

# Acquisition 101

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# Learning Objectives

- Understand the contracting methods used by government to buy goods and services
- Know about types of contracts and agreements
- Understand key parts of the FAR, and
- Know where to find additional contracting resources



# How the Government Buys

- Government buys from suppliers who meet certain qualifications
- Standardized buying procedures and rules outlined in the FAR are used
- Several contracting methods are employed:
  - ▶ Credit Card/Micro-purchases
  - ▶ Simplified Acquisition procedures
  - ▶ Sealed bidding
  - ▶ Contracting by negotiation
  - ▶ Consolidated purchasing programs (GSA Schedules, GWACS, etc.)



# Credit Card Opportunities

- May be awarded without soliciting competitive quotations if price is considered reasonable
- Micro-purchases are not reserved for small businesses
- 70% of all government procurement transactions are facilitated with a credit card
- Micro-purchase Threshold:
  - ▶ \$2,000 for Construction
  - ▶ \$2,500 for Service
  - ▶ \$3,500 for Supplies



# Simplified Acquisition Procedures

- Federal law streamlines government purchasing for buys under \$150,000
- All purchases under the simplified acquisition threshold (>\$3,500 to \$150,000; \$7M for commercial items) shall be set aside for small business
- All other procurement actions shall be considered for set-aside for small business unless determined that there are insufficient qualified small businesses.
- North American Industry Classification Code (NAICS) determines applicable small business size standard



# Simplified Acquisition Procedures

- Agencies are required to:
  - ▶ Promote competition to the maximum extent possible
  - ▶ Establish deadlines for the submission of responses
  - ▶ Give supplies a reasonable time/opportunity to respond
  - ▶ Consider all quotations or offers that are received timely
  - ▶ Use innovative approaches in awarding contracts



# Sealed Bidding

- Competitive buying method for specific and clear government requirements
- IFB “Invitation for Bid” is the method used for the sealed bid process
- Contract is awarded on the basis of price and other price-related factors
- It is not necessary to conduct discussions with the responding bidders about their bid
- There is reasonable expectation of receiving more than one sealed bid
- IFBs are available online for review at [www.fbo.gov](http://www.fbo.gov)



# Sealed Bidding

- No information released before synopsis – all interested vendors should have access to the information at the same time
- During solicitation phase, no discussions are held
- Information that would give one vendor an advantage over another could be considered grounds for protest
- Bid Opening
  - ▶ Specific Place, Date and Hour
  - ▶ Publicly Open
- Bids evaluated based on
  - ▶ Price and other price related factors
  - ▶ Responsiveness
  - ▶ Responsibility



# Sealed Bidding

- Steps:
  - ▶ Synopsis (Published in FedBizOps)
  - ▶ Issuance of Solicitation (15 days after synopsis)
  - ▶ Bid Opening (at least 30 days after solicitation is issued)
    - Additional days will be considered based on
      - ▷ Complexity of requirement
      - ▷ Anticipated extent of subcontracting



# Contracting by Negotiation

- Preferred method for most federal procurement actions
- Typically used for contracts that will exceed \$150,000 and when highly technical products or sources are being sought
- RFPs & RFQs are primary government request vehicles
- Contractor submits a technical proposal as well as a cost proposal
- Offerors may withdraw proposals any time prior to award
- Not required to award to contractor who submits the lowest price/offer
- Award may be made on initial offers or after discussions



# Contracting by Negotiation

- Steps:
  - ▶ Synopsis (Published in FedBizOps)
  - ▶ Issuance RFP (15 days after synopsis)
  - ▶ Receive Proposals (30+ days after solicitation depending on complexity of proposal)
  - ▶ Selection Board
  - ▶ Competitive Range determined
  - ▶ Determine if discussions are necessary
    - If so: Discussions followed by revised proposals
    - If not: Proceed with award



# Consolidated Purchasing Vehicles

- Most government agencies have common purchasing needs
- Centralized purchasing or procurement vehicles are used to realize economies of scale
- Multiple Award Schedules, such as GSA Schedules or Government Wide Acquisition (GWACs) are important contracting vehicles



# Pre-Award Survey

- Areas reviewed during a pre-award survey:
  - ▶ Debarred/suspended bidder's list
  - ▶ Any available past performance records
  - ▶ References supplied by contractor
  - ▶ Audit
  - ▶ Past business experience in relation to services to be performed
  - ▶ Volume of business already on hand
  - ▶ Physical capability
  - ▶ Testing and inspection facilities
  - ▶ Equipment availability
  - ▶ Credit references
  - ▶ Other information considered necessary (accounting system, bonding capacity, financial strength, etc.)



