

BMC Module 4 - NAF Contracting



The activity manager must determine what type of funds, appropriated funds (APF) or nonappropriated funds (NAF), the activity is authorized to use to purchase the needed supplies, services and construction projects. Once the need has been identified, the next step is to determine the procurement method. If a formal contract is the identified method for acquisition of supplies or services, the manager must now write the specifications for the item or service to be procured.

During the traditional acquisition process, a requisition document is initiated through the chain of command once a need is identified. A purchase request with all the proper approvals is then forwarded to the contracting activity. This process in NAF is now automated using SNACS/PRISM. This automated system is web based and can be accessed from any location with access to the Internet. The contracting process includes source solicitation and source selection, contract award, contract financing, contract performance, contract administration, and those technical and management duties related to the process.

Total hours anticipated to complete this module: 1.2

1.1 Overview

Overview

Both agreements and contracts are used in nonappropriated funds (NAF) contracting. Agreements are not the same as contracts, though the terms are sometimes interchangeable. Contracts are mutually binding documents, while agreements only indicate a possibility of future procurements and are not binding on the contracting activity. Agreements may be established prior to obtaining funding certification, although funds cannot be obligated against any resulting contracts until the funds are certified available.

At the end of this lesson, you will be able to:

- 1 State the generally accepted legal definition of a contract.
- 2 Explain the key differences between contracts and agreements.
- 3 Describe situations in the procurement process where agreements or contracts would be more appropriate.
- 4 List key characteristics of appropriated funds (APF) and NAF contracting.

1.2 What is a Contract?

A contract is an agreement, enforceable by law, between two or more competent parties to do or not do something not prohibited by law, for legal consideration. It involves both an offer and an acceptance. Contracts are promises that the law will enforce. The law provides remedies if a promise is breached or recognizes the performance of a promise as a duty. The generally accepted legal definition of a contract, whether Government or commercial, is:

A mutually-binding legal relationship that obligates the seller to furnish the supplies or services and the buyer to pay for them. To constitute a contract, there must be an offer by one person or entity to another, and an acceptance of that offer by the person or entity to whom it is made.

The parties involved in a contract are generally free to obligate themselves for any purpose with three primary restrictions:

- It must be legal.
- It must be possible.
- The parties must have the legal capacity to enter into a contract.

i Training Tip: It is important to note that in all branches of the Government, specific individuals are assigned the role of procurement/contracting officials, and only they have the power to bind the government.

1.3 What is Government Contracting

Government organizations exist to serve the public interest. This means that private interests are set aside in order to occupy positions of public trust. This is fundamental, and no Government organization may compromise this.

In Government contracting there are three key characteristics that set it apart from private or commercial contracting.

Heavy Regulation

Government contracts are heavily regulated to curb misappropriation of funds and ensure uniform policies and practices across agencies.

Contract Terms

The contract terms applied to Government contracts are the product of careful drafting by teams of Government attorneys and have often received distinct meaning through past contract adjudications.

Special Status

Because of the Government's special status, disputes under Government contracts follow a very different procedural path than those arising under private contracts. The Government's special status includes sovereign rights, such as 'eminent domain', which is the right to acquire private property for public use, and sovereign immunity laws that prevent many types of lawsuits from being made against the Government without its consent.

1.4 What is NAF Contracting

Nonappropriated Fund Instrumentalities (NAFIs) are legally constituted as an instrumentalities of the United States.

Funds in NAFI accounts are Government funds, and NAF property, including buildings, is Government property. However, NAFs are separate from Government APFs of the U.S. Treasury. They are not commingled with APFs and are managed separately, even when supporting a common program or activity. NAFIs expend resources to support Family and MWR programs.

Primary characteristics of NAF contracts establish guidance that generally follow Government federal regulations for contracting, but primarily follows [AR 215-4](#), Department of Defense (DOD) and other departmental regulations. These characteristics relate to the following:

NAFIs are entitled to the same sovereign privileges and immunities as the Federal Government because they operate under the authority of the Federal Government. NAF procurements are immune from Federal taxes and exempt from most direct State, local, and host country taxes.

