



POLICY FLASH 2008-42

DATE: May 1, 2008

TO: DOE/NNSA Procurement Directors
Contractor Purchasing Directors

FROM: Office of Procurement and Assistance Policy, MA-61
Office of Procurement and Assistance Management

SUBJECT: Complex-Wide Strategic Sourcing

The Integrated Contractor Purchasing Team (ICPT) was chartered in 1996 as a working group of the Contractors Purchasing Council (CPC). Since its establishment, the ICPT has awarded more than 40 agreements with cumulative cost savings in excess of \$100M. In 2005, the Office of Procurement and Assistance Management stood up a complementary strategic sourcing capability at the Federal level. Working with the ICPT, a number of agreements for a wide range of supplies and services that can be used by DOE Federal program/staff organizations Department-wide, as well as agreements that can be used by both DOE Federal activities as well as the Department's major site and facility management contractors (FMCs), have been established. In 2006, the National Nuclear Security Administration (NNSA) formally chartered the Supply Chain Management Center (SCMC). NNSA has made significant investments in both hardware and software so that actual spend can be captured, analyzed, and leveraged. The SCMC has populated electronic catalogs with some of the ICPT agreements, and is placing agreements of their own beginning in Fiscal year 2008.

The benefits of establishing these vehicles, which include substantial price discounts, and perhaps more importantly, significant efficiencies in order placement and delivery, have not been realized due in large part to uncertainties and misperceptions regarding the requirements for order placement. These include whether sole-source justifications are required, whether the ordering activity must ensure further competition beyond that achieved in placing the established ordering agreement, and whether further price analysis/justification is required when placing an order under these agreements. Accordingly, the purpose of this Policy Flash is to clarify these issues and encourage all DOE activities and FMCs to take advantage of these agreements by institutionalizing internal processes to consider and emphasize use of these agreements when appropriate.

The agreements placed by the ICPT, DOE, and the SCMC have met all applicable requirements of the Competition in Contracting Act, the Federal Acquisition Regulation, the DOE Acquisition Regulation, prime contractor terms and conditions for subcontracting, and other relevant policies and procedures. Therefore, orders may be placed under these agreements pursuant to the ordering instructions of the individual agreements. No further requirements apply pertaining to competition, further price analysis/justification, additional review of the terms and conditions contained in these agreements, etc. (it is noted that ICPT and SCMC agreements are available for use by authorized contractors only; DOE Federal activities may not place orders under ICPT and SCMC agreements). Moreover, even though an activity may be able to achieve a slightly greater price savings by awarding its own agreement for goods/services covered by an ICPT, SCMC or DOE agreement, such savings would be significantly offset by the additional cost in resources and time to solicit, evaluate, and award a separate agreement for the same goods or services. With respect to orders placed against NNSA SCMC catalog agreements by FMCs, NNSA Contracting Officer subcontract review and consent will not be required as long as modifications to the catalog pricing or provisions are not made.

DOE Procurement Directors should establish internal processes that place consideration of established DOE agreements at the top of the order of precedence of acquisition strategies when conducting acquisition planning for goods and services. In addition, DOE/NNSA Contracting Officers who have responsibility for administering FMCs should coordinate similar requirements with their FMC Purchasing Managers for use of ICPT, SCMC, and applicable DOE Federal agreements (e.g., via the FMCs approved purchasing system). Additionally, internal independent review and oversight functions/processes at both the Federal contracting activity and FMC purchasing activity levels should challenge use of acquisition strategies to acquire goods and services that are available via an ICPT, SCMC, or DOE Federal agreement, that do not consider use of these agreements.

Additional information and details on complex-wide strategic sourcing is available at:

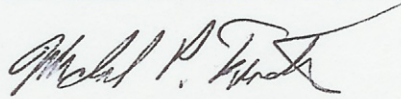
<http://management.energy.gov/1364.htm> and
<http://nnsa.energy.gov/management/index.htm>

Additional information, questions, or suggestions concerning these agreements, and strategic sourcing in general, can be directed to the following points of contact:

Peggy Plyler, Integrated Contractor Purchasing Team:	803-952-9821
Susan Ackley, Supply Chain Management Center:	816-997-4955
Aleta Boylan, DOE Strategic Sourcing Program Manager	202-287-1608

This Flash may be viewed online at the following website:

http://www.management.energy.gov/policy_guidance/policy_flashes.htm.



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