

5 Phases of Federal Purchasing System:

Yellow: Only in DCMA CPSR Guidebook

Green: New Business System

Blue: Only where applicable

Pink: Only in DFARS

Phase 1: Subcontracting Program Set up

Policies and procedures for who, when, where and how purchasing is to be performed for the organization.

DFARS 252.244-7001

- (1) Have an adequate system description including policies, procedures, and purchasing practices that comply with the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS);
- (3) Maintain an organization plan that establishes clear lines of authority and responsibility;
- (18) Perform internal audits or management reviews, training, and maintain policies and procedures for the purchasing department to ensure the integrity of the purchasing system;
- (19) Establish and maintain policies and procedures to ensure purchase orders and subcontracts contain mandatory and applicable flowdown clauses, as required by the FAR and DFARS, including terms and conditions required by the prime contract and any clauses required to carry out the requirements of the prime contract;
- (20) Provide for an organizational and administrative structure that ensures effective and efficient procurement of required quality materials and parts at the best value from responsible and reliable sources;
- (22) Establish and maintain procedures to ensure performance of adequate price or cost analysis on purchasing actions;
- (23) Establish and maintain procedures to ensure that proper types of subcontracts are selected, and that there are controls over subcontracting, including oversight and surveillance of subcontracted effort; and
- (17) Enforce adequate policies on conflict of interest, gifts, and gratuities, including the requirements of 41 U.S.C. chapter 87, Kickbacks;

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- 5) Anti Kickback
- 6) Conflicts of interest (a-f)
- 8) Authorized Dollar Amount Approvals
- 15) EEO Compliance
- 16) Expediting and follow-up
- 29) Processing Requisitions
- 30) Processing Requests for Quotes
- 38) Purchasing's Role as Sole Authority to make purchases
- 41) Retention of Records
- 42) Safeguarding of classified information
- 50) Micro purchases
- 51) Credit Cards
- 52) Electronic Purchases
- 53) Earned Value Management (now treated as a separate area under Business Systems)
- 54) Supply Chain Mangement (only for Manufacturers)
- 55) Berry Amendment/Specialty Metals (Only where applicable)

Phase 2: Pre-Solicitation
Decisional processes that happen prior to the issuance of Teaming Agreements, Non-disclosure Agreements, and Solicitations

DFARS 252.244-7001

- (6) Apply a consistent make-or-buy policy that is in the best interest of the Government;
- (7) Use competitive sourcing to the maximum extent practicable, and ensure debarred or suspended contractors are properly excluded from contract award;
- (9) Require management level justification and adequate cost or price analysis, as applicable, for any sole or single source award;
- (13) Ensure proper type of contract selection and prohibit issuance of cost-plus-a-percentage-of-cost subcontracts;
- (21) Establish and maintain selection processes to ensure the most responsive and responsible sources for furnishing required quality parts and materials and to promote competitive sourcing among dependable suppliers so that purchases are reasonably priced and from sources that meet contractor quality requirements;

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- 7) Debarred, ineligible vendor certification
- 9) Best Value
- 10) Commercial Acquisition
- 11) Competition
- 12) Defense Priority Acquisition requirements
- 13) Discounts for prompt payment
- 17) GSA Sources
- 19) Make or Buy
- 20) Teaming Agreements anti trust
- 34) Selection of Subcontract type
- 43) Single Source/Sole Source justification
- 44) Small/Minority Business
- 45) Small Business Subcontracting Plan

Phase 3: Solicitation

DFARS 252.244-7001

- (2) Ensure that all applicable purchase orders and subcontracts contain all flowdown clauses, including terms and conditions and any other clauses needed to carry out the requirements of the prime contract;
- (11) Document negotiations in accordance with FAR 15.406-3;
- (12) Seek, take, and document economically feasible purchase discounts, including cash discounts, trade discounts, quantity discounts, rebates, freight allowances, and company-wide volume discounts;

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- 1) Advance CO Notification for subcontracting
- 3) Disclosure and flowdown clauses
- 4) CAS 414
- 21) Intra/inter-company transactions
- 22) Negotiations Memorandum
- 23) Value Engineering Change Proposal (VECP)
- 24) Patent Rights Provisions
- 26) Truth in Negotiations
- 27) Prime Contract Flowdown provisions
- 33) Government Property administration
- 34) Terms and Conditions
- 36) ORCA
- 37) Restrictions on Lobbying
- 39) Receipt of Materials

Phase 4: Award

Decisional processes that have to be made and documented for an award.

DFARS 252.244-7001

- (4) Ensure all purchase orders are based on authorized requisitions and include a complete and accurate history of purchase transactions to support vendor selected, price paid, and document the subcontract/purchase order files which are subject to Government review;
- (5) Establish and maintain adequate documentation to provide a complete and accurate history of purchase transactions to support vendors selected and prices paid;
- (8) Evaluate price, quality, delivery, technical capabilities, and financial capabilities of competing vendors to ensure fair and reasonable prices;
- (10) Perform timely and adequate cost or price analysis and technical evaluation for each subcontractor and supplier proposal or quote to ensure fair and reasonable subcontract prices;

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- 9) Best Value
- 14) Document Checklist
- 18) Letter Contracts
- 25) Cost/Price Realism Analysis

Phase 5: Subcontract Administration

Management of the Subcontractor's work after award, includes reviews of performance and invoicing

DFARS 252.244-7001

- (14) Maintain subcontract surveillance to ensure timely delivery of an acceptable product and procedures to notify the Government of potential subcontract problems that may impact delivery, quantity, or price;
- (15) Document and justify reasons for subcontract changes that affect cost or price;
- (16) Notify the Government of the award of all subcontracts that contain the FAR and DFARS flowdown clauses that allow for Government audit of those subcontracts, and ensure the performance of audits of those subcontracts;

~~(24) Establish and maintain procedures to timely notify the Contracting Officer, in writing, if—~~

~~(i) The Contractor changes the amount of subcontract effort after award such that it exceeds 70 percent of the total cost of the work to be performed under the contract, task order, or delivery order. The notification shall identify the revised cost of the subcontract effort and shall include verification that the Contractor will provide added value; or~~

~~(ii) Any subcontractor changes the amount of lower-tier subcontractor effort after award such that it exceeds 70 percent of the total cost of the work to be performed under its subcontract. The notification shall identify the revised cost of the subcontract effort and shall include verification that the subcontractor will provide added value as related to the work to be performed by the lower-tier subcontractor(s).~~

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- 2) ACO notice when awarding CAS covered contract
- 28) Processing changes/modifications
- 30) Progress Payments
- 32) Government Source Inspections
- 46) Subcontract management and administration
- 47) Subcontract closeout
- 48) Terminations
- 49) Vendor Rating