



Acquisition Procedures Update No. 16-09
Dated: April 18, 2016

MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS

FROM: IRIS B. COOPER,
SENIOR PROCUREMENT EXECUTIVE,
OFFICE OF THE PROCUREMENT EXECUTIVE

SUBJECT: Appropriate use of Lowest Price Technically Acceptable source selection process.

1. Purpose: This Acquisition Procedures Update (APU) is issued to amend the Department of Treasury Acquisition Procedure (DTAP) September 2015 edition version 2.0 for the purposes of providing acquisition policy on the appropriate use of lowest price technically acceptable (LPTA) source selection process.

2. Effective Date: Immediately

3. Expiration Date: Until otherwise canceled, superseded or included within a future edition of the DTAP.

4. Background: LPTA has a clear, but limited place in the source selection "best value" continuum. When used appropriately and combined with effective competition and proper contract type, then LPTA can effectively achieve the desired results of driving down costs and providing the best value solution. However, if not used appropriately, or even if used correctly, but due to other contracting decisions (e.g. selecting the wrong contract type; failing to consider competition or its impact on competition) then these expected benefits likely won't be obtained.

Using LPTA as a source selection process is just one part towards achieving best value to the Government. Other contracting decisions play a role as well and can support or detract from the expected gains from using LPTA. As a result, before even considering which source selection process to use it is important, as the business advisor, to understand what the customer considers as technically acceptable and what they consider as the most important (i.e. price or non-price factors). Knowing this is a critical step in ensuring not only the required level of quality is obtained, but that it is what the customer actually needs (e.g. it might satisfy the requirement today, but does it fails to meet the long term needs/ adapt to agency mission or needs). Altogether, fully understanding the customer's requirement and engaging them early in the acquisition process provides a broader range of options for identifying the best acquisition strategy to achieve the most optimal of results.

LPTA essentially defaults to lowest price bidder, independent of quality, which is not the intent of the source selection process. As a result, if used inappropriately, it can result in failing to meet the needs of the customer. Notice that (emphasis on the term best value) per [FAR 15.101-2](#)



“The lowest price technically acceptable source selection process is appropriate when **best value** is expected to result from selection of the technically acceptable proposal with the lowest evaluated price. And that per [FAR 2.101\(b\)](#) definition of “Best value” means the expected outcome of an acquisition that, in the Government’s estimation, provides the greatest overall benefit in response to the requirement. Therefore, whenever the customer is willing to pay more for higher quality/ performance standards or is seeking an innovative and technologically superior solution to meet the mission needs, a tradeoff source selection process between cost or price and non-cost/price factors is optimal¹.

LPTA is the appropriate source selection process to apply only when there are well-defined requirements, the risk of unsuccessful contract performance is minimal, price is a significant factor in the source selection, and there is a lack of value, need, or willingness by the customer to pay for higher quality/performance² (e.g. office supplies, non-complex and non-highly technical services). Well-defined requirements equate to technical requirements and "technical acceptability" standards that are clearly understood by both industry and Government, are expressed in terms of performance objectives, measures, and standards that map to the requirement documents, and lend themselves to technical evaluation on an acceptable/unacceptable basis. Accordingly, per [FAR 15.101-2](#), LPTA is most appropriate when best value is expected to result from the selection of the technically acceptable proposal with the lowest evaluated price. Therefore, contracting professional need to take care in selecting the appropriate source selection process to use and take into account other key contracting decisions (e.g. contract type, level of competition, customer requirement, contract risk). Additionally, ensure Treasury does not miss out on opportunities to obtain innovative, cost effective solutions that meet its needs. Overall, the SPE has determined that the issuance of this amendment to the DTAP is necessary to provide policy on the appropriate use of LPTA source selection process.

5. Department of the Treasury Acquisition Procedures: The DTAP is amended as follows:

A. Amend 1011.002 as follows:

ADD

(a)(1)(iii) Consider industry’s input into the acquisition strategy and requirement as it may result in awareness of better solutions available in the market place than what the initial draft requirements consider (see OFPP memorandums available at 1010.001(e)) as well as support other contracting decisions (e.g. expected level of competition and contract type).

¹ In these situations, Treasury should share in advance, as part of its market research efforts, with industry its technical requirements and communicate that it is seeking such solutions. Industry will understand the value proposition; thereby will be able to clearly propose a cost-effective and innovative solution to meet the need.

² see [FAR 15.101](#) third sentence



B. Add subpart 1015.1 as follows:

Subpart 1015.1—SOURCE SELECTION PROCESSES AND TECHNIQUES

1015.101-2 Lowest price technically acceptable source selection process.

Using lowest price technically acceptable (LPTA) as a source selection process is just one part towards achieving best value to the Government. Other contracting decisions play a role as well and can support or detract from the expected gains from using LPTA (e.g. the anticipated level of competition and selection of the contract type).

(a) Do not use lowest price technically acceptable (LPTA) when standards of performance and quality are subjective. LPTA should only be used when acquisitions meet the following criteria—

- (1) The requirements are well defined (e.g. buying copying paper);
- (2) The risk of unsuccessful contract performance is minimal; and
- (3) The customer does not see the value or have the need or willingness to pay a higher price for higher quality/ performance.

(b)(1)(i) The evaluation criteria under this source selection process shall be specific to the requirements of each solicitation, and shall clearly state what constitutes technical acceptability. These criteria will be more detailed than those under the tradeoff method. This is because they prescribe the minimum standards that offerors must meet to be determined to be acceptable under each evaluation factor.

6. Required Bureau Actions: Bureau Chief Procurement Officers shall—

- a. Ensure dissemination of this APU to all impacted personnel; and
- b. Update any related Bureau policies and procedures impacted by this APU.

7. Additional Information: The point of contact for this APU is Mr. Thomas O'Linn, who can be reached at thomas.olinn@treasury.gov or OfficeoftheProcurementExecutive@treasury.gov.