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	U·S·DEPARTMENT OF THE INTERIOR **OFFICE OF SURFACE MINING** **RECLAMATION AND ENFORCEMENT** **DIRECTIVES SYSTEM**	**Subject Number:** PRC-3 **Transmittal Number:** 682 **Date:** JUL 24 1991

Subject: SMALL PURCHASE PROCEDURES

Approval: [signature] **Title:** Director

1. Purpose. This directive establishes policies and procedures for the acquisition of supplies and nonpersonal services from, or through, Government supply sources, and the acquisition of supplies, nonpersonal services, and construction from commercial sources.

2. Summary. This directive replaces PRC-3, dated July 24, 1987, as amended, to include changes and/or additions to Federal Acquisition Regulations and various OSM Directives, specifically:

a. defines a requisition (paragraph 3.(g));

b. changes the title from Functional Responsibilities to Procedures (paragraph 4.(c));

c. identifies "Requisition" (Form DI-1) as the required Requisition form and the form to use for Oral Purchase Orders;

d. eliminates Headquarters Division of Management Services (paragraph 3.c.(2)), as these responsibilities are now stated in paragraph 4.b.(2);

e. identifies OSM Directive OPM-5 as containing delegation limitations for Contracting Officer warrants in addition to limits so stated on individual warrants;

f. adds a sample requisition form with required levels of coordination (Appendix 1);

g. adds a sample Oral Purchase Order showing required data to be included on the order (Appendix 2); and

h. adds a sample Small Purchase Data Sheet to be used to document vendor quotes (Appendix 3).

3. Definitions.

a. Acquisition. The acquiring by contract, with appropriated funds, of supplies or services (including construction), by, and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, or evaluated.

b. Appointment of Contracting Officers. A "Certificate of Appointment" (SF 1402), issued by the Head of the Contracting Activity (HCA) which authorizes an individual to: (1) enter into, administer, and/or terminate contracts for personal property and nonpersonal services (including construction) on behalf of the Federal Government, and (2) make related determinations and findings. Each Contracting Officer's appointment shall be subject to the limitations set forth on the Certificate and in accordance with Department of the Interior Acquisition Policy Release (DIAPR) 84-4, dated April 1, 1984.

c. Contracting. Purchasing, renting, leasing, or otherwise obtaining supplies or services from non-Federal sources.

d. Contracting Officer. An individual who has been delegated the authority to enter into, administer, and/or terminate contracts, and make related determinations and findings, subject to the limitations set forth on the Certificate of Appointment.

e. Mandatory Government Supply Sources. Those Government supply sources required by applicable laws and regulations for use by all Federal agencies seeking supplies or services. These sources are listed in section 4.(d)(2) of this directive.

f. Optional (Nonmandatory) Government Supply Sources. The acquiring and use of information resource activities and the acquisition of supplies and nonpersonal services from, or through, the Government as prescribed in Part 201 of the Federal Information Resources Management Regulations (FIRMR) and the Federal Property Management Regulations (FPMR).

g. Requisition. A written request for nonpersonal services, supplies, or construction.

h. Small Purchases. The acquiring of supplies, nonpersonal services, and construction from commercial sources when the aggregate amount involved in any one transaction does not exceed $25,000.

4. Policy/Procedures.

a. Policy. It is the policy of OSM that, to the maximum extent practical, each acquisition of supplies, nonpersonal services, and construction from commercial sources shall be accomplished on a competitive basis in accordance with the Federal Acquisition Regulation (FAR).

b. Responsibilities.

(1) Assistant Director, Budget and Administration is:

(a) designated as the Head of the Contracting Activity (HCA);

(b) delegated broad authority regarding the acquisition function;

(c) responsible for overall management of the contracting activity;

(d) responsible for appointing and terminating appointments of OSM employees as warranted contracting officers; and,

(e) responsible for ensuring overall compliance with this directive.

(2) Chief, Management Services Division is responsible for:

(a) administrative management of the agency acquisition system;

(b) establishment of agency acquisition policies and procedures;

(c) performance of periodic acquisition reviews; and,

(d) management of Headquarters Branch of Procurement.

(3) Assistant Directors and Field Office Directors are responsible for ensuring compliance with this directive.

c. Procedures.

