

DEPARTMENT OF THE ARMY
ST. LOUIS DISTRICT, CORPS OF ENGINEERS
1222 SPRUCE STREET
ST. LOUIS, MO 63103-2833

CEMVS-CT

Regulation
No. DR 715-2-3

1 May 2003

PROCUREMENT
SIMPLIFIED ACQUISITION

1. PURPOSE. This regulation sets forth guidance for the acquisition of supplies and services under simplified acquisition procedures. Simplified acquisitions are defined as those transactions that do not exceed \$100,000 for supplies, nonpersonal services, and construction services.

2. APPLICABILITY. The instructions in this regulation apply to all organizational elements of the St. Louis District.

3. REFERENCES.

a. Federal Acquisition Regulation (FAR), Sections 8, 12, 13, 19, and 25, dated September 2001, and all changes thereto.

b. Defense FAR Supplement (DFARS), Sections 8, 12, 13, 19, and 25, dated 17 August 1998 and all changes thereto.

c. Army FAR Supplement (AFARS), Sections 12, 13, 19, and 25, dated October 2001, and all changes thereto.

d. Engineering FAR Supplement (EFARS), Sections 13, 19, and 25, May 1995 version, and all changes thereto.

e. Purchase Card Program for Simplified Acquisitions, DP 715-1-1, dated Jun 2000.

f. Department of the Army, Government Purchase Card, Standing Operating Procedure, dated 31 July 2002.

g. District Regulation (DR) 37-1-3, dated 1 Mar 99, entitled, "Accommodation/Convenience Check Program.

4. GENERAL

a. Goals. The administration of the simplified acquisition program will be directed toward achieving operations on a reasonably uniform basis, in accordance with the principles of economy and sound business practices and the references in paragraph 3 above. The intent of this regulation is to prescribe procedures for simplified acquisitions in order to reduce administrative costs and improve opportunities for small business concerns and small disadvantaged business concerns to obtain a fair proportion of the procurement activity generated by the St. Louis District.

b. **Staff Visits.** The Contracting Division will conduct staff visits at all field offices annually to assist in developing and employing the most effective and efficient methods of accomplishing the program, and inspect and review contractual documents for regulatory compliance.

c. **Methods.** The procedures outlined in this regulation are designed to simplify acquisitions and reduce administrative costs. The methods prescribed for use in making simplified acquisitions are purchase cards, accommodation checks, and purchase/delivery orders.

d. The above-referenced methods are to be used only when the supplies/services are not available through sources listed below, in descending order of priority:

- (1) Agency inventory;
- (2) Excess listing;
- (3) *Federal Prison Industries (FPI);
- (4) Products available from the Committee for Purchase From People Who Are Blind or Severely Disabled (JWOD);
- (5) Wholesale Supply Sources (GSA); or
- (6) Federal Supply Schedules.

*In accordance with Public Law 107-107 (Section 811 of the National Defense Authorization Act Fiscal Year 2002), the contracting officer (cardholder) is responsible for determining whether FPI can best meet the Army's needs in terms of price, quality, and time of delivery. If it is determined that the FPI product is not comparable in price, quality and time of delivery, the file should be annotated and competitive procedures shall be used to procure the product.

5. PROCEDURES.

a. CONTRACTING OFFICERS/ORDERING OFFICERS.

(1) Appointment and Authorization. All simplified acquisitions are authorized by 10 U.S.C. 2304, and every purchase made by the Contracting Division and the Operations Project Managers in the field, shall be supported by a properly executed procurement request and commitment (PR&C). Duly appointed contracting and ordering officers along with purchase cardholders, with delegated procurement authority, are the only persons authorized to make purchases and only to the extent of their written authorization.

(a) Contracting Officers are warranted in writing on the SF 1402, which states the scope and limitations of their authority. This authority is personal in nature and cannot be delegated to others.

(b) Purchase cardholders can be delegated procurement authority up to the micropurchase threshold of \$2,500. The Division/Office Chief requests the amount delegated in writing. The Agency Program Coordinator delegates this authority through the Chief, Contracting Division. This authority is personal in nature and cannot be delegated to others.

