribed by DFARS 225.109 (unless the required end product is exempt from the Act):

(a) The clause at DFARS 252.225-7001, "Buy American Act and Balance of Payments Program".

(b) The provisions at DFARS 252.225-7000; "Buy American Act-Balance of Payments Program Certificate"; DFARS 252.225-7002, "Qualifying Country Sources as Subcontractors"; and DFARS 252.225-7003, "Information for Duty-Free Entry Evaluation"; in all solicitations that include the clause at DFARS 252.225-7001.

(2) When quotations are solicited orally, contractors shall be informed that only domestic end products and qualifying country end products are acceptable, unless the provisions of DFARS 225.109(b) apply.

(3) In addition to the provision and clause discussed above, buyers should review the additional requirements or restrictions on foreign purchases prescribed in FAR 25.6, DFARS 225.6, DFARS 225.70 and DFARS 225.71 that may apply to

the specific acquisition; and include any provisions or clauses required by these subparts when applicable.

8. North American Free Trade Agreement

a. Applicability

(1) The North American Free Trade Agreement (NAFTA) is a trade agreement between the United States, Canada and Mexico. Canadian and Mexican end products subject to the NAFTA are those in the federal supply groups (FSGs) listed at DFARS 225.403-70.

(2) If the solicitation is set-aside as a Total Small Business Set-Aside under FAR 52.219-6, the North American Free Trade Agreement (NAFTA) does not apply. Buyers and contracting officers should also see FAR 25.403 and DFARS 225.403 for additional exceptions.

(3) When the contracting officer dissolves the set-aside, or the solicitation is issued with the provision at FAR 52.219-6 Alternate I:

(a) Buyers must consider any eligible NAFTA country end product and evaluate each quotation as a qualifying country end product in accordance with DFARS 225.105 if the estimated value of the eligible product is \$50,000 or more.

(b) Although NAFTA may not apply, quotations for Canadian end products at any value may be considered and evaluated as a qualifying country end product since Canada is also listed as a qualifying country at DFARS 225.872.

(c) Quotations for Mexican end products estimated to cost less than \$50,000, or which are items that are not eligible under NAFTA, may be considered and evaluated as a nonqualifying country end product.

b. Solicitation Provision and Clause Requirements. The buyer will include the following provision and clause as prescribed by DFARS 225.408 when the solicitation is on an unrestricted basis and NAFTA applies to the required product:

(1) The provision at DFARS 252.225-7035, "Buy American Act -- North American Free Trade Agreement Implementation Act -- Balance of Payments Program Certificate," instead of DFARS 252.225-7000"; and

(2) The clause at DFARS 252.225-7036, "North American Free Trade Agreement Implementation Act", in addition to DFARS 252.225-7001.

9. Transportation in Supply Orders

a. General. Transportation and traffic management factors are important in awarding and administering simplified acquisitions to ensure that (1) purchases are made on the basis most advantageous to the Navy and (2) supplies arrive in good order and condition and on time at the required place. The contractor and the contracting officer must agree on the transportation terms and conditions related to the "f.o.b." point.

b. "F.o.b." means free on board. This term is used in conjunction with a physical point (e.g., destination, origin, vessel, air carrier's terminal, inland carrier) to determine:

(1) The responsibility and basis for payment of freight charges;

(2) The point at which inspection and acceptance normally occurs; and

(3) The point at which responsibility for or title to the supplies normally passes to the Navy.

c. F.o.b. Destination

(1) F.o.b. destination terms should generally be solicited from all quoters as this transportation term requires the contractor to make arrangements for shipment and to be responsible for the material until it reaches our destination. The cost of transportation is not shown as a separate item, rather is included in the total cost of the order.

(2) FAR clause 52.247-34, "F.o.b. Destination" should be included in written solicitations and orders. FAR Clause 52.247-35, "F.o.b. Destination, Within Consignee's Premises", should be used when inside delivery or delivery to a specific room/location in the building is desired.

d. F.o.b. Origin, Freight Prepaid

(1) When f.o.b. destination terms are not obtainable, "F.o.b. Origin, Freight Prepaid" is recommended over other f.o.b. origin clauses when the supplies are unclassified and

the shipment will not exceed 150 pounds by any form of commercial air or 1,000 pounds by other commercial carriers.

(2) "F.o.b. Origin, Freight Prepaid", means free of expense to the Navy until the shipment is delivered in the specified city and state to a U.S. Postal Service facility, to a carrier's freight station, to and on board a carrier's conveyance, to and placed shipside on the carrier's wharf within reach of the ship's loading tackle, or to any point located within the same city that is designated by the contracting officer.

(3) When f.o.b. origin terms are agreed upon:

- (a) the contractor is only responsible for the material until it is delivered to a shipper/carrier;
- (b) the contractor must quote on the cost of the material and the shipping cost as separate line items; and
- (c) government ownership normally occurs when the contractor delivers the goods to the shipper. Therefore, the contractor is entitled to payment for the goods upon presentation of evidence that the shipment was received by the shipper/carrier; even if the shipment was never received at destination.

(4) The clause at FAR 52.247-32, "F.o.b. Origin, Freight Prepaid", the city and state from which the shipment originates, and the estimated freight charges shall be included in the written solicitation and the ordering document, or file documentation when an oral order is given to the contractor.

e. Evaluation of Transportation Terms. The buyer may include a statement in the solicitation that quotations submitted on a basis other than f.o.b. destination will be rejected as nonresponsive when f.o.b. destination only quotations are desired for shipments originating from and delivered to locations within CONUS (see FAR 47.305-4, 47.304-2, and 13.501). When the practice within the industry concerned does not normally include quoting f.o.b. destination terms, the buyer shall specify that quotations may be f.o.b. destination, f.o.b. origin, or both. If the solicitation is oral, the buyer will notify the contractor of the applicable

transportation terms and conditions. FAR clause 52.247-45, "F.o.b. Origin and/or F.o.b. Destination Evaluation;" shall be incorporated if terms other than f.o.b. destination may be considered during the quotation evaluation process.

f. Transportation Account Code (TAC). When a transportation account code is available for the appropriation financing the purchase, the transportation costs prepaid by the contractor are not charged directly to the appropriation. The order shall include the appropriate four-digit TAC to pay for the freight charges. The TAC to be assigned to the order is based upon the procuring appropriation that is financing the purchase as illustrated in the following chart:

ASSIGNMENT OF TRANSPORTATION ACCOUNT CODE (TAC)	
<u>PROCUREMENT APPROPRIATION:</u>	<u>TAC:</u>
17*1506 Aircraft Procurement Navy (APN)	N837
17*1507 Weapons Procurement Navy (WPN)	N839
17*1611 Shipbuilding and Conversion Navy (SCN)	N844
17*1810 Other Procurement Navy (OPN)	N846
17*1804 Operations and Maintenance Navy (O&MN)	N867
17*1806 Operations and Maintenance Naval Reserve (O&MNR)	N888
(* = last digit of fiscal year in which funds are available)	

g. F.o.b. Origin, Contractor's Facility

(1) "F.o.b. Origin, Contractor's Facility" means free of expense to the Navy when delivered on board a Navy vehicle or the conveyance of the commercial carrier at the designated facility, on the named street, in the city and state from which the goods will be picked up or from which shipment will be made.

(2) FAR clause 52.247-30, "F.o.b. Origin, Contractor's Facility," should be incorporated when F.o.b destination terms are not obtainable and the determination has been made that picking up the supplies at the contractor's place of business (i.e., facility) is in the Navy's best interest.

(3) With this transportation term, the contractor is only responsible for the supplies until the order is picked up. Therefore, it is important for Navy personnel responsible for picking up an order to visually inspect the condition of the packaging and compare the packing list to the ordering document prior to taking possession of the shipment.

