

# **FARM AND FOREIGN AGRICULTURAL SERVICES ACQUISITION MANAGEMENT DIVISION**

**NOTICE AMD-07-003  
Approved January 9, 2007**

## **PROCEDURES FOR CONDUCTING AUDITS OF AMD PROCUREMENT ACTIONS**

### **A GENERAL**

In accordance with AMD NOTICE AMD-07-002, the Policy and Oversight Branch (POB) will conduct quarterly review of randomly-selected samples of procurement actions performed by the Contract Operations Branch (COB), the Simplified Acquisition Branch (SAB), and the Kansas City Acquisition Branch (KCAB). This review is required to assure that the proper quality control and review procedures are being followed, that the completed work product is in accordance with all applicable rules, regulations and notices, and that AMD is producing quality work products in support of the FFAS mission.

### **B FILE SELECTION**

Two weeks after the close of each quarter (on January 15, April 15, July 15 and October 15), files for review will be selected in the following manner:

1. Up to five awards from each AMD buyer and contract specialist, chosen at random from the IAS awards printout.
2. Up to ten purchase card transactions over \$3000 from each AMD buyer and contract specialist, chosen at random from the PCMS awards printout.

If any of the chosen files are not suitable for review for some reason (still being worked, odd circumstances, etc.), another file will be chosen at random.

### **C REVIEW PROCEDURES**

Files will be reviewed in accordance with the attached checklists. The reviewer will select the checklist (contract, SAP, Purchase Card, GSA Schedule or BPA) appropriate to the action being reviewed and document any areas where the file being reviewed does not conform to the standards or items listed in the checklist.

## **D RESULTS OF AUDITS**

Results of the audits will be shared with the cognizant branch chiefs. The purpose of the audits is not to find fault with individual buyers and specialists, but to determine if branch oversight of the contract function is operating correctly. Each branch chief will respond to POB and the Division Director with proposed corrective actions.

## **E EXPIRATION DATE**

This Notice will expire when the policy contained herein is included in the AMD Procurement Policy Handbook.

## Attachment 1

### NON-SAP Actions Over \$100,000

IFB/RFP Number:

Contract Number:

Contractor's Name & Address:

Type of Contract:

Restricted/Unrestricted Procurement:

NOTE: Mark "Not Applicable" or "N/A" when the question does not pertain to the acquisition.

1. Requisition. Date funded: \_\_\_\_\_

Is the requisition complete with specifications, justifications, funding, government estimate, and approving signature?

Is the funding adequate? Are specifications adequate? Is a data package required? If so, is the data package adequate/complete? (Is there a certification as to the adequacy of the data package on file?)

2. Was the procurement competitive or noncompetitive? If non-competitive, is a justification in the file? Is the justification signed by the appropriate authority? [Contracting Officer: limit \$50,000; Competition Advocate/HCAD: limit \$10 million; HCAD: limit \$50 million; Senior Procurement Executive: over \$50 million]

3. Is an approved acquisition plan with milestones included in the file?

4. Was the letter notifying the individual selected as COTR/COR on file? Was the letter acknowledged by COTR/COR and contractor?

5. Acquisitions >\$25,000. Was the acquisition synopsisized in the GPE ([www.fedbizopps.gov](http://www.fedbizopps.gov))? Was the response time appropriate? Was a copy of the synopsis included in the file? [Response times: Bids/Proposals: 30 days; Commercial Items: 15 days (or less); A/E: at least 30 days; R&D: at least 45 days]

6. Service Contracts (>\$2,500). Was the Request for Wage Determination (SF-98/-98a) and any pertinent supplemental information submitted to the Department of Labor in a timely manner? Was the current wage determination rates included in the solicitation?

7. Was a request for Technical Review submitted? Date submitted: \_\_\_\_\_  
Was the technical evaluation received? Date received: \_\_\_\_\_

8. Was a request for Delegation of Procurement Authority submitted?  
Date submitted: \_\_\_\_\_. Date received: \_\_\_\_\_.