(c) Selection and appointment of ordering officers and alternate ordering officers is made by the Chief, Contracting Division. Requests for the appointment of ordering or alternate ordering officers will be submitted by the nominated employee's supervisor to the Chief, Contracting Division. This can be done electronically or in writing.

(2) Signatures. Ordering officers are authorized to use only those purchase forms and/or methods to make purchases in amounts as set forth in their individual letter of appointment as ordering or alternate ordering officer.

b. SMALL BUSINESS/SMALL PURCHASE SET-ASIDES.

(1) In accordance with Public Law 95-507, as amended by the Federal Acquisition Streamlining Act (FASA) of 1994, each acquisition of supplies or services, which has an anticipated dollar value exceeding \$2,500 but not exceeding \$100,000, and is subject to the simplified acquisition procedures, shall be reserved exclusively for small business concerns.

(2) The small business size standards are determined by the North American Industry Classification System (NAICS) codes assigned to each vendor. The NAICS Manual is available via the Internet at <http://www.census.gov/epcd/www/naics.html>, and best describes the principal nature of the product or service being acquired.

c. COMPETITION.

(1) Purchases Not in Excess of \$2,500. Currently, simplified acquisitions not exceeding \$2,500 (called micropurchases) may be made without securing competition if the cardholder considers the price to be fair and reasonable. This statement is not meant to discourage or prohibit securing competition on purchases of \$2,500 or less. Such acquisitions are to be distributed equitably among qualified suppliers. When practical, a quotation should be solicited from a source other than the previous supplier before placing repeat orders. Cash and payment discounts will be obtained when possible.

(2) Purchases over \$2,500 or \$2,000 for Construction Services but Not Exceeding \$25,000. Commercial requirements that can be explained to prospective contractors with little or no explanation (i.e. sandbags, lumber, etc.) should be procured through oral quotations. A minimum of three vendors should be given an opportunity to submit a quotation. Written quotations created in the Procurement Desktop-Defense (PD2) contracting system, once approved and released, shall be flagged for EDI/ASFI transmission.

(3) Purchases over \$25,000 but Not Exceeding the Simplified Acquisition Threshold.

(a) A notice of proposed procurement action must be posted at the FedBizOpps website for a period of 15 days prior to advertising; or,

(b) Must be advertised through EDI/ASFI for a sufficient amount of time to allow the prospective bidders time to review the Request for Quotation and submit a quote.

(4) Written Quotations. Written quotations should only be used when oral quotations are not considered economical or practical. When written quotations are used, at least three sources should be considered. It is district policy that when quotations are issued through PD2, they will be flagged for EDI/ASFI transmission. If it has been determined to be in the Government's best interest not to flag the quotation for EDI/ASFI transmission, two of these sources should be different from the previous quotation bidders' list. The number of sources is dependent on the nature of the item/service being procured. The forms authorized for use for soliciting quotes for simplified acquisition are:

SF 18 – Request for Quotations (for other than commercial items and Construction services);

SF 1449 – Solicitation/Contract/Order for Commercial Items; and the

SF 36 – Continuation Sheet for Additional Information.

When requesting quotes on multiple items, a notation on the quotation document must indicate how the award is going to be made (i.e., as a whole or by item or items).

(5) Evaluation of Quotations. Consistent with applicable principles, contracting officers and/or cardholders shall make every effort to obtain trade and prompt payment discounts. Quotations shall be obtained and evaluated inclusive of transportation charges from shipping point of the supplier to the delivery destination. This is especially true when competition must be obtained from outside the local trade area. Prompt payment discounts shall not be considered in the evaluation of quotations. If evaluation consists of other than cost related factors, a written determination must be incorporated into the purchase documentation to substantiate the basis for award.

