MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS COMMAND, (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION COMMAND, (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION AND PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

Subject: Proper Use of GSA Federal Supply Schedule Contracts – A Reminder

Historically, a significant percentage of the Department of Defense procurements that utilize the GSA Federal Supply Schedule contracts occur in the last two months of the fiscal year. Fiscal Year 2015 will be no different. The Department encourages the use of GSA Schedules when they are used properly and products or services ordered meet bona fide Department requirements. The Department and GAO reviewed DoD orders placed on GSA Schedules that identified potential shortfalls in "Schedule" usage. There are two specific aspects of Schedule use that we can improve on: 1) seeking discounts and 2) determining and documenting that the prices obtained are fair and reasonable for all items purchased through the Federal Supply Schedules program, including "open market items." Additional focus points and policy clarifications are attached.

Effective use of GSA Schedules presents a great opportunity to maximize competition and further increase the Department’s contracting efforts with small businesses.

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Claire M. Grady
Director, Defense Procurement and Acquisition Policy

Attachment:
As stated
With regard to the proper use of GSA Schedules, it is imperative that the contracting workforce follow sound procedures consistent with regulation, policy, and standard Department procedures. The following guidance is provided when placing orders against GSA Schedule contracts:

- In accordance with FAR 8.404 (b)(1), the DoD contracting officer, when placing an order under a Schedule, or establishing a BPA under a schedule, is responsible for applying to the order or the BPA, the regulatory and statutory requirements applicable to the Department including appropriate DFARS clauses.
- Maximize competition (see FAR 8.405-1, FAR 8.405-2, and FAR 8.405-3).
- Utilize GSA’s E-Buy (see FAR 8.405-6). E-Buy can be used to post requirements, obtain quotes, and when using the government purchase card, issue orders electronically.
- Seek discounts (see FAR 8.405-4). While it is mandatory for the contracting officer to ask for a discount for orders exceeding the Simplified Acquisition Threshold (SAT), DoD contracting officers should ask for a discount on all Federal Supply Schedule (FSS) orders.
- The FAR requirement to seek a discount must be met, regardless of whether the vendor offers a discount without asking for one. This is separate and distinct from the required procedures related to competition.
- Fair and reasonable price determination. DoD ordering activities cannot rely on GSA’s price reasonableness determination alone. In calendar year 2014, DoD established a new requirement for Contracting Officers to make their own fair and reasonable price determination for all FSS orders.
- Ensure that the class deviation issued in March 2014, on FSS buys is followed: http://www.acq.osd.mil/dpap/policy/policyvault/USA001004-14-DPAP.pdf. This deviation clarifies that ordering activity contracting officers are responsible for making a determination of fair and reasonable pricing when using Federal Supply Schedules.
- Ensure items ordered are actually on the schedule. If they are not, they must be considered “open market items” (goods and services not on the schedule) and may be ordered under a Schedule buy, however, the contracting officer must ensure that “fair and reasonable” pricing is obtained and documented. Note, “Open Market Items” must be clearly labeled on the order as “not on the schedule” (see FAR 8.402(f)).
- Ensure that items ordered by part number are consistent with item part numbers on the schedule.
- The CLIN structure for orders placed under Schedules must follow proper format requirements (see PGI 204.7103).
- The quantity and unit of measure must reflect the product(s) or service(s) ordered and the price(s) on the Schedule (or as discounted). Schedule prices are ceiling prices and shall not be exceeded.
- Ensure the contract file is documented properly and that proper funds are used to meet bona fide requirements.
- Ensure that contractor performance is monitored and that delivery of the ordered product or service is obtained.

The following points of clarification are made:
- The term “determination” as used in FAR 17.502-1 does not mean “Determination and Findings.” It refers to the requesting agency’s determination that the use of an interagency acquisition is the best procurement approach. This can be accomplished via a memorandum to file.
- With regard to direct acquisitions for FSS Orders exceeding $500K, the determination of the best procurement approach at FAR 17.502-1(a)(2) is considered satisfied if the procedures in DFARS 217.7802(b) are followed and documented. It is not necessary for DoD components, or any assisting agency providing assisted acquisition support to DoD, to process redundant best interest determinations.

Additional related tools are available:
- GSA eLibrary provides multiple methods to search and view active GSA contractors
- GSA Advantage!® is the electronic online shopping and ordering system
- Schedules training is offered by GSA at (http://www.gsa.gov/training) and at http://www.gsa.gov/portal/category/100619

In collaboration with GSA, the Department offers Schedules training that addresses seeking discounts under Schedule buys. It also addresses the roles and responsibilities of ordering Contracting Officers when including “open market items” on a Schedule order for administrative convenience. This training is offered in partnership with the Defense Acquisition University (DAU), Federal Acquisition Institute, and GSA’s Federal Acquisition Service. The training is delivered through classroom events, webinars, and through the DAU virtual campus (http://www.gsa.gov/portal/category/100619).