



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Acquisition Procedures
Update (APU) No. 14-02
March 4, 2014

MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS

FROM: Iris Cooper, Senior Procurement Executive

Iris B. Cooper 3/4/2014

SUBJECT: Senior Procurement Executive (SPE) Approval of Contract Vehicles to Exceed Five Years

1. **Purpose:** To require SPE approval, prior to solicitation, of any contract vehicle contemplating a performance period in excess of five (5) years and to require SPE approval of option exercise within the next 12 months for any existing contract vehicle with a performance period in excess of five (5) years.

2. **Effective Date:** Upon issuance.

3. **Expiration Date:** Until superseded.

4. **Background:** Use of options in contracts must be prudent and must be supported by thorough analysis and justification. FAR 17.202 allows use of options in contracts when it is in the Government's interest. It is the Department of the Treasury's position that use of a performance period exceeding five (5) years should be used only in exceptional circumstances and only after rigorous and extensive supporting analysis has been performed and approved by appropriate senior procurement officials. Contracts for Information Technology (IT) are not exempted.

Determination of a contract performance period must consider current and future needs as well as current and future environments for competition, pricing, technology, markets, socio-economy, legislative, and other acquisition-related settings. The rapid and continuing changes in these and companion environments dictate a need for closer oversight of how we develop and execute our procurements in order to ensure fair, efficient, and effective expenditure of taxpayer monies.

FAR 17.205 requires that use of option(s) be fully justified and documented in the contract file.

5. Department of the Treasury Acquisition Procedures (DTAP) Change:

a. DTAP 1007.105, Contents of written acquisition plans, paragraph (b)(5), is changed to **add:**

Fully discuss the use of options; include comprehensive justification for any performance period anticipated to exceed five (5) years and address compliance with DTAP 1017.204, which requires that when an acquisition plan contemplates a contract period of performance in excess of five (5) years, the SPE must approve prior to release of solicitation.

b. DTAP 1017.204, Contracts, paragraph (e) is changed:

From: The BCPO must approve any extensions beyond the five-year limitation by written determination.

To: PRIOR to solicitation, the SPE must approve any contract vehicle contemplating a period of performance in excess of five (5) years, to include contract vehicles for information technology. When an acquisition plan contemplates a contract performance period exceeding five (5) years, the BCPO shall prepare and submit to the SPE a fully executed D&F for review and approval; as a minimum, the D&F will be approved by the Contracting Officer, legal counsel and BCPO prior to submission. Upon SPE approval, the BCPO will be authorized to proceed with solicitation.

In this context, “contract vehicle” and “contract” are synonymous and include contracts, orders of all types, Blanket Purchase Agreements and all other contract vehicles used by the Department of the Treasury to purchase goods and services.

6. Required Bureau Action:

a. Treasury procurement staff shall implement the changes immediately. BCPOs shall obtain SPE approval, prior to solicitation, for all contract actions with an anticipated performance period exceeding five (5) years for which solicitation is scheduled for release on or after March 7, 2014.

b. For each existing contract vehicle with a performance period in excess of five (5) years, the BCPO shall obtain SPE approval prior to exercise of the next option period. The BCPO shall prepare and submit to the SPE a fully executed D&F in accordance with FAR 17.207. Upon SPE approval, the BCPO will be authorized to proceed with the option action. This requirement applies to options to be exercised within 12 months of the date of this APU (March 4, 2014 through March 3, 2015).

Additional Information: Questions about this APU may be directed to Cathy Higginbotham at cathy.higginbotham@treasury.gov, telephone (202) 622-6585.