(6) Notification to unsuccessful suppliers shall be given if requested.

d. DETERMINATION OF FAIR AND REASONABLE PRICE. Reasonableness of the proposed price should be based upon competitive quotations. If only one response is received, a statement shall be included in the file setting forth the basis of the determination of fair and reasonable price. This determination may be based upon a comparison of the proposed price with the price found reasonable on previous purchases, current price lists, catalogs, advertisements, similar items, the contracting officer's personal knowledge of the item being procured, or any other reasonable basis. The contracting officer should have as much knowledge as practicable of the physical and material characteristics and intended use of the item to be purchased as an aid to determine price reasonableness. The written record of determination of price reasonableness may be in the form of a memorandum for record to the purchase file. When only one source is solicited, an additional notation must be incorporated into the memorandum for record stating the justification for the sole source procurement.

e. CONTRACT CLAUSES. Contract clauses are required to be incorporated into the purchase order (DD 1155 or the SF 1449) for the procurement of the supplies/services. The contract clauses are to be incorporated into the contractual document, in accordance with the acquisition regulations. An executed copy of the purchase order is forwarded to the contractor and one copy remains for the official contract file.

f. PURCHASES FROM GOVERNMENT EMPLOYEES. No purchase or rental will be made from any person in the Government service or from business concerns which are substantially owned or controlled by Government employees or an employee's spouse or children residing in the same residence as the Government employee.

g. ITEMS OF FOREIGN ORIGIN. Items above the micropurchase threshold (\$2,500) which are of foreign origin (i.e. mined, produced or manufactured outside of the United States) must be evaluated under the Buy American Act. The formula for the evaluation is contained in Part 225, of the DFARS. After evaluation, a written determination must be prepared showing why a similar domestic item will not satisfy the requirement, and the intended use of the product.

6. GSA "SMARTPAY" PURCHASE CARD PROGRAM

a. GENERAL

The purchase card program offers an efficient, low-cost procurement and payment mechanism which significantly shortens the time between need and acquisition while providing management with comprehensive monthly reports and a thorough audit trail of all purchases.

b. TRAINING

(1) Prior to the issuance of a credit card, the prospective cardholder, approving/certifying official, and the alternate approving/certifying official must complete the DoD Government Purchase Card Tutorial, which is available at the Defense Acquisition University (DAU) website http://clc.dau.mil/kc/no_login/portal.asp. After completion of the tutorial, an orientation will be presented by the purchase card team (CT, LM, OC and RM), during normal business hours, addressing the following areas:

(a) Agency operating procedures;
(b) Federal Supply Schedule requirements;
(c) Cardholder and Approving/Certifying Official responsibilities;
(d) Specially developed training to include (as a minimum) coverage of the following essential elements:

1. Federal Acquisition Streamlining Act (FASA);
2. Required sources of supplies and services as prescribed in FAR, Part 8 and DFARS, Part 208
3. Federal, Defense and Army acquisition regulations, policies and procedures.
4. Competition and price reasonableness;
5. Documentation requirements;
6. Prohibition against splitting requirements; and
7. CEFMS responsibilities

Cardholders are required to participate in refresher training every two years. This can be accomplished by the DoD Government Purchase Card Tutorial, located on the website listed in paragraph 6b(1), or locally prepared training by the purchase card team.

c. DELEGATION OF AUTHORITY

(1) Cardholders will be appointed purchase card authority in a specific delegation letter, stating the authority, limitations and requirements for the use of the card, and the responsibility to comply with guidelines furnished.

(2) The Approving/Certifying Official is delegated certifying authority by the Chief, Contracting Division in a specific letter of appointment. The letter of appointment specifies the authority, limitations and requirements along with the restrictions of usage, and oversight responsibilities.

(3) The Alternate Approving/Certifying Official is also delegated certifying authority by the Chief, Contracting Division in a specific letter of appointment. The letter specifies the same authority, limitations and requirements as the Approving/Certifying Official, in his/her absence.

d. RESTRICTIONS

(1) Purchases shall not be made without proper authorizations, as required (i.e., approved credit card PR&C, or an approved bulk PR&C; Property Book Officer (PBO) concurrence; or IM approval.)

(2) Services such as consultants, printing (including composition and binding) and communications (telephonic, radiophonic or other electronic services requiring specific authorizations, construction over \$2,000, and A-E services) without written delegation.

