

# Memorandum

Date: 10/6/2016

From: Acting Deputy Senior Procurement Executive

Subj: Class Deviation from VA Acquisition Regulation (VAAR) 801.602-71 (VAIQ 7721413)

To: VA Heads of Contracting Activities (HCAs)

1. **Purpose:** To issue a Class Deviation in accordance with Federal Acquisition Regulation (FAR) subpart 1.404, Class Deviations, and Department of Veterans Affairs Acquisition Regulation (VAAR) 801.404, Class Deviations, to deviate from 801.602-71. There was a previous deviation released on December 2, 2015 that maintained the review thresholds from the current VAAR. This deviation corrects this section, 801.602-71, Basic Review Requirements, to comply with the edicts of the Employee Empowerment Initiative (EEI).
2. **VAAR Sections Impacted:** 801.602-71.
3. **Effective Date:** November 1, 2016.
4. **Expiration Date:** This class deviation will remain in effect until incorporated into the VAAR or the new VA Acquisition Manual (VAAM), or otherwise rescinded.
5. **Applicability:** This deviation applies to all VA contracting activities.
6. **Background:** The Acting Chief Acquisition Officer (CAO) of the Department of Veterans Affairs (VA) has instituted the Employee Empowerment Initiative (EEI) and one of the outcomes of this initiative is the goal to improve OALC operating efficiency by streamlining decision making and acquisition-related approval processes to the lowest practicable subordinate acquisition activity level. The revised oversight process establishes a more decentralized, less labor-intensive oversight process that efficiently allocates time and resources. This deviation revises 801.602-71 to ensure that it fully complies with the review and approval thresholds set forth as a part of the EEI.

**a. Current 801.602-71 Policy:**

**801.602-71 Basic review requirements.**

Contracting officers must obtain a technical review and/or legal review in accordance with their respective HCA's contract review process (see items (a) through (i) in Table 801.602-71. Table 801.602-71 also sets forth the review and approvals required for the contracting actions listed in items (j) through (r).

<b>Action</b>	<b>Anticipated Contract Award Values</b>
(a) Supply or service solicitations or quotations (except as provided in 801.602-73 through 801.602-75) (includes indefinite quantity, option year, and multi-year solicitations or quotations where the contracting officer reasonably expects expenditures of \$500,000 or more, inclusive of options)	\$500,000 or more.
(b) Supply or service solicitations or quotations where a consolidated acquisition activity is performing acquisitions for three or more physically separated VA medical centers (excluding outpatient clinics)	\$750,000 or more.
(c) Fixed price, sealed bid construction solicitations, other than 8(a) construction solicitations	\$1 million or more.
(d) 8(a) construction solicitations and task orders	\$500,000 or more.
(e) Request for Proposal (negotiated) construction solicitations and task orders	\$500,000 or more.
(f) Proposed task/delivery orders and blanket purchase agreements [includes orders under Federal Supply Schedule (FSS) contracts except for BPAs for Supplies under FSS contracts that are not issued by the National Acquisition Center (NAC). See (n) below for those thresholds.]	\$500,000 or more.
(g) Proposed cost-reimbursement, incentive, time-and-materials, and labor-hour contracts (see 816.102(b))	\$100,000 or more.
(h) Utility service agreements	\$50,000 or more.
(i) Solicitations for advisory and assistance services (see 837.2)	\$100,000 or more.

<b>Action</b>	<b>Review Levels and Thresholds</b>
(j) Interagency Acquisitions (Best Procurement Approach)	<ul style="list-style-type: none"> <li>- ≤ \$5M: CO/Peer Review</li> <li>- \$5M-\$50M: One level above the CO</li> <li>- &gt;\$50M: HCA or Designee</li> </ul>
(k) Acquisition Plans	<ul style="list-style-type: none"> <li>- ≤ \$5M: CO/Peer Review</li> <li>- \$5M-\$100M: One level above the CO</li> <li>- &gt;\$100M: HCA or Designee</li> </ul>
(l) Stop Work Orders – (Terminations)	<ul style="list-style-type: none"> <li>- One Level above the CO for all Stop Work Orders</li> <li>- OGC Review</li> </ul>
(m) Use of Letter Contracts	<ul style="list-style-type: none"> <li>- One Level above the CO for all Letter Contracts</li> <li>- OGC Review</li> </ul>
(n) BPAs for Supplies under Federal Supply Schedules (FSS) that are not issued by the National Acquisition Center (NAC).	<ul style="list-style-type: none"> <li>- &gt;\$50M: Business Clearance Review</li> <li>- &gt;\$50M: OGC Review</li> </ul>
(o) Use of Economic Price Adjustment (EPA) Clauses	-HCA or Designee for any use of EPA Clauses
(p) Use of Incentive Contracts	-HCA or Designee for any use of Incentive Contracts
(q) Option Year Contracts Exceeding 5 Years (VAAR 817.204)	-HCA or Designee for any use of Option Year Contracts Exceeding 5 Years
(r) Commercial Interim or Advance Payment Terms (VAAR 832.402)	-HCA or Designee for any use of Commercial Interim or Advance Payment Terms

