



DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
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FORT BELVOIR, VIRGINIA 22060-6222

IN REPLY
REFER TO

DESC-CPA

JUN 27 2002

CONTRACTING INSTRUCTION (CI): 02-10
MEMORANDUM FOR CI Distribution

**SUBJECT: Purchasing Supplies and Services Utilizing GSA Federal Supply Schedule
and Other Agency Contract Vehicles**

This CI is being issued to assist the Business Management Team, Directorate of Information Systems (DESC-SB) and other DESC offices when utilizing the GSA Federal Supply Program and other Agency contract vehicles.

A new Appendix G is being added to the Defense Energy Procurement Instruction (DEPI). That DEPI coverage, found in the attachment, provides guidance including a guide of Contract Cost Principles to Determine Reimbursable Costs, a Requirement Submission Schedule for Information Technology Requirements form, a Flow Chart for Processing an Invoice and a Review Checklist for Contractual Actions Awarded Outside DESC. These tools should be utilized whenever applicable to promote competitive procedures and to ensure fair and reasonable prices as well as to organize procurement processes.

This CI is effective immediately and expires inclusion in the DEPI. Point of contact is Cheryl Creason, extension 7637.

A handwritten signature in black ink, appearing to read "Kevin M. Ahern".

KEVIN M. AHERN
Center Senior Procurement Official

Attachment:
DEPI coverage



APPENDIX G

CONTRACTING WITH SOURCES OUTSIDE DESC

G-100 – Purpose.

This Appendix is composed to outline processes and procedures to be used when utilizing the GSA Federal Supply Schedule or other Agency contract vehicles to purchase supplies and services. It is the Contracting Officer's (CO's) foremost responsibility to follow established procedures to ensure fair and reasonable prices regarding purchases under the GSA Federal Supply Schedule or other Agency contract vehicles. In accordance with DLAD 39.900 (a) 2, a contract may be awarded for information technology services by a DLA contracting office that places orders, not exceeding \$500,000, against a multi-agency schedule contract. Ordering from other agency multiple award service contracts requires the CO to seek competitive offers from multiple contractors. Additional solicitation requirements are anticipated (DFARS 208.4 and 216.501-1). The Federal Acquisition Regulation instructs ordering offices to review catalogs or price lists of at least three contractors and place orders for the alternative that represents the best value and results in the lowest overall cost alternative. The procedures and guidelines below are representative of the actions required when placing such contracts and must be followed. The coverage includes the Requirement Submission Schedule for Information Technology Requirements, Contract Cost Principles to Determine Reimbursable Costs, a Flow Chart for Processing an Invoice and a Review Checklist for Contractual Actions Awarded Outside DESC.

G-101 - Contract Cost Principles to Determine Reimbursable Costs (As applicable to the GSA Federal Supply Schedule.

Reference:

Subchapter I of Chapter 57 of Title 5, United States Code- Travel and Subsistence Expenses; Mileage Allowances.

41 U.S.C. 420- Travel Expenses of Government Contractors FAR 16.6-Time and materials, Labor-Hour and Letter contracts.

FAR 31.103-Contracts with commercial organizations

OMB Circular A-87- Cost Principles for State, Local, and Indian Tribal Governments.

Pre Negotiation Objectives

- Request a Disclosure Statement that outlines the normal accounting practices.
- Establish, review and approve a Cost Allocation Plan to provide a source document that makes reference to determining how costs will be distributed to cost objectives (Contract Line Item Numbers [CLINS]). It also provides a remedy to resolve claims where unallowable costs have been claimed and

- Request Defense Contract Audit Agency to perform audit of questionable cost elements and to review for potential Cost Accounting Standard (CAS) violations.
- Review implementation of approved cost allocation plans/cost proposals that are incorporated into the awards as a contract provision. Determine if costs are critical prior to payment of monthly invoice. Time-and-materials contracts provide no positive incentive to the contractor for cost control or labor efficiency, therefore Government surveillance of contractor performance is essential.

