

Contract/Purchase Order Systems Guideline - 2.2.G (08/11/04)

[Last Update: \(08/11/04\) BDenman:kma - 2.2.G.0](#)

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This guideline was extensively revised to address administrative changes throughout the document.

Contract System Requirements - 2.2.G.1

The Contract System is required when a procurement exceeds \$100K. This system allows for the use of any of Sandia's Standard Section II Terms and Conditions (Ts&Cs) and any unique contract requirements.

Although procurement actions of \$100K or less to buy supplies and nonpersonal services from commercial sources normally use the Purchase Order System (see Section 2.2.G.2), the Contract System may also be used for in the following situations:

- the procurement involves special or noncommercial items (e.g., items per Sandia specifications, a research and development effort, etc.),

- the more definitive standard Ts&Cs of a Section I and Section II are required (e.g., Security, access to Sandia or government-controlled premises, patent rights, etc.),
- changes to a procurement action initially not under the Contract System cause it to be covered under the Contract System (e.g., increase in value, addition of special requirements, etc.), and
- the Sandia Contracting Representative (SCR) determines that it is otherwise in the best interests of Sandia and the government to utilize the Contract System.

How to Prepare a Contract for Award - 2.2.G.1.a

Upon selection of the successful Contractor, the SCR shall prepare the contract for award by using the following procedure:

- Edits Section I of the solicitation and prepares the contract document. Editing will likely include:
 - deleting solicitation instructions and clauses applicable only to the solicitation,
 - adding pricing, delivery/completion date(s), clauses fill-ins if required, and any other special conditions, and
 - incorporating applicable clauses as required.

Note: The Contractor's offer should not be used as the editing copy. No alterations or additions should be made on the Contractor's response by the SCR.
 - Reviews typed contract and attachments.
 - If necessary, obtains credit approval, Foreign Ownership, Control or Influence (FOCI) and/or Organizational Conflict of Interest (OCI) determinations, Equal Employment Opportunities (EEO), and other approvals as required if not already received at the solicitation stage.
 - Writes Procurement Action Summary (PAS).
 - Obtains approvals per Guideline 10.4, Procurement Action Summaries.
 - Provides notification to unsuccessful Contractors, if applicable (see Guideline 3.1, Section 3.1.G.8.c – Regret Letters).
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PO System Requirements - 2.2.G.2

Use Purchase Orders (POs) for acquisitions of \$100K or less which are for:

- supplies and/or nonpersonal services on a fixed-price basis (i.e., training seminars),
- indefinite quantity orders for supplies if all items are priced by the unit,

Caution: You must specify the maximum amount of the order on an indefinite quantity order.

- orders with a maximum not-to-exceed amount where exact prices cannot be determined when the orders are issued,

Example: POs may be used for equipment repairs/modification requiring disassembly and/or inspection to determine the extent of repairs and/or parts required.

- supplies and/or services that will be adequately protected by Commercial Items (CI), or Fixed-Price (FP) Ts&Cs, and
- services, such as shop fabrication work, where Sandia will furnish material to be consumed or incorporated into the end product.

Do not use POs when:

- procuring construction services,
- procuring consultant services, and
- property will be furnished or authorized for acquisition, unless for shop fabrication work.

Section II Terms and Conditions - 2.2.G.2.a

The SCR shall incorporate either SF 6432-CI, Standard Terms and Conditions for Commercial Items, or SF 6432-FP, Standard Terms and Conditions for Firm-Fixed Price and Fixed-Rate Contracts, in each order.

Alternatives - 2.2.G.2.b

Normally use the...	For...	Reference
Accelerated Procurement System (APS)	Purchases of commercial items on a fixed-price basis for \$100K or less.	Guideline 5.3
Consultant Services	Procuring services of Consultants and Other Professionals Services.	Guideline 10.6

Conversion to a Contract - 2.2.G.2.c

POs may be converted to the Contract System with the concurrence of the Contractor and

appropriate documentation of the changes.

References - 2.2.G.3

- Guideline 1.2 - Preprocurement Procedures
 - Guideline 1.4 - Contract Type Selection
 - Guideline 2.1 - Solicitation Document
 - Guideline 3.1 – Best-Value Source Selection/Commercial-Like Practice
 - Guideline 3.2 – Contract Price/Cost Considerations
 - Guideline 3.6 - Equal Employment Opportunity
 - Guideline 3.7 – Undefined Terms Contracts/Revisions
 - Guideline 5.2 - Ordering Agreement/Corporate Agreements
 - Guideline 5.5 - Construction Contracting
 - Guideline 5.10 - Other Government Sources of Supply
 - Guideline 5.13 - Organizational Conflicts of Interest
 - Guideline 10.4 - Procurement Action Summaries
 - Guideline 10.6 - Consultants and Other Professional Services
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Send feedback on ideas and information on this page to the Process Expert, Bertie Denman.



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