

CHAPTER 8

Simplified Acquisition Methods

This chapter provides:

- An overview of the their methods used by ARS Purchasing Agents to effect simplified acquisition transactions and a detailed discussion of how each method may be used (requirements to be met, procedure to be followed, steps to be taken (Section 8A)):
- Purchase by written purchase order (AD-838) (Section 8B)
- Placement of orders against a blanket purchase agreement (Section 8C)
- Purchases made using the governmentwide commercial purchase card (Section 8D)

Cross-References:

- Chapter 7 outlines policy on circumstances in which simplified acquisition procedures can be used and discusses basic requirements that apply whatever specific simplified acquisition method is used to effect a transaction.
- Chapter 13 covers administrative steps and follow-up measures to be taken from issuance of the purchase or delivery order through closeout of the file.

SECTION 8A

SIMPLIFIED ACQUISITION METHODS AUTHORIZED FOR USE BY ARS PURCHASING AGENTS

Several methods of effecting simplified acquisitions are authorized for use within the Department of Agriculture. The most frequently used method is issuance of a purchase order. When sent to a vendor, this document acts as the government's offer to buy at the prices and under the terms and conditions stated. When received and accepted by the vendor, the purchase order becomes an agreement having the same force and effect as a formal contract. In addition, there are two still more simplified methods (some of them interrelated) which may be used instead of a purchase order, under specified conditions, to expedite processing and reduce the administrative burden.

The chart on the next page, Authorized Simplified Acquisition Methods, lists the three methods and broadly describes the circumstances for their use. Each of the succeeding sections of the chapter provides a detailed discussion of an individual method, covering requirements, restrictions, and steps for use.

AUTHORIZED SIMPLIFIED ACQUISITION METHODS

METHOD	USE
AD 838 Purchase Order (Section 8B)	The most widely used and versatile simplified acquisition procedure, used to purchase services, supplies, and construction under \$100,000. (Used as a delivery order for established sources of supply).
Blanket Purchase Agreement (BPA) (Section 8C)	A charge account arrangement negotiated with a local vendor for variety of items for which the purchasing office has projected recurring needs; use of simplified ordering procedures saves time and administrative costs.
Governmentwide Commercial Purchase Card (Section 8D)	A convenient alternative procedure for making telephonic and over-the-counter acquisitions below the simplified acquisition threshold and within the authority of individual cardholders.

SECTION 8B

PURCHASE ORDER AD-838

Issuance of a written purchase order is the means used to effect a simplified acquisition if none of the more simplified methods described in Sections 8C through 8D is used. Although the administrative cost involved with using a written purchase order is greater than that for blanket purchase arrangements, or governmentwide commercial purchase card transactions, the document affords many advantages. It can be used when detailed specifications or statements of work are involved, when a large number of line items are being purchased, and when the dollar amount exceeds the limit for use of other authorized methods. To protect the buyer, the reverse side of the purchase order document contains terms and conditions. These may be supplemented by other terms and conditions provided that they are distinguished from the standard provisions of the document.

It should be noted that the AD-838 is also used as a delivery order for acquisitions under indefinite delivery contracts or from established commercial sources such as Federal Supply Schedules (Chapter 6). Preparation of the AD-838 as a delivery order is essentially the same as preparation as a purchase order.

THE PURCHASE ORDER PROCESS

Legal Nature of a Purchase Order

A purchase order is a document signed by a Purchasing Agent and addressed to a vendor, requesting the delivery of supplies or equipment or the performance of nonpersonal services. It contains all of the terms and conditions that will govern the delivery or performance.

When sent out to a vendor, the order is a unilateral (one-party) document. As discussed in Section 7A, it is the government's offer to contract--i.e., to buy at the prices and under the terms and conditions stated. Only when the vendor accepts the purchase order does a binding two-party agreement, with the same force and effect of a formal contract, come into being. The purchase order by itself gives no assurance that the vendor will render the requested delivery or performance.

Solicitation, Offer, and Acceptance

As discussed in Section 7A, a request for quotations, oral or written, is not considered an offer but rather a request for information; a quotation submitted in response to such a request is considered information and not a proposal. In order to effect a contract--a mutual, legally binding agreement--two steps must take place: (1) the government must make an *offer* to buy by issuing a purchase order, and (2) the vendor must *accept* the purchase order (Note: Other elements essential to a contract are also discussed in Section 7A).

The vendor can accept in one of two ways:

1. *By performance.* Usually the vendor accepts simply by proceeding to furnish the supplies or services ordered or by proceeding to carry out the order to the point where substantial performance has occurred. In this way, the vendor indicates consent to the purchase order's terms and conditions.
2. *In writing.* The vendor can accept the terms and conditions by signing and returning a copy of the purchase order or by providing any other form of written negotiation indicating receipt and acceptance.

Requiring a Written Acceptance Notice

For some purchases it is desirable to know right away whether the vendor has accepted the purchase order. In these situations, a requirement for a written acceptance notice should be included in both the RFQ (SF-18) and any resulting purchase order.

Written acceptance is often desirable in such cases as the following:

- Time of delivery or performance is critical;
- The purchasing activity has experienced problems with the vendor in the past;
- The contract is for services;
- The item needed is complex (not off-the-shelf);
- The purchase is of a relatively high dollar value; or
- The presence of special terms and conditions make the leverage of contract monitoring and possible termination desirable.

The simplest way to request the vendor to accept in writing is the use of a special note, typed or stamped on the face of the SF-18 (for advance information purposes) and on the AD-838 purchase order (for legal purposes). Several examples are given below:

Notice for SF-18 (RFQ): Vendors are hereby advised that any purchase order resulting from this solicitation will require a written acceptance.

Notice for AD-838 (purchase order): To accept the purchase order, the vendor must send a formal written acceptance, making reference to this Purchase Order number and date, and must be prepared on the vendor's letterhead or other document which specifically identifies the vendor and the vendor's address.

Notice for AD-838 when additional terms and conditions are incorporated: To accept this purchase order, the vendor must sign and return one copy to the issuing office within ____ days. By signing, the vendor agrees to all terms and conditions including the

additional ones attached hereto.

Once accepted by the vendor, the purchase order becomes a contract.

Rejecting a Counteroffer

As stated previously, vendors are notified that the governments' terms and conditions shall govern. The terms and conditions are stated in the purchase order document as well as in written solicitations. Nevertheless, a vendor may acknowledge a purchase order with a standard acknowledgment form that contains other terms and conditions such as "prices subject to change prior to delivery" or "prepayment required." Such an acknowledgment is a counteroffer, and the Purchasing Agent must deal with it promptly. The order may be canceled outright, or the Purchasing Agent may return the counteroffer as unacceptable and attempt to negotiate acceptance of the government's terms. If prompt action is not taken, the government may be held to have accepted the vendor's terms.

SPECIAL CONSIDERATIONS AND PROCEDURES

Handling of Unpriced Purchase Orders

There are times, however, when it is not possible to establish a firm fixed price for supplies or services until the work is performed. In this case the Purchasing Agent may use fixed unit prices with ceilings or for the total order. Examples of situations in which fixed unit pricing may be necessary include:

- *Simplified Acquisition Threshold.* It is anticipated that the transaction will not exceed \$100,000 (Don't forget that you are also limited by your individual delegation of authority!)
- *Repairs.* The price cannot be known until the item is disassembled and examined. In this case, the Purchasing Agent should attempt to establish some sort of fixed rate for example, by including this statement on the purchase order:

Labor rate of \$18 per hour, estimated 8 hours. Parts: at established catalog prices in effect at the time of installation; total not to exceed \$_____ amount.
- Sole-source materials for which cost cannot readily be established.
- Prices are known to be competitive but, exact prices are not known.
- *Nonpersonal Service.* Sometimes a vendor will be unwilling to quote a fixed price in advance because the exact scope of work cannot be adequately described.

Whenever unpriced orders are issued, the Purchasing Agent must strictly observe the following procedures to avoid paying unreasonable prices.

1. *Establish a ceiling* for the price. The ceiling may be set as a percentage of the order price. For example, if you are purchasing a book, you might have a price list that shows \$14.95 for the book you want. You may suspect that the price has gone up or be unsure that delivery is included. In such a case (but only if it is not possible to obtain a firm quote) you might consider putting the following provision on the AD-838:

ESTIMATED PRICE: This is a firm order if the price is within 10 percent of the figure set forth in the amount column. If total price, excluding any transportation charges, will exceed this limitation, or you cannot furnish material as described above, notify the buyer immediately, giving your proposed changes, and withhold performance pending reply.

PRICE WARRANTY: The seller warrants that the prices charged herein are equal to or lower than the price charged most-favored customers for like purchases.

TRANSPORTATION: If your standard shipping terms are f.o.b. origin, ship prepaid by economical means and add shipping charges as a separate item on your invoice, supported by a copy of paid freight bill.

Above price per your price list.

- a. *Require the supplier to notify you* before proceeding with the order if the supplies or services cannot be furnished within the ceiling price.

Handling of Lost and Duplicate Orders

If the vendor reports nonreceipt or loss of an original purchase order and requests a duplicate, the second purchase order should be prepared exactly as the original and conspicuously marked "Duplicate."