SEE CHART ON FOLLOWING PAGE

SELECTED ITEMS OF COST

ITEM OF COST	ALLOW- ABLE	ALLOCABLE	CONSIDERATIONS TO DETERMINE REASONABLE
Alcoholic Beverages	NO	NEVER	NOTHING
Compensation for Personal Services	YES	CLIN/SOW/Cost Proposal - Incorporated into the award/BPA/contract provision	Satisfy specific requirements Reasonable Conforms to established policy As determined to be reasonable and supported Unallowable elsewhere
Employee Morale, Health, and Welfare Costs	YES	SEE ABOVE	Offset against expenses if income generated from activities
Entertainment	NO		Includes associated travel expenses for entertainment
Fringe Benefits	YES	SEE ABOVE	Established written procedures from Generally Accepted Accounting Principles (GAAP)
General Government Expenses	NO		
Maintenance Operations and Repairs	YES	SEE ABOVE	Unless prohibited by law - Cannot prolong its intended life. Cannot also be included in rental charges.
Materials and Supplies	YES	SEE ABOVE	
Professional Service Costs	NO		
Rental Costs	YES	SEE ABOVE	Rates comparable and reasonable
Travel Cost		SEE ABOVE	Advanced agreements with contractor personnel - Contract Provisions
• Transportation	YES		
• Lodging and Subsistence	YES		Reasonableness
• Commercial Air Travel in Excess of lowest customary standard	NO		Require circuitous routing or unreasonable hours, prolong travels, greatly increased travel time, medical needs
• Government Owned Aircraft	NO		
• Incidental Expenses	YES		Per diem or actual expenses

This form should be utilized by customers to ensure that all required information is included as part of the Purchase Requisition prior to submission to the program management office. (The form may be accessed at Form 7.1 on line at Q/C/Forms.)

Requirement Submission Schedule for Information Technology Requirements

To: Contracting

Activity Address Code: SP0600

Contractor:

POC:

Email: @desc.dla.mil

Phone: 703-767-

Product Requirement:

- Purchase Request (must be submitted to Contracting at least six (6) months prior to award date of)
- GSA Schedule (must be submitted to Contracting at least three (3) months prior to award date of)
- Contract Extension (must be submitted to Contracting 30 days prior to contract end date:)
- Government-Wide Area Contract (must be submitted to Contracting 30 days prior to award date of)

- Performance Based SOW attached
- Determination and Findings (IAW Economy Act)
- Other attached:

DESC Form 7.1

G-103 Flow Chart for Processing and Invoice

- Invoice should be in support of a specific delivery order.
 - The task order will be written against a specific contract.
 - The invoice reviewer must understand terms and conditions of the contract.
 - The invoice reviewer must understand terms and conditions of the main contract, agency regulations and directives.
 - If the task order is for services the contractor should be required to provide back up cost documentation supporting travel and labor hours.
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1. Date stamp invoice upon receipt.
 2. Process invoice for payment within 5 days of receipt.
 3. Verify description of line items on invoice against line items on delivery order.
 4. Verify cost on invoice line items against cost on delivery/task order line items.
 5. If delivery order scope/cost was modified, make sure the modified delivery/task order is also reviewed at this time.
 6. If the delivery/task order line item is for services, then the invoice review shall require a further analysis based on allowable and allocable costs.
 - o Travel costs in accordance to the terms and conditions of the contract.
 - o Labor hour costs in accordance with the labor classifications stated in the contract/task order.
 - o Total labor hours worked in accordance with task order line item.
 - o If the task order required an end product, reviewer must verify the end product was received and was accepted by the Government.
 - o Indirect and direct costs have to be determined for allowability of costs.
 - o If progress payments are being requested payments have to be approved or disapproved under the progress payment clause.
 - o If invoice shows an advanced payment other than a progress payment contract/task order must be reviewed for authorization of advance payment.
 - o Review invoice for charges of tax.
 - o If invoice shows charges for maintenance, repair, or rental verify that subject cost has actually been authorized under the contract/task order and has been incurred.
 - o Notify contracts of any invoice discrepancies.
 7. Assure Contractor has provided back up documentation to support all contract costs shown on invoice.
 8. Signature of invoice by the Contracting Officer (CO) and/or Contracting Officer Representative (COR) shall be indicative of validation for payment on individual line items to include all allowable and allocable costs and not just the review of one area like labor hours.

9. Maintain log
 - Contract number
 - Delivery/task order number
 - Beginning date of delivery/task order
 - Ending date of delivery/task order
 - Invoice date
 - Dollar amount of invoice
 - Date invoice was approved and processed for payment
 - Comment column to note any invoice discrepancies
10. Once invoice has been reviewed and determined to be adequate for payment, sign and date as approved for payment and forward to DFAS and a courtesy copy to contracting.
11. Keep a file of each invoice with copies of all supporting documentation.
12. Maintain files in accordance with acquisition disposal guidelines.

G-104 Checklist for Contractual Actions Awarded Outside of DESC

The checklist starting on the next page serves as a tool to assist the Contracting Officer in completing all the necessary steps prior to completing contractual actions outside of DESC. (This form may be accessed at Form 7.2 on line at Q/C/Forms).