10. Additional Terms and Conditions. Each acquisition is unique and may require the inclusion of additional terms and conditions in the solicitation and resulting order (e.g., hazardous material). Buyers should refer to the acquisition regulations and other chapters or enclosures in this instruction that are pertinent to a specific requirement for additional guidance. Some that are of particular interest include:

a. Labor Laws. Buyers and contracting officers shall cooperate, and encourage contractors to cooperate with Federal and State agencies responsible for enforcing labor requirements such as safety; health and sanitation; maximum hours and minimum wages; equal employment opportunity; child and convict labor; age discrimination; disabled and Vietnam veteran employment; and employment of the handicapped. As required by FAR Part 22, buyers must include applicable provisions and clauses in solicitations and resulting orders.

b. Service Contract Act. The Service Contract Act applies to acquisitions of services in excess of \$2,500 where the services will be performed by "service" employees. Service employees are essentially blue collar type employees (e.g., mechanics, helpers, drafters, etc.). When your requirement is for services in excess of \$2,500 and the Service Contract Act applies, refer to FAR Part 22.10 for guidance. (The Service Contract Act does not apply to services to shipboard services nor services outside the United States, its territories and Puerto Rico.)

c. Prompt Payment Discount. When applicable, the Prompt Payment Act sets forth the time frames within which the Government must pay contractors for delivered supplies or services (see FAR 32.9 and chapter entitled "Payments"). Many contractors offer a discount to customers who pay sooner than the Prompt Payment Act allows. The buyer shall make every effort to obtain prompt payment discounts as part of each contractor's quote. The clause at FAR 52.232-8, "Discounts for Prompt Payment," shall be included in written solicitations and resulting orders that also include FAR 52.232-25, "Prompt Payment." Since there is no guarantee payment will be made within the quoted discount period, prompt payment discounts, although requested and noted on the order document, will not be considered when evaluating quotations.

d. Economic Quantity Discounts. Each solicitation for supplies is required, if practicable, to include the provision at FAR 52.207-4, "Economic Purchase Quantity--Supplies." The provision invites each quoter to (1) state an opinion on

whether the quantity of the supplies requested is economically advantageous to the Government, and (2) if applicable, recommend quantities which would be more economically advantageous. If quantity discounts are quoted, a significant price variation is evident between the requested quantity and the discounted quantities, and the potential for significant savings is apparent, the buyer shall consult with the requisitioner before proceeding with an award. If this consultation discloses that the Government should be ordering an item of supply in different quantities and the requisitioner concurs, the purchase request should be amended and quotes should be recorded and evaluated reflecting the quantities that will result in lower unit prices.

11. Record of Solicitation

a. Regardless of the method of solicitation, all information obtained during the solicitation must be recorded in the purchase file. The buyer may record the suppliers solicited and quotations received on a locally developed worksheet, a bid abstract sheet, or an electronically generated worksheet. (A sample Simplified Acquisition Worksheet, that may be adopted or modified for local use, is at the end of this chapter.)

b. Each quotation received in a timely fashion shall be recorded in the purchase file and shall include at least the following information:

- (1) Identification of quoter including business name, address, phone number and point of contact;
- (2) Date and time quotation received (and quotation number and expiration date, if applicable);
- (3) Quoter's business size representation;
- (4) Other representations of Quoter's qualifications, if applicable;
- (5) Brand name and model, part or catalog number of each item quoted on;
- (6) Country in which the product was manufactured or produced if other than the U.S.;
- (7) Unit and extended price for each item or service;
- (8) Total price of all items quoted on;

(9) Proposed delivery date if different from Navy's required delivery date;

(10) Transportation terms and, if applicable, expense;

(11) Quantity or trade discounts offered, if applicable;

(12) Minimum order charges, if applicable; and

(13) Prompt Payment Discount, if any.

DETERMINATION TO DISSOLVE THE TOTAL SMALL BUSINESS SET-ASIDE

REF:

[Purchase Request and/or Solicitation Number(s)]

1. The purchase of this requirement must be solicited on an unrestricted basis for one or more of the following reasons:

- A large business or foreign country manufacturer, with no small business dealer, has been sole sourced as evidenced by the attached statement.
- As evidenced by the attached urgency or mission impact statement, a large business or foreign country manufacturer is the only known source and there is not enough time to wait for small business responses to public notice or conduct a market search.
- No small business responses were received after the required public notification was made or a market search was conducted.
- Although more than one small business was solicited for this requirement, only one small business quote was received; and the price is not considered fair and reasonable.
- Small business(es) has/have been solicited but cannot meet the required delivery date and the requisitioner cannot accept a later date.
- The item(s) offered by small business(es) does/do not meet the salient characteristics required by the requisitioner.
- Other: _____

2. Based on the above information, the Total Small Business Set-Aside is hereby dissolved in accordance with FAR 13.105, and the award for this requirement shall be made on an unrestricted basis.

PREPARED BY: _____
Buyer Sign and Date

IF OVER \$10,000, REVIEWED BY: _____
(Comments on Reverse) Small Business Specialist Sign & Date

APPROVED BY: _____
Contracting Officer Sign and Date

SOLICITATION SYNOPSIS TRANSMITTAL FORMAT
(In accordance with FAR 5.207)

1. __!! ACTION CODE
(P=Presolicitation Notice/Procurement,
M=Modification of previous notice,
R=Sources Sought, A=Award)
2. ____!! DATE (MMDD) transmitted to CBD
3. __!! YEAR (YY)
4. ____!! FEDERAL INFORMATION PROCESSING STANDARD (FIPS) NUMBER
5. ____-____!! CONTRACTING OFFICE ZIP CODE
6. __!! CLASSIFICATION CODE
7. _____
_____!!
(CONTRACTING OFFICE ADDRESS)
8. _____!!
(SUBJECT)
9. ____-__-Q-____!! PROPOSED SOLICITATION NUMBER
10. ____!! CLOSING RESPONSE DATE (MMDDYY)
11. _____!!
(POINT OF CONTACT/PHONE NUMBER)
12. N/A!! CONTRACT AWARD NUMBER
13. N/A!! CONTRACT AWARD DOLLAR AMOUNT
14. N/A!! CONTRACT LINE ITEM NUMBER
15. N/A!! CONTRACT AWARD DATE
16. N/A!! CONTRACTOR
17. _____

_____*****
(DESCRIPTION of the Action)

Contracting Officer Approval

REQUEST FOR QUOTATIONS
(THIS IS NOT AN ORDER)

THIS RFO IS IS NOT A SMALL BUSINESS SET-ASIDE

PAGE OF PAGES

1. REQUEST NO.	2. DATE ISSUED	3. REQUISITION/PURCHASE REQUEST NO.	4. CERT. FOR NAT. DEF. UNDER BDSA REG. 2 AND/OR DMS REG. 1	RATING
5A. ISSUED BY			6. DELIVER BY (Date)	
5B. FOR INFORMATION CALL (NO COLLECT CALLS)			7. DELIVERY	
NAME		TELEPHONE NUMBER		<input type="checkbox"/> FOB DESTINATION <input type="checkbox"/> OTHER <i>(See Schedule)</i>
		AREA CODE	NUMBER	
8. TO			a. NAME OF CONSIGNEE	
a. NAME	b. COMPANY		b. STREET ADDRESS	
c. STREET ADDRESS			c. CITY	
d. CITY	e. STATE	f. ZIP CODE	d. STATE	e. ZIP CODE
10. PLEASE FURNISH QUOTATIONS TO THE ISSUING OFFICE IN BLOCK 5A ON OR BEFORE CLOSE OF BUSINESS (Date)		IMPORTANT: This is a request for information, and quotations furnished are not offers. If you are unable to quote, please so indicate on this form and return it to the address in Block 5A. This request does not commit the Government to pay any costs incurred in the preparation of the submission of this quotation or to contract for supplies or services. Supplies are of domestic origin unless otherwise indicated by quoter. Any representations and/or certifications attached to this Request for Quotations must be completed by the quoter.		

11. SCHEDULE (Include applicable Federal, State and local taxes)

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
(a)	(b)	(c)	(d)	(e)	(f)

12. DISCOUNT FOR PROMPT PAYMENT >	a. 10 CALENDAR DAYS	b. 20 CALENDAR DAYS	c. 30 CALENDAR DAYS	d. CALENDAR DAYS	
				NUMBER	PERCENTAGE

NOTE: Additional provisions and representations are are not attached.

13. NAME AND ADDRESS OF QUOTER			14. SIGNATURE OF PERSON AUTHORIZED TO SIGN QUOTATION		15. DATE OF QUOTATION
a. NAME OF QUOTER			16. SIGNER		
b. STREET ADDRESS					
c. COUNTY			a. NAME (Type or Print)		b. TELEPHONE
d. CITY			c. TITLE (Type or Print)		AREA CODE
e. STATE		f. ZIP CODE			NUMBER

THE FOLLOWING LISTING INCLUDES A NUMBER OF PROVISIONS WHICH MAY BE APPLICABLE TO A SOLICITATION AND SHOULD BE INCORPORATED, AS APPROPRIATE. THESE PAGES SHOULD NOT BE USED AS AN ATTACHMENT TO SOLICITATIONS, HOWEVER, CONTRACTING OFFICERS MAY USE THE FOLLOWING INFORMATION TO DEVELOP LOCAL PROVISION/CLAUSE SHEETS, AS APPROPRIATE.

(Incorporate in all solicitations)
FAR 52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE
(JUN 1988) (full text)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

(The following provisions, which are included below by reference, may apply to a solicitation and the resulting order. The contracting officer should decide applicability, and incorporate as appropriate. When the contractor is required to "fill-in", or provide information the provision should be incorporated in full text. The Quoter must complete the certifications and representations and return with his/her quotation to the Contracting Officer.)