Terms and Conditions

Although the AD-838 contains terms and conditions incorporated by reference which are sufficient for most purchases, Purchasing Agents should always review the FAR solicitation provision and contract clause matrix at FAR Subpart 52.3 to make sure that all required and/or applicable clauses are included and that they are current.

PREPARING THE AD-838 AS A PURCHASE ORDER

Description

AD-838, Purchase Order, is a multi-purpose form which is used not only to order materials but also to receive them. The front of the form is a format for insertion of the particulars of the purchase. The reverse side contains the terms and conditions that will apply to the order, as well

as payment and billing instructions and a receiving report format. Sample copy of the AD-838 is included as Exhibit 8B(i).

Guidelines for Preparation

Procedures for preparation and amendment of the AD-838 are set forth in the NFC Procedures Manual, Title II, Chapter 5. Exhibit 6D(ii), pages 6-63 - 6-68 provides a block-by-block description of the entries to be made in preparing the AD-838 as a Delivery Order. To prepare the AD-838 as a Purchase Order requires only the following minor adjustments in the instructions given in Exhibit 6D(ii), pages 6-63 - 6-68:

- Block 3 - Contract Number: Enter "OM" for Open Market.
- Block 9a - Type Purchase: Check "Purchase Order."
- *Block 9c/9d - Form 1099 - Misc. applicability: Check Block 9c if "Yes"--check Block 9d if "No."
- Block 20a - Authority: Enter "FAR Part 13."
- Block 22a - See Exhibit 6D(vii).

**Note:* If payments (regardless of the order amount) require 1099 tax reporting, agencies must check Yes in Block 9c (Form 1099) on the AD-838 and furnish the Taxpayer Identification Number (TIN) in Block 9d. The only valid formats for the TIN are the Employer Identification Number (EIN) (formatted 00-0000000) or the Social Security Number (SSN) (formatted 000-00-0000). If payments do not require 1099 tax reporting, agencies must check No in Block 9c on the AD-838 and leave Block 9d blank.

Definition of "Who" Qualifies for a Form 1099-Misc.:

- Individual
- Sole proprietor (t/a or dba Company)
- Partnership
- Medical/health care CORPORATIONS as well as those listed above. *(This is the exception to the rule of no corporate reporting).*

Definition of Entity Identification:

Does the business name end with INCORPORATED, INC., CORPORATION OR CORP.?
Treat the firm as a Corporation.

If the firm's name ends with Company, or Co., Ltd., Associates, et.al., IT IS NOT A CORPORATION. It will usually be a sole proprietor or partnership.

Award documents or purchase orders/requisitions must be properly addressed:

Individual(s) name (first)
t/a Company Name (second)
Address

Partnership name (first)

Address (second)

Corporations

Corporate name (first)

Corporate address (second)

ATTN: (Individual's name, if needed)

Guidelines for Distribution

Purchasing Agents should distribute copies of the purchase order form at the time of preparation, following procedures prescribed by NFC (See Section 6D).

Exhibit 8B(i)
USDA Form AD-838 Purchase Order
Exhibit 8B(i)U

12 LINE ITEM		13 ACT CODE	14 DESCRIPTION				15 BUDGET OBJECT	18 ACC LINE	17 QUANTITY	18 UNIT ISSUE	19 UNIT PRICE	20 AMOUNT
<p>FOR AGENCY USE ONLY</p> <p>UNITED STATES DEPARTMENT OF AGRICULTURE PURCHASE ORDER</p> <p>1 PAGE NO. 2 RECEIVING OFFICE NO. 3 CONTRACT NUMBER 4 ORDER DATE 5 SF-281 6 UNIT CODE 7 FUND CODE 8 ORDER NUMBER 9 SUB.</p> <p>9a TYPE PURCHASE (Check One) <input type="checkbox"/> PURCHASE ORDER <input type="checkbox"/> DELIVERY ORDER 9b SELLER'S IDENT. NO. 9c FORM 1099 <input type="checkbox"/> NO <input type="checkbox"/> YES 9d TAXPAYER'S IDENT. NO.</p> <p>10 TO: (Seller's Name, Address, City, State, Zip Code, and Phone No.) 11 Consignee, Address, Zip Code, and Place of Inspection and Acceptance</p> <p>SHIP TO</p> <p>PHONE (A/C & No.) Check One FTS COMM</p>												
20a THIS PURCHASE ORDER NEGOTIATED PURSUANT TO AUTHORITY OF 41 U.S.C. 252(c)(1)												
21 F.O.B. POINT		22 DISCOUNT AND/OR NET PAYMENT TERMS				22a TYPE COMMODITY/PAYMENT CODE				25 Sub-Total		
23 DELIVER TO F.O.B. POINT ON OR BEFORE (Date)		24 SHIP VIA				26 ESTIMATED FREIGHT				27 TOTAL		
28 ACC LINE	29 ACCOUNTING CLASSIFICATION									30 DISTRIBUTION	31 AMOUNT	
-2	A 5	B 10	C 5	3	D 4	1	4	1	2			
31a ISSUING OFFICE NAME AND ADDRESS						31b ORDERED BY (Name and Title)						
						31c COMMERCIAL PHONE (Area Code and Number)			31d FTS PHONE NO.			
						31e AUTHORIZED SIGNATURE						

This form was electronically produced by Elite Federal Forms, Inc.

FORM AD-838-7 (Rev. 7/90)

USDA Form AD-838 Purchase Order (Continued)

UNITED STATES DEPARTMENT OF AGRICULTURE PURCHASE ORDER		THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES, AND PAPERS RELATING TO THIS ORDER					
PAGE NO.	CONTRACT NUMBER	ORDER DATE	ORDER NUMBER				
OF			SUB				
TYPE PURCHASE (Check One)		SELLER'S IDENT. NO.	FORM 1099				
<input type="checkbox"/> PURCHASE ORDER <small>(See Reverse)</small>	<input type="checkbox"/> DELIVERY ORDER	<input type="checkbox"/> NO	<input type="checkbox"/> YES				
TO: (Seller's Name, Address, City, State, Zip Code, and Phone No.)		TAXPAYER'S IDENT. NO.					
		Consignee, Address, Zip Code, and Place of Inspection and Acceptance					
		SHIP TO ▶					
LINE ITEM	ACT CODE	DESCRIPTION	QUANTITY	UNIT ISSUE	UNIT PRICE	AMOUNT	
<div style="display: flex; justify-content: center; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; font-size: 2em; margin-right: 10px;">S E L L E R S O R I G I N A L</div> <table border="1" style="width: 90%; border-collapse: collapse;"> <tr><td style="height: 200px;"></td></tr> </table> </div>							
THIS PURCHASE ORDER NEGOTIATED PURSUANT TO AUTHORITY OF 41 U.S.C. 252(c)()							
F.O.B. POINT		DISCOUNT AND/OR NET PAYMENT TERMS			TOTAL ▶		
DELIVER TO F.O.B. POINT ON OR BEFORE (Date)		SHIP VIA					
DO NOT SHIP ORDER TO THIS ADDRESS (Ship to Consignee Address Above)		BILLING INSTRUCTIONS: No Billing Will Be Submitted In Advance Of Shipment Furnish Invoice With Our ORDER NUMBER To: U.S. DEPARTMENT OF AGRICULTURE Office of Finance and Management National Finance Center P.O. Box 60076 New Orleans, Louisiana 70160 FAILURE TO SHOW OUR PURCHASE ORDER NUMBER ON INVOICE WILL DELAY PAYMENT FREIGHT CHARGE OVER \$100 REQUIRES BILL OF LADING IF AVAILABLE, INCLUDE YOUR NINE POSITION DUNS NUMBER ON EACH INVOICE					
ISSUING OFFICE NAME AND ADDRESS		ORDERED BY (Name and Title)					
		COMMERCIAL PHONE (Area Code and Number)					
		AUTHORIZED SIGNATURE					

FORM AD-838-7 (Rev. 7/80)

Exhibit 8B(i) (Continued)

U.S. DEPARTMENT OF AGRICULTURE
PURCHASE ORDER TERMS AND CONDITIONS

If "Purchase Order" is checked in Block 9a on Form AD-838, the following clauses are incorporated by reference with the same force and effect as if they were given in full text. Upon request, the contracting officer will make their full text available. (If "Delivery Order" is checked, the order is subject to the terms and conditions of the contract under which it was placed.) If any clause referenced below has been superseded, or changed as a result of an authorized deviation, its replacement or the text of the deviation will be shown in the body of the purchase order or in an attachment. Otherwise, the clause text shall be as it appears in the referenced regulation for the date shown. The derivation of these clauses is the Federal Acquisition Regulation (48 CFR Chapter 1) and the Agriculture Acquisition Regulation (48 CFR Chapter 4). Some of the following clauses are limited in their applicability to the order by the conditions shown in a parenthetical remark after the clause date. This list of clauses may be supplemented by the contracting officer.

