



SEP 16 2005

GSA ACQUISITION LETTER V-05-17

MEMORANDUM FOR ALL GSA ACQUISITION ASSOCIATES

FROM: DAVID A. DRABKIN
SENIOR PROCUREMENT EXECUTIVE
OFFICE OF THE CHIEF ACQUISITION OFFICER

SUBJECT: Class Deviations Applicable to Acquisitions for Hurricane Katrina
Rescue and Relief Efforts

1. Purpose. This acquisition letter sets forth my approval of class deviations from certain FAR provisions that are applicable only to acquisitions that have a clear and direct relationship to Hurricane Katrina rescue and relief efforts.

2. Background.

a. On September 8, 2005, President Bush signed a proclamation that suspends the application of the Davis-Bacon Act to contracts for construction contracts that are entered into on or after September 8, 2005 and that are to be performed in the counties listed in the proclamation. The suspension will stay in affect until the President rescinds it. A copy of the proclamation is attachment 1.

b. Also on September 8, 2005, President Bush signed Pub. L. 109-62, the "Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005." Section 101(1) of the Act authorized the use of the emergency procurement authorities in 41 U.S.C. 428a(c). Section 101(2), raised the dollar amount of the micro-purchase threshold at 41 U.S.C. 428 to \$250,000. A copy of the statute is attachment 2.

c. On September 9, 2005, the Deputy Assistant Secretary of Labor exercised his authority to grant a limited exception and waiver from some of the requirements of the laws administered by the Office of Federal Contract Compliance Programs (OFCCP). These exceptions apply only to contracts entered into to provide Hurricane Katrina relief. and expire three months from the date of the DOL memorandum, unless extended. A copy of the memo is attachment 3.

3. Effective date: September 9, 2005

4. Termination date. The waiver of the Davis-Bacon Act (paragraph 2.a) expires when the proclamation is rescinded by the President. The authority to modify the EEO clauses (paragraph 2.c) expires December 9, 2005, unless further extended by the Secretary of Labor. The increase in the micro-purchase threshold for procurements of commodities or services to be used in support of Hurricane Katrina rescue and relief operations will remain in affect until repealed by Congress.

5. Applicability. The Acquisition Letter applies only to acquisitions made in direct support of Hurricane Katrina rescue and relief efforts.

6. Instructions.

a. An acquisition is considered to have a clear and direct relationship to Hurricane Katrina rescue and relief efforts if the commodities will be delivered to, or the services will be performed, either within or immediately adjacent to the counties named in the proclamation referenced in paragraph 2.a; or the acquisition is being made from a source within a named county for delivery or performance within a named county.

Prior to placing an order from a source outside a named county for delivery to or performance at a location that is not within or immediately adjacent to a named county, you must verify from the requiring office that the acquisition is, in fact, in support of Hurricane Katrina rescue and relief efforts. Be sure to document the verification, including the name and title of the person you contacted.

b. You are authorized to modify the clauses at FAR 52.222-26, Equal Opportunity; 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans; and 52.222-36, Affirmative Action for Workers with Disabilities, as set forth in attachment 3.

c. You are authorized to award contracts for construction in the named counties in excess of \$2,000 without providing for payment of wages issued by the Secretary of Labor under the Davis-Bacon Act. However, other construction related clauses still apply because they are not dependent upon the Secretary of Labor's wage determinations. Clauses that are still applicable are:

(1) 52.222-4, Contract Work Hours and Safety Standards Act—Overtime Compensation.

(2) 52.222-8, Payrolls and Basic Records.

(3) 52.222-9, Apprentices and Trainees.

(4) 52.222-10, Compliance with Copeland Act Requirements.

(5) 52.222-12, Contract Termination-Debarment.

d. In accordance with section 101(1) of Pub. L. 109-62, the threshold in FAR 13.500(e) (\$10 million) is applicable to procurements in support of Hurricane Katrina rescue and relief operations. In addition, under section 101(2), the micro-purchase threshold for actions in support of Hurricane Katrina rescue and relief efforts is \$250,000.

e. As a result of the increase in the micro-purchase threshold, authorized associates acting in support of Hurricane Katrina rescue and relief operations may place orders without:

(1) Obtaining competition if the price is determined to be fair and reasonable.

(2) Regard to the Buy American Act.

(3) Setting aside purchases below the threshold exclusively for small business concerns.