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1.5 When to Apply APF and NAF Contracting Guidelines

As stated in the AR 215-1 Appendix D, Family and MWR activities are resourced from either APF or NAF, or a combination of both. NAF expenditures for valid Family and MWR purposes are not an augmentation of appropriations and will not be used for authorized APF expenditures, unless authorized APFs are not available.

In general, procurement of goods and services with APF dollars will adhere to Government (APF) contracting guidelines, and procurements with NAF dollars will adhere to NAF contracting guidelines.

Contracts awarded using NAF/Uniform Funding & Management (UFM) dollars will follow acquisition policies and procedures set forth in [AR 215-4, NAF Contracting](#) and [DODI 4105.67, NAF Procurement Policy](#). NAF contracting processes, to include the use of the NAF Government purchase card, shall be followed for the expenditure of NAF dollars. NAF contracting personnel will work in conjunction with their designated financial management office(s) on the execution of NAF/UFM dollars.

1.6 Is it a Contract or an Agreement? - Agreements Defined

There are two types of agreements used in Government contracting:

Basic Agreements

Basic Agreements are used to expedite future procurement(s) when there is a likelihood that a substantial number of future contracts will be issued. Blanket Purchase Agreements, for example, establish "charge accounts" with qualified sources by pre-approving the prices.

Basic Ordering Agreements (BOAs)

Basic Ordering Agreements (BOAs) are used to expedite contracting for supplies or services when specific items, quantities, and prices are not known, but a substantial number of requirements are expected to be purchased against the agreement. Unlike Basic Agreements, BOAs provide the opportunity for the contracting officials and the contractor to negotiate prices, review descriptions of the supplies and services to be covered, and review methods for which future orders may be issued.

NAF contracting applies Basic Agreements to procurements in the form of Blanket Purchase Agreements (BPAs). BPAs are used with simplified acquisition purchases when prices are considered fair and reasonable, and the total purchase will not exceed the simplified acquisition threshold (or \$250,000 for commercial items).

The NAF purchase card is currently the preferred method of procurement for simplified acquisition purchases. However, some vendors will not accept purchase cards, and would prefer to have a BPA established. When this is the case, a BPA may be established and purchase orders can be issued against the BPA as required, up to the total amount, and not-to-exceed the simplified acquisition threshold (or \$250,000 for commercial items). A BPA caller is authorized to procure goods and services up to the limit set forth in his or her appointment memorandum.

Basic Ordering Agreements

In instances where a Basic Ordering Agreement (BOA) is determined to be appropriate, it must go through contracting officials for negotiation with vendors and authorization.

Once agreements are set up, orders will be issued for purchase of supplies or services against the agreement in the form of delivery orders or task orders. The issuance of the delivery order against the agreement constitutes obligation of the Government/NAFI to pay for supplies or an issuance of a task order for services delivered and accepted.

 A Delivery Order (DO) is an order for future delivery of supplies or nonpersonal services placed against an established contract or agreement.

2.1 Overview

The Contracting Officer determines the contract type based on the requirement. In general, the type of contracting vehicle that will be used for procurement depends on whether the item falls within the simplified acquisition procedures and competition threshold criteria. Appropriated funds (APF) and nonappropriated funds (NAF) contracting use the same types of contracting vehicles, but dollar thresholds and other guidelines may vary. Acquisition guidelines for APF are in the [Federal Acquisition Regulation \(FAR\)](#). For NAF, they are in Army Regulation ([AR](#)) [215-4](#). For more information, see the [FAR](#) and [AR 215-4](#).

At the end of this lesson, you will be able to:

- 1 Differentiate between major contract types.
- 2 Select the preferred contract type for NAF contracting.
- 3 Define the primary types of contracting instruments that are used for MWR procurements.
- 4 List the correct application of each type of contracting instrument.

2.2 Contract Types

Purchase orders

Purchase orders are normally used to acquire supplies or services that are noncomplex in nature. Purchase orders contain the item description, unit price, quantity, extended price, delivery date, destination, invoicing instructions, discount terms, and other applicable provisions.

Unpriced purchase order

Unpriced purchase orders are orders for supplies or services, the prices of which are not established at the time of issuance of the order.

