

Date: December 31, 2013

From: Associate Deputy Assistant Secretary, Office of Policy, Systems and Oversight (003A2) and Deputy Senior Procurement Executive (DSPE)

Subj: VA PPM (2013-06) - Interagency Acquisitions (IAs), Guidance, and Procedures (Revised)

To: See Distribution

**1. Purpose.** This Procurement Policy Memorandum (PPM) provides new guidance and procedures to implement the changes to the Federal Acquisition Regulation (FAR) Subpart 17.5, Interagency Acquisitions and describes VA policy for the utilization of interagency acquisitions.

This memorandum also rescinds IL 001AL-09-04, Managing Interagency Acquisitions, dated March 23, 2009, and supersedes all supplementary agency guidance issued pertaining to interagency agreements. This PPM also rescinds the original PPM 2013-06, "Interagency Acquisitions (IAs), Guidance, and Procedures," dated July 11, 2013.

**2. Background.** This PPM addresses the requirements of FAR Subpart 17.5, Interagency Acquisitions. An interim rule (FAC 2005-47), was published in the Federal Register on December 13, 2010, to ensure that the benefits of interagency acquisitions are consistently achieved across the federal government. The final rule (FAC 2005-55) revising FAR Subpart 17.5 took effect on February 2, 2012.

The FAR is applicable to all interagency acquisitions issued under the Economy Act (31 U.S.C. § 1535) as well as other authorities, in recognition that an increasing number of interagency acquisitions are conducted using authorities other than the Economy Act. The final rule changed FAR Subpart 17.5, Interagency Acquisitions by:

- a. Broadening the scope of coverage to address all interagency acquisitions that result in a contract action, but does not apply to Federal Supply Schedule (FSS) orders under \$500,000;
- b. Requiring agencies to support the decision to use an interagency acquisition with a determination that such action is the "best procurement approach";
- c. Directing that assisted acquisitions be accompanied by written interagency agreements between the requesting agency and the servicing agency that documents the roles and responsibilities of the respective parties, including the planning, execution, and administration of the contract;
- d. Requiring the development of business cases to support the creation of a multi-agency contracts and governmentwide acquisition contracts; and

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- e. Requiring the Senior Procurement Executive for each executive agency to submit an annual report on interagency acquisitions to the Director of the Office of Management and Budget, in accordance with Section 865 (c) of Public Law 110-417.

**3. Applicability.** This PPM applies to all interagency acquisitions, except as noted below, whether VA is the requesting or the servicing agency. Interagency acquisitions between the Department of Veterans Affairs (VA) and other federal agencies must follow the procedures set forth in this document.

FAR Subpart 17.5 and this PPM apply to all interagency acquisitions under any authority, except interagency reimbursable work performed by Federal employees (other than acquisition assistance), or interagency activities where contracting is incidental to the purpose of the transaction; or for orders of \$500,000 or less against the Federal Supply Schedule.

#### **4. Definitions.**

***Interagency acquisition*** means a procedure by which an agency needing supplies or services (the requesting agency) obtains them from another agency (the servicing agency), by an assisted acquisition or a direct acquisition (as defined in FAR 2.101). The term includes: (1) Acquisitions under the Economy Act (31 U.S.C. § 1535); and (2) non-Economy Act acquisitions completed under other statutory authorities, (e.g. General Services Administration Federal Supply Schedules in subpart 8.4 and Government-wide acquisition contracts (GWACs)).

***Direct acquisition*** is a type of interagency acquisition where the requesting agency places an order directly against the servicing agency's indefinite delivery contract. The servicing agency manages the indefinite-delivery contract but does not participate in the placement or administration of an order.

***Assisted acquisition*** means a type of interagency acquisition where a servicing agency performs acquisition activities on the requesting agency's behalf, such as awarding and administering a contract, task order, or delivery order.

***Interagency transaction*** is an intra-governmental transaction where the servicing agency uses internal resources to support the requesting agency's requirement and is a reimbursable activity that requires an interagency agreement. An interagency transaction is not an interagency acquisition and this PPM has no application for these types of actions.

**5. Interagency Acquisition Policy.** All of the policy below should be adhered to when establishing an interagency acquisition. All VA PPMs should be used in conjunction with all applicable federal regulations.

