



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

OCT 05 2005

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Limitation on Use of Special Micro-purchase Threshold Authority

The purpose of this memorandum is to update and clarify Department of Defense policy applicable to purchases of property or services made in support of Hurricane Katrina rescue and relief operations.

Policy: This memorandum rescinds my September 16, 2005, memorandum, "Use of the Increased Micro-purchase Threshold and Governmentwide Commercial Purchase Card for Purchases in Support of Hurricane Katrina Rescue and Relief Operations." This action implements Office of Management and Budget memorandum dated October 3, 2005 (Attachment 1). My September 2, 2005, memorandum, "Increased Thresholds for Procurements in Support of Hurricane Katrina Relief Efforts" (Attachment 2) remains in effect.

Class Deviations: Class Deviations 2005-O0006 and 2005-O0008 to the Defense Federal Acquisition Regulation Supplement remain in effect. Class deviations 2005-O0005 and 2005-O0007 have been cancelled.

Exceptional Circumstances: In the event of exceptional circumstances that require use of the increased micro-purchase threshold authority, over \$15,000, please contact the Director, Defense Procurement and Acquisition Policy through the appropriate Senior Procurement Executive.

Acquisition Responsibilities: Contracting officers and cardholders are reminded to employ prudent business practices including those at Attachment 3.

This memorandum and other related documents are available at <http://www.acq.osd.mil/dpap/>. My point of contact is Ms. Linda Neilson. She can be reached at (703) 697-8334, or via email at linda.neilson@osd.mil.


Kenneth V. Krieg

Attachments:
As stated



DISTRIBUTION:

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

October 3, 2005

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Clay Johnson III
Deputy Director for Management

SUBJECT: Limitation on Use of Special Micro-purchase Threshold Authority for Hurricane Katrina Rescue and Relief Operations

Section 101(2) of the Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising from the Consequences of Hurricane Katrina (Public Law 109-62) raised the micro-purchase threshold to \$250,000 for procurements of property or services to support Hurricane Katrina rescue and relief operations. On September 13, 2005, the Office of Management and Budget provided your Chief Acquisition Officers and Chief Financial Officers with detailed guidance to ensure responsible and effective use of this authority.

After consultation with officials from many of the departments and agencies, we have concluded that the need for the increased micro-purchase threshold authorized by section 101(2) has diminished. We therefore request that agencies not utilize this increased authority unless there are exceptional circumstances. If an agency believes that such exceptional circumstances exist, please contact me directly at 202-456-7070.

This memorandum should be distributed broadly to all individuals (i.e., program, contracting, finance, legal, and other officials) who may have responsibilities associated with micro-purchase authority. Thank you for your prompt attention to this matter.

Attachment (1)



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**3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010**

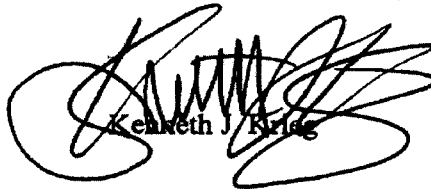
SEP -2 2005

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Increased Thresholds for Procurements in Support of Hurricane Katrina Relief Efforts

I hereby authorize the use of the special emergency procurement authorities in 41 U.S.C. 428a to increase the micro-purchase, the simplified acquisition, and the test program for commercial items thresholds for the procurements in support of Hurricane Katrina relief efforts. Therefore, procurements made by the DoD in support of this contingency may use the rules specified in the Federal Acquisition Regulation and its Defense supplement for a contingency within the United States. This means that the micro-purchase threshold is increased to \$15,000 (FAR 13.201(g)(1)(i)), the Simplified Acquisition Threshold is increased to \$250,000 (FAR 2.101), and the test program for commercial items threshold is increased to \$10 million (FAR 13.500(e)) for procurements in support of Hurricane Katrina relief efforts.

My point of contact is Ms. Sandi Bennett, DPAP/Policy. She can be reached at (703) 693-0197, or via email at Sandra.Bennett@osd.mil.


Kenneth J. Kridg



Attachment (2)

Acquisition Responsibilities: In general, contracting officers, cardholders and ordering officials are expected to ensure the reasonableness of all prices and to use competitive procedures to the maximum extent practicable.

Contracting activities are expected to provide small businesses maximum practicable opportunity under the circumstances to participate in federal acquisitions as prime contractors and subcontractors.

Section 307 of the Stafford Act (P.L. 93-288) (See FAR Subpart 26.2) 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. Where possible and consistent with efficient acquisition of needed supplies and services, local small businesses should be given preference.

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.

The purchase card may only be used as a method of payment (see FAR 13.301(c)(3)) for construction contracts.