Firm fixed-price contracts

Provide for a price that is not subject to any adjustment on the basis of the contractor's actual cost in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. It provides maximum incentive for the contractor to control costs and perform effectively, and imposes a minimum administrative burden on the contracting parties.

Fixed price with economic price adjustment

A fixed-price contract with economic price adjustment provides for upward and downward revision of the stated contract price upon the occurrence of specified contingencies.

Indefinite delivery contracts

There are three types of indefinite-delivery contracts: definite quantity, requirements and indefinite quantity.

Cost plus percentage of cost contracts

Cost plus percentage of cost contracts shall not be used. This type of contract provides reimbursement to contractors for their actual costs plus some fixed percentage of costs.

As stated in the [AR 215-4](#), NAF contracts will be of the Firm fixed-price type to the extent possible. Use of other than fixed-price type requires written justification, legal review, and Family and MWR (FMWR) and Region approval. Additional details on selection of contract type are included in the [AR 215-4](#).

2.3 Types of Contracting Vehicles

PURCHASE ORDERS

Purchase orders (POs) are individually negotiated agreements that become binding contracts when accepted by the contractor. POs obligate the NAFI to pay the contractor the amount stated on the purchase order, if the contractor performs in accordance with the terms and conditions of the purchase order.

In NAF contracting, POs are issued for:

- Future delivery of supplies.
- Acquiring supplies or services that are noncomplex in nature.
- The future performance of nonpersonal services.

Unpriced Purchase Orders (UPOs) - UPOs are used when the exact price of supplies or services can't be established at the time of the order. A realistic "not-to exceed" amount is placed on the UPO instead of an actual amount. A realistic not-to-exceed amount (either for each item or the total order) needs to be on the UPO. Due to the potential risks, these types of orders are not encouraged.

DELIVERY ORDERS

Delivery orders (DOs) may be used for orders of any dollar amount and are binding upon issuance (date of mailing). They obligate the NAFI to pay the contractor the amount on the DO,

in accordance with the terms and conditions of the basic contract or agreement, provided the contractor performs per the terms and conditions dened in the basic contract or agreement. The dollar amount of the order must be within the warrant level of the individual issuing the order.

DOs may be placed against existing competitively-awarded contracts and agreements that authorize NAFIs to place delivery orders. DOs may also be placed against existing noncompetitively awarded contracts and agreements when requirements do not exceed \$5,000 and the prices are determined fair and reasonable.

Handling Exceptions

The following procedures can be used when exceptions arise in the procurement process.

Emergency Purchase Procedures

Emergency purchase procedures should only be used when immediate action is required and/or when normal purchase procedures may cause destruction or loss of NAFI property or assets. When completing purchase requests for emergency purchases, a full justification for the emergency action, signed by the individual placing the order, must be included. Once the contracting activity receives the emergency purchase request, they must determine that its use is proper, and prepare a purchase document to formalize the action and allow for payment.

Ratifications of Unauthorized Commitments

Unauthorized commitments are to be avoided. Proper communication of regulations should make clear that only authorized representatives have authority to enter into an agreement on behalf of the government. If a situation involving an unauthorized commitment occurs, the contracting activity and higher officials only may take steps to ratify the action.

Ratification is an act of approving an unauthorized commitment of NAF funds in order to pay for the goods and services provided. Only authorized procurement officials can obligate the funds for NAF supplies and services. The person with the authority to ratify unauthorized commitments is the Ratification Authority.

2.4 Knowing When Each Contracting Vehicle Is Appropriate for Use in the Contracting Process

If the requirement is commercially available, but may require special terms and conditions (such as services that require a specific delivery date), a purchase order may be issued. Purchase orders most commonly are issued for small dollar amount purchases using simplified acquisition procedures; however, higher dollar value items may be purchased with the purchase order, based on contracting guidelines.

If the requirement is above the simplified acquisition procedures purchase dollar threshold, items cannot be purchased commercially, and if the specifications, terms, and conditions of performance are complex, formal negotiated contracting may be required by using a Request for Proposal (RFP).

2.5 Summary of NAF Acquisition Management



i Please coordinate with your servicing APF Contracting Office for specific guidance on the specific policies and procedures applicable to the APF acquisition planning process.