- ___ FAR 52.204-3 TAXPAYER IDENTIFICATION (MAR 1994) (full text)
(Applies if quote for services exceeds \$600, or supplies exceeds \$25,000)

- ___ DFARS 252.204-7001 COMMERCIAL AND GOVERNMENT ENTITY (CAGE) CODE REPORTING (DEC 1991) (full text)
CAGE code is: _____
(Applies over \$25,000)

- ___ FAR 52.207-4 ECONOMIC PURCHASE QUANTITY -- SUPPLIES
(AUG 1987) (full text)
(Applies when the solicitation requests the contractor to quote on economic purchase quantities)

- ___ FAR 52.210-6 LISTING OF USED OR RECONDITIONED MATERIAL, RESIDUAL INVENTORY, AND FORMER GOVERNMENT SURPLUS PROPERTY (APR 1994)
(Applies when the contractor will be allowed to provide used or reconditioned material)

- ___ FAR 52.212-7 NOTICE OF PRIORITY RATING FOR NATIONAL DEFENSE USE (SEP 1990)
(Applies if the order is to be assigned a DPAS priority rating)

- ___ DFARS 252.210-7000 BRAND NAME OR EQUAL (DEC 1991)
(Use when the description is brand name or equal)
- ___ FAR 52.215-34 EVALUATION OF OFFERS FOR MULTIPLE AWARDS
(MAR 1990)
(Use when quotations will be evaluated for multiple awards, vice all or none)
- ___ FAR 52.219-1 SMALL BUSINESS PROGRAM REPRESENTATION
(Incorporate in all solicitations)
- ___ FAR 52.222-19 WALSH-HEALEY PUBLIC CONTRACTS ACT REPRESENTATION
(APR 1984)
(Use if the solicitation is for supplies of 10,000 or more)

(The following apply to solicitations over \$10,000)

- ___ FAR 52.222-21 CERTIFICATION OF NONSEGREGATED FACILITIES
(APR 1984)
- ___ FAR 52.222-22 PREVIOUS CONTRACTS AND COMPLIANCE REPORTS
(APR 1984)
- ___ FAR 52.222-25 AFFIRMATIVE ACTION COMPLIANCE (APR 1984)

(Use when the solicitation contains options) (Select one)

- ___ FAR 52.217-3 EVALUATION EXCLUSIVE OF OPTIONS
(APR 1984)
- ___ FAR 52.217-4 EVALUATION OF OPTIONS EXERCISED AT TIME OF
CONTRACT AWARD (JUN 1988)
- ___ FAR 52.217-5 EVALUATION OF OPTIONS (JUL 1990)

(Select as appropriate)

- ___ DFARS 252.225-7000 BUY AMERICAN ACT -- BALANCE OF PAYMENTS PROGRAM
CERTIFICATE (DEC 1991)
- ___ DFARS 252.225-7035 BUY AMERICAN ACT -- NORTH AMERICAN FREE TRADE
AGREEMENT IMPLEMENTATION ACT --BALANCE OF PAYMENTS
PROGRAM CERTIFICATE (JAN 1994)
- ___ FAR 52.247-45 F.O.B. ORIGIN AND/OR F.O.B. DESTINATION EVALUATION
(APR 1984)
(Applies when the contractor will be allowed to
quote on other than FOB: Dest)

(CONTRACT CLAUSES THAT MAY APPLY TO A SOLICITATION ARE FOUND IN CHAPTER 6D, PURCHASE ORDERS, AND SHOULD BE INCORPORATED IN THE SOLICITATION AND PURCHASE ORDER AS APPROPRIATE)

SIMPLIFIED ACQUISITION WORKSHEET

1. Required sources of supply have been screened.
 No NSN or excess personal property was identified; or
 NSN was identified from agency inventory.
 AAC allows local purchase.
 KO waives NSN per DFARS 208.
 ICP waiver attached.
 FPI/UNICOR
 Not offered/not required for services.
 Clearance attached.
 NIB/NISH
 Not offered.
 Waiver attached for services.
 Optional FSS () Single () Multiple
 Schedule no(s) _____ checked
 Items not under schedule.
 Items available under FSS no. _____
 Expires _____ MOL \$ _____
 2. Other contractual sources reviewed
 DoD/DoN IDTC/IDTPO
 Contract _____
 Expires _____ MOL \$ _____
 GSA FIP multiple award schedules (nonmandatory)
 Schedule no _____
 Expires _____ MOL \$ _____
 Lowest cost alternative because: _____

Competition required
 > 2,500 < 25,000 solicit at least three vendors.
 > 5,000 post written RFQ notice.
 Date posted _____
 > 25,000 - 50,000 CBD synopsis required.
 Date transmitted _____
 Date published _____
 Competition is required over \$2,500 but only one source will be solicited for the following reason:
 Sole source justification attached
 CBD notice required, if no responses received will proceed with one source only.
 CBD notice required, responding sources could not meet specifications.
 Urgency - UMMIPS Priority _____
 RDD _____
 Mission impact statement attached.
 CBD notice not required due to urgency.
 Confirming order authorized.
 RFQ number _____
 Date/time opened _____ am/pm.
 Date/time closed _____ am/pm.
 Oral quotes _____
 Written quotes _____
 FAR 52.219-6 total small business set-aside applies.
 Alt 1 to FAR 52.219-6 applies.
 SBA blanket waiver applies
 Product code _____
 SIC code _____
 Date _____
 SBA individual procurement waiver applies.
 Letter requesting waiver attached.
 SBA letter granting waiver attached.
 SIC _____
 Buy American act applies.
 Buy American Act exemption applies.
 As authorized by FAR _____ DFARS _____
 DPAS Rating DO _____ DX _____
 Bilateral Purchase Order will be issued.
 Classified requirement - DD Form 254 attached
 Bilateral Purchase Order will be issued.

DETERMINATION TO DISSOLVE THE TOTAL SMALL BUSINESS SET-ASIDE
 Reference: _____
 1. The purchase of this requirement must be solicited on an unrestricted basis for one or more of the following reasons:
 A large business or foreign country manufacturer, with no small business dealer, has been sole sourced as evidenced by the attached statement.
 As evidenced by the attached urgency or mission impact statement, a large business or foreign country manufacturer is the only known source and there is not enough time to wait for small business responses to public notice or conduct a market search.
 No small business responses were received after the required public notification was made or a market search was conducted.
 Although more than one small business was solicited for this requirement, only one small business quote was received; and the price is not considered fair and reasonable.
 Small business(es) has/have been solicited but cannot meet the required delivery date and the requisitioner can not accept a later date.
 The item(s) offered by small business(es) does/do not meet the salient characteristics required by the requisitioner.
 2. Based on the above information, the total small business set-aside is hereby dissolved in accordance with FAR 13.105. Large business and/or foreign country manufactured sources will be solicited and the award for this requirement shall be made on an unrestricted basis.

Prepared by: _____
 If over \$10,000, reviewed by Small Business Specialist: _____
 Approved by Contracting Officer: _____

CHAPTER 5

EVALUATION OF QUOTATIONS EXCEEDING \$2,500

1. Scope. This chapter prescribes procedures to be used when evaluating quotations which exceed \$2,500 but do not exceed the simplified acquisition threshold.

2. Evaluation of Quotations. Evaluation of quotations should be accomplished to ensure that quotations are responsive to the solicitation, and that award is made to a responsible contractor at a fair and reasonable price. Methods to accomplish the evaluation process may include, but are not limited to, the procedures set forth in the following paragraphs. Buyers may evaluate quotations based on price alone or price and other factors (e.g., past performance, schedule compliance, quality, or prior experience) if suppliers are advised when quotations are solicited. In addition to the price evaluation process discussed in paragraph 10, and consideration and evaluation of information received during the solicitation phase, other factors that may effect the total price paid and should be considered in the evaluation process include:

a. Minimum Order Charges. Occasionally an item can be obtained only from a supplier who quotes a minimum order price or quantity that exceeds the funding or quantity stated on the purchase request. In these instances, the buyer must inform the requisitioner of all facts regarding the quotation and request that he/she confirm or alter the quantity or funds required. The total evaluated price must include any minimum order charges, if applicable.

b. Packing/Packaging Charges. Quotes should be solicited based on the commercial packing or packaging practice of the quoter unless special requirements are set forth in the purchase request. If the quoter includes separate charges for special packing or packaging requirements, the buyer must include these charges in the total evaluated price.

c. Special Marking Charges. Some purchase requests include instructions for special marking requirements (e.g., bar coding). If the quoter includes separate charges for the required marking, the buyer must include these charges in the total evaluated price.

