
FOREWORD

The Federal Acquisition Streaming Act (FASA) of 1994, the Federal Acquisition Reform Act (FARA) of 1996 and the Information Technology Management Reform Act (ITMRA) of 1996 simplified many regulations that govern the Acquisition process.

The goal of this Delegated Acquisition (DELPRO) Reference Guide is to provide assistance to the DELPRO Institute or Center (IC) Ordering Offices. It is the intent of this Guide to provide acquisition guidance in regulatory and procedural policies and procedures, and provide a working reference manual that will aid the DELPRO Approving and Ordering Officials in accomplishing efficient and cost effective acquisitions.

All DELPRO Approving and Ordering Officials are encouraged to read the revised Guide cover to cover. While this Guide cannot fulfill every acquisition area of concern, many useful and resourceful Federal and Business links have been added for your convenience. Suggested changes or additions to this Guide should be sent to the attention of:

The Division of Acquisition Programs (DAP)
Acquisition Services and Review Branch (ASRB)
6011 Executive Blvd., MSC.7663
Room 547K,
Rockville, MD. 20892-7663
(301) 435-3941

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PART I - OVERVIEW

1.1 BACKGROUND

The NIH supports the simplified acquisition needs of its research programs through a multifaceted Administrative Data Base (ADB) system that includes the Delegated Acquisition Program (DELPRO) and the Purchase Card Program. The areas that support these programs are the Office of Logistics and Acquisition Operations (OLAO), and various IC Decentralized Purchasing Offices. Simplified Acquisitions (any purchase for supplies, services, or equipment which does not exceed \$100,000) at NIH account for an estimated 394,570 orders with obligations estimated at over a billion dollars.

The largest annual percentage of simplified acquisition orders are placed through the automated DELPRO system by approximately 135 IC Ordering Offices (or DELPRO Nodes) and through government purchase cards. The remaining percentage of orders are processed by the Simplified Acquisition Branch, Office of Logistics and Acquisition Operations (OLAO) and the IC Decentralized Purchasing Offices, which generally acquire more complex and higher dollar equipment and services.

The NIH has established three goals for its simplified acquisition system;

1. responsiveness,
2. cost-economy, and
3. regulatory compliance.

Since its inception in 1982, the Administrative Data Base (ADB) system and the DELPRO software have greatly improved the delegated acquisition process. Automated acquisition has minimized the delays and errors inherent in a paper system, and has become a tool for the IC's to track the status of their orders. DELPRO is an innovative and essentially unparalleled system which allows goods and services vitally needed to meet NIH's missions, to be procured quickly and with minimal effort.

For the purpose of this Guide, ***acquisition is an all-inclusive term for the process of providing what the Government needs to where it is needed, when it is needed, as economically as possible, and in compliance with legal and administrative requirements.*** Acquisition at the NIH is based on the Federal Acquisition Regulation (FAR), the Health and Human Services Acquisition Regulation (HHSAR), and NIH Policies and Procedures, including Manual Chapters (see website listings).

1.2 ACQUISITION FUNCTIONS

The acquisition function is comparable to the rest of NIH in that it is divided along the lines of extramural and intramural research.

Extramural research is funded through NIH's grants, cooperative agreements, and research contracts. Extramural research is done elsewhere, external to NIH, in private industry, universities, hospitals and other non-profit institutions. While purchase orders can be used to acquire extramural research, this Guide is not intended to address support of extramural research.

Intramural research funds studies and testing that is done at NIH or through an acquisition mechanism (e.g., purchase order, contract). The acquisition procedures this Guide addresses are concerned with intramural research and station support functions, such as supplies, services, construction, A&E, IT supplies and services.

1.3 ORGANIZATIONS

The following briefly describes the organizations that have program responsibility for NIH simplified acquisitions:

A. Office of Acquisition Management and Policy (OAMP)

The Office of Acquisition Management and Policy (OAMP) has oversight responsibility of NIH contracting. This includes development of policies and procedures, the development of reports, and the analysis of systems and programs for NIH contracting. OAMP is involved in simplified acquisition issues and policies (see the Office of Acquisition Management and Policy website).

The two major applicable OAMP functional areas are:

1. Head of the Contracting Activity (HCA) - The individual who has been delegated responsibility to perform a variety of agency-level acquisition functions in accordance with the Health and Human Services Acquisition Regulation. This individual serves as both the Director, OAMP and HCA, with responsibility for assuring the effectiveness, efficiency, and integrity of all NIH acquisition activities. The HCA advises the NIH Director and provides leadership and direction for all NIH acquisition activities.
2. Small Business Office - This office is under the direction of the HCA. Satellite program offices are located at the NCI and the NIEHS. The Small Business Specialist (SBS) is responsible for directing and

managing NIH's socioeconomic acquisition program by assisting and counseling small businesses and reviewing requirements to determine their applicability for small business award. This office also assists Purchasing Agents in identifying small businesses who can fulfill specific purchasing requirements.

B. Office of Logistics and Acquisition Operations (OLAO)

1. The Division of Acquisition Programs (DAP) office - is responsible for planning, developing, recommending and establishing NIH procedures, and guidance for simplified acquisitions, including the Government Purchase Card program.
 - a. **Acquisition Services and Review Branch (ASRB)**
Provides oversight, regulatory and procedural guidance, and a daily "Help line" for the IC DELPRO Ordering Offices. This branch is also responsible for conducting reviews of DELPRO nodes. They are responsible for developing new training in simplified acquisition, providing oversight of training seminars, and specialized training as requested. The Acquisition Services and Review Branch maintains a data base for tracking training and authorities for DELPRO Approving and Ordering Officials, as well as processing all Delegated Authorities (2604 and 2604-1), and reviewing DELPRO purchase files and SF-44's. They are also the receipt point for the Level I certification packages for the NIH community.
 - b. **Acquisition Planning and Specifications Branch**
Conducts acquisition planning and market research. Helps develop Performance-based specifications for contracts; conducts reverse auctioning for IC's; responsible for the development of commodity specifications for NIH headquarters and field stations as requested; maintains a catalog library and provides technical assistance to NIH ordering offices, bidders and contractors on the design, manufacture, use and acquisition of equipment, supplies and technical services. Upon request, they evaluate bids/proposals to verify compliance with the specifications.
 - c. **Simplified Acquisition Programs Branch**
Establishes new BPA's, negotiates vendor discounts, conducts discount validations, conducts competitive BPA solicitations, manages, renews and terminates existing BPA. This branch also administers the NIH Purchase Card Program.

2. Division of Logistics Services (DLS)- consolidated the OLM Supply Management Branch which manages material and operates the NIH Central Stores system, including the operation of the Self-Service Stores and the OLM Transportation Management Branch which is responsible for receiving, storage and distribution of incoming freight, as well as for arranging for the shipment of items from NIH to foreign and domestic destinations.
3. Division of Personal Property Services (DPPS)
Maintains accountability for all NIH property. This division promotes the utilization of excess property, and is a mandatory source that must be checked prior to purchasing furniture and equipment from any other source.

C. Commercial Accounts, Office of Financial Management (OFM)

The Commercial Accounts Branch is essentially responsible for the audit/review and payment of invoices in accordance to Federal regulations, i.e., Prompt Payment Act. Many functions are involved in this process including:

- scanning images of invoices into the ViewStar System,
- audit/review of invoices for payment or rejection,
- sending out unpayable letters to vendors explaining why an invoice cannot be paid,
- transmitting schedules to Treasury for payment of invoices,
- responding to and researching payment inquiries from vendors and the NIH community,
- submitting check tracers to the US Treasury for status requests,
- addressing questions and resolving items on the Unpaid Invoice Report, etc.

See PAID website for vendors - page 106

1.4 AUTHORITIES AND RESPONSIBILITIES

A. Head of the Contracting Activity (HCA)

The Health and Human Services Acquisition Regulation requires that each acquisition activity designate a Head of the Contracting Activity (HCA). The HCA is the official in charge of the major contracting operation within the agency, and the HHSAR specifies many contracting policy procedure and specific contractual actions the HCA must concur with, approve, and/or sign. The role of the HCA includes reviewing requests for ratification of unauthorized commitments above \$25,000 and the issuance of Contracting Officer warrants. At NIH, the HCA also serves as the Director, Office of Acquisition Management and Policy. All ratification requests greater than \$25,000 must be submitted to The Director, Division of Acquisition Policy and Evaluation, OAMP, (301) 496-6014 (see Part IV - Unauthorized Commitment).

B. DELPRO and Purchase Card Authority

DELPRO Approving Officials or their designated representative and Purchase Card Holders are authorized by either the HCA or the Director, Division of Acquisition Programs, to obligate the Government up to the limit of their delegated authority.

1.5 ACQUISITION STANDARDS

The NIH staff involved in the acquisition process must adhere to a high standard of ethics. These are summarized below:

A. Code of Ethics - Any person in Government service must:

1. Put loyalty to the highest moral principles and to country above loyalty to persons, party or Government department.
2. Uphold the Constitution, laws, and regulations of the United States and of all governments therein and never be a party to their evasion.
3. Give a full day's labor for a full day's pay; giving earnest effort and best thought to the performance of duties.
4. Seek to find and employ more efficient and economical ways of getting tasks accomplished.
5. Never discriminate unfairly by the dispensing of special favors or

privileges to anyone, whether for remuneration or not; and never accept, for himself or herself or for family members, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of governmental duties.

6. Make no private promises of any kind binding upon the duties of office, since a Government employee has no private word which can be binding on public duty.
7. Engage in no business with the Government, either directly or indirectly, which is inconsistent with the conscientious performance of governmental duties.
8. Never use any information gained confidentially in the performance of governmental duties as a means of making private profit.
9. Expose corruption wherever discovered.
10. Uphold these principles, ever conscious that public office is a public trust. (U.S.C. 7301)

B. Standards of Conduct

There are several laws and regulations that address various ethical issues. Executive Order 12731 serves as the basis for the standards of conduct. It states 14 general principles that broadly define the obligations of public service. Underlying these 14 principles are two core concepts –

- employees shall not use public office for private gain, and
- employees shall act impartially and not give preferential treatment to any private organization or individual.

In addition, employees must strive to avoid any action that would create the appearance that they are violating the law or ethical standards. Standards of Conduct apply to all Government employees, not just those in acquisition. The areas that have the most implications for acquisition involve gifts from outside sources.

The Standards of Conduct state that employees are subject to restrictions on the gifts that they may accept from sources outside the Government. Generally they may not accept gifts that are given because of their official position or that come from certain sources (“prohibited sources”). Those prohibited sources include persons who are seeking official action by the employee’s agency, doing

business with the employee's agency, are regulated by the employee's agency, or have interests that may be substantially affected by performance or nonperformance of the employee's official duties.

There are a few exceptions to the ban on gifts from outside sources. These exceptions include allowing the acceptance of gifts where the value of the gift is \$20 or less. However, you may not accept more than \$50 from any one source in any one year. It doesn't matter what the gift is - it can be food and refreshments, entertainment, or tangible items. (Modest refreshments such as coffee and donuts, greeting cards, and rewards and prizes open to the general public, are not considered gifts.) See NIH Manuals 2300-735-1, "Avoiding Conflicts of Interest" and 6009-1, "Contracting Officer's Responsibility In Verification of Conflicts of Interest in Advisory and Assistance Service (A&As) and Other Contracts". See the ethics website in the website listings.

C. Procurement Integrity

On January 1, 1997, the Clinger-Cohen Act became effective and there were extensive revisions to procurement integrity provisions. Congress eliminated overlapping and redundant statutory treatment, streamlined the rules and reduced paperwork for contractors and government. The new statute renamed "Procurement Integrity" to "Restrictions on Disclosing and Obtaining Contractor Bid or Proposal Information or Source Selection Information". The major provisions of this statute apply to competitive acquisitions only, including simplified acquisitions. The new rules prohibit unauthorized disclosure of contractor proprietary or "protected" information. There are prohibitions placed upon all persons who have access to contractor bids, proposal information or source selection information against obtaining or disclosing acquisition information before the award of a federal agency acquisition contract to which the information relates. All procurement integrity certifications were eliminated (FAR 3.104).

1.6 FUNDING

Congress authorizes the Departments of Government to expend specific amounts of money for specific purposes and appropriates funds for those purposes. The Departments obligate and expend these funds within the authorizations and limitations imposed by the Congress. The General Accounting Office (GAO) is responsible to Congress, and watches over expenditures to insure compliance with the restrictions placed by Congress on the use of the funds.

A. Anti-deficiency Act

This act provides that no Government officer or employee of the Government may create or authorize an obligation in excess of the funds available, or in advance of appropriations, unless otherwise authorized by law. Before executing any purchase order or modification of a purchase order, the Contracting Officer shall obtain written assurance from responsible fiscal authority that adequate funds are available.

B. Bona Fide Needs Rule

The Federal Acquisition Streamlining Act expanded the Government's authority to enter into multi-year contracts. Agencies may now enter into multi-year contracts for property and services that cross fiscal years. Funds must be available and obligated for the full contract period or the first fiscal year, and for the cost associated with any necessary termination. The agency must make only two determinations before entering into such a contract - that the need for the service is reasonably firm and will continue over the contract period and multi-year contracts will promote the Government's best interest by promoting competition and efficient administration. Multi-year contracts must include a termination clause in the event funds are not available for future years.

Agencies may enter into contracts for severable services that begin in one fiscal year and end in another. The period of the basic contract may not exceed one year each. Contracts that cross fiscal years may be funded with one year's funds.

DELPRO AUTHORITIES AND RESPONSIBILITIES

A. Overview

Delegated acquisition authority may be granted to certain non-acquisition individuals in the IC to approve simplified acquisitions through DELPRO. These individuals are designated as DELPRO Approving Officials. Each DELPRO Approving Official is responsible for the acquisition activities associated with a DELPRO Node (i.e., a DELPRO Ordering Activity). Generally, Administrative Officers and Administrative Assistants are granted delegated acquisition authority. However, DELPRO Lead Purchasing Agents and warranted Contracting Officers may also be DELPRO Approving Officials.

1. Individuals granted delegated acquisition authority must review, approve, and obligate funds for their DELPRO Node(s) in accordance with the limitations contained in their delegation and the FAR, HHSAR, and policy and procedures described within this Guide. Requests from an IC for delegated acquisition authority may be made for any of the mechanisms shown below, at levels no greater than the maximum limitations listed. [Please keep in mind, the Director, Division of Acquisition Programs (DAP) reserves the right to limit the authority granted.]
2. The following represents acquisition mechanisms and the current maximum limitations granted to DELPRO Approving Officials for these mechanisms:

<u>Mechanism Type</u>	<u>Maximum Order Limit</u>
ROC against BPA (“N” order)	BPA MOL *
Professional Service Order (“R” order)	\$3,000
Reprints (without covers) (“K” order)	\$10,000
And Manuscript Publication Costs (“K”)	
Scientific Equipment Repair Order (“R”)	\$2,500
Purchase Order-Invoice-Voucher (SF-44)	\$1,500
ROC against IDC	IDC MOL

* Most Open Market BPA have a MOL of \$25,000

3. Splitting orders to avoid dollar limitations (i.e., micro-purchase or simplified acquisition threshold), or delegated authority limitation is prohibited. DELPRO Approving Officials are personally responsible for the proper and lawful purchasing of goods or services. If the authority granted is exceeded or misused, the purchase is not legal and must be ratified by the Simplified Acquisition Branch, OLAO or Chief Contracting Officer, whichever is applicable.
4. Where acquisition authority has not been delegated, the responsibility for entering a requisition in DELPRO for transmittal to the Office of Logistics and Acquisition Operations or Decentralized Purchasing Office and

tracking its progress rests with the IC.

B. DELPRO Authorities

1. It is the NIH policy that personnel engaged in the acquisition process possess necessary experience, training, knowledge, and satisfactory performance as prescribed in the FAR, HHSAR and NIH policy and procedures in order to be appointed as DELPRO Approving and Ordering Officials. (See Section 1.9 Acquisition Training and Certification Requirements.)
2. Newly appointed DELPRO Approving and Ordering Officials who have not had the opportunity to meet training and certification requirements prior to beginning their duties may obtain interim authority: DELPRO Approving Officials may obtain interim authority up to one year. DELPRO Ordering Officials may obtain interim authority up to six months.
3. IC Directors, Executive Officers, and Principal Administrative Officers (also known as Requesting Officials) are responsible for
 - a. Maintaining the overall delegated acquisition operation within their IC, and ensuring compliance with established policies and procedures including responsiveness, cost economy, regulatory compliance, and internal controls as described in this Guide;
 - k. identifying and requesting the establishment or rescission of DELPRO Nodes (i.e., DELPRO Ordering Activities);
 - c. ensuring that the designated DELPRO Approving and Ordering Officials have successfully completed the Delegated Acquisition Training Program (DATP) and the following Advanced Procurement Seminars: “Price Reasonableness in the Award of Simplified Acquisitions”, “Buying from Businesses on the Open Market”, “Consolidated Purchasing Through Contracts”, “Federal Supply Schedules” and “Professional Service Orders”;
 - d. ensuring that designated DELPRO Approving Officials have received or will receive the proper on-the-job acquisition experience and course work needed for Level I Certification. Arrangements are made for back-up approving capacity in the event of extended absence from the office.
4. DELPRO Approving and Ordering Official authority shall be granted where a valid organizational need can be demonstrated such as a new position or a replacement position is to be filled. Factors to be considered in assessing the need for appointment or replacement include volume of actions, complexity of work, the structure of the organization and the

geographic location.

- a. DELPRO Approving and Ordering Official authority is granted to named individuals, not to positions.
- b. Individuals granted DELPRO Approving or Ordering Official authority are bound by the Standards of Conduct and thus are prohibited from accepting any gift, gratuity, favor or entertainment from any person or business engaged in acquisition or other financial transactions with NIH.

C. Procedures for Appointing DELPRO Approving Officials

When an organizational need for a DELPRO Approving Official has been determined or a replacement is required, a written request, NIH Form 2604, "Delegation of Acquisition Authority," must be submitted for processing by the Requesting Official to the Acquisition Services and Review Branch, Division of Acquisition Programs to the attention of Annette Romanesk, 6011 Executive Blvd., Room 547H OR fax a copy of the form to Annette Romanesk, FAX# (301) 496-8422.

A new 2604 form is not required when a DELPRO Approving Official moves from one DELPRO Node to another within the same IC. Send an e-mail to Annette Romanesk requesting the move from one Node to another. Approving Officials' delegation may be canceled by sending an e-mail to Annette Romanesk. The 2604 form is used to request and grant delegation of acquisition authority, to request access to the DELPRO acquisition system, and to change the dollar amount of an individual's delegation. Copies of the NIH 2604 form can be obtained from the Form 2604 website referenced in the website listing.

Requests for delegated acquisition authority are then forwarded to the Chief, Acquisition Services and Review Branch, who approves the 2604 on behalf of the Director, Division of Acquisition Programs. When approved, a copy of the request is forwarded to the Requesting Official, and to CIT. Also, a copy is retained in the official files for DELPRO Approving Officials, maintained by DAP.

If a proposed DELPRO Approving Official is a warranted Contracting Officer, then the NIH Form 2604 serves as a request for access to the DELPRO system, and as a tracking document, and not as a means of securing acquisition authority. In this case, approval to access the DELPRO system will be granted by the Chief, Acquisition Services and Review Branch on behalf of the Director, Division of Acquisition Programs. The individual for whom access has been requested is contacted directly by DAP when the request has been acted upon. Warranted Contracting Officers must attach a copy of their warrant at the time that the NIH Form 2604 is submitted.

A written request (memorandum) must accompany the NIH Form 2604 for new

DELPRO Approving Official's positions which exceed the IC's most recently approved Node staffing structure. The memorandum must address such issues as the current Node staffing structure and proposed structure including factual workload data (e.g., volume of actions, complexity of work, etc.), and be consistent with Section 1.10 "NIH Node Criteria". These requests will be reviewed on a case by case basis and must be approved by the Director, Division of Acquisition Programs.

A request for replacement of a DELPRO Approving Official must include a request to cancel (if not already submitted) the authority and/or access to the DELPRO Node, of the individual being replaced.

Cancellations of DELPRO Approving Official Delegation of Acquisition Authority are to be submitted to the Acquisition Services and Review Branch, DAP via NIH Form 2604 or send an e-mail to Annette Romanesk requesting cancellation. It is the responsibility of the IC Requesting Official to cancel an Approving Official's authority upon their reassignment, transfer, or termination of employment.

Note: Not all personnel eligible to receive a delegation are granted one. One primary and up to two secondary (backup) DELPRO Approving Officials are assigned to a Node. Please keep in mind, it is good practice when choosing a secondary official, to chose an authorized individual within the IC's DELPRO Ordering Activities who has ongoing acquisition responsibilities.

D. Procedures for Appointing DELPRO Ordering Officials

When an organizational need for a DELPRO Ordering Official is determined, or a replacement or cancellation is required, IC's follow the same procedures as indicated above for DELPRO Approving Officials. There is only one significant difference, instead of NIH Form 2604, the Requesting Official will be submitting NIH Form 2604-1, "Request for Ordering Official Authority" (see the Form 2604 website listing).

ACQUISITION TRAINING AND CERTIFICATION REQUIREMENTS

A. Training

All DELPRO Approving and Ordering Officials are required to receive specified acquisition training in order to have the knowledge to perform their duties in the most effective and efficient manner in accordance with governing regulations, policies and procedures. DELPRO Approving and Ordering Officials must attend the Delegated Acquisition Training Program (DATP).

The first part of the course is a lecture portion which includes a test and the second part of the course is a practical "hands-on" using the DELPRO automated system. A score of a least 80% on the test is required in order to pass the class. In the event an individual does not pass the test, he/she will be afforded another opportunity to take a similar test within 30 days of notification of the test results.

It is recommended that this course be taken prior to requesting DELPRO authority. DELPRO Ordering Officials must complete this course within six months after being delegated interim authority as a DELPRO Ordering Official. DELPRO Approving Officials must complete the "Contract Formation I" and "Acquisition Planning II" within one year of being delegated interim DELPRO Approving Official authority in order to obtain Level I Certification.

In an effort to provide continuing education to everyone in the DELPRO acquisition area, there are five mandatory advanced seminars:

1. "Buying from Businesses on the Open Market"
2. "Consolidated Purchasing Through Contracts"
3. "Federal Supply Schedules"
4. "Price Reasonableness in the Award of Simplified Acquisitions"
5. "Professional Service Orders".

Completion of these seminars is mandatory for ALL DELPRO Approving and Ordering Officials. Priority attendance in these seminars is given to DELPRO Approving and Ordering Officials.

For information regarding course content and dates for the Delegated Acquisition Training Program (DATP) and the Advanced Seminars, see the Training and Development Branch Training Catalog or contact their office at (301) 496-6211, or visit the website.

For information regarding course dates for "Contract Formation I" and Acquisition Planning II" contact your IC Training Coordinator or contact Kelly Jackson, (301) 496-1783

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B. DELPRO Approving Officials

All DELPRO Approving Officials must be Level I Certified. The Department requires that all individuals with delegated acquisition authority complete the prescribed DHHS sponsored courses "Contract Formation I" and "Acquisition Planning II", as well as, have at least one year of experience in the field of procurement/DELPRO acquisition. The experience must include at least six (6) months of experience in the field of simplified acquisition.

Eligibility Requirements for Certification, Level I Purchasing Agent.

1. One year (1) of experience in the GS-1102, 1105 or 1106 series, six months of which provided experience in using simplified acquisition procedures.
2. Eighty (80) hours of basic-level training which includes the following courses or their equivalent:
 - Contract Formation I
 - Acquisition Planning II
3. Satisfactory performance rating.

The NIH Certification Board meets quarterly to review all requests for Level I Certification. The evaluation includes an individual's training (include a copy of the certificates from the "Contract Formation I" and the "Acquisition Planning II" classes), performance rating (include a copy of your latest performance plan and satisfactory rating, and experience (include an updated resume or 171 describing your Acquisition/DELPRO duties)). Also include a copy of your 2604 form that provided you with interim DELPRO authority (if applicable), and a new 2604 form requesting permanent DELPRO authority). Also, purchase card holders submitting requests for Level I Certification should also include a 2604 form in which they should indicate in Block 12 of the form "Purchase Card Authority \$_____" (designate the amount). Submit certification request packages and forward all related questions to your IC Coordinator; they will be notified of NIH Certification Board meeting dates. If you do not know who your IC Coordinator is, contact Annette Romanesk, (301) 435-3932, RomanesA@od.nih.gov.

In accordance with Department policy, when an individual does not have at least Level I Certification, interim authority may be granted for up to one (1) year. Upon receipt of Level I Certification, the individual will be granted permanent DELPRO Approving Official authority.

C. DELPRO Ordering Officials

In the event the individual has not successfully completed the DATP course, an interim authority may be granted for a period not to exceed six

(6) months. The DATP must successfully have been completed during that time or the DELPRO Ordering Official authority will be terminated. Interim authority requires that the DELPRO Node Approving Official provide training and close oversight of the individual until permanent authority is granted. Request for permanent authority must be submitted on a NIH 2604-1 "Request for Ordering Official Authority" form to Annette Romanesk, 6011 Executive Blvd., Room 547H, (301) 435-3932, e-mail: RomanesA@od.nih.gov.

DELPRO Ordering Officials are encouraged to attend the DHHS sponsored acquisition training courses "Contract Formation I" and "Acquisition Planning II", however the courses are not mandatory for DELPRO Ordering Officials.

NIH NODE CRITERIA

A. Node Establishment and Staffing Requirements

A DELPRO Node is two alpha characters that identifies a particular DELPRO Ordering Office/Activity. Such an Office must be staffed with at least one Primary and one Secondary DELPRO Ordering Official and one Primary and one Secondary DELPRO Approving Official with delegated acquisition authority. These Officials are responsible for the acquisition activities of the offices, laboratories, or branches associated with that Node.

DELPRO Nodes are established at the request of an IC upon the recommendation of the Chief, Acquisition Services and Review Branch, with the approval of the Director, Division of Acquisition Programs. Nodes are expected to be staffed, to the greatest extent possible, with full-time DELPRO Ordering Officials, reporting to DELPRO Approving Officials in an acquisition or administrative (341 or 303) series. It is recommended that DELPRO Ordering Officials be in an acquisition series wherever practicable. However, there may be instances where they may be in a non-acquisition series such as an administrative (341 or 303) series.