(1) Nomination for Contracting Officer Warrants. Nominations are forwarded to the Chief, Management Services Division, Headquarters, for review and recommendation. The nomination memorandum must be accompanied by the nominee's "Personal Qualification Statement" (SF 171), and proof, at a minimum, of nominee's completion of a Small Purchases course (40 classroom hours or equivalent). Delegations of Contracting Officers' authority may be made to individuals who meet the standards set forth in DIAPR 84-4.

(2) Processing Requisitions. "Requisition" (Form DI-1) shall be the form utilized by all OSM employees for supplies and services.

Each requisition shall, as a minimum, provide the following information: written justification to support the purchase of required supplies/services; date items required; delivery information; telephone number of requisitioner; office account number; and description of items or services. Each requisition (includes funds certification and property/supply certification) must be signed/approved by an official delegated requisitioning authority as set forth in OSM Directive OPM-5, "Delegations of Authority." The Form DI-1 must show the typed date, name, and title of approving officer as well as the approving signature.

An additional written justification is required when specific brand names are requested or a single source (non-competitive) vendor is recommended. This justification shall clearly set forth and define the reasons for the specific brand name, along with the salient characteristics and the single source recommended.

d. Method of Procurement.

(1) Purchases of supplies and services may be obtained through the use of various methods of procurement utilizing the small purchase procedures.

(a) Solicitation. Generally, solicitation of quotations may be effected orally except a written solicitation must be used for construction contracts over $2,000.

Records of vendors contacted and quotes received shall be documented on a Small Purchase Data Sheet (Appendix 3). This data sheet serves as an informal record which shall clearly reflect the propriety of placing the orders at the prices paid the supplier/vendor.

(b) Competition. Competition is required for all purchases over $2,500. Purchases under $2,500 may be accomplished without securing competitive quotations, after a determination that prices are considered to be fair and reasonable. All actions requiring competition shall be documented and maintained as part of the small purchase files.

For small purchases over $2,500, if only one source is solicited, the files shall be documented to justify the absence of competition in accordance with Department of the Interior Acquisition Regulations (DIAR) 1413.

(2) Mandatory Government Sources Supply. The mandatory sources to be used in the procurement of supplies and services are listed in the following order of precedence. However, prior to initiating procurements directly from commercial sources, Purchasing Agents shall determine if commodities or services are available from the Federal Supply Schedule. There are some exceptions to this requirement: (a) urgent requirements; (b) $25 requirements; and, (c) geographic location. NOTE: Due to the reduced administrative cost and time required to effect a Purchase Order utilizing the mandatory GSA schedule, every effort shall be made to utilize this procedure.

(a) Supplies.

o Agencies Inventories. In accordance with OSM Directive ADS-18, "Personal Property Management," each office excesses property following the screening procedures for reutilization within OSM and the Department.

o Excess Property of Other Agencies or Departments. As listed in GSA Bulletins and Catalogs.

o UNICOR (Federal Prison Industries) Catalog. Schedule of products made in Federal penal and correctional institutions.

o Procurement Lists. Of the Committee for Purchase from the Blind and Other Severely Handicapped.

o GSA Stock Program. As well as other wholesale suppliers such as the Defense Logistics Agency (and its Defense Supply Centers) and the Department of Veterans Affairs.

o Mandatory Federal Supply Schedules.

o Optional Use of Federal Supply Schedules.

o Commercial Suppliers. Including educational and non-profit institutions.

(b) Services.

- Mandatory Federal Supply Schedules and Mandatory GSA Term Contracts for Personal Property.

- UNICOR (Federal Prison Industries) Catalog. Schedule of Products made in Federal penal and correctional institutions.

- Procurement Lists. Of the Committee for Purchase from the Blind and Other Severely Handicapped.

- GSA Stock Program. As well as other wholesale suppliers such as the Defense Logistics Agency (and its Defense Supply Centers) and the Department of Veterans Affairs.

- Mandatory Federal Supply Schedules.

- Optional Use of Federal Supply Schedules.

- Commercial Suppliers. Including educational and non-profit institutions.

