



U.S. GENERAL SERVICES ADMINISTRATION
Office of Governmentwide Policy

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CIVILIAN AGENCY ACQUISITION LETTER 99-2

MEMORANDUM FOR CIVILIAN AGENCIES OTHER THAN NASA

FROM:

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CHAIRMAN

CIVILIAN AGENCY ACQUISITION COUNCIL (CAAC)

SUBJECT:

Governmentwide Commercial Purchase Card
Purchases Above the Micro-purchase Dollar
Threshold.

The issue of using the Governmentwide commercial credit card for purchases above the micro-purchase dollar threshold has been discussed with the Civilian Agency Acquisition Council. (A micro-purchase is an acquisition of supplies or services the aggregate amount of which does not exceed \$2,500, except that in the case of construction, the limit is \$2,000.) I am offering the following guidance to assist agencies on the proper use of the Governmentwide commercial credit card for purchases above the micro-purchase dollar threshold.

The Governmentwide commercial purchase card is to be used as a payment mechanism, not as a contracting mechanism. The use of the Governmentwide commercial purchase card does not substitute for the acquisition process. All the applicable requirements of the Competition in Contracting Act, other statutes and Executive orders, and the Federal Acquisition Regulation (FAR) apply to purchases made using the purchase card for payment (see FAR 13.301). For example, when ordering supplies or services under GSA Advantage or the Multiple Award Schedules, a contract that complies with these requirements is already present and only the ordering procedures in FAR Subpart 8.4 need be followed. However, when purchasing supplies or services on the open market for which there is no pre-established underlying contract, acquisitions must be performed pursuant to the applicable FAR provisions. Most importantly, contracts over the micro-purchase threshold must include those FAR clauses mandated by statute. Oral contracts over the micro-purchase dollar threshold, whether paid for by check, electronic funds

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transfer, or purchase card, are generally not adequate to describe the supplies or services to be purchased and the rights of the parties. Although these requirements are inapplicable to micro-purchases (see FAR 13.201(d) and Pub. L. 103-355), contracts above the micro-purchase threshold are not exempt from these requirements. Some of the FAR clauses required by statute are:

1. 52.222-6, Davis-Bacon Act, implements the Davis-Bacon Act (40 U.S.C. 276a-276a-7). The clause must be in all contracts in excess of \$2,000 for construction, alteration or repair of public buildings and public works. (See 22.403-1.)
2. 52.225-1, Buy American Act-Supplies, implements the Buy American Act (41 U.S.C. 10). The clause generally must be in all contracts for the acquisition of supplies, or for services involving the furnishing of supplies, for use within the United States. (See 25.1.)
3. 52.225-6, Buy American Act-Construction, implements the Buy American Act (41 U.S.C. 10). The clause must be in all contracts for the acquisition of construction inside the United States. (See 25.2.)
4. 52.219-5, Very Small Business Set-Aside, implements Section 304 of the Small Business Administration Reauthorization and Amendments Act of 1994 (Public Law 103-403). The Very Small Business Program is a mandatory program under certain circumstances for acquisitions, including construction acquisitions, with an estimated value exceeding \$2,500 but not greater than \$50,000. (See 19.9.)
5. 52.222-41, Service Contract Act of 1965, as Amended, implements the Service Contract Act of 1965, as amended. The Act establishes minimum wage rates and fringe benefits based on those prevailing in the locality to be paid services employees for contracts over \$2,500 which are principally for services furnished by service employees, 41 U.S.C. 351(a)(1), as well as other work conditions under certain types of service contracts. Whether or not the Act applies to a specific service contract will be determined by the definitions and exceptions given in the Act, or implementing regulations. The Act applies only when the services are performed in the United States, 41 U.S.C. 351(a). Both prime

contractors and subcontractors are subject to the Act, 41
U.S.C. 351(b)(1).

I hope this clarifies the proper use of the Governmentwide
commercial purchase card