B. Node Workload Criteria

1. DELPRO Approving Officials
One full-time DELPRO Approving Official can be expected to review the work of four to seven full-time DELPRO Ordering Officials.
2. DELPRO Ordering Officials
One full-time DELPRO Ordering Official, spending 100% of his or her time processing DELPRO orders, and entering RQMs, stock requests, etc. can be expected to process and/or enter approximately 1,200 to 2,025 orders per year (5 to 9 orders per day). Workload ranges may be exceeded provided quality acquisitions are being made.

Note: For every DELPRO Approving and Ordering Official appointed, it is expected that at least one backup/secondary Official will be designated, usually no more than two may be appointed. It is good practice to choose secondary officials within the IC's DELPRO Ordering Activities who have ongoing acquisition responsibilities.

C. Consolidation of DELPRO Nodes

Institutes and Centers are encouraged to consolidate DELPRO Nodes (i.e., centralize DELPRO Ordering Activities) as much as practical for efficiency, accountability, and the development of acquisition expertise. Some advantages of centralization are as follows:

- a. Higher productivity and higher quality of acquisitions for full-time DELPRO Ordering Officials.
- b. Increased opportunities for career advancement for DELPRO Ordering Officials classified as Purchasing Agents.
- c. Increased delegation of acquisition authority for IC's.
- d. Increased opportunities for quantity discounts when procuring repetitive items.

RESPONSIBILITIES OF DELPRO ORDERING OFFICIALS

Orders placed by DELPRO Ordering Officials must be in compliance with Simplified Acquisition Procedures contained in the FAR, HHSAR, and NIH Policies and Procedures. DELPRO Ordering Officials are responsible for:

- A. Understanding what is being requested, identifying all requirements, and checking purchase requests for completeness.
- B. Checking required sources and determining whether a mandatory source of supply can meet the requirement.
- C. Determining the appropriate NIH DELPRO mechanism. Responsible for forwarding purchase request documentation for RQM's to Office of Logistics and Acquisition Operations (OLAO) or IC Decentralized Purchasing Offices.
- D. Advising vendors of ordering requirements and specifications, and determining if vendors can meet these requirements.
- E. Ensuring that appropriate purchasing documentation is in the file before placing the order including a completed purchase request, clearances when necessary, evidence of competition from three vendors for Open Market orders exceeding \$2,500 or evidence of price comparison from three vendors on Federal Supply Schedule for orders exceeding \$2,500 and any applicable justifications and determinations of price reasonableness.
- F. Refraining from purchasing personal services, and the inappropriate use of DELPRO mechanisms (e.g., ordering technical services through the Professional Service Order mechanism), and the unauthorized use of BPA which includes the purchase of furniture (from other than UNICOR), controlled substances, maintenance contracts for equipment (other than Federal Supply Schedule (FSS) Blanket Purchase Agreements (BPA) for copier maintenance [see section 3.3B]).
- G. Placing Open Market DELPRO orders exceeding \$2,500 with small businesses or ensuring that a justification for use of other than a small business is provided.
- H. Obtaining and evaluating vendor list prices and unit prices to secure a fair and reasonable price and to ensure that NIH is receiving negotiated discounts. Assure the acquisition files over \$2,500 are documented for price reasonableness and that prices are correctly entered in the proper DELPRO fields. The order must include list prices and unit prices. These fields of the DELPRO order are used for price validation.

- I. Contacting the vendor and placing the order, confirming prices, specifications, and delivery schedule. Contacting the vendor promptly if the Approving Official disapproves the acquisition action.
- J. Entering the order into the DELPRO system within one working day of placing the order with the vendor and ensuring that all input fields are entered correctly such as vendor catalog numbers, item descriptions, object class codes.
- K. Following through to make sure the requester received what was ordered, and contacting the vendor, if necessary, to resolve any problems.
- L. Ensuring that the receiving documentation (packing slip/delivery ticket or annotated DELPRO order, if documentation unavailable) is obtained from the Requester for the acquisition file, and that it includes the Requester's signature, and contains the receiving information required by the Prompt Payment Act. Also, ensuring that the receiving documentation reflects items that were actually ordered, and that any discrepancies are resolved.
- M. Ensuring that inspection, acceptance and entry of receiving information into the ADB is accomplished no later than seven calendar days after receipt of the goods or services. This will ensure that vendors are paid promptly, in accordance with the Prompt Payment Act.
- N. Checking the unpaid invoice screen weekly, and resolving payment problems.
- O. Complying with the requirement of OMB Circular A-123 on Internal Controls to ensure that neither the DELPRO Ordering Official nor the DELPRO Approving Official is the Requesting Official or Receiving Official; or that the DELPRO Ordering Official and the DELPRO Approving Official are not the same individual, in order to reduce the possibility of fraud.
- P. Maintaining accurate records and complete acquisition files that are readily available for a period of three years after final payment of the order. If any of the records are maintained on other than hard copy, such as on computer tapes, they must still be accessible for the same three year period.

Note: Records of purchase card transactions must be readily available for a period of 3 years after final payment.
- Q. Complying with the requirement that assigned DELPRO IDs are not shared to ensure security of the ADB system.

RESPONSIBILITIES OF DELPRO APPROVING OFFICIALS

Approving Officials have specific responsibility to ensure compliance with Simplified Acquisition Procedures contained in the FAR, HHSAR, and NIH Policies and Procedures regarding:

- A. The daily review and approval or disapproval of all delegated acquisition actions and amendments, within the limitations of their approved delegations, for their assigned organizational component.

In exceptional circumstances an ordering official may need to place an order that is to be received prior to the 24 hour time period permitted for DELPRO Approving Official authorization (see the DELPRO Ordering Policy Memorandum, dated Oct. 13, 1999, at the end of this section.

- B. The use of mandatory and priority sources of supply for goods and services.
- C. The requirement to place Open Market orders exceeding \$2,500 up to \$100,000 with small businesses or ensuring that a justification for the use of other than small business is provided.
- D. The availability of sufficient funds from an appropriate fiscal year common account number (CAN).
- E. The determination that an item or service is needed and that the order will meet the minimum needs of the organization.
- F. The purchase of goods and services at fair and reasonable prices, and evidence that documentation is in the file regarding determinations of price reasonableness for:
 - 1. orders \$2,500 or less if suspected that the price is not fair and reasonable or have no way of determining as such;
 - 2. orders exceeding \$2,500 on the Open Market;
- G. The requirement to obtain competition when orders exceed \$2,500, as required, or to ensure that a sole source justification is provided.
- H. The requirement that list price information is obtained, wherever possible, and that negotiated discounts are received.

- I. The complete and timely entry of ordering, approving, receiving, and other administrative data into the DELPRO system.
- J. The requirement to obtain clearances (if required) prior to placing orders.
- K. The requirement that "personal appeal" items such as cameras, tape recorders, briefcases, calculators, hair dryers, power tools, projection sets, radios, cellular telephones, beepers, laptop computers, etc., are determined to be necessary to the function of the program and are justified accordingly in writing.
- L. The requirement that orders are consolidated to achieve additional savings, whenever possible. Substantial savings can be realized through the centralized and consolidated acquisition of common use supplies, services, and equipment. The DHHS encourages agencies to seek opportunities to use consolidated acquisition mechanisms (e.g. FSS contracts, NIH-wide BPA, Indefinite Delivery Contracts) to acquire commonly used items.
- M. The prohibition against splitting orders to circumvent dollar limitations for the order or authority. A purchase aggregating more than the simplified acquisition threshold shall not be broken down into several purchases less than the threshold for the primary purpose of using simplified acquisition procedures. The same rule applies to the use of micro-purchase procedures and prohibition against using NIH BPA for unauthorized commodities.
- N. The establishment of acquisition files which are complete and properly maintained by DELPRO Ordering Officials for three years after final payment. If any of the records are maintained on other than hard copy, such as on computer tapes, they must still be accessible for the same three year period.

Note: records of purchase card transactions must be readily available for a period of 3 years after final payment of the order. Records can be stored at the Washington National Records Center. Contact the IC Records Officer or the NIH Records Management Officer at (301) 496-2832 to go to the the website for IC Records.
- O. The requirement to comply with OMB Circular A-123 on Internal Controls to ensure that neither the DELPRO Approving Official nor the DELPRO Ordering Official is the Requesting Official or Receiving Official; or that the DELPRO Approving Official and the DELPRO Ordering Official or are not the same individual, in order to reduce the possibility of fraud.
- P. The requirement that DELPRO Approving Officials provide the necessary documentation requirements for ratification of unauthorized commitments (UPA) in a timely manner.
- Q. The prohibition against purchasing personal services, and the inappropriate use

of DELPRO mechanisms, etc. (e.g. ordering technical services through the Professional Service Order mechanism, and the unauthorized use of BPA which includes the purchase of furniture (from other than UNICOR), controlled substances, maintenance contract for equipment (other than FSS BPA for copier maintenance)).

- R. The violation of conflict of interest policies as specified in the Office of Government Ethics "Standards of Ethical Conduct for Employees of the Executive Branch" and the "Procurement Integrity Act".
- S. The requirement that the unpaid invoice screen is reviewed weekly and that action is taken to resolve payment problems, and that receiving information is entered into the ADB to avoid being charged interest penalties.
- T. The need for necessary oversight within an IC through periodic internal reviews and informal training of DELPRO Ordering Officials and Requesters, as necessary, to ensure adherence to all of the above, and completion of mandatory acquisition training for Ordering Office staff.
- U. Individuals granted DELPRO Approving authority are prohibited from accepting any gift, gratuity, favor or entertainment from any person or business engaged in acquisition or other financial transactions with NIH with the exception of non-cash gifts with a dollar value of \$20 or less, and no more than \$50 from any one source in any one year .
- V. The requirement that assigned DELPRO IDs **ARE NOT SHARED** to ensure security of the ADB system.

DEPARTMENT OF HEALTH & HUMAN SERVICES

**ACQUISITION POLICY & REVIEW
BRANCH**

**OFFICE OF PROCUREMENT MANAGEMENT
ACQUISITION NEWS FLASH**

TRANSMITTAL #99-4

**National Institutes of Health
Bethesda, Maryland 20892**

OCT 13 1999

TO: NIH Executive Officers
FROM: Deputy Director for Management
SUBJECT: DELPRO Ordering - Policy Memorandum

The purpose of this memorandum is to set forth policy regarding the Delegated Procurement Program (DELPRO) order placement and approval function. This policy is effective immediately and will be incorporated into the DELPRO Acquisition Handbook.

The Federal Acquisition Regulation (FAR) 1.602-1 states that only contracting officers may "enter into, administer, or terminate contracts ..." and that "they may bind the Government only to the extent of the authority delegated to them." For simplified acquisitions conducted through the DELPRO automated system, this authority is delegated to the DELPRO Approving Official.

The DELPRO Acquisition Handbook states that DELPRO Approving Officials must approve all orders placed by DELPRO Ordering Officials within 24 hours of order placement. Since the DELPRO Approving Official is the contracting officer for acquisitions conducted under the DELPRO mechanism, this procedure complies with the requirements of FAR 1.602-1. However, any delay in the approval of the order beyond the 24-hour time frame is considered to be an unauthorized commitment, since monies will then be considered to have been obligated by a Government representative (i.e., the Ordering Official) who lacked the authority to enter into a contract*.

In certain limited circumstances, (e.g., urgent requirements, vendor willingness to immediately respond to a request for delivery as soon as possible, etc.), a DELPRO Ordering Official may need to place an order that is to be received prior to the 24-hour time period permitted for DELPRO Approving Official authorization. This situation can best be handled by having the order placed by an authorized International Merchant Purchase Authorization Card (IMPAC) Cardholder (i.e., under the Government-wide purchase card program), in accordance with FAR 13.003 and NIH Manual Chapter 6013-2. This procedure will eliminate the delay inherent in DELPRO procedures between order placement and approval, and order receipt. If ordering via a Government-wide purchase card is precluded, the following procedures shall apply:

*Where Ordering Officials have also been delegated Approving Official authority, they may not use this authority to approve their own order actions.

1. The DELPRO Ordering Official should first ensure that the purchase request contains the approval of the official responsible for certification of funds. He/she should then make every effort to contact the DELPRO Approving Official, or his/her backup, to request immediate approval of the order in the Administrative Database (ADB) prior to delivery. Approval may be given orally; however, the DELPRO Ordering Official must note in the file the time and date that this occurred. Preferably, the DELPRO Approving Official or his/her backup should immediately approve the order in the ADB.

2. If the DELPRO Ordering Official is unable to contact the DELPRO Approving Official or his/her backup to request immediate authorization, he/she shall prepare a brief note to the file explaining the attempts to make the contact and the reason(s) why delivery of the item/service is necessary prior to receipt of approval.

Please ensure that your DELPRO Ordering Officials and DELPRO Approving Officials are aware of this policy and immediately implement it.

/S/ Anthony L. Itteilag cc: Dr. Leamon Lee, OA Ms. Diane Frasier, OCM
Ms. Zaiga Tums, OCM Ms. Barbara Levy, OCM
Mr. Steven Berkowitz, OFM Mr. Sydney Jones, OPM
Ms. Laurie Weker, OPM

1.13 REDUCTION OR RECISION OF DELEGATION OF AUTHORITY

A. Reduction of Authority

Based upon on-site reviews, the cumulative or continual actions as described below may result in a reduction of Delegated Acquisition Authority:

1. Splitting orders to avoid limitations, approvals, or clearances;
2. Approving orders which obligate funds against an incorrect fiscal year;
3. Approving orders after-the-fact without proper authorization and or documentation (usually considered Unauthorized Commitments);
4. Approving orders where the Requester is also the DELPRO Ordering Official or the DELPRO Approving Official ; or the Receiving Official is also the DELPRO Ordering Official or the DELPRO Approving Official
5. Approving orders with improper, incomplete, or missing justifications for the use of large business, personal appeal items, or sole-source acquisitions;
6. Approving orders that exceed \$2,500 without documentation of competition or sole source statement;
7. Allowing incomplete acquisition file documentation or loss of records;
8. Failing to ensure that DELPRO order entry, approval, and receiving requirements are met. It is required that:
 - a. Ordering information must be entered into the DELPRO system within 1 day of placing the order with the vendor (weekends and holidays excluded);
 - b. Review and approval of valid orders must be conducted within 1 day of order entry into the DELPRO system (weekends and holidays excluded);
 - c. Receiving information must be entered into the DELPRO system within seven calendar days of receipt.
9. Failing to document dates or obtain authorized signatures on DELPRO orders;
10. Approving orders where the vendor catalog numbers were entered in the wrong format;

11. Approving orders without obtaining proper clearances in advance;
12. Upon the recommendation of the Office of Financial Management based on information or evidence disclosed during periodic reviews conducted for compliance with OMB Circular A-123 and other DHHS accounting requirements for payment certification.

B. Recision of Authority

1. Based upon on-site reviews, the following circumstances may result in a recision of Delegated Acquisition Authority:
 - a. failing to correct or make an effort to correct deficiencies previously reported;
 - b. Allowing another individual to approve or sign acquisition documents without a written delegation of authority;
 - c. Approving orders for controlled substances purchased using a DELPRO mechanism;
 - d. Violating conflict of interest policies as specified in DHHS Standards of Conduct and 18 U.S.C. 201;
 - e. Disclosing confidential information to businesses or individuals in violation of 21 U.S.C. 331j and 18 U.S.C.1905;
 - f. Directly or indirectly making use of, or permitting others to make use of, official information not made available to the general public for the purpose of furthering any private interest;
 - g. Directly or indirectly accepting anything of monetary value, including gifts, gratuities, favors, entertainment or loans with the exception of non-cash gifts with a dollar value of \$20 or less, and no more than \$50 from any one source in any one year;
 - h. Conducting fraudulent or criminal acts, as prohibited by federal statutes, that involve the use of the DELPRO system.

2. In addition, an Approving Official's Delegated Acquisition Authority will be rescinded in the following circumstances:
 - a. Upon reassignment, transfer or termination of employment or when there is no longer an organizational need;
 - b. Upon notification by the IC Director, Executive Officer, or Principal Administrative Officers using the Form NIH 2604;
 - c. Upon failure to complete the requirements for and obtain Level I Certification within one year.
 - d. Upon the recommendation of the OFM based on information or evidence that DELPRO mechanisms are being used for personal gain.

PART II - GUIDELINES AND PROCEDURES

FILE DOCUMENTATION

FAR Part 13 requires that all purchases provide documentation specific to the purchase. The purpose of acquisition documentation is to show that informed decisions have been made and to provide a history of the purchase for:

- Background information
- Information for internal reviews and outside audits and investigations
- Essential facts in case of litigation or congressional inquiry

Although all purchases are unique, the acquisition file will contain required documentation for all orders. All acquisition files will contain:

- A Purchase Request
- A Copy of the Order
- Receiving Documentation
- Support Documentation for the Order, such as Competition, Clearances, Justifications to meet the requirements of the purchase,

2.1 PURCHASE REQUEST

The Purchase Request indicates what is needed and provides information for the purchaser. The request can be in any format, but specific elements are required to make the purchase request complete. Many Institutes or offices have a specified request form, so be sure to check the policy in your office. The Purchase Request form on page 29 is a suggested format.

A Purchase Request must contain either the **printed, typed or signed** name of the Requestor, and must be submitted to the DELPRO Ordering Official prior to placement of an order. Purchase requests may also be used to document internal approvals. However, obtaining internal approvals (e.g., Lab and/or Branch Chiefs) does not eliminate the additional requirement for the Requester's printed, typed or signed name.

- a. Electronically transmitted forms are acceptable if the Institute or Center (IC) can ensure that the Requester actually made the request. In this case, each Requester must be assigned a unique password that may not be shared. IC's using electronic forms must have a written policy available for review by Division of Acquisition Programs (DAP) reviewers, or an outside auditor, explaining the internal controls which exist to ensure system security (e.g., how are passwords assigned; how are individuals notified that they must not share their password; how security is ensured so that non-Government employees are not assigned passwords).

- b. Internal controls must exist to ensure that non-Government employees do not function as Requesters. It is the responsibility of the DELPRO Approving Official in the DELPRO Ordering Office to ensure that any approved request is generated by a Government employee who is authorized within the IC to request goods and services. When the end user is not a Government employee (e.g., Visiting Fellow, IRTA, Biotechnology Fellow, IPA from a non-Government agency), a Government employee must serve as the official Requester.

Market Requisition (RQM)

The DELPRO Market Requisition (RQM) is an electronic purchase request for equipment, supplies, or services. The request, once approved by an Approving Official, is forwarded electronically to a centralized or decentralized purchasing office. This mechanism is used for all requests that cannot be obtained using any other acquisition mechanisms (e.g., Record of Call, purchase card, NIH stock requisition).

When goods or services cannot be obtained directly by the ordering office, an RQM is added, approved by the Approving Official and forwarded to the responsible procurement office for processing. The ordering office is responsible for providing a complete RQM to the purchasing office.

Records Retention and Disposal

DELPRO and purchase order files are retained and disposed of under the authority of NIH Manual 1743 "Keeping and Destroying Records", "NIH Records Control Schedule", Item 2600-A-4, which indicates that records of acquisition transactions of \$100,000 or less and construction contracts under \$2,000 are destroyed three years after final payment.

Note: Records of purchase card transactions must be readily available for a period of three years after final payment.

Purchase Request Form

Every acquisition file must contain a purchase request. ICs should consider using the form NIH 1861-1, "Purchase Request" developed by the DAP. When used correctly, this form captures all of the documentation required on a purchase request by the FAR, and includes additional fields to capture other information which may be required. The form is available from NIH Central Stores under National Stock Number 7530-00-L07-7390 (see the website listing for Form NIH 1861-1, "Purchase Request" .

6. Mandatory Source Availability

Are any of the items available from these sources? If "yes," and you are not using the mandatory source, explain why in Item 7.

YES	NO		YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	NIH Surplus	<input type="checkbox"/>	<input type="checkbox"/>	UNICOR
<input type="checkbox"/>	<input type="checkbox"/>	NIH Required Source (MAPB, Glassware, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	Blind/Severely Disabled
<input type="checkbox"/>	<input type="checkbox"/>	NIH/GSA Stock	<input type="checkbox"/>	<input type="checkbox"/>	Mandatory FSS Schedules

7. Justification for Not Selecting Mandatory Source

Compatibility with existing equipment. *Explain:*

NIH Stores out of stock and urgently needed. *Explain:*

NIH stock item is unacceptable because:

Mandatory FSS vendor is unacceptable because:

Other (*specify*):

8. Justification for Sole-source or Other than Small Business on Either Open Market or Non-mandatory FFS

Schedule (*Check all that apply.*)

Sole-source: Proprietary data/patent, etc. (FAR 6.302-1.) *Explain:*

Sole-source: Quality of product required for on-going experiments. (FAR 6.302-1.) *Explain:*

Sole-source: Urgent and compelling requirement. (FAR 6.302-2.) *Explain:*

Small business is unable to deliver within required time frame. *Explain:*

Unable to locate small business source(s) for item(s). *Explain:*

Other (*specify*):

9. Competition (*For open market and non-mandatory FSS orders over \$2,500.*)

<i>Vendor 1</i>			<i>Vendor 2</i>		
List Price	Discount Price	Phone No.	List Price	Discount Price	Phone No.
Comments			Comments		
Date Called	Company Clerk's Name		Date Called	ny Clerk's Name	
<i>Vendor 3</i>			10. Price Reasonableness (<i>Check all that apply.</i>)		
List Price	Discount Price	Phone No.	Lowest price quoted.		
Comments			Comparison with prices on previous buys where price analysis performed.		
Date Called			<i>Previous order no. Date</i>		
Company Clerk's Name			Other (<i>specify</i>):		

Required Elements of a Purchase Request - FAR 13.302-1(b)

1. Requester's name **or** signature; if an electronic request is submitted, it must be password controlled.
2. Date of the request
3. Delivery point, including building and room number.
4. Delivery dates and performance periods.
 - a. Date needed - This must be a specific date the item or service is needed (delivery or completion date). It must be realistic in terms of vendor delivery and processing times. "ASAP" is not acceptable; or
 - b. Performance period - The period of time the service is to be performed. Some orders may require that the service/items are delivered over a period of time and should include start date and end date. This information establishes the purchase as a bona fide need for the fiscal year and helps establish availability from any given vendor.
5. Recommended source(s), **if known**. If the requester indicates multiple sources, the information will assist the Ordering Official in obtaining any competition required for open market purchases over \$2,500, ensuring that the Government is obtaining supplies and services at fair and reasonable prices.
6. Description of item(s). Supplies and Services - (FAR 11.002, 11.1) It is the Requester's responsibility to provide a complete description of essential characteristics of the requirement. Catalog numbers (including catalog page) or brand names may assist the DELPRO Ordering Official or Purchasing Agent with the flexibility to make the best buy based on the essential characteristics of the requirement. Exception: ISBN numbers must be used when ordering books. See Brand Name - next page.
7. Quantity and estimated price. The estimated price provides guidance to the DELPRO Ordering Official or Purchasing Agent regarding the need for obtaining competition.

Brand Names and Description of Items

Although "Brand Y or equal" is an acceptable way of summarizing one's requirements, it should only be used when no other description is available. Also, when using "Brand Y or equal", the Requester should only list those characteristics of Brand Y needed to meet their minimum needs (and not all of the characteristics listed in the brand name literature). Product descriptions from catalogs may be attached to the purchase request to provide information on features of requested items.

Services: When practical, Statements of Work should be used (FAR Part 7.102). The Acquisition Planning and Specifications Branch (APSB), provides guidance on preparing specifications/SOWs regardless of the dollar amount of the purchase. Because the Metric System must be used in government specifications and Statements of Work, the APSB is available to assist in conversions and can be reached at (301) 496-4814.

ORDERING PROCEDURES

The following steps are general guidelines for DELPRO Ordering Officials when processing an order.

A. Determine if the item or service requested is available from a Required (Priority or Mandatory) source (see Required Sources -page 34). If equipment is being purchased, determine if a "trade-in" is available and applicable (see the website listing for Trade-Ins).

B. Contact vendor(s) to obtain information on list price and unit price, availability and delivery. If delivery date is an evaluation factor it must be provided when quotes are requested. Discount information is obtained by gathering information from vendors, and entered by the Ordering Officials as the **LPRICE:** and **UPRICE:** fields of the ADB. If a vendor does not offer a discount, the Purchasing Agent should enter "No Discount Offered" in the **RMKS:** field.

Note: Orders greater than \$2500 require competition. Reasonable competition means soliciting price quotations orally or in writing from three vendors (the suggested source and two others) and documenting those quotes in the acquisition file. Price quote should only be used if the item/service is available from the vendor. If practical, two sources not included in the previous solicitation should be requested to furnish quotations. Federal Supply Schedule order require price quotes from vendors on the same schedule.

C. Obtain Documentation for the Acquisition File as required by the order. Be sure that any justifications, competition, clearances (See Clearances, page - 39, etc. are retained in the acquisition file prior to ordering.

D. Enter the order into the ADB or other, accurately completing all fields as described in this Guide or the "DELPRO Lessons" materials.

E. Obtain documentation for receipt of order. All complete acquisition files must show evidence that the goods/services were received. Receiving documentation must be available in the acquisition file. See Receiving Documentation - page 57). Once good/services are received, the receiving information is entered into DELPRO to insure prompt payment.

Service and Supply Fund Activities System

The Service and Supply Fund (SSF) Activities System is an on-line system for requesting certain NIH goods and services. Currently, requests for media, printing and reproduction, audiovisual services, photography, graphic arts, medical illustrations, design, special events, Division of Engineering Services (DES) work requests, shipping and telecommunications services can be ordered through this system. Obtaining goods and services through the SSF Activities System is not considered to be an acquisition, and individuals other than the DELPRO Ordering Official may enter these requests.

Required Sources

Far Part 8 requires that agencies satisfy their requirements for supplies and services through government sources before buying on the open market. Required government sources, also known as *mandatory* or *priority* sources :

- Are easier to obtain
- More cost-effective because of large volume discounts
- Provide stable prices over a long period of time
- Reduce administrative costs

Required Sources for Supplies

- ◆ **Agency Inventory**
- ◆ **Excess from other agencies** (see FAR 8.1)
- ◆ **UNICOR** Federal Prison Industries, Inc. -- (see FAR 8.6)
- ◆ **JWOD** Products available from the Committee for Purchase From People Who Are Blind or Severely Disabled (see FAR 8.7)
- ◆ **Wholesale Supply Sources**
- ◆ **Mandatory Federal Supply Schedules** (see FAR 8.4)
- ◆ **Optional use Federal Supply Schedules** (see FAR 8.4)
- ◆ **Commercial sources** (Open Market) (including educational and nonprofit institutions).

