

SPAWAR Purchase Card Policy Notice S-PCPN FY16 #1 – MICRO-PURCHASE THRESHOLD INCREASE CLARIFICATION OF REQUIRED SOURCES OF SUPPLIES AND SERVICES
(Released October 2015)

NOTE: HIERARCHY LEVEL 3 A/OPCs - PLEASE GIVE THIS NOTICE WIDEST DISSEMINATION TO PROGRAM PARTICIPANTS WITHIN YOUR HIERARCHY

PURPOSE: This PCPN provides clarification with regards to the recent micro purchase threshold increase and its application of the Federal Acquisition Regulation (FAR) Part 8 Required Sources of Supplies and Services - Acquisitions from Federal Prison Industries, Inc. (FPI).

OVERVIEW: FPI is excluded as a Required Source of Supplies and Services when acquiring items or services totaling \$3,000 or less. Regardless of the recent increase to the micro-purchase threshold, the FPI continues to be a Required Source of Supplies and Services for acquisitions over \$3,000.

DISCUSSION: As outlined in [PCAN FY 15 #13](#), effective 1 Oct 15, the micro-purchase threshold was increased to \$3,500. This increase became effective by statute which requires that various FAR acquisition thresholds be reviewed and adjusted for inflation.

FAR Subpart 8.605 provides an exception to the required source of Federal Prison Industries listed in the FAR Subpart 8.002, Priorities for Use of Mandatory Sources. FAR Subpart 8.605 specifically states: “Purchase from FPI is not mandatory and a waiver is not required if-- (e) Acquiring listed items totaling \$3,000 or less;”

FPI, sometimes referred by its trade name UNICOR, is a Government corporation and derives its mandatory source provision from a different statutory authority, 18 U.S.C. § 4124. In 2007 FPI, having the authority to provide waivers to their mandatory source provision, increased their blanket waiver threshold to \$3,000 to coincide with the FAR micro purchase threshold as of that date. The FAR Subpart 8.605 reflects the current FPI blanket waiver threshold of \$3,000.

As of the date of this PCPN, both the FPI blanket waiver threshold of \$3,000 and FAR Subpart 8.605 remain in effect despite the recent increase to the micro-purchase threshold. Currently this requires any micro purchase which exceeds \$3,000 to be subject to using FPI as a mandatory source in the priority of order listed in FAR Subpart 8.002. There is no expectation to when FPI may or may not raise their blanket waiver threshold to coincide with the recent increase to the micro-purchase threshold.

REFERENCES: FAR Part 8 Required Sources of Supplies and Services
<http://www.unicor.gov/index.aspx>

ACTIONS REQUIRED:

1. Any micro-purchases exceeding \$3,000 must include FPI as listed in the order of priorities in FAR Subparts 8.002 and 8.603.
2. Because Cardholders may not have the authority or training to use Competitive Procedures outlined in FAR Part 13 or Subparts 6.102 and 19.5, they are limited to the following provisions of FAR Subpart 8.602 (a) (1) through (3). This essentially means that for any purchase over \$3,000, the cardholder must perform the following:
 - a. Before purchasing an item of supply listed in the FPI Schedule, conduct market research to determine whether the FPI item is comparable to supplies available from the private

sector that best meet the Government's needs in terms of price, quality, and time of delivery.

- b. Prepare a written determination that includes supporting rationale explaining the assessment of price, quality, and time of delivery, based on the results of market research comparing the FPI item to supplies available from the private sector.
- c. If the FPI item is comparable, purchase the item from FPI following their ordering procedures unless a waiver is obtained in accordance with FPI waiver request procedures found in <http://www.unicor.gov>.

Randy Grau
SPAWAR Claimancy Purchase Card APC
SPAWARSYSCOM Policy Branch 2.3.1
Phone: (858) 537-0440
E-mail: randall.grau@navy.mil