

Date: June 26, 2012

From: Deputy Assistant Secretary for Acquisition and Logistics (003A) and
Senior Procurement Executive

Subj: VA PPM - Mandatory Small Business Set Asides for Contract Actions Up to the
Simplified Acquisition Threshold (VAIQ 7250994)

To: See Distribution

1. Purpose. This Procurement Policy Memorandum (PPM) provides Department of Veterans Affairs (VA) guidance regarding Federal Acquisition Regulation (FAR) Part 19, Subpart 19.502. This FAR subpart mandates that contracting officers (COs) shall set aside contract actions exceeding the micro purchase threshold (MPT) (generally \$3,000), but up to the Simplified Acquisition Threshold (SAT) (generally \$150,000) for small business concerns, unless the CO determines that the “rule of two” cannot be met – i.e., there is not a reasonable expectation of obtaining offers from two or more small business concerns that are competitive in terms of market prices, quality and delivery.

2. Background. On June 6, 2012, the Office of Management and Budget (OMB) released a memorandum entitled, “Follow-up: April 25, 2012, Meeting of the Small Business Procurement Group.” During the April 25th meeting, each agency was tasked to take the following three immediate steps to ensure small businesses are utilized to the maximum extent practicable:

- a. Maximize opportunities for small businesses when making small dollar awards;
- b. Increase opportunities for small businesses under multiple award contracts; and
- c. Strengthen accountability for small business goal achievement.

The OMB memorandum also informed that the Small Business Administration (SBA) will begin providing each agency with an analysis of its contracts falling under the SAT that have not been awarded to small businesses. SBA expects agencies to monitor their SAT performance and take appropriate actions when missed opportunities to make contract awards to small businesses are identified. Additionally, the OMB memorandum recommends each agency strengthen internal controls to ensure small businesses are utilized to the maximum extent practicable.

In response, VA Deputy Secretary issued a memorandum entitled “Increasing Small Business Contracting Performance.” This memorandum requires documentation to justify any decision not to conduct a small business set aside. This decision shall be documented in the VA Electronic Contract Management System (eCMS) using the Non-Small Business Award Notification Checklist (see sample attached). At a minimum, the Non-Small Business Award Notification Checklist must be signed by the CO, and requires

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concurrence from the Head of Contracting Activity (HCA) and Senior Executive Service (SES) in the COs supervisory chain of command. HCAs may add additional signatory requirements for their organization, as necessary.

3. Applicability. The requirement to conduct small business set asides applies to all acquisitions of supplies or services that have an anticipated dollar value exceeding the MPT, but up to the SAT. However, the Non-Small Business Award Notification Checklist is only required for transactions exceeding the MPT, but up to the SAT, that are not set aside for small business concerns.

4. Expiration Date. September 30, 2012.

5. Required Action. Approvals are required as indicated below:

a. **COs:**

1. Are required to adhere to FAR guidance as specified in Part 19 with respect to promoting the use of small businesses for contract awards.
2. Complete the Non-Small Business Award Notification Checklist for each transaction above the MPT, but up to the SAT, that are not set aside for small business concerns.
3. Shall await approval before proceeding with transaction. At a minimum, an approved checklist requires signatures of both the HCA and the SES directly within the COs supervisory chain of command.
4. Upload approved checklist into eCMS.

b. **Acquisition Office Director:** Sign CO's Non-Small Business Award Notification Checklist to use other than a small business set aside for transactions covered in this PPM.

c. **Customer (SES Level):** Sign CO's Non-Small Business Award Notification Checklist to use other than a small business set aside for transactions covered in this PPM.

d. **Contracting Officer (SES Level) (within COs chain of command):** Sign CO's Non-Small Business Award Notification Checklist to use other than a small business set aside for transactions covered in this PPM.

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e. **HCA's:**

1. Ensure proper monitoring of performance in this area.
2. Sign CO Non-Small Business Award Notification Checklist to use other than a small business set aside for transactions covered in this PPM.

6. Point of Contact: Please direct questions regarding this PPM to the Office of Acquisition and Logistics (003A), Procurement Policy and Warrant Management Service (003A2A), via e-mail at: VA.Procurement.Policy@va.gov.