9. Acquisitions over \$100,000. If the award was made to other than a small business concern, was an approved OSDBU clearance form on file?
10. For contracts/modifications exceeding \$500,000 (>\$1 million for construction), was an approved subcontracting plan incorporated in the contract? Were subcontract reporting requirements complied with?
11. Were all required Justifications & Approvals (J&A)/Determinations & Findings (D&F) included in the file? (The J&A/D&F may be part of the procurement plan):

Options \_\_\_\_\_

Descriptive Literature \_\_\_\_\_

Samples \_\_\_\_\_

Liquidated Damages \_\_\_\_\_

Brand Name or Equal/Manufacturer Model Only \_\_\_\_\_

Waiver of Cost or Pricing Data \_\_\_\_\_

Lease versus Purchase \_\_\_\_\_

Other (identify) \_\_\_\_\_

12. Acquisitions >\$500,000. Was legal review requested? Was legal review complied with? Number of valid comments: \_\_\_\_\_.
13. Is the source list on file? Abstract of bids/offers on file? Number of bids/offers received: \_\_\_\_\_. Is there documentation on file if only one offer was received?
14. Did the file contain a determination of price/cost reasonableness?
15. Was determination of non-responsive bids documented?
16. Were there mistakes in bids? If so, how were they handled? Were they handled properly?
17. Were offers received late? If so, how were they handled?
18. Were protests received? If so, were they resolved in a timely manner?
19. Was a pre-award survey conducted? Were SF-129 records checked/verified? Was the Debarred Contractor Listing checked?
20. Was a Certificate of Competency required? If so, was the COC requested from SBA in a timely manner?
21. Was the award made to the lowest offeror? Was rationale for source selection included in the file if the award was made to other than the lowest offeror?
22. Were notifications to unsuccessful bidders/offerors included in the file?

23. Construction Contracts. Were required bonds on file? Were insurance certificates on file?
24. Were representations and certifications completed and on file?

FOR NEGOTIATED PROCUREMENTS

25. Was a negotiation memorandum on file?
26. If the best value approach was used in the source selection process, was rationale for trade-offs documented in the file?
27. Were oral presentations requested? If so, was a record maintained? If oral presentations included information that parties intended to include in the contract as material terms and conditions was the information put into writing? (Note: Incorporation by reference of oral statements is not permitted.)
28. Were proposal revisions requested? BAFO's?
29. Certified Cost & Pricing Data (Acquisitions \$550,000 & above; Acquisitions >\$100,000 if authorized by HCA)  
  
Was cost and pricing data certified? If not, was a waiver of cost or pricing data provided, or did an exception to cost or pricing data requirements exist?  
  
Was cost and pricing data current, accurate, and complete?
30. Was a pre-award audit conducted for negotiated acquisitions valued at \$550,000 and above? If not, was the audit waived? If waived, is a D&F in the file?
31. Were technical and pricing evaluation factors verified? Were they clearly explained in Section M? (Were all evaluation factors adequately covered in Section M?)
32. Were Procurement Integrity Certificates on file for the Contracting Officer, COTR, COR, and other technical staff?

## Attachment 2

### Simplified Acquisitions Checklist

**Requisition.** Did the file include a requisition complete with specifications, funding, government estimate, and approving signature? (*Note: requisitions are not mandatory for IMPAC card purchases at or under \$2,500.*)

**Contracting Officer Authority.** Was the dollar value of the purchase within the delegated authority of the Contracting Officer? [FAR 1.602-1]

**Distribution Among Vendors.** Were purchases under \$3,000 distributed equitably among qualified suppliers? Were purchases made by the IMPAC purchase card?

**Competition.** Was competition obtained for requirements over \$3,000? Was the requirement set-aside for small business? [FAR 13.003(b)(1)] If not, was a justification included in the file? If sole source, was the justification adequate? [FAR 13.106-1]

**Ratification of an Authorized Commitment.** If an unauthorized commitment was ratified, were the criteria at FAR 1.602-3 met? Was the ratification approved by the HCA? [Also, see FAR 50.203(d).] (*Note: To prevent “after-the-fact” commitments (ratifications), orders are to be issued on or before the required period of performance. If a purchase order is executed as a confirmation of a verbal agreement, the following statement is to be included in block 14: “This purchase order confirms the verbal agreement between the Contracting Officer and the Contractor reached on \_\_\_\_\_.”* )

**Mandatory Sources of Supply.** Was the item or service available from a mandatory source? If the item/service was available from a mandatory source and purchased on the open market was a waiver obtained? (*A mandatory user is not required to obtain a waiver if an exception (e.g, urgency) applies.*)

**Purchase Order.** Did the purchase order contain all required information?  
[FAR 23.302-1(b) (1)-(5)]

- a. quantity of supplies/scope of services
- b. determinable date of delivery/performance
- c. inspection & acceptance (generally, at destination)
- d. f.o.b. destination (US except Alaska and Hawaii)
- e. discounts (if applicable)

**Price.** Were all elements of price delineated on the face of the purchase order?  
(*Ensure unit of issue reflects what is being purchased for the unit price.*)

**Oral/Written Quotes.** Were prices solicited orally or in writing?

*(Written solicitations are required for construction projects over \$2,000.) Is all quotation information properly documented? (Note: If an oral solicitation is used, the Contracting Officer must ensure that the copy of the award document sent to the payment office is annotated with the contractor's Tax Identification Number and type of organization unless the information can be obtained from some other source.)*

**Fair & Reasonable Price.** If adequate price competition was not obtained for orders over \$3,000, was there a determination (statement) in the file that the price was fair and reasonable?