Notwithstanding paragraph 6.d(3), you are reminded that GSA and OMB policy is to ensure that small business concerns are provided maximum practicable opportunity under the circumstances to participate in Federal acquisitions as prime contractors and subcontractors. Also, you are still required to equitably distribute purchases among qualified suppliers.

f. All open market transactions (those not placed under existing contracts) that exceed \$50,000 must be pre-approved by a warranted contracting officer (other than the buyer or cardholder), or a senior manager at the GS-14 level or above. (See OMB Memorandum, "Implementing Management Controls to Support Increased Micro-Purchase Threshold for Hurricane Katrina Rescue and Relief Operations," dated September 13, 2005. A copy of this memo is Attachment 4.)

g. Purchases on behalf of other agencies. Acquisitions in support of Hurricane Katrina rescue and relief operations are not exempt from the requirement that contracting officers ensure that the requiring agency has disclosed all special funding and procurement requirements applicable to the funds being provided, and that the requiring agency has obtained all required internal reviews and approvals. Be sure to document the transaction, including the date and time of the request, the name and contact information of the requiring official, and the funding authorization.

Further, some agencies may have unique acquisition authority not delegated to GSA. In order for GSA to exercise authority on behalf of another agency that we lack, there must be a delegation to GSA from the requiring agency of the authority necessary for the acquisition.

h. CCR. Although registration in CCR can be waived when utilizing urgent and compelling justifications or when responding to natural disasters (see FAR 4.1102(a)(3)), as a matter of policy in GSA, CCR registration is required for all acquisitions other than micro-purchase threshold acquisitions. Further, vendors seeking to do business with GSA should be referred to CCR (www.ccr.gov) for registration.

i. Although micro-purchases do not normally require clauses (see FAR 13.201(d)), because of the increase in the micro-purchase threshold to \$250,000 for actions in support of Hurricane Katrina rescue and relief operations, clauses that implement statutory requirements (e.g., Trade Agreements Act) may be applicable to micro-purchases depending on the dollar value of the purchase. Contracting officers must ensure that the appropriate clauses are included in their purchases.

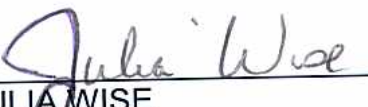
You are authorized to use Part 12 for micro-purchases directly related to Hurricane Katrina rescue and relief operations. SF 1449, Solicitation/Contract/Order for Commercial Items, may be used to place open market purchases. This form already incorporates by reference the clause at 52.212-4 and indicates that clause 52.212-5 is attached.

However, because MAS contracts already include all of the required clauses, purchase card holders and contracting officers should seek to place as many orders as possible with MAS contractors. Purchase card holders and contracting officers should seek additional discounts when placing such orders. However, bear in mind that under FAR 26.201, you must give preference to organizations, firms and individuals residing in or doing business primarily in the area affected by Hurricane Katrina.

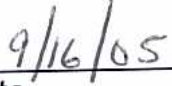
7. In all cases, GSA associates are expected to be vigilant with taxpayer money and to live up to our values which include "ethics and integrity in everything we do."

Attachments

I have been consulted with and I agree to these deviations.



JULIA WISE
Chair
Civilian Agency Acquisition Council



Date

TO SUSPEND SUBCHAPTER IV OF CHAPTER 31 OF TITLE 40, UNITED STATES
CODE,
WITHIN A LIMITED GEOGRAPHIC AREA
IN RESPONSE TO THE NATIONAL EMERGENCY CAUSED BY HURRICANE
KATRINA

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

1. Section 3142(a) of title 40, United States Code, provides that "every contract in excess of \$2,000, to which the Federal Government or the District of Columbia is a party, for construction, alteration, or repair, including painting and decorating, of public buildings and public works of the Government or the District of Columbia that are located in a State or the District of Columbia and which requires or involves the employment of mechanics or laborers shall contain a provision stating the minimum wages to be paid various classes or laborers and mechanics."
2. Section 3142(b) of title 40, United States Code, provides that such "minimum wages shall be based on the wages the Secretary of Labor determines to be prevailing for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State in which the work is to be performed . . ."
3. Under various other related acts, the payment of wages is made dependent upon determinations by the Secretary of Labor under sections 3142 of title 40, United States Code.
4. Section 3147 of title 40, United States Code, provides that "[t]he President may suspend the provisions of this subchapter during a national emergency."
5. Several areas of the Nation have been recently devastated by Hurricane Katrina. The devastation from the hurricane has resulted in the largest amount of property damage from a natural disaster in the history of the Nation. An enormous but undetermined number of lives have been lost, and hundreds of thousands of homes and business establishments either destroyed or severely damaged. Hundreds of thousands of individuals have lost their jobs and their livelihood. An unprecedented amount of Federal assistance will be needed to restore the communities that have been ravaged by the hurricane. Accordingly, I find that the conditions caused by Hurricane Katrina constitute a "national emergency" within the meaning of section 3147 of title 40, United States Code.