**b. VAAR 801.602-71 New Policy:****801.602-71 Basic review requirements.**

Contracting officers must obtain a technical review and/or legal review in accordance with their respective HCA's contract review process. Table 801.602-71 also sets forth the review levels and approval thresholds required for the contracting actions listed in items (a) through (i).

<b>Action</b>	<b>Review Levels and Thresholds</b>
(a) Interagency Acquisitions (Best Procurement Approach)	<ul style="list-style-type: none"> <li>- ≤ \$5M: CO/Peer Review</li> <li>- \$5M-\$50M: One level above the CO</li> <li>- &gt;\$50M: HCA or Designee</li> </ul>
(b) Acquisition Plans	<ul style="list-style-type: none"> <li>- ≤ \$5M: CO/Peer Review</li> <li>- \$5M-\$100M: One level above the CO</li> <li>- &gt;\$100M: HCA or Designee</li> </ul>
(c) Stop Work Orders – (Terminations)	<ul style="list-style-type: none"> <li>- One Level above the CO for all Stop Work Orders</li> <li>- OGC Review</li> </ul>
(d) Use of Letter Contracts	<ul style="list-style-type: none"> <li>- One Level above the CO for all Letter Contracts</li> <li>- OGC Review</li> </ul>
(e) BPAs for Supplies under Federal Supply Schedules (FSS) that are not issued by the National Acquisition Center (NAC).	<ul style="list-style-type: none"> <li>- &gt;\$50M: Business Clearance Review</li> <li>- &gt;\$50M: OGC Review</li> </ul>
(f) Use of Economic Price Adjustment (EPA) Clauses	<ul style="list-style-type: none"> <li>-HCA or Designee for any use of EPA Clauses</li> </ul>

(g) Use of Incentive Contracts	-HCA or Designee for any use of Incentive Contracts
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7. **Attachment:** VA Class Deviation from VA Acquisition Regulation 801.602-71.

8. **Additional Information:** Questions and concerns should be addressed to the Office of Acquisition and Logistics (003A), Procurement, Policy and Warrant Management Service (003A2A) at (202) 632-5288 or email: [va.procurement.policy@va.gov](mailto:va.procurement.policy@va.gov).

Sheila P. Darrell

Attachment

cc:

Under Secretaries for Health, Benefits, and Memorial Affairs  
Chief Facilities Management Officer, Office of Facilities Management  
Directors, VHA Service Area Offices  
Directors and Network Contract Managers, Veterans Integrated Service Networks  
Directors, VA Medical Center Activities, Domiciliary, Outpatient Clinics, Medical and Regional Office Centers, and Regional Offices  
Directors, Denver Acquisition and Logistics Center, Corporate Franchise Datacenter, Records Management Center, VBA Benefits Delivery Centers, and VA Health Administration Center Executive Director and Chief Operating Officer, VA National Acquisition Center, National Cemetery Administration

**Class Deviation**  
**Department of Veterans Affairs Acquisition Regulation (VAAR) 801.602-71,**  
**Basic review requirements.**

**801.602-71 Basic review requirements.**

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(a) Interagency Acquisitions (Best Procurement Approach)	<ul style="list-style-type: none"> <li>- ≤ \$5M: CO/Peer Review</li> <li>- \$5M-\$50M: One level above the CO</li> <li>- &gt;\$50M: HCA or designee</li> </ul>
(b) Acquisition Plans	<ul style="list-style-type: none"> <li>- ≤ \$5M: CO/Peer Review</li> <li>- \$5M-\$100M: One level above the CO</li> <li>- &gt;\$100M: HCA or designee</li> </ul>
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(f) Use of Economic Price Adjustment (EPA) Clauses	-HCA or Designee for any use of EPA Clauses
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END