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### **5.1 FAR Policy**

- a) In accordance with FAR 4.603 (c), agencies awarding assisted acquisitions or direct acquisitions must report these actions in Federal Procurement Data System (FPDS) including identifying the Program/Funding Agency and Office Codes from the applicable agency codes maintained by each agency in FPDS. These codes represent the agency and office that has provided the predominant amount of funding for the contract action. For assisted acquisitions, the requesting agency will receive socioeconomic credit for meeting agency small business goals, where applicable. Requesting agencies shall provide the appropriate agency/bureau component code as part of the written interagency agreement between the requesting and servicing agencies.
- b) Prior to the issuance of a solicitation under an assisted acquisition, the servicing agency and the requesting agency shall both sign a written interagency agreement that establishes the general terms and conditions governing the relationship between the parties, including roles and responsibilities for acquisition planning, contract execution, and administration and management of the contract(s) or order(s), see FAR subpart 17.502-1(b)(1).
- c) A Contracting Officer (CO) with the appropriate authority must sign all Economy Act Determination and Findings (D&Fs).

### **5.2 VA Policy**

- a) Any IAs that will require vendors, contractors, or sub-contractors to use, store, modify, manipulate, or transmit VA Sensitive Personal Information (SPI) or Personally Identifiable Information (PII) in the execution of the Servicing Agency's duties shall require compliance with VA Handbook 6500, "Information Security Program."
- b) Pursuant to 38 U.S.C. § 8127, all interagency acquisitions shall include this provision: "The Servicing Agency, to the maximum extent feasible, shall comply with the priorities for contracting with service-disabled Veteran-owned and Veteran-owned small businesses over other socio-economic classes of small businesses. This does not supersede or otherwise affect the authorities provided under the Small Business Act."
- c) COs must execute all IAs in eCMS, which will generate a VA-unique number. This procedure applies even if VA uses another agency's contract.
- d) Heads of Contracting Activities (HCAs) shall develop and implement guidance ensuring only qualified individuals with appropriate training are assigned to all existing and future interagency acquisitions.
- e) When establishing an interagency acquisition, a VA contracting official or program official shall prepare the statement of work or other requirements documents, including

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specific requirements, tasks, deliverables, defined delivery dates, and performance metrics.

- f) Program officials shall develop the independent government cost estimates as a method of determining the reasonableness of proposed cost estimates.
- g) VA shall require the servicing agency under assisted acquisitions to provide financial reports and invoices that identify goods, services (not billed as labor), and hours worked by labor categories and tasks. These documents should indicate whether the employee is a Government or contract employee. These reconciled and certified invoices shall be deliverables under the IAs.
- h) VA program offices utilizing IAs shall establish procedures for program managers to certify that they have reviewed monthly financial documents (invoices) and progress reports and have concurred with them. When IAs are used to procure conference and event planning services, as part of the fee paid to the servicing agency, reconciliation and certification of invoices for each conference event should be accomplished by the servicing agency.
- i) The HCA must sign the best procurement approach determination, and/or D&F.
- j) The HCA in coordination with the Program Management Office (PMO) shall review IAs concerning potentially high-risk conferences (i.e., conferences wherein costs to VA exceed \$100k) and provide corrective action as necessary.
- k) Program offices using an IA shall establish a single point of contact within the program to warehouse all documents and deliverables required under the IA. In addition, all responsible VA program managers and program officers shall be required to maintain all documents provided by the servicing agency.
- l) For indefinite delivery vehicles awarded and managed by an administration or operating unit within VA, the HCA, the Network Contract Manager, or other supervisory contracting official shall post on OMB's MAX website links to web pages containing information about its interagency and agency-specific acquisitions. Web pages should include the names of vendors, contract terms and conditions, information about pricing, and provide a point of contact for additional information. Instructions for posting award information are provided on MAX at <https://max.omb.gov/maxportal/home.do>.
- m) Interagency Acquisition requirements provided by VA are subject to small business considerations set forth in FAR Part 19 and VAAR Subpart 819.

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### **5.3 Review and Approval Thresholds**

All assisted acquisitions require review and concurrence from the appropriate HCA. IAs anticipated to exceed \$25,000,000 in life cycle costs will require Deputy Senior Procurement Executive (DSPE) review and concurrence of the best procurement approach determination (as well as a D&F if it is an Economy Act IA being contemplated). All IAs with \$750,000 or more in life cycle costs require Office of the General Counsel (OGC) review and concurrence of the IA package. Business cases shall be approved by no authority lower than VA's Senior Procurement Executive (SPE).

**6. Guidance on the Use of Various Types of Interagency Acquisitions (FAR 17.5).** VA Contracting Officers shall follow the following guidance for the types of interagency acquisitions listed below:

#### **6.1 Direct Acquisitions**

##### **Determination of Best Procurement Approach**

Prior to placing an order against another agency's indefinite-delivery vehicle, the requesting agency shall make a determination that use of another agency's contract vehicle is the best procurement approach and shall obtain the concurrence of the requesting agency's responsible contracting office. At a minimum, the determination shall include an analysis, including factors such as:

- a) The **Suitability** of using the contract vehicle.
- b) The **Value** of using the contract vehicle, including—
  - 1) The administrative cost savings from using the existing contract;
  - 2) Lower prices, greater number of vendors, and reasonable vehicle access fees; and
- c) The **Expertise** of the requesting agency to place orders and administer them against the selected contract vehicle throughout the acquisition lifecycle.