# Types of Contracts and Agreements

- Fixed Price
- Cost-Reimbursement
- Incentive Contracts
- Indefinite Delivery Contracts
- Time-and-Materials & Labor-Hour Contracts
- Agreements



# Fixed Price Contracts

- Most common type of contracts that small businesses are involved with
- Final price is determined before the work is performed
  - ▶ Firm Fixed Price
  - ▶ Fixed Price with economic adjustment
  - ▶ Fixed Price Incentive



# Cost-Reimbursement Contracts

- Cost
- Cost Sharing
- Cost plus Fixed Fee
- Cost plus Incentive Fee
- Cost plus Award Fee



# Incentive Contracts

- Appropriate when firm fixed price contracts are not appropriate and goods can be acquired at a lower cost
- Most incentive contracts only include cost incentives



# Indefinite Delivery Contracts

- Definite quantity contracts
- Requirements contracts
- Indefinite delivery contracts (IDCs)
  - These can be applied to contracts such as:
    - Park Attendant Services
    - Construction Delivery Order Contract
    - Consolidated Service Contract
    - Equipment Rental



# Indefinite Delivery/Indefinite Quantity Contracts

- Most common indefinite quantity contracts are known as IDIQs
- Commonly used for service contracts and A&E services
- IDIQ contracts often issued as Government-Wide Acquisition Contracts (GWACs)



# SATOC vs. MATOC

- SATOC (Single Award Task Order Contract)
  - ▶ One contract is awarded from a solicitation. No further competition is required to write task orders. Not the preferred method.
- MATOC (Multiple Award Task Order Contract)
  - ▶ More than one contract is awarded from a solicitation. Each task order is competed among contract holders. Preferred method.



# Time and Materials – Labor Hour Contracts

- Time and materials – contract provides for acquiring supplies and services on the basis of direct labor hours and fixed hourly rates



# Agreements

- Basic Order Agreements (BOA)
- Blanket Purchase Agreements (BPA)



# Basic Order Agreement (BOA)

- BOA is a written instrument of understanding that contains:
  - ▶ Terms for future orders
  - ▶ Description of supplies or services to be ordered
  - ▶ Methods of pricing, issuing and delivering
- Not a contract



# Blanket Purchase Agreement (BPA)

- BPA is a simplified method of filing anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply
- May be established when:
  - ▶ Broad class of supplies or services are needed but exact items, quantities and delivery requirements are not known
  - ▶ Need to provide commercial sources of supply
  - ▶ BPA would avoid writing numerous purchase orders
  - ▶ No existing requirements contract



# Post Award - Debrief

- Notification of award: within 3 days
- Debrief verbal/written: within 5 days



# Post Award - Protest

- Before or After Award
- Type: Award or Size
- Authority: Agency or GAO
- Timing: Within 10 days of award or 5 days after debrief



# Post Award – Protest Determination

- Performance suspended
- Resolution:
  - ▶ Agency: 35 days
  - ▶ GAO: 100 days



# Acquisition Regulations

- FAR – Federal Acquisition Regulations
- FAC – Federal Acquisition Circulars
- DFARS – Defense Federal Acquisition Regulations Supplement
- AFARS – Army Federal Acquisition Regulation Supplement
- EP 715-1-7 – Architect-Engineer Contracting in USACE
- UAI – USACE Acquisition Instruction
- PIL – Procurement Instruction Letters



# Key FAR Parts

- Key small business parts of the FAR include:
  - ▶ Subpart 8.4 – Federal Supply Schedules
  - ▶ Part 13 – Simplified Acquisition
  - ▶ Part 14 – Sealed Bidding
  - ▶ Part 15 – Contracting by Negotiation
  - ▶ Part 16 –Types of Contracts
  - ▶ Part 19 – Small Business Programs



# Resources

- Federal Acquisition Regulations (FAR)
  - ▶ <https://www.acquisition.gov/far>
- Acquisition Central
  - ▶ <https://www.acquisition.gov>
- FAR Part 19 – Small Business Programs
  - ▶ <https://www.acquisition.gov/far>
- Code of Federal Regulations (13CFR)
  - ▶ <http://www.gpoaccess.gov/cfr/index.html>
- Federal Business Opportunities (FBO)
  - ▶ <http://www.fbo.gov>
- SBA-Government Contracting
  - ▶ <http://www.sba.gov/aboutsba/sbaprograms/gc/index/html>
- System for Award Management (SAM)
  - ▶ <http://www.sam.gov>