3.1 Overview

Procurement officials are those employees usually appointed by the contracting activity to expend appropriated funds (APF) or nonappropriated funds (NAF), up to an authorized dollar limitation. Within the contracting activity, officials must obtain a warrant. Warrants certify that an employee has the experience, education, and training, plus subjective factors such as business acumen, judgment, character, reputation, and ethics, to perform selected duties.

At the end of this lesson, you will be able to:

- 1 Identify the key officials in the contracting process.
- 2 Describe the responsibilities associated with each type of official.
- 3 Define "warrant" as applied to NAF contracting.
- 4 Identify the warrant levels established for NAF contracting

3.2 Defining Areas of Responsibility for Contracting and Procurement



The integrity of the NAF contracting system requires separation of functions; therefore, different people must perform each step in the acquisition process.

The steps in the acquisition process are:

- 1 Issuance of the purchase request.
- 2 Approval of the purchase and certification of the availability of funds.
- 3

- 3 Execution of purchase orders, delivery orders, or contracts on behalf of the Nonappropriated Fund Instrumentalities (NAFI)
- 4 Receipt of goods or services.
- 5 Issuance of the check in payment of the purchase.

In addition, AR 215-4, identifies the requirements that must be met in order for individuals to be certified, via warrant, for obligating the Fund as a NAF procurement official.

 Complete the content above before moving on.

3.3 Fund Agent - Contracting Officer



Contracting officers (KO or CO) and their appointees are defined as agents of the Fund. That means that within the limits of their appointment, they may enter into, make modifications, and terminate contracts in the name of the Fund.

NAF contracting officers have a limitation of authority, in which they may only bind a NAFI to the extent of the authority delegated to them. This authority must be in writing. This limitation of authority includes obligation of funds, and sets a dollar limit based on the warrant level a contracting officer has obtained.



Training Tip: Procurements that combine appropriated and nonappropriated funds will be accomplished by an appropriated fund contracting of. cer using appropriated fund contracting procedures.



Complete the content above before moving on.

3.4 Contracting Officer's Representative

A Contracting Officer's Representative (COR) is an authorized representative of a CO, within the scope of his or her authority. CORs are generally subject matter experts or specialists in a specific area, and must be appointed in writing by the CO.

Primary responsibilities of a COR include:

1

Serving as liaison between the CO and the contractor.

2

Monitoring contractor compliance.

3

Checking the progress performance, inspection, and acceptance of supplies or services delivered to ensure timeliness, quality, and conformance to specifications.

4

Verifying that the contractor performs the technical requirements of the contract in accordance with the contract terms, conditions, and specifications.

5

Performing necessary inspections and verifying that the contractor has corrected all deficiencies.

6

Notifying the contractor of discrepancies observed during surveillance, and recommending corrective actions to the contracting officer; recording and reporting to the CO any such incidents.

7

Submitting regular reports concerning performance of services to the CO.

 **Training Tip:** For most NAF procurements that require a COR, it is recommended to have only one COR per contract to avoid conflicting directions or overlapping actions.

CORs Limitation of Authority

Contracting Officer Representatives are not granted authority to perform the following duties in relation to NAF Procurement:

- Award or sign any contract, delivery orders, or modifications
- Obligate payment of monies
- Change funding or scope of the contract
- Make or change any contractual agreements, commitments, or modifications involving prices, quantities, quality, or delivery schedules

3.5 Contracting Officer's Technical Representative

Contracting Officer's Technical Representatives (COTRs) are designated by the Contracting Officer to perform certain contract administration activities in regard to technical issues. CORs and COTRs perform the same types of functions.

3.6 NAF Contracting Warrant Levels and Limitations

Warrants are given to a limited number of employees.

A warrant is the Contracting Officer's certificate of authority to enter into, administer, or terminate contracts and make related determinations and findings. Contracting Officers may bind the NAFI only to the extent of the authority delegated to them.

Warrants specify the dollar limitation for each person appointed as a NAF contracting officer. If a contracting officer gets a request that exceeds their warrant level, the request must be forwarded to someone with a higher warrant authority.