##### **Business Cases**

When VA intends to establish GWACs, MACs, blanket purchase agreements (BPAs) and agency-specific contracts (where VA could potentially serve as a servicing agency under a direct acquisition), a business case analysis must be completed. An agency-specific contract is an indefinite-delivery, indefinite-quantity contract intended for the sole use of the establishing department. Guidance on the requirements for business cases when establishing or renewing GWACs, MACs, BPAs, and agency-specific contracts is set forth in FAR Section 17.502-1 and in the Office of Federal Procurement Policy (OFPP) memorandum

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dated September 29, 2011, "Development, Review, and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions."

## **6.2 Assisted Acquisitions**

### **Determination of Best Procurement Approach**

When VA is the requesting agency, the Contracting Officer shall make a determination that the use of an interagency acquisition represents the best procurement approach. At a minimum, the determination shall include an analysis of procurement approaches, including an evaluation by the requesting agency that using the acquisition services of another agency-

- a) Satisfies the requesting agency's schedule, performance, and delivery requirements (taking into account factors such as the servicing agency's authority, experience, and expertise as well as customer satisfaction with the servicing agency's past performance);
- b) Is cost effective (taking into account the reasonableness of the servicing agency's fees); and
- c) Will result in the use of funds in accordance with appropriation limitations and compliance with the requesting agency's laws and policies.

## **6.3 Economy Act Orders and Non-Economy Act Orders**

The Economy Act applies when more specific statutory authority does not exist. Examples of authority for non-Economy Act IAs include, but are not limited to [40 U.S.C. 501](#) for the Federal Supply Schedules (subpart [8.4](#)), and [40 U.S.C. 11302](#)(e) for Government-wide acquisition contracts (GWACs).

When the Economy Act is the authority for conducting an interagency acquisition and VA is the requesting agency, the CO, in conjunction with the Program Manager (PM) must prepare a Determination and Findings (D&F) in accordance with FAR 17.502-2(c)(1). The D&F must be approved by the HCA unless the servicing agency is not covered by the FAR; in which case the determination must be approved by the SPE. If VA is the servicing agency, a copy of the D&F shall be obtained from the requesting agency prior to execution of the IA.

When VA is the requesting agency, the Contracting Officer shall sign the D&F prior to review and approval of the interagency acquisition. In both cases, the D&F shall be included in the interagency acquisition package and retained in the IA file.

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## **7. Interagency Acquisition Procedures for Assisted Acquisitions and Economy Act Orders/IAs.**

When acquisition planning determines that it is appropriate to fulfill a requirement through an assisted acquisition, and VA is the requesting agency, the approval process outlined below shall be followed:

- a) The VA program manager (PM) first contacts their assigned CO to discuss the proposed IA. If the CO agrees with the IA option, they would prepare a best procurement approach determination in conjunction with the PM. The “best procurement approach” determination must address the rationale for utilizing assisted acquisitions as set forth in FAR 17.502-1(a).
- b) Upon CO completion of the determinations (the “best procurement approach” determination and the D&F, if required), the CO, in conjunction with the PM, shall prepare the IA package. The IA package should consist of:
  - 1) Description of supplies, Statement of Work (SOW), Performance Work Statement (PWS) or Statement of Objective (SOO).
  - 2) The Determination of the “best procurement approach” as described in FAR 17.502-1(a).
  - 3) The Determination and Findings (in the case of an Economy Act IA) as described in FAR 17.502-2 (c).
  - 4) A certified funding document.
  - 5) Interagency Agreement Forms [7600A](#) and B.
- c) All IAs must specify a dollar ceiling. Any individual task or delivery order executed against the master agreement must also specify a dollar ceiling. Before the ceiling can be exceeded (after initial award of the IA), the CO must prepare a modification/amendment to the IA and re-route the document through the approval process outlined above.

## **8. Required Forms**

The Department of Treasury’s Financial Management Service (FMS) 7600 Forms shall be VA’s required format for all assisted acquisitions. These forms and instructions can be found at <http://www.fms.treas.gov/finstandard/forms.html>.

**9. Questions or Concerns.** Please direct questions regarding this PPM to the Office of Acquisition and Logistics (003A), Procurement Policy and Warrant Management Service (003A2A), at (202) 632-5288, email: VA.Procurement.Policy@va.gov.

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