/s/C. Ford Heard
for Jan R. Frye

Attachment

Distribution:

Under Secretaries for Health, Benefits, and Memorial Affairs; Chief Facilities Management Officer, Office of Facilities Management; Head Contracting Activities, 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; and the Executive Director and Chief Operating Officer, VA National Acquisition Center, National Cemetery Administration

NON-SMALL BUSINESS AWARD NOTIFICATION

Acquisition Service Office: _____

Date __/__/____

AWARD SUMMARY	
Contract No.	
NAICS Description	
Description of Requirement	
PSC Description	
Size Standard	
Reason Not Awarded to Small Business	
	Option 1- Not Available to Small Business
	<input type="checkbox"/> Authorized sole source
	<input type="checkbox"/> Required source: _____
	<input type="checkbox"/> Other: _____
	Option 2 - Not awarded to small business. (Check each level as an affirmative statement the Small Business sources were assessed.)
	<input type="checkbox"/> No VETS FIRST set-aside possible- No certified VOSB/SDVOSB sources identified.
	<input type="checkbox"/> No authorized "sole source" Small Business set-aside possible. (No 8a, Indian, HubZone Small Business sources identified).
	<input type="checkbox"/> No Small Business set-aside possible. Less than 2 Small Business sources identified. Full and open completion required.
	<input type="checkbox"/> Full and open completion required. (Check all that apply)
	<input type="checkbox"/> No Small Business bid/proposal received
	<input type="checkbox"/> Small Business bid not low
	<input type="checkbox"/> Small Business proposal not best value
	<input type="checkbox"/> Small Business bid/proposal not responsive
Contracting Officer	Name_____ /Date_____
Acquisition Office Director Concurrence	Name_____ /Date_____
Customer (SES Level) Concurrence	Name_____ /Date_____
Contracting Officer (SES Level) Concurrence	Name_____ /Date_____
HCA Concurrence	Name_____ /Date_____

Changes to eCMS to Support Small Business Goaling

eCMS will be modified to support the collection of data to better report small business acquisitions and goals. Currently, awards and post-awards in eCMS require the user to answer the question “Will the contract be awarded to a SDVOSB or VOSB vendor?” (See Figure 1) The question in eCMS will be modified to read “Will the contract be awarded to a SDVOSB, VOSB or Small Business”, and the choices will be expanded to include “(3) Yes, Small Business”. Additionally, the data value title will change from SDVOSB/VOSB VENDOR to SMALL BUSINESS VENDOR.

134 SDVOSB/VOSB VENDOR

135 REASON NOT SDVOSB/VOSB VENDOR

Will the contract be awarded to a SDVOSB or VOSB Vendor?

Will the contract be awarded to a SDVOSB, VOSB, or Small Business?

(0) No

(1) Yes, SDVOSB Vendor

(2) Yes, VOSB Vendor

(3) Yes, Small Business

Option 3 - Added

Figure 1

If the eCMS user chooses (0) No to the SMALL BUSINESS VENDOR question, they will be required to pick the appropriate reason for not awarding to a SDVOSB, VOSB, or Small Business. Figure 2 illustrates the current question in eCMS.

Indicate the reason this contract will not be awarded to a SDVOSB or VOSB vendor:

Wording changed to reflect Small Business as well.

(1) Market Research Conducted, no Known SDVOSB or VOSB Sources Available (i.e.; checked VETBIZ/CCR)

(2) Price Reasonableness

(3) Urgent Requirement (FAR Part 6)

(4) No SDVOSB or VOSB Sought

(5) Solicitation Issued, no SDVOSB/VOSB Responded

Select Value ?

Figure 2

This question will be updated to reflect the addition of the term “Small Business” and will read as follows:

Indicate the reason this contract will not be awarded to a SDVOSB, VOSB, or Small Business.

- (1) Market Research Conducted, no Known SDVOSB, VOSB, or Small Business
- (2) Price Reasonableness
- (3) Urgent Requirement (FAR Part 6)
- (4) No SDVOSB, VOSB, or Small Business Sought
- (5) Solicitation Issues, no SDVOSB, VOSB, or Small Business Responded