- a. Hurricane Katrina has resulted in unprecedented property damage.

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b. The wage rates imposed by the section 3142 of title 40, United States Code, increase the cost to the Federal Government of providing Federal assistance to these areas.

c. Suspension of the subchapter IV of chapter 31 of title 40, United States Code, 40 U.S.C. 3141-3148, and the operation of related acts to the extent they depend upon the Secretary of Labor's determinations under section 3142 of title 40, United States Code, will result in greater assistance to these devastated communities and will permit the employment of thousands of additional individuals.

NOW, THEREFORE, I, GEORGE W. BUSH, President of the United States of America, do by this proclamation suspend, as to all contracts entered into on or after the date of this proclamation and until otherwise provided, the provisions of subchapter IV of chapter 31 of title 40, United States Code, 40 U.S.C. 3141-3148, and the provisions of all other acts providing for the payment of wages, which provisions are dependent upon determinations by the Secretary of Labor under section 3142 of title 40, United States Code, as they apply to contracts to be performed in the following jurisdictions:

the counties of Baldwin, Choctaw, Clarke, Mobile, Sumter, and Washington in the **State of Alabama**;

the counties of Broward, Miami-Dade, and Monroe in the **State of Florida**;

the parishes of Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Clairborne, Concordia, Desoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, La Salle, Lafayette, Lafourche, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, and Winn in the **State of Louisiana**;

and the counties of Adams, Alcorn, Amite, Attala, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Claiborne, Clarke, Clay, Coahoma, Copiah, Covington, Desoto, Forrest, Franklin, George, Greene, Grenada, Hancock, Harrison, Hinds, Homes, Humphreys, Issaquena, Itawamba, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lafayette, Lamar, Lauderdale, Lawrence, Leake, Lee, Leflore, Lincoln, Lowndes, Madison, Marion, Marshall, Monroe, Montgomery, Neshoba, Newton, Noxubee, Oktibbeha, Panola, Pearl River, Perry, Pike Pontotoc, Prentiss, Quitman, Rankin, Scott, Sharkey, Simpson, Smith, Stone, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Walthall, Warren, Washington, Wayne, Webster, Wilkinson, Winston, Yalobusha, Yazoo in the **State of Mississippi**.

And, as to such contracts to be performed in such jurisdictions, I do hereby suspend, until otherwise provided, the provisions of any Executive Order, proclamation, rule, regulation, or other directive providing for the payment of wages, which provisions are dependent upon determinations by the Secretary of Labor under section 3142 of title 40, United States Code; IN WITNESS WHEREOF, I have hereunto set my hand this eighth day of September, in the year of our Lord two thousand five, and of the Independence of the United States of America the two hundred and thirtieth.

Westlaw.

PL 109-62, 2005 HR 3673

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PL 109-62, September 8, 2005, 119 Stat 1990
 (Cite as: 119 Stat 1990)

UNITED STATES PUBLIC LAWS
109th Congress - First Session
Convening January 7, 2005

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Additions and Deletions are not identified in this database.
 Vetoed provisions within tabular material are not displayed

PL 109-62 (HR 3673)
 September 8, 2005

**SECOND EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT TO MEET IMMEDIATE NEEDS
 ARISING FROM THE CONSEQUENCES OF HURRICANE KATRINA, 2005**

An Act Making further emergency supplemental appropriations to meet immediate needs arising from the consequences of Hurricane Katrina, for the fiscal year ending September 30, 2005, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2005, namely:

**DEPARTMENT OF DEFENSE--MILITARY
 OPERATION AND MAINTENANCE
 Operation and Maintenance, Defense-Wide
 (INCLUDING TRANSFERS OF FUNDS)**

For an additional amount for "Operation and Maintenance, Defense-Wide", \$1,400,000,000 for emergency hurricane expenses, to support costs of evacuation, emergency repairs, deployment of personnel, and other costs resulting from immediate relief efforts, to remain available until September 30, 2006: Provided, That the Secretary of Defense may transfer these funds to appropriations for military personnel, operation and maintenance, procurement, family housing, Defense Health Program, and working capital funds: Provided further, That not to exceed \$6,000,000 may be transferred to "Armed Forces Retirement Home" for emergency hurricane expenses: Provided further, That funds transferred shall be merged with and be available for the same purposes and for the same time period as the appropriation or fund to which transferred: Provided further, That this transfer authority is in addition to any other transfer authority available to the Department of Defense: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: Provided further, That the Secretary of Defense shall, not more than 5 days after making transfers from this appropriation, notify the Committees on Appropriations in writing of any such transfer: Provided further, That the amounts provided herein are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

