

ORDER

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
SOUTHWEST REGION

SW 4402.3

2/28/96

SUBJ: SMALL PURCHASE AUTHORITY AND SIMPLIFIED ACQUISITION PROCEDURES

1. **PURPOSE.** This order establishes responsibility for determining needs for small purchase authority (SPA). It also provides the Southwest (SW) Region procedures for the extension of SPA to designated personnel and establishes the prerequisite requirements for such authority. This order also provides general guidance to SW Region personnel responsible for the procurement of supplies, services, and construction, using simplified acquisition procedures. Procurement, as used in this document, does not include transactions involving travel, lodging, or meals in connection with travel.
2. **DISTRIBUTION.** This directive is distributed to the branch level in the Regional Office (RO), all field offices and facilities, and all Federal Aviation Administration (FAA) employees with SPA.
3. **CANCELLATION.** SW Order 4402.2G, Small Purchase Instructions, dated August 2, 1994, and SW Order 4405.6E, Procedures for Extension of Small Purchase Authority, dated October 3, 1991, are hereby canceled.
4. **BACKGROUND.** This order was developed to:
 - a. Combine the small purchase instructions and the procedures for extension of SPA previously outlined in the two orders canceled in paragraph 3.
 - b. Update the requirements for obtaining SPA.
 - c. Update simplified acquisition procedures to ensure compliance with other regulatory changes.
 - d. Ensure coordination between Acquisition Management Branch, ASW-55, and other divisions' regulations affecting the procurement of supplies or services under small purchase procedures.
5. **RESPONSIBILITIES.** This order charges division managers and staff officers with the responsibility to determine the need for extension of SPA to individuals within their division or staff. This responsibility provides a means for managers to maintain and exercise control over such delegated authority. Managers are responsible for the oversight of the conduct of the individuals they recommend to receive authority to make monetary commitments on behalf of the FAA. Division managers and staff officers are responsible for:

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Initiated By: ASW-55

a. Recommending individuals, under their supervision, who are to be granted full or limited SPA. Full SPA allows the individual to issue Standard Form 44 (SF-44), Purchase Order-Invoice-Voucher, use the Third Party Draft System (TPDS), blanket purchase orders, and the Government credit card. Limited SPA shall allow the individual to use only those purchasing methods deemed necessary by the individual's supervisor. The recommendation for extension of SPA to an employee is also delegation of authority to that employee to determine requirements.

b. Determining the need for extending SPA in accordance with operational requirements, justifying monetary amounts, and recommending to the regional contracting officer the monetary amount to be extended to themselves and individuals under their supervision.

c. Recommending cancellation of an individual's SPA when such authority is no longer appropriate or suspending an individual's SPA pending formal withdrawal of authority by the regional contracting officer.

d. Ensuring that the number of delegations of SPA requested are the minimum needed to maintain operational continuity.

e. Ensuring that all employees recommended for extension of SPA have completed SPA training and the Privacy Act Notice to Employees and Officials. The Optional Form 333, Procurement Integrity Certification for Procurement Officials, must be executed if it is anticipated that the individual will purchase in excess of \$20,000 in goods or services in a 12-month period.

6. PROCEDURES FOR REQUESTING SMALL PURCHASING AUTHORITY. Managers, in accordance with division policy, will submit requests for extension of SPA to the Manager, ASW-55. Requests shall include the following information:

a. Name and title of individual and assigned facility or office.

b. Monetary amount to be extended.

c. Type of SPA to be issued:

(1) Full SPA includes all small purchasing methods.

(2) Limited SPA shall include only those methods that are specified in the request for SPA.

d. A statement that authorizes the individual to establish requirements and sign receipts for such supplies and services commensurate with the recommended type of authority and monetary limitation.

e. A copy of the individual's certificate of completion for SPA training, or a statement by the supervisor giving the date the individual completed the training.

f. A statement that the candidate for SPA will or will not be acting as an approving official, supervising the purchasing actions of others.

7. **CANCELLATION OF SPA.** SPA may be canceled whenever the privileges granted are abused or the extension of authority is no longer needed. The Accounting Branch, ASW-42, will be advised by the contracting officer of cancellation or withdrawal of extension of SPA.

8. **DISPOSITION OF SW FORM 4400-1, SMALL PURCHASE AUTHORITY, WHEN LEAVING THE AGENCY OR TRANSFERRING TO ANOTHER REGION.** SPA forms are accountable property and must be returned to ASW-55 when an individual is leaving the agency or transferring to another region. ASW-55 will take action to cancel the SPA and clear the employee's accountable record.