Required Sources for Services

- ◆ **NIH Required Sources for Service**
- ◆ **JWOD** Services available from the Committee for Purchase From People Who Are Blind or Severely Disabled (see FAR 8.7)
- ◆ **Mandatory Federal Supply Schedules** (see FAR 8.4)
- ◆ **Optional use Federal Supply Schedules** (see FAR 8.4)
- ◆ **UNICOR** Federal Prison Industries, Inc. (see FAR 8.6)
- ◆ **Commercial Sources** (Open Market), including educational and nonprofit institutions

◆ **Agency Inventory**

Purchasers are required to check agency inventory first to see if the product is available. Agency Inventory sources are:

NIH Surplus Property - Surplus property is obtained from The Property Management Division, 6011 Executive Blvd., Suite 637- Room 645B, Phone: (301) 496-4548. (Type of items: Furniture, office equipment, scientific equipment and technical equipment). For a list of available products, see the Property website.

NIH Self Service Stores and Stock Catalog

NIH Self Services Stores and the Stock Warehouse stock commonly used supplies. Each item has a thirteen character identifying number/National Stock Number (NSN), a description, a unit of issuance, and a unit cost. When ordering, pay close attention to the unit of issuance and the unit cost. Items provided here must be acquired from this source unless the item is not available or the item does not meet quality requirements.

NIH Stock Catalog

The NIH Central Stores Supply System maintains an extensive list of centrally stored, commonly used items such as chemicals, laboratory, photographic and office supplies. Items can be requested from the NIH Stock Catalog and will be delivered from the warehouse or can be picked up. If the item's quality or purity is not sufficient to meet specific requirements, or if the item(s) ordered from stock is "BACK-ORDERED," and it is needed right away, the item may be ordered from another source. The ordering office purchasing file must contain an explanation as to why the item could not be ordered from NIH stock. If an RQM is forwarded to a centralized or decentralized purchasing office to process, the IC must send a copy of the explanation along with the RQM.

Self Service Stores

Each laboratory/branch may be issued a charge card to purchase supplies from the Self Service Stores.

Types of items which may be found in the Self Service Stores: Office supplies, laboratory supplies, new glassware, photographic supplies, hospital and surgical supplies, housekeeping and maintenance supplies, office supplies, chemical supplies, envelopes and forms, animal food and bedding, processed sterile glassware services).

Inquiries or complaints regarding the quality or performance of any Central Stores inventory item should be directed to:

Quality Assurance Specialist
Inventory Section, (301) 496-1235

NIH Self Service Stores are located in Buildings 10, 31, and 35

NIH Mandatory Use Indefinite Delivery Contracts (IDCs)

NIH-wide Indefinite Delivery Requirements Contracts (IDC's) are contracts awarded by the Division of Station Support Acquisition, OLAO, or other decentralized service centers to certain open market businesses for indefinite delivery of items or services at a fixed price. IDC's are used for items or services that are needed on a continuous basis, or which are not stocked. NIH-wide Indefinite Delivery Contracts have been established with contractors for a number of goods and services. Once an IDC has been awarded, the mechanism used to place orders is the Record of Call (ROC) which not only commits, but obligates the funds. ROC's are placed by IC Ordering Official. See the website listing for IDC contracts.

◆ Excess From Other Agencies

Definitions, policy and information on acquiring excess personal property from other agencies is addressed in FAR 8.1, "Excess Personal Property".

◆ Federal Prison Industries, Inc. (UNICOR)

UNICOR provides products made by inmates at Federal Prisons. (door signs, name plates, office accessories, and metal or wood executive and IT office furniture).

For purchases over \$2,500, a waiver must be obtained from Unicor before purchase can be made from another lower-priority source. The waiver must be retained in the acquisition file. ALL waiver requests shall be sent to UNICOR via the UNICOR web site or by Fax to UNICOR Customer Service (606)254-9048.

UNICOR's web site is recommended to request waivers because a waiver tracking number is provided. The turn-around time for approval/denial will be within 3-5 days of input. If a request is faxed to UNICOR Customer Service, the web site should be checked two days after the fax has been sent to be sure that the fax was received. As with all faxed material there is a certain amount of risk that it won't make it to the intended destination, so purchasers are strongly encouraged to check the web site to track request status. Because a tracking number will not have been assigned, purchasers will need to follow the prompts.

Requests for waivers must contain a:

- Complete mailing address with phone and fax numbers
- Description of the item(s)
- Price and quantity of the item
- Justification addressing why UNICOR products will not meet the requirement

If a waiver request is not approved or denied within 5 business days, contact the UNICOR Sales Representative indicated on the website listing.

◆ **JWOD - Javits-Wagner O'Day Act**

Products Available From The Committee for Purchase From People Who are Blind or Severely Disabled

The JWOD (Javits-Wagner O'Day) Program is administered by the Committee for Purchase from People Who Are Blind or Severely Disabled, the National Industries for the Blind (NIB) and the National Industries for the Severely Handicapped (NISH). The JWOD program creates employment and training opportunities for people who are blind or who have other severe disabilities.

JWOD is a mandatory source for office supplies. If a JWOD produce (SKILCRAFT name) is available for an office product, the purchaser should buy it if it meets the requirement. Purchasers should check for JWOD products first to meet their office supply needs.

Federal customers can purchase mandatory JWOD office supplies from six national vendors under the Federal Schedule 75 III A and receive next-day, desk top delivery. Orders may be placed via website, telephone or FAX. JWOD vendors with Blanket Purchase Agreements (BPA's) should be checked first. For more information or to place an order, contact the vendor at the telephone numbers noted:

Vendor	Telephone	BPA #
Boise Cascade Office Products	(888) 505-3337	
BT Office Products(301) 499-5800	00047681
Corporate Express	(703) 293-6498	00047706
Innovative Sales Brokers	(800) 283-1903	
Office Depot	(800) 487-4585	00047678
Staples National Advantage	(800) 538-2728.	

These vendors also offer products such as IT supplies and copier/printing paper and supplies.

The following nonprofit organizations have been approved by the Committee to furnish commodities to the Government:

District of Columbia Association for Retarded Citizens, Inc. (**DCARC**), (202) 636-2950. The DCARC currently provides internal and external signs and rubber stamps which can be obtained through an NIH BPA.

National Industries for the Blind (**NIB**). For product and order information, call (703) 998-0770.

National Industries for the Severely Handicapped (**NISH**). For product and order information, call the Contract Administration Office (703) 560-6800.

◆ **Wholesale Supply Sources**

The General Services Administration (GSA) is the buyer for the Federal Government. GSA competes vendors for commodities and enters into a contract with each vendor to provide goods/services to the government at substantial discounts. The vendor's products are available on the Federal Supply Schedule (FSS) or at a GSA Warehouse throughout the country. Purchasers can order supplies and services from:

- a. **GSA Stock** - items warehoused by GSA throughout the country. The Federal Supply Service, through its Stock Program, procures a commonly-requested items and makes them available to customer agencies via a network of wholesale distribution centers. The GSA Customer Supply Catalog contains an alphabetical and Stock Number index, description, and a price list. The catalog can be ordered through GSA's website.

These items can (and should) be ordered using the GSA Advantage! website. GSA Advantage! Is the official federal source for government purchasing. Ordering Officials may purchase supplies using the Government Purchase Card.

- b. **Customer Service Center**

- Defense Logistic Agency Stock Programs
- Department of Veterans Affairs Stock Programs

- c. Program Support Center, DHHS (formerly the PHS Supply Center, Perry Point,MD)
- d. Military Inventory Control Points
- e. Other Government Agency Contracts

◆ **Mandatory Federal Supply Schedules** - Purchasers buy directly from Vendors on a schedule (See Federal Supply Schedule - p. 41)

◆ **Optional Use/Nonmandatory Federal Supply Schedules** –NIH FSS BPA's should be checked first. If not available on a BPA, an RQM is forwarded to the appropriate purchasing office to issue a delivery order (See Federal Supply Schedule - p. 41).

◆ **Commercial Sources** (Including Educational and Nonprofit Institutions) –NIH Nonmandatory IDC's and open market BPA's should be checked first. If not available on an IDC or BPA, then an RQM is forwarded to the appropriate purchasing office to solicit quotes and issue a purchase order.

If a purchase is made from a Commercial (Open Market) source, the acquisition file must contain a justification to explain why a required source was not selected. The justification is required at all levels up to \$100,000.

Clearances

A clearance is an "OK" not to buy from a required/specific source. Certain commodities require that certain products/services be obtained from a specific source. If the source is not used, a clearance must be obtained from the source before purchasing from another source. The clearance is retained in the acquisition file and must be obtained before purchasing from another source.

The NIH Manual Issuance 6307-3, "Special Clearance and Other Acquisition Procedures" is available on-line and describes commodities that require clearances and the points of contact to obtain the clearance. Clearances must be obtained in writing or on-line from the clearance office prior to placing the order (See the Clearance Manual website).

The Approving Official is responsible for insuring that clearances are obtained and documented in the acquisition file before the purchase is made from another source.

Catalog Numbers

It is the responsibility of the DELPRO Ordering and Approving Official to verify that the catalog number field (CAT#:) is completed properly. The CAT#: field is reserved for entry of the vendor catalog number for the product being purchased. If no catalog number exists (e.g., orders for Professional Services or Reprint/Manuscript Publication Cost), type a zero "0" in the first space of the CAT#: field and press the tab key. If the catalog number is less than 15 characters enter the catalog number and then press the TAB key. If the catalog number is more than 15 characters, enter the entire catalog number, even if it overflows into the description (DESC:) field, then enter the description of the item.

Required Use, Exceptions, Clearances and Waivers –The following chart provides a list of use and exceptions for required supply sources:

<u>Source</u>	<u>Required Use</u>	<u>Exceptions</u>
NIH or Other Agency Surplus Property (FAR 8.1)	Mandatory. Use in preference to all other sources if available item is suitable.	<ol style="list-style-type: none"> 1) When reasonably expensive to repair the property to the needed condition. 2) When transportation costs are excessive compared to the property's value.
NIH Stock (NIH Central Stores Supply System)	Mandatory. A justification must accompany a request to purchase from another source.	<ol style="list-style-type: none"> 1) When an item ordered from stock is on back order and it is needed right away. 2) If the stocked item's purity is not sufficient to meet specific requirements.
NIH mandatory Indefinite Delivery Contracts (IDCs)	Mandatory. An explanation must be put in the file and the IDC Contracting Officer notified when purchasing from another source.	<ol style="list-style-type: none"> 1) When the contractor cannot furnish item in accordance with the contract requirements 2) If genuine urgent delivery is required and contractor cannot meet delivery needs.
UNICOR (FAR 8.6)	Mandatory. A UNICOR waiver is required for purchases over \$2500 prior to purchasing from another source, unless one or more exceptions apply.	<ol style="list-style-type: none"> 1) Public exigency requires immediate delivery or performance. 2) Suitable used or excess supplies are available 3) Purchases are made from GSA of less-than-car-load lots of common-use items stocked by GSA. 4) Items are acquired and used outside the U.S.A. 5) Orders are for listed items totaling \$2500 or less.
Committee for Purchase From People Who Are Blind or Severely Disabled (FAR 8.7)	Mandatory. A purchase exception from the non-profit agency is required before purchasing from another source.	<ol style="list-style-type: none"> 1) Workshop cannot provide the supplies or services within the time required, and commercial services can provide them earlier in the quantities required; or 2) The quantity required cannot be produced or provided economically by the JWOD agencies.
Federal Supply Service Stock (FPMR 101-26)	Nonmandatory. GSA Customer Supply Center) (703) 557-1186 or (800) 848-8928)	If determined that optional use products will not meet agency needs, then commercial sources may be solicited.
Optional Use (nonmandatory) Federal Supply Schedules (FAR 8.4)	Must consider products and prices of at least 3 GSA Multiple Award Schedule (MAS) price lists. Waiver <u>is</u> <u>not</u> required if purchased from another source.	If determined that optional use FSS cannot fulfill requirement, then commercial sources may be solicited.

Federal Supply Schedules

Ordering from Federal Supply Schedules (FSS) and Documentation

File documentation is required for all orders including those that are placed with Federal Supply Schedule vendors. When placing an order with a Federal Supply Schedule (FSS) vendor, determine whether the FSS contract is a "multiple" or "single" award contract (see Single v. Multiple Award Schedules - page 44). To make such determination, Ordering Officials may need a copy of the applicable contract(s).

Placing Orders with FSS Contractors

NIH Form 2555, "Order for Supplies or Services", must reference the applicable FSS contract/schedule number in block 2 titled "Contract No.". The ADB will assign an order number in block 3, "Order No".

Purchasing Offices may negotiate a greater discount from the FSS contractor's price list on any particular order. Additional price reductions are authorized by GSA without the vendor being obligated to extend that same lower price to all future government sales. Purchasing offices should inquire with a vendor as to extending additional discounts prior to placing an order.

Purchases \$2,500 or Less

- ▶ Purchasing Agents may place orders with **any** Federal Supply Schedule vendor without supplemental documentation. GSA has already determined the price to be fair and reasonable.

Purchases Greater than \$2,500 -

- ▶ Selection of an FSS contractor should represent the best value and meet the customer's needs at the lowest overall cost (the price of the item plus administrative costs). ***The acquisition file must contain 3 vendor's prices.*** If a vendor with other than the lowest cost is selected, the acquisition file must be documented with the reason for the selection (See Best Value Determination - page 42).

File documentation should include a copy of the order which includes the name and address of the contractor, the FSS contract number, the item purchased, the amount paid, and any support documentation including clearances and justifications, if required.

Before placing an order, Purchasers should:

- a. review schedule contractor's catalogs/price lists or use GSA Advantage!, an on-line shopping service; see the website listing for GSA Advantage!.
- b. based upon the initial evaluation, generally seek price reductions from the schedule contractor(s) appearing to provide the best value (considering price and other factors);
- c. after price reductions have been sought, place the order with the schedule contractor that provides the lowest overall cost alternative. If further price reductions are not offered, an order may still be placed, if the ordering office determines that it is reasonable.
- d. If an automated information system is not available review at least three (3) price lists.
- e. Give preference to a small business when a small and Large Business offerings are equal.
- f. Purchasing Agents need not affix standard clauses that are normally applicable to open market purchase orders because the FSS contract contains all applicable terms and conditions. The Purchasing Agent should attach any information that provides invoicing information, the appropriate address for submitting invoices, NIH loading dock information, and special information required by the schedule.

Federal Supply Schedules and Best Value Determination

The General Services Administration (GSA) has competed vendors on each schedule and determined that the price is fair and reasonable. For that reason, competition is not performed, but for purchases over \$2500, a Best Value determination must be documented if the lowest priced vendor is not selected. When considering Best Value, the agency may consider such factors as:

- ◆ special features
- ◆ trade-in considerations
- ◆ probable life of the item
- ◆ warranty conditions
- ◆ maintenance availability
- ◆ past performance
- ◆ environmental and energy efficiency considerations. (see FAR 8.404).

Selection of a Vendor through Best Value Determination

For purchases over \$2500, when the lowest priced FSS vendor is not selected, the acquisition file must be documented to reflect that the selected vendor represents the **Best Value**. In the Government's estimation, the vendor should provide the greatest overall benefit in response to the requirement. (FAR 2.101). In determining Best Value, Ordering Officials should perform the following analysis, and include documentation in the file.

- a. Consider reasonably available information about the supply or service offered under Multiple Award Schedule (MAS) contracts
- b. Review at least three schedule contractors' catalog or price lists. If three schedule price lists are not available, document the acquisition file to explain the basis for the selection.
- c. Select the delivery and other options available under the schedule that meet the agency's need
- d. Consider special features of the supply or service that are required in effective program performance and that are not provided by a comparable supply or service
- e. Consider trade-in options
- f. Consider the probable life of the item selected as compared with that of a comparable item
- g. Review warranty provisions
- h. Review maintenance availability
- i. Consider past performance
- j. Review environmental and energy efficiency considerations

Single v. Multiple Award Schedules

1. **Single Award FSS** - the contract is awarded to one vendor only. Single-award schedules are generally “one-of-a-kind” commodities and very unique. ***When the FSS contract is a Single Award Contract, the Ordering Official must document that the FSS contract is a Single Award Contract.***
2. **Multiple Award FSS** - the contract is awarded to more than one vendor. When the FSS contract is a Multiple Award Contract, the Ordering Official must select the *best value* vendor that meets the agency's needs at the lowest overall cost on that schedule. The Ordering Official must contact and obtain quotes/prices, special features, administrative costs, etc. from at least two other vendors on the same schedule and the preferred vendor to ensure that the best value is being received. The acquisition file **MUST** be documented with the names of the vendors that were contacted, , telephone number, and pricing information.

Mandatory Schedules v. Nonmandatory (Optional Use) Schedules

Federal Supply Schedules require that the Federal Supply Schedule vendors are considered as a required source. Schedules can be *mandatory* or *optional* (also known as *non-mandatory*)

If a **Mandatory** Schedule is selected, the purchaser **must** obtain a waiver from GSA before purchasing from another lower-priority source. As Mandatory Federal Supply Schedule contracts expire, they have been converted to Nonmandatory Federal Supply Schedule contracts. GSA has converted most mandatory Federal Supply Schedules (FSS) to nonmandatory schedules with the exception of one service, Professional Debt Collection. This conversion includes all multiple award and single award schedules. Remember: Ordering Officials must consider nonmandatory Federal Supply Schedules before considering Open Market (Commercial) sources

Non-Mandatory (or Optional) Federal Supply Schedules require that the schedule vendors are considered as a required source. If a Non-Mandatory Schedule vendor is considered but not selected, the purchaser **does not** need to obtain a waiver from GSA before purchasing from another source, but the acquisition file must be documented with a justification explaining why a required source was not selected.

Using Optional Use (Nonmandatory) Schedules -

Optional Use (Nonmandatory) Schedules must be considered as a required source, and the purchasing office must consider reasonably available prices and information about the products and/or services offered under Multiple Award Schedule (MAS) contracts. This standard is met by reviewing at least three (3) FSS vendor's price lists for purchases over \$2500.00.

- a. Determine if the requirement can be met by an FSS contractor before considering open market commercial prices.
- b. Waivers to purchase from another source are not required. However, the decision to purchase from an open market source must be documented with justification for not purchasing from a required source (at all purchases levels) and with a best value determination for purchases over \$2500.

Obtaining Federal Supply Schedule Information

Information about Federal Supply Schedules, vendor catalogs, and price lists can be obtained from the following sources:

- a. Ordering offices may request copies of Federal Supply Schedules and the GSA Supply Catalog by completing GSA Form 457, "FSS Publications Mailing List" application and mailing it to:
GSA Centralized Mailing List Service (7CAFL),
P.O. Box 6477, Ft. Worth, TX 76115,
Telephone: (817) 334-5215,
Fax: (817) 334-5227.
A copy of GSA Form 457 may be obtained by writing or calling the GSA Centralized Mailing List Service.
- b. Purchase a microfiche or a CD-ROM subscription to the FSS system. This system is updated every 30 days and is available from Information Handling Services (703) 521-5000.
- c. For furniture sources or catalogs, visit the Federal Supply website, then click on Schedules-E Library or call (301) 496-5551.
- d. Contact vendors directly and request catalogs and price lists.
- e. GSA Advantage! - an on-line ordering system that offers GSA products and services. The service offers all GSA products, descriptions, current prices, and delivery options. Users can browse, search on product information, review delivery options, and place an order. A Government Purchase Card is required. See the GSA Advantage! website listing.

Open Market (Commercial) Sources

Prior to making purchases using open market sources, purchasers should make every effort to insure that the supply or service cannot be obtained from a required source. If a Required Source is not used, the acquisition file must contain a justification explaining why a Required Source did not meet the needs of the requirement (Non-Priority Source Justification)

Small Business Utilization

Small Business Set-Aside

Open market acquisitions greater than \$2,500 but not exceeding \$100,000 are set aside by law, exclusively for small business concerns, regardless of the acquisition method used. All timely quotes from small business concerns must be considered. (FAR 13.003(b)(1).

For acquisitions between \$2,500 and \$100,000 the purchaser must solicit quotes from at least two technically qualified small businesses. If it can be demonstrated that there is no small business available to meet the government's needs, the purchasing agent must document the file accordingly, and then may solicit from a large business.

For assistance in identifying potential small business sources visit the NIH small business website or access e-Portals in Commerce (see website), or the SBA (Small Business Administration) website

Buy American Act

The Buy American Act (41 U.S.C.10a-10d) states a preference for goods "made in America." It applies to supplies acquired for use in the United States, including small business concerns if the order exceeds \$2,500. The Buy American Act is described in the Federal Acquisition Regulation (FAR) Subpart 25.101.

There are two exceptions to the Act:

- If a domestic product preference would be inconsistent with the public interest, and
- If the item/service is not available for purchase, or not available in sufficient quantities in the U.S.

The Buy American Act restricts (but allows) the purchase of supplies that are not domestic end products. To qualify as a domestic end product, the product must be manufactured in the U.S. and the cost of the domestic components must exceed 50% of the total cost of the item.

To purchase a foreign made product, purchasers must perform an analysis which adds a percentage increase to the price of the foreign made product. If the product is to be used in the U.S., the cost is over \$2,500, and the product is comprised of over 50% foreign made components, purchasers must perform a cost analysis as indicated below. The analysis determines if the cost of the foreign-made product is reasonable by comparison with the price of the domestic product. The comparison adds 6% or 12 % to the price of the *foreign-made* product, depending on the size of the domestic organization.

- **add 6%, if the lowest domestic offer is from a large business concern**
- **add 12% if the lowest domestic offer is from a small business concern**

The price of the domestic offer is reasonable if it does not exceed the new price of foreign-made product. For additional information, contact the Simplified Acquisition DELPRO Helpline, (301) 496-0400.

Price Reasonableness (see FAR 13.106-3)

Purchasers must be confident that the price paid is Fair and Reasonable for *all* Open Market purchases. Before an order is placed, the Purchaser must determine if the price is fair and reasonable.

Purchases not exceeding \$2,500 - If the Purchaser considers the price to be reasonable, purchases under \$2,500 may be made without securing competition. If the Purchaser suspects that the price may not be reasonable, or if the item has no comparable pricing information, then price reasonableness must be determined. **Remember: Micropurchase sources must be rotated.**

Purchases exceeding \$2,500 - The determination that a price is reasonable should be based on competitive quotations. If only one response is received, or the price variance among multiple responses reflects a lack of adequate competition, a statement shall be included in the file documenting how price reasonableness was determined. The process for determining that a price is fair and reasonable is called **price analysis**. Determinations of price reasonableness may be made using any of the methods on the next page.

Price Reasonableness Determinations

- a. Comparisons of quotes received - If the price competition is judged to be adequate, it follows that the prices are fair and reasonable and the determination may be made based on the competitive quotes. Any wide variances in quoted prices, however, should be more thoroughly reviewed.
- b. Market Research
- c. Price History - Comparison of the proposed price with the price paid for a previous purchase for the same or similar product within the past 6 months. The previous purchase used for comparison should be referenced in the file with the order number, amount, and order date. If a history report is used, a copy of the relevant report page should be included in the order file.
- d. Comparison of the proposed price with
 - Current published price lists
 - Current catalogs
 - Current advertisements
 - Similar items in a related industry
- e. Independent Government Estimate - If the items are standard commercial items, the estimate will most likely be based on catalog or market prices or a price previously paid for the same or similar items. For a Government estimate to be used as a valid tool to determine price reasonableness, the estimate must be independent. The requester may use market research to develop the estimate. Contacting a vendor and using the vendor's quote is not considered an independent Government estimate.

Government estimates for an item that is one of a kind or for services for which there is no other method to determine price reasonableness should include a break down of labor hours and other costs needed to do the job.

Purchasing Agents can ask vendors to provide a cost breakdown so pricing can be evaluated more carefully, with considerations for labor, materials, etc. to determine if the price is reasonable.
- f. Personal knowledge of the item being purchased - Generally this is a less reliable method for determining price reasonableness and should only be used if the Purchaser has the knowledge and experience to verify and document that the quotation is appropriate for the product.
- g. Any other reasonable basis

Energy Star Requirements

Federal agencies are required to purchase energy-efficient computer equipment, which means, all new computer-related IT hardware acquisitions (computers, monitors and printers) must comply with Energy Star Computer Program requirements. The GSA builds Energy Star requirements into their applicable IT MAS contracts, hence, IT MAS contractors must provide Energy Star compatible items to schedule users.

Procuring Electronic & Information Technology that is Accessible to Persons with (or without) Disabilities - Section 508

On August 7, 1998, Public Law 105-220 enacted the Rehabilitation Act Amendments of 1998 which significantly expanded and strengthened the technology access requirements of Section 508 of the Rehabilitation Act of 1973 (Section 508). Section 508 now requires that when Federal agencies develop, procure, maintain, or use electronic and information technology (E&IT), they must ensure that the electronic and information technology is accessible to people with disabilities, with few exceptions. It then required that the Architectural and Transportation Barriers Compliance Board (Access Board) create new Federal standards for electronic and information technology (E&IT) products to make them more accessible by individuals with disabilities. The Access Board is an independent Federal agency established by Section 502 of the Rehabilitation Act (29 U.S.C. 792) whose primary mission is to promote accessibility for individuals with disabilities.

Federal employees and members of the public who have disabilities must have access to and use of information and services that is comparable to the same available to non-disabled Federal employees and members of the public.

Section 508 aims to provide Federal employees with disabilities access to office systems and information equal to their non-disabled colleagues. It also assures that people in the general public who have disabilities, have equal access to Government information. The final Section 508 standards were issued on December 21, 2000 by the Access Board, an independent Federal agency devoted to accessibility for people with disabilities. Organizations were required to implement any necessary changes by June 21, 2001, when the six month grace period established by the mandate expired. The standards insure that Federal employees with disabilities have access to and the use of information and data, comparable to employees without disabilities and that members of the public seeking employment or simply seeking information have equal access to Federal opportunities/information.

See the December 2002 OLAO Newsletter for additional details and information on Section 508

Recycled Content Products

Under Section 6002 of the Resource Conservation and Recovery Act (RCRA), Executive Order 13101, *Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition*, and Federal Acquisition Regulation (FAR) Subpart 23.4, Federal Agencies are **required** to acquire items composed of the highest percentage of recovered/recycled materials, without adversely affecting performance requirements and while maintaining a satisfactory level of competition. In an effort to minimize waste going into landfills, the Environmental Protection Agency (EPA) has targeted eight product elements for use of recycled materials, including construction products, landscaping products, non-paper office products, paper and paper products, park and recreation products, transportation products, vehicular products and miscellaneous products such as signs.