GENERAL. The following clauses apply to all purchase orders:

- 52.203-1 Officials Not to Benefit (APR 1984)
- 52.203-3 Gratuities (APR 1984) (NA to personal services.)
- 52.203-5 Covenant Against Contingent Fees (APR 1984)
- 52.203-6 Restrictions on Subcontractor Sales to Gov. (JUL 1985)
- 52.203-7 Anti-Kickback Procedures (OCT 1988)
- 52.222-3 Convict Labor (APR 1984)(Unless precluded by FAR 22.2)
- 52.225-13 Restrictions on Contracting With Sanctioned Persons (MAY 1989)
- 52.232-1 Payments (APR 1984) (NA to personal services.)
- 52.232-8 Discounts for Prompt Payment (APR 1989)
- 52.232-11 Extras (APR 1984)
- 52.232-25 Prompt Payment (APR 1989)
- 52.233-1 Disputes (APR 1984)
- 52.233-3 Protest After Award (AUG 1989)
- 52.246-1 Contractor Inspection Requirements (APR 1984)

Additional clauses that apply when applicable:

- 52.204-3 Taxpayer Identification (SEP 1989)(Applicable if Block 9c is marked "Yes".)
- 52.212-9 Variation in Quantity (APR 1984)(Variations, if any, will be stated in the text of the order.)
- 52.213-2 Invoices (APR 1984) (Applicable when advance payments are authorized for subscriptions and other pubs.)
- 52.219-8 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns (FEB 1990) (Applicable to orders over \$10,000 except personal services.)
- 52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation - General (MAR 1986) (Applicable to orders over \$2,500 unless precluded by FAR 22.3)
- 52.222-26 Equal Opportunity (APR 1984) (Applicable if an order, or aggregate orders in a year, exceeds \$10,000.)

- 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans (APR 1984) (Orders of \$10,000 or more.)
- 52.222-36 Affirmative Action for Handicapped Workers (APR 1984) (Applicable to orders over \$2,500.)
- 52.222-37 Employment Reports on Special Disabled Veterans and Vets of the Viet Nam Era (JAN 1988) (Orders of \$10,000 or more.)
- 52.223-6 Drug-Free Workplace (JUL 1990) (Applicable to orders within individuals.)
- 52.227-19 Commercial Computer Software-Restricted Rights (JUN 1987) (Applicable to orders for commercial software.)
- 2.232-23 Assignment of Claims (JAN 1986) (May be applicable to orders over \$1,000.)

EQUIPMENT AND SUPPLIES. Additional clauses applicable to the purchase of equipment and supplies:

- 52.210-5 New Material (APR 1984)
- 52.222-20 Walsh-Healey Public Contracts Act (APR 1984) (Applicable to orders over \$10,000 unless exempt by statute or regulation.)
- 52.225-3 Buy American Act - Supplies (JAN 1989)
- 52.243-1 Changes - Fixed Price (APR 1984)
- 52.247-34 F.O.B. Destination (APR 1984)
- 52.247-35 F.O.B. Destination within Consignee's Premises (APR 1984) (Applicable if "inside delivery" is specified.)
- 52.249-1 Termination for Convenience of the Government (Fixed Price) (Short Form) (APR 1984)

SERVICES. Additional clauses applicable to purchase of services:

- 52.222-40 Service Contract Act of 1965, as Amended - Contracts of \$2,500 or Less (MAY 1989)
- 52.222-41 Service Contract Act of 1965, as Amended (MAY 1989) (Applicable to orders over \$2,500 for services subject to the Act.)
- 52.222-42 Statement of Equivalent Rates for Federal Hires (MAY 1989) (If applicable, rates shown in text of order.)
- 52.222-44 Fair Labor Standards Act and Service Contract Act - Price Adjustment (MAY 1989)
- 52.243-1 Changes - Fixed Price (AUG 1987), Alternate I (APR 1984)
- 52.249-4 Termination for Convenience of the Government (Services) (Short Form) (APR 1984)
- 52.249-5 Termination for Convenience of the Government (APR 1984) (For Educational and Other Non-Profit Inst.)

PERSONAL SERVICES. Substitute the following if personal services:

- 52.249-12 Termination (Personal Services) (APR 1984)
- 52.232-3 Payments Under Personal Services Contracts (APR 1984)

SECTION 8C
BLANKET PURCHASE AGREEMENT (BPA)

Establishing a blanket purchase agreement with a vendor is the government equivalent of opening a charge account. A BPA is not a contract but rather an agreement which is convenient for both the government and the supplier. The agreement permits named individuals to place orders for certain items or classes of items by telephone call, over-the-counter request, or letter instead of by written purchase order. It also permits consolidated invoicing (usually monthly) for all purchases made during the previous billing period. Thus, establishment of a BPA with a local vendor from whom frequent, repetitive purchases are made can significantly reduce paper work and administrative cost per order. Use of BPAs is covered in FAR Subpart 13.303.

GUIDELINES FOR THE USE OF BPAs

Appropriate Use of BPAs

BPAs are useful and authorized when:

- A wide variety of items in a broad class of goods--such as hardware--is purchased from local suppliers, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably;
- There is need to provide commercial sources of supply for one or more offices or for projects that do not have or otherwise need authority to purchase; and
- The writing of numerous purchase orders and the processing of many invoices can be avoided.

The Purchasing Agent should review the files periodically to determine those local vendors with whom many orders are placed. If the activity has recurring requirements for related items, the files should be reviewed to see if certain vendors tend to receive many orders. If so, the Purchasing Agent should investigate the possibility of establishing an account. It should be noted that a Procurement Request, AD-700, is not required to establish a BPA.

Alternative Methods for Recurring Requirements

The potential savings to be gained through establishment of a BPA are directly related to the number of repetitive purchases made. Occasional, though recurring, needs of a small dollar volume are more appropriately handled by governmentwide commercial purchase card or written purchase order (AD-838). Also, when the specifics of a recurring requirement are known, a "requirements" type of purchase order will afford a more appropriate vehicle. For example: If there is a known requirement for 50 mice per week for a given period, such as one year, the order could be more effectively written as one order with multiple deliveries, as shown below.

Item No.	Supplies and Services	Quantities Ordered	Unit Price	Unit Amount
1	Mice, Swiss, white 6 weeks old, to be delivered 50 per week beginning on Monday Oct. 6, 1989 and delivered each Monday through Oct. 5, 1990. (If Monday is a legal holiday, deliveries should be made on Tuesday.)	2600	ea.	@ \$.50 \$13,000

Writing a BPA for this requirement would necessitate placing 52 call orders.

Multiple BPAs

BPAs can be established with several vendors for the same classes of items. Indeed, where experience indicates that prices vary among suppliers, it is preferable to have several agreements so that orders can be placed conveniently with the firm that offers the lowest price for a particular acquisition.

LEGAL NATURE OF BPAs

It is important to understand that a BPA is not a contract. The government is not obligated to place any orders, and the vendor is not obliged to accept any orders. In other words, a BPA is not enforceable against either party. An enforceable contract does not come into being until an order against the BPA is given by the government and accepted by the vendor. In this regard, a BPA can be contrasted with the "requirements" type of contract that would be created in the situation illustrated above. In accordance with the specification in that case, the government would become obligated to pay for the year's deliveries, and the supplier would become obligated to deliver throughout the year, once the supplier has accepted the order.

Ceilings

The Federal Acquisition Regulation (13.303-5(b)) provides that a BPA shall not be used to avoid the simplified acquisition threshold, or \$5,000,000 for acquisition of commercial items conducted under Subpart 13.5.

Also, the purchasing activity should establish an upper limit on the total amount of all purchases to be placed within a given period.

Policy and Procedure to Be Followed

As with the other simplified acquisition methods, use of the BPA method is subject to all policies and procedures governing simplified acquisitions. Specifically, Purchasing Agents should bear in mind that:

- Blanket purchase agreements *do not* relieve the activity of its responsibility for keeping obligations and expenditures within available funds. They simply facilitate accomplishment of this end by allowing the use of simplified procedures;

- A BPA *does not* authorize purchases not otherwise authorized by law or regulation; for example, purchases to avoid the threshold for use of simplified acquisition procedures or purchases to avoid the required sources covered in FAR Part 8 (see chapter 5);
- The presence of a BPA does not eliminate the need for maximum practicable competition;
- The presence of a BPA does not eliminate the requirement to ensure compliance with the Service Contract Act, Davis-Bacon, Contract Work Hours and Safety Standards Act, etc.;
- The policies for selecting suppliers on the basis of price, time discounts, quality of merchandise, and other considerations pertain to purchases under BPAs as well. Individual purchases should be made *only* after comparing prices with other available sources to the extent practicable, consistent with the size and nature of the purchase involved;
- Justification for other than full and open competition over \$2,500 must be included in the purchase file;
- The policy of reserving simplified acquisitions between \$2,500 and the simplified acquisition threshold for small business firms is applicable (small business set-asides);
- The BPA method is not intended as a substitute for anticipating needs. For more economical acquisition, requirements should be grouped into large quantities when possible; and
- Prior to placing an order under a BPA, the requirement should be screened for availability from stock or from an established source of supply.

ESTABLISHMENT OF A BPA

Neither the degree of detail nor the format of a BPA is precisely dictated by the FAR but, it does require certain terms and conditions. Consequently, this discussion does not set forth rules or prescribe a format but instead, offers guidance and provides an illustration.