9. **LOST OR STOLEN SW FORM 4400-1.** The loss or theft of an employee's SPA form shall be reported immediately, by telephone, to ASW-55, 817-222-4355. A letter, endorsed by the individual's supervisor, outlining the details of the loss or theft shall be forwarded to ASW-55 along with a request that a replacement form be issued.

10. **EXCEEDING MONETARY LIMITATION.**

a. Under this order, no individual shall obligate the Government for any amount in excess of their individual SPA. In no instance may an individual be issued SPA, under this order, exceeding \$2,500 for supplies or services or \$2,000 for construction.

b. Any procurement transaction involving purchases which exceeds the designee's SPA limit will be processed as an unauthorized commitment in accordance with current FAA policy.

11. **REDELEGATION OF AUTHORITY.** Individuals extended SPA are prohibited from re delegating further extension of their authority.

12. **SIMPLIFIED ACQUISITION PROCEDURES.** Federal Acquisition Regulation (FAR) Part 13 defines small purchases as the acquisition of supplies, services, and construction from commercial sources, the aggregate amount of which does not exceed \$50,000. The procedures used to purchase goods and services in this lower dollar range are much simpler than for higher value procurements and thus can be accomplished expeditiously.

a. Acquisitions of supplies or services valued under \$2,500 are defined as micro purchases and are EXEMPT from the requirement for competitive quotes, small business set asides, and the Buy American Act.

b. Each acquisition of supplies or services that has an anticipated dollar value of \$2,500 to \$50,000 shall be reserved exclusively for small business concerns unless no small business enterprise can be identified that can provide the required supplies or service at a reasonable price and within a reasonable time period. A small business is generally defined as one that "is independently owned and operated, and not dominant in the field of operation in which it is bidding."

Simply stated, if the business, with all affiliates, has less than 500 employees, it will most likely qualify as a "small business." Refer to FAR Part 19 for further definitions and size standards for small businesses. If an award is made to other than a small business, the award file must be documented giving the circumstances which precluded making the award to a small business (FAR 13.105).

c. Competition must be utilized to the maximum extent practical to allow all interested vendors an opportunity to bid and to establish the reasonableness of the prices offered. Procurements over \$2,500 must be competed; that is, at least three vendors must be solicited. Normally, the last supplier and two vendors within the local trade area who were not solicited for the previous procurement will be contacted to provide quotes for the immediate procurement. Purchases of supplies or services valued at \$2,500 or less do not have to be competed unless the delivery time or the price quoted by a vendor does not appear reasonable. Competition is also required if the procurement is for an item or service for which no comparable pricing data is available. Competitive quotes may be written or verbal. If only one source will fulfill the FAA's needs, and the procurement will exceed \$2,500, a justification for other than full and open competition must be written and attached to the procurement request (PR). Contact ASW-55 for a copy of the short form which may be used for procurements up to \$25,000.

d. The use of Standard Form (SF) 18, Request for Quotation, is the usual method of obtaining written quotes. The item being solicited can be solicited on the form and copies sent to known suppliers in the local area. By using this method, the likelihood of a misunderstanding is reduced, since the requirements and the vendor's responses are in writing.

13. APPLICATION. All procurement actions are subject to the requirements of the FAR, regardless of the procurement method used. All procurement methods are subject to the following basic requirements for purchasing goods or services with Government funds.

a. **SPECIFICATIONS.** Before purchasing supplies or services for FAA use, ensure that the "specifications" for the purchase are truly descriptive and realistic for the intended use. The requirements should reflect the actual, minimum needs of the FAA and should be no more restrictive than necessary. The specifications should not limit competition by favoring one "brand" over another when the required characteristics are the same. If only one company's product will be acceptable, a justification for other than full and open competition must be completed (FAR 10.002).

b. **CONTRACT FUNDING.** "No officer or employee of the Government may create or authorize an obligation in excess of the funds available, or in advance of appropriations (Anti-Deficiency Act, 31 U.S.C. 1341), unless otherwise authorized by law." Before executing any contract, the procuring official shall obtain written assurance from responsible fiscal authority that adequate funds are available or expressly condition the contract upon availability of funds in accordance with FAR 32.702 and FAR 32.703-2.

c. **BUY AMERICAN ACT.** The Buy American Act requires that only domestic end products be acquired for public use, except as authorized under FAR Subpart 25.100,

Policy. Except for the articles, materials, and supplies listed at FAR Subpart 25.108, all purchases of nondomestic end products shall be accomplished by a warranted contracting official. In simpler terms, if it is a foreign made product, call ASW-55 for guidance before buying if the value of the purchase will exceed \$2,500.