To make acquisition of recycled materials easy, thousands of recycled and environmentally preferable products are available to procuring agencies and their contractors through established Federal Supply Sources. GSA has negotiated contracts to offer federal buyers over 2000 recycled content items. Computer paper, re-manufactured toner cartridges, memo sheets, recycled retractable pens, and writing pencils are just a few of the recycled products offered by GSA. A listing is available at the GSA website.

JUSTIFICATION

Justifications should fit the circumstances of the situation and include sufficient detail to support the action being taken. The examples provided are samples and are not the only justifications possible or acceptable.

Justification for Use of Other Than Small Business

All acquisitions of supplies and services that have an anticipated dollar value exceeding \$2,500, but not over \$100,000 are automatically reserved exclusively for small business concerns. Therefore, any awards made to other than a small business between the above mentioned thresholds must reflect in the DELPRO file sufficient documentation as to why an award was made (Listed below are **examples** only:)

- a. A market search did not locate a small business that is competitive in terms of fair market price. Price quotes were obtained from small businesses _____ and _____ (include vendor name, name of the vendor's representative, date and price quotes).
- b. The small business sources contacted do not make/offer the requested product/service. A change in who deals in this or similar product/service would affect ongoing laboratory research and threaten the investment already made. The small businesses contacted were _____ and _____ (include the vendor name, name of each vendor's representative to whom the DELPRO Ordering Official spoke, the date of contact).
- c. This large business could meet our need by the required delivery date _____. Those small businesses contacted which were unable to meet delivery or availability were _____ and _____ (include delivery dates and names of vendors checked).

Justification For Sole Source

Open market purchases in excess of \$2,500, are subject to competition unless a sole source is justified in writing. (FAR 13.106-1b) Currently, any acquisition over \$2,500 that must be obtained from one specific vendor, regardless of business size, requires a justification. The most important elements to address in sole source acquisitions are:

- Why it is not feasible to obtain competition
- Why the requested source is the only one that can deliver or perform.

Justifications which focus on the product, without addressing the vendor as the sole available source, are not adequate.

Examples of Justifications for Sole Source:

- a. The research of this lab involves (study title). The use of these particular radioisotopes from the vendor have been used over the past ___ years. We must continue to purchase these items in order to avoid the introduction of new variables into the experimental results and to avoid long delays resulting from retesting of products from other potential suppliers.
- b. Changing variables at this time would result in incorrect interpretation of the (study title) experiment(s) in progress. Reference to the specific use of this (these) items can be found in _____ (a manuscript in preparation, an annual report's title and ZO1 number, a protocol number, etc., must be cited in the justification.)
- c. We are replicating experimental procedures or protocols published in _____ (cite journal article) and the items specified in the procedures from this supplier must be used.
- d. In order to comply with our maintenance contract or warranty, the required parts and supplies must be purchased from this vendor. (Give purchase order number or equipment brand and model.)
- e. Replacement parts or accessories must be compatible with the existing equipment. (Give make and model of equipment, describe compatibility, and why it must be obtained from a single source or large business.)
- f. Because of limited space requirements, only this vendor's product will fit into the space available for this equipment. (Describe requirement and give required dimensions.)
- g. The features of this equipment (such as top loading, digital versus analog, double doors, temperature range, etc.) are necessary to perform _____ experiments and are not found among other brands such as _____ and _____. These features are necessary because_____.

Non-priority Source Justification For Purchasing From Other Than a Required Source Listed in FAR Part 8

FAR Part 8 requires purchasing offices to satisfy their requirement for supplies and services through required sources before purchasing on the open market. The Purchasing Agent shall consider sources of supply in the order of priority set by the FAR. The file must contain a list of the sources that were checked by the Purchasing Agent. If an item can be obtained from a required source, and the source is not selected, depending on the requirements of a particular source, an explanation, purchase exception, waiver or clearance must be included in the purchase order file.

The following are examples of requests to purchase an item from an open market vendor instead of a priority source such as NIH Stock or FSS contract vendors. (Priority sources must be checked for all purchases.)

- a. The quality of the product carried in the NIH Stock or from an FSS firm is not sufficient for the experiments being conducted.
- b. NIH Stock is back ordered and the expected delivery in _____ days is not acceptable to continue the experiments uninterrupted.
- c. The FSS vendor(s) _____ could not meet the required delivery date of _____ or had a minimum order limit of _____ which is higher than the value of this order.
- d. These items are not available from the priority Source(s) _____ (NIH Stock, UNICOR, GSA, etc.) or the delivery cannot be made for several weeks (months) and we cannot wait because _____.
- e. The special features (e.g., _____) are not provided by comparable items from FSS firms. These features are necessary because _____.
- f. Identical item (same make and model) supplied by an FSS vendor is available from this vendor at a price lower than the schedule price. All factors such as delivery terms, shipping costs, and warranties have been considered.

Personal Appeal Justification

Justifications are required for items which could be easily diverted for personal use, and items which an auditor from outside NIH might find questionable. These include such items as: cameras, cellular phones, hair dryers, film and video cassettes, beepers, laptops: Such justifications must provide an explanation as to the program's bona fide need for the item(s):

- a. The 35mm camera is necessary in order to take pictures of acrylamide gels of experimental results for inclusion in research notebooks.
- b. The microwave oven is necessary to melt agar gels for culture experiments. Microwave ovens provide slow even melting of the agar and consistent results in plating.
- c. The refrigerator is necessary to store DNA samples.

RECEIVING

Receiving, inspection, and acceptance (or rejection) are three of the most important components of the acquisition cycle. They have a direct impact on payments to the Contractor and interest the Government may be required to pay under The Prompt Payment Act. The Prompt Payment Act specifies that invoices will be paid within thirty days of receipt of a proper invoice or acceptance of the goods or services, whichever is later.

Receiving information must be entered in the ADB within seven calendar days of receipt (physical possession). For meat and meat products, the period for inspection, acceptance, and entry of receiving information is two calendar days and for perishable agricultural products, the period is three calendar days.

Receiving for shipping (local messenger/courier service) orders and journal subscriptions is not required since it is entered automatically in the ADB. Receiving documentation for these orders must be maintained in the acquisition file.

Inspection

Inspection is the process of examining what has been delivered or completed to determine if NIH has received what was ordered. If the item or the service satisfies the order, the next step is acceptance. Inspection includes, but is not limited to:

1. making sure that what was ordered is what was delivered;
2. verifying quantity;
3. inspecting for damage or breakage; and
4. checking for operability.

If the items delivered do not conform to the order, the Receiving Official must contact the Ordering Official or Approving Official to decide if action should be taken to reject the order.

Acceptance

Acceptance is the acknowledgment that the items or services delivered conform to the terms and conditions of the order. Once accepted, the Government has assumed responsibility for payment.

Ownership of goods, as well as liability, passes to the Government upon formal acceptance regardless of when or where the Government takes physical possession. The person who accepts the goods has the legal responsibility for the acceptance. It is imperative that he/she recognizes that responsibility and proceeds cautiously. An order cannot be rejected later unless it can be proved that the supplier intended to defraud the

government, or a flaw (or defect) is discovered that could not have been found when the inspection was done properly.

Entering Receiving Information

Once items are inspected and accepted, receiving information must be entered within seven calendar days from receipt of the goods or services. This will assure that the Government will have an opportunity to take full advantage of any additional discounts offered by vendors for prompt payment. If receiving is not entered promptly, the Government may be obligated to pay interest to the vendor according to the Prompt Payment Act which imposes interest penalties after 30 days from acceptance. Any interest paid will be charged to the organization placing the order.

Note: It is important that the final receiving is not entered until all of the requirements of the order have been fulfilled.

1. **Extended Acceptance**
If the order explicitly includes requirements after delivery such as installation of the item(s), operational testing, or evaluation of the service, the vendor must fulfill these requirements before the Government's inspection and acceptance can occur. Once the vendor has fulfilled the requirements of the order, the Receiving Official has seven calendar days to perform inspection and acceptance. The IC Ordering Official enters the date of installation or the end of the period of operational testing or evaluation as the receiving date. Extended acceptance periods should not be a routine practice, but should be included in the order only when necessary to permit installation and proper Government inspection and testing of the items delivered or services rendered. The lack of planning is an unacceptable reason to withhold entry of receiving information.

2. **Multiple Deliveries**

If multiple deliveries are required, the IC Ordering Official is responsible for entering partial receiving into the DELPRO system showing the delivery date each time an item is received. Partial receiving must also be indicated in the IC acquisition file.

Receiving Documentation

Receiving documentation to support payments shall comply with the FAR, HHSAR, and OMB Circular A-125. Receiving documents shall contain:

- the Receive date
- the Receiving Official's printed name or signature
- the Receiving Official's title, building, room and telephone number.

A packing slip or delivery ticket which includes this information should be retained in the acquisition file and will document acceptance and receipt. In the absence of a packing slip or delivery ticket, the back of the purchase order (NIH-2555) must be completed and dated by the Receiving Official and include a name of signature. If a packing slip or service report is not available, that fact should be noted on the purchase order when the authorized Receiving Official signs it.

Electronic Receiving

A packing slip or delivery ticket is not required if the Receiving Official sends an email message to the Ordering Official which includes the date of receipt of the item(s) or the date services were rendered . The only change to receiving information is that there would not be a written signature. The Receiving Official's name, title, building, room and phone number must also be included.

Note: It is important that the final receiving is not entered until all of the requirements of the order have been fulfilled.

To reduce the possibility of fraud and in order to comply with OMB Circular A-123, "Internal Control Systems", the Approving Official and Ordering Official cannot be the Receiving Official.

Rejection

Rejection is the act which denies the responsibility of NIH to pay for something which has been delivered or work completed, and whenever possible, returns the item to the vendor. This is only done when an inspection proves that what was ordered was not received. Should this occur, every effort should be made to take immediate action to resolve the problem with the vendor. The Office of Financial Management (OFM), Accounts Payable Section, must be notified to either hold the vendor's invoice until resolution of the matter or to return the invoice to the vendor. Receiving information should not be entered into the ADB until the vendor has fulfilled the requirements of the order. For additional information contact the Office of Financial Management Customer Service at (301) 496-6088 or see the website for the Office of Financial Management

Receiving, Inspection and Acceptance for Federal Supply Schedule (FSS) Orders

Complaints concerning material inspected at destination shall be resolved between the agency and Contractor in accordance with GSA Form 2891. Unresolved disputes shall be referred to the schedule contracting office for action (FAR 8.405-7).

When it is established that the Contractor is at fault for the deficiencies, the following options are available to the agency in regard to nonconforming supplies or services:

1. Nonconforming supplies or services may be corrected in place, or removed for correction, by and at the expense of the Contractor;
2. Nonconforming supplies or services may be accepted, and payment with an appropriate reduction in price may be accomplished; or
3. The Contractor may be declared in default on the particular order (see FAR 8.405-4 and 8.405-5).

OBJECT CLASS CODE

The Object Class code identifies the product being purchased. Object class codes, prescribed by the Office of Management and Budget, are used uniformly throughout the Government in submitting budget estimates and budget reports to OMB and Congress. The major object class codes are further broken down into sub-object class codes as prescribed by the DHHS Accounting Manual. This code structure is essential to the NIH Central Accounting System and appropriate codes must be entered for every financial transaction.

Purchasing Agents and Contracting Officers should check the accuracy of object class codes assigned by the IC ordering office. If an error is discovered, the IC ordering office should be notified and the object class code discussed prior to any changes being made to the code.

The NIH Accounting Manual, Chapter 1935, Object Classification Codes, contains a list of the codes currently in use. The object class codes are also distributed by the Reprographic Communication Branch, Division of Support Services, or see the website listing to visit the website.

SF-37 CODE

The SF-37 code is a six-byte field identifying certain acquisition and socioeconomic elements under the Simplified Acquisition Threshold. The SF-37 code is mandatory on all DELPRO orders. The updated SF-37 Codes reflect changes in the Federal Acquisition Regulation, especially as it relates to Part 19 - Small Business Socioeconomic Programs.

The guidelines that determine the first byte are as follows:

1. All Federal Supply Schedule orders Above and Below \$2,500 = "C" because GSA has already competed the requirement.
2. Small and Large Business orders that are Open Market \$2,500 and BELOW = "X".
3. Small and Large Business orders ABOVE \$2,500 that are Open Market, and are (COMPETED) = "C".
4. Small and Large Business orders ABOVE \$2,500 that are Open Market, and are (SOLE SOURCE) = "X".

See SF-37 codes - next page

ADB SF-37 Codes

Revised Changes to ADB SF-37 Code

Data required by OMB for reporting, effective October 1, 2000)

- All Fields Are Mandatory
- Make Only One Selection per Byte
- If Byte Is Labeled Retired, Do Not Use

BYTE#

CHANGE

1 Competitive Status

C = Competitive	None
X = Non-Competitive	None

2 Business Type

If Byte 2 not equal to V or S, then Byte 5 must be coded 6.

S = Small Business	None
L = Other than Small Business	None
E = Educational Institution or Other Non Profit	None
F = Foreign Corporation	None
O = Other Government Agency	None
J = JWOD Business	New
V = Very Small Business	New
X = U. S. Small Business Performing Outside U.S.	New
Y = U.S. Large Business Performing Outside U. S.	New
Z = U.S. Educational Institution Performing Outside U. S.	New

3 Contract Type: Scheduled Item, Other Federal Program, Open Market

F = Federal Supply Schedule and other GSA contracts	None
O = Other Agency contract (VA, Perry Point, etc.)	None
X = Open Market	None
G = GWAC (IT)	New
I = IDIQ	New
M = MAC _____	New
Q = None of the Above	New

4 Labor Surplus Area

Q = None of the Above

New - Automatic ADB System WILL default to (Q)

5 Set-aside Priorities

If Byte 2 not Equal to V or S, then Byte 5 must be coded 6.

1 = Small Business Set-aside in an LSA	Retired, Don't Use*
2 = Small Business Set-aside outside an LSA	Retired, Don't Use*
3 = Small Business Partial Set-aside Program	None
4 = LSA Concerns Set-aside	Retired, Don't Use*
5 = 8(a) Program	None
6 = None of the Above	None
7 = 8(a) HUBZone Program	New
8 = HUBZone Small Business Set-aside Program	New
9 = Very Small Business Set-aside Program	New
0 = Small Business Set-aside Program	New

6 Special Program Type

H = HUBZone Business	New
I = Native American Business	Retired, Don't Use*
M = Disadvantaged Business	None
W = Woman-owned Business	None
A = Woman-owned, HUBZone Business	New
B = Woman-owned, Disadvantaged Business	New
C = Woman-owned, HUBZone, Disadvantaged Business	New
D = Disadvantaged, HUBZone Business	New
G = Veteran	New
K = Disabled Veteran	New
N = Veteran HUBZone	New
P = Disabled Veteran HUBZone	New
R = Veteran Disadvantage	New
T = Veteran Disabled Disadvantage	New
U = Veteran Woman	New
Y = Disabled Veteran Woman	New
Z = Disabled Disadvantage Woman	New
Q = None of the Above	New

* Retired, Do Not Use = ADB SYSTEM WILL DISPLAY AN ERROR MESSAGE

Defining a Small Business

In making a detailed definition for a small business, the Small Business Administration (SBA) may use a number of criteria, including the number of employees, annual receipts, affiliates, or other applicable factors. These specific criteria are set forth in the SBA Small Business Size Regulations, Title 13, Part 121 of the Code of Federal Regulations. For information on specific industry classifications (manufacturing, construction, services, transportation, refined petroleum products, and research development and testing), or more information on general small business definitions, please contact the SBA's Office of Size Standards or the NIH Small Business Office.

HUBZone

HUBZone stands for Historically Underutilized Business Zone. A HUBZone is an area that is located in one or more of the following areas:

- a qualified census tract
- a qualified "non-metropolitan county" with a median household income of less than 80% of the State median household income or with an unemployment rate of not less than 140 percent of the statewide average, based on U.S. Dept of Labor data
- lands within the boundaries of federally recognized Indian reservations.

The HUBZone Empowerment Contracting program provides federal contracting opportunities for qualified small businesses located in distressed areas. Fostering the growth of these federal contractors as viable businesses, for the long term, helps to empower communities, create jobs, and attract private investment. To qualify for the HUBZone Empowerment Contracting Program, a small business must meet the following criteria:

11. Its principal office must be located with a "Historically Underutilized Business Zone," which includes lands on federally recognized Indian reservations
11. It must be owned and controlled by one or more U.S. citizens
11. At least 35% of its employees must reside in a HUBZone.

For answers to any other questions, contact the NIH Small Business Office(SO).

8(a) Business

The 8(a) Business Development program is designed to provide business development assistance and technical assistance to help socially and economically disadvantaged American businesses gain access to the mainstream American economy. The program is named for the section of the Small Business Act that authorizes its policies and procedures.

Part III PURCHASE MECHANISMS

Record of Call

A Record of Call is a DELPRO purchase mechanism used to procure goods or services from a vendor that has a Blanket Purchase Agreement (BPA) or an Indefinite Delivery Contract (IDC). Orders placed through the Record of Call (“N” order) mechanism can not exceed the maximum dollar limitations of the BPA/IDC. Orders are restricted to the commodities available under the BPA or the IDC. A vendor does not need to have a BPA to do business with NIH.

BLANKET PURCHASE AGREEMENTS

A Blanket Purchase Agreement (BPA) is not an order. It is an *agreement* between the Government and a vendor to provide supplies and/or services to the Government. It is the Government equivalent of a charge account with the vendor since it establishes no contractual obligation on either party to buy or sell until an order is placed.

A BPA simplifies paperwork and ordering procedures for both the Government and the vendor. These agreements are intended for use with a vendor from whom frequent, repetitive purchases are made, where the actual quantities or delivery schedules are not known in advance of placing an order.

A Blanket Purchase Agreement may be available **NIH-Wide**, which means anyone with purchasing authority at NIH can purchase from the BPA vendor. A BPA may also be **Restricted** to one or more IC’s, which means that only certain institutes can use the BPA. Restricted BPAs, in most cases, are available because of a particular requirement that is unique to an IC, or the IC is a buying source for other NIH components (e.g., Medical Arts and Photography Branch, (ORS).

BPAs have been established with Federal Supply Schedule vendors and with Open Market vendors. The BPA listing identifies Federal Supply Schedule and Open Market vendors with the following codes:

BPA Source	Code
Federal Supply Schedule vendors	H
Open Market vendors	G

Federal Supply Schedule vendors (coded H) are required sources. If the item available under Federal Supply Schedule (FSS), purchasing offices must consider it before considering open market sources. If the item being ordered is supplied by both Open Market and Federal Supply Schedule vendors, the DELPRO Ordering Official must place the order with the FSS vendor, even if the Federal Supply Schedule vendor is a large business. If the FSS item(s) cannot meet the requirement, an explanation must be put in the purchase file as to why the schedule was not used. There are a few exceptions to these rules that are detailed in FAR 8.404.

Establishment of BPAs

While it is desirable to have as many vendors as possible from which to purchase, it is impossible to have an unlimited number of BPA sources. If a vendor does not have a BPA with NIH and it is determined that the supplies or services offered by that vendor would be beneficial to the NIH community, establishment of an NIH-wide BPA can be requested. If there are repetitive requirements from a BPA vendor, and the BPA does not cover the needed commodity, the addition of that commodity to the BPA also may be requested. In either case, submit a memorandum through:

IC Administrative Officer to the Chief,
Simplified Acquisition Programs Branch,
Bldg. 6011, Rm. 549F.

The same procedure applies to establishing and renewing restricted BPA. (See sample memorandum "BPA ACTION REQUESTING MEMO" at the end of this section.)

All BPA requests must be approved by an IC Administrative Officer, prior to forwarding it to the Simplified Acquisition Programs Branch. Internal approvals of requests through supervisors or an IC Scientific Director are encouraged but not required.

If a BPA is awarded to the requested vendor, the BPA request and Requester's "Conflict of Interest Certification" (see below), will be included as a permanent part of a vendor's official BPA file.

Requirements and Restrictions

There are several important requirements and restrictions for using BPA. In addition to the following requirements and restrictions, see Ordering Procedures - p.

1. Splitting orders is not permitted by the Federal Acquisition Regulation and is considered an improper acquisition practice. A split order occurs when a purchase is divided and placed on several orders to avoid exceeding a dollar limitation, obtaining competitive quotes, or complying with various clearance and Small Business requirements.
2. Effort should be made to consolidate orders against a BPA to reduce the number of orders placed and obtain quantity discounts.
3. Some companies offer large discounts if a laboratory/branch signs an agreement to place a minimum order (e.g., \$20,000) from the BPA. Such agreements are inappropriate because a commitment to purchase such a large amount from one source precludes fair and open competition. This should not be confused with

consolidation of orders as an IC cost-saving measure. The Simplified Acquisition Programs Branch is actively engaged in negotiating large discounts from BPA vendors.

Shipping and Handling

1. **Destination** - If the BPA source is coded FOB "D" (Destination), the vendor will prepay all freight charges to the final point of delivery at NIH. Excluded from this are special shipping charges, e.g., overnight express shipping. These charges **MUST** be shown as a separate line item(s) on the ROC.
2. **Origin** - If the BPA source is coded FOB "O" (Origin), the NIH pays all freight charges from the point of origin of the shipment. Shipping charges **NEED NOT** be shown on the order.
3. **Special** - This coding indicates that special shipping arrangements have been made regarding shipping charge. Some items are FOB Origin and others are FOB Destination. Shipping charges **NEED NOT** be shown on the order.
4. **"Handling Charges"** - include wet or dry ice packing, or the use of special containers. Such charges **MUST** be shown as separate line items on the ROC.

Unauthorized Purchases on BPAs

Unauthorized purchases on BPA's include:

1. The purchase of furniture (except from UNICOR).
2. Controlled substances and DEA regulated chemicals.
3. Maintenance contracts for equipment (except for equipment on Indefinite Delivery Contracts (IDC's) or copiers on Federal Supply Schedule BPA).
4. Equipment rentals, the purchase of any supply, service, or equipment not authorized by the BPA
5. Purchases made without an approved order.
6. Leases, and lease-to-ownership plans.
7. Rent with option to purchase plans.
8. Orders not requiring immediate delivery.

Identifying BPA Vendors

To locate BPA vendors, purchasers can use DELPRO's Search function or review the BPA Listing website or Use the Source Search function in DELPRO as indicated on the next page.

Using DELPRO's VEN Function to Search for BPA Vendors

1. Search by EIN - This function identifies BPA's by a vendor's Employee Identification Number (EIN). a specific vendor. DELPRO's Vendor Alpha Search function (VAS) locates a vendor by name and displays the vendor's EIN.
2. Search Object Class - Searching the NIH-wide BPA sources by object class code displays vendors with BPA's for the object class code specified.

Searching for Mandatory Federal Supply Schedule BPA Sources

The FED SCHEDULE field on DELPRO's Source Search by EIN/CODE function can identify only vendors on the Federal Supply Schedule. Type a **Y** in the FED SCHEDULE field; press the [ENTER] key. DELPRO displays up to three (3) vendors per screen.

Searching for Open Market Sources

The OPEN MARKET field on DELPRO's Source Search by EIN/CODE function will identify only Open Market vendors. Type a **Y** in the Open Market field; press the [ENTER] key.

Searching for Discounts

Use the "Source Display/Maintenance" screen to provide an on-line query that may be used to determine discounts. Not all vendors offer a percentage discount. Some provide quantity discounts, while others give various percentages based on the particular items purchased.

- a. A numerical percentage indicates an specific discount. In some cases, vendors do not provide an across-the-board discount but do provide a discounted price.
- b. **##** indicates a quantity discount rather than a percentage discount. ****** indicates discounts dependent on the commodity and/or quantity being purchased.
- c. **@!** Identifies GSA/VA contract prices and possible percentage and/or quantity discounts.
- d. Ordering Officials should verify that the negotiated discount has been granted prior to placing an order. Vendor deviations from the negotiated discounts displayed on the SRC screen or NIH-wide BPA Listing should be reported in writing to Chief, Simplified Acquisition Programs Branch, Bldg. 6011, Rm. 549F.

NIH-wide BPA Listing (See also: Specific BPA Services p.115)

To supplement the on-line query system, an off-line NIH-wide BPA Listing may be obtained through WYLBUR or the BPA websites.

The Guidance website provides information pertaining to BPA policies and procedures, and is updated as changes occur. The listings are updated weekly as information about vendors is changed. Listings are organized alphabetically by commodity. Within each commodity, information is provided regarding the most appropriate sub-object class code to use and the FSS identification number under which the commodity has been classified.

The BPA listing is sorted and shows all vendors on Federal Supply Schedule (H) first, followed by small businesses on the Open Market (G), followed by large businesses on the Open Market. Within each category, vendors are listed alphabetically. The BPA Listing displays the vendor's name, business size, BPA type, source number, the FOB (delivery) point, and the discount offered by the vendor, if applicable.

Termination of Blanket Purchase Agreements

A vendor's Blanket Purchase Agreement may be terminated under any of the following circumstances:

1. Upon written request of the vendor;
2. When orders total less than \$5,000 in one year;
3. When the vendor fails to abide by the terms and conditions of the BPA
4. Upon NIH's determination that the goods or services provided are not appropriate for a BPA;
5. Upon award of a mandatory NIH-wide requirements type contract for the same goods or services;
6. When the vendor consistently provides supplies or equipment of poor or inferior quality or goods that are damaged;
7. When the vendor consistently provides poor service;
8. If the vendor files fraudulent claims;

9. If the vendor demonstrates improper business practices or personal conflicts of interest;
10. If the vendor provides kickbacks or favors to Government employees in exchange for business;
11. Other circumstances that, in the view of the Chief, Simplified Acquisition Programs Branch, warrant termination after appropriate investigation and review.

Upon termination of a BPA, the vendor becomes ineligible for new BPA orders. Records of Call placed with a vendor whose BPA has been terminated constitutes an *unauthorized commitment*. The vendor or the DELPRO Ordering Official may be held liable for orders placed and accepted by the vendor after the termination date.

INDEFINITE DELIVERY CONTRACTS (IDC'S)

NIH-wide Indefinite Delivery Contracts (IDC's) are contracts awarded to certain open market businesses for indefinite delivery of items or services at a fixed price. IDC's are used for items or services that are needed on a continuous basis, or which are not stocked. NIH-wide Indefinite Delivery Contracts have been established with contractors for a number of goods and services and are available for use by the NIH community. For a list of current IDC's, visit the IDC website.