**Suspension/Debarment.** Was the List of Parties Excluded from Federal Procurement and Nonprocurement Programs reviewed prior to placing the order? [FAR 9.404]

**FFP.** Were the supplies/services purchased on a FFP basis? [FAR 13.302-1(a)]  
*(Purchase orders generally are issued on a FFP basis.) (Note: FFP or FFP/EPA contracts are to be used for the acquisition of commercial items. Indefinite delivery contracts may be used when prices are established based on FFP or FFP/EPA. [FAR 12.207])*

**Unpriced Orders.** If unpriced, did the order reflect a ceiling price? [FAR 13.302-2(c)] Was the clause at 52.213-4, Notice to Suppliers, provided in the unpriced order? Was the order priced in a timely manner? *(Unpriced orders can be issued on paper or electronically.)*

**Purchase Description/Statement of Work (SOW).** Was the purchase description/SOW clearly and adequately defined?

**Discounts.** Was a discount offered? (trade? quantity? prompt payment?)  
Were all trade and quantity discounts properly recorded? *(Note: Prompt payment discounts are not considered in the evaluation of bids. [FAR 14.408-4])*

**F.O.B. Destination.** Did the purchase order specify f.o.b. destination? If not, were there valid reasons for f.o.b. origin?

**Inspection & Acceptance.** Did the purchase order provide for inspection & acceptance at destination? Were advance copies of the purchase order or equivalent notice furnished to the consignee(s) for material receipt purposes? Were receiving reports accomplished immediately upon receipt and acceptance of supplies?  
[FAR 13.302-1(b) (3)]

**Purchase of Identical/Similar/Related Items.** Were identical or similar items combined into a single order or were numerous orders placed? *(Purchase of identical/similar items are to be placed in a single order.)*

When making purchases, were related items included, and was the award made on an “all or none” or “multiple award” basis provided the suppliers were so advised when quotes/offers were requested? [FAR 13.101(b)(1)]

Payment. How were invoices paid (method of payment)? Governmentwide commercial purchase card (or other third party arrangement)? If electronic funds transfer (EFT) was used, were the appropriate clauses included in the order? (FAR 52.232-33 &-34) (The purchase card is the preferred method of payment for simplified acquisitions.)

Fast Payment Procedures. Were fast payment procedures used for acquisitions that did not exceed \$25,000? [FAR 13.402] If so, did the order cite a requirement that supplies be shipped transportation or postage prepaid, and that the invoices be submitted directly to the finance office or other office designated in the order? In the case of unpriced orders, were the invoices sent directly to the Contracting Officer? In addition, did the consignee’s copy include the statement “Consignee’s Notification to Purchasing Activity of Nonreceipt, Damage, or Nonconformance”. [FAR 13.404(a),(b),(c)]

Annual Renewal of Orders. Were orders placed orally on October 1 and marked as confirming? Or - If fiscal year funding was not yet available, was the Availability of Funds Clause ( FAR 52.232-28) included in the order, and was the order annotated that funds are currently not available as stated in the clause? Was the contractor notified in writing when funds became available? [Note: The Contracting Officer is required to notify the contractor in writing once the funds become available (i.e., modification stating funds are now available).]

Service Contracts over \$2,500. Was a current wage determination obtained from the Department of Labor? [FAR 22.404-3] If the solicitation was issued without a wage determination, was a notice included in the solicitation that the schedule of minimum wage rates to be paid under the contract will be issued as an amendment to the solicitation? Were federal labor policies adhered to, and all regulatory procedures followed for the particular acquisition? (FAR 22)

Posted Notice. For proposed contract actions expected to exceed \$10,000 but not expected to exceed \$25,000, was an unclassified notice of the procurement or copy of the solicitation posted in a public place or by an appropriate electronic means? [FAR 5.101]

Synopsis. For proposed contract actions expected to exceed \$25,000 was the procurement synopsisized at the Government Point of Entry (GPE)? The GPE can be accessed at [www.fedbizops.gov](http://www.fedbizops.gov) [FAR 5.201]

Non-Personal Services Contracts. Were regulatory procedures followed when dealing with contractors under a nonpersonal service type contract? (Note: The contractor is to perform only in accordance with the terms and conditions of the contract. All directions or requests for actions are to be made through the

contractor's designated representative. If a change in the performance of the contract is required, the Contracting Officer must be contacted, and a modification to the contract SOW must be negotiated.)