d. **SALES TAX.** Purchases by the Federal Government are generally exempt from state and local sales taxes. Due to the multitude of conflicting regulations, questions regarding this subject should be referred to ASW-55 as such situations are encountered.

e. **PROMPT PAYMENT DISCOUNTS.** Some vendors offer a "Prompt Payment Discount" if the invoice is paid within a stated period of time, usually 10 to 15 days. When making a purchase with an SF-44 or purchase order, an inquiry should be made to see if such discounts are available. If the vendor does offer such discounts, the invoice or delivery ticket should be clearly marked with the discount terms offered.

f. **PROMPT PAYMENT ACT.** FAR 32.903 requires "Invoice...payments will be made by the Government as close as possible to, but not later than the due dates specified...." The FAR further requires that invoices be paid 30 days after the receipt of a valid invoice, unless a prompt payment discount is offered, in which case an effort will be made to make payment in order to take advantage of the offered discount. Invoices not paid within the allowed time will also accrue interest on the unpaid balance. Because of this requirement, all invoices and receiving documents should be forwarded to ASW-42 within 5 calendar days after receipt of the goods or services. Failure to follow these procedures may result in late penalties which are charged to the fund citation. EACH INVOICE/RECEIVING REPORT MUST CONTAIN THE FOLLOWING INFORMATION:

(1) THE DATE THE SUPPLIES OR SERVICES WERE ACTUALLY RECEIVED, AND THE ACTUAL DATE THE INVOICE WAS RECEIVED.

(2) The quantity received and a notation that the order is/is not complete.

(3) The name, signature, and telephone number of the FAA representative accepting the supplies or services on behalf of the FAA.

(4) A list of any supplies/services that were rejected and the reason for rejection.

NOTE: When the supplies are not for immediate use or are to be stored at a third-party location such as a warehouse, arrangements must be made to inspect the supplies and complete the receiving report so that the receiving report arrives at ASW-42 within 5 calendar days of receipt.

14. **ACCOUNTABLE PROPERTY.** In compliance with Federal Property Management Regulations, the FAA has established the Personal Property In-Use Management System (PPIMS) for management, control, and accountability of all FAA in-use personal property.

a. In-use personal (accountable) property is defined as an item of personal property which performs or serves its assigned operational function, is permanent in nature, and does not lose its individual identity when placed in use. Items meeting the criteria below, in accordance with Order 4650.21B, Management and Control of In-Use Personal Property, Appendix 16, may be purchased **ONLY WHEN PRIOR COORDINATION** with the property manager in the Materiel Management Section, ASW-52B, has been accomplished. The person making the purchase may contact the property manager at 817-222-4381. Such approval must be noted on the sales slip, cash register receipt, invoice, or the white and pink copies of the SF-44. Purchases for supplies not exceeding \$100 are not covered under these guidelines. Prior approval is not required if a PR is submitted to ASW-55.

(1) If the purchase price exceeds \$100, the following items are defined as accountable property: adding machines; calculators; test equipment (portable or rack mounted); audio-visual equipment; automatic data processing (ADP) equipment; binoculars; laboratory and medical equipment; maintenance, repair shop equipment, and electrical hand tools; office machines (including facsimile machines); photographic equipment; portable communications or telecommunications equipment; recording equipment; telephones, portable or cellular; and typewriters.

(2) If the purchase price exceeds \$500, the following items are defined as accountable property: appliances; athletic equipment; avionics equipment; commissary equipment; emergency readiness equipment; fire, rescue, and safety equipment; food serving and food preparation equipment; landscaping/lawn equipment; metal-working machinery; ship and marine equipment; tractors; training equipment; special purpose vehicles; and General Services Administration (GSA) leased vehicles.

(3) All items with a value over \$1,000, meeting the above definition of in-use personal property, are considered to be accountable property. This includes ADP software and furniture components.

b. The receiving report/receipt documentation will be provided to the property custodian within 2 workdays of receipt. The property custodian will forward such documentation to the Southwest Region property manager (ASW-52B) within 5 workdays after receipt of documentation.