(3) Rental or lease of office space or other real property (including parking spaces).

(4) To purchase airline, bus, boat or train tickets, motor vehicle rental, hotel lodging, or any other services for which the Government Travel Card would be appropriate.

e. PROCEDURES

(1) Cardholder

(a) Assure the individual Credit Card PR&C is approved and certified PRIOR to purchase.

(b) Maintain log of purchases on the CEMVS Form 817. Form to be filled in at time purchases are made.

(c) After purchase, create obligation against bulk PR&C or create the obligation against the individual credit card PR&C within 24-48 hours of purchase.

(d) Create the receiving report in CEFMS immediately upon receipt of the goods and/or services.

(e) Access the C.A.R.E. website periodically to review charges made to account. Address discrepancies to assure timely processing of SOA when received by cardholder.

(f) Upon receipt of SOA (Statement of Account) the cardholder:

1. reviews SOA for accuracy;
2. reconciles against the obligation document (PR&C) to assure proper charge made;
3. provides description for each individual charge on statement; along with a PR&C/obligation number;
4. attaches copies of charge slips, invoices/packing slips and PR&Cs/obligations to the original SOA, and forwards to the Approving/Certifying Official.
5. creates a statement through the Credit Card Monthly Statement in CEFMS.

CARDHOLDERS SHALL BE HELD PERSONALLY LIABLE TO THE GOVERNMENT FOR ANY NON-GOVERNMENT TRANSACTIONS. UNDER 10 U.S.C. 287 MISUSE OF THE PURCHASE CARD COULD RESULT IN A FINE OF NOT MORE THAN \$10,000 OR IMPRISONMENT FOR NOT MORE THAN FIVE YEARS OR BOTH.

(2) Approving/Certifying Official

(a) Upon receipt of the Billing Account Statement, the approving/certifying official:

1. reviews all charges made by all cardholders within their respective billing account statement;
2. verifies transactions meet legal requirements;
3. verifies purchases were necessary to fulfill mission requirements;
4. verifies purchases were not split into smaller segments to stay under the micropurchase limit;

5. verifies purchases were not for personal use;
6. verifies all documentation is attached and descriptions of items procured are true and correct;
7. verifies all required approvals have been received (i.e. property book items; IT items);
8. verifies that the facts presented in the documents are complete and accurate;
9. takes appropriate action to prevent two or more payments for the same transaction;
10. implements correct dispute procedures when transactions are questioned;
11. certifies billing account statement for payment under Credit Card Approving Official in CEFMS; and
12. maintains all supporting documentation for a period of 6 years and 3 mos.

THE APPROVING/CERTIFYING OFFICIAL IS RESPONSIBLE (PECUNIARY LIABLE) FOR REPAYMENT OF A PAYMENT THAT IS ILLEGAL, IMPROPER, OR INCORRECT DUE TO AN INACCURATE OR MISLEADING CERTIFICATE PURSUANT TO 31 U.S.C. 3528.

7. ORDERS FOR SUPPLIES OR SERVICES

a. **DEFINITION.** Department of Defense authorizes two separate purchase order forms, the DD Form 1155 and the DD Form 1449. The DD Form 1449 is used exclusively for the procurement of commercial supplies and services. Contracting Division uses the purchase order to its maximum dollar limitation of \$100,000 for open-market purchases, and unlimited dollar amounts for delivery orders (those orders placed against contracts established by other Government agencies, such as GSA). However, the Operations Project Managers have been appointed Contracting Officers with specific authority up to \$25,000 for purchase orders only. Both the DD Form 1155 and the DD Form 1449 are electronically generated through PD2.

b. **CONDITIONS FOR USE.** DD Form 1155 is authorized for simplified acquisitions of non-commercial supplies, materials and services (including construction). The DD Form 1449 is authorized for simplified acquisitions of commercial supplies, materials and services. These forms are used under the following conditions:

- (1) The acquisition is over \$2,500; and
- (2) When multiple deliveries are required.

c. INSTRUCTIONS FOR PREPARATION.

(1) Appendix A-1 and A-2 are examples of completed DD Form 1155 and DD Form 1449, and are to be used as a guide.