3. Evaluation of Quotes for Multiple Awards. Multiple awards may be made if doing so is economically advantageous to the government and approved by the contracting officer. The administrative cost in awarding multiple orders shall be based on a realistic cost developed by the procurement office. However, the buyer/contracting officer may make a determination that awards should be made on an all or none basis providing all contractors are notified during the solicitation process.

4. Award Based on Factors Other Than Price. Award may be based on factors other than lowest delivered price if adequately documented in the purchase file. Examples of these situations include, but are not limited to:

a. Delivery. When a requirement is urgent and the contractor quoting the lowest price cannot deliver the supplies or services by the required delivery date (RDD), or competition is limited or nonexistent due to time factors, the buyer will evaluate quotations on the basis of delivery. The urgency must be based on the fact that the mission of the requiring activity will be seriously endangered if the required delivery date is not met (e.g., work stoppage, ship departure, safety hazard). Prior to making an award that will cost more for the urgent delivery, the contracting officer must obtain a written certification from the requiring activity (at the department level or above) stating that the additional costs of awarding to other than the low quote (stated in a specific amount) is worth the benefit of receiving the required supplies or services within the RDD. The statement shall be documented with supporting rationale which justifies the increase in costs due to the award based on delivery. This statement will be used by the buyer as documentation to support the fair and reasonable price determination.

b. Navy Red/Yellow/Green Program

(1) The Red/Yellow/Green (RYG) Program is a Navy tool designed to help reduce the risk of receiving nonconforming products. RYG classifies the degree of risk by assigning a color to a contractor's historical product quality performance in individual Federal Supply Classifications (FSC). Red is high risk, yellow is moderate risk, and green is low risk. Equally important, RYG provides procedures and an automated system for incorporating these classifications into source selection.

(2) The RYG system is a microcomputer application that runs on IBM-compatible microcomputers with a hard drive (minimum five million characters free space), a printer, and a modem. The Office of the Assistant Secretary of the Navy is the program sponsor. The Contracting Management Directorate of the Naval Supply Systems Command is the program manager. Questions concerning this program or to receive training contact Naval Supply Systems Command, (717) 790-2735.

5. Price Evaluation. It is the responsibility of the buyer and contracting officer to ensure that every purchase is made at a fair and reasonable price, and that the Government gets what it pays for in terms of quality and delivery. The buyer/contracting officer must evaluate prices received to ensure that award is made at a fair price. Additionally, a written fair and reasonable price determination is required for all simplified acquisitions exceeding \$2,500.

a. What is a Fair and Reasonable Price? A fair and reasonable price is a price that is fair to both parties (i.e., seller and the DoN), considering the promised quality and timeliness of the contractor's performance. In any given procurement situation, there rarely is a single price that is fair and reasonable from all viewpoints. More likely, there may a range of prices that are fair under the circumstances, considering the degree of competition and the character of the market in which the item or service is usually bought and sold. Therefore, you should consider "fair and reasonable" as fair under current market conditions and reasonable to both the DoN and the seller.

b. Price Analysis. In the simplified acquisition process, the conclusion that a price is fair and reasonable is generally based on price analysis. Price analysis is the process of examining and evaluating a prospective price without looking at the estimated cost elements and proposed profit of the quoter whose price is being evaluated. Comparison is the basis for price analysis. The price analysis techniques used in simplified acquisitions are:

(1) Primary Comparisons. Primary comparisons are the most conclusive and are made whenever possible. Comparison of competing quotes and comparisons with established prices are primary comparisons. Competing quotes can produce the most reliable comparisons when the price competition is judged to be adequate. The comparison with established prices is effective when there are published catalog prices, prices are available in the marketplace, or when prices are set by law or regulation.

(2) Secondary Comparisons. Secondary comparisons include prior competitive quotations and prices paid before for the same or similar items, or government estimates. Secondary comparisons usually support one or both primary techniques, but they can stand alone as the basis for determining the reasonableness of price.

(3) Auxiliary Analysis. Auxiliary analyses are techniques that cannot be used on their own to establish the reasonableness of prices; they must be used in conjunction with primary or secondary comparisons. The technique used most commonly is value analysis in which you try to establish the intrinsic value of the item being procured.

6. Price Analysis Techniques

a. Adequate Price Competition. Price competition exists if quotations are solicited (generally at least three), and at least two quotations that meet the requirements of the solicitation are received from quoters who can independently contend for the award.

(1) When all of these conditions are met, the buyer should expect to find a fairly tight cluster of quotations. Normally when this happens, the buyer and contracting officer can determine that price competition is adequate, and no further comparisons are necessary.

(2) When prices vary significantly between low and next low quotations, it can mean a quoter is very efficient, is far ahead in design or manufacturing technology, is buying in, or has made a mistake. Therefore, when significant price variances exist, the buyer must make other primary or secondary comparisons before making a decision that the lowest price is fair and reasonable. In addition, even when the prices quoted appear to be price competitive, an analysis of the real worth of an item may be needed. For example, quotes for \$150, \$155 and \$160 for a one gallon can of latex paint should be questioned. The buyer's assessment of the real worth of such a product leads to the conclusion that none of the quotes are reasonable. More information from the quoter and further analysis is required before accepting any of these quotes.

(3) When the solicitation specifications restrict the competition to a specific brand name product, or if all quotations received are for the same manufacturer's product, it may be assumed that the manufacturer has a lock on the

competition and the conditions of the solicitation may have denied one or more known and qualified sources the opportunity to compete. Therefore, even if the quoted prices are in a fairly tight cluster, the price competition may not be considered adequate. The buyer must make other primary or secondary comparisons before making the decision that the lowest price is fair and reasonable.

b. Established Catalog or Market Prices. When only one quote is received or price competition is inadequate, the buyer should compare the quoted price to established catalog or market prices whenever possible. The comparison can either be by direct comparison or by analysis of the differences in the items. This comparison will be valid provided the catalog or market price meets the following conditions:

(1) An established catalog price is a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or vendor, is published or otherwise available for inspection by customers, and states prices at which sales are currently or were last made to a significant number of persons or businesses constituting the general public.

(2) An established market price is a price currently established in the usual and ordinary course of trade between buyers and sellers free to bargain. It must be established from sources independent of the manufacturer or vendor. Market prices can generally be verified through newspaper, radio, or televisions advertisements, etc.

(3) The item being purchased must be a commercial item that is regularly used for other than government purposes and is sold or traded in the course of normal operations.

(4) Supplies are sold in substantial quantities when the facts or circumstances support a reasonable conclusion that the quantities regularly sold are sufficient to constitute a real commercial market for the item. Nominal quantities, like models, specimens, samples, and prototype or experimental units don't meet this requirement.

(5) Services sold in substantial quantities are those that are customarily provided by the company, with personnel regularly employed and with equipment, if any is needed, regularly maintained either solely or principally to provide such services.

(6) The item must be sold to the general public. An item is considered to be sold to the general public if it is sold in the general marketplace and is generally used by other than government offices/personnel.

c. Prices Set by Law or Regulation

(1) When the price is set by law or regulation, the buyer's pricing job is relatively simple. The quoter is required to identify the regulatory authority and specify the regulated price. The buyer must make sure the quoter is the entity being regulated. Some suppliers sell mostly to regulated industries and are subject to laws and regulations governing sale to those industries. Sales to the federal government may not be subject to those laws or regulations. If federal government sales are not controlled by such legally established prices, the buyer should use the established catalog or market price technique.

d. Historical Comparisons. Comparison of prior quotations and contract prices with current quotations for the same or similar items can be used as the basis of a fair and reasonable price determination if --

(1) The prior purchase price was determined in writing to be fair and reasonable. When comparing the quoted price to a previous contract price, the buyer must assess the competitive environment shaping the prices. If the previous buy was made competitively, with unrestrictive specifications, and was not urgently required, you may be able to compare a previous competitive price with a current quote for the same item;

(2) The passage of time has not eroded comparability. The buyer should select the most recent prices available. The greater the time difference, the less comparable the prices are likely to be and the less reliable the comparison becomes. The passage of time brings about changes in markets, demand, technology, and other circumstances that affect prices. The buyer's knowledge of trends is vital when comparing two prices separated by a significant period of time; and must be illustrated in the written determination when such circumstances exist;

(3) The differences in quantities do not have a significant impact of the unit prices being compared. Variations in quantities can have an upward effect, a downward effect, or no effect at all on unit prices depending upon the commodity or item being procured. The buyer should select previous buys

that had identical or similar quantities ordered to use for comparison. Since great quantity differences can make the comparison less reliable, the buyer must explain how he/she arrived at the decision that the prices were comparable when there are significant variations in the two quantities being compared.

e. Independent Government Estimate

(1) A quoted price may be compared with a reliable Government estimate when other forms of price comparisons are not possible. To judge if a Government estimate is reliable, the buyer needs to obtain supporting documentation from the requiring activity showing how the estimate was derived.