15. **EMERGENCIES.** An emergency is defined as a situation where the normal procurement delay might result in disrupted service of an established operating facility, property damage, personal injury, or death. An urgent situation induced by a lack of planning is not considered an emergency under this paragraph. If it is necessary to exceed your SPA in order to remedy an emergency situation, the Manager, ASW-55, small purchase team, or the Systems Maintenance Office (SMO) logistics management specialist (LMS) shall be called immediately for approval prior to making the purchase. Purchases made under unusual and compelling urgency should not exceed an individual's SPA, as indicated on SW Form 4400-1. If the emergency occurs at a time other than regular working hours (when the team cannot be contacted) the individual will act in the best interest of the FAA to avoid interruption to services, to prevent injury, or to minimize damage. The specific circumstances of the situation shall be documented in full detail and submitted to ASW-55 or the SMO LMS as soon as possible, but no later than the next workday after the emergency arises. When the emergency situation requires the purchase of accountable property,

the property manager must also be notified as soon as possible. If competition is not used for purchases over \$2,500, the circumstances shall be explained fully in a justification for other than full and open competition, which must be included in the purchase file.

16. MANDATORY SOURCES OF SUPPLY. Except as provided by FAR 8.002, requirements for supplies or services shall be satisfied through the following sources, in descending order of preference:

a. Supplies:

- (1) Agency inventories
- (2) Excess from other agencies
- (3) Federal Prison Industries, Inc. (UNICOR)
- (4) Procurement lists of supplies available from the Committee for Purchase from the Blind and Other Severely Handicapped;
- (5) Wholesale supply sources, such as stock programs of the GSA, Defense Logistic Agency, Department of Veterans Affairs, and military inventory control points
- (6) Mandatory Federal Supply Schedules (FSS)
- (7) Optional use FSS
- (8) Commercial sources

NOTE: Items available through GSA/FSS multiple award schedules must be competed (one GSA/FSS supplier versus another) if the procurement meets the threshold for competition; i.e., over \$2,500. Supplies or services available through UNICOR or the Committee for Purchase from the Blind and Other Severely Handicapped will be procured from that source without competition, regardless of the dollar value.

b. Services:

- (1) Committee for Purchase from the Blind and Other Severely Handicapped.
- (2) Mandatory FSS and mandatory GSA term contracts for personal property rehabilitation.
- (3) Optional use FSS and optional use GSA term contracts for personal property rehabilitation.
- (4) UNICOR or commercial sources.

NOTE: Procurement personnel should be aware that the above sources provide such items as office supplies, office furniture and equipment, fuels, computer equipment, software, and clothing. If in doubt, check to ensure that the commodity is not available through the above sources before going to commercial sources. Catalogs and additional information are available through ASW-55.

17. SPECIAL INSTRUCTIONS.

a. **CONSTRUCTION.** Construction projects anticipated to exceed \$2,000 shall be submitted to ASW-55 or the LMS as early as possible to allow adequate time for wage surveys to be prepared.

(1) Written requests for quotes (SF-18) must be used for all construction projects anticipated to exceed a value of \$2,000. Vendor responses must also be written.

(2) When purchasing construction or services, there are certain FAR clauses which must be included in the procurement documents. The most notable of these are provided below:

(a) FAR 22.407 gives specific clauses, in addition to the Davis-Bacon Act, which must be incorporated into any solicitation or contract for construction which will exceed \$2,000.

(b) Davis-Bacon Act (construction) provides the minimum wage requirements that must be included in every contract exceeding \$2,000 for construction, alteration, or repair, including painting and decorating, of public buildings or public works. It is a violation of this statute to split up such a project which, in its entirety, would cost more than \$2,000 to avoid the requirements of this clause.

(3) The Government VISA credit card may not be used to purchase construction of any value.

b. **SERVICES.** When a procurement for services over \$2,500 is anticipated, the purchasing agent must obtain a wage determination by completing an SF-98, Notice of Intention to Make a Service Contract and Response to Notice. The SF-98 must be submitted at least 60 days prior to issuing the solicitation and prior to commencing negotiations with any offer or if the procurement is expected to exceed \$2,500. The Department of Labor (DOL) will issue the applicable wage determination; i.e., the DOL will send you a listing of the minimum wages to be paid by the vendor to all service employees. This wage determination must be provided to all prospective bidders. If circumstances do not permit receipt of the wage determination prior to issuing the solicitation, the solicitation should contain a clause informing prospective bidders that if a wage determination is applicable, an amendment to the solicitation will be issued, giving the minimum hourly wages and benefits that must be paid to employees working on the resultant contract.

(1) Contracting for services can be broken down into two categories, those valued at \$2,500 or less, and those with a value of over \$2,500. Refer to FAR 22.10 for guidance regarding service contracts.