Format and Content

It is in the government's and the vendor's best interest to define the elements covered by the agreement, the procedures to be followed, and the terms and conditions that will govern. Although the preliminary agreements may be made in person or through informal correspondence, FAR requires that a more formal written document stating all necessary terms and conditions be issued by the government. (FAR 13.303-3)

An AD-838 prepared as a "type 45" purchase order is to be used for this purpose. The NFC procedures for establishing BPAs are set forth in the NFC Voucher and Invoice Payments Manual, Chapter 6, Exhibit 32. See Exhibit 8C(i) for AD-838 Completion Instructions. The "BPA Preparation Guide" appearing at the end of this section, follows the requirements of FAR 13.303-3 [see Exhibit 8C(i)]. It is to be followed to ensure that all provisions, clauses, and procedures that apply to the agreement and to the government's written purchase orders are included. The issuing office should receive a signed copy of the BPA document from the vendor.

Reviews

As required by FAR 13.303-6, reviews should be made periodically to discover changes in market conditions, sources of supply, and other factors which may warrant making new agreements with different suppliers or modifying existing agreements. Also, the BPA files must be reviewed at least annually to ensure that authorized procedures and policies are being followed and that the BPA is updated as necessary based on changes in market conditions, regulations, etc.

PLACEMENT OF ORDERS

Only the persons named in the BPA are authorized to place orders under it. As discussed earlier, reasonable competition must be obtained and all applicable policies and procedures must be observed. The following steps should be taken.

Numbering

All orders placed under a BPA should be numbered sequentially. Generally, the BPA number is designated, followed by a serial number (e.g., 01 for the first call placed).

Information to Be Provided

In placing an order (generally by telephone) the purchaser should identify itself to the vendor and give the following information:

- BPA number;
- Items needed;
- Unit price and total price, established by agreement with the vendor; and
- Time and place of delivery.

Recordkeeping

Like all other purchases, BPA orders must be backed by a commitment of funds. In order to ensure that adequate funding is maintained, it is essential that all individuals authorized to place orders report all orders to the person in charge of maintaining the BPA file.

The record maintained need not be elaborate. Normally, it should include the order number, the date, the items ordered, and the amount, cite the requisition (see Exhibit 3B(i)) and identify the accounting and appropriation data (Budget Object Class and Accounting Classification).

NOTE: Where the order is placed by the Purchasing Agent, the transaction must be supported by either a "blanket" or an individual AD-700. When the order is placed by other than the

Purchasing Agent, the person placing the order must provide the necessary accounting and appropriation data to the person responsible for maintaining the file.

Control

Because blanket purchase agreements are a minimum control method of purchasing, it may be useful to divide the responsibility for key functions among various people in order to minimize the opportunity for misuse.

ACCEPTANCE AND PAYMENT

Time of Delivery

The person who accepts the supplies or services must indicate acceptance by signing and dating the sales document, which may be a delivery ticket store receipt, packing slip, a sales slip, or any other authorized receipt form. He or she should verify that the sales document contains all of the information required by the BPA document.

End of Billing Period

Consolidated invoices should be verified as correct, approved, and forwarded to the designated paying office using the AD-757 (See Exhibit 8C(iv)).

BPAs WITH FEDERAL SUPPLY SCHEDULE CONTRACTORS

As noted in Section 6D, blanket purchase agreements may be established with Federal Supply Schedule contractors and GSA Information Technology Schedule Contracts for IT Resources, provided that the arrangements are not inconsistent with the terms of the schedule contract. The purpose of a BPA with an established source is the same as that of an open market BPA--the processing of written orders and numerous invoices can be reduced or eliminated. (See FAR subpart 13.303-2(a)(3)).

Exhibit 8C(i)
Sample Form AD-838, Purchase Order, Type 45 Transactions
Illustrating Required Entries

FOR AGENCY USE ONLY										UNITED STATES DEPARTMENT OF AGRICULTURE														
PURCHASE ORDER										Enteries														
1 PAGE NO.		2 RECEIVING OFFICE NO.		3 CONTRACT NUMBER		4 ORDER DATE		5 SF-281		6 UNIT CODE		7 FUND CODE		8 ORDER NUMBER		9 SUB								
OF		7245		XXX-		07/15/2002		DL		NC		AS-247-0-1												
9a TYPE PURCHASE (Check One)										9b SELLER'S IDENT. NO.					9c FORM 1099					9d TAXPAYER'S IDENT. NO.				
<input type="checkbox"/> PURCHASE ORDER										<input checked="" type="checkbox"/> DELIVERY ORDER					12345678900000					<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES				
10 TO: (Seller's Name, Address, City, State, Zip Code, and Phone No.)										11 Consignee, Address, Zip Code, and Place of Inspection and Acceptance														
Sunderland Supply Company 247 Moon Sky Drive Sunderland, MD 20689										SHIP TO USDA, ARS, PPD, PB 5601 Sunnyside Avenue Beltsville, MD 20705														
										PHONE (A/C & No.) (301) 504-1111					Check One FTS					COMM X				
12 LINE ITEM	13 ACT CODE	14 DESCRIPTION										15 BUDGET OBJECT	16 ACC LINE	17 QUANTITY	18 UNIT ISSUE	19 UNIT PRICE	20 AMOUNT							
01		Masking Tape										2633	X	2		12.00	24							
02		Periodic Maintenance on Copiers										2535	03	1		247.00	247							
03		Misc. Hardware										2670	X	20		27.00	540							
BPA TERMS AND CONDITIONS ARE ATTACHED																								
20 THIS PURCHASE ORDER NEGOTIATED PURSUANT TO AUTHORITY OF 41 U.S.C. 252(c)(1)																								
21 F.O.B. POINT					22 DISCOUNT AND/OR NET PAYMENT TERMS					22a TYPE COMMODITY/PAYMENT CODE					25									
Destinations					Net 30					0					Sub-Total 811									
23 DELIVER TO F.O.B. POINT ON OR BEFORE (Date)					24 SHIP VIA					26 ESTIMATED FREIGHT					27									
										0.00					TOTAL 811									
28 ACC LINE	29 ACCOUNTING CLASSIFICATION										30 DISTRIBUTION		31 AMOUNT											
-2	A	B	C	D	E	F	G	H	I	J	K	L	M	N										
01	XXXXXXXX												50%											
02	XXXXXXXX												50%											
03	XXXXXXXX																							
31a ISSUING OFFICE NAME AND ADDRESS										31b ORDERED BY (Name and Title)														
USDA, OPM, USDA PO BOX 60100 New Orleans, LA 70124										Millie Moon, Procurement Officer														
										31c COMMERCIAL PHONE (Area Code and Number)					31d FTS PHONE N									
										(301) 504-1111					504-0011									
										31e AUTHORIZER SIGNATURE														
										<i>Millie Moon</i>														

Exhibit 8C(i)
Sample Form AD-838, Purchase Order, Type 45 Transactions
Illustrating Optional and Required Entries

Exhibit 8C(i) Sample Form AD-838, Purchase Order, Type 45 Transactions Illustrating Optional Entries										
FOR AGENCY USE ONLY										
PURCHASE ORDER										
1 PAGE NO.	2 RECEIVING OFFICE NO.	3 CONTRACT NUMBER	4 ORDER DATE	5 SF-281	6 UNIT CODE	7 FUND CODE	8 ORDER NUMBER	9 SUB		
OF	7245	XXX-	07/15/2002	DL		NC	AS-247-0-1			
9a TYPE PURCHASE (Check One)			9b SELLER'S IDENT. NO.	9c FORM 1099		9d TAXPAYER'S IDENT. NO.				
<input type="checkbox"/> PURCHASE ORDER			1234567890000	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES						
10 TO: (Seller's Name, Address, City, State, Zip Code, and Phone No.)				11 Consignee, Address, Zip Code, and Place of Inspection and Acceptance						
Sunderland Supply Company 247 Moon Sky Drive Sunderland, MD 20689				SHIP TO USDA, ARS, PPD, PB 5601 Sunnyside Avenue Beltsville, MD 20705						
				PHONE (A/C & No.) (301) 504-1111		Check One FTS		COMM <input checked="" type="checkbox"/>		
12 LINE ITEM	13 ACT CODE	14 DESCRIPTION			15 BUDGET OBJECT	16 ACC LINE	17 QUANTITY	18 UNIT ISSUE	19 UNIT PRICE	20 AMOUNT
01		Masking Tape			2633	X				247 00
02		Periodic Maintenance on Copiers			2535	03				890 00
03		Misc. Hardware			2670	X				1000 00
BPA TERMS AND CONDITIONS ARE ATTACHED										
20a THIS PURCHASE ORDER NEGOTIATED PURSUANT TO AUTHORITY OF 41 U.S.C. 252(c)()										
21 F.O.B. POINT			22 DISCOUNT AND/OR NET PAYMENT TERMS			22a TYPE COMMODITY/PAYMENT CODE		26 Sub-Total		27
Destinations			Net 30			0		2137		00
23 DELIVER TO F.O.B. POINT ON OR BEFORE (Date)			24 SHIP VIA			26 ESTIMATED FREIGHT		TOTAL		27
						0.00		2137		00
29 ACCOUNTING CLASSIFICATION										
28 ACC LINE	A	B	C	D	E	30 DISTRIBUTION		31 AMOUNT		
01	XXXXXXXX					50%				
02	XXXXXXXX					50%				
03	XXXXXXXX									
31a ISSUING OFFICE NAME AND ADDRESS					31b ORDERED BY (Name and Title)					
USDA, OPM, USDA PO BOX 60100 New Orleans, LA 70124					Millie Moon, Procurement Officer					
					31c COMMERCIAL PHONE (Area Code and Number)			31d FTS PHONE N		
					(301) 504-1111			504-0011		
					31e AUTHORIZED SIGNATURE <i>Millie Moon</i>					