(3) Reservation of Federal Contracts $25,000 or Less for Small Business Concerns. Public Law 95-507, Section 221, dated October 25, 1978, as implemented by FAR Subpart 13.105(a), requires each acquisition for supplies, nonpersonal services and construction from commercial sources that has an anticipated dollar value of $25,000 or less, and is subject to the small purchase procedures, shall be reserved exclusively for small business concerns.

If the Contracting Officer makes a determination that two or more offers from small business concerns cannot reasonably be expected to be competitive in terms of market price, quality, and delivery, the Contracting Officer need not proceed with the small business set-aside and may compete the procurement on an unrestricted basis. All unrestricted small purchases must have sufficient documentation in the file to support the above determination.

Awards shall be made under small purchases procedures, after consideration of mandatory sources, and awarded in accordance with small business preferences enumerated below:

(a) small business concerns which are also labor surplus area concerns;

(b) other small business concerns; and

(c) other concerns which are also labor surplus area concerns.

(4) Imprest Funds (Petty Cash). These funds are utilized for quick and simplified procurement. All requests to use the imprest funds to purchase supplies and services over $50 shall be submitted on a "Requisition" (Form DI-1). Such requests must be approved by a Contracting Officer in accordance with Federal Acquisition Regulation Subpart 13.4, and may not exceed $500.00 per transaction. For requests under $50.00, "Claim for Reimbursement for Expenditures on Official Business" (SF 1164) may be used with approval by the ASD Chief, Area Office Manager, Field Office Director, or Regional Audit Supervisor. Pre-approval for expenditure of imprest funds is required; however, in cases of emergency requirements, pre-approval may be obtained by telephone from the appropriate approving officer. The Forms DI-1 and SF 1164 must show the typed date, name, and title of the approving officer and approval signature.

These procedures do not apply to use of the imprest fund for travel, transportation, postal services, or uniform allowance payments.

(5) Oral Purchase Order ("L" Orders). Solicitation of quotations may be effected orally using a "Requisition" (Form DI-1), modifying by deleting "REQUISITION" and inserting "ORAL PURCHASE ORDER."

An oral solicitation or "L" order must contain the following: names of suppliers contacted; prices quoted; other terms and conditions quoted by each supplier; and, handwritten or other informal records enumerating the basis for making the purchase. The Form DI-1 must show the typed date, name, and title of the approving officer and approval signature (Appendix 2).

Form DI-1, when used as an Oral Purchase Order, must bear the signatures of the requisitioner, approving officer, and warranted procurement officer. The "Requisition" must be modified as follows:

(a) add a signature block for the warranted contracting officer;

(b) add a receipt and acceptance certification and a signature block for the receiving official with the following statement certified: "I certify that the above listed supplies/services have been received and that they have been inspected and accepted except as otherwise noted hereon."

(c) enter the purchase order document number in the upper-right hand block "Requisition No." (Appendix 2).

(6) Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) Orders. Items that may be stocked by GSA and listed in their supply catalogs, (tools, office products, industrial products, furniture), may be ordered from the Federal Supply Service through the FEDSTRIP System.

(7) Telephone Orders, Printing and Binding Orders. Orders for these goods and services are made on special forms and require specialized procedures and approvals.

Before preparing any order for these items, consult with ASDs, Headquarters Branch of General Services, and/or the appropriate contracting activity to obtain information on forms, format, routing, justifications, mandatory supply sources, and approvals required. ALSO SEE DEPARTMENTAL MANUAL, 312 DM 4.1.

(8) Purchase Orders. The "Order for Supplies or Services" (OF 347), shall be used for the acquisition of supplies and nonpersonal services from commercial sources when the aggregate amount involved in any one transaction does not exceed $25,000.

All Purchase Orders that authorize advance payments for subscriptions or other charges for newspapers, magazines, periodicals, or other publications, shall contain FAR Clause 52.213-2 INVOICES (AUG 1984). Also see OPM-5, "Delegations of Authority." Advance payments for subscriptions may be made by money orders purchased through imprest funds.

(9) Modifications. "Amendment of Solicitation/ Modification of Contract" (SF 30), shall be used.