(2) When contracting for services under \$2,500, the clause at FAR 52.222-40, below, shall be included in or attached to the procurement documents. "Except to the extent that an exemption, variation, or tolerance would apply if this contract were in excess of \$2,500, the contractor and any subcontractor shall pay all employees working on the contract not less than the minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201-206). Regulations and interpretations of the Service Contract Act of 1965, as amended, are contained in 29 CFR Part 4."

(3) For service contracts over \$2,500, refer to FAR 22.1006 to determine the appropriate clauses, which must be incorporated into any resultant solicitation or contract.

(4) The term "service employee" means guards, janitors, watchmen, and any person engaged in a recognized trade or craft, or other skilled mechanical craft, or in unskilled, semi-skilled, or skilled manual labor occupations; and any other employee including a foreman or supervisor in a position having trade, craft, or laboring experience as the paramount requirement, and shall include all such persons regardless of any contractual relationship that may be alleged to exist between a contractor and such person. THIS DOES NOT APPLY TO CONSTRUCTION.

(5) Automotive repair parts, normal maintenance or repair of FAA vehicles, in excess of \$300, must have prior approval of the Support Services Section, ASW-52A. Automotive tires, tubes, or batteries may be purchased as a result of roadside emergencies.

18. **UTILITIES.** The acquisition of utility services is addressed in FAR 41.201, Acquisition of Utility Services. For such acquisitions, contact Real Estate and Utilities Branch, ASW-56, for assistance.

19. **SPECIAL CONSIDERATION ITEMS.** Personnel extended authorization to make small purchases shall not purchase with agency funds any item or commodity from commercial sources, if it is offered through GSA or FSS. FAA personnel may not purchase the items or services listed below, except as indicated, in a bona fide emergency, or unless specific advance approval has been obtained. When the following items are involved, ASW-55 or the sector LMS should be contacted for guidance:

a. Advertising in newspapers or trade journals is an area where many restrictions apply and a high level of approval is required. All actions for advertising should be sent to ASW-55 for action.

b. Aircraft rental may not be paid using a TPDS. Aircraft rental must be accomplished by use of SF-44, Government credit card, or purchase order (see SW Order 4040.9D, FAA Aircraft Management Program).

c. Auto rental is not authorized without prior approval of the individual's supervisor. See SW Order 4670.2B, Motor Fleet Management, and SW Order 1500.14A (DOT 1500.6A), Travel, paragraph 3-0502.

d. Cameras, projectors, and accessories are often available through GSA schedules. Contact ASW-55 or the SMO LMS for guidance.

e. Carpets, rugs, linoleum, tile, and other floor coverings involve specified sources and may be covered under lease agreements. Contact ASW-56 for assistance. These items are normally subject to mandatory sources of supply requirements such as GSA, UNICOR, Committee for the Blind and Other Severely Handicapped. Contact ASW-55 for source information.

f. Clothing or personal apparel of any description should be coordinated with ASW-55.

g. Seat, truck, and/or passenger car covers are restricted. Contact ASW-55 or the SMO LMS.

h. Drinking water may not be purchased except at locations where potable water is not available at the site. Certification that potable water is not available must be made by the facility manager and the certification attached to the procurement document.

i. Fans, air conditioning, cooling equipment, space heaters and heating equipment may involve mandatory sources and may be considered as accountable property. Consult with ASW-55 or ASW-52 for purchase of these items.

j. Furniture buys must be approved by the Manager, Logistics Division, ASW-50; therefore, all procurements involving furniture must be processed through ASW-55.

k. GSA stock catalog items must be procured through GSA except when an urgent need arises for any item customarily obtained from GSA stock and a portion or all of the requirements must be obtained prior to the time when it could normally be delivered from such stock.

l. Household effects transportation, packing, crating, drayage, warfage, handling, and storage of employee's personal effects should be coordinated through ASW-52A.

m. Personal services as used herein means procuring services by contract whereby an employer/employee relationship appears to exist between the Government and the contractor or his employees. In no instance should a Government employee supervise or give the appearance of supervising contract employees. Such arrangements are forbidden.

n. Petroleum products and by-products are subject to a variety of rules and restrictions. Contact ASW-55 or the SMO LMS for assistance.

o. Printing and binding requirements must be coordinated in advance with the appropriate official in ASW-52A. If an out-of-agency purchase of printing services is authorized, the procurement document should make reference to the authorization by listing the name of the person giving authorization and the date it was given.