The NIH and other Federal agencies have established a number of "indefinite delivery /indefinite quantity" (IDIQ) and "multiple award contract" (MAC) vehicles which facilitate the acquisition of a number of items. The largest Information Technology (IT) MAC contracts are those awarded by the NIH Division of Information Technology Acquisition (DITA)'s. Information is available through the World Wide Web using the DITA website at <http://nitaac.nih.gov>

The contracts are awarded by the Division of Station Support Acquisition, Office of Logistics and Acquisition Operations.. For procedures, see NIH Manual Issuance "6016-3, Record of Call Procedures for Indefinite Delivery Contracts Awarded by the Office of Logistics and Acquisition Operations" under Manual Chapters

The mechanism used to place orders with an IDC vendor is the Record of Call (ROC). The IC Ordering Office's acquisition authority is based on the terms specified in the contract.

The Ordering Office can access the vendor catalog data electronically. Product information and prices may be obtained from each vendor by phone. Viewing the vendor product information on the internet, or calling the vendor for information and prices is one way of getting the best price to fulfill program needs. FAR requirements regarding fair opportunity must be followed (FAR Part 16.505 (b)).

Additional information on using IDC's, accessing vendor information and available products, see the "NIH Electronic Computer Store Ordering Guide." For more information contact the DITA Helpline, 1-888-773-6542.

I. NIH Quality Improvement Report

It is the responsibility of NIH staff to provide written documentation of problems being experienced with a BPA vendor to:

Simplified Acquisition Programs Branch
Bldg. 6011, Rm. 549F
or
Fax (301) 402-2145

For Purchase Order vendor problems, send documentation to:

Chief, Acquisition Planning and Specifications Branch, 6011, Rm.547F
or
Fax: (301) 496-8422 or (301) 480-4163

Upon written notification of a vendor problem, the Chief, Simplified Acquisition Programs Branch, or the Chief, Acquisition Planning and Specifications Branch, will contact the appropriate individuals within the IC to discuss appropriate corrective measures, alternative sources, and/or possible termination of a vendor's BPA

BPA Action Requesting Memo

Date:

To: Chief, Simplified Acquisition Programs Branch, DAP, OLAO

From: _____
(Name, Title, Organization)

Subject: () Request for Blanket Purchase Agreement
() Amend Blanket Purchase Agreement #
() Renew Restricted Blanket Purchase Agreement #

It is requested that the subject action (checked) be taken as indicated.

TIN#: _____ Business Size _____

GSA/VA Contract #: _____

Vendor Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone #: _____

Name of Company Representative: _____

Period: _____ To: _____

Estimated Yearly Expenditures: \$ _____

Commodities:

Justification: (discuss your need and why existing BPA vendors cannot supply requirements; attach additional sheets as necessary)

Authorized Ordering Officials Bldg. Room Phone CAN#

Requesting Official's Signature

IC Administrative Officer's Signature

(See Attachment: Conflict of Interest Certification.)

**National Institutes of Health
Conflict of Interest for BPAs¹
Contracting Officer Certification**

I, _____ [Type or Print Full Name]_____ hereby certify that to the best of my knowledge and belief I do not have any actual or apparent conflict of interest with the proposed organization, institution, or university listed below with which I am establishing a Blanket Purchase Agreement (BPA). Further, neither I nor my spouse, minor child, or partner is an officer, director, trustee, partner, consultant, or employee or otherwise similarly associated, or has any arrangement concerning prospective employment, financial interest², or other similar association, with the below listed vendor, it's parent or subsidiary organization.

BPA Vendor: _____ [Type or Print Name of Vendor] _____

BPA Number: _____

(Signature of Contracting Officer)

(Date)

(Position and Title)

(Telephone Number)

¹ Criminal penalties may be imposed for making a false declaration.

² A financial interest is any interest of monetary value which may be directly or predictably affected by the official action of an employee.

NIH Quality Improvement Report

This report provides NIH employees the opportunity to register formal complaints or general comments about goods and/or services supplied by vendors. Improvement depends on customer feedback to improve the quality of goods and services provided.

Employee Name: _____ IC: _____

Building & Room #: _____

Type of Order:

BPA/Record of Call: _____ Reprint: _____ Professional Services: _____

(Check One)

Repair: _____ Repair of Scientific Equipment: _____ PO: _____

Order Number: _____ Date of Order: _____

Total Cost of Order: _____

Description of Problem:

(Please provide as many details as possible; include copies of requisition and order)

(Use Additional Sheets as Necessary)

For Purchase Orders: Fax to:
Chief,
Acquisition Planning and Specifications Branch,
Fax# (301) 496-8422,
or
mail to 6011 / 547F.

For BPA Orders: Fax to:
Chief,
Simplified Acquisition Programs Branch,
Fax# (301) 402-2145 ,
or
mail to 6011 / 549F.

PROFESSIONAL SERVICE ORDER (PSO)

A Professional Service Order (PSO) is an acquisition mechanism ("S" order) in DELPRO, utilized by the IC DELPRO Ordering Offices to acquire non-personal professional services. These services are provided by an individual/vendor who engages in a vocation or occupation requiring advanced education and training. Examples of such disciplines are medicine, law, engineering, and teaching.

The PSO mechanism is primarily used to procure the services of guest speakers and lecturers for seminars, workshops, or meetings held primarily to exchange scientific information, and services performed by review groups, advisory committees, etc.

A Professional Service Order can not exceed \$3,000. Purchases greater than \$3,000 require that a Market Requisition (RQM) be sent to a purchasing office for procurement. See Professional Service Thresholds- p.82 to determine purchasing requirements.

- Honorarium is paid to a guest speaker, lecturer or participant for a seminar, workshop, or meeting held primarily to exchange scientific information. The current daily rate of "\$200" is the NIH ceiling for consultants and experts. Request to pay greater than \$200/day requires advance approval.

A PSO for Honorarium must contain a brief Statement of Work identifying the vendor, and the qualification as a professional, date(s) of service, purpose and price (see Statement of Work, page 76).

- Fee for service is paid to vendors that are normally paid at an hourly or daily rate of pay *for a specific service or task*. A Fee for Service generally involves a deliverable, such as a report or evaluation.

A Fee for Service PSO over \$2,500 must contain a Statement of Work (see Statement of Work, page 76), including a cost breakdown indicating how the government arrived at the fee amount.

Professional Service Order Documentation

Professional Service Order files must contain required documentation as identified in Simplified Acquisition Procedures (see File Documentation - p. 27) In addition to required acquisition file documentation, PSO files must also contain additional support documentation.

Drug-Free Workplace Act (FAR Clause 52.223-6)

As required by FAR 23.505(a)(1), the PSO acquisition file must contain evidence that the vendor has been notified of the provisions of the Drug-Free Workplace Act prior to acceptance of an order. The Federal Acquisition Regulation (FAR Clause 52.223-6) must be attached to the order and sent to the vendor, and a copy of the clause retained in the acquisition file.

If the clause is not contained within the acquisition file, it must be noted that the clause has been transmitted to the vendor. If the notification is verbally transmitted, the acquisition file must be documented to include the name of the individual who made the call, the individual contacted, and the date of the call. The information can be documented in the "REMARKS" section of the PSO screen.

Purchase Order Terms and Conditions and Invoice and Payment Provisions

Form NIH 2555-1 *Purchase Order Terms and Conditions and Invoice and Payment Provisions*, is attached to each PSO that is sent to a vendor. This form provides payment information for the vendor and explains procedures for billing.

Object Class Codes

Effective November 2002, Object Class codes are required for all line items in a Professional Service Order. The OC codes must reflect each line item for Honorarium or Fee for Service, Per Diem and Transportation and other charges.

Statement of Work

All PSO's require a Statement of Work, (SOWs). The Statement of Work should address the following questions:

- What service will be performed ?
- Where will the service be performed?
- When will the service be performed?
- How will the service be performed?
- What special equipment or procedures will be used?
- What deliverables are expected, if any?

Sample Statements of Work (SOW's) for Professional Service Orders

The next several pages display sample Statements of Work for Honorarium. Statements of Work for Honoraria indicate that the vendor is a Professional in a specific occupation, and is involved essentially in discharging professional duties.

A Statement of Work for Honorarium must indicate that the individual is a professional, the specific occupation, and that the professional is involved in discharging professional duties. The SOW may be entered in the RMKS: field, on the Competition /Justification Screen in DELPRO, or attached to the purchase request.

A Statement of Work for Fee For Service must indicate that the individual is a professional, the specific occupation, and that the professional is involved in discharging professional duties. The SOW must also include specific detail about the specific service or task and any deliverable(s), including a cost breakdown. The SOW may be entered in the RMKS: field, on the Competition /Justification Screen in DELPRO, or attached to the purchase request.

1. Scientific Workshop Presentation - OC 25.2H

(Check/Indicate one of the following)

The following individual is a professional in the specific occupation of:

- Medicine,
- Dentistry,
- Nursing,
- Pharmacy,
- Law,
- Engineering,
- The Sciences (such as biology, chemistry, and physics)
- Teaching,
- Accountancy,
- Actuarial Computation,
- Architecture,
- Other _____, and involved essentially in discharging professional duties.

Dr. /Mr. /Ms. _____ is an expert in the field of _____. This individual will present independent findings at the workshop entitled _____. The speaker's experience and knowledge in the specific aforementioned area of research is essential to achieving the purpose of this government sponsored workshop. The meeting will be held on ___/___/___.

2. Program Meeting Presentation - OC 25.2H

(Check/Indicate one of the following) The following individual is a professional in the specific occupation of:

- Medicine,
- Dentistry,
- Nursing,
- Pharmacy,
- Law,
- Engineering,
- The Sciences (such as biology, chemistry, and physics)
- Teaching,
- Accountancy,
- Actuarial Computation,
- Architecture,
- Other _____, and involved essentially in discharging professional duties.

Dr. /Mr. /Ms. _____ is an expert in the field of _____, and uniquely qualified to present research findings, and answer questions at the government sponsored meeting convened to discuss the Institute's program on _____. The speaker's specific experience and knowledge in this area are critical for the further development of this Institute initiative. The meeting will be held on_____.

3. Scientific Meeting Presentation - OC 25.2H

(Check/Indicate one of the following) The following individual is a professional in the specific occupation of:

- Medicine,
- Dentistry,
- Nursing,
- Pharmacy,
- Law,
- Engineering,
- The Sciences (such as biology, chemistry, and physics)
- Teaching,
- Accountancy,
- Actuarial Computation,
- Architecture,
- Other _____, and involved essentially in discharging professional duties.

Dr. /Mr. /Ms. _____ is an expert in the field of _____. This individual will speak at the meeting entitled "_____". The speaker's specific experience and knowledge related to this field of research will enhance the collaboration of the researchers involved in this research, and will expedite the development of current scientific opportunities and minimize unnecessary and expensive duplication. The meeting will be held on ___/___/___.

4. Board Meeting Evaluation - OC 25.2H

(Check/Indicate one of the following) The following individual is a professional in the specific occupation of:

- Medicine,
- Dentistry,
- Nursing,
- Pharmacy,
- Law,
- Engineering,
- The Sciences (such as biology, chemistry, and physics)
- Teaching,
- Accountancy,
- Actuarial Computation,
- Architecture,
- Other _____, and involved essentially in discharging professional duties.

Dr. /Mr. /Ms. _____ is an expert in the field of _____. This individual will present an evaluation of data from the NIH sponsored trials during the Board meeting entitled "_____". This evaluation is critical for the rapid dissemination of research results from the specific trials sponsored by the NIH. The meeting will be held on ___/___/___.

5. AD HOC Participant - 25.13 Management and Support of R&D Activities

(Check/Indicate one of the following) The following individual is a professional in the specific occupation of:

- Medicine,
- Dentistry,
- Nursing,
- Pharmacy,
- Law,
- Engineering,
- The Sciences (such as biology, chemistry, and physics)
- Teaching,
- Accountancy,
- Actuarial Computation,
- Architecture,
- Other _____, and involved essentially in discharging professional duties.

Dr. /Mr. /Ms. _____ is an expert in the field of _____ who will be participating in the meeting of the Institute's Advisory Committee meeting on/for _____. The participation of this individual is required so that the appointed committee members have access to the supplementary data and full range of perspectives necessary to their deliberations during this meeting. The meeting will be held on ___/___/___.

6. AD HOC Reviewer - 25.2Q Not a Regular Member of the Review Committee

(Check/Indicate one of the following) The following individual is a professional in the specific occupation of:

- Medicine,
- Dentistry,
- Nursing,
- Pharmacy,
- Law,
- Engineering,
- The Sciences (such as biology, chemistry, and physics)
- Teaching,
- Accountancy,
- Actuarial Computation,
- Architecture,
- Other _____, and involved essentially in discharging professional duties.

Dr. /Mr./Ms. _____ is an expert in the field of _____ who will be participating in the meeting of the Institute's Advisory Committee meeting on/for _____. This individual's evaluation of the scientific evidence to be considered during this meeting is essential for a fair assessment of the products submitted for inclusion in this clinical trial sponsored by the NIH. The meeting will be held on _____.

PSO Limitations

Only professional services can be acquired using the PSO mechanism. The following services **cannot be purchased using a PSO**.

1. Non-professional service is a term used to refer to technical services. These services include, but are not limited to, routine laboratory analyses, editorial services, manuscript services, temporary services, repair services, interpreters, personnel services, and cleaning services. These types of non-professional services may be acquired through BPA, contracts, or other purchasing mechanisms.
2. Personal Service Contract is defined by the FAR Subpart 37.101 as a contract that, by its express terms or as administered, makes the contractor personnel appear, in effect, as a Government Employee. It also states that agencies shall not award personal service contracts unless specifically authorized by statute to do so. The NIH does not have statutory authority to award personal service contracts. See the Professional Service Order Checklist, page which provides appropriate guidance in determining if an employer-employee relationship may exist based on line items checked.
3. Grants are defined as providing assistance to a recipient by the transfer of money, property, services or anything of value to accomplish a public purpose and to support and stimulate the activity. No substantial involvement (i.e., collaborative effort) is anticipated between the government and the recipient during performance of the activity.
4. Cooperative Agreements are similar to grants, except substantial involvement (i.e., collaborative effort) is anticipated between the government and the recipient during the period of performance of the activity or project.
5. PSOs are not be used to acquire R&D, complex studies, services which require judgmental technical evaluations and involve negotiations.

Ordering Procedures for Professional Service Orders

Simplified acquisition procedures must be followed: PSO services must be clearly defined in a Statement of Work, services over \$2,500 must be competed or a sole source justification documented in the file, and a determination that the costs are fair and reasonable if competition is not performed.

A professional service order must be entered in a prescribed format to include three line items only. The description of services or any other pertinent information can be explained in the REMARKS field on the PSO screen. The prescribed format is:

- Honorarium or Fee for Service (whichever is applicable)
- Per Diem
- Transportation and Other Expenses

These line items specifically identify the amount to be paid to the individual by the OFM. In accordance with the Federal Tax Regulations, Title 26, Code Section 1.6041.1, the Office of Financial Management is required to report to the Internal Revenue Service all salaries, wages, commissions, fees, reimbursements for per diem and travel expenses, and other forms of compensation for services rendered aggregating \$600 or more during a calendar year.

Some PSOs may be processed without payment for Honorarium or Fee for Service. The order may only reflect reimbursement for Travel and Transportation. In these instances, PSOs will be considered acceptable only if there is an adequate Statement of Work which identifies the service to be provided. The SOW is necessary to ensure that the Government is receiving a specific service and the payment of travel and transportation is the consideration for those services. The SOW must be contained within the acquisition file. If a SOW is not in the acquisition file or if the SOW is inadequate, it may be assumed the PSO mechanism should not have been used in lieu of the Travel or Purchase order mechanism.

Professional service orders which include travel and/or per diem must be in accordance with the Federal Government's Joint Travel Regulations (see FTR website). Cost for airline tickets may be verified directly by the airlines or by the Government Travel Contractor. Airfares may not exceed the cost for business/coach class. First Class travel is not acceptable without justification. Per diem rates for lodging and meals must be equal or less than the Government rates for the area. Transportation cost must be evaluated to ensure the price paid is fair and reasonable.

For questions pertaining to receiving or payment of PSOs, contact the Office of Financial Management (301) 402-1595.

Professional Service Order Thresholds & Requirements

1. Orders \$2,500 and Less

- a. (PSO) Honorarium requires a SOW;
(PSO) Fee for Service requires a SOW and cost breakdown.
- b. Competitive quotes are not required, if determined price is fair and reasonable.

2. Orders between \$2,500 - \$3,000

- k. (PSO) Honorarium requires SOW;
(PSO) Fee for Service requires a SOW and cost breakdown.
- b. Requires competition or justification for sole source (including the basis for determining that the price was fair and reasonable).
- c. Acquisition file must be documented to clarify questionable points as described in the Checklist for Professional Service Orders.

3. Orders greater than \$3,000

- k. Requires a RQM to be submitted to a purchasing office.

Price Reasonable Determination for Professional Service Orders (Check ALL that apply)

The following checklist may be used when determining price reasonableness for honorarium or fee for service when the PSO is greater than \$2,500:

- [] Honorarium is considered reasonable based on comparison of the current hourly rate of a GS-18 government employee. (See Recommendation and Approval to pay greater than \$200.00 per day as set forth in NIH Manual 1130, Acquisition No. 5) NIH Manual 1130 establishes \$200/day or less as the rate paid to individuals under professional service orders/contracts.
- [] Compared to the federal government grade of (*Indicate Grade*____) for a government employee matching this vendor's expertise and experience, the Fee for Service at the associated rate of *dollars per hour: (\$*____)*times the associated work hours (total hours:_____)* this price of (*\$*____) is determined to be fair and reasonable.
- [] Comparison of this request to previous order(s) (*Cite Previous Order Number(s); Previous Order(s) must Show Cost Breakdown*) for similar services with individuals that have the same/similar credentials, this price is determined to be fair and reasonable.
- [] Compared to the current market standard of (*Indicate Market Standard*) for this profession, and given the similarity of expertise and experience, this price is determined to be fair and reasonable.
- [] Per Diem rates are considered reasonable based on the maximum subsistence rates for travel set forth in the current Federal Travel Regulations. [*Reference The Federal Travel Regulation (FTR) Website*]
- [] Travel costs are considered reasonable based upon standard coach air fares, taxis, or limo rates and the maximum allowable mileage as determined by current DHHS travel policy. [*Reference the Federal Travel Regulation Website*]

Professional Service Order Checklist

The following will assist in determining whether the request should be processed using a PSO *or* if the service request is **personal** and could result in an employer-employee relationship. Review the service to verify if the request can be processed using a PSO.

Note: *Yes to any the questions [except for item a] denotes that a PSO may **not** be the appropriate mechanism to use for the services being acquired.*

- a. Does the service require professional expertise? The skills involved would typically require an advanced degree in the field, certification or a professional license (e.g., physician, lawyer, etc.).
- b. Would the service be more appropriately performed under a temporary personnel mechanism (e.g., intermittent or temporary consultant appointment)?
- c. Is the service something that should be handled with a Government travel order (e.g., pre-employment interviews)?
- d. Is the service something that should be performed or coordinated with an NIH component (e.g., Veterinary Research Program (VRP) for veterinary services)?
- e. Is the service complex and does it require negotiation? If so, refer to OLAO or IC Decentralized Purchasing Office.
- f. Would the service be reoccurring, therefore more appropriate to process as a purchase order or a contract?

For services that do not fall into any of the previous categories, the following factors should be considered. ***The frequency of "yes" responses increases the possibility of an employer-employee relationship and indicates that the service may be personal and not appropriate.*** The acquisition file must be documented as needed to clarify any "yes" responses.

The Acquisition ...

YES	NO	
_____	_____	a. requires on-site performance.
_____	_____	b. requires that the principal tools and equipment be furnished by the Government.
_____	_____	c. work is an integral part of the assigned mission or function of NIH.
_____	_____	d. work is the type ordinarily performed by Civil Service personnel.
_____	_____	e. can reasonably be expected to last beyond one year.
_____	_____	f. requires Government approval for hiring and removal of key contract employees.
_____	_____	g. requires the Government to prepare schedules for individual contract employees.
_____	_____	h. requires the Government to control the method of contract performance.
_____	_____	i. allows the contract tasks to be defined on a day-to-day basis.
_____	_____	j. provides payment for time worked rather than accomplished result (this statement should only be considered for questionable cases)
_____	_____	k. work requires Government personnel to manage the contractor employee's daily work.

Payment of Honorarium or Fee for Service to a Foreign Traveler on a B1 VISA

Philip S. Chen, Jr., Acting Chief of the International Services Branch, has outlined, in an email to the NIH Scientific Directors, when it is possible to offer Honorarium/Fee for Service to a B-1/B-2 VISA-holder on a Professional Service Order. A B1/B2 VISA is granted to a foreign (alien) visitor for official business. Specific requirements must be met for the B-1 VISA holder to receive Honorarium or Fee for Service on a Professional Service Order.

- The activity will last no long than nine days at any single institution or organization.
- Payment is offered by an institution or organization described in INA 212(p) -- an institution of higher education, a related or affiliated nonprofit entity, or a non-profit research organization or a Governmental research organization.
- The honorarium is for services conducted for the benefit or the institution or entity.
- The alien has not accepted such payment or expenses from more than five institutions or organizations over the previous six months.

If the visit will be more than nine days, a foreign traveler must have a J-1 VISA.

A J1 VISA is a visa for foreign individuals invited to NIH for lectures or short-term consultations that are sponsored by NIH or by an outside organization. Before Dr. Chen's email to the Scientific Directors, B-1 VISA holders could be reimbursed only for per diem, travel and incidental expenses. To pay an Honorarium or Fee for Service on a Professional Service order, the foreign traveler had to possess a J1 VISA.

Dr. Chen states, "You may wish to pay an honorarium to a short-term Foreign visitor on a B-1/B-2 Visitors Visa (or from a Visa Waiver country who enters the US without a visa). Allowing for payment of honoraria to individuals on Visitors visas/Visa Waiver Program will put the NIH in line with most academic institutions, which now provide for such payments."

For additional information, visit the International Services Branch, ORS website

VISA Application and Issuance Fees

NIH may reimburse peer reviewers for VISA application and issuance fees. According to the Comptroller General, VISA application and issuance fees are a permissible travel expense for individuals on official temporary duty Government travel. Thus, peer reviewers traveling under a B-1 Visitor's VISA may be reimbursed for VISA applications and issuance fees that are reasonable business expenses. Dr. Chen states that there may be applicability to members of the intramural Boards of Scientific Counselors, but the majority of those affected will be reviewers of intramural grant applications.

Payment Procedures for Professional Service Orders

Before the PSO can be processed for payment, the DELPRO Ordering and Approving Official must ensure

- the service has been rendered in its entirety
- the acquisition file contains required documentation including receiving documentation (and required lodging and travel receipts,)
- receiving information is entered in the DELPRO/ADB system.

Effective January 1, 1998, vendors are paid by Electronic Funds Transfer (EFT), which is defined as any transfer of funds by means other than paper. The Automated Clearing House (ACH) will be the payment method for vendors (See Automated Clearing House - p.103).

*There is an exception for payment of PSOs granted to those who do not have ACH accounts. The PSO may be awarded using the NIH Convenience Check **for one time only**. If the vendors desire to provide additional services or supplies to NIH, they **MUST** establish an ACH account.*

** Note: One time PSO recipients and patient contributors of such items as blood, plasma, etc. are exempted and will be paid by convenience check or SF-44.*

PSO vendors must enroll for payment via ACH. Form SF-3881 should be furnished to PSO vendors with their order. Purchasers should allow additional lead-time and planning to allow for ACH enrollment to avoid situations that would disrupt research or would lead to unauthorized procurements.

The first point of contact for requirement activities is the IC Administrative Officer. Within the Office of Financial Management (OFM), contact the Government Accounting Branch at (301) 435-3505, Building 31 Room B1-B04.

The information above is partially excerpted from the Office of Financial Management Policy Memo, "Electronic Payments" dated September 10, 1997 from Chief Financial Officer, NIH to all NIH employees regarding electronic payments.

NIH MANUAL 1130 Acquisition No. 5

Date: December 13, 1999

Replaces: 10/15/85

Issuing Office: OA, OCM, DAPE 496-6041

Website: <http://www3.od.nih.gov/oma/manualchapters/delegations/acquisition/acq05/main.html>

DELEGATIONS OF AUTHORITY
Rates of Compensation (Honoraria) Under Professional Service Orders

Authorities Delegated

11. To establish the honorarium rate of up to \$200 per day for individuals paid under Professional Services Orders¹ for programs, projects and functions under the respective administrative jurisdiction.
2. To recommend to the Office of the Director the establishment of a rate above \$200 per day not to exceed the current daily rate of Executive Level IV (currently \$455.36/day).
3. To approve recommendations for rates exceeding \$200 per day.

Authorities 1 and 2 above:

To Whom Delegated

Deputy Director, NIH IC Directors

Area of Authority

Office of the Director,
NIH Respective Areas

Authority 3 above:

To Whom Delegated

Deputy Director for Intramural Research, NIH
Deputy Director for Extramural Research, NIH
Deputy Director, NIH

Area of Authority

Respective IC Areas
Respective IC Areas
Office of the Director, NIH

Limitations/Guidance

1. Requests to change the honorarium rate must be signed at the OD level in the Institute or Center.
2. Information on pay rates for appointed consultants and special experts is found in NIH Manual Chapter 2300-304-1, "Employment of NIH, NCI, and NHLBI Special Experts."
3. All previous delegations of authority inconsistent with provisions of this delegation are superseded.

¹

For purposes of this delegation, the term "Professional Services" is defined as those services provided by guest speakers and lecturers for seminars, non-government attendees of workshops or meetings held primarily to exchange scientific information, and services provided by non-government members of review groups or advisory committees. These individuals are paid an honorarium, not to exceed the amounts provided under this delegation, as well as actual per diem and travel expenses.

Redelegation

Authorities Nos. 1 and 2 may be re-delegated to the IC Executive Officers and, for the OD, to the OD Executive Officer. Authority No. 3, for approval of honorarium rates in excess of the \$200 daily rate on a case-by-case basis, may not be re-delegated.