NAF Contracting Warrant Level	Training Requirements
Warrant Level \$5,000	
<p>Dollar Limit: \$5,000 for supplies & services (<i>\$25,000 resale</i>)</p>	<p>Satisfactory completion of one of the following courses (<i>or course equivalents</i>):</p> <ul style="list-style-type: none"> * NAF Contracting (Basic) Course * DOD Small Purchase Course
Warrant Level \$25,000	
<p>Dollar Limit: \$25,000 for supplies & services (<i>\$50,000 resale</i>)</p>	<p>Satisfactory completion of one of the following courses (<i>or course equivalents</i>):</p> <ul style="list-style-type: none"> * Army NAF Contracting Advanced Course (2 weeks) * Navy NAF Contracting Advanced Course (2 weeks) * DOD Small Purchase Course
Warrant Level \$100,000	
<p>Dollar Limit: \$1000,000 for supplies, services, and construction</p>	<p>Satisfactory completion of course requirements \$25,000 warrant, as well as:</p> <ul style="list-style-type: none"> * Contract Negotiation Course * Contract Administration Course * Contract Law Course * Price Analysis or Cost & Price Analysis Courses * Construction Contracting Course

 **Training Tip:** Delivery order amounts against competitively awarded contracts and agreements have no dollar limitations other than availability of funds or limits established by the basic contract or agreement.

4.1 Overview

When using a Purchase Request for nonappropriated fund (NAF) procurement of supplies or services, the request must be completed by the requesting activity and routed for approval before being submitted to the contracting activity for action. Each acquisition must be designated as a supplies, services or construction requirement. To facilitate the acquisition process, an automated program is used for procurement and contract administration. This program is referred to as the Standard NAF Automated Contracting System (SNACS). All purchase requests are generated and routed by SNACS.

- 1 Identify the elements of a NAF purchase request.
- 2 Identify the steps in the routing process for a NAF purchase request.
- 3 Summarize the SNACS program and purpose.
- 4 Identify the software application used in NAF procurements for SNACS.

4.2 The NAF Requisition Form Elements

In order to ensure correct documentation of a request for procurement, each of the following six key elements of the Purchase Requisition (PR) must be completed utilizing the Standard NAF Automated Contracting System (SNACS):

Description of Item or Service

There are the four ways items/services are described in the PR for NAF contracting: technical specifications` (often referred to simply as "specs"), purchase description, brand name or equal, and brand name only.

Quantity

Items sold or packaged by pair, dozen, bulk, or weight should be ordered within the item/industry standards. Avoid ordering items by fractions of the standard count, since this increases the cost. You also need to consider the variations in quantity that may be loaded, packaged, shipped, and manufactured by the supplier on a given production run.

Delivery Date

The PR must include specific delivery dates. Service contracts should state the performance period noted on the PR. Ambiguous terms like "immediately" or "as soon as possible" should not be used. Requestors should make every effort to establish realistic delivery dates.

Suggested Sources

If requesters know vendors who supply the item they are ordering, they should include these along with the Point of Contact name, phone number, and address. They should also include any manufacturers' stock numbers and catalog references if they have them available. However, it is the contracting officer or other procurement official's responsibility to request pricing information and offers from potential vendors.

Availability of Funds

The requesting activity must make sure funds are available either through individual certification or through bulk funding for all NAF purchase requests. This is not a contracting activity responsibility.

Authentication

The requesting activities and the contracting officer should have procedures in place to make sure that PRs are submitted only by authorized personnel, such as through the use of signature cards online, or other authorized means.

4.3 Routing the Purchase Requisition

The requesting activity uses SNACS to complete the key elements of the PR. The requesting activity, using a predetermined routing path in SNACS, then routes the request as follows...

The requestor routes the PR to the requesting activity's

Department Manager for approval

The Department Manager may return the PR to the requestor for routing, or may route the PR to the FMD for funds certification.

The FMD verifies that funds are available and routes the PR to the contracting activity.