***1991 DEPARTMENT OF DEFENSE--CIVIL DEPARTMENT OF THE ARMY**

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PL 109-62, September 8, 2005, 119 Stat 1990
(Cite as: 119 Stat 1990)

Corps of Engineers--Civil
OPERATION AND MAINTENANCE

For an additional amount for "Operation and Maintenance" for emergency expenses for repair of storm damage to authorized projects in the Gulf states affected by Hurricane Katrina, \$200,000,000, to remain available until expended: Provided, That the Chief of Engineers, acting through the Assistant Secretary of the Army for Civil Works, shall provide, at a minimum, a weekly report to the Committees on Appropriations detailing the allocation and obligation of these funds, beginning not later than September 15, 2005: Provided further, That the amount provided herein is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

Flood Control and Coastal Emergencies

For an additional amount for "Flood Control and Coastal Emergencies", as authorized by section 5 of the Flood Control Act of August 16, 1941 (33 U.S.C. 701), for emergency expenses for repair of damage to flood control and hurricane shore protection projects in the Gulf states caused by Hurricane Katrina, \$200,000,000, to remain available until expended: Provided, That the Chief of Engineers, acting through the Assistant Secretary of the Army for Civil Works, shall provide, at a minimum, a weekly report to the Committees on Appropriations detailing the allocation and obligation of these funds, beginning not later than September 15, 2005: Provided further, That the amount provided herein is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

DEPARTMENT OF HOMELAND SECURITY EMERGENCY PREPAREDNESS AND RESPONSE

Disaster Relief
(INCLUDING TRANSFERS OF FUNDS)

For an additional amount for "Disaster Relief", \$50,000,000,000, to remain available until expended: Provided, That up to \$100,000,000 may be transferred to and merged with "Emergency Preparedness and Response, Public Health Programs" for the National Disaster Medical System to support medical care as authorized by the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (42 U.S.C. 300hh-11): Provided further, That \$15,000,000 shall be transferred to and merged with "Departmental Management and Operations, Office of Inspector General" for necessary expenses of the Office of Inspector General for audits and investigations as authorized by law for Hurricane Katrina response and recovery activities: Provided further, That the Secretary of Homeland Security shall provide, at a minimum, a weekly report to the Committees on Appropriations detailing the allocation and obligation of these funds, *1992 beginning not later than September 15, 2005: Provided further, That the amounts provided herein are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

GENERAL PROVISION

SEC. 101. For procurements of property or services determined by the head of an executive agency to be used in support of Hurricane Katrina rescue and relief operations--

- (1) the emergency procurement authority in subsection 32A(c) of the Office of Federal Procurement Policy Act (41 U.S.C. 428a(c)) may be used; and
- (2) the amount specified in subsections (c), (d), and (f) of section 32 of the Office of Federal Procurement Policy Act (41 U.S.C. 428) shall be \$250,000.

This Act may be cited as the "Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005".

Approved September 8, 2005.

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PL 109-62, 2005 HR 3673

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PL 109-62, September 8, 2005, 119 Stat 1990
(Cite as: 119 Stat 1990)

PL 109-62, 2005 HR 3673

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U.S. Department of Labor

Employment Standards Administration
Office of Federal Contract
Compliance Programs
Washington, D.C. 20210



SEP 9 2005

MEMORANDUM TO ALL CONTRACTING AGENCIES OF THE FEDERAL
GOVERNMENT

FROM:

Charles E. James, Sr.
CHARLES E. JAMES, SR.
Deputy Assistant Secretary

SUBJECT:

Contracts for Hurricane Katrina Relief Efforts

In view of the special circumstances in the national interest presented by the destruction caused by Hurricane Katrina, I have decided to grant a limited exemption and waiver from some of the requirements of the laws administered by the Office of Federal Contract Compliance Programs (OFCCP). OFCCP enforces Executive Order 11246, as amended, Section 503 of the Rehabilitation Act, as amended, and Section 4212 of the Vietnam Era Veterans' Readjustment Assistance Act, as amended, which require that Federal contracting agencies include in all covered contracts an equal employment opportunity clause. OFCCP regulations authorize me to exempt or waive a Federal contracting agency from requiring the inclusion of any part of the equal opportunity clause in any specific contract when I deem that special circumstances in the national interest so require. 41 CFR 60-1.5(b)(1), 60-250.4(b)(1), and 60-741.4(b)(1).