(2) The purchase request estimate can be a valid standard for comparison if the originator used a reasonable past purchase price and identifies when the price was paid and what quantity was purchased. If the purchase request is not based on previous buys, then supporting documentation from the requiring activity should include a realistic engineering estimate (e.g., the amount of labor required to manufacture the material, the type of material used in the manufacturing process, etc.).

(3) The requiring activity can also be requested to perform a technical analysis of the item being purchased as a basis to establish price reasonableness. A statement from the customer such as "proposed prices are considered to be fair and reasonable based on the technical analysis performed", is completely inadequate without supporting documentation explaining the basis of the analysis and/or why the price is considered fair and reasonable.

f. Value Analysis

(1) Value analysis is an auxiliary technique meant to supplement primary and secondary comparisons. If used, the buyer will include the information obtained from the value analysis in the written fair and reasonable price determination.

(2) A value analysis can corroborate or challenge conclusions developed after other analyses. Value analysis attempts to develop the intrinsic worth of a product. This analysis may help the buyer to justify a price offered on a sole source basis or may help explain the reason for price differences between past buys and present quotes. To use value analysis, you need to obtain from the customer and/or contractor as much information concerning the item as possible (e.g., intended use, any special manufacturing process or treatment involved which would support a higher price, cost of the end item that is inoperable because of the missing part, etc.). With assistance from the customer and/or the contractor, you must carefully review the government's requirement and answer the following applicable questions:

- (a) What does the product have to do?
- (b) What does it cost now? What prices did we pay in the past? What does it cost to operate and maintain?
- (c) What other ways can the function be performed?
- (d) What will these alternatives cost?
- (e) What will be the effect on the activity or command if the purchase is not made at the quoted price? This must be described in terms of dollars and cents; such as, manhours lost X cost per manhour = dollars lost by activity.

g. Price breakdowns. If all the methods described above do not support your determination, request additional pricing data from the contractor. What does the contractor pay for the item? From whom does the contractor buy it? Does the contractor add anything to the item (e.g., re-packing, bar-coding, etc.)? How much does he/she pay the service technician? The cost information obtained from these questions may only be used to supplement other primary or secondary price analysis techniques. If you still cannot make a determination that the price is fair and reasonable, you will need to ask for assistance from a regional contracting activity, Defense Contract Management Command, Defense Contract Audit Agency, Navy Price Fighters, or an in-house price analyst.

h. Written Determination. Regardless of the method used to determine price reasonableness over \$2,500, the buyer/contracting officer must provide adequate documentation to support the determination that a price is fair and reasonable. Minimum information that must be included to

support the price reasonableness determination is found on the sample pricing justification form provided at the end of this chapter.

7. Contractor Responsibility

a. The award of a simplified acquisition to a supplier based on the lowest evaluated price alone can be false economy if there is late deliveries, subsequent default, or other unsatisfactory performance resulting in additional purchasing or administrative costs. While it is important that Navy purchases be made at the lowest price, this does not require an award to supplier solely because that supplier submits the lowest quote.

b. In a simplified acquisition, the contracting officer should, at a minimum, ensure that the contractor:

- (1) Has a satisfactory performance record;
- (2) Represents that he or she will comply with the labor laws applicable to the order;
- (3) Has not been listed as suspended, debarred, proposed for debarment or declared ineligible in the publication entitled "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs"; and
- (4) Is otherwise qualified and eligible to receive the award based on other standards set forth by the government when necessary.

8. Selecting the Award Method. Contracting officers shall use the purchase method that is most suitable, efficient and economical for the purchase action. Simplified Acquisitions may be awarded using any of the methods covered in FAR Part 13, DFARS 213, and this instruction. Detailed guidance on the use of each of these methods can be found in chapter 6.

9. Synopsis of Contract Award. Simplified acquisition awards in excess of \$25,000, other than those made through FACNET, that are likely to result in the award of any subcontracts shall be synopsized in the Commerce Business Daily. The contracting officer shall note the reason in the purchase file when it has been determined that the award will not be synopsized.

10. Notification of Unsuccessful Quoters. Notification to unsuccessful quoters shall be given only if requested. In the interest of fostering competition, the name of the awardee (i.e., successful quoter) and the award price, including discount terms, shall be included in the notification.

FAIR AND REASONABLE PRICE DETERMINATION

Ref: Purchase Request/Solicitation Number _____

1. I am recommending award to _____. I used one or more of the following checked price analysis techniques compared to the quoted price of \$_____. The quoted price was similar enough to the comparative price(s) to conclude that the quotation is fair and reasonable.

Adequate Price Competition

_____ vendors were solicited and _____ quotes were received. After comparing the quoted prices, I consider the quotes to be competitive. See the Simplified Acquisition Worksheet or other record of price quotes received.

Commercial Catalog or Published Price List

Manufacturer/Vendor's Name: _____

Catalog/List Title or Number: _____

Effective Date(s): _____

Page Number(s): _____

Catalog/List Price(s): _____

The quoted price is the same as the catalog or published price(s) noted above and reflects prices charged to customers buying the same or similar quantities.

The quoted price is higher/lower than the catalog or published price list and is considered fair and reasonable under the circumstances of this acquisition. The decision is based on the following factors: _____

Established Market Price or Prices Set by Law/Regulation

The quoted price is the same as the established market price or the prices set by law or regulation as verified by:

Historical Comparison for the Same or Similar Item(s)

Prior Contractor: _____

Order No: _____ Date Purchased: _____

Quantity and Unit of Issue: _____

Unit Price Previously Paid: _____

Basis For Determining Prior Price Reasonable: _____

If the item(s) are not identical, explain why the comparison is considered valid: _____

Other Price Analyses or Comments:

2. As the contracting officer for this pending award, I have reviewed the above pricing documentation; and do hereby make the determination that the price of the suggested quoters is fair and reasonable. I authorize the buyer to proceed with the award.

PREPARED BY: _____
(Buyer signature and date)

APPROVED BY: _____
(Contracting Office signature and date)

CHAPTER 6

SIMPLIFIED ACQUISITION METHODS

1. Scope. This chapter provides guidance on authorized procurement methods when utilizing simplified acquisition procedures.

2. General. The authorized methods prescribed in this part for making purchases using simplified acquisition procedures are discussed in the following four subchapters.

Chapter 6A - Governmentwide Commercial Purchase Card

Chapter 6B - Imprest Fund

Chapter 6C - Blanket Purchase Agreement's

Chapter 6D - Purchase Orders

3. Policy. Simplified acquisitions (other than Unpriced Purchase Orders) shall be issued as Firm-Fixed Price actions unless the activity has received the approval of the cognizant HCA to utilize another method.

CHAPTER 6A

GOVERNMENTWIDE COMMERCIAL PURCHASE CARD PROGRAM

1. Scope. This chapter provides guidance for the establishment and management of a local Governmentwide Commercial Purchase Card (GCPC) Program at DoN shore activities; and procedures for using the GCPC as a micro-purchase method.

2. Purpose. The General Services Administration (GSA) has a contract with a bank that authorizes the bank to issue commercial purchase cards (e.g., VISA) to authorized Government personnel to use in support of official Government purchases. The contract is commonly referred to as the "Governmentwide Commercial Purchase Card Program." The commercial purchase card is intended to stream-line payment procedures and reduce the administrative burden associated with traditional and emergency purchasing of supplies and services under the current simplified acquisition procedures. The contract authorizes the use of the program by any activity within the Executive Branch of the Government that is delegated contracting authority for such use.

3. Policy. The purchase card may be used to purchase supplies, and services when authorized, in accordance with Part 13 of the FAR, DFARS, NAPS, GSA Contract Guide, NAVSUPINST 4200.85 series, HCA instructions, and local operating procedures. It may also be used as a payment method in conjunction with other procurement methods when authorized in the order, contract or agreement. The card may also be used to order directly from Government required sources (i.e., GSA stock, FPI, etc). Without exception, the I.M.P.A.C. may only be used for authorized U.S. Government purchases.

