

December 18, 2009

FAS INSTRUCTIONAL LETTER 2010-02

MEMORANDUM FOR ALL FAS and VA ACQUISITION ACTIVITIES
(QV DISTRIBUTION LIST)

FROM:

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SUBJECT: Federal Supply Schedules (FSS) Program Ancillary Supplies and/or Services Special Item Number(s) and Ancillary Supplies and/or Services - Small Business Set Aside Special Item Number(s)

1. Purpose. The purpose of this Instructional Letter (IL) is to provide the policies and procedures for awarding and acquiring contract level ancillary supplies and/or services under Federal Supply Schedules.

2. Background. The Federal Acquisition Service (FAS) is expanding the use of the Federal Supply Schedules Program to make it more flexible and responsive to emerging customer needs. Currently, there are various forms of Other Direct Costs (ODCs) and contract support Special Item Numbers SIN(s), some of which are Small Business Set Aside SIN(s), used to acquire the aforementioned supplies and services across the Federal Supply Schedules Program. This results in a confusing and inconsistent customer and industry partner experience. Implementing standardized Ancillary Supplies and/or Services SIN(s) and instructions for ordering ancillary supplies and/or services will provide additional flexibilities enabling customers to more readily acquire and industry partners to provide total solutions off of Federal Supply Schedules.

Under this new SIN(s), ancillary supplies and services are defined as: supplies and/or services purchased to support work or a project that is solely associated with the supplies and/or services purchased under the same schedule. Ancillary supplies and/or services shall not be the primary purpose of the order, but be an integral part of the total solution offered. Ancillary supplies and/or services may only be ordered in conjunction with or in support of supplies and/or services purchased under another SIN(s) of the same schedule. This EXCLUDES purchases that are exclusively for supplies and/or services already available under another existing schedule.

3. Effective Date. Date of signature.

4. Termination Date. This IL expires one year from the effective date unless canceled or extended, or incorporated into a handbook.

5. Applicability. This IL applies to all GSA/FAS activities and Department of Veteran Affairs (VA) activities awarding and administering Federal Supply Schedule contracts.

6. Reference to Regulations. This IL references the following statute and regulations:

- 41 U.S.C. 259(b)(3)(A);
- FAR 6.102 Use of competitive procedures;

- FAR 43.103 Types of Contract Modifications;
- GSAR 538.270 Evaluation of multiple award schedule (MAS) offers; and
- GSAR 538.271 MAS contract awards.

7. Instructions/Procedures. Add the Ancillary Supplies and/or Services SIN as defined below to all Federal Supply Schedule solicitations. This SIN will be used when awarding any type of commercially available and price-supported ancillary supplies and/or services.

A. Ancillary Supplies and/or Services SIN Title and Description.

SIN XX-XXX - Ancillary Supplies and/or Services - Ancillary supplies and/or services are support supplies and/or services which are not within the scope of any other SIN on this schedule. These supplies and/or services are necessary to compliment a contractor's offerings to provide a solution to a customer requirement. This SIN may be used for orders and blanket purchase agreements that involve work or a project that is solely associated with the supplies and/or services purchased under this schedule. This SIN EXCLUDES purchases that are exclusively for supplies and/or services already available under another schedule.

Special Instructions: The work performed under this SIN shall be associated with existing SIN(s) that are part of this schedule. Ancillary supplies and/or services shall not be the primary purpose of the work ordered, but be an integral part of the total solution offered. Ancillary supplies and/or services may only be ordered in conjunction with or in support of supplies or services purchased under another SIN (s) of the same schedule. Offerors may be required to provide additional information to support a determination that their proposed ancillary supplies and/or services are commercially offered in support of one or more SIN(s) under this schedule.

B. Procedures for Adding the New Ancillary Supplies and/or Services SIN.

- i. GSA Form 1649 Requirement: A GSA Form 1649 is required to add the new Ancillary Supplies and/or Services SIN to a Schedule solicitation. All current SIN (s) or Small Business Set Aside SIN(s) referencing Other Direct Costs (ODCs), ancillary supplies and/or services, accessories, additional services, or any other SIN(s) currently listed under a solicitation or contract for incidental supplies and/or services shall be terminated.

If a current stand alone SIN or Small Business Set Aside SIN for ODCs, incidental equipment, ancillary items, accessories, or support items, (or if the SIN is defined by any other incidental supply and/or support title) exists, then a GSA Form 1649 shall be submitted requesting that the current SIN or Small Business Set Aside SIN be terminated and replaced with the new Ancillary Supplies and/or Services SIN or new Ancillary Supplies and/or Services - Small Business Set Aside SIN using the standardized SIN language provided in paragraph 7 A. of this IL. The GSA Form 1649 request shall provide the applicable SIN numbers to be assigned to the new Ancillary Supplies and/or Services SIN or the new Ancillary Supplies and/or Services - Small Business Set Aside SIN and identify all current incidental supply and/or services titled SIN(s) to be terminated.