Checklist for Contractual Actions Awarded Outside DESC

GSA Schedule # or Outside Agency Solicitation # or MOU	
GSA Schedule Contract # or Outside Agency Contract # or MOU	
Delivery Order or Task Order #	
Requesting DESC Office	
Task Monitor or COR & Phone Number	
Alternate Task Monitor & Phone Number	
Estimated Dollar Value	\$

Overall Package	After all actions have been completed prior to sending to the Outside Agency for action, the entire package should be coordinated with the following DESC Offices:	Coordination with: DESC Requesting Office _____ date _____ DESC Contracting Officer _____ date _____ DESC-R (MIPR) _____ date _____ DESC-DU _____ date _____ DESC-CPB _____ date _____ DESC-G _____ date _____ DESC-CSPO _____ date _____ DESC Contracting Officer _____ date _____ DESC Requesting Office _____ date _____
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Before requesting issuance of a task order/delivery order from a non-DESC agency, the following documentation requirements must be met:

	Document Needed	What Should Be Included/ Addressed	Indicate
1	Economy Act Determination	<ul style="list-style-type: none"> - D&F required. Does it include the required statements? - Approval by CSPO required for requests to DoD Activities and DESC Director for requests for Non DoD Activities (DoDI 4000.19). - Includes description of supplies or services req'd, delivery reqmts, funds citation, payment provisions, and acquisition authority as appropriate. - Required DESC Coordination - Refer to Outside Agency Guidelines for instructions on proper submission format and documentation. For example, on DISA requests relating to the Encore contracts complete Block 6 of Attachment 1 to the Encore Task Order Guidelines. - Does this Economy Act purchase conform to DLAD Part 39 and DESC's limited delegation to purchase FAS IT equipment and services? 	<p>D&F initial ____ date ____</p> <p>Required statements included? Yes ____</p> <p>Coordination completed? DESC-G initial ____ dated ____</p> <p>DESC-DU initial ____ dated ____</p> <p>DESC-CPB initial ____ dated ____</p> <p>DESC-R initial ____ dated ____</p> <p>Competition Advocate initial ____ dated ____</p> <p>Outside Agency Checklist form completed? ____ dated ____</p> <p>FAS procurement conforms to DLAD Part 39? Yes ____ No ____ N/A ____</p> <p>Procurement is within DESC's limited purchase delegation for FAS IT equipment and services? Yes ____ No ____</p>
2	Small Business Set-Aside	<ul style="list-style-type: none"> - Can this request be set aside for small businesses? - If no set aside, D&F providing justification is required. - Coordination with DESC-DU, DESC-CPB - Refer to Outside Agency Guidelines for instructions on proper submission format and documentation. For example, on DISA requests relating to the Encore contracts complete Block 3 of Attachment 1 to the Encore Task Order Guidelines. 	<p>Set aside? Yes ____ No ____</p> <p>D&F signed by ____ and dated ____</p> <p>Coordination completed? DESC-DU initial ____ dated ____</p> <p>DESC-CPB initial ____ dated ____</p> <p>Outside Agency Checklist form completed? ____ dated ____</p>
3	Type of Contract	<ul style="list-style-type: none"> - Firm Fixed Price? - Other Than Firm Fixed Price – D&F required. Approval by DESC Contracting Officer - Coordinated with DESC-CPB - Refer to Outside Agency Guidelines for instructions on proper submission format and documentation. For example, on DISA requests relating to the Encore contracts complete Block 5 of Attachment 1 to the Encore Task Order Guidelines. 	<p>Other Than FFP? Yes ____ No ____</p> <p>D&F signed by ____ and dated ____</p> <p>Coordination completed? DESC-CPB initial ____ date ____</p> <p>Outside Agency Checklist form completed? ____ dated ____</p>