p. ADP equipment, components, software, and services must be coordinated with the Information Resource Management Branch, ASW-44, and ASW-52B, as appropriate. All purchases of ADP equipment and supplies must comply with the requirements for mandatory sources of supply, accountable property, and other applicable small purchase procedures. For other requirements, see Order 1370.52C, Information Resources Management - Policies and Procedures. Computer furniture is a restricted

procurement item which must be approved by the Regional Administrator, ASW-1, or the Manager, ASW-50, as applicable, and may be subject to mandatory sources of supply.

q. Purchases from Department of Transportation employees are not allowed.

r. Refrigerators, water coolers, vacuum cleaners, and other household appliances should be coordinated with ASW-52 and ASW-55 or the SMO LMS.

s. Rental of real property, including storage space, buildings, land easements, right-of-ways, etc., is restricted. Contact ASW-56 for assistance. The rental of temporary storage facilities for equipment and materials received at a site prior to the time actual installation can begin may be allowed, subject to ASW-55 approval. The circumstances surrounding the procurement of temporary storage facilities shall be thoroughly documented.

t. Repairs or alterations to leased premises should be coordinated with ASW-56.

u. Repairs to FAA-owned special purpose motor equipment, in excess of \$300, require prior approval of ASW-52A2. Approval must be documented on the procurement documents.

v. Salaries or wages shall not be paid using small purchase procedures.

w. Transportation charges may be paid using small purchase procedures if the charges will not exceed \$300. For overnight and parcel service, Federal Express or the U.S. Postal Service will be used. For shipments over \$300 contact the local FAA Transportation Specialist.

x. Transportation of personnel, or a combination of personnel and freight, requires coordination with the transportation office, ASW-52A2.

y. Utility services such as electricity, water, gas, etc., should be coordinated with ASW-56.

20. SUPPLIES WHICH MAY BE PURCHASED.

a. Bulk gasoline, kerosene, diesel, or fuel oil, and lubricating oils are restricted and such purchases should be referred to ASW-55 or the SMO LMS. Contact ASW-55 to determine if there is an existing Defense Fuel Supply Center contract for these products. For deliveries to more than one site, show quantity and cost code for each site on the procurement document.

b. Electronic and mechanical repair parts and supplies not available from the FAA Logistics Center (either stock or GSA purchase) or those supplied by the FAA Logistics Center but under Priority 1 and 2 conditions, may be purchased.

21. SERVICES WHICH MAY BE PURCHASED.

a. Local nonpersonal services on a per job basis are allowed if the person supplies both labor and materials and/or equipment. Contact ASW-55 or the SMO LMS for guidance.

b. Maintenance or repair of GSA vehicles shall be in accordance with instructions in the motor vehicle operator's packet in each vehicle.

c. Typewriter and office machine repair may be purchased. Contact ASW-55 or the SMO LMS to determine if a service contract has been established.

22. PROCUREMENT METHODS. There are five methods used to procure supplies or services under small purchase procedures. Each of these methods has advantages in given situations; therefore, it is not practical to list them in a definite order of priority. Consideration should be given to the time allowed to accomplish the procurement, the supply or service required, and the capability of the vendor to accept certain forms of payment. The SF-18, Request for Quotation, may be used with any of these methods, when time permits, to satisfy the competition requirements. The maximum value for any of these methods is given; however, each person should be aware of their individual authority and should not exceed the lower of either the maximum for the procurement method or their individual authority.

a. **OPTIONAL FORM (OF) 347, PURCHASE ORDER, or FAA FORM 4400-18, ORDER FOR SUPPLIES OR SERVICES.** The maximum value of any purchase using the purchase order may not exceed \$50,000. The use of the OF-347 or the FAA Form 4400-18 is the favored method of procuring supplies and services because the item being purchased is stated in writing, thus eliminating confusion over what is being sought. However, the administrative cost of this method is considerably higher than the use of the credit card or imprest funds. When it is determined that the transaction should be in writing, or if the purchase exceeds the dollar limit of other available procurement methods, the OF-347 or the FAA Form 4400-18 should be used.

b. **CREDIT CARDS.** The maximum value for credit card purchases may not exceed an individual's SPA. The Government Commercial Credit Card is an internationally accepted VISA credit card which enables a cardholder to make small purchases under an established delegation of authority. It is designed for official Government use only. The use of the credit card is the preferred method of making purchases over the use of TPDS or the SF-44.

NOTE 1: When using the credit card, the same requirements; i.e., competition, small business, rotation of orders among qualified sources, etc., still apply. Cardholders should first attempt to obtain their requirements through agency inventories prior to purchasing from an outside source. The requirement for purchasing from small businesses does not waive the requirement to make purchases from required sources of supply such as the mandatory FSS. The cardholder is responsible for compliance with the FAR requirements, as with any other method of procurement.