Citations

11. 5 U.S.C. 302, 3109; 42 U.S.C. 241(a)(4); Sec. 503 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1993, Public Law 102-394.
2. HHS Acquisition Regulation 337.2
3. Memorandum from the Deputy Assistant Secretary for Health Management Operations, PHS, Dated May 9, 1994, entitled: "Delegation of Authority to Set Rates of Pay for Positions Not Covered by the General Schedule"
4. Memorandum from the Assistant Secretary for Health, dated August 5, 1987, entitled: "Delegation of Acquisition Authority;" and Memorandum from the Director, Office of Management, PHS, dated August 17, 1987, entitled: "Delegation of Acquisition Authorities"
5. Secretary's Reorganization Order of September 25, 1995 [60 FR 51480 (October 2, 1995)]

Harold E. Varmus, M.D.
Director, NIH

Effective Date: December 13, 1999

EQUIPMENT REPAIR, MAINTENANCE & TRADE-IN

(Scientific & Non-scientific)

Repair of scientific equipment is purchased by one of three methods:

1. **NIH Scientific Equipment Services Section (SESS)**
Scientific Equipment Instrumentation Branch (SEIB) ORS, (301) 496-4131 or see website listing.
2. **NIH-Wide maintenance contracts**
3. **Repair of Scientific Equipment order**

To determine the services provided by the NIH Scientific Equipment Services Section (SESS), call the office or visit the website. The website contains a comprehensive explanation of services provided to NIH and associated fee-for-service rate schedules.

NIH-Wide Maintenance Contracts

NIH has established Indefinite Delivery Contracts (See IDC's - p. 69) with some of the major scientific equipment manufacturers. See "NIH Policy Manual 6016-3 " Record of Call Procedures for Indefinite Delivery Contracts Awarded by the Office of Logistics and Acquisition Operations" at the Manual Chapters website. Also, see the website for NIH-wide maintenance contracts

These full-service contracts provide routine preventive maintenance as well as unlimited emergency repair. Also included are provisions to cover packing/crating and installation charges. The Record of Call ("N" order) is used to obligate funds and is usually entered at the beginning of a quarter or semi-annually as specified in the contract. Record of Call procedures for obtaining goods and/or services from established Indefinite Delivery Contracts awarded by the Office of Logistics and Acquisition Operations are discussed in the Manual Chapters website referenced above.

The Ordering Official must understand the terms of the contract and any special reporting requirements applicable to the specific contract.

Equipment not included under a NIH-wide maintenance contract should be referred to SEIB for repair *prior* to placing a Repair of Scientific Equipment order. If the item is not available for repair with a NIH-wide maintenance contract, or SEIB is unable to repair the equipment, the DELPRO Ordering Official should place an order for Repair of Scientific Equipment (See Scientific Equipment Repair Order - p. 91).

Scientific Equipment Repair Order

The definition of "scientific equipment" for the purpose of Repair Orders, includes any equipment which, though not designed specifically for scientific purposes, is used in the NIH laboratory/branch for research purposes. Examples include dishwashers, and dark room equipment which is part of electron microscopy slide development. Repairs to IT equipment are not authorized on a repair order **unless** the equipment is integrally linked to a piece of scientific equipment. IT equipment located in a laboratory, or a PC used to type scientific manuscripts does not qualify as scientific equipment. Decisions as to which equipment appropriately falls into this category shall be made by the DELPRO Approving Official.

Note: Office machines (e.g., typewriters, calculators, facsimile machines and hardware) that are not an integral part of a piece of scientific equipment, are repaired using a Blanket Purchase Agreement or other acquisition mechanism.

Threshold

The Repair of Scientific Equipment Order ("R" order) was established to facilitate repairs costing \$2,500 or less. When an order is entered in DELPRO, \$600 is automatically obligated. A repair order is used when scientific equipment has malfunctioned and a one-time service is required. Repair orders are not to be used as a mechanism to establish a service contract or a maintenance agreement.

Documentation

The approved order and Form NIH 2555-1, "Purchase Order Terms and Conditions and Invoice and Payment Provisions", must be faxed or mailed to the vendor.

Upon completion of the repair, the vendor completes and signs a **price certification** that must be returned to the Ordering Official.

Price certification must include the

- hourly rate
- number of hours
- total hourly rate charge
- parts cost or any other charges
- the total service charge.

Price certification information can be on the invoice, service report or the order. Unless the price certification is returned to the Ordering Official, the service is not considered complete and the service can not be received.

Receiving

Before receiving can be entered into the DELPRO system, the DELPRO Ordering Official must have:

- a. a price certification from the vendor
- b. Receiving documentation
- c. the Approving Official's signature on the receiving report which indicates the price is fair and reasonable.

A repair order automatically obligates \$600 at the time of order entry. The vendor's charge, as reflected on the price certification, is entered when the service is received.

Repair Costs exceeding the Order Threshold

If the cost of the repair exceeds the delegated limitation of \$2,500, the original order must be canceled and an On-line Requisition (RQM) must be entered to request a covering order (See Covering Orders - p.123). The RQM's Remarks field can be used to reference the original repair Order number (Ex: "This request is to replace order R_____."). The canceled order, the price certification and all supporting documentation are forwarded to the purchasing office.

Equipment Trade-in

Some companies selling scientific and office equipment to NIH will accept used equipment, regardless of condition, for trade-in against the purchase of new equipment. Trade-ins can only be made for items of a similar nature. Items are considered similar when both fall within a single Federal Supply Classification Group. Therefore, property in FSC Group 66 (scientific equipment) may apply towards the acquisition of other property in FSC Group 66.

NIH maintains a database of surplus scientific instruments. Laboratories can benefit when claiming a new instrument for use over an older existing instrument. Newer instruments have more capabilities, take less space, and cost less to maintain than older ones. Instruments listed on the database are also available for trade-in when buying new instruments on the Open Market or on the Federal Supply Schedule. Any type of laboratory instrument can be traded in for another. See the Shared Resources Database.

Requesting Office Responsibilities

The Division of Personal Property Services (DPPS), Property Utilization Branch (PUB) (496-4247), should be contacted to see if surplus items are available for trade in. Office machines and scientific equipment that do not meet the trade-in requirements and are excess property should be transferred to the DPPS, PUB, using Form NIH-649. For accountable property, the Property Custodial Officer transmits the NIH-649 on-line through the Property Management Information System (PMIS).

NIH Form 1872 (Rev. 3/94), Request for Trade-in or Exchange of Government-owned Property, must be completed and approved prior to award of any acquisition involving the trade-in of Government Equipment by the Chief, Property Administration Branch, DPPS, Bldg. 6011, Rm. 637, Phone: (301) 496-5711.

Whenever possible, these requests should be submitted 5 work days prior to the award. This will allow for other NIH and HHS activities to request the item in lieu of a new acquisition. Should a requirement surface, the activities may work together to agree on compensation. Instruments and other equipment may be used while the trade-in documentation works through the approval cycle. Status of these requests can be obtained by calling the IC Property Management Liaison at (301) 496-5711.

The requesting office must submit the approved form with RQM to a purchasing office to place an order.

Leased Equipment

NIH-owned equipment can not be used as a trade-in to reduce the cost of a leasing arrangement. Government-owned property can only be traded on the purchase of a similar item. Leases must stand by themselves. Property regulations allow offices to borrow equipment from a vendor for trial periods before entering into a lease or purchase agreement. For details contact DPPS on (301) 496-5711.

REPRINTS AND MANUSCRIPT PUBLICATION COST ORDERS

Researchers at the NIH are recognized in the scientific community by publishing their findings and breakthroughs in scientific journals. Researchers often request reprints of these articles from the publisher. To purchase reprints without covers and pay for costs associated with publishing the article (e.g., charges for color illustrations, abstract processing fees, page charges, and alteration charges), the Reprint/Manuscript Publication Cost order (“K” order) is used. ***The mechanism is used to order reprints ordered as part of the original press run.*** If additional copies of an article are needed, a printing request may be sent to the Reprographic Communications Branch, (301) 496-6077.

The maximum order limit (MOL) for Reprint orders (“K” order) is \$10,000. These orders contain two line items:

- cost of the reprints without covers
- related manuscript publication costs

There is no limitation to the amount per line item, but the order total shall not exceed the \$10,000 maximum reprint limit. Please note, there is **no longer** a 5% tolerance built into the ADB system.

Typically, the author of the manuscript receives the proof of the article with a request form to order reprints from the publisher. At that time, a reprint order is entered and approved. The Ordering Official attaches a copy of Form NIH 2555-1, Purchase Order Terms and Conditions and Invoice and Payment Provisions, to the Reprint order and sends it to the publisher with the proofs, the Reprint order, Form NIH 2555-1, and the publication’s reprint order form. To avoid unauthorized commitments and payment problems, the Reprint order must accompany the publication’s reprint order form when it is returned to the publisher. The reprint order form must reference the Reprint order number.

DELPRO ordering and approving officials must abide by all applicable acquisition regulations and documentation requirements in the placement of these orders. With this increase in the MOL from \$1,500 to \$10,000, it is especially critical to remember the rules imposed by the FAR 13.1 for open market purchases over \$2,500 and to document the following in the acquisition file:

- **Competition:**

The senior author of the manuscript receives from the publisher the “proof” of the article with a request form to order reprints. No competition is possible because there is only one publisher of the article. Therefore, it is necessary to include a sole source justification in the file. The following justification, available under Federal Acquisition Regulation Subpart 13.106-1(b) (1) will apply (and shall be included in the file):

The supplies or services required by the agency are available from only one responsible source and no other type of supplies or services will satisfy agency requirements, therefore full and open competition need not be provided for.

- **Determination of Price Reasonableness:**

All open market orders over \$2,500 must contain a written determination that the price being paid is fair and reasonable. Ordering Officials must use some method to make this determination. While competition is the preferred method, it is not possible in doing a reprint order. The following justification, in compliance with Federal Acquisition Regulation Subpart 13.106-3, available at <http://www.arnet.gov/far/> will apply (and shall be included in the file):

The requestor/ordering office has determined that the price quoted by the sole source publisher is fair and reasonable. This is based on prices provided on the request form and/or the requestor's expert personal knowledge of the publishing industry's reprint prices; a comparison of the price to a published price list; and/or previous reprint costs.

Receiving

Since delivery of reprints usually occurs several months later, particular vigilance and periodic follow-up are needed to ensure timely entry of receiving information into the ADB. Packing slips usually do not accompany reprints, therefore a notation must be made on the DELPRO computer-generated order when it is signed by the Receiving Official.

PURCHASE ORDER-INVOICE-VOUCHER (SF-44)

The "Purchase Order-Invoice-Voucher" (SF-44) is a cash purchase procedure designed for purchases when the vendor will not accept any other acquisition mechanism, such as an ROC, purchase order, or Government purchase card. An SF-44 cannot be used outside the local area unless the vendor refuses to accept a Government purchase order or a Government purchase card. In this situation, that fact must be noted on the SF-44.

In most cases, the total dollar amount of the purchase cannot exceed \$1,500. In rare instances, SF-44 purchases are authorized from \$1,501 up to \$2,500 but must be signed by a warranted Contracting Officer, designated by the Office of Logistics and Acquisition Operations (OLA), or the IC Decentralized Purchasing Office. This individual must be on record with the Agent Cashier, through the filing of an NIH 2393, "Authorization to Approve Payment Vouchers."

Note: Advance payments in general are prohibited by 31 U.S.C. 3324 unless a specific appropriation act or other law provides an exemption such as 3324(d) which authorizes the advance payment for the purchase of subscriptions or other charges for magazines, periodicals, and other publications for official use. In essence, the purpose of the statute is to protect the Government against non-performance by prohibiting the government from paying for goods or services before they have been received.

Appropriate Use and Restrictions

1. Appropriate Use of the SF-44:
 - k. Purchasing supplies or non-personal services from local vendors who will only accept a draft (check) or cash.
 - b. Purchasing supplies or non-personal services from vendors outside the local area who will only accept Cash/Check on Delivery (COD).
 - c. Purchasing pamphlets (initial reprints/publication costs), journals, subscriptions or periodicals where the publisher requires advance payment, and no other acquisition mechanism will be accepted.
 - d. Paying fees to volunteers or donors of blood, blood products, bone marrow, etc., for research studies.
2. SF-44 Restrictions:
 - a. Services that require a statement of work, consultant services, professional or personal services, lease or rentals, maintenance agreements, construction architectural and engineering services.
 - b. Travel including airfare, hotels, entertainment, or meals.

- c. Tuition, registration fees, or enrollment cost for training.
- d. Items that are governed by a statute that prohibits the use of appropriated funds for the purchase, such as, non-personal services, membership fees for individuals (or in the individual title) to enroll in societies or organizations, coffee makers, cups and other accessories, renewal of personal licenses to perform official duties, and business cards.

Responsibilities

The SF-44 is a controlled form, and as such, the booklet of SF-44 forms should be kept under lock and key at all times. A record of all transactions must be logged in the booklet. Once filled out, the SF-44 cannot be changed or altered, otherwise the bearer may be liable for the total cash received. Authorized individuals issuing SF-44's are responsible for the following:

- a. Purchasing the SF-44 forms through the NIH Supply Warehouse via Stock Requisition (RQS).
- b. Securing and ensuring the SF-44s are kept in a locked cabinet or safe.
- c. Recording all transactions on the "Record of Purchases" log inside the cover of the SF-44 book.
- d. Ensuring all support documentation/information is kept with the appropriate SF-44 records.
- e. Maintaining transaction records, including canceled or voided vouchers for a period of 3 years after payment of the item.

Delegation of Authority

An SF-44 cannot exceed \$1,500 . For purchases over \$1,500, but less than \$2,500 the SF-44 must be signed by a warranted Contracting Officer who has been designated by the Chief Contracting Officer in the Office of Logistics and Acquisitions (OLAO), or the IC Decentralized Purchasing Office. The Contracting Officer must be registered with the Agent Cashier through the filing of an NIH 2393, "Authorization to Approve Payment Vouchers."

General Procedures

Acquisition Procedures

Before issuing an SF-44, the DELPRO Approving Official must:

1. verify the authority was granted for SF-44s either on the NIH form 2604, "Delegation of Acquisition Authority" or on the Contracting Officer warrant;
2. verify the card NIH 2393, "Authorization to Approve Payment Vouchers", is on file with the NIH Cashier's Office; and
3. adhere to the acquisition procedures outlined below.
 - a. Verify that the purchase of supplies or non-personal services is in compliance with FAR Part 13.2, Actions At or Below The Micro-Purchase Threshold, e.g., required sources of supply or services have been checked, orders are equally distributed among qualified suppliers.
 - b. If applicable, verify a justification has been obtained and is included on the SF-44 (or a copy is attached to each copy/part of the SF-44). A justification is required for such things as purchasing subscriptions, journals, personal appeal items (the legitimate NIH purpose must be demonstrated).
 - c. If applicable, verify clearance(s) has been obtained and included on the SF-44. All clearances that are required for simplified acquisitions at NIH must be obtained prior to purchase.

The type of clearance(s), the official's name, signature and date should be typed on the SF-44. If space does not allow for clearance information, the purchase request (NIH 1861) should be used to obtain the clearance(s) required, and a copy of the purchase request that includes the clearance(s) is attached to each copy of the form.

Drawing Blood from Volunteers

- a. With Protocols and informed consent forms approved by an Institute-specific Institutional Review Board (IRB):
 - i. For Labs with protocols approved by applicable IRB, drawing blood from participating volunteers, may be permissible.
 - ii. The volunteer's name must be typed in the Payee section of the SF-44, which is signed by an authorized approving official.

- b. Without an Institute-specific IRB-approved protocol, NIH investigators may use the Clinical Center Department of Transfusion Medicine's IRB-approved protocol, #99-CC-1068, entitled "Collection and Distribution of Blood Components from Healthy Donors for In Vitro Research Use."
- xi. For Labs without approved medical protocols, component collection may be done by the Department of Transfusion Medicine. The researcher must submit a brief memo describing the research study; type and quantity of blood product (e.g., whole blood, platelets, etc.); when to start, frequency; CAN and AO name, Bldg/Rm, phone; contact's name and phone number; and submit to Chief, Blood Services Section (Dr. Susan Leitman), Department of Transfusion Medicine, Bldg.10, Rm. 1C711, x69702. The preferred method of submission is by email. (sleitman@mail.cc.nih.gov)
- ii. The SF-44 will be prepared by the Department of Transfusion Medicine. The volunteer's name must be typed in the Payee section of the authorized approving official. If there are any questions, contact Lacey Gholson at 6-4506.

Cashier Draft Procedures

Before preparing the SF-44, the vendor must be informed that they will receive a draft as payment; and, since the NIH is exempt from paying taxes, the purchase price shall not include sales tax. Also, a verbal agreement should be made on the price of the goods, the refund or exchange policy for the receipt of unacceptable items, and the acceptability of a draft. In most instances the vendor should not object to receiving a draft, especially since the draft is made out for the exact amount of the purchase. If vendors do object, see "Procedures for Cash Pick-up".

Since the SF-44 cannot be altered once approved, it is important that the exact amount of the purchase be known before issuing it. In cases where the draft is issued for less than the purchase price, the purchase cannot be made. The draft must be returned promptly to the Cashier. The original SF-44 is canceled by the issuer and a new SF-44 is prepared for the correct purchase price.

Note: If the draft is mailed to the vendor (see note on pre-payments under "Condition of Use" above), upon the receipt of item(s) the packing slip is signed and dated by the Requester and submitted to the SF-44 Approving Official for their files. When the item(s) received is not accompanied by a packing slip, the Requester must sign and date the green copy of the SF-44 that is retained by the SF-44 Approving Official.

Procedures for Cash Pick-up

In the rare instance a vendor refuses to accept a draft or the exact amount of the purchase cannot be determined in advance, the general procedures for cash pick-up are as follows:

- a. **"Messenger Pick-up"** must be typed in the Payee section of the SF-44 instead of the vendor's name and address. Please keep in mind, the draft will be made payable to the Messenger who is required to show identification when presenting the SF-44 at the Cashier's Office.
- b. When the Cashier issues the draft made out to the Messenger in the dollar amount stated on the SF-44, the messenger must cash the draft at the NIH Federal Credit Union before making the purchase. The un-receipted SF-44 (see note below) and any unused cash must be returned to the Cashier upon completion of the purchase.

Note: The Messenger is personally liable for the face value of the SF-44 until it is signed by the vendor and Requester (receipted) as a completed transaction and returned to the Cashier with the receipt. This entire transaction should be completed within 5 days of issuance of the draft.

Procedures for Cash/Check on Delivery (COD)

Cash/Check on Delivery (COD) is defined as collection of payment by a delivery/courier service (e.g., UPS) for items ordered from a vendor, that require payment upon delivery to premises. COD is used when the item needed is from a vendor that is not located in the local area and the vendor will not accept any other acquisition mechanism. The SF-44 is completed in its entirety by the Authorized Issuer as indicated. In addition, a separate line item must be included on the SF-44 for the actual cost of the COD processing fee (no estimates). Generally a fee is charged by the delivery service for handling the COD shipment and this fee is passed on to the Government. Special procedures for COD orders are as follows:

- a. The SF-44 must include the statement **"COD Transaction -Receipt And The Signed White Copy of The Sf-44 Will Be Returned Within 10 Days of Issuance of The Check"**.
- b. Requester presents draft to delivery person instead of vendor.
- c. Delivery person signs white copy of SF-44 in space marked "vendor".
- d. The signed white copy and receipt are returned to the Cashier within 10 days after issuance of the check for CODs instead of 5 days.

Review Process

The Office of Financial Management forwards all blue copies of SF-44 transactions to the Acquisition Services and Review Branch, (ASRB), Division of Acquisition Program (DAP) to review for compliance with acquisition policies and procedures. A written notification will be sent to the SF-44 Approving Official when the order is not in compliance with the guidelines in this memorandum. Also, a copy of the notification will be retained in the DELPRO Approving Official's Node Review file.

Terms and Conditions for Use of SF-44

The approving official must abide by these instructions and the following conditions:

- A. All purchases will be for official use only; no purchase for personal use will be made.
- B. Responsibility for assuring that purchases are authorized and in accordance with FAR, HHSAR, NIH polices and procedures rests with the approving official. In cases where doubt exists over the legitimacy of a purchase, the approving official is responsible for seeking advice from the ASRB, in advance. The ASRB has the final authority to determine the legitimacy of any item purchased. Questions may be referred to the DELPRO Helpline at (301)496-0400.
- C. If the SF-44 is lost or stolen, the approving official agrees to follow the prescribed reporting instructions without delay.
- D. The approving official will surrender his/her approving authority upon misuse of SF-44s at any time upon request of the Chief Cashier, OFM.

Completing the SF-44

The SF-44 must be completed as described below and all copies of the form must be legible. To ensure legibility, the form should be typed.

1. **Date of Order:** Type the effective date of the order.
2. **Name and Address of Seller:** Type the complete name and address of the Seller i.e., vendor. For cash pick-ups, type "MESSENGER PICK-UP" instead of vendor's information.
3. **Furnish Supplies or Services to:** Type the Name, Building, and Room Number of the Requestor.
4. **Supplies or Services:** Type an unabbreviated description of each item, be specific and do not use general descriptions such as laboratory chemicals. Also, don't forget to add a separate line item for COD or shipping charges.

5. **Quantity:** Type the number of units ordered for the line item.
6. **Unit Price:** Type the price of the line item per unit ordered.
7. **Amount:** Type the total price of the line item.
8. **Total:** Type the total cost of the order.
9. **Ordered by:** Type the name and title of the SF-44 Issuer and obtain signature.
10. **Purpose and Accounting Data:** Type the purpose of the SF-44 (e.g., item(s) required for research and the vendor will not accept a Government purchase order), the appropriate Common Account Number (CAN), Object Class Code, and identify the IC making the purchase (including the DELPRO Node assigned to the ordering activity).
11. **Justification (if required):** Justification can be typed on the SF-44 (if space allows) or on a separate piece of paper, and attached to **each** copy of the form.
12. **Clearance(s) (if required):** The type of clearance(s), the official's name (typed), signature and date should be on the SF-44. If space does not allow for clearance(s), the purchase request should be used to obtain the clearance(s) required, and a copy of the purchase request that includes the clearance must be attached to each copy of the form.

PAYMENT PROCEDURES

Automated Clearing House (ACH)

Effective January 1, 1998, vendors will be paid by Electronic Funds Transfer (EFT), which is defined as any transfer of funds by means other than paper. The Automated Clearing House (ACH) is the method by which payment will be made to vendors .

ACH is the primary system used to transfer payments directly into the accounts of vendors and others through an electronic funds transfer system on the payment due date. The vendor must complete an *ACH Vendor/Miscellaneous Payment Enrollment Form (SF-3881)* to register with ACH. The SF-3881 provides information required to make payments electronically, including Taxpayer Identification Number or Social Security Number, and the financial institution and account number into which the vendor's payments will be deposited

All NIH payments will be electronically deposited (See exceptions, p.104.). Purchasers are responsible for obtaining ACH registration for new vendors with orders for goods and services. The ACH Enrollment Form (SF-3881) and directions should be sent to new vendors with their initial order.

In accordance with the Federal Acquisition Regulation (FAR), all simplified acquisitions which...

- ▶ will not be paid through the use of the Government-wide commercial purchase card and...
- ▶ which are not otherwise excepted from the payment requirements as set forth in FAR 32.1103...

...must contain the clause at FAR 52.232-34, "Payment By Electronic Funds Transfer- Other Than Central Contractor Registration (May 1999)." (As prescribed in FAR 32.1110(a)(2)).

Before an order can be processed for payment, be sure that:

- the order has been delivered or performed in its entirety or that the part of the order to be paid has been delivered or performed.
- the acquisition file contains the appropriate receiving documentation ;
- receiving information is entered in DELPRO .

Ordering Officials should verify that vendors have ACH information on file and that it is updated and correct before sending an order to the vendor. New vendors or vendors without ACH information on file must submit an enrollment form to register with ACH. Additional lead-time and planning may be required all for the enrollment form to be processed and avoid situations that might disrupt research or would lead to Unauthorized Procurements.

Questions regarding ACH and payment procedures should be directed to the Purchaser's Administrative Officer or the Office of Financial Management (OFM), Government Accounting Branch:

Government Accounting Branch,
(301) 435-3505
Building 31, Room B1-B04.

The information above is partially excerpted from the Office of Financial Management Policy Memo, "Electronic Payments", dated September 10, 1997, from Chief Financial Officer, NIH, to all NIH Employees; Subject: Electronic Payments

Exceptions:

- Foreign vendors who do not have a bank that is domesticated in the United States are exempt from ACH requirements. These vendors will be paid by US Treasury check.
- One-time payment can be made for Professional Service Orders to patient contributors of such items as blood, plasma, etc. These individuals are paid by other means, usually a convenience check.
- A convenience check can be used as a payment method **for a one-time only payment** to a vendor who must complete the terms of the order before ACH information can be processed; this situation can occur with Professional Service Orders.

Unpaid Invoices

1. DELPRO Ordering and Approving Officials are responsible for reviewing the unpaid invoice screen weekly to ensure that the vendor is paid and avoid interest penalty charges. DELPRO's Unpaid Invoice in DELPRO function can assist in determining vendor's that have not been paid. This information is updated at the end of each business day and lists unpaid invoices by NODE.
2. The Office of Financial Management (OFM) has created a WYLBUR data set for each IC which identifies all outstanding unpaid invoices. The data set identifies all unpaid invoices, regardless of age, sorted by IC, and includes not only those having partial or no receiving, but invoices without a valid order in DELPRO and invoices corresponding to orders that have not been approved through the print review process. This data set is created at the close of business each Friday and is available for review each Monday morning. The data set can either be viewed on-line or can be listed to your CIT box number. For additional information contact the CIT Help line, (301) 496-6256.

A useful feature of this data set is the identification of the workstation in Commercial Accounts responsible for processing the invoice. Invoice questions can be directed to Commercial Accounts. Direct questions to the individual assigned to the workstation ID as identified in the data set report.

Invoices can be sorted by NODE or IC will depend on the user. In either case, the information contained in the DELPRO and WYLBUR data set is the same.

If a vendor has not conformed with the requirements of the order and an invoice has been sent to OFM, the DELPRO Ordering Official should notify OFM to return the invoice to the vendor for noncompliance. Receiving information is not entered into the ADB until the vendor has fulfilled the requirements of the order. The DELPRO Ordering Official should document the acquisition file accordingly.

PAID Website

Vendors can obtain payment information through the website PAID (Payment Advice Internet Delivery) developed by the U.S. Treasury, which assists vendors with identifying the payments deposited into their account through electronic payments. See the PAID website at <http://fms.treas.gov/paid>

To register for PAID, vendors complete the on-line registration form. Once a registration acceptance notice has been received, the vendor can log into the PAID system. A unique name and password, and the vendor's tax identification number (TIN) control access to the system. Information posted to this site is available within 24 hours of the date of payment and is retained for two months thereafter.

Questions concerning payment status, the unpaid invoice listing, and/or problem invoices should be directed to The Customer Service Section, Commercial Accounts Branch, Bldg. 31, Rm. B1B34, (301) 496-6088. Hours of Operation: Monday through Friday 8:30 am to 4:30 pm.

