

14 FAH-2 H-320 ACQUISITION PLANNING

*(CT:COR-1; 12-20-2005)
(Office of Origin: A/OPE)*

14 FAH-2 H-321 GENERAL

(CT:COR-1; 12-20-2005)

- a. Acquisition planning is the key to effective use of public funds and the economical accomplishment of program objectives. The Department seeks to ensure this concept by mandating annual Preliminary Forecast Plans and encouraging early and open communications with representatives of the acquisition office before the submission of formal requests for contract services. Federal Acquisition Regulation (FAR) Part 7 and Department of State Acquisition Regulation (DOSAR) Part 607 prescribe policy for acquisition planning.
- b. Acquisition planning begins before the fiscal year has begun in order to provide improved scheduling of actions, increased control of fourth-quarter obligations, and opportunities for consolidating requirements. Failure to schedule the acquisition workload may result in an inordinate number of contract awards being made in the closing months or weeks of the fiscal year. Excessive year-end spending places a severe burden on requirements office and acquisition office personnel.

14 FAH-2 H-322 ADVANCE ACQUISITION PLANNING AND PRELIMINARY FORECAST PLANS (PFPS)

(CT:COR-1; 12-20-2005)

- a. An important element in acquisition planning is the advance acquisition planning process, which is initiated with a Preliminary Forecast Plan (PFP). All requirements offices must submit a PFP for any acquisition with an estimated value exceeding the simplified acquisition threshold. The PFP is submitted to the appropriate contracting activity.
- b. Every year, the Office of the Procurement Executive (A/OPE) publishes guidance for all Department offices, advising them of the procedures and providing formats for submitting PFPs. Generally, the memorandum is distributed in the second or third quarter of the fiscal year preceding the

one for which planning is to take place.

- c. Contracting activities try to provide responsive service to their requirements office customers. However, contracting activities may return to a requirements office any acquisition package not included in the office's PFP submissions. This is allowed because if contracting activities are not given enough advance notice to plan their workload, resources may not be available to perform the acquisitions in a timely, cost-effective manner in full conformance with laws and regulations. Further, if the procurement request packages are not submitted in a timely manner, the acquisition process, which may be time consuming and complex, may be impossible to complete. This could leave the user without necessary supplies and services, and jeopardize funding.
- d. If a requirement is identified after the PFPs have been submitted, the new requirement should be identified and submitted immediately to the contracting activity. Inadequate planning may not be used to justify either sole-source or limited-competition acquisitions by reason of unusual and compelling urgency.
- e. A PFP is not required for the following acquisitions:
 - (1) Acquisitions under the simplified acquisition threshold;
 - (2) Emergency acquisitions for requirements needed immediately (for such acquisitions, a Justification for Other than Full and Open Competition must be prepared and signed by the appropriate individual(s), depending on the dollar threshold);
 - (3) Acquisition of utility services where the services are available from only one source;
 - (4) Construction acquisitions abroad conducted by the Bureau of Overseas Buildings Operations (OBO), which has its own planning process; or
 - (5) Acquisitions that have been included in an overseas post's Master Buy Plan submission.

14 FAH-2 H-323 ACQUISITION LEADTIME

(CT:COR-1; 12-20-2005)

- a. The acquisition cycle begins with advance acquisition planning and initiation of the procurement request and ends with the acceptance of the supplies or services and final payment to the contractor. The contracting officer's representative (COR) should initiate the Procurement Request Package as far in advance of required delivery or the commencement of services as possible to allow for contracting "lead time."

- b. The contracting activity must have adequate time for the performance of the many steps involved in the contracting process. It takes time to process a procurement request to the point of issuing a solicitation; for offerors to prepare and submit bids/proposals; for evaluation and subsequent negotiation; and for awarding the contract. Many contracting activities publish dates by which the procurement request must be received in order to allow for award by the end of the fiscal year. These dates are established to account for adequate lead time.

14 FAH-2 H-324 MARKET RESEARCH

(CT:COR-1; 12-20-2005)

- a. Federal Acquisition Regulation (FAR) 2.101 defines market research as “the process used for collecting and analyzing information about capabilities within the market to satisfy agency needs.”
- b. Market research is required to:
 - (1) Promote full and open competition;
 - (2) Ensure that the U.S. Government satisfies its needs in a cost-effective manner; and
 - (3) Determine whether commercial items are available to meet the U.S. Government's needs.
- c. FAR 10.001 requires that market research be conducted in two separate stages:
 - (1) By the requirements office before new requirements documents are developed; and
 - (2) By the acquisition office before offers are solicited.

14 FAH-2 H-324.1 Collecting Information

(CT:COR-1; 12-20-2005)

- a. The extent of market research and analysis will vary depending on the urgency, value, and complexity of the proposed acquisition. The following are among the types of information to collect:
 - (1) Availability of supplies/services suitable as is, or with minor modifications, for meeting the need;
 - (2) Availability of companies to perform the work required;
 - (3) Terms and conditions and warranty practices under which commercial sales of the supplies/services are made;
 - (4) Requirements of controlling laws and regulations; and

- (5) Distribution and support capabilities of potential suppliers, including alternative arrangements.
- b. Some potential sources of market information are:
- (1) Technical personnel, commodity specialists, price analysts, and other in-house experts on the supply or service and its market;
 - (2) The Internet;
 - (3) Catalogs or periodicals;
 - (4) Industry buyers of the same or similar supplies and services;
 - (5) Federal Business Opportunities (FedBizOpps) "sources sought" notices or local ads and surveys of potential suppliers; and
 - (6) Trade and professional associations.

14 FAH-2 H-324.2 Application of the Information

(CT:COR-1; 12-20-2005)

- a. Market information may be used in all pre-award duties, such as:
- (1) Reviewing the proposed specification or statement of work to ensure that it encompasses all acceptable supplies or services, if any, in the market;
 - (2) Determining when to buy;
 - (3) Establishing delivery schedules that are realistic in terms of market conditions and practices;
 - (4) Suggesting sources for the solicitation mailing list (not an inclusive list to limit competition);
 - (5) Determining whether to purchase or lease;
 - (6) Identifying quantity breaks;
 - (7) Determining whether sources capable of satisfying the requirements exist;
 - (8) Determining whether commercial items are available;
 - (9) Determining the extent to which commercial items could be incorporated at the component level;
 - (10) Determining the practices of firms engaged in producing, distributing, and supporting commercial items, such as terms for warranties, buyer financing, maintenance, packaging, and marking.
- b. Although market research is required before new requirements documents are developed, the contracting officer's representative (COR) should be careful not to solicit (or be perceived as soliciting) a price

quotation or proposal for the actual supplies or services to be acquired. Therefore, before initiating market research, the COR is encouraged to contact acquisition personnel to coordinate the scope of its market research. Not only is this involvement critical to the acquisition process, but it could preclude the possibility of the COR taking an action which causes a contractor to incur costs, especially since the U.S. Government may be held liable for those costs.

- c. The COR must inform vendors of the market research procedures. In addition, vendors should be advised that the U.S. Government's requirements discussed as part of market research are subject to change, and any technical exchange of information at this time cannot be considered in the subsequent U.S. Government's technical evaluation.

14 FAH-2 H-325 THROUGH H-329 UNASSIGNED