Exhibit 8C(i)
Sample Form AD-838, Purchase Order, Illustrating Omission of Line Items (Block 12)
With Accounting (Block 29) Included

FOR AGENCY USE ONLY			UNITED STATES DEPARTMENT OF AGRICULTURE PURCHASE ORDER					
1 PAGE NO.	2 RECEIVING OFFICE NO.	3 CONTRACT NUMBER	4 ORDER DATE	5 SF-281	6 UNIT CODE	7 FUND CODE	8 ORDER NUMBER	9 SUB
OF	7245		07/16/2002	ea		nc	45-7245-0-15	
<input type="checkbox"/> PURCHASE ORDER (Check One)		<input type="checkbox"/> DELIVERY ORDER		9b SELLER'S IDENT. NO.	9c FORM 1099		9d TAXPAYER'S IDENT. NO.	
		20-3212345		NO		YES		
10 TO: (Seller's Name, Address, City, State, Zip Code, and Phone No.)				11 Consignee, Address, Zip Code, and Place of Inspection and Acceptance				
Sunderland Systems 7007 Main Street Lulu, MD 20777				SHIP TO				
12 LINE ITEM	13 ACT CODE	14 DESCRIPTION	15 BUDGET OBJECT	16 ACC LINE	17 QUANTITY	18 UNIT ISSUE	19 UNIT PRICE	20 AMOUNT
		BPA Terms and Conditions are attached						
20a THIS PURCHASE ORDER NEGOTIATED PURSUANT TO AUTHORITY OF 41 U.S.C. 252(c)								
21 F.O.B. POINT			22 DISCOUNT AND/OR NET PAYMENT TERMS		22a TYPE COMMODITY/PAYMENT CODE		Sub-Total	25
					0			
23 DELIVER TO F.O.B. POINT ON OR BEFORE (Date)			24 SHIP VIA		26 ESTIMATED FREIGHT		TOTAL	27
28 ACC LINE	29 ACCOUNTING CLASSIFICATION						30 DISTRIBUTION	31 AMOUNT
-2	A 5	B 10	C 3	D 4	E 1-4	1-2		
01	XXXXXXXXXX							
31a ISSUING OFFICE NAME AND ADDRESS				31b ORDERED BY (Name and Title)				
USDA, OFM, NFC PO BOX 60000 New Orleans, LA 70160				Minnie Moon, Procurement Officer				
				31c COMMERCIAL PHONE (Area Code and Number)			31d FTS PHONE N	
				(301) 504-0008			000-0000	
				31e AUTHORIZED SIGNATURE				
				<i>Minnie Moon</i>				

Exhibit 8C(i)

**Completion Instructions - Form AD-838
(Type 45 BPA Transaction)**

Exhibit 8C(i)

**Completion Instructions - Form AD-838
(Type 45 BPA Transaction)**

The numbers below correspond to the block numbers on the facing sample form of a BPA illustrating required entries. We have included four sample Type 45 purchase orders on pages 3, 11, 12, and 13 of this exhibit and one example of an amended Type 45 AD-838, Exhibit 1A. These sample forms illustrate acceptable methods of preparation of the AD-838 as it relates to a BPA.

The accounting on these orders will not be obligated until the Form AD-838D, BPA-invoice-Receipt Certification, is processed by the NFC. A sample AD-838D with detailed instructions is provided as Exhibit 2 of this bulletin.

- 1 **Page Number.** *Optional entry.* If used, enter page number and total pages of the order.
- 2 **Receiving Office No.** *Required entry.* Enter the last four positions of your GSA FEDSTRIP Requisitioner Number of the office responsible for answering inquiries concerning receipt of order. Do not include the first two positions of your GSA FEDSTRIP Requisitioner Number.

If two or more offices receipt directly to NFC for goods and services, use *M* followed by two digits representing the number of receiving offices involved. For example, 7245M02 indicates two receiving offices. The Requisitioner Office, 7245, is the office used to coordinate receipt and response concerning the total shipment.

Do not use the *M* when the procurement office desires to submit a consolidated receiving report to the NFC and multiple offices are to receive goods and services.
- 3 **Contract Number.** *Optional entry.* If used, enter a contract number or OM for open market. When a combination of both, the higher dollar amount governs.
- 4 **Order Date.** *Required entry.* Enter the date the BPA is prepared (MMDDYY).
- 5 **SF-281.** *Required entry.* Enter one of the 2-position alpha codes listed in the chart of SF-281 codes effective October 1, 1988. These codes are printed in Bulletin 88-3, dated September 26, 1988.

This code will be stored for possible use when the AD-838D and the invoice/statement are received for payment.
- ▶ 6 **Unit Code.** *Required entry for Forest Service only.* Enter the 2-digit Forest Service unit code. All other agencies should leave this field blank.

This code will be stored for possible use when the AD-838D and the invoice/statement are received for payment.
- 7 **Fund Code.** *Required entry.* Enter your 2-position NFC assigned fund code.

This code will be stored for possible use when the AD-838D and the invoice/statement are received for payment. It is also used to ensure proper distribution of agency reports.

**Completion Instructions - Form AD-838
(Type 45 BPA Transaction)**

**Completion Instructions - Form AD-838
(Type 45 BPA Transaction)**

- ▶ 15 **BUDGET OBJECT.** *Optional entry.* When used (Blocks 12 and 20 become mandatory), enter the appropriate object classification code that defines items related to Block 12.

When this code is indicated, it will be stored for possible use when the AD-838D and the invoice/statement are received for payment and eliminates the need to provide the code when the invoice is received.
- 16 **ACC LINE.** *Optional entry.* When used, enter the 2-position accounting line (Block 23) that the line item (Block 12) will be charged or enter X (1-position) when the accounting will be distributed. Also, be sure to enter data in Blocks 23 and 29. If you entered X, include distribution in Block 30.

When this information is indicated, it will be stored for possible use when the AD-838D and the invoice/statement are received for payment and eliminates the need to provide the code when the invoice is received.
- 17 **Quantity.** Do not enter data.
- 18 **Unit Issue.** Do not enter data.
- 19 **Unit Price.** Do not enter data.
- ▶ 20 **Amount.** *Optional entry.* When used, enter the individual amounts for each line item identified in Block 12. Blocks 25 and 27 must include this total.
Caution: If this block is completed, also complete Blocks 12 and 15.
- 21 **F.O.B. Point.** *Optional entry.* When used, enter the shipping terms. For example, origin, destination, etc. When origin is entered, also complete Block 24.
- 22 **Discount and/or Net Payment Terms.** *Optional entry.* When used, enter the terms of the purchase including cash discount and net payment terms.
Examples: 3% 10 days net 11, or 2% 15 days net 45, or 1.5% 12 days net 20, or if no time discount offered, Net 30.
Note: If no terms are established, the payment terms will default to Net 30 days.
- 22a **Type Commodity/Payment Code.** *Required entry.* Enter the 1-position alpha commodity/payment code.
- 23 **Deliver To F.O.B. Point On Or Before (Date).** *Optional entry.* When used, enter date delivery is expected or date of completion for services.
- 24 **Ship Via.** *Optional entry.* When Block 21 shows origin, enter method of shipping. When Block 21 shows destination or is blank, skip.
- 25 **Sub Total.** *Optional entry.* When data is shown in Block 20, enter the cumulative total of all line item amounts listed in Block 20 of the entire order.
- 26 **Estimated Freight.** *Optional entry.* When used, enter estimated freight or leave blank.

Exhibit 8C(i)
Completion Instructions - Form AD-838
(Type 45 BPA Transaction)
Exhibit 8C(i)
Completion Instructions - Form AD-838
(Type 45 BPA Transaction)

Exhibit 8C(ii)
BPA Preparation Guide (Terms and Conditions)

Completion Instructions – Form AD-838
(Type 45 BPA Transaction)

- 27 **Total.** *Optional entry.* If there is an entry in Blocks 25 and/or 26, this block is mandatory.
- ▶ 28 **Acc Line.** *Optional entry.* Enter accounting line number beginning with 01 when accounting classification will be shown in Block 29. When an account line is indicated in Block 16, it must correspond to the accounting line number shown here.
- 29 **Accounting Classification.** *Optional entry.* When used, enter your agency-assigned management or accounting classification code. These codes are recorded for each account line shown in Block 23.