The Customer Service Section has a customer viewer which allows NIH personnel to view and obtain images of invoices received by the NIH.

EIN Function

The EIN function is used to request that the Accounting Branch:

- a. Add new vendors to the ADB; or
- b. Change information on an existing vendor.

Purchasers should verify EIN's for vendors to ensure that an EIN has been assigned and the ACH information is on file. If the vendor does not have an Employee Identification Number, the EIN function is used to request a vendor EIN. Before entering a request for an EIN, be sure that the vendor does not have an EIN. Vendor Alpha Search (VAS) or Vendor Display (VEN) functions can be used to search for EIN information.

Employee Identification Number (EIN)

The Employee Identification Number is a 10 or 12 digit number that identifies a vendor and is used by to the Office of Financial Management (OFM) to process payments.. A vendor may be identified as an organization, or an individual. Payment problems often occur because the vendor's name and address on the vendor's invoice do not match the name and address on the order. Purchasers should confirm that the vendor's EIN identifies the name and payment address.

If the vendor is an organization, Employee Identification Number contains the vendor's corporate Tax Identification Number (TIN), also known as a Federal Tax ID. If the vendor is an individual, the Employee Identification Number will contain the individual's Social Security Number or SSN. The Employee Identification Number consists of two or three parts:

1. **Prefix:** the first digit, which identifies the type of vendor
2. **ID Number:** the next nine digits, which is the vendor's Tax Identification Number (TIN) or Social Security Number (SSN)
3. **Suffix:** the last two digits (optional) which apply only to organizations, and identify the number of mailing addresses for the organization.

The **Prefix** identifies the type of vendor

- 1 - Domestic Organization
- 2 - U.S. Citizen
- 3 - Foreign Organization
- 4 - Foreign Individual
- 5 - NIH Employee

The **ID Number** is an organization's TIN or an individual's SSN. If the vendor is a foreign individual or organization, then these nine digits are assigned by the Government Accounting Branch, OFM. The information provided is dependent on the type of vendor. If the vendor is a:

Domestic Organization:	Enter the Organization's Tax Identification Number (TIN)
U.S. Citizen(Individual):	Enter the individual's Social Security Number (SSN)
Foreign Organization:	The information will be supplied by the Government Accounting Branch
Foreign Individual:	Information will be supplied by the Government Accounting Branch
NIH Employee:	The Employee's Social Security Number (SSN)

Suffix: The last two digits apply only to organizations, and are assigned by the Government Accounting Branch. The suffix identifies the number of billing addresses for that vendor.

Radioisotopes

Radioisotopes are Radioactive materials. All radioisotopes are delivered to Building 21, Room 107. The Radiation Safety Branch (RSB) will deliver them to the authorized user after inspection of the item.

Radioisotope orders are placed with a Purchase Card. Purchasers should confirm the following delivery address with the vendor:

Radiation Safety Branch, Authorized User Name and Number
21 Wilson Dr.
Bldg 21, Room 107
Bethesda MD 20892-6780

Form NIH-88-1 must be submitted by FAX, email, Web Portal or interoffice mail before the material arrives at the Radiation Safety Branch (see the Division of Safety website).

Radioactive Materials and RQMs

All RQMs for radioactive materials shall be approved by RSB. Be sure the RQM's "ship to:" address is Radiation Safety Branch, Bldg 21 (Or Radio) Room 107.

Frequently, RQM's specify the requestor's site as the Ship To: point. It is important that the vendor delivers to the Radiation Safety Branch and not the final destination address. Purchasers should provide only the Requestor's name, Authorized User Number or Clearance Number.

RQMs are forwarded to Radiation Safety with the NIH 88-1 form. The RQM must be approved by Mr. Israel Putnam (or his designee), Chief, Materials Acquisition Unit, Radiation Safety Branch (RSB), NIH

Phone: (301) 496-3277 FAX: (301) 480-9708
Email: ip20q@nih.gov NIH beeper: 104-2976

Purchase Cards and Radioisotopes

NIH Manual Issuance 6013-2/26013-2 was changed in May, 2000, to authorize cardholders to purchase radioisotopes directly. The Purchase Cardholder may place radioactive material orders directly from the vendor. Purchase Cardholders must comply with the following requirements:

- With the exception of NIEHS, Rocky Mountain Laboratory (NIAID), Phoenix Epidemiology and Clinical Research Branch (NIDDK), and Fort Detrick, Maryland, **all radioactive material must be delivered only to Building 21, Room 107**. All NIH operations listed above as exceptions will adhere to previously established procedures at their individual locations.
- The packing slip or shipping document must include the ordering Authorized User's name and the RSB ID (clearance number). Contact 301-496-3277 to obtain an RSB clearance number.
- Radioactive materials **and** Non-Radioactive supplies can not be placed on the same order. When ordering both Radioactive and Non-Radioactive items from the same vendor, two orders must be placed. However, special discounted prices negotiated for the vendor's BPA shall also apply to purchase card orders.
- Standing orders, which are orders that require multiple delivery dates, are prohibited unless the entire order is delivered within 60 days.
- Any other requirements established by the RSB for the acquisition of radioactive material must be observed.

It is the Card Approving Officials' responsibility to ensure that Cardholder's comply with Simplified Acquisition Procedures and Purchase Card responsibilities when purchasing Radioactive materials.

Special NIH Ordering Procedures

1. Federal Express

The General Services Administration (GSA) awarded a Government-wide Domestic Next Business Day/Second Business Day Small Package Delivery contract to Federal Express.

 - a. Features of The Federal Express Service -
 - I. Coverage: The Continental U.S., Alaska, Hawaii and Puerto Rico.
 - ii. Weight and Size: Single packages weighing not more than 150 pounds, provided that they do not exceed 119 inches in length and 165 inches in length and girth combined (length plus two times the height and two times the width). Multiple-piece shipments weighing up to 150 pounds (total aggregate weight) may be sent when all of the pieces are going to the same recipient, are listed on the same air bill, and each piece meets the single package criteria.
 - iii. Pick-up and Delivery: Monday through Friday 8 a.m. to 6 p.m. A two hour leeway must be given to pick-up orders. If calls are placed after 4 p.m., Federal Express may not guarantee pick-up from your office/lab by 6 p.m. To guarantee pick-up by 6 p.m. the package(s) can be placed in one of the FedEx drop boxes located on campus. (See below for drop box locations.)
 - iv. Dry Ice Shipments - used for shipments of non-infectious and non-hazardous materials: Note that two labels are required and may be obtained from the NIH Supply System or Self Service Stores. The two required labels are: "Dry Ice" label, stock number 7530-00-L07-2340, and "Class 9" label, stock number 7430-00-L07-2341. For additional information, call (301) 496-1735.
 - v. Saturday Service: Saturday pick-up and delivery is available in certain areas. A \$3.50 surcharge will be applied for Saturday pick-up and delivery.
 - vi. Documentation: Use the updated FedEx USA Air bill (revised 08/16/96). Mark 'FedEx Priority Overnight' for next day delivery or 'FedEx 2Day' for second business day delivery. If other services are marked, your shipment will be billed at non-contract rates.

Older versions of the FedEx air bill may be used, however, only mark the above referenced services. If you mark any of the old Government Overnight, Government Letter, or Government Package service boxes, your package will be delivered according to the earliest delivery commitment available to that area, and you will be billed at the contract rate for that service.

Although covered under the contract as a domestic shipment, shipments to Puerto Rico require the use of the FedEx International Air Waybill. Mark 'FedEx International Priority' for next business day service or 'FedEx International Economy' for second business day service. A Commercial Invoice (NIH 1884-1) is also required for all non-document shipments.

vii. Payment: Use your FedEx NIH (Government) account number.

b. Procedures for Using Federal Express -

New accounts may be established when a new shipping location is needed. The shipping location will be the package pickup location for Federal Express when service is requested by a shipper. New accounts must be established through the IC's Administrative Officer, by contacting the NIH Agency Contracting Officer Representative (ACOR).

NIH ACOR for the GSA contract, Shipping Unit,
Transportation Management Division (TMD), OLM,
Building 13, Room 1759
Phone (301) 496-5921.

The accounts established through the ACOR will be coded by Federal Express for the discounted GSA contract rates. The Common Accounting Number (CAN) for each shipping location will be an extension of the Federal Express account number and placed on the invoice for each shipment accomplished against your account. The Office of Financial Management (OFM) will obligate and charge the CAN directly without the need for an additional obligating document or Record of Call.

- I. Contact the ACOR to obtain the form: "Federal Express Contract Account Information for GSA Contract Service".
- ii. Once the form is completed and submitted to the Shipping Unit, TMD, OLM, then Federal Express will send you a starter kit.
- iii. After you receive the starter kit, you can begin using your new account number. Call Federal Express directly for pickup and to obtain

additional air bills printed with your new shipper account number at 1-(800)-GO-FedEx (1-(800)-463-3339).

- iv. For collect shipments and third party billing, the sender marks the appropriate payment section i.e., bill recipient or third party on the FedEx air bill, and includes the appropriate account number.
- c. Federal Express Drop Box Locations -Daily pick-ups are scheduled for 6 p.m. at the following locations:
 - Campus - Building 10 - Parking Lot P-2 by the Elevator
 - Campus - Building 10 - ACRF Front Lobby
 - Campus - Building 13 - Platform E
 - Campus - Building 29
 - Campus - Building 31 - "A" Wing Outside Front Door
 - Campus - Building 31 - "B" Wing Lobby
 - Building 37 - Courtyard
 - Building 82 (Old Georgetown Rd) - Outside Front Entrance
 - Federal Building - Main Lobby
 - (EPN) Executive Plaza North Building - Main Lobby
 - 6100 Executive Blvd.
 - 6011 Executive Blvd.
 - 6010 Executive Blvd. - Washington Science Building
 - 6000 Executive Blvd. - Wilco Building
 - 5516 Nicholson Lane - Nicholson Lane Research Center
 - 5600 Fishers Lane - Parklawn Building - Lobby
 - 5515 Security Lane - Rockwell II Building
 - 9620 Medical Center Drive

Questions or concerns regarding the basic service covered by the Federal Express contract, the fee schedule, or shipping procedures should be directed to Shipping Unit, TMD, OLM, (301) 496-5921

- d. Shipments Not Covered by the Federal Express Contract -
 - i. Services not covered by the contract include domestic shipments exceeding the weight and size limitations covered by the contract and international (including Canada) shipments. Shipments of these packages will be handled by the Shipping Unit, TMD, OLM, central facilities in Building 13, Room 1771, at the rear of platform E. The ICs may request a particular company on the NIH-1884, "Request for Shipment Form", however, since there is no mandated delivery company for these shipments, the final decision rests with the Shipping Unit.

Note: Please refer to the US Government Service Guide in the starter kit for those items that Federal Express won't accept. Courier service within the Washington metropolitan area is available through several BPA's. Check the "BPA Listing User's Guide" for the most up to date BPA vendors.

- ii. Same Day Pickup - To arrange same day pickup and shipment of packages for delivery service not available under contract, call the Shipping Unit prior to 1:00 p.m. of the day shipment is required. Packages may also be brought to the Shipping Unit's central facilities area until 3:00 p.m. of the day shipment is required. A completed Form NIH-1884, "Request for Shipment", must accompany each shipment.
- iii. Infectious and Hazardous Material, and non-GSA Contract Shipments (e.g, International Shipments) - Shipments must be received at the Shipping Unit's central facilities area before 10:30 a.m. of the day shipment is required. The shipper should contact the Shipping Officer, (301) 496-5921 for instructions, prior to sending these packages to Central Shipping, since rules and regulations regarding shipment of infectious and hazardous materials change periodically.
- iv. International (including Canada) "perishables" (rush) Shipments - Shipments must be at the Shipping Unit's central facilities area no later than 10:30 a.m. on the day shipment is required. Shipping packed with dry ice and/or wet ice should be sent early in the week (Monday or Tuesday) due to possible clearance delays in Customs. An NIH 1884-1 "Commercial Invoice" must accompany the shipment when sending materials other than a letter. When sending biological material, the Commercial Invoice must include the following information:
 - Origin of the material (animal (species), human or synthetic);
 - the number of vials;
 - the amount of product in each vial (milliliters/ milligrams), and
 - the identification number or marking on each vial.
- v. Inbound Collect Shipments - NIH consignees of inbound collect shipments must place the appropriate CAN and the name and signature of the corresponding Administrative Officer on the invoice and forward it for processing to Shipping Unit, Building 13, Room 1759.

- vi. Shipping Products from a Foreign Country - Shipping items from a foreign country into the United States require special procedures. The Shipping Unit has a restricted use (non NIH-wide) BPA with Wall Shipping Inc./Fritz Companies to provide import/export services. To arrange for shipping products into the U.S., contact Shipping Officer, Unit TMD, (301) 496-5921.

- e. Property Shipments to Foreign Locations -

Personal property must first be cleared by the Personal Property Branch before Central Shipping will accept the shipment. IC's should request pickup or send the outbound property together with form NIH-1884, "Request for Shipment" and NIH-1884-1, "Commercial Invoice" to the Shipping Unit's central facilities area in Building 13. Form NIH-1884 must be signed by the IC property representative and the Property Accountability Section, Personal Property Branch. Failure to send the completed documentation with the property will delay shipment. Requests for packing or special handling should be made on the NIH-1884 form. After clearance is received, the Shipping and Receiving Branch (S&RB) will ship the property the most feasible way possible.

If tracking or courier routing information is required, contact S&RB, (301) 496-5921. S&RB must have the NIH-1884 Shipping Request Number to provide tracking information.

There are three NIH Manual Issuances that cover shipping policies and procedures;

- i. 26101-42-F, Shipping Policies and Procedures, <http://www3.od.nih.gov/oma/manualchapters/acquisitions/26101-42-F/>

- ii. 26101-43-F, Overnight Delivery Government Contract for Domestic Shipments, <http://www3.od.nih.gov/oma/manualchapters/acquisitions/26101-43-F/>

- iii. 26101-41-F, Temporary Import Bonds, <http://www3.od.nih.gov/oma/manualchapters/acquisitions/26101-41-F/>

NIH Specific BPA Services

The following is a list of BPA services and their ordering procedures. (Reference the NIH-Wide BPA Listing for additional vendor information..)

Shipping / Local Delivery

Local same-day messenger/courier services within the Washington, DC metropolitan area may be obtained through the vendors listed in the NIH-Wide BPA Listing. Within one day of placing the order with the vendor, a Record of Call (ROC) must be entered in the ADB for all pickups and deliveries made during that particular day. One line item must be entered for each pickup and delivery and should include the delivery ticket number. *It is not necessary to enter receiving information* into the ADB. However, the acquisition file must contain appropriate receiving documentation. An ROC should not be used as a "standing order" for an extended period of time, such as, several months to one year. However, an ROC may be used for a maintenance agreements covering up to one year.

Repair of Office and IT Equipment

Repair of office and IT equipment used in offices may be obtained from companies with BPA's for these services. The Record of Call is used to place the order with the BPA vendor (see BPA's - p.63) If office or IT equipment requires repair by other than a BPA vendor, an RQM must be submitted to the Office of Logistics and Acquisition Operations or the IC Decentralized Purchasing Office.

Scientific equipment repair companies are not authorized to repair office and IT equipment. A Repair of Scientific Equipment order is not used to order Office and IT Equipment repair.

A Record Of Call cannot exceed the dollar limit of the BPA. If the cost is unknown when the ROC is placed in DELPRO, enter an estimated amount of \$600 in the unit price field. The estimated price will be adjusted when the service is complete and the exact amount is known.

If the repair costs are lower than the estimated price, enter the dollar amount in the receiving entry screen. The difference will be automatically returned to the CAN within the same fiscal year. If the cost of the repair exceeds the estimated price, change the order, which will then need to be re-approved by the DELPRO Approving Official. Once approval is obtained, enter the dollar amount on the receiving screen.

If the cost of repair exceeds the dollar limit of the BPA, cancel the ROC and submit an On-line Requisition (RQM). In the REMARKS field of the RQM type "This order is to replace ROC # _____." The canceled ROC, the invoice, and all supporting documentation should be forwarded for processing as a covering order to The Simplified Acquisition Branch, 6011 Executive Blvd., Room 549-G.

FSS Full Service Copier Maintenance

There are FSS BPAs available for copier maintenance. Before purchasing full service FSS maintenance contracts on BPA, it is suggested that DELPRO Ordering Offices obtain a copy of the FSS contract from the vendor. This will ensure that the DELPRO Ordering Office will be able to determine what service is provided, what response time is expected, what charges may be incurred, and when credits may be due from the contractor. The following are general guidelines for the acquisition of full service maintenance contracts when using FSS BPA:

A Record of Call (ROC) for full service copier maintenance is entered into the DELPRO System on October 1st, to cover the entire fiscal year. The period of performance for these orders cannot exceed September 30th. Orders for copier maintenance agreements after the beginning of the fiscal year (October 1st) are charged on a prorated basis. Several FSS BPA vendors also offer additional discounts for consolidation of multiple copier machines on one ROC, where possible (i.e., one ROC issued for multiple copier machines).

Note: For copiers that have not been continuously covered under a full service maintenance contract since the end of the warranty period, the Government must pay the vendor for inspection of the equipment and repair of any current defects before a new maintenance contract can be procured. Therefore, a separate RQM must be submitted to the Simplified Acquisition Branch, OLAO or the IC Decentralized Purchasing Office to fulfill this requirement.

The object class code 257N is used on all full service copier maintenance orders. The period of performance is typed in the RMS:(remarks) field.

The description should clearly state that the order is for copier maintenance. It is suggested that for each copier three separate line items be entered as described below:

- Line one: For the renewal of an existing copier maintenance, the DEC: (description) field should include the copier's model number, serial number, and building and room location. On the Justification screen, include the previous purchase order number.
- Line two: If there are additional accessories (e.g., sorter, etc.) the description of the feature(s) and serial number (if any) are also entered in the DEC: field. Note: The DEC: field is limited to 50 characters. If additional information needs to be provided, use the Competition/Justification screen in DELPRO.
- Line three: Excess copy/meter charges are entered as one charge for the whole year. This estimate should be based on past experience.

If the vendor's billing cycle is monthly, a "12" is entered in the QNTY.:(quantity) field (unless the time is less than 12 months) and "MON" (months) in the UNIT: field. If the billing cycle is quarterly, then a "4" is entered in the QNTY.: field and "QTR" (quarterly) is entered in the UNIT: field.

As required by the FAR.8.404(2)(I-vii), whenever an optional FSS order exceeds \$2,500, a justification must be provided to ensure that the selection/award represents the "best value" and meets the agency's needs at the lowest overall cost.

If the order exceeds the maximum dollar limitation of the FSS BPA, an RQM must be submitted to the Simplified Acquisition Branch, OLAO or the IC's Decentralized Purchasing Office for processing.

FSS contracts require the vendor to receive a copy of the order, therefore, the DELPRO Ordering Official must mail or fax a copy of the approved Record of Call to the FSS BPA vendor, making sure if the order has already been given verbally, this copy is labeled "confirming" to avoid duplication.

Cancellation of Maintenance

Full service copier maintenance orders can be canceled without penalty. The IC must notify the FSS vendor in writing 30 days before cancellation even if the order expires at the end of the fiscal year. Failure to do so will possibly result in additional charges.

Reporting Requirements

Under the terms of the FSS contract, the Government is required to provide the vendor with timely meter readings on copier equipment so that charges can be correctly calculated. Each IC is responsible for designating an individual to report their copier(s) meter readings to the IC DELPRO Ordering Official, FSS BPA Vendor.

Receiving

The DELPRO Ordering Official enters partial receiving at the end of each month or quarter (depending on the vendor's billing cycle) for the basic maintenance fee and any additional features. In addition, excess copier charges (if any) must be partial received by dollar amount monthly. Final receiving is entered at the end of the fiscal year for all line items.

At the end of each month, the FSS BPA vendor is provided with the meter reading. Some vendors require this information by telephone while others require a meter amount card to be returned to the vendor. This requirement is necessary prior to invoicing so that any excess copy charges will be included by the vendor. If the meter reading is not provided, an estimated amount of excess copy charges will be provided by the vendor.

Temporary Administrative and Clerical Support Services

BPA have been established with temporary help service firms for the brief or intermittent use of the skills of private sector temporaries. FAR 37.112 exempts these services from normal prohibitions on personal services arrangements. Outlined below are the general guidelines for the use of private sector temporaries:

The Ordering Official must obtain a complete purchase request from the Requester which includes a justification describing the purpose for acquiring temporary services, and Statement of Work (SOW) which clearly defines the services needed. The SOW should address questions such as:

- What types and levels of skills are required?
- What are the most important tasks to be performed?
- What is the starting date, work hours, length of service, location of work assignment and the individual to whom the temporary employee must report?
- When is receiving information required (weekly, biweekly, or monthly)? This can be obtained from vendors and will avoid the potential for payment problems.

Note: The Office of Personnel Management authorizes Federal agencies to use private sector temporaries for 120 workdays instead of 120 calendar days. This rule also allows for an additional 120 workdays without prior approval within a 24 month period.

Time Limitations and Extensions

A temporary (particular individual) may work at a major organizational element of an agency for up to 240 workdays within a 24 month period (the 24 month period begins on the first workday). This period includes an extension for an additional 120 workdays beyond the original 120 day order, if the IC makes a determination (in writing) that using the services of the same individual for the same situation would prevent a significant delay.

The DELPRO Ordering Office forwards the purchase request, including any supporting documentation, to the IC Personnel Office for approval/clearance or disapproval (see approval requirements below).

Upon receipt of approval from the IC Personnel Office or the re-delegated certification point, the DELPRO Ordering Official processes the order in accordance with the Federal Acquisition Regulation (FAR). Each order over \$2,500 must be competed or otherwise justified, the file must contain a written fair and reasonable price determination, and small business should be utilized or justified.

Note: The Service Contracting Act - Wage Determinations stipulations are incorporated in the vendor's BPA.

IC Personnel Approval for Temporary Help Services

IC Personnel Offices are responsible for developing internal procedures and some form of approval which permits the Simplified Acquisition Branch, OLAO or IC Decentralized Purchasing Offices, and the DELPRO community to purchase temporary services. IC certification points are responsible for reviewing and approving (or disapproving) all requests for private sector temporaries in accordance with applicable laws and regulations. DELPRO Ordering Officials are required to have a copy of the approval before placing an order for temporary services. The approval should be retained in the DELPRO order file.

Subscription Services

BPA have been established to provide subscription services for periodicals. To purchase or renew subscriptions, the DELPRO Ordering Official must ensure that:

- k. there is a bona fide need (or continual need) for such material for official purposes
- k. the material will be retained in a centralized location for use by all employees.

Note: Only those subscriptions that are required to fill an operational need or for use for scientific projects are permitted to be acquired at the Government's expense. Subscriptions must be ordered in an individual's title, not name. Also, approval must be obtained as indicated above, before a DELPRO Ordering Official can process an order for subscription services. Users requiring subscriptions may piggyback on the NIH Library's current subscription Contract No. N02-RR-7-2035 with RoweCom. For further information, contact Lisa C. Wu, (301) 496-3527 or <http://nihlibrary.nih.gov/about/rowecomcontract.htm>.

ADVERTISEMENT ORDERS

Advertisement Orders are requests for the placement of advertisements in newspapers, journals or periodicals. These advertisements are typically for:

- announcing upcoming meetings or conferences,
- requesting volunteers for medical research,
- offering counseling or treatment, and
- recruiting persons for paid NIH positions.

NIH has NIH-wide BPA's available to place advertisements. There are also direct methods for ordering advertising services:

1. Submit an RQM to a purchasing office to request a purchase from another advertising vendor or newspaper, journal or periodical.
2. Place orders directly with the newspaper, journal or periodical with the Purchase Card.

Purchasers must provide the following information:

- the name of the periodical(s) in which the advertisement is to appear
- the dates the advertisement is to run
- the size of the advertisement (e.g., full page, half page, quarter page)
- any special section or edition of the periodical in which the advertisement is to appear.

The advertisement must be typed on plain bond paper in the format desired. Any instructions e.g. special layout, graphics, bold type, must be annotated. Purchasers should allow ample time to place the order, with considerations for revisions/changes in the ad layout/format.

Partial receiving may be appropriate when an advertisement will run several times over a period of weeks or months. Advertisements for recruitment or other personnel related items, regardless of acquisition mechanism must meet all applicable personnel regulations.

PURCHASING BUSINESS CARDS

The Manual Issuance on PROCEDURES FOR PURCHASING BUSINESS CARDS, released 7/20/1998, is being cancelled. Instructions for ordering Business Cards are available on the OLAO Website under acquisition sources.

The guidance to be used by ICs to authorize business cards is as follows:

- a. Professional Staff The position has significant and continuous interaction with non-agency organizations or the position by its nature requires significant interaction with the non-agency organizations, and providing a business card will facilitate communication.

- b. Support Staff If the individual functions as an extension of her or his supervisor in dealing with non-agency organizations, where the supervisor meets the criteria for authorization of business cards for professional staff, or the position by its nature requires significant interaction with the non-agency organizations, and providing a business card will facilitate communication.

- c. The standard business card format must have identifiers for DHHS and NIH. Each card must include: Department of Health and Human Services And National Institutes of Health And can be either text or logos. The card may also include the IC logo and other basic information such as name, business title, address, fax number, voice and email address.

- d. The maximum cost allowable for obtaining business cards using appropriated funds per authorized request is \$70 per individual.

- e. NIH employees who are not eligible to use appropriated funds to obtain business cards or who would like personal business cards for private outside activities must purchase them using their own funds. Cards used in connection with NIH business must meet the format requirements of c. above and are subject to the approval of the appropriate IC.

Business cards can be purchased using any of the following procedures:

1. A purchasing agent could acquire the business cards using the GSA priority schedule vendor, i.e., The Lighthouse for the Blind, Inc. The General Services Administration (GSA) and the Lighthouse for the Blind in Seattle, Washington have developed a line of custom-printed, SKILCRAFT Business Cards for Federal employees, offering a simple and cost effective way to meet this need while providing employment opportunities for people who are blind. With the exception of business cards for military recruiters, the printing of business cards has been set aside under the Javits-Wagner- O'Day (JWOD) program and awarded to the Lighthouse for the Blind under their Federal Supply Schedule (Contract #14F-0721G for Custom Business Products and Stamps), making the Lighthouse the only GSA-approved source for business cards purchased with appropriated funds. The Lighthouse for the Blind offers excellent prices, a variety of design and printing options, fast delivery, and an easy central ordering system.