The exemption and waivers granted herein relate to the requirement to develop written affirmative action programs under OFCCP regulations implementing the three laws enforced by OFCCP. Federal contracting agencies may utilize the following equal opportunity clauses in covered contracts entered into to provide Hurricane Katrina relief. However, Federal contractors will continue to be subject to the nondiscrimination requirements under those laws. Accordingly, the EEO clauses in FAR sections may be modified as follows:

At the end of 52.222-26:

Notwithstanding the provisions of this section, the contractor will not be obligated to develop the affirmative action program, prepare the reports, or provide the notices usually required under the regulations implementing Executive Order 11246, as amended.

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At the end of 52.222.35:

Notwithstanding the provisions of this section, the contractor will not be obligated to develop the affirmative action program, prepare the reports, provide the notices, or list the job openings usually required under the regulations implementing Section 4212 of the Vietnam Era Veterans' Readjustment Assistance Act, as amended.

At the end of 52.222-36:

Notwithstanding the provisions of this section, the contractor will not be obligated to develop the affirmative action program, prepare the reports, or provide the notices usually required under the regulations implementing Section 503 of the Rehabilitation Act of 1973, as amended.

Notwithstanding the foregoing, the following FAR requirements will continue:

- Posting of the "Equal Opportunity is the Law" notice;
- Record keeping and record retention; and
- Employment listings with appropriate local employment service office.

I am granting this exemption and waiver for a period of three months, subject to an extension should special interests in the national interest so require. This exemption and waiver pertain only to the three programs administered by OFCCP and should not be interpreted as applicable to any other programs or statutes administered by the Department of Labor.


If you have any questions or seek additional clarification on a specific contract please contact my office.

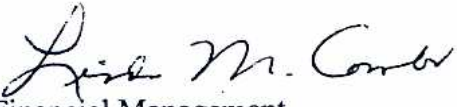


EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

September 13, 2005

MEMORANDUM FOR THE CHIEF ACQUISITION OFFICERS AND CHIEF
FINANCIAL OFFICERS

FROM: David H. Safavian
Administrator
Office of Federal Procurement Policy 

Linda M. Combs
Controller
Office of Federal Financial Management 

SUBJECT: Implementing Management Controls to Support Increased
Micro-purchase Threshold for Hurricane Katrina Rescue and
Relief Operations

Section 101 of the Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising from the Consequences of Hurricane Katrina (Public Law 109-62, hereinafter "the Act") raises the micro-purchase threshold to \$250,000 for procurements of property or services determined by the head of an executive agency to support Hurricane Katrina rescue and relief operations. This new procurement authority will allow agencies to provide critical supplies and services to the Gulf region that will directly impact the recovery effort. In support of this goal, agencies must take affirmative steps to ensure that this flexibility is used solely for efforts that have a clear and direct relationship to Hurricane Katrina rescue and relief operations, and that appropriate management controls are established and maintained to support this new authority.

The attached document outlines actions agencies must take to implement the increased threshold in a responsible and effective manner. This guidance applies to all types of micro-purchases, but it is geared toward purchases made with the government wide purchase card. Cardholders and ordering officials must determine that prices are reasonable. In addition, certain laws will continue to apply, such as procurement integrity statutes and other laws providing for criminal and civil penalties. The General Services Administration (GSA) is developing supplementary guidance to (1) clarify laws and other requirements applicable to micro-purchases conducted under the increased threshold, and (2) help agency personnel determine whether a transaction is "in support of Hurricane Katrina rescue and relief operations" and therefore allowable under section 101 of the Act.

The increased micro-purchase threshold is just one of a number of tools available to agencies to address procurement needs in response to Hurricane Katrina. Agencies may avail themselves of the simplified acquisition methods to conduct open market

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purchases under the simplified acquisition threshold, which has been increased to \$250,000 in accordance with 41 U.S.C. 428a. In addition, agencies should continue to take appropriate advantage of existing acquisition vehicles, such as GSA's Multiple Award Schedules.