When this code is indicated, it will be stored for possible use when the AD-838D and the invoice/statement are received for payment and eliminates the need to provide the code when the invoice is received.
- ▶ 30 **Distribution.** *Optional entry.* If you entered X in Block 16, this block must be completed by entering the percentage of distribution for each line of accounting. Percentages must equal 100 percent.
- 31 **Amount.** *Optional entry.* This block is for agency or NFC convenience in verifying accounting line charges. When used, enter amount that is applicable to each accounting line.
- 31a **Issuing Office Name and Address.** *Required entry.* Enter issuing office name and address.
- 31b **Ordered By (Name and Title).** *Required entry.* Enter the name and title of the procurement officer signing the order.
- 31c **Commercial Phone (Area Code and Number).** *Required entry.* Enter the commercial telephone number of the official named in Block 31b.
- ▶ 31d **FTS Phone No.** *Required entry.* Enter the FTS phone number of the official named in 31b. At this time, remember to change the billing address on the seller's original from the NFC to your agency office. See Important Reminders, item 1 below.
- 31e **Authorized Signature.** *Required entry.* Signature of the official named in 31b.

Important Reminders

- ▶ 1. **Billing address.** Be sure to change the billing address on the seller's original from the NFC to your agency office responsible for preparation of the Form AD-838D BPA-Invoice-Receipt Certification. See sample "Seller's Original" provided as Exhibit 5 to this procedure.
- 2. **Invoices.** Submit the vendor itemized summary invoice for all deliveries made during a billing period along with Form AD-838D authorizing payment. Multiple invoices attached to a single AD-838D are acceptable only if the payment due date is the same. To consolidate payment for a specified period and payment due date, agencies should encourage vendors to submit a monthly invoice for multiple transactions.

1. Description of Agreement. The vendor shall furnish supplies or services, as described below, if and when requested by the Contracting Officer (or an authorized representative) from the above effective date through_____. Call orders will be made for specific requirements by authorized government personnel. Prices to be paid for individual requirements will be established when calls are made.
2. Extent of Obligation. The government is not obligated to order any supplies or services under this Agreement. The government is obligated only to the extent of authorized calls placed against the BPA. The government reserves the right to award contracts or agreements to other vendors for like supplies or services during the same performance period as this Agreement.
3. Description of Supplies or Services. (Describe the item or service or the general types of items or services).
4. Pricing. The vendor warrants by performance of any call placed under this Agreement that the prices charged the government shall be as low or lower than those charged the vendor's most favored customer for comparable quantities under similar terms and conditions, including any discounts for prompt payments.
5. Purchase Limitation. An individual call placed under this Agreement shall not exceed the limit of the ordering officer's authority as specified in paragraph 6b. The total amount of all calls placed against this Agreement shall not exceed _____.
6. Ordering Procedures and Limitations.
 - a. Call Order Numbers- calls placed under this Agreement will generally be made by oral solicitation without a written confirmation by the government. Each call will be assigned a unique identification number. For example:

<u>Office Code*</u>	<u>Month/Year</u>	<u>Action Serial Number</u>
AB214C	11/89	125
XYZ459	06/0	095

*These codes are for illustration purposes only. Individual ARS activities must create their own "Office Codes."

These instructions for the identification of calls against the Agreement must be used (along with the BPA number shown on the first page of this Agreement) when calls are placed by the ordering activity and by the vendor in the preparation of delivery tickets and invoices.

- b. Notice of Individuals Authorized to Purchase Under the BPA - All calls placed with the vendor under this Agreement must be authorized by the CO. The roster below names those personnel who have been authorized by the CO to place orders and obligate government funds:

(1) Personnel who are authorized to place calls:

<u>BPA-Callers</u>	<u>Authority Per Call Order</u>
(Insert names)	(Insert \$ amount)

7. Performance and Delivery.

- a. All commodities or services requested under this Agreement shall be delivered to the address as specified by each individual call.
- b. All calls placed under this Agreement shall be shipped complete. No partial shipments will be accepted.
- c. All deliveries shall be made within the time agreed upon by the vendor and the BPA caller when the call is placed.
- d. Delivery of all items under this Agreement shall be f.o.b. destination and shall be shipped "all transportation cost prepaid."
- e. "Ship To" instructions will be specified with each call.

8. Delivery Tickets. All shipments under this Agreement shall be accompanied by a signed delivery ticket or sales slip which contains the following minimum information.

- a. Name of vendor.
- b. Blanket Purchase Agreement number.
- c. Date of call.
- d. Itemized list of commodities or services furnished.
- e. Quantity, unit price, and extension of each line item less applicable discounts (unit prices and extensions need not be shown when incompatible with the use of automated systems, provided that the invoice is itemized to show this information).
- f. Date of delivery or shipment.
- g. Call Order number.

9. Invoices. The preferred method of invoicing shall be for the vendor to accumulate delivery tickets and invoices for those deliveries for a billing period. The billing period shall be monthly. The invoice should include an itemized listing of commodities or services furnished (including unit price, extensions and total amount due) and be accompanied by receipted (signed) delivery tickets. The invoice shall include all deliveries made during the billing period for which payment has not been received. Invoicing for individual deliveries or shorter billing periods is not encouraged. Invoices shall be submitted to:
(Insert the address of the finance office
to whom invoices shall be submitted.)

10. The vendor's prompt payment discount is _____.

11. The vendor's business classification is:

- Small
- Other than Small
- Disadvantaged
- Women-owned

12. Place of Performance.

(a) The vendor, in performance under this Agreement, intends does not intend (check applicable block) to use one or more plants or facilities located at a different address from the address of the vendor as indicated at the beginning of the Agreement.

(b) If the vendor checks "intends" in paragraph (a) above, it shall insert the required information in the spaces provided below :

Name and Address (of Owner and Operator of Plant or Facility if Other Than Vendor)
Place of Performance
(Street Address, City
County, State, Zip Code)

13. Social Security Numbers of Consultants and Certain Sole Proprietors and Privacy Act Statement.

(a) Section 6041 of Title 26 of the U.S. Code requires USDA to file Internal Revenue Service (IRS) Form 1099 with respect to individuals who receive payments under purchase orders or contracts. Section 6109 of Title 26 of the U.S. Code authorizes collection by USDA of the Social Security Numbers (SSN) of such individuals for the purpose of filing IRS Form 1099. SSNs obtained for this purpose will be used for the sole purpose of filing IRS Form 1099 in compliance with Section 6041 of Title 26 of the U.S. Code.

(b) If the offeror or quoter is an individual, consultant, or sole proprietor and has no Employer Identification Number, insert the offeror's or quoter's SSN on the following line.

14. If applicable, the FSS/FIP Resource Schedule contract number for the supplies/services listed in paragraph 2 is _____. This FSS contract is effective from _____ through _____. After expiration of the FSS/IT Schedule contract, that portion of the BPA that applies to the schedule becomes null and void.
15. Contract Clauses. Contract clauses applicable to this Agreement are attached hereto.

**hibit 8C(iii)
Completion Instructions - Form AD-838D,
BPA-Invoice-Receipt Certification**

**Exhibit 8C(iii) Completion Instructions - Form AD-838D
INSTRUCTIONS**

USE THIS FOR ONLY IF THE PURCHASE ORDER NUMBER BEGINS WITH "43."

IF ORDER NUMBER BEGINS WITH "40," USE EITHER THE GREEN "RECEIPT COPY" OF THE PURCHASE ORDER OR THE PARTIAL RECEIPT FORM AD-838A.

IF ORDER NUMBER BEGINS WITH A "41" OR "42," NO RECEIPT REPORT IS REQUIRED.

IF ORDER NUMBER BEGINS WITH "45," USE FORM AD-838D.

1 PAGE NUMBER	2 RECEIVING OFFICE NO	3 CONTRACT NUMBER	4 ORDER DATE	5 SF-281	6 UNIT CODE	7 FUND CODE	8 ORDER NUMBER	9 SUB
1 of 1	91Y9M02	OM	032189	EK	07	TR	43-91Y9-9-58	

BLOCK NUMBER

1. Enter the Purchase Order Number beginning with "43" as indicated in Block 8 of the Purchase Order.
2. If you have received only part of the order (you expect another shipment), check the "Partial" box. If this shipment completes the order, check the "Complete" box.

If 5th position of receiving office number (Block 2 on Purchase Order) is an "M," you are one of several offices receiving goods or services from this order and must always check the "Partial" box.
3. Enter the date the goods or services were received and accepted or the date the service period ended. Always enter the latest date.
4. Enter the date the invoice was received.
5. Enter the Vendor's Invoice Number. If none, enter "NONE." If more than one invoice, submit a separate AD-838B for each.
6. Enter the name of the Vendor to whom payment will be made.

FOLLOW BLOCK NUMBER 7 THROUGH 10 FOR EACH LINE ITEM RECEIVED.

7. Enter the appropriate line item number (as indicated in Column 12 of the Purchase Order) for the goods or service you have received and accepted.
8. Enter a brief description of the goods or service (See Column 14 of the Purchase Order).
9. Enter the quantity received and unit of issue for each line item.
10. Enter the dollar amount to be paid for each line item received.
11. Enter the total of the charges shown on the invoice which was designated as Non-Merchandise on the obligation, if payable. If not payable, enter "0" and explain in Block 20, Receipt Exception. If Non-Merchandise is not on obligation, net the amount into line item.
12. Enter the total amount charged for Freight if authorized. Postage and handling charges are considered Freight. If Freight is not authorized, enter "0" and explain in Block 20, Receipt Exception.