4. Definitions

a. Agency/Organization Program Coordinator (APC). An individual designated by the Head of the Activity who shall have overall responsibility for the management, administration and day-to-day operations of the Governmentwide Commercial Purchase Card (GCPC) Program at the activity.

b. Approving Official (AO). An individual who has under his/her purview a number of cardholders. The approving official is responsible for, at a minimum, reviewing his/her cardholders' monthly statements and verifying that all purchases were necessary for official Government purposes and

in accordance with the FAR, GSA's Contract Guide, this instruction and activity internal operating procedures.

c. Billing Cycle Purchase Limit. The spending limit imposed on a cardholder's cumulative purchases and transactions in a given billing cycle.

d. Cardholder. Any individual designated by the Head of the Activity or Designee to be issued a card. The card bears the individual's name and may be used by him/her to purchase authorized supplies in accordance with this instruction, the GSA Contract Guide, the activity internal operating procedures, and the cardholder's delegated procurement authority.

e. Designated Billing Office. The office and point of contact designated in the activity internal operating procedures to receive the official invoice and, in some instances, make payments against the official invoice.

f. Disputes Office. The office and point of contact designated in the internal operating procedures that shall assist the activity and the bank in tracking and resolving disputed purchases.

g. Financial Summary Report. The official invoice sent to the designated billing office. This monthly invoice will include a summary of all transactions against all cardholder accounts held by the activity.

h. Head of the Contracting Activity (HCA). The official at one of the DoN components listed at DFARS 202.101 and NAPS 5202.101 (e.g., COMNAVSUPSYSCOM) who has overall responsibility for managing the delegation and use of contracting authority by DoN commands or activities under his/her contracting cognizance.

i. Head of the Activity (HA). For purposes of this chapter, the Head of the Activity is the military officer in command or the civilian executive in charge of the mission of a DoN command or activity which has been granted contracting authority by the cognizant HCA; and who has overall responsibility for managing the delegation and use of this authority by personnel under his command.

j. Merchant Type Code. The code assigned by the bank which categorizes each merchant according to the type of business the merchant is engaged in and the kinds of goods and services provided.

k. Non-procurement Official. Any cardholder whose single purchase limit does not exceed the micro-purchase threshold (i.e., \$2,500) and whose total purchases are limited to \$20,000 in any 12-month period.

l. Procurement Official. Any civilian/military official or employee (except as described under "non-procurement official") who has participated personally and substantially in (1) drafting, preparing, reviewing, or approving specifications, statements of work, or purchase requests; (2) preparing or issuing solicitations, evaluating quotes, selecting sources, negotiating prices; or (3) reviewing and approving awards or modifications. (See the Joint Ethics Regulation and FAR 3.104 for a more information on the Procurement Integrity Act.) A cardholder whose purchase card buys are expected to exceed \$20,000 a year is considered a procurement official.

m. Services. For purposes of this chapter, a service means any locally procured, non-personal, commercial, firm-fixed price service to be performed within 30 days of the date of the order. This definition does not include repair services when the acquisition cost of the item being repaired exceeds \$100,000.

n. Single Purchase Limit. The dollar limitation assigned to each cardholder for a single purchase.

o. Transaction Type. The transaction type is the method in which an order is placed with the purchase card. Purchase card buys may be made over-the-counter or by telephone.

5. Delegation of Contracting Authority

a. By the Head of the Contracting Activity (HCA). All DoN activities must obtain a delegation of contracting authority, in accordance with the cognizant HCA's procedures, prior to local implementation of the purchase card program.

b. By the Head of the Activity (HA)

(1) The HA shall personally delegate contracting authority to each potential cardholder, or shall delegate to one individual within the activity the right to redelegate contracting authority to cardholders within the activity.

c. Delegation Document. A delegation of authority letter or an SF 1402, Certificate of Appointment, may be used to delegate contracting authority to cardholders. Each

delegation letter or SF 1402 shall specify the following information: Single Purchase Limit, Billing Cycle Purchase Limit, and transaction type.

6. Establishing a Local Program

a. Contract Guide. Activities interested in establishing a local GCPC Program should obtain a copy of the GSA Governmentwide Commercial Credit Card Service Contract Guide. For copies of the Contract Guide, call or write to the Contracting Officer at:

General Services Administration
Federal Supply Service
Services Acquisition Center (FCXST)
Washington, DC 20406

(703) 305-6658, 305-3044, 305-5506

b. Delivery Order. Activities authorized to use the Program shall issue a no-cost delivery order against the GSA contract in effect at the time. The delivery order shall be issued on a DD Form 1155, "Order for Supplies or Services." The delivery order shall be numbered as prescribed by DFARS 204.70 with an "F" in the ninth position of the 13 digit procurement instrument identification number (e.g., N00023-96-F-0001). The delivery order shall include the name, mailing address, and telephone number for the APC, Designated Billing Office, and the Disputes Office. A sample delivery order is at the end of the chapter.

c. Internal Operating Procedures. Prior to issuing the delivery order, the activity must develop written internal operating procedures for the use of the Program by activity personnel. Each activity is responsible for establishing its own procedures, however, development and implementation of the procedures should be coordinated with the supporting Defense Finance and Accounting Service (DFAS) accounting and disbursing office. All procedures must be within the scope of the terms and conditions of the GSA contract and must comply with all the procedures for and restrictions on the use of the card in this instruction. Sample procedures, suitable for activities limited to micro-purchase authority, that may be tailored to the activities requirements are found at the end of this chapter. The internal procedures must address the issues listed in the GSA Contract Guide under "Agency Responsibilities"; and this chapter and shall, at a minimum contain:

(1) Designation of offices and personnel involved in the Program with associated duties defined:

(a) Agency/Organization Program Coordinator (APC). The APC shall be the primary liaison between the activity and the bank. The APC may be authorized to appoint Approving Officials, approve the selection of the individuals who will be Cardholders, and delegate contracting authority to Cardholders. The internal operating procedures shall include the name, mailing address and phone number of the APC; as well as his/her duties and responsibilities.

(b) The person authorized to delegate contracting authority to cardholders.

(c) Approving Official (AO). The approving official is responsible for, at a minimum, reviewing his/her cardholders' monthly statements and verifying that all purchases or transactions were made in accordance with the FAR, GSA's Contract Guide, this instruction, and internal operating procedures. Other duties may be delegated as the command or activity sees fit. As the approving official is a key figure in the internal review process, special attention should be given to Approving Official responsibilities. The approving official is usually the Cardholder's immediate supervisor.

(d) Cardholder. The internal operating procedures must provide clear guidance and direction for cardholders to ensure that all purchases are made in accordance with applicable regulations, instructions and internal guidance.

(e) Designated Billing Office. This office shall be responsible for receiving and processing the Financial Summary Report (official invoice). The functions and responsibilities of this office should be delineated in the procedures. The designated billing office will generally be at the paying activity (i.e., DFAS) unless the using activity has received DFAS concurrence to maintain the function and corresponding responsibilities at the local activity level.

(f) Dispute Office. This office/person shall assist the activity and the bank in tracking and resolving disputed purchases or transactions. A "dispute" is a disagreement between the cardholder and the bank regarding items appearing on the cardholder's monthly statement of account. It is the cardholder's responsibility to attempt to resolve all disagreements with the vendor prior to submission

to the disputes office. The functions and responsibilities of this office should be delineated in the procedures.

(2) The internal operating procedures must also comply with Chapters 1-3 and Enclosure (2) of this instruction and should include procedures for:

(a) Purchase request preparation process (if different than for other procurement methods);

(b) Purchase request routing, and approval; including funds certification and any special approvals that may be required for items that require special attention as identified in Enclosure (2) of this instruction;

(c) Screening process for the use of required sources of supply (e.g. NSN, FPI/UNICOR, NIB/NISH);

(d) Solicitation and award;

(e) Receipt, inspection, and acceptance of supplies; including instructions on reporting the receipt of minor/plant property to the appropriate organizational unit for inclusion in the inventory system;

(f) Any special processing requirements necessary to ensure appropriate obligation and expenditure of fiscal year end funds;

(g) Reconciliation, verification, and certification of each cardholder's Statement of Account, Approving Official statements, and the activity's Financial Summary Report, and

(h) Maintenance of a centralized filing system (manual or electronic) for all completed purchase card transactions within the activity.

(3) A complete listing of prohibited purchases which shall include the restrictions set by the GSA Contract Guide and this chapter.