NOTE 2: When using the credit card, a person may not exceed the authorized spending limit when dealing with emergency situations.

Instructions regarding the use and restrictions of the credit card are contained in "FEDERAL AVIATION ADMINISTRATION SOUTHWEST REGION CREDIT CARD INSTRUCTIONS," "CARD HOLDER INSTRUCTIONS for the use of THE U.S. GOVERNMENT CREDIT CARD," and "THE DO'S and DON'T'S for the use of the Government Commercial Credit Card." Cardholders should refer to these publications, available through ASW-55, for specific guidance.

c. **SF-44.** The SF-44 is a pocket-size purchase order form designed primarily for on-the-spot, over-the-counter, one-time purchases of supplies and non-personal

services while away from the purchasing office or at isolated locations. The maximum value allowed for this method of purchase is \$2,500. Use of the SF-44 for purchases of less than \$100 should be avoided whenever possible. For such purchases, TPDS's, the Government credit card, or Blanket Purchase Agreements (BPA's) are more economical for the Government to process. The SF-44 is subject to the following restrictions:

- (1) The amount of the purchase should not exceed \$2,500 or the individual's authorized limit, whichever is lower. (This may be waived in emergency situations.)
- (2) The supplies or services are immediately available.
- (3) One delivery and one payment will be made.
- (4) Its use is determined to be more economical and efficient than use of other small purchase methods.
- (5) The SF-44 should be used only if a purchase order, credit card, or BPA is not practical for the situation.
- (6) General procedural instructions governing the use of SF-44 are printed on the form and on the inside front cover of each book of forms. The forms are accountable and must be safeguarded by each individual to whom they are issued.

(a) Individuals authorized to make small purchases must make their request for SF-44 books, in writing, to ASW-55. SF-44 books will be issued by ASW-55 with accompanying FAA Form 4650-12, Material Requisition/Issue/Receipt. Each individual issued an SF-44 book is responsible and accountable for its use. Lost books must be reported immediately to ASW-55. When books have been completely used, the cover must be returned to ASW-55 in order that the individual's record may be cleared. All unused portions of SF-44 books no longer needed must be returned to ASW-55.

(b) In emergency situations, an individual may exceed their authorized spending limit only with the approval of the ASW-55 manager, the small purchase team, or the SMO LMS.

d. **THIRD PARTY DRAFT SYSTEM (TPDS).** The maximum amount for this type transaction is \$2,500.

(1) The TPDS is a system through which an individual may be reimbursed for expenditures made by an individual using his/her personal funds. When it is necessary for an individual to purchase supplies or services using personal funds that individual may present the receipts/sales slips to the TPDS clerk for reimbursement. The clerk will issue a check for the amount of the expenditure.

(2) When using personal funds you must still abide by the appropriate rules and regulations and utilize mandatory sources of supply. Exact details of how to submit requests for third party drafts may vary from location to location. Contact your TPDS clerk for particular details.

(3) The following general guidelines apply to all TPDS actions:

(a) Third party drafts will not be used for purchases with vendors having a current BPA with the FAA covering relevant supplies or services, or when a Government VISA card is appropriate.

(b) Only those individuals with small purchase authority may be reimbursed under the TPDS for cash purchases previously made. SW Form 4400-1 must be presented to the TPDS clerk for identification purposes.

(c) Mandatory sources of supply will be used before seeking open market sources.

(d) Purchases shall be distributed equitably among qualified suppliers.

(e) Any agency authorized purchase order form or SF-1165, Receipt of Cash-Subvoucher, may be used if a written order is considered necessary; e.g., if required by the supplier for discount, tax exemption, or other reasons. If a purchase order is used for this purpose, it shall be endorsed "Payment to be made using a TPDS."

(f) Obtain a receipt for payment (sales slip, cash register ticket, or invoice marked "Paid"). The signature of the vendor is required on the receipt if the purchase exceeds \$15. The appropriation code should be written on the individual receipt and promptly presented to the TPDS clerk for reimbursement.

(g) The TPDS may not be used to obtain advance payments for anticipated expenses or contingencies.

e. **BLANKET PURCHASE AGREEMENT (BPA)**. Maximum annual value of this method may vary from one BPA to another, but in no case may it exceed \$100,000. Refer to the specific BPA for the maximum value. A BPA is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. BPA's are designed to reduce administrative costs in accomplishing small purchases by eliminating the need for issuing individual purchase documents. A BPA should be initiated only after it has been determined that the proposed vendor(s) will not accept the U.S. Government (VISA) credit card. Whenever large dollar values are expected, and it is anticipated that individual orders will exceed \$2,500, at least two BPA's for the same type of supply with two separate vendors should be established to allow purchases to be distributed among qualified suppliers and to allow price comparison. Below is a summary of the procedures for the use of BPA's. For additional instructions and format, refer to FAAM Bulletin FB 93-04, dated April 16, 1993.