Please ensure this guidance is distributed broadly to all individuals (i.e., program, contracting, finance, legal, and other officials) that have responsibilities for ensuring effective use of purchase cards. For additional information, please contact Sally Beecroft in the Office of Federal Financial Management on (202) 395-1040, or Lesley Field in the Office of Federal Procurement Policy on (202) 395-4761.

Attachment

Management Controls for Implementing Section 101 of the "Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina"

A. Program management responsibilities.

1. There will be no blanket increase of cardholder authority. The head of each executive agency (with delegation at a level no lower than the head of the contracting activity) must identify in writing those individuals who are authorized to use the higher threshold; these individuals must be working directly on Hurricane Katrina-related acquisitions.
2. Each agency must modify contracting officer and other warrants, as appropriate, and ensure that cardholders have sufficient training appropriate for the increased authority.
3. Agencies shall work with card issuing banks to raise monthly and single transaction limits accordingly.
4. Agencies must establish and communicate policies and procedures for determining whether a transaction is "in support of Hurricane Katrina rescue and relief operations" and therefore allowable under Section 101 of the Act.
5. All open market transactions (those not placed under existing contracts) that exceed \$50,000 must be pre-approved by a warranted contracting officer (other than the buyer or cardholder) or a senior manager at the GS-14 level or above.
6. The head of the agency must designate officials to conduct follow-up reviews of transactions made pursuant to Section 101 of the Act. These follow-up reviews should take place as soon as practicable, but no later than 60 days after any given transaction. The officials shall evaluate whether the transaction: (a) was consistent with agency's policies and procedures identified in paragraph A.4, above, and was otherwise reasonable and appropriate; (b) provided the maximum practicable opportunity for small business participation under the circumstances (see paragraph B.2, below), and (c) was appropriately documented by the cardholder. Based on these reviews, the official shall make recommendations to the head of the agency on changes to the policies and procedures identified in paragraph A.4 above, and any administrative or disciplinary actions required.

7. Agencies should increase management controls to mitigate risk under the new micro-purchase authority. OMB Circular A-123, Appendix B, Improving the Management of Government Charge Card Programs, provides guidance on implementing strong internal controls. Examples include, but are not limited to the following, as may be appropriate:
 - Increasing the frequency and scope of reviews of spending and transaction limits to ensure appropriateness;
 - Limiting the number of individuals authorized to use the increased micro-purchase threshold and the length of time this authority can be used;
 - Evaluating the span of control for approving officials;
 - Blocking card use for high risk merchant category codes; and
 - Establishing a control to ensure that card accounts are canceled when the employee returns from temporary duty or leaves the agency.

Agencies should review OMB Circular A-123, Appendix B for additional guidance on appropriate controls for charge card programs, with special emphasis on Sections 2.3 (planning), 3.4 - 3.5 (training), 4.3 - 4.7 (disciplinary actions, use of data, key personnel, etc.), 6.3 - 6.4 (creditworthiness), and Attachment 5 (best practices).

8. When initiating administrative or disciplinary actions for card misuse, charge card managers should, in addition to consultation with agency human resources professionals, where appropriate:
 - Communicate clearly the penalties for fraud and misuse of the purchase card;
 - Initiate verbal counseling and warning;
 - Provide written warning;
 - Suspend or revoke charge card privileges;
 - Suspend or revoke employee security clearance;
 - Include misuse occurrence in employee performance evaluations;
 - Suspend or terminate employment;
 - Ensure consistent enforcement of penalties; and
 - Publish actions taken by the agency for misuse of charge cards.
9. Responsibilities identified in this section that have been assigned to the head of the executive agency may be delegated to a level no lower than the head of the contracting activity.

B. Additional acquisition responsibilities.

1. Cardholders and ordering officials are reminded to ensure that prices are reasonable. These common sense determinations may take into consideration the extraordinary circumstances of the rescue and recovery operations.
2. Although there is no absolute requirement to award micro-purchases to small businesses, agencies using this authority are expected to provide small businesses maximum practicable opportunity under the circumstances to participate in federal acquisitions as prime contractors and subcontractors. Where possible and consistent with efficient acquisition of needed supplies and services, local small businesses should be given priority.
3. Section 307 of the Stafford Act (P.L. 93-288) establishes a preference, to the extent feasible and practicable, for contracting with local organizations, firms, or individuals for debris clearance, distribution of supplies, reconstruction, and other major disaster or emergency assistance activities.
4. If making a purchase on behalf of another agency, the agency making the purchase will ensure the requesting agency has the authority to make the purchase and fully document the purchase card transaction, including the date and time of the request, the name and contact information of the requesting official, and funding authorization.