7. Cardholder's Contracting and Account Limitations

a. Single Purchase Limit. Each cardholder's account and delegation of authority document shall include a single purchase limit. Within the limitations described below, the Head of the Activity (or his/her designee) may delegate the single purchase limit in increments of \$50, not to exceed

\$2,500. The card may be used up to \$100,000 against FSS GSA contracts as discussed in chapter 1. The card may also be used as a payment method to \$100,000, as discussed in chapter 8, Payments, when delegated, and when used in conjunction with another purchase method authorized by a warranted contracting officer.

b. Billing Cycle Purchase Limit. Each cardholder's account and delegation of authority document shall include his/her billing cycle purchase limit. For individuals in technical codes (vice purchasing or contracting personnel), the billing cycle purchase limit may be assigned in increments of \$100 up to \$100,000. For individuals in GS-1105 (purchasing) and GS-1102 (contracting) positions, the billing cycle limit may be assigned in increments of \$100 up to \$999,900. If a cardholder is a non-procurement official, the account and delegation letter must specify a billing cycle purchase limit which will result in a cumulative total which does not exceed \$20,000 in any 12-month period.

c. Merchant Type Code is the code assigned by the bank which categorizes each merchant according to the type of business the merchant is engaged in and the kinds of goods and services provided. Each cardholder's account shall be coded to identify the types of merchants who provide goods or services that the cardholder is authorized to purchase.

d. Transaction Type. The cardholder's account and delegation of authority letter shall identify the transaction types authorized (i.e., over-the-counter or telephone orders).

8. Training Requirements

a. All Cardholders (other than non-procurement officials) and other individuals in the program who are classified as procurement officials under the Procurement Integrity Act must receive procurement ethics training and execute the procurement integrity certification required by the Joint Ethics Regulation and FAR 3.104. (See sample procurement integrity certification form at the end of this chapter.)

b. Prior to issuance of a purchase card, all prospective Cardholders and cognizant Approving Officials must receive orientation on local operating procedures. Refresher training is required at least every three years for Cardholders and others involved in the process to ensure compliance and understanding of contracting authority and local operating procedures.

c. In addition, the APC, prospective Cardholders, and Approving Officials must successfully complete at least one of the following:

(1) NAVSUP Commercial Purchase Card Course for Micro-Purchasers;

(2) A cognizant HCA approved purchase card course that contains the minimum requirements/curricula covered in the NAVSUP Commercial Purchase Card Course for Micro-Purchasers;

(3) NAVSUP Simplified Acquisition Procedures Course;
or

(4) PUR101, Purchasing Fundamentals; PUR 102, Operational Level Small Purchase; CON 101, Contracting Fundamentals or equivalent predecessor courses.

9. Prohibited Uses of the Purchase Card

a. In accordance with the GSA Contract Guide, the Governmentwide Commercial Purchase Card shall not be used to buy or pay for the following items:

(1) Cash advances (not permitted under any circumstances).

(2) Rental or lease of land or buildings.

(3) Telecommunications (telephone) services.

b. In addition, DoN activities shall not use the Governmentwide Commercial Purchase Card to buy or pay for the following:

(1) Gasoline or oil for DoN-owned aircraft, vessels, and vehicles; unless specifically authorized by the HCA/Procurement Management Review office.

(2) Rental or lease of motor vehicles, whether or not on official travel.

(3) Repair of GSA leased vehicles.

(4) Expenses associated with official travel including transportation, lodging, or meals. (This prohibition does not include requirements such as conference room rental.)

(5) Hazardous Materials.

(6) Purchases that require federal or military specifications.

(7) Services. (This prohibition does not include overseas activities).

(8) Rentals or leases over 30 days in duration.

(9) When a bilateral purchase order is required (e.g., Foreign Military Sales, Classified requirements, etc).

c. Governmentwide Commercial Purchase Card account(s) may be used to pay for items discussed in paragraph 9b(5) through 9b(9) above, when payment is made in conjunction with another simplified acquisition method issued by Purchasing (GS-1105) or Contracting (GS-1102) personnel.

d. In addition to the above restrictions, DoN activities' local operating procedures must also include any other items restricted by DoD, DoN, or HCA instructions.

10. Cardholder's Use of the Card

a. Prior to soliciting a quotation, the Cardholder must have an adequately prepared and properly approved purchase request that has been screened for the use of required sources of supplies. (See Chapters 1 and 2 of this instruction.)

b. The Cardholder must have sufficient funds committed by the comptroller (or by the funds administrator/manager authorized in local operating procedures) to pay for the purchase. Bulk funding committed to the cardholder's account is encouraged in order to streamline the purchase request routing and approval system.

c. The Cardholder shall solicit a quotation and document the merchant's quote as required by Chapter 3 of this instruction.

d. If the merchant's price is fair and reasonable, the Cardholder may proceed to purchase the supplies. This may be accomplished:

(1) Over-the-Counter when the cardholder goes to the merchant's place of business to make the purchase and the supplies are immediately available; or

(2) Over-the-Phone where orders are placed by phone and the contractor delivers the supplies to the activity or

government pick-up is authorized. The Cardholder must confirm as part of the award process that the merchant agrees:

(a) Not to charge the purchase card account until all items are shipped.

(b) Not to back order items or deliver partial quantities.

(c) To deliver, or have available for pick-up, all item(s) no later than 30 days from the date of the order.

(d) To include the following information on the shipping document or packing list:

- 1 Merchants name and address;
- 2 Annotation to forward document to the Cardholder by name and code (but no account number should appear on shipping document);
- 3 Date of order;
- 4 Requisition number/job order number;
- 5 Date of delivery or shipment; and
- 6 Itemized list of supplies furnished, including quantity.

e. Whether the purchase is made over-the-counter or over-the-phone, the following applies:

(1) The cardholder shall not buy supplies when he/she is the requisitioner; unless the goods are delivered, inspected and accepted by other activity personnel or the purchase is specifically approved by the Approving Official.

(2) Merchant's should be reminded not to charge sales tax, unless the location of the merchant's business is in a state that does not afford the Federal Government a tax exempt status under its state and local laws (e.g., Arizona, Hawaii).

(3) The cardholder shall certify that the quantity and quality of the items furnished are in accordance with the agreement with the vendor.

(4) The cardholder shall ensure that any fee paid by merchants is not added to the price of items.

11. Receipt and Acceptance. It is the cardholder's responsibility to verify receipt of all purchases before payment can be made to the contractor. If receipt documentation is not available, the cardholder must contact the end user, central receiving organization or other person responsible for receipt to obtain verification that the supplies have been received. The log or other file documents must be annotated to indicate that proper receipt and acceptance has been accomplished.

12. Reconciliation. Reconciliation procedures at each activity may vary due to program requirements. However, procedures should comply with the GSA contract guide, this instruction and RMBCS established procedures and should address the following:

a. Cardholder. At the end of each monthly billing cycle, the cardholder shall reconcile the information on his/her statement by filling in the appropriate accounting classification, if different from the master accounting line, and a description for each transaction. The cardholder shall review all information on the statement, verifying the accuracy of all transactions and documenting credits and returns. If transactions and credits are not on the next monthly statement, the transaction documentation shall be retained by the cardholder until the transaction or credit appears on the statement. The cardholder must sign the statement, attach all supporting documentation and forward to the approving official or designated alternate. If the cardholder cannot review the statement at the time that it is received, the approving official is responsible for reviewing and certifying the cardholder's statement. The cardholder must, upon his/her return, review the statement and resolve any discrepancies with the approving official.

b. Approving Official. The approving official is responsible for ensuring that all purchases made by the cardholder were appropriate and accurate, and must resolve all questionable purchases with the cardholder. In the event an unauthorized purchase is detected, the approving official will notify the appropriate personnel within the organization. After review, the approving official will sign the cardholder's monthly statement of account and forward it and the approving official statement to the designated billing office.

13. Cardholder Liability. Intentional use of this purchase card for other than official government business will be considered an attempt to commit fraud against the U.S. government and may result in immediate cancellation of an individual's card and disciplinary action. The Cardholder will be personally liable to the Government for the amount of any non-government transactions. Under 18 U.S.C. 287, misuse of the purchase card could result in a fine of not more than \$10,000 or imprisonment for not more than five (5) years or both.

14. Review of the Local Program

a. Internal Review. To ensure that internal controls and local operating procedures are followed by Requisitioners, Cardholders, and Approving Officials, a semi-annual review of purchase card transactions shall be conducted by the appropriate officials of the using activity. A report of the review should be submitted to the organizational APC (if performed by other personnel) who should initiate appropriate action as necessary to improve the local program or correct specific problem areas. Areas that should be considered during the internal review include:

- (1) Review of Internal Operating Procedures to ensure compliance with applicable directives;
- (2) Compliance with applicable training requirements;
- (3) Delegations of Authority;
- (4) Purchase Request Process;
- (5) Micro-purchase procedures;
- (6) Receipt, Inspection and Acceptance Procedures;
- (7) Invoice certification Process; and
- (8) Prompt payment Issues.

b. HCA Review. The HCA, or his/her designee, who granted contracting authority shall review the Program as part of the regularly scheduled Procurement Management Review.

ORDER FOR SUPPLIES OR SERVICES
(Contractor must submit four copies of invoice.)

Form Approved
OMB No. 0704-0187
Expires Jun 30, 1997

PAGE
1

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, Va 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0187), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR FORM TO EITHER OF THESE ADDRESSES.