The contracting activity assigns a Purchasing Agent or Contract Specialist, who reviews the requisition and takes one or more of the following actions:

- Select a vendor

- Solicit quotations

- Issue a purchase order

- Use another contract vehicle

4.4 Using SNACS/PRISM in the Acquisition Process



Army NAF Contracting automation system is called SNACS. SNACS stands for Standardized NAF Automated Contracting System. SNACS is actually Compusearch's PRISM product line. Current version of SNACS/PRISM is 7.3.

PRISM Logon: <https://cloud.mwr.army.mil/snacs>

The SNACS automated system provides the following:

Requisitions/Inbox	Solicitations/Bids	Large Contracts	Purchase Orders
Purchase Card Orders	Delivery Orders	Military Interdepartmental Purchase Request (MIPR)	Receiving
Blanket Purchase Agreement (BPA) Setup & BPA Calls	Interagency Agreement	Annual Subscription (helpdesk, upgrades)	System Setup
System Utilities	Federal Acquisition Reform Act (FARA) clauses	Nonappropriated Fund (NAF) clauses	Electronic Commerce (EC) Web (electronic bids/awards)

5.1 Overview

Procurement and contracting personnel must be able to interpret the description of an item or service in the purchase request in order to proceed appropriately in obtaining the item or service. An accurate description is also necessary to ensure the contractor can perform satisfactorily in meeting the requirements.

At the end of this lesson, you will be able to:

- 1 Identify correct procurement specifications.
- 2 Describe the four methods used by requesting activities to describe the item or service to be procured.

5.2 Describing and Item or Service

There are four ways to describe items/services used in nonappropriated fund (NAF) contracting. The description can include one or more of the following:

- Technical specifications (sometime referred to as 'specs')
- Purchase description
- Brand name only
- Brand name or equal

5.3 About Specifications

Specifications define the scope of needs contained in a purchase request. Specifications, also referred to as "statements of work," can be quite detailed and complex. Requesting officials must ensure that the appropriate technical expert creates clear and comprehensive specifications to attract high quality, competitive bids.

The type of specification required for a procurement depends upon how much is known about the supply or service to be procured and the complexity of the requirement. For example, if a new software program is being procured, there may not be enough information available to create detailed design specifications. However, if a procurement is being generated to re-paint the bowling center, there will be a great deal of industry standard information available. There may also be historical data, since the center is being "re-painted."

PERFORMANCE SPECIFICATION

A performance specification describes the capabilities and attributes an item must have, but leaves the specific design up to the contractor.

FUNCTIONAL SPECIFICATION

A functional specification describes the problem to be solved, then leaves it to the contractor to come up with the design, including capabilities and attributes, to solve the problem.

DESIGN SPECIFICATION

A design specification describes both the method and design required to solve a problem, and defines deliverables the contractor must provide to check the product against the specified design. A design specification may also be termed a technical specification, depending on the level of complexity and detail required in the design.

5.4 About Purchase Descriptions

FORKLIFT FORKS

Purchase Description



STD Taper or Pallet Fork:
begin 16" to 24" from tip
and end with a 3/8" tip.

Extra strength, precision
made, heat treated with
upset forged heel.

Part No.	Thickness	Width	Length	Class	Taper	Shipping Weight	Capacity (lbs) @ 24" L.C. (PR)
1.0-3-36-B30	1.0"	3"	36"	30" BH	STD	105	1500
1.25-4-36-2	1.25"	4"	36"	II	STD	152	3000
1.25-4-42-2	1.25"	4"	42"	II	STD	168	3000
1.25-4-48-2	1.25"	4"	48"	II	STD	186	3000

Example

Purchase descriptions are generally commercial in nature and describe general characteristics of an item or service. A purchase description should be written in a generic manner to allow various manufacturers to bid on products or services. A purchase description should include the following items to describe minimum requirements:

- Common nomenclature (no abbreviations)
- Kind of material (type, grade, color, etc.) and acceptable alternatives, if appropriate
- Electrical data or operating characteristics, if applicable
- Dimensions, size, or capacity
- The item's intended use, including location within an assembly or equipment and essential operating conditions
- Equipment with which the item will be used or must be compatible
- Drawings, sketches, and other information considered necessary to ensure proper identification of the required item
- Original Equipment Manufacturers (OEM) part number, if applicable
- The qualified products list (QPL), if applicable

5.5 About Brand Name Only

The brand name is the most common method of describing items for resale. For example, if market research shows that customers prefer Coca-Cola, no other brand should be solicited.