4	Statement of Work or Performance Work Statement	<ul style="list-style-type: none"> - Must be in MS Office compatible format - Refer to Outside Agency Guidelines for instructions on proper submission format and documentation. For example, on DISA requests relating to the Encore contracts, complete Attachment 3 (for SOW) or Attachment 4 (for PWS) to the Encore Task Order Guidelines. - Task Monitors Identified? - Task Monitors training confirmed? 	<p>Correct format: Yes ___ No ___</p> <p>Task Monitors? Yes ___ No ___</p> <p>Training confirmed for primary task monitor Yes ___ dated ___</p> <p>Training confirmed for alternate task monitor Yes ___ dated ___</p>
5	Contracting Advisory & Assistance Services (CAAS)	<ul style="list-style-type: none"> - Are the services being requested Contract Advisory and Assistance Services? For example obtaining specialized opinions or advice, analyses, appraisals, or proposed solutions to various problem areas, and supporting or improving the management and/or administration of DOD organizations. Reference FAR Part 37.2/ DFARS 237.2 - If so, must request DLA approval prior to sending to outside DESC for action. If so, APEC nomination is required IAW DLAD 4105.1, Part 7.1 - Request must be IAW DLAR 5010.3 or as otherwise supplemented by DLA. - Refer to DODD 5205.2 for DOD guidance on acquiring CAAS. - Is the proposed work for personal services? Refer to FAR Part 37.102 for details. 	<p>CAAS? Yes ___ N/A ___</p> <p>Pre APEC Review? Yes ___ N/A ___</p> <p>DESC Contracting Officer review ___ date ___</p> <p>DESC-CPB review ___ date ___</p> <p>DESC Legal review ___ date ___</p> <p>DESC-CSPO approval ___ date ___</p> <p>DLA approval by ___ date ___</p> <p>DLA APEC review waived by ___ date ___</p>
6	Performance Based Statements of Work	<ul style="list-style-type: none"> - Is the SOW/PWS performance based (preferred method)? If not, a memorandum justifying the reasons why not is required. - Performance based work descriptions must include measurable standards - What is the delivery schedule for each deliverable in the SOW/PWS? - Section 508 Accessibility Standards – applicability? 	<p>Performance based SOW/PWS? Yes ___</p> <p>If not, Memo signed ___ date ___</p> <p>Measurable standards included ___</p> <p>Deliverables identified in SOW/PWS? ___</p> <p>Section 508 applicable? ___</p>
7	Independent Government Cost Estimate	<ul style="list-style-type: none"> - Must be in format specified by the Outside Agency - Must identify the estimator and rationale for estimate. - Other direct costs must be traceable to requirement(s) in SOW/PWS. -Coordination with DESC-N (Market Research) 	<p>Completed ___ date ___</p> <p>Coordination: DESC-N ___ date ___</p>
8	Funding Document	<ul style="list-style-type: none"> - Must be in the format specified by the Outside Agency - Obtained from DESC-R - Must be certified - Must indicate an expiration date of the funds - Refer to Outside Agency Guidelines for instructions on proper submission format and documentation. For example, on DISA requests relating to the Encore contracts see Chapter 3 of the Encore Task Order Guidelines. 	<p>MIPR: Certified ___ dated ___</p> <p>Signed by ___ date ___</p> <p>Expiration date ___</p>
9	Quality Surveillance Plan	<ul style="list-style-type: none"> - Required if using PWS. - Refer to Outside Agency Guidelines for instructions on proper submission format and documentation. For example, on DISA requests relating to the Encore contracts complete Attachment 2 to the Encore Task Order Guidelines. - Reviewed by DESC Contracting Officer 	<p>QSP required? Yes ___ N/A ___</p> <p>DESC Contracting Officer review: ___ date ___</p>

10	<p>Selection Recommendation Document (SRD) and Proposal Evaluation Plan</p>	<ul style="list-style-type: none"> - Refer to Outside Agency Guidelines for instructions on proper submission format and documentation. For example, on DISA requests relating to the Encore contracts see Attachment 5 & 6 and Chapter 3 of the Encore Task Order Guidelines. - Best Value Tradeoff or Lowest Acceptable Price? - Prepare Source Selection Plan to include evaluation factors, relative weights and ratings. - Sole Source D&F signed by DESC Contracting Officer is required if applicable. - Selection Recommendation should include a summary of the evaluation factor ratings and the rationale for the proposed award recommendation. - DESC Contracting Officer approval of the Source Selection Plan and the Proposal Evaluation Plan (evaluation criteria) required. - If an exception to competition exists, a D&F justifying a sole source action is required IAW FAR 6.303. - Sole Source limited competition justifications must be coordinated with DESC-G, DESC-R, DESC-CPA, DESC-CPB, DESC Competition Advocate and the DESC CSPO. Must include how the previous task order request relates to the new task order request. 	<p>Best Value Tradeoff? ___ or Lowest Price? _____ DESC Contracting Officer approval of : Summary of ratings ___ date _____ Sole Source D&F? Yes ___ N/A _____ Signed by ___ date _____ Source Selection Plan approved by DESC Contracting Officer? ____ date _____ DESC-CPB Review Initial _____ date _____</p>
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