BLOCK NUMBER

13. Enter the total Federal Excise Tax as shown on invoice if tax charged is proper. If tax charged, but Government exempt, enter "0" and explain in Block 20, Receipt Exception.
14. Enter the total State or Local Tax as shown on invoice, if tax charged is proper. If tax charged, but Government exempt, enter "0" and explain in Block 20, Receipt Exception.
15. Enter the sum of all the dollar amount columns up to this point (including the line item amounts).
16. Enter the total amount allowed for Trade-In if Trade-In is indicated on order. If Trade-In is not on order, net the Trade-In into the line item amounts. (It may be necessary to combine amounts if more than one Trade-In given).
17. Enter the total Line or Volume discount amount shown on the invoice if Line or Volume discount is shown on order. If Line or Volume discount is not on order, net the discount into the line item amounts. Time discounts are computed by NFC. Do not enter Time discounts here.
18. Enter the total Credit indicated on the invoice if Credit is indicated on order. If no Credit on order, net the Credit into the line item amounts.
19. Enter the total amount to be paid to the Vendor. If this amount differs from the total charged by Vendor, be sure to give exception reason in Block 20, Receipt Exception.
20. Record receipt exception here.
21. Enter the address of the authorized official.
22. Enter signature of authorized official.
23. Enter the date this form is prepared.
24. Enter the phone number where the authorized official can be reached for additional information. Indicate if phone number is an FTS or commercial number.
25. Mail to this NFC address. (Use of window envelope is optional.) Attach a single invoice to the back of each AD-838B.

Exhibit 8C(iv) (Continued)

INSTRUCTIONS

- These completion instructions pertain to payments made with PAYMENT CODE 01 - REGULAR PAYMENT. Instructions for other uses of Form AD-757 are provided in the NFC Miscellaneous Payments procedure.
- PAYEE NAME** - Enter name of payee as it should appear on check.
- 1ST LINE ADDRESS** - Enter street or P.O. Box address of payee as it should appear on check.
- 2ND LINE ADDRESS** - Enter additional address data if needed (30 positions).
- CITY, STATE, ZIP CODE** - Enter city (20 positions), state abbreviation (2 positions), and zip code (5 positions), as it should appear on check.
- CHECK IDENTIFICATION INFORMATION** - Enter order numbers, dates, and invoice numbers to enable vendor to identify check payment (30 positions for each line). The data on these three lines will appear on the "Notice to Check Recipient" card which accompanies the payment check.
- VENDOR NUMBER** - This block is reserved for future use.
- FUND CODE** - Enter 2-digit NFC assigned fund code. (See Appendix A of Miscellaneous Payments procedure.) If a single vendor payment is being charged to multiple accounting stations, use "88" in this block and show the agency fund codes in the HOURS or Fund Code/Unit Code column.
- UNIT CODE** - If Forest Service, enter 2-digit unit code. If any other agency, leave blank.
- VOUCHER NUMBER** - Beginning with 00001, enter 5 position sequential voucher number assigned by agency. This must be a unique number for each voucher. At the beginning of each new fiscal year, start over numbering vouchers with 00001.
- PAYMENT CODE** - Enter 01 for Regular Payment. For other payment codes consult Exhibit 1 of the Miscellaneous Payments procedure.
- ACTION CODE** - Enter A for No Adjustment. For other action codes, consult Exhibit 1 of the Miscellaneous Payments procedure.
- FOREIGN COUNTRY CODE** - Leave blank for payment code 01.
- DATE AGENCY RECEIVED INVOICE** - Enter the date the invoice or bill was received from the vendor/payee.
- DATE GOODS OR SERVICES RECEIVED** - Enter actual date the goods or services were received from the vendor/payee.
- TYPE PAYMENT** - Check the appropriate block to indicate the type of payment to be made (check one block only). Check M if the item purchased is meat or meat food products (wholesale carload quantities only). Check P if the item purchased is perennials (agriculture commodities (wholesale carload quantities only). For all other goods/services, check 1 if payment should be targeted for 10 days according to prompt payment act and interest paid if late; check 2 if payment should be targeted to 30 days but no interest penalty paid for late payment; check 3 if payment should be made immediately.
- DISCOUNT TERMS** - Enter cash discount terms only. Example 3%/10 days, 1%/20 days, 2.5%/30 days, etc. If less than whole percentage, use decimal rather than fraction.
- FORM 1099** - Check appropriate block to indicate if the payment is subject to 1099 tax reporting.
- TAX IDENTIFICATION NUMBER** - If the FORM 1099 block is checked "Yes", enter the employer's identification number (EIN) assigned by the Internal Revenue Service. For payments made to individuals who do not have an EIN, use the social security number of the payee.
- ACCOUNTING CLASSIFICATION** - Enter agency-assigned management codes or accounting classification codes for each invoice or order. Do not exceed 99 accounting lines per voucher number. Use additional AD-757s as required. Number extra sheets as 1 of 3, 2 of 3, etc.
- OBJECT CLASS** - Enter the appropriate budget object class for each line of accounting.
- HOURS OR FUND CODE/UNIT CODE** - May be used to record hours, miles, contract numbers, etc. If Fund Code "88" is used for recording single vendor payments charged to multiple accounting stations, show the fund code (and unit code if Forest Service) of the agency responsible for sharing the expense.
- AMOUNT** - Enter amount applicable to each accounting line.
- BLANK OR CR** - Leave blank if amount is positive. Enter "CR" if amount shown is credit amount.
- PREPARED BY** - Enter signature of preparer and date.
- AUDITED BY** - Enter signature of person auditing form and date.
- CERTIFYING OFFICER'S CONTROL CODE AND SIGNATURE** - Enter secret certifying officer control code, signature and title of person certifying disbursement, and date. NOTE: This certifying official must have a signature card on file at NFC.
- PHONE** - Enter telephone number of certifying officer. Check block to indicate if FTS or Commercial number.

Exhibit 8C(iv) (Continued)

SECTION 8D

GOVERNMENTWIDE COMMERCIAL PURCHASE CARD AND CONVENIENCE CHECK

The use of the commercial purchase cards in support of simplified acquisitions within ARS is governed by FAR Part 13, Departmental Regulation 5013-6, and REE Manual 213.3M. Another feature associated with the commercial card is convenience checks. These checks may be used only when the vendor will not accept the purchase card provided certain Debt Collection Improvement Act (DCIA) waiver criteria is satisfied. The objective of purchase card/check usage is to simplify and streamline the process of completing simplified acquisitions by providing an alternative to use of the Blanket Purchase Agreement (BPA), the imprest fund, and the AD-838 Purchase Order. Following is a summary of key policies and procedures.

PERSONS AUTHORIZED TO USE THE PURCHASE CARD/CONVENIENCE CHECK

Persons who may be procurement or non-procurement personnel and who are referred to as "cardholders" are authorized to make purchases using the purchase card *if* certain conditions have been met.

Conditions

Cardholders must:

- Be Government Employees or contractors operating under established Government contracts, (who are authorized to use federal sources of supply and who are trained in simplified acquisition procedures);
- Use cards/checks for official purchases only; and
- Fulfill the requirements of REE Manual 213.3M.

Note: The delegation to non-procurement personnel is normally limited to \$2,500. Purchasing Agents are authorized to use the purchase card up to their level of delegated authority or \$2 million, whichever is less..

Training

If cardholders are warranted COs, they must have completed 40 hours of simplified acquisition training, reviewed DR 5013-6, the REE Manual, viewed the USDA Purchase Card Program video, and completed the Purchase Card Management System (PCMS) Training Workbook and cardholder instructions.

If cardholders are non-procurement personnel (other than GS 1105/1102), they must review the DR 5013-6, the REE Manual, view the USDA Purchase Card video and PCMS Training Workbook and cardholder instructions, and complete the PCMS-Micropurchase Guide.

PURCHASE CARD MANAGEMENT

There are other persons who have responsibility for various aspects of the purchase card program implementation, management, and operation. They are the:

Agency Program Coordinator (APC)

The APC is located at Headquarters and is responsible for administering the commercial purchase card program within REE which includes coordinating with USDA, the bank contractor, GSA, and the Area Agency Program Coordinator (AAPC).

Area Agency Program Coordinator (AAPC)

The AAPC and Alternate will be designated by the Area Administrative Officer for the ARS Areas. The AAPC is the point of contact for the purchase card program in the Area and provides training and guidance to the LAPC.

Local Agency Program Coordinator (LAPC)

The LAPC is designated by the AAPC for ARS locations. For Headquarters, the LAPC will be located in PPB, PPD, Beltsville, Maryland. The LAPC is responsible for the day-to-day operations of the purchase card program for their respective location which include establishing and maintaining the purchase card program within their designated location, including training cardholders in the use of the purchase card, convenience checks, and PCMS.

Billing Office Contact (BOC)

The National Finance Center (NFC) is the designated BOC for all PCMS users and is responsible for payment of the single, electronic invoice.

Note: For a more detailed list of the responsibilities of these officials, see DR 5013-6.