If this method of description is used for anything other than resale, the requestor must provide written justification stating the specific need that makes that particular brand necessary.

This justification must be submitted with the purchase request. **Brand name only still allows for competition -- for example, several vendors may be able to provide Coca-Cola.**

Sources for known acceptable brand name products should be referenced in the request, as well as a list of the desired features that make this brand mandatory, so that at least **three** vendors can offer their products.

5.6 About Brand Name or Equal



The brand name or equal method is another manner to describe a requirement. To utilize such method, the requiring activity should indicate in the purchase description those characteristics of the brand name product that are essential to the needs of the requiring activity.

The description should list the make, model number or other appropriate name of the product as well as all other known acceptable brand name products.

i Training Tip: There is no restriction for requesting the purchase of resale items on a brand-name basis. The requesting activity is responsible for identifying the brand-name items for resale on the purchase request. NAF contract award is generally made to the supplier who can furnish the desired brand-name items at the best price and within the time required.

6.1 Overview

In general, price quotations for simplified acquisition purchases may be solicited orally. As the complexity and/or dollar value of the procurement increase, the method of solicitation changes to a more formal process. When formal contracting procedures are followed, there will be formal solicitations, an evaluation of offers, and award of the agreed-upon contract.

At the end of this lesson, you will be able to:

- 1 Describe the various means of soliciting vendors for procurements.
- 2 List the key considerations to apply when evaluating solicitations.
- 3 Explain the basic guidance for contract award.

6.2 Solicitations

When we show up to the present moment with all of our senses, we invite the world to fill us with joy. The pains of the past are behind us. The future has yet to unfold. But the now is full of beauty simply waiting for our attention.

Oral Solicitations

Oral solicitations are requests for price quotations from vendors for supplies or services, usually completed by telephone or other means of telecommunications such as email, fax, or internet.

Written Solicitations

Written solicitations are documents provided by the vendor indicating their pricing for supplies or services being requested. For example, these documents could be the vendor's published price lists, such as those provided with a vendor's catalog. Written solicitations still require a summary of pricing information using [Department of the Army \(DA\) Form 4072, Record of Negotiations \(Nonappropriated Funds\)](#).

Request for Quotation

An RFQ is a written solicitation with the primary purpose of gathering pricing and delivery data for a future purchase of standard commercial goods or services. Responses to RFQs are not offers, and consequently, may not be accepted by the Government to form a binding contract.

Request for Proposal

An RFP is a written solicitation that provides a potential contractor with the opportunity to offer a price and a plan for accomplishing a particular acquisition. RFPs offer both the government and the contractors an opportunity to bargain, or negotiate on price and terms of a potential acquisition. RFPs are intended to result in a contracting action.

6.3 Vendor Qualifications and Evaluation Criteria for Selection

In general, potential contractors must be responsible. This means, at a minimum, that they must:

Have a satisfactory performance record.

Have, or have the ability to obtain, the necessary equipment and facilities.

The award of a contract to a vendor based on lowest evaluated price is not always the best indicator of best value for the NAF procuring program or activity. The following "4 Cs" provide a good rule of thumb for determining "best value":

Challenge. Ask why and how the procuring program/activity will provide the service; decide whether or not the service should be provided at all.

Compare. Compare the service and its performance with the best available elsewhere.

Consult. Consult customers of the service, local citizens, and local and national organizations to help clarify the service and standards desired.

Compete. Ensure that the service is competitive and delivers the most efficient and effective solution.

6.4 Contract Awards

A proposal submitted by an offer or in response to a formal solicitation or Request for Proposal (RFP) is considered an offer. An offer is accepted when the contracting officer completes the award section of the solicitation form. The contract becomes effective on the date of award, unless a different date is given in the contract itself. When an award is made, the contracting officer gives written notice of award to the successful offer or. Once this notice has been issued, the contracting officer gives written notice to the unsuccessful offerors that their proposals were not accepted.