If the order was for advisory and assistance (A&A) services, were the requirements at FAR 37.2 met?

If the services were considered vital to the Government and must be continued without interruption, was the clause at FAR 52.237-3, Continuity of Services, included in the solicitation/contract?

Energy Efficient Equipment & Section 508 Compatible IT Equipment.

Was energy efficient equipment solicited/purchased? If IT equipment was purchased, did it meet Section 508 standards? (FAR 39.2).

## **Simplified Acquisitions Checklist**

### **Government Purchase Card - Cardholder File**

2. Is the purchase within the cardholder's warranted authority?
2. Did the cardholder verify and document that funds were available before making the purchase? Was a requisition received for each purchase over \$3,000?  
*(Requisitions are not mandatory for purchase card acquisitions at or under \$3,000).*
3. Is there evidence that the cardholder checked the required sources of supply/services before making the purchase on the open market?
4. Was each item purchased by the Government purchase card identified on the monthly transaction log? (Description, accounting code, budget object code, cardholder signature).
5. Were there any disputes with the vendor? If so, were they resolved promptly? Was documentation provided in the file?
6. When making a purchase card acquisition against a GSA or FSS contract, was the acronym "GSA" in block 6 of the log? Was sales tax excluded from the final price? Was a tax exempt certificate requested from the State Office?
7. Were purchases under \$3,000 equitably distributed among qualified vendors?
8. Were prompt payment discounts solicited/offered? *(Prompt payment discounts are not considered in the evaluation of quotes.)*
9. Was the purchase card used for all qualifying acquisitions? *(Open market, subscriptions, emergency purchases, UNICOR, GSA and FSS, other government sources—Post Office, Government Printing Office, etc.)*
10. Is there evidence that orders were split to fit single monthly purchase limits?
11. Were purchases over \$3,000 competed? If not, was justification provided in the file?
12. Was the purchase card used to make micro-purchases? Place a task or delivery order? Make payment?
13. Is there evidence that the purchase card was used for personal use? Other unauthorized use?

## Attachment 4

### GSA Federal Supply Schedule (FSS) Orders Checklist

Requisition. Did the file contain a requisition complete with specifications, funding, government estimate and approving signature?

2Contracting Officer Authority. Was the total dollar value of the order within the delegated authority of the Contracting Officer? [FAR 1.602-1]

Purchase Order (OF-347) Was the “delivery order” block checked on the OF-347?

Orders at or under \$3,000. Orders at the micro-purchase threshold may be placed with any FSS contractor. Were one or more small, women-owned, and disadvantaged schedule contractors considered before conducting evaluations and placing the order ? [FAR 8.404(6)]

Orders over \$3,000.

- a. Was preference given to the items of small business concerns when two or more items at the same delivered price will satisfy the requirement? [FAR 8.404(6)]
- b. Was the order placed with the schedule contractor that can provide the supply/service that represents the “best value?” [FAR 8.404(b)(2)]
- c. Did the procuring office review products and prices available on other GSA Multiple Award Schedule automated information systems (i.e., GSA Advantage) or review at least three (3) price lists. [FAR 8.404(b)(2)]

Orders over \$25,000. Is there evidence or documentation indicating that an SF-279 was completed? Was the information accurately recorded?

Mandatory Information. Did the order include the information listed below? Other additional information may also be required by the schedule. [FAR 8.405-2(a) through (p)]

- a. complete shipping and billing addresses
- b. contract number and date
- c. agency order number
- d. f.o.b. delivery point (i.e., origin or destination)
- e. discount terms

- f. delivery time
- g. special item number or stock number
  - h. brief, complete description of each item (when ordering by model number, features and options such as color, finish, and electrical characteristics if available must be specified)
  - i. quantity and variation in quantity
  - j. number of units
  - k. unit price
  - l. total price of order
  - m. points of inspection & acceptance
  - n. other pertinent data (e.g., delivery instructions or receiving hours and size of truck limitation)
  - o. marking requirements
  - p. level of preservation, packaging and packing

**Urgent Need.** If a FSS contract is not used because of urgency, was there an attempt to negotiate a more favorable delivery time from the contractor before the determination was made? Was the file documented to explain the urgency?