Managers

Managers determine who within their organization should receive purchase cards and convenience checks. Manager duties include, but are not limited to:

- determine the necessity and purpose of each card/check
- determine single-and-monthly purchase limits
- ensure that cards issued under their authority are properly utilized
- use reports to provide oversight and management of the program

Finance Contacts

Finance contacts mainly provide and give guidance in financial matters. Financial personnel use the reporting tool to review the accounting information entered into the PCMS database.

Information Technology Support

The computer specialists ensure that the PCMS software will operate in the existing computer environments and assist in the installation of updates and maintenance to the PCMS and related software.

LIMITS ON USE OF THE PURCHASE CARD/CONVENIENCE CHECK

The purchase card is the preferred method for purchases under the simplified acquisition threshold. In accordance with USDA and REE policy, use of the commercial purchase card/convenience check is not permitted for the following:

- Cash advances and/or travel advances
- Long term (more than 180 days) rental or lease of land or buildings, except by warranted real property leasing or COs.
- Purchase of airline, bus, train, or other travel-related tickets and purchase of meals, lodging, or subsistence costs unless authorized by REE. The Government Travel Card should be used for these items.
- Fuel and related services (e.g., lubrication and washing), for Government-owned and leased vehicles, except when vendors refuse to accept the U.S. Government Fleet Services Card or for bulk fuel to supply fuel dispensing facilities.
- Splitting requirements into several purchases merely to avoid the Cardholder's delegated single purchase limit.
- Personal purchases or identification. Items purchased with the card are for official Government use only. Additionally, the card must not be used for identification for personal purchases (e.g., while paying for a personal purchase by check), or for security purposes.
- Personal services unless authorized by statute. Personal services are those where an employer-employee relationship occurs, such as when there is continuous supervision of the contractor's employees by the government.
- Advance payment to a merchant prior to receipt of goods/services, unless authorized by law (i.e., subscriptions, registrations fee, and training.)
- Spot Awards
- Emergency Salary Payments
- Transit subsidies
- Writing checks to self for cash.

- Other unauthorized purchases, include but are not limited to:
 - Greeting cards
 - Memberships in an individual's (as opposed to an organization's) name
 - Parking tickets against a government vehicle
 - Insurance of items being shipped to or for the government (the Government is self-insuring)
 - Meals for Federal employees at office or agency functions, unless authorized by law (purchasing food for government employees for a bona fide awards ceremony is permitted by law)
 - Shipment of household goods

**Note:* The commercial purchase card may be used when dealing with many of the required sources discussed in FAR Part 8. You should review FSS vendor price lists, UNICOR catalogs, GSA Customer Supply Center Catalogs, SKILLCRAFT (NIB/NISH) Catalogs, etc., to determine whether use of the commercial purchase card is authorized.

***Note:* When accountable/sensitive property is acquired by procurement and nonprocurement personnel, property data is to be forwarded to the appropriate property office for inclusion in the Property Management Information System. Sensitive property includes the following (See REE Bulletin 96-204):

- Firearms (regardless of cost)
- Law enforcement badges (regardless of cost)

LIMITS ON INDIVIDUAL DELEGATIONS OF AUTHORITY

Dollar limits on the use of the purchase card are established in two categories--a single purchase limit and a monthly purchase limit.

Single Purchase Limit

The single purchase limit is a limitation on the procurement authority delegated to the Cardholder. Nonprocurement personnel can purchase up to \$2500 for supplies and services and \$2000 for construction. This limit cannot be exceeded unless a revised delegation of authority is issued by the HCAD raising the limit. Procurement personnel can purchase up to the amount of their delegated authority not to exceed. A "single purchase" using the card may include multiple items. However, no single transaction may exceed the authorized single purchase limit established for each Cardholder.

Monthly Purchase Limit

The monthly purchase limit is a budgetary limit assigned by the Local Agency Program Coordinator (LAPC). The LAPC must coordinate with the fundholder and the appropriate Management Client when determining a monthly limit. The total dollar value of purchases when using the card for any single month may not exceed the monthly purchase limit set by the LAPC.

Merchant Category Code Limitations

The categories of merchants where Cardholders may use their purchase cards may also be limited. However, due to the wide variety of services acquired in support of REE programs, merchant category code 0000, which designates all types of merchants, has been authorized.

DOCUMENTATION RECONCILIATION, PAYMENT, AND RETENTION PROCEDURES

Transaction Flow

Before "documenting the use of the card" can be addressed it is important to understand the flow of the transaction from the time a requirement has been established until REE has received and pays for the supply or service which it has purchased. There are a number of steps involved:

- (1) The requirement is identified, defined, and transmitted to the Cardholder;
- (2) The Cardholder makes the purchase from the vendor;
- (3) The vendor forwards information regarding the transaction to the vendor's bank;
- (4) The vendor's bank processes the information and pays the vendor for the transaction (generally within 48 hours);
- (5) The vendor's bank then transmits all sales information to the VISA base network who distributes it to the bank contractor;
- (6) The bank contractor receives the information electronically and posts the transaction to the appropriate account number;
- (7) Daily the bank contractor electronically forwards all the transactions made by a cardholder to NFC;
- (8) NFC automatically posts all transactions to the appropriate cardholders account on a daily basis;
- (9) The Cardholder reconciles the transactions via PCMS;
- (10) The bank contractor forwards an electronic invoice to NFC;
- (11) Within the specified time period, NFC pays the invoice and schedules payment with the U.S. Treasury.

Documenting Proof-of-Purchase

Any time a purchase is made that will be paid using the purchase card, whether it is done over-the-counter or by telephone, a document must be retained as proof-of-purchase. These documents will later be used to verify the purchases shown in PCMS. Cardholders should consider keeping a formal log or record of each purchase card transaction. Exhibit 8D(i) shows the minimum data that is required as documentation for each purchases card/convenience check. The log/record will include all purchase card and convenience checks transaction data.

Over-the-Counter Purchases

When a purchase is made over the counter, the Cardholder must obtain a customer copy of the charge slip, which will become the accountable document (make sure all carbons are destroyed).

Telephonic Purchases

When making purchases by phone, the Cardholder must obtain the shipping documents associated with the order.

Electronic Purchases

When downloading a purchased product from the Internet, the cardholder must printout the electronic confirmation associated with the order.

Reconciliation and Payment

The cardholder must reconcile their transactions in PCMS using the documentation retained from each purchase. Whenever a transaction appears in PCMS, the vendor has been paid. Most vendors receive payment within 28-48 hours after purchase. After receipt of the electronic invoice, NFC will pay and schedule payment with the U.S. Treasury.

Retention

Transactions must have documentation to support proof-of-purchase. (This documentation consists of sales receipt, packing slip, or screen print of electronic purchase.) Reimbursement transactions (i.e., reimbursement for authorized employee expenses, emergency salary payments, or spot awards) must be approved and documented. Disposal of purchase card files will be in accordance with REE procedures and DR 5013-6.

Disputed Transactions

If goods and/or services have not been received, the first Cardholder must contact the merchant for resolution. If this fails, the cardholder should dispute the transaction in PCMS. The bank contractor will credit the transaction until the dispute is resolved. Remember, sales tax, check transactions and shipping charges cannot be disputed. Contact the vendor for resolution.

Defective Items

If items purchased with the card are found to be defective, the Cardholder has the responsibility to obtain replacement or correction of the item as soon as possible. If the merchant refuses to replace or correct the faulty item, then the purchase of the item will be considered in dispute, and processed in PCMS.

Convenience Checks

Convenience checks or check fees cannot be disputed in PCMS. If the check was just written, the check writer must contact the bank services contractor to dispute the transaction, stop payment, and then work with the vendor to resolve the dispute. There is no cost for stopping payment on a convenience check.

If the check has appeared in PCMS to be reconciled, it has already been paid. At this time, the check writer must work directly with the bank contractor and the vendor to resolve the dispute. If the result of the dispute is a credit to REE, contact your local finance office for information on proper refund on credit processing.

Safeguarding the Card/Convenience Checks

It is the Cardholder's responsibility to safeguard the purchase card/check and account number at all times. **THE CARDHOLDER MUST NOT ALLOW ANYONE TO USE HIS/HER CARD OR ACCOUNT NUMBER.** Unauthorized charges must be reported to the bank contractor immediately. A violation of this trust will require that the card be withdrawn from the Cardholder with the possibility of subsequent disciplinary action.

Unauthorized Purchases or Careless Use of the Purchase Card

Unauthorized use of the Governmentwide Commercial Purchase Card will result in disciplinary action. See REE Manual 213.3M.

Exhibit 8D (ii)
Cardholder Checklist

Keeping Track of Transactions

1. Make vendor aware of government's tax exempt status.
2. Make sure total price includes shipping and handling. Advise the merchant not to make partial shipments and that payment may not be authorized until the complete shipment is received.
3. Keep a record of all phone or mail transactions [see log at Exhibit 8D(i)].
4. Keep track of receipts.
5. Make sure merchandise ordered has been received.
6. Instruct the merchant to include the following information on the shipping label:
 - Cardholder Name;
 - Shipping address (include building and room number);
 - Cardholder's telephone number; and
 - The words "Commercial Purchase Card."

Reconciling the Statement of Account

1. Reconcile transactions in PCMS as required.
2. Verify that all transactions are correct.
3. Retain documentation to support purchases as required by DR 5013-6.