- ii. GSA Form 1649 Submission: The GSA Form 1649 request shall first be submitted to the Portfolio or Acquisition Center (as applicable) point of contact (POC) for an initial review. Upon the approval of the Portfolio or Acquisition Center, the GSA Form 1649 and Schedule supporting documents should then be forwarded to the GSA Form 1649 POC within the Office of Acquisition Management. Once the GSA Form 1649 has been approved, the solicitation can

be refreshed.

The GSA Form 1649 request must include the following information:

- A dollar value, estimated or actual, as applicable for the SIN proposed for addition, modification or deletion.
- The Maximum Order Threshold (MO) for the SIN. ***(For the Ancillary Supplies and/or Services SIN, there will be a consistent MO of the Simplified Acquisition Threshold (SAT). All requests shall submit the threshold as the SAT)***
- Written concurrence from the head of the requesting Portfolio or Acquisition Center.
- The Service/Commodity
 - i.* C - Commodity
 - ii.* P - Professional Service
 - iii.* S - Service, All Other
 - iv.* B - Both Service and Commodity (Solution)
- SIN Number(s) and the SIN description (as provided above) that will be included in the resulting solicitation and in GSA eLibrary. Termination or modification of SIN(s) descriptions of any SIN(s) containing language related to ancillary supplies and/or services such as, but not limited to, those listed in Appendix A.

All Federal Supply Schedules that currently offer an ancillary, ODC or any other incidental support SIN(s) or Small Business Set Aside SIN(s) for the aforementioned supplies and/or services must be refreshed to incorporate the new Ancillary Supplies and/or Services SIN or Ancillary Supplies and/or Services - Small Business Set Aside SIN(s). Also, all Federal Supply Schedules that do not currently offer an ancillary SIN must refresh their solicitation to add the Ancillary Supplies and/or Services SIN to their solicitation. Appendix A provides a list of SINs identified as currently offering one of the incidental supplies and/or services SIN(s) referenced above. In addition, each acquisition activity awarding and administering Federal Supply Schedule contracts shall follow the aforementioned procedures for offering ancillary supplies and/or services even if the solicitation was not specifically identified, but the solicitation specifically references or awards ancillary, ODC, support or any other incidental supplies and/or services SIN(s) or Set Aside SIN(s) specifically for ancillary, ODC(s), or any other incidental support SIN(s).

- iii.* **Solicitation Refresh:** Solicitation owners shall refresh all solicitations to incorporate the new SIN language and MOT after receipt of the approved GSA Form 1649.
- iv.* **SIN Terminations:** Once the GSA Form 1649 has been approved, SIN terminations will be completed using a SF-30 modification in FSS On-Line. Terminations will be completed in advance in FSS On-Line by entering a future termination date. The termination effective date must be the last day of a

standard business quarter (Sept 30th, Dec 31st, Mar 31st, or June 30th). Adding the new SIN may be done in advance, with the new SIN effective date to be the 1st day a new business quarter (January 1st, April 1st, July 1st or October 1st).

- v. Contract Modification: In accordance with FAR 43.103 Types of Contract Modifications, a bilateral modification shall be issued to all contractors within 30 days of posting the refreshed solicitation. If a contractor does not accept the modification to update their contract to the new Ancillary supplies and/or services SIN(s), the existing SIN(s) must be terminated from their contract.
- vi. Implementation: Each acquisition activity awarding and administrating Federal Supply Schedule contracts shall implement the procedures for adding the ancillary supplies and/or services SIN as soon as practicable, but no later than six months after the issuance date.

C. Instructions for Evaluating, Negotiating and Awarding Ancillary Supplies and/or Services.

Supplies and/or services awarded under the Ancillary Supplies and/or Services SIN or Ancillary Supplies and/or Services - Small Business Set Aside SIN are contract items. Items under these SIN(s) are subject to the same standard contractual requirements as other contract items. For example, key contractual requirements such as sales reporting, industrial funding fee (IFF) remittance requirements, and all applicable evaluation, negotiation, and ordering procedures apply. The guidelines under GSAR 538.270 Evaluation of Multiple Award Schedule (MAS) offers shall be followed when evaluating proposed ancillary supplies and/or services.

In addition, the requirements of GSAR 538.271 (MAS contract awards) apply when evaluating and awarding contract items under Ancillary Supplies and/or Services SIN(s) and Ancillary Supplies and/or Services - Small Business Set Aside SIN(s). Specifically, the clause states that Federal Supply Schedule contracts are for commercial items and must be awarded on prices that are determined fair and reasonable, and a price/discount relationship must be established. The price/discount relationship, along with the determination of fair and reasonable pricing, must be documented in the contract file.

As Federal Supply Schedule contract items, Ancillary Supplies and/or Services SIN(s) and Ancillary Supplies and/or Services - Small Business Set Aside SIN(s) are compliant with the procedures established by the Administrator of the General Services Administration and consistent with the requirement of 41 U.S.C. 259(b)(3)(A) for the Multiple Award Schedules program of the General Services Administration, is a competitive procedure as stated in FAR 6.102 - Use of competitive procedures, (d) (3).