**Orders exceeding the Maximum Order Level.** If the order exceeds the maximum order level established in a schedule, did the Contracting Officer attempt to seek price reduction? [FAR 8.404(b)(3)(ii)]

**Advisory & Assistance (A&A) Services (Consulting).** If the order was for A&A services, were the requirements at FAR 37.2 met?

**Computer Records of Awards over \$25,000.** Were agency computer records (files) revised accordingly? [FAR 4.601] (Each executive agency shall establish and maintain for a period of 5 years a computer file by fiscal year containing unclassified records of all procurements > \$25,000.)

**FAR Procedures/Clauses.** Were all regulatory procedures followed, and were all appropriate clauses included in the order for the particular requirement? (FAR 5/Publicizing; FAR 6/Competition; FAR12/Acquisition of Commercial Items; FAR 13/Simplified Acquisition Procedures; FAR 14/Sealed Bidding; FAR 15/Contracting by Negotiation)

**FPDS Reporting.** Were FPDS reports properly prepared? Was the data reported in a timely manner?

## Simplified Acquisitions Checklist

### BLANKET PURCHASE AGREEMENTS (BPA)

3. Are the requirements proper for a BPA?
2. Was a "45" transaction code used to identify the BPA?
3. Did the BPA include the following mandatory terms and conditions? (*mandatory statements*) [FAR 13.303-3(a)(1) through (vii)]
  - a. description of agreement
  - b. extent of obligation
  - c. pricing statement
  - d. purchase limitation for each individual purchase
  - e. list of individuals authorized to purchase under the BPA
  - f. delivery tickets/sales slips (all shipments except newspapers, magazines and other periodicals)
  - g. date of delivery/shipment
  - h. invoice statement (summary invoice statement; itemized invoice statement)
4. Were the appropriate clauses included in the BPA? [FAR 13.303-4(a)]
5. Were individual purchases made within the simplified acquisition threshold (SAT)?  
Within the dollar limit established by the agency for BPA's (if dollar threshold is <\$100,000)? (*The limitation for individual purchases for commercial item acquisitions conducted under Subpart 13.5 is \$5 million [FAR 13.303-5(b) & b(2)]. If the BPA is issued against a FSS contract, there is no limit on individual purchases.*)
6. Were the policies and procedures applicable to the dollar amount of the order observed?
7. Were BPA orders backed by a commitment of funds? (AD-700)
8. Calls.
  - a. Did an authorized individual place orders against the BPA?  
(Only the persons named in the BPA or otherwise identified by the Contracting Officer are authorized to place orders under the BPA.)

- b. Was a dollar limit specified for each authorized caller?
- c. Was all required information provided to the vendor when the call was placed? (generally by telephone)
- (1) BPA and call number
  - (2) items needed
  - (3) unit price and total price, established by agreement with vendor, and
  - (4) time and place of delivery
- d. Were individual calls properly documented? (*Purchases may be made electronically or a paper document may be issued if necessary to ensure that the supplier and purchases agree concerning the transaction.*)
9. Was acceptance indicated on the sales document (delivery ticket, sales slip, or other authorized receipt)? (*The person who accepts the supplies/services must verify that the sales document contains all of the information required by the BPA document.*)
10. Were invoices properly submitted, verified as correct, approved, and forwarded to the designated payment office? Summary invoices? Itemized invoices? Were all payment procedures properly followed?
11. Is the Contracting Officer conducting annual reviews of BPA's? Is documentation provided in the file? If necessary, are BPA's updated at time of reviews?  
[FAR 13.303-6]
12. Are agency BPA's established with many vendors? Small business concerns?
13. FSS BPA.
- a. If a FSS BPA, did the Contracting Officer add open market items to the BPA?  
If so, were all applicable regulations pertaining to open market items followed? (*FAR 5/Publicizing; FAR 6/Competition; FAR 12/Acquisition of Commercial Items; FAR 13/Simplified Acquisition Procedures; FAR 14/Sealed Bidding; FAR 15/Contracting by Negotiation*) (*Note: There is no dollar limit for individual orders placed against FSS BPA.*)
  - b. Was the price for the open market items fair and reasonable?

c. Were the open market items clearly labeled on the order as items not on FSS?

d. Were all clauses applicable to the open market items included in the order?