



PURCHASE ORDERS

GUIDING PRINCIPLES

- ✓ Purchase Orders should normally be issued on a fixed-price basis.
- ✓ Modifications of Purchase Orders may be used for unpriced orders and for administrative matters on priced orders.
- ✓ Purchase orders cannot exceed the simplified acquisition threshold.

Overview

This section discusses the Department of Energy's (DOE) use of purchase orders as described in Federal Acquisition Regulation (FAR) 13.302 and the Department of Energy's Acquisition Regulation (DEAR) Section 913.304. Only contracting officers acting within the scope of their authority are empowered to execute purchase orders on behalf of DOE.

Authority

A. Federal Acquisition Regulation (FAR) Subpart 13.302.

B. DEAR 913.307

Background

When should purchase orders be used? Due to the administrative cost of preparing and handling the purchase order document, purchase orders for less than \$3,000 should be used only when the commodity, conditions, or amount of the procurement precludes use of a simpler award method, such as the DOE Purchase Card or Blanket Purchase Agreement call.

Acquisitions that must be made by written purchase orders are:

- (1) All open market purchases over \$3,000;
- (2) Acquisitions that require multiple, separate deliveries or performance of multiple tasks with multiple invoices/payments over 2 or more months (excluding annual service plans with fixed monthly charges);
- (3) Construction of \$2,000 or more subject to the Davis-Bacon Act;
- (4) Unpriced orders (FAR 13.302-2)

Purchase Order Types

Maximum effort should be made to award purchase orders on a fixed-price basis including a firm price for shipping, handling and other ancillary changes.

Except as provided under FAR 13.302-2 concerning the unpriced purchase order and FAR 12.207, purchase orders are generally issued on a fixed-price basis.

A single purchase order value shall not exceed the simplified acquisition threshold (SAT).

Contracting Officers shall not "split" requirements into multiple orders to avoid thresholds for a General Services Administration (GSA) Federal Supply Schedule, Blanket Purchase Agreement, or other more appropriate contracting vehicle.

Purchase Order Options

Even when purchases are below SAT, a purchase order should not include options (see FAR 17.2). If the use of options is contemplated for purchases under the SAT, and if inclusion of options would be in the best interest of the government, then the Contracting Officer should consider placing an order against a more appropriate contracting instrument such as a GSA Federal Supply Schedule, Blanket Purchase Agreement, or other Government-wide Acquisition Contract.

Purchase Order Forms

Optional Forms 347 and 348, or DOE F 4250.3, may be used for purchase orders following simplified acquisition procedures. However, these forms shall not be used as the contractor's invoice. See 48 CFR 12.204 regarding the use of SF-1449 for the acquisition of commercial items using simplified acquisition procedures.

Purchase Order Modifications

(1) In the event that it becomes necessary to modify or cancel a purchase order, use Standard Form 30, Amendment of Solicitation/Modification of Contract. The quantity and amount shown for the amendment line items and total should be the amount of the increase or decrease, not the revised total for the order. The SF 30, Block 14, Description of Amendment/Modification, must contain a recap of the adjustment (original quantity, increase or decrease, and new total).

(2) Modifications to purchase orders should be kept to a minimum. Prior to any modifications being made to purchase orders, the Contracting Officer must ensure that the changes do not affect the scope of work and that funding is available. Some particular examples follow:

a. **Unpriced Orders:** When the price of a product or service is not established at the time of issuance of the order, in accordance with FAR 13.302-2, an unpriced purchase order may be executed. However, a bilateral modification must be executed to definitize the unpriced order.

b. **Administrative:** In certain circumstances a modification may be issued to make a correction or to change administrative information contained within the original purchase order such as an inadvertent error in the address or an inadvertent spelling error. All administrative changes are limited to specific changes that do not have a material impact on the substance of the contract.

c. **Increase Funding:** If a modification is being contemplated for the purposes of increasing funding, or if additional work is required, the Contracting Officer must consider all procurement guidance and regulations to ensure that the changes do not affect the scope of work, unfairly restrict competition, or otherwise circumvent acquisition planning for a new requisition. *For example, if a purchase order was issued for a particular product and the delivery charge was inadvertently omitted at the time of issuance, the purchase order would require a modification to increase the funding by an amount equal to the previously quoted delivery charge. This would not be an opportunity to order additional products and services on that same purchase order as those changes would more than likely result in a prohibited practice such an out-of-scope modification.*