To best ensure compliance with procedures for properly awarding Ancillary Supplies and Services SIN(s) and Ancillary Supplies and/or Services - Small Business Set Aside SIN(s) and determining that items being offered are within scope of the Schedule and SIN, Federal Supply Schedule contract level Contracting Officers may request supporting information from offerors to establish how the ancillary supplies and/or services offered under the Ancillary Supplies and/or Services SIN(s) are ancillary to the supplies and/or services offered under the other SIN(s) of the same Schedule.

For instance, a Federal Supply Schedule contract level Contracting Officer can request past performance information on how the proposed ancillary supplies and/or services were previously procured as ancillary supplies and/or services for a previous requirement. Alternatively the Federal Supply Schedule contract level Contracting Officer(s) may request that the offeror provide additional information on how the items being proposed are

commercially used as ancillary supplies and/or services.

It is the responsibility of the Federal Supply Schedule contract level Contracting Officer evaluating the proposal to determine that the offeror submitted satisfactory information for the items proposed under the Ancillary Supplies and/or Services SIN(s) and Ancillary Supplies and/or Services - Small Business Set Aside SIN(s). The Federal Supply Schedule contract level Contracting Officer shall document in the price negotiation memorandum the method/rationale used for determining that the items proposed under Ancillary Supplies and/or Services SIN(s) are commercially relied upon to provide a total solution to one or more of the other SIN(s) of the same Schedule.

D. Risk Management Controls.

- i. Contractor Assistance Visits (CAVs): Within six months of issuance of this IL, the FAS Supplier Management Division will incorporate evaluating contractor compliance with the proper use and scope of awarded Ancillary Supplies and/or Services SIN as part of their MAS CAV process for review of compliance with scope of contract. Federal Supply Schedule contract level Contracting Officers shall monitor the CAV reports and Administrative Report Cards issued for compliance issues and take action as appropriate if issues are identified.
- ii. Supplier Compliance: Federal Supply Schedule contract level Contracting Officers are encouraged to monitor contractor sales reporting under the Ancillary Supplies and/or Services SIN(s) to see if there is a disproportionate level of sales reported. If the Federal Supply Schedule contract level Contracting Officer sees a disproportionate level of sales reporting, then the Federal Supply Schedule contract level Contracting Officer should have a discussion with the contractor about how the SIN is being used. If compliance issues exist, the Federal Supply Schedule contract level Contracting Officer should take action as appropriate to ensure proper use.

E. Communication/Outreach.

The new Ancillary Supplies and/or Services SIN and Ancillary Supplies and/or Services Small Business Set Aside SIN will be communicated to the Federal Supply Schedule industry partners and eligible ordering activities via multiple outreach vehicles, as noted below:

- i. Contractor Notification: Contractors who currently offer any type of incidental SIN(s) will be notified of the new Ancillary Supplies and/or Services SIN and Ancillary Supplies and/or Services - Small Business Set Aside SIN, and will be forwarded a bilateral modification via FSS On-line to delete the old incidental, ODC, or Contract Support type SIN(s), and add the new Ancillary Supplies and/or Services SIN(s). Also, contractors not currently offering any type of Ancillary Supplies and/or Services SIN(s) under their schedule contract will be given the opportunity to submit a modification request to include said SIN(s) in their Schedule contract.
- ii. Updated Web-Training/Communication:
 - The Schedules homepage at www.gsa.gov and the Vendor Support Center (CSV) website will be updated to inform Schedule contractors about the new Ancillary Supplies and/or Services SIN and provide guidance on proper use of the new SIN.

- The "Pathway to Success" web based vendor pre-offer education course will be updated during its next scheduled refresh to include information on how to offer the Ancillary Supplies and/or Services SIN.
 - The FAS Supplier Management Division will update contractor post-award education, e.g. the New Contractor Orientation (NCO) web cast, the GSA Steps to Success brochure.
- iii. Vendor Support Center (VSC) Helpdesk: New policies and procedures governing the Ancillary Supplies and/or Services SIN will be provided to those operating the VSC, so they can assist contractors with inquiries on the new SIN.

Appendix A: List of SINs that includes Ancillary Supplies and/or Services

Schedule	SIN(s)
03 FAC	800 1000
36	51 1000
48	653 4
51 V	051 100
	051 200
541	541 1000
	541 2000
56	412 50
	357 98
	253 46
	253 90
	361 27
	361 30
	563 28
	563 29
	563 98
58 I	58 1
	58 2
	58 3
	58 4
	58 5
	58 6
	58 7
67	262 53
71 II	71 207
71 III E	489 189
72 I A	31 603
72 II	722 07
	722 08
73	375 135

	375 355
	302 98
78	192 45
	366 11
	366 90
84	246 60 4
	260 11
	426 5B
	633 52
	633 60
	246 50
	260 98
874	874 5
874 V	874 506