(10) Blanket Purchase Agreements. A Blanket Purchase Agreement (BPA) may be used when it has been clearly established that one of three situations exist:

(a) a wide variety of items are required, but the exact items, quantities and delivery requirements are not known in advance and may vary considerably;

(b) there is a need to provide local commercial sources for one or more offices or projects; or,

(c) the writing of numerous purchase orders can be avoided through the use of this procedure.

Pursuant to FAR 13.203-1(i), BPAs shall be prepared and issued on any agency-authorized purchase order form. The OF 347 is OSM's authorized purchase order form.

Purchases under BPAs must be reviewed at least semiannually to ensure that authorized procedures are being followed. NOTE: Individual purchases under BPAs shall not exceed $25,000.

e. Distribution.

(1) Purchase Orders. The completed "Purchase Order" (OF 347) shall be distributed as follows:

Copy No.	Distribution
1 (Original)	Vendor
2	Procurement File
3	Office of Surface Mining P.O. Box 25065 Denver Federal Center Denver, CO 80225
4	Extra Copy
5	Receiving Report - Final Submit to DFM as a Receiving Report - Final. Complete all boxes on reverse of form under "Receiving Report." Receiving Report - Partial Submit to DFM.
6	Return to Requisitioner

(2) Modifications. The completed "Amendment of Solicitation/Modification of Contract" (SF 30)(see instruction on reverse of form) shall be distributed as follows. Before the Contracting Officer signs the SF 30, two photocopies should be made. The original and two photocopies will then be executed by the Contracting Officer and be considered "originals" bearing original signatures.

Copy No.	Distribution
1 (Original) Bearing original signature	Vendor
2 (Original) Bearing original signature	Procurement File
3 (Original) Bearing original signature	Office of Surface Mining P.O. Box 25065 Denver Federal Center Denver, CO 80225
4 (Facsimile)	Return to Requisitioner

(3) Blanket Purchase Agreements. Follow the same distribution as for Purchase Orders.

(4) Oral Purchase Orders ("L" Orders). The completed "Oral Purchase Order" (DI-1) as modified, shall be distributed as follows:

Copy No.	Distribution
1 (Original) Bearing original signature	Procurement File (DO NOT FORWARD TO VENDOR)
2 and 3	Accounting and Receiving Report (HOLD UNTIL RECEIPT OF VENDOR'S INVOICE; COPIES AND INVOICE FORWARDED TO DFC) Office of Surface Mining P.O. Box 25065 Denver Federal Center Denver, CO 80225
4	Return to Requisitioner
5	Extra Copy
6	Extra Copy

(5) Numbering System. The contracting activity identification numbering system for small purchases consists of a 12-character alpha/numeric sequence as described below (i.e., HQ51-PO1-12345):

Character(s)	Indicates
1 and 2 (alpha)	2-character code for the buying activity (i.e., "HQ" = Headquarters)
3 and 4 (numeric)	2-character code for the buying activity (i.e., "51" = Headquarters)
5 and 6 (alpha)	2-character code for the small purchase procedure used (i.e., "PO" = Purchase Order). The applicable codes used for this field are as follows: BP = Blanket Purchase Agreement DO = Delivery Order LO = Oral Purchase Order PO = Purchase Order (includes SF 44 transactions)
7 (numeric)	1-character code for the last digit of the fiscal year the transaction is executed in (i.e., "1" = FY91)
8 - 12 (numeric)	5-character code assigned from the annual control list by DFM.

5. Reporting Requirement. Quarterly - "Summary of Contract Actions Less than $25,000" (SF 281).

6. Effect on Other Documents. Supersedes OSM Directives PRC-3, dated July 24, 1987; PRC-3-1, dated May 27, 1988; PRC-3-2, dated August 30, 2988; and PRC-3-3, dated July 24, 1987.