SKILCRAFT business cards are available in quantities of 250, 500 or 1000 per box. All are printed on 50% recycled paper and comply with Federal environmental mandates. For more information or order forms, call toll free 800-799-0402, send an e-mail to sales@seattlelh.com, or visit the website at www.lighthousestore.com/shop/open/product/index.htm

The Lighthouse accepts payment via all Government purchase cards, purchase orders, checks, and on account. Orders are also accepted from individual Government employees paying with personal funds (i.e., personal checks or credit cards).

2. Government purchase cardholders can also purchase business cards as referenced in 1.above.
3. Requestor can contact the Reprographic Communications Branch, Division of Support Services, ORS, by calling 496-6781. Only a Central Services Accounting (CSA) request will be accepted for the purchase of business cards. Business Cards can be ordered online at: www.nih.gov/od/ors/dss
4. PC software can be used to prepare business cards following the information in c. above. The cost of the preparation must be within the same dollar amount and general guidance referenced in d. above.

Reporting requirements

Institutes procuring business cards from commercial vendors (including GSA priority schedule vendor), must keep accurate records of these purchases on their semi-annual Commercial Activity Printing Report (as required by the Joint Committee on Printing of the Congress (JCP)). Business cards purchased from the NIH Reprographic Communications Branch (RCB) will be reported to the JCP by the RCB and should not be included on the IC report submissions.

PART IV - MISCELLANEOUS INFORMATION

COVERING ORDERS

A covering order is an order that is submitted for the payment of a commodity already received or a service that has been performed when prior approval has been obtained and a covering order number has been assigned by the Contracting Officer (CO) in the Simplified Acquisition Branch (SAB). A covering order may be used in situations where a properly approved DELPRO order (N, K, R, or S, order) that is already in the system exceeds the dollar limitation authorized for the mechanism once the item has been received or the service rendered, through no fault of the DELPRO Ordering Official.

DELPRO Approving Officials requesting authorization for a covering order must contact: the Chief, Simplified Acquisition Branch, (301) 435-3652 prior to any commitment of Government funds to explain the circumstances generating the need for the covering order, and to request that approval be granted for the action. The Branch Chief will give tentative approval of a covering order if it appears to meet the requirements listed above. Actions obligating Government funds without prior approval constitute an unauthorized commitment and must be processed in accordance with the procedures outlined in the following section titled "Unauthorized Commitments."

Entering a Covering Order

If a decision is made to issue a covering order, the IC will be requested to enter an On-line Requisition (RQM). The IC ordering office is instructed to enter the acronym **CEN** in the **PRO DEST:** field, enter in the RMS field the message: **Authorized Covering Order For:** (*provide DELPRO order number*), and complete the **Justification Screen** by documenting the circumstances that necessitate the use of a covering order. A separate memorandum is only necessary if the justification cannot be accommodated on the justification screen.

In the case where a properly executed DELPRO order ("N", "K", "R", or "S" orders only) is already in the system and the dollar limitation has been exceeded, the Approving Official will be advised to cancel the original order. After the IC enters an RQM and types **CEN** in the **PRO DEST:** field, the **RMKS:** field of the RQM should State **Covering Order to Replace Order** (*provide DELPRO order number*). The canceled order and all appropriate backup documentation, including the original invoice and order, is sent for processing to:

Chief, Simplified Acquisition Branch,
Bldg. 6011,
Rm. 501-A.

The invoice must be signed by the receiving official and dated to reflect the date the supplies were received or the services rendered. Entry of receiving information into DELPRO for Covering Orders is done by the Simplified Acquisition Branch.

UNAUTHORIZED COMMITMENTS AND RATIFICATION

An unauthorized commitment (sometimes referred to as an Unauthorized Procurement Action or UPA), is an agreement that is not binding because the Government's representative who made the agreement lacked the authority to enter into that agreement on behalf of the Government.

An unauthorized commitment typically occurs when:

- Orders are placed by someone other than the person authorized to place and/or approve an order. For example, a commitment by a program official without acquisition authority;
- DELPRO orders are placed by telephone to vendors who do not have a valid BPA or IDC with the NIH;
- Orders are placed without approval
- Orders are placed with a vendor without a valid purchase order, or other approved purchase instrument;
- Orders are made in excess of the dollar limitations of the acquisition mechanism, or the Approving Official's Authority;
- New work is added without modification to an order or other unauthorized directions are given which change the terms and conditions of a purchase order or Indefinite Delivery Contract (IDC).

Ratification of Unauthorized Commitments

The FAR 1.602-3(a), defines a "ratification" as the act of approving an unauthorized commitment by an official who has the authority to do so. Effective May 15, 1995, the Head of the Contracting Activity (HCA) delegated to the Chief Contracting Officers the authority to review and ratify unauthorized commitments up to and including \$25,000 for the IC they support. For ICs that do not have a Chief Contracting Officer with authority to ratify unauthorized commitments, requests for ratification not exceeding \$25,000 and DELPRO requests should be forwarded for processing to the Chief of the Simplified Acquisition Branch, Bldg. 6011, Room 501-A, (301) 435-3652.

The HCA is the only individual with the authority to ratify an unauthorized commitment greater than \$25,000. All ratification requests greater than \$25,000, must be submitted to the Director, Division of Acquisition Policy and Evaluation, OAMP, (301) 496-6014.

Requests For Ratification of an Unauthorized Commitment

When an unauthorized commitment is created, the Contracting Officer for the purchasing office involved shall coordinate the processing of the action and ensure that required documentation is prepared in a timely manner. For ratification requests being sent to the Director, Division of Acquisition Policy and Evaluation, OAMP, or to the Chief of the Simplified Acquisition Branch, for review, the IC Administrative Officer will coordinate the processing of the action and forward all required documents to the appropriate person.

The individual(s) who made the unauthorized commitment must submit a complete written statement of facts describing the circumstances that led to the action to the appropriate Contracting Officer or IC Administrative Officer. The Contracting Officer or the Administrative Officer must sign off on the statement for concurrence. The statement shall address the following:

- Why the purchasing office or the appropriate delegated acquisition mechanism was not used, as well as a description of the benefit that the Government obtained as a result of the unauthorized commitment.
- A list of other sources considered and why the proposed vendor was selected;
- A description of the work performed or products furnished;
- The estimated or agreed upon price;
- When the vendor commenced performance and when the services were rendered or supplies were received;
- A citation of the appropriate CAN number;
- Any additional records or documents related to the action;
- The vendor's invoice;
- That the price has been determined to be fair and reasonable;
- That funds are available;
- That an on-line Market Requisition (RQM) has been completed and that it states (in the RMS field for RQMs or on the front page for requisition) "Requesting Ratification of an Unauthorized Commitment"; and,
- Specific steps have been taken to prevent a recurrence of the situation and a description of them.

A request for approval of an unauthorized commitment does not guarantee ratification. The explanation of the action must be complete and all circumstances concerning the action fully discussed.

For requests up to and including \$25,000, all of the above materials must be submitted to the Chief Contracting Officer or the Chief of the Simplified Acquisition Branch for review and to determine whether the unauthorized commitment may be ratified.

For requests greater than \$25,000, all of the above materials must be submitted to the HCA for review and a determination of approval or disapproval of the unauthorized commitment.

A memorandum shall be prepared in sufficient detail to support the recommended action. In difficult or unusual cases, legal review and concurrence may be sought from the Office of General Counsel, Business and Administrative Law Division.

If ratification of the request is approved, the requesting Contracting Officer, or the Chief, Simplified Acquisition Branch, will execute a purchase order to cover the unauthorized commitment and forward the vendor's invoice to the Office of Financial Management (OFM) for payment.

If the request is not approved, the request with supporting documents, and a copy of the decision to disapprove is returned to the requesting Contracting Officer or IC Administrative Officer.

Until an unauthorized commitment has been ratified, the individual responsible for the unauthorized acquisition may be legally and financially liable and/or subject to disciplinary action. Cases that can not be ratified may be subject to resolution as recommended by the General Accounting Office under its claim procedure. Refer to FAR Subpart 1.602-3(d) for guidance. If repeated violations leading to unauthorized commitments persist, action to limit or rescind acquisition activities in an IC may be taken.

ON-SITE REVIEW

Federal Acquisition Regulation (FAR) subpart 13.303-6 requires the review of random order files **at least annually** to ensure that Simplified Acquisition Procedures are being followed. The purpose of the review is to determine the quality of the purchasing and to assist the ordering offices in correcting any deficiencies discovered during the review. The integrity of the NIH acquisition program is important and the ordering process must avoid instances and appearances of fraud, waste, and abuse.

Another important purpose of the review process is to meet with Ordering and Approving officials from each IC, discuss changes to the area of simplified acquisition and make sure all officials have a clear understanding of appropriate acquisition practices and implementation procedures.

The following procedures were developed as a guide to assist in conducting on-site reviews and preparing required documentation. IC ordering offices can review the procedures for information on the review process. On-site reviews are usually conducted on all IC Nodes annually.

Note: The Small Business Office may participate in a sampling of on-site reviews. The Division of Acquisition Programs and Evaluations (DAPE) and SO review node reports for compliance purposes.

The purpose of this section is to provide a set of procedures and a process for conducting on-site reviews, which will serve as a general guide for review reports. This will create a sense of uniformity in the structure of reviews completed by the Acquisition Services and Review Branch (ASRB). It provides guidance to ensure that all applicable aspects of the current acquisition process and any future changes are reviewed thoroughly.

Review Process

Each review requires several steps to be completed. Upon completion of the review, the review report details the status of the orders and any findings (i.e. split orders, repetitive purchases, shared IDs, etc.), the quality of the acquisition files, an explanation of regulatory and procedural findings, and requirements to bring the node into compliance. Regulatory findings identify requirements of the Federal Acquisition Regulation Health and Human Services Acquisition Regulation (HHSAR) that have not been met. Procedural findings identify NIH requirements that have not been met.

Within two to four weeks following the review, an acquisition quality assessment report is issued by the ASRB. OFM will issue their own report (See Attachment III and IV for a listing of findings.).

Assignment of Nodes for Review and Follow-up

At the beginning of each fiscal year, nodes are assigned to reviewers. It is the reviewer's responsibility to schedule reviews in accordance with stipulated review cycles. Every effort is made to conduct the reviews during the first three quarters of the fiscal year. As new nodes are established they will be assigned to a reviewer and added to the review list.

To minimize disruption to the IC ordering offices, reviews will be jointly performed by the ASRB and OFM. Two reports will be issued from the respective areas of consideration, since the two offices are not within the same administrative organization.

If there is a significant number of files to be reviewed at a specific node or if a reviewer is in training, the reviewer assigned to the node may request the assistance of another reviewer. The reviewer responsible for the Node is the lead analyst and is responsible for all tasks associated with the review. The second reviewer will assist in the review of files. In the event that a node fails a review, the follow-up review may be performed by the same reviewer or assigned to another reviewer.

Review Frequency

A node will be reviewed annually. If the node does not pass the review, it will be reviewed again in 90 days from issuance of the report. The review cycle will not be affected by follow-up reviews, as follow-up reviews are limited to only files within the problem areas found in the previous review, and are not as broad in scope as the routine reviews.

Sampling Strategy

A sampling of approximately 20 acquisition files will be reviewed from the previous 90 days acquisition activity. In the event there has been a low volume of orders over the previous 90 day period, a longer period may be reviewed.

This sampling strategy pertains mainly to intramural and administrative nodes that usually process a variety of orders. The various order types and the minimum number of files to be systematically selected for intramural and administrative nodes are as follows:

- The reviewer will select open market (OM) and Federal Supply Schedule (FSS) Records of Call orders
- Professional Services, Reprints Without Covers, Repair of Scientific Equipment orders and Records of Call against Indefinite Delivery Contracts are also selected.

Note: In the event there are insufficient number of a specific order type, these numbers may vary accordingly to meet the total number of orders to be reviewed.

The reviewer ensures that there is order representation from each Ordering Official and Approving Official assigned to the node.

To assess the node's performance, the orders will be reviewed to ensure split orders are not occurring and that sources are being rotated. In the event that improper acquisitions are noted, additional orders will be reviewed during the on-site review.

An exception to the selection of 20 acquisition files is made for nodes with repetitive purchases. When all actions are of a repetitive nature, the reviewer may request, from the Chief, Acquisition Services and Review Branch, to review a smaller representative sample of orders.

The sample size for the follow up reviews is determined by the types of problems found in the previous review. For follow up reviews, as many as practical of the same type as those found with problems, will be reviewed by the analyst from the previous 90 day period.

The reviewer will provide the Ordering Official with a list of order files to be reviewed at least 24 hours in advance of the scheduled review. This notification will be in the most expeditious manner, such as facsimile or E-mail.

Pre-Review Preparation

The reviewer is responsible for the following actions prior to the on-site visit for the review:

- a. Each month the reviewer shall contact the nodes planned to be reviewed during the next month and set-up a mutually agreed upon date and time to conduct the on-site review of their operations. Using the appropriate standard letter, the reviewer will email a letter to the Primary Node Approving Official(s) to confirm the prearranged date and time for the on-site review. Once the date is agreed upon, the node and/or the reviewer may not request changes unless there is an emergency. A change due to unforeseen and unavoidable circumstances is acceptable.
- b. At the end of each month, the reviewer shall provide the Branch Chief, ASRB with the schedule of reviews to be performed during the next month. This information shall contain:
 - date and time of review,
 - node,
 - IC, and
 - whether it is a routine review or a follow-up review.

- c. The reviewer uses TSO/WYLBUR to request the necessary reports from the ADB/DELPRO system. The requested reports are usually received from CIT within one to three days of submitting the request.
- d. The reviewer reviews the applicable node files containing the previous reviews and other pertinent information.
- e. The reviewer reviews the training and authorities reports and associated files regarding the Approving and Ordering Officials for the node.
- f. As previously discussed, the reviewer selects the acquisition files to be reviewed. The order numbers are then compiled onto one listing to be sent to the node holder so that they may pull the orders for the on-site review. This listing is to be sent to the node holder at least 24 hours (1 workday) in advance, and if the node has Ordering Officials and Approving Officials separate buildings, the listing will be sent at least two working days prior to an on-site review. This information will usually be sent via E-mail or facsimile machine, as they are the most expeditious manners of transmission of data. The reviewer should ensure that the transmission of the information was received. (In the event of a typographical error in a file review number, the Ordering and Approving Official must inform the reviewer and a new number will be selected.)
- g. The reviewer chooses the checklists from Attachment II, according to the orders to be reviewed for each node. The reviewer prepares questions, as necessary, e.g. regarding authorities and training. The questions are based on the information analyzed prior to the onsite review.
- h. The reviewer will examine various documents prior to conducting the on-site review, depending on the individual circumstances of the node. The following is a general list of the documents to be examined:
 - a. The LISTING FOR NODE TO BE REVIEWED provides all orders (“N” order), (“S” order), (“K” order), and (“R” order) entered by the node within the specified time period. Acquisition files to be reviewed are selected from this listing. The orders randomly selected by the computer are identified on this report.
 - b. The CENTRAL ORDER TYPES/DELPRO ORDER REPORT provides an overview of all nodes and the associated number of acquisition actions for each order type placed monthly by each node for the current fiscal year.

- c. The DELEGATION OF ACQUISITION AUTHORITY FORM NIH 2604 and REQUEST FOR ORDERING OFFICIAL AUTHORITY FORM NIH 2604-1 for all Approving and Ordering Officials indicates order limitations and whether authority is full or interim.
- d. The LIST OF TRAINING REPORT provides a list of training courses completed by each Approving Official and Ordering Official.
- e. The DELPRO Node HISTORY REPORT provides the purchasing history of a specified Node for the previous fiscal year. The report includes number of actions and number of line items.

Conducting the On-Site Review

Upon entering the office, the reviewer(s) will introduce him/herself as part of the Acquisition Services and Review Branch and explain to the Node staff why they are in the office. Before beginning the review, the reviewer will inform the Approving Official that an exit briefing will be conducted with her/him, and that the Ordering Official(s) should be present.

1. Review

In order to facilitate the review, whenever possible the reviews will be jointly performed by the Acquisition Services and Review Branch (ASRB), DAP, and the Office of Financial Management (OFM), OD. (OFM Review Findings are available in Attachment IV, at the end of this chapter.) On-site reviews will be conducted primarily on Monday, Tuesday, Wednesday, and Thursday. The actual length of the review process cannot be determined, as it depends on the number of acquisition files to be reviewed and the quality of those files. In order to avoid duplicate work, review of receiving information and other payment related issues will be addressed solely by OFM.

When possible, the review should be conducted by an reviewer other than the one who performed the last review for the Node. This is to reduce the incidence of familiarity with the Approving and Ordering Officials and maintain maximum objectivity for the reviewer.

It is requested that the Approving Official have the requested acquisition files ready and provide an area/room in which the review will be conducted.

The reviewer will use the appropriate regulatory and procedural findings in reviewing the acquisition files.

2. The Exit Briefing

In order to assure an effective exit briefing, the Primary Approving Official(s) and Primary Ordering Official(s) are to be present for the exit briefing. The node staff are encouraged to take notes and ask questions, as necessary. The discussion is begun with an explanation of the purpose of the review (ascertaining the quality of their acquisition operation) and that ASRB is here to assist in making sure that their DELPRO acquisition operation is in accordance with regulations, policies, and procedures. In the event any of the Approving or Ordering Officials are unavailable for the exit briefing, they will be provided an opportunity to meet at a later date, upon their request.

The reviewer will address training records for each of the Approving Officials and Ordering Officials assigned to the Node. The individuals will be provided an opportunity to explain training records and address circumstances that have prevented completion of mandatory training.

Each of the review findings is identified, indicating how many files were reviewed and from what period they were pulled. The types of actions (e.g. FSS, OM, over \$2,500) reviewed will be identified. Each of the findings is to be explained, including what was done improperly, how it could have been avoided, and how it can be corrected in the future. Additionally, feedback will be provided to the IC staff to let them know what they are doing well. The exit briefing will be in order of the types of findings (regulatory findings followed by procedural findings). The appropriate folder containing the finding is given to the Approving and Ordering Officials so they can examine the finding and see for themselves the specific incident where the file did not meet full regulatory or procedural compliance. The reviewer will then provide training in an area that the Node staff appears to have a problem or in an area where additional information was requested, such as Professional Service Orders. After the review the Node holder will receive a report within two to four weeks, which details the findings and the procedures to follow in the future, which will ensure regulatory/procedural compliance. The reviewer will inform them if they passed, if a follow-up is required, or if a corrective action plan (CAP) is needed.

The reviewer may offer to return at a later date to provide further training, if this is requested by the Ordering and Approving Officials.

The procedural concerns will not become part of the report that goes to the IC Executive Officer, however they will be listed in the review file maintained in the Acquisition Services and Review Branch. Procedural findings that impact regulatory compliance and that continue to occur and affect the quality of the IC's acquisition program will be addressed in the report to ensure that corrective action occurs. Additionally, if there has been a breach of ADB DELPRO system security by the sharing of IDs and Keywords this will be addressed in the report. A copy of this written list will be provided to the Primary Approving Official.

The Review Report

The reviewer is responsible for developing and preparing the review report using all of the information obtained from the pre-review and on-site review. In the event more than one reviewer participated in the on-site review, the lead reviewer assigned the Node is responsible for developing and preparing the review report. The time involved in preparing the content and actually writing the review will depend on the complexity of the findings. A draft report will be submitted to the Chief, Acquisition Services and Review Branch, within five working days of the on-site review. Every effort shall be made to ensure the final report is issued within two to four work weeks from the on-site review. The report is to be addressed to the Primary Node Approving Official responsible for the Node, with a copy to the IC EO.

In the event the results of the review reflect that the node had no deficiencies, a separate letter shall also be sent to the IC EO congratulating the IC on the excellent performance of the node.

The report shall be written in the following format:

- k. Acquisition Review Methodology provides an explanation of the total number of orders for the period followed by the number of orders per category that were reviewed.
- b. Comparison to Previous Review is a brief discussion of how this review compares to the review performed previously in terms of type and number of findings. Additionally, it should be noted whether the findings from this review are the same as those found in the review, in order to address continuing problems that may require special assistance to correct. The comparison should include the previous initial and follow-up review(s), if applicable.
- c. Training and Staffing is a discussion of whether there have been any staff changes since the previous review, because this may have an impact on any changes in compliance of the acquisitions. Additionally, training records are discussed, specifically identifying Approving Officials and Ordering Officials lacking mandatory training. (See J2. below - *Requiring Follow-up* - for more discussion on training.)
- d. Summary of Findings is a chart of the findings and categorizes the concerns into standardized (individualized, if necessary) findings and lists the applicable files with that deficiency. This chart also indicates why the finding is a concern. Additionally, at the end of the attachment, those acquisition files that were reviewed but no issues/concerns were found are listed as "no

problems found", to provide examples of acquisition files that are considered proper.

- e. Summary and Conclusion is a discussion of the significant findings of the review. It should cite examples of the problem, why it is considered a problem and recommended corrective actions to prevent it from occurring again in the future. The findings are addressed in order of importance with the most significant first to the least significant finding last. Additionally, this section includes the determination of whether the node passed or failed the review and if they failed, that a follow-up review will be performed in 90 days or if a Corrective Action Plan is required (See J3. below).

Routing Process

The review report is addressed to the Primary Node Approving Official. It is initiated by the reviewer and then routed through the 1) Chief, Acquisition Services and Review Branch, DAP, OLAO, OA, OD and 2) Director, Division of Acquisition Programs, OLAO, OD for reviews that require follow-up or a CAP.

Copies of the Report

Copies of the review report are to be provided to the following individuals/offices:

Office of Acquisition Management and Policy (OAMP)

Office of Financial Management (OFM)

IC Chief AO and Executive Officer (EO)

Director, Division of Acquisition Programs, (DAP)*

*Copy to DAP only if signed by Director

The Yellow Box Concurrence copy will be maintained in the IC node file, and, a copy of the signed report is to be maintained in the ASRB office files.

Results of the Review

The review of a node will result in one of the following actions:

1. **Pass**
There were no findings, the findings were primarily procedural in nature, or there were three or less *significant* regulatory findings, (which are regulatory findings in multiple acquisition files). The next review will be during the next cycle - in approximately one year.
2. **Requiring Follow-up**
There were three to four *significant* regulatory findings identified in the review.

Any breach in system security by the sharing of ADB DELPRO IDs and keywords will result in a follow-up review to ensure that this has been corrected. The node will be provided with an opportunity to correct the problems in the acquisitions during the next 90 day period. A follow-up review will be conducted limited to acquisitions of the type found with problems that were processed during the 90 day period after the review report is issued. The purpose of the follow-up review is to ensure the office has corrected previously noted deficiencies. However, in the course of reviewing pertinent files, new problems may be noticed and addressed. If other problems are identified, it may result in another follow-up review for the new problems.

The sample used for follow-up reviews is determined by the nature of the problems found in the initial review. Approximately 20 files or as many as practical will be reviewed from the previous 90 day period.

Training Followup - As mentioned in Part 1.9 “Acquisition Training and Certification Requirements”, in an effort to provide continuing education to everyone in the DELPRO acquisition area, there are five mandatory advanced seminars:

1. “Buying from Businesses on the Open Market”
2. “Consolidated Purchasing Through Contracts”
3. “Federal Supply Schedules”
4. “Price Reasonableness in the Award of Simplified Acquisitions
5. “Professional Service Orders”.

Completion of these seminars is mandatory for ALL DELPRO Approving and Ordering Officials. If during a review, a node has a **reoccurring** regulatory finding, (a finding which was cited in the previous year’s review findings), the reviewer will carefully examine the training of the Ordering and Approving Officials. If the specific training seminar relating to the finding was cited in the previous review as incomplete and remains incomplete for any Ordering or Approving Official, the Node will automatically fail the review. (Note: if the individuals on the Node are new for this review year to the Node, this will not apply.)

The reviewer will not return until the next regularly scheduled annual review. This will give the individuals the opportunity to take the course and understand the regulatory procedures.

Requiring Corrective Action Plan

This indicates that corrective action must be taken. This action will be indicated when it is determined there were three or more significant regulatory findings identified in the review or a follow-up review discovered that deficiencies continue to occur with little or no improvement. The review report will contain an additional attachment with a series of questions to assist the IC in drafting a Corrective Action Plan (CAP). Additionally, the

reviewer will arrange to meet with the Approving Official and any other IC staff to discuss establishing the Corrective Action Plan. At the discretion of the Director, Division of Acquisition Programs, other alternative actions may occur in lieu of a Corrective Action Plan.

Corrective Action Plan

A meeting with the Executive Officer and responsible Approving Official(s) will be scheduled within 30 days from the date of the report requiring that an IC prepare a proposed corrective action plan. Following the meeting, the IC has 30 days to finalize and submit the plan to the Director, DAP, OLAO, OA, OD for concurrence. A comprehensive follow-up review will be conducted in 60 days from concurrence with the CAP to ensure that corrective action has been taken. Action may be taken to reduce or rescind the Delegated Acquisition Authority of the Approving Official(s) and Ordering Official(s) if substantial improvement is not made.

ASRB Review Files

The reviewer shall include all working papers, notes, etc. in addition to the dated yellow box copy of the review report, in the official node review files. This includes any work sheets, handwritten notes, or other documentation related to the node review.

Reference Materials

1. The Federal Acquisition Regulation (FAR) contains all of the government acquisition regulations.
2. The Health and Human Services Acquisition Regulation (HHSAR) contains all of the HHS supplemental regulations to the FAR.
3. Delegated Acquisition Reference Guide, a reference guide for ordering Officials and Approving Officials contains all acquisition procedures, mechanisms, and miscellaneous information associated with the DELPRO system.
4. The NIH-WIDE and Restricted BPA Listings and Users Guide supply the following information:
 - a. Explains use of Government Mandatory Sources and provides listing in priority order and associated information.
 - b. Explains Small Business/Competition Requirements.
 - c. Defines and discusses the following issues: Free on Board (FOB), Use

of List Price and Unit Price, Commodity Discounts, Catalog Numbers, Equipment Purchases, Unauthorized Purchases.

- d. Provides a listing of vendors by commodity.
 - e. Provides an alphabetical listing by vendor and states the size, type, company name, source number, dollar limitation, expiration, FOB and applicable discount, for each vendor.
5. The Review Checklist has been developed to assist the reviewers in examining the acquisition file(s) and recording the results of the review by order number and finding. (See Attachment II)
 6. A calendar may be required to verify approval and receipt dates.
 7. Pertinent manual Issuances may be required to verify use of proper acquisition methods, policies, and procedures.

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