SEND YOUR COMPLETED FORM TO THE PROCUREMENT OFFICIAL IDENTIFIED IN ITEM 6.

1. CONTRACT/PURCH ORDER NO. GS-23F-94031	2. DELIVERY ORDER NO. N00023-96-F-0001	3. DATE OF ORDER (YYMMDD) 95 OCT 01	4. REQUISITION/PURCH REQUEST NO.	5. PRIORITY
--	--	---	----------------------------------	-------------

6. ISSUED BY COMMANDER NAVAL SUPPLY SYSTEMS COMMAND 1931 JEFFERSON DAVIS HIGHWAY ARLINGTON VA 22241-5360 CONTACT: EVA ROBINSON (703)607-0712	FAX: (703)607-0084 CODE N00023	7. ADMINISTERED BY (if other than 6) SAMPLE GCPC D.O.	8. DELIVERY FOB <input type="checkbox"/> DEST <input type="checkbox"/> OTHER (See schedule if other)
--	--	---	---

9. CONTRACTOR ROCKY MOUNTAIN BANKCARD SYSTEM IMPAC CUSTOMER SERVICE DEPARTMENT PO BOX 173309 DENVER CO 80217-9566 (800)227-6736	10. DELIVER TO FOB POINT BY (Date) (YYMMDD) SEE SCHEDULE	11. MARK IF BUSINESS IS <input type="checkbox"/> SMALL <input type="checkbox"/> SMALL DISADVANTAGED <input type="checkbox"/> WOMAN-OWNED
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14. SHIP TO AS SPECIFIED AT TIME OF TRANSACTION	15. PAYMENT WILL BE MADE BY DEFENSE FINANCE AND ACCOUNTING SERVICE WHEREVER YOU ARE ANYTOWN CA 99999-0000	MARK ALL PACKAGES AND PAPERS WITH CONTRACT OR ORDER NUMBER
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16. TYPE OF ORDER <input checked="" type="checkbox"/> DELIVERY <input type="checkbox"/> PURCHASE	<input checked="" type="checkbox"/> This delivery order is issued on another Government agency or in accordance with and subject to terms and conditions of above numbered contract. Reference your _____ furnish the following on terms specified herein. ACCEPTANCE. THE CONTRACTOR HEREBY ACCEPTS THE OFFER REPRESENTED BY THE NUMBERED PURCHASE ORDER AS IT MAY PREVIOUSLY HAVE BEEN OR IS NOW MODIFIED, SUBJECT TO ALL OF THE TERMS AND CONDITIONS SET FORTH, AND AGREES TO PERFORM THE SAME.
--	---

<input type="checkbox"/> NAME OF CONTRACTOR	SIGNATURE	TYPED NAME AND TITLE	DATE SIGNED
---	-----------	----------------------	-------------

If this box is marked, supplier must sign Acceptance and return the following number of copies:

17. ACCOUNTING AND APPROPRIATION DATA / LOCAL USE
SEE SCHEDULE

18. ITEM NO.	19. SCHEDULE OF SUPPLIES/SERVICES	20. QUANTITY ORDERED/ACCEPTED*	21. UNIT	22. UNIT PRICE	23. AMOUNT
	PERFORMANCE PERIOD: 95 OCT 01 THROUGH 98 NOV 29 SUBJECT TO THE 7 CALENDAR DAY CONSTRUCTIVE ACCEPTANCE PERIOD. REMIT PAYMENT TO: ROCKY MOUNTAIN BANKCARD SYSTEM IMPAC PO BOX 17020 DENVER CO 80217				

* If quantity accepted by the Government is same as quantity ordered, indicate by X. If different, enter actual quantity accepted below quantity ordered and enclose.	24. UNITED STATES OF AMERICA <i>W. P. Mack</i> BY: W. P. MACK	25. TOTAL \$0.00
---	---	----------------------------

26. QUANTITY IN COLUMN 20 HAS BEEN <input type="checkbox"/> INSPECTED <input type="checkbox"/> RECEIVED <input type="checkbox"/> ACCEPTED, AND CONFORMS TO THE CONTRACT EXCEPT AS NOTED	27. SHIP. NO. <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	28. D. O. VOUCHER NO.	30. INITIALS
--	---	-----------------------	--------------

DATE _____ SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE	31. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	32. PAID BY	33. AMOUNT VERIFIED CORRECT FOR
--	--	-------------	---------------------------------

36. I certify this account is correct and proper for payment. DATE _____ SIGNATURE AND TITLE OF CERTIFYING OFFICER	34. CHECK NUMBER	35. BILL OF LADING NO.
---	------------------	------------------------

37. RECEIVED AT	38. RECEIVED BY (Print)	39. DATE RECEIVED (YYMMDD)	40. TOTAL CONTAINERS	41. S/R ACCOUNT NUMBER	42. S/R VOUCHER NO.
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CONTINUATION SHEET

OPTIONAL FORM 336, (4-86)

Sponsored by GSA - FAR (48 CFR) 53.110

REF. NO. OF DOCUMENT BEING CONTINUED

GS-23F-94031

N00023-96-F-0001

PAGE

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NAME OF OFFEROR OR CONTRACTOR

ROCKY MOUNTAIN BANKCARD SYSTEM

ITEM	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	PARTICIPATION IN THE GOVERNMENTWIDE COMMERCIAL PURCHASE CARD PROGRAM.	1.0	LO	\$0.000000	\$0.00

INTERNAL OPERATING PROCEDURES ARE
ATTACHED.

AGENCY PROGRAM COORDINATOR (APC):

NAME

ADDRESS AND PHONE #

BILLING OFFICE:

POINT OF CONTACT NAME

ADDRESS AND PHONE #

DISPUTE OFFICE:

POINT OF CONTACT NAME

ADDRESS AND PHONE #

CARDHOLDERS AND APPROVING OFFICIALS:

SEE ATTACHED ACCOUNT SET-UP
INFORMATION.

ACCOUNTING AND APPROPRIATION DATA
IS NOT REQUIRED TO ESTABLISH
ACTIVITY ACCOUNT(S).

Enclosure (1)

6A-14

PROCUREMENT INTEGRITY CERTIFICATION

FOR PROCUREMENT OFFICIALS

As a condition of serving as a procurement official,

I _____, hereby certify that I am familiar with the provisions of Subsections 27(b), (c), and (e) of the Office of Federal Procurement Policy Act (42 USC 423) as amended by Section 814 of Public Law 101-189. I further certify that I will not engage in any conduct prohibited by such subsections and will report immediately to the contracting officer any information concerning a violation or possible violation of subsections 27(a), (b), (d), or (f) of the Act and applicable implementing regulations. A written explanation of subsections 27(a) through (f) has been made available to me. I understand that, should I leave the Government during the conduct of a procurement for which I have served as a procurement official, I have a continuing obligation under Section 27 not to disclose proprietary or source selection information relating to that procurement and a requirement to so certify.

SIGNATURE OF PROCUREMENT OFFICIAL	DATE
DEPARTMENT OR AGENCY	OFFICE TELEPHONE NUMBER

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OPTIONAL FORM 333 (10-92)
Prescribed by GSA - FAR (48 CFR) 53.203 (b)

PRIVACY ACT NOTICE TO EMPLOYEES AND OFFICIALS

In accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a), the following notice is provided:

AUTHORITY FOR COLLECTION OF INFORMATION: 41 U.S.C. 423 and Executive order 9397.

Your signature on the Optional Form 333, Procurement Integrity Certification for Procurement Officials, and disclosure of your Social Security Number on this page are voluntary, but possible effects upon you if the certification is not signed and the Social Security Number is not provided include the following:

Disqualification from particular work or duty assignments, or from the position for which you have applied or which you currently hold, or other appropriate action, or administrative delay in processing your certification.

PRINCIPAL PURPOSE FOR COLLECTION OF THIS INFORMATION:

To obtain and maintain a completed certification from any person designated as a "Procurement Official" as defined by 41 U.S.C. 423 and applicable procurement regulations.

ROUTINE USES WHICH MAY BE MADE OF THE COLLECTED INFORMATION

Transfers to Federal, state, local, or foreign agencies when relevant to civil, criminal, administrative, or regulatory investigations or proceedings, including transfer to the Office of Government Ethics in connection with its program oversight responsibilities, or pursuant to a request by any appropriate federal agency in connection with hiring, retention, or grievance of an employee or applicant, the issuance of a security clearance, the award or administration of a contract, the issuance of a license, grant, or other benefit, to committees of the Congress, or any other use specified by the Office of Personnel Management (OPM) in the system of records entitled "OPM/GOVT-1 General Personnel Records," as published in the Federal Register periodically by OPM.