(1) A PR must be generated and approved to initiate a BPA.

(2) The BPA PR shall be prepared using the System for Acquisition Management (SAM) and must contain the following:

(a) A general description of the goods or services. This shall be entered as "remarks" and not as a line item.

(b) The total estimated annual cost of the BPA (aggregate cost).

(c) Accounting and appropriation data, if available.

(d) A certification that the funds for the total estimated amount of the BPA are available.

(e) The name(s) of the person(s) authorized by the contracting officer to make purchases under the BPA.

(f) The dollar limitation for each individual purchase.

(g) PROCUREMENT REQUESTS WILL NOT PROVIDE ANY FUNDS FOR THE INITIAL ESTABLISHMENT OF THE BPA.

(3) The contracting officer will issue an FAA Form 4400-18 or OF-347 to each vendor for which a BPA has been established. The BPA shall contain all applicable clauses prescribed by FAR Part 13.202 and any other clauses which meet the dollar threshold of any particular order against the BPA; i.e., Service Contract Act, Contract Work Hours and Safety Standards Act, Walsh-Healey Public Contracts Act, etc.

(4) The contracting officer will issue a memorandum to each person authorized to make purchases under a BPA, explaining what type of supplies or services may be purchased, maximum dollar value of an individual purchase, and the BPA number and vendor.

(5) BPA's should be established with small business firms only. If it is necessary to issue a BPA to a large business firm, the file must be documented to show the reason the award was made to other than a small business.

(6) If the aggregate amount of the BPA is over \$25,000, the complete award file must be forwarded to ASW-55 for signature. No BPA shall be awarded for more than \$100,000 to a single vendor, regardless of the type of product or service being purchased."

(7) Each office responsible for issuing orders against BPA's shall submit a monthly report to the contracting officer using the Small Purchase Summary Form, DOT F 4230.1. This form, with copies of the BPA call obligation document, must be forwarded to ASW-55 and received no later than the fifth workday after the end of the month covered by the report.

(8) FAAM Bulletin FB 93-04 requires that BPA calls and expenditures be tracked in SAM. To accomplish this, it will be necessary for each issuing office, division, etc., to assign a PR number to each monthly summary prior to sending the summary to ASW-55. This PR number will cover ALL purchases listed in the monthly summary. It is NOT necessary to assign a PR number to each line item of the summary.

(9) FAAM Bulletin FB 93-04 also prohibits one person from placing the call, receiving the supplies or services, and authorizing payment. One person may perform two of the functions, but not all three.

(10) FAAM 1213.204-90, Purchases under Blanket Purchase Agreements-Limitations, states, in accordance with FAR Part 16, "a BPA shall not be used if other procurement methods are more appropriate."

(11) The existence of a BPA does not justify sole source procurements. All purchases must comply with the following:

(a) FAR 13.106, Competition and Price Reasonableness.

1 Purchases not exceeding \$2,500 may be made without securing competitive quotations, if the contracting officer considers the price to be reasonable.

2 All competitive sources should be given an equal opportunity to furnish supplies or services under BPA's.

3 If practical, a quotation shall be solicited from other than the previous supplier before placing a repeat order.

4 For procurements over \$2,500, competition is required. Generally, at least three sources holding BPA's shall be solicited. If possible, two sources not included in the previous solicitation will be requested to furnish quotations. This requirement also applies to procurements through GSA and FSS.

(b) FAR 13.107, Solicitation and Evaluation of Quotations.

1 Request for Quotations, SF-18, may be used to request written quotations when oral quotes are not suitable.

2 Prompt pay discounts shall not be considered in the evaluation of quotations.

3 Transportation charges will be considered in evaluating quotations.

4 Economic order quantities must be considered in the procurement of supplies. When oral quotations are used, the information in FAR 52.207-4 shall be requested. For written quotations, the contracting officer shall comply with FAR's 7.203 and 7.204.

(12) The above procedures apply to all existing BPA's as well as any new BPA's. Contracting officers should ensure that all existing BPA's are amended, as necessary, to ensure compliance with all requirements of FAAM Bulletin FB 93-04.



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