7. References.

a. Federal Acquisition Regulation (FAR) Parts 8.8, 13, 19.10, 37, and 52.
b. Federal Information Resources Management Regulation (FIRMR).

c. Federal Property Management Regulations (FPMR).
d. Code of Federal Regulations 41, Chapter 101.
e. Public Law 95-507 and 100-656.
f. 5 USC 5946.
g. U.S. Government Printing and Binding Regulations, published by the JCP.
h. OFPP Policy Memorandum, December 22, 1988.
i. Department of Interior Departmental Manual 312, 314, 365, 370, and 377.
j. Department of the Interior Acquisition Regulations 1413 (DIAPR) 84-4, 89-58, and 89-62.
k. Interior Property Management Regulations (IPMR).
l. Interior Procurement Bulletin No. 22.
m. ANSI Std 287.1-1968.
n. OSM Directives:
   (1) ADP-1, "Word Processing;"
   (2) ADS-3, "Forms Management Program;"
   (3) ADS-4, "Personal Protective Equipment;"
   (4) ADS-6, "Copy Machine Use and Acquisition;"
   (5) ADS-7, "Motor Vehicle Management;"
   (6) ADS-12, "Telecommunications Management;"
   (7) OPM-5, "Delegations of Authority;"
   (8) PRC-5, "Use of Appropriated Funds for the Purchase of Seasonal Decorations;"
   (9) TRV-1, "Domestic Temporary Duty Travel Policies and Procedures."

8. Effective Date. Date of Issuance.

9. Contact. Division of Management Services, Branch of Procurement, (202) 343-4685.

10. Keywords. Directives
Policy
Regulations

11. List of Appendices.

Appendix 1 Sample: "Requisition"
Appendix 2 Sample: "Oral Purchase Order"
Appendix 3 Sample: "Small Purchase Data Sheet"

SAMPLE REQUISITION

Form DI-1
(Rev. April 1985)

UNITED STATES
DEPARTMENT OF THE INTERIOR

OSM Directive PRC-3
APPENDIX 1

Page_____ of _____

REQUISITION

To	Bureau/Office OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT	Requisition No. Date
Appropriation/Allotment No.	Charge shipping costs to	
Vendor	Deliver to	

ITEM OR FORM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT

To Be Completed by Fiscal Authority Only

FUND CERTIFICATION: Funds in the amounts shown are available and chargeable to the cost authorities shown above.

Signature 3.	Date	Approved by (Signature) 2. Area Office or Field Office	Date
Title		Title	
Requisitioned by (Signature) 1.	Date	Bureau Officer (Signature) 4. Property/Supply	Date
Title		Title	

Prepare in single space typing. Use double space between items. Fill out top of requisition completely, showing complete shipping instructions and appropriation if different from that to which requisition is chargeable.

SAMPLE

Form DI-1
(Rev. April 1985)

UNITED STATES
DEPARTMENT OF THE INTERIOR

OSM Directive PRC-3
APPENDIX 2

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~~REQUISITION~~

ORAL ORDER

~~XXXXXXXXXXX~~
Purchase Order No.

To	Bureau/Office **OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT**
	Date
Appropriation/Allotment No.	Charge shipping costs to
Vendor	Deliver to

ITEM OR FORM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	Approved by (signature) Contracting Officer Date (CERTIFICATION BELOW TO BE TYPED ON PINK RECEIVING REPORT COPY) I certify that the above articles or services have been received by me and that they have been inspected and accepted except as otherwise noted hereon. Receiving Official (signature) Date				

To Be Completed by Fiscal Authority Only

FUND CERTIFICATION: Funds in the amounts shown are available and chargeable to the cost authorities shown above.

Signature	Date	Approved by (Signature)	Date
Title		Title	
Requisitioned by (Signature)	Date	Bureau Officer (Signature)	Date
Title		Title	

Prepare in single space typing. Use double space between items. Fill out top of requisition completely, showing complete shipping instructions and appropriation if different from that to which requisition is chargeable.

QUOTATION SUMMARY SHEET

REQUISITION NUMBER	OFFEROR			
PROJECT	ADDRESS			
	CITY/STATE			
	PHONE			
NAME OF CONTACT				
DATE OF QUOTATION				

ITEM	QTY	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
SUBTOTAL							
SHIPPING							
GRAND TOTAL							

Q/M OR GSA CONTRACT			
FOB POINT	DEST S/P	DEST S/P	DEST S/P
DELIVERY TIME			
PAYMENT TERMS			
BUSINESS SIZE	LB SB WO M	LB SB WO M	LB SB WO M
BUSINESS TYPE	CORP. IND.	CORP. IND.	CORP. IND.
	TIN/SSN	TIN/SSN	TIN/SSN

OSM-169 (7/91)