(2) Input all required information in accordance with PD2 guidelines, prior to the actual purchase.

- (3) The purchase order is required to be attached to a PR&C that has certified funds.

(4) Receiving reports are to be completed in CEFMS. A copy of the CEFMS receiving report shall be forwarded along with the original invoice (date stamped with the date invoice received) on a transmittal to the Finance Center or to RM-F to be included in the bulk mailing to the Finance Center.

d. NUMBERING SYSTEM. All purchase orders will be numbered in accordance with the Uniform Procurement Instrument Identification numbering system. These numbers are electronically generated through PD2. The St. Louis District's first six positions for civil works projects is DACW43, and military projects is DACA43. The following two positions will be the last two digits of the fiscal year in which the purchase order number was generated. The ninth position is one of the following letters:

- D – Indicates an indefinite delivery/indefinite quantity contract/purchase order
- F – Indicates a delivery order against a Federal Supply Schedule contract
- M – Indicates a purchase order generated by the Operations Contracting Officers
- P – Indicates a purchase order generated by Contracting Division personnel
- T – Indicates a Request for Quotations (RFQ) issued through PD2.
- V – Indicates payment is being made by credit card

The tenth through the thirteenth position will be a consecutive numerical number generated by PD2 as the unique identifier for the purchase.

e. MODIFICATIONS TO PURCHASE ORDERS.

(1) SF 30 will be used in making changes to a purchase order issued on DD Form 1155 and DD Form 1449.

(2) Modifications will be numbered using a six-digit number. The first modification to an order will be P00001. All modifications thereafter will run consecutively (i.e. P00002, P00003, etc.).

8. TYPES OF PURCHASES

a. GENERAL

(1) Authority

(a) Operations Contracting Officers have authority to enter into supply and service (including construction) contract/purchase orders up to \$25,000 as stated in their warrants.

(b) Contracting Division Contracting Officers are responsible for all supply and service (including construction) contract/purchase orders above \$25,000 for the field sites with Operational Contracting Officers, and all contract/purchase orders regardless of dollar amount, for activities that do not have a warranted Contracting Officer.

(2) Requirements for Issuing Purchase/Delivery Orders.

(a) Any requirement exceeding the micropurchase threshold of \$2,500 is required to be competed. If oral quotations are not feasible, the requirement will be advertised electronically via EDI/ASFI.

(b) Any requirement exceeding \$2,500 up to \$100,000, in accordance with FAR 19.502-2, is required to be set-aside exclusively for small business concerns. The only exception is if the contracting officer makes a written determination, which is made a part of the purchase order file, that there is not a reasonable expectation of obtaining fair and reasonable offers from at least two responsible, small businesses.

(c) Any requirement over \$10,000 is required to be coordinated with the Small Business Administration Representative, the Small Business Specialist and the Contracting Officer. This is accomplished on the DD Form 2579, Small Business Coordination Record. The requirement cannot be advertised prior to receiving the fully executed DD Form 2579.

b. TYPES OF CONTRACT/PURCHASE ORDERS

(1) Construction

(a) Definition – Construction, alteration, or repair of buildings, structures or other real property. This includes, but is not limited to, buildings, structures, and improvements of all types such as bridges, dams, plants, highways, streets, sewers, power lines, docks, levees, and channels.

(b) Davis Bacon Act incorporated and made a part of the purchase order. In accordance with the Davis Bacon Act, a wage determination for the area in which the services are performed, and covering the disciplines required for the performance, must be incorporated in the bidding and award documentation. You can pull the wage determinations through the Internet at:

www.ceals.usace.army.mil

(c) All construction solicitations and awards are required to be set-aside for Emerging Small Business, in accordance with FAR 19.10. Emerging Small Business is defined as a small business concern whose size is no greater than 50 percent of the numerical size standard applicable to the standard industrial classification code assigned to a procurement requirement.

(d) Upon award of the construction purchase order, a DD 350 is required to be generated and completed in its entirety in PD2.

(2) Supply

(a) Commercial Item – any item that is available to the general public, even when slight modifications are required. All supply purchase/delivery orders should be coded commercial items if they are commercial-off-the-shelf items. This includes items that are not stocked, but are manufactured, but available to the general public on an as-needed basis.

(b) Only firm-fixed-price purchase/delivery orders are authorized to be used with commercial item procurements.

(c) All purchase/delivery orders are required to be awarded on the SF 1449, entitled, Solicitation/Contract/Order for Commercial Items, which incorporates two required contract clauses required for procurement of commercial items - FAR 52.212-4 and 52.212-5. FAR 52.212-4 can be incorporated by reference. 52.212-5 is required to be incorporated in full text with the applicable clauses "X"d to apply these clauses to the specific award.

(d) Upon award of the supply purchase/delivery order, a DD 350 is required to be generated and completed in its entirety in PD2.

(3) Service

(a) Any service purchase order over \$2,500 is required to have the Service Contract Act incorporated and made a part of the purchase order. In accordance with the Service Contract Act, a wage determination for the area in which the services are performed, and covering the disciplines required for the performance, must be incorporated in the bidding and award documentation. You can pull the wage determinations through the Internet at:

www.ceals.usace.army.mil

(b) If the service is for a commercially available service, the requirement shall be coded as commercial, and award will be made on a SF 1449.

(c) Upon award of the supply purchase/delivery order, a DD 350 is required to be generated and completed in its entirety in PD2.

9. POLICY FOR MISCELLANEOUS PURCHASES

GENERAL. The following miscellaneous purchase items have special requirements pertaining to the purchase.

(1) Property Book Items – Any accountable property item (i.e. expendable, non-expendable, durable, or pilferable) is required to have the PBO approval prior to procurement. This can be done informally by phone, e-mail, or fax. If in doubt, contact the PBO for clarification prior to processing the procurement action. For the formal property book equipment/supplies, an individual credit card PR&C is routed through the PBO PRIOR to the purchase. Contractual PR&Cs for supply items, to be processed through Contracting Division, will automatically be reviewed by the Property Book Officer for approval prior to the requirement being interfaced from CEFMS into PD2.

(2) IT Equipment and Maintenance – Requirements for IT equipment (i.e. hardware and software, to include peripheral equipment (printers, scanners, etc.) is required to be routed through IM-P for approval. This is done by the issuance of a contractual PR&C or an individual credit card PR&C which references a resource code beginning with "IT". This PR&C is routed through IM for tech review PRIOR to the purchase.

(3) Protective Clothing – With the exception of safety shoes, life jackets and raingear, any request for protective clothing items requires approval from the Safety Officer. The Safety Officer makes a determination of necessity for safety reasons. Documentation reflecting the name of the person giving the approval, date and time approval received should be made a part of the procurement file. Safety shoes can be procured from other than government sources; however, the dollar amount authorized for safety shoes procured on the open market is \$100.00. Costs in excess of the \$100.00 shall be borne by the employee. Procurement through government sources (i.e. GSA Contracts) total cost of shoes is borne by the government. Request for exception to this policy will be in writing to the Chief, Contracting Division, stating the reason for the need for the exception. A medical statement signed by the employee's physician shall be attached to the request.

(4) Reprographic Services – Services such as audio visual, copying, duplicating, printing graphics, microfilming, and photography are subject to approval by IM-R prior to the procurement action.

10. EXCHANGE OF PROPERTY

AUTHORIZATION. Section 201(c), Federal Property and Administrative Services Act of 1949, Public Law 152, 81st Congress, provides that any executive agency, in the acquisition of personal property, may exchange or sell similar items and apply the proceeds in whole or part payment for property acquired for replacement purposes. Certain limitations and authorities must be complied with and such transactions must be evidenced in writing. ENG 4900-R Property Control Receipt, establishes the condition classification of items proposed for trade-in must be processed and approved by the Property Book Officer prior to trade-in. This applies to nonexpendable property.

Joseph D. Synon MAO, EN
for C. KEVIN WILLIAMS
COL, EN
Commanding

DISTRIBUTION: SF