GSA Office of the Chief Financial Officer

January 10, 2005

MEMORANDUM FOR REGIONAL ADMINISTRATORS

ASSISTANT REGIONAL ADMINSTRATORS
1T, 2T, 3T, 4T, 5T, 6T, 7T, 8T, 9T, 10T, WT

ASSISTANT COMMISSIONERS
TA, TB, TF, TH, TO, TR, TS

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SUBJECT: Acquisition of Information Technology Services – Clarifying Guidance

There have been numerous inquiries requesting clarification of the status of the memorandum for Federal Technology Service (FTS) associates titled Acquisition of Information Technology Services, dated August 27, 2004. This memorandum provided an optional interim transition period within which to operate under past practices and has expired. Effective October 1, 2004, all reimbursable agreements accepted by FTS are to be executed in accordance with the principles and statutes contained in the June 7, 2004 memorandum as supplemented by the October 7, 2004 guidance.

The scope and terms of contracts to be awarded or options to be exercised must be consistent with the type of funds provided by the customer (i.e., annual, multi-year, no-year). In addition, in order to continue to use funds provided by the customer, the reimbursable agreement must meet the bona fide needs test.

To assist you in applying the principles outlined in Section 5, Paragraphs A and B of the June 7, 2004 financial guidance memorandum and the supplemental guidance provided on October 7, 2004 (Subject: Examples of Contracting for Services), to new orders and orders on-hand we have developed the attached decision trees for processing

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severable and nonseverable service type contract actions. The decision trees reflect the basic funding rules and principles that must be followed. These decision trees are included as Appendix C to the June 7, 2004 financial guidance memorandum.

A decision tree illustrating the conditions for closing a project and returning funds to the customer agency is being developed by the Office of General Counsel. This decision tree will be issued as Appendix D to the June 7, 2004 memorandum titled Guidance and Information Concerning Interagency Transactions and Proper Management of Reimbursable Agreements in Revolving Funds. This decision tree is to be used as guidance when customer funds for a project are not current year funds. This decision tree should be read together with Appendix C.

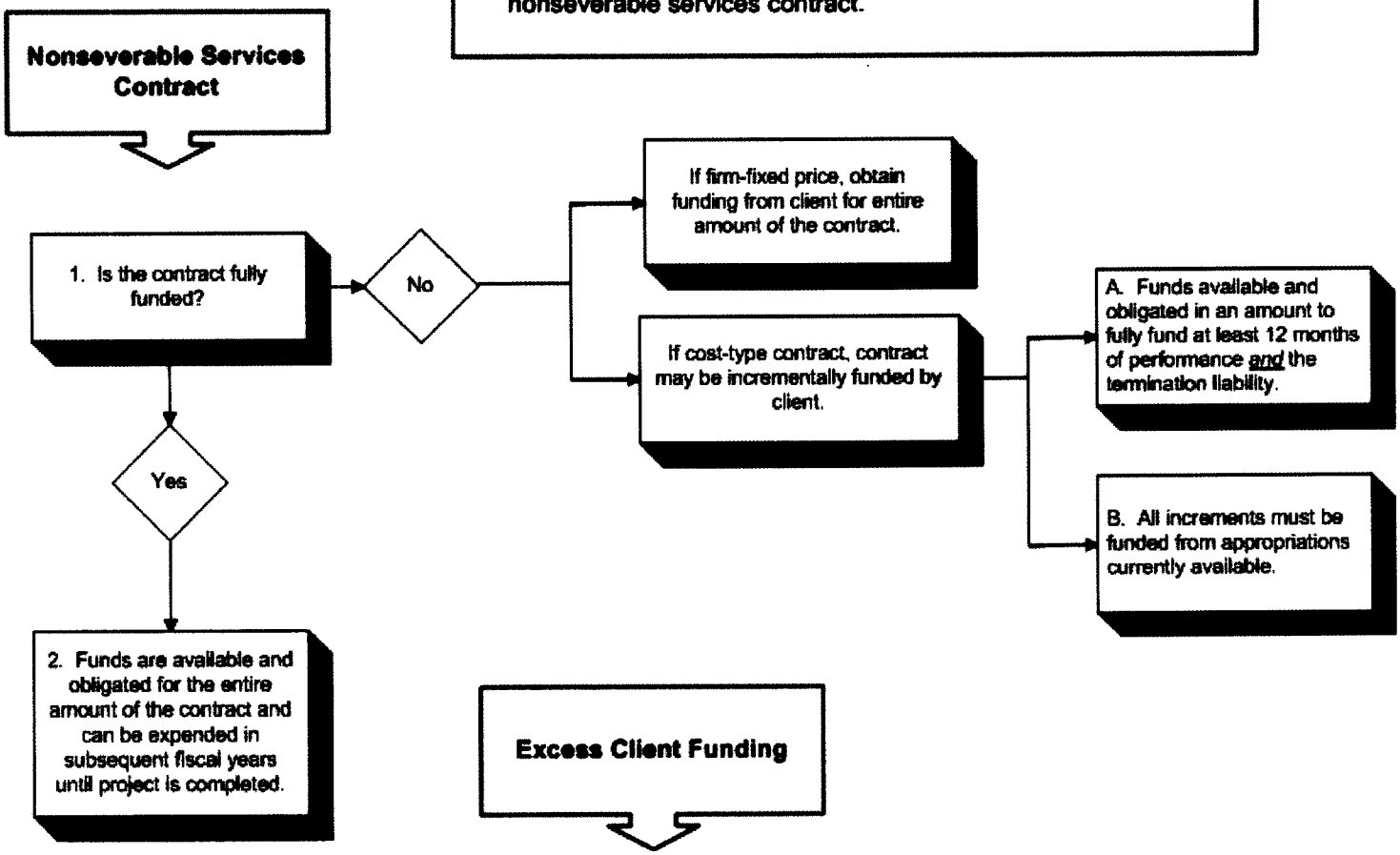
In addition, further guidance will follow in the form of "Frequently Asked Questions (FAQs)" to address clarification of availability of remaining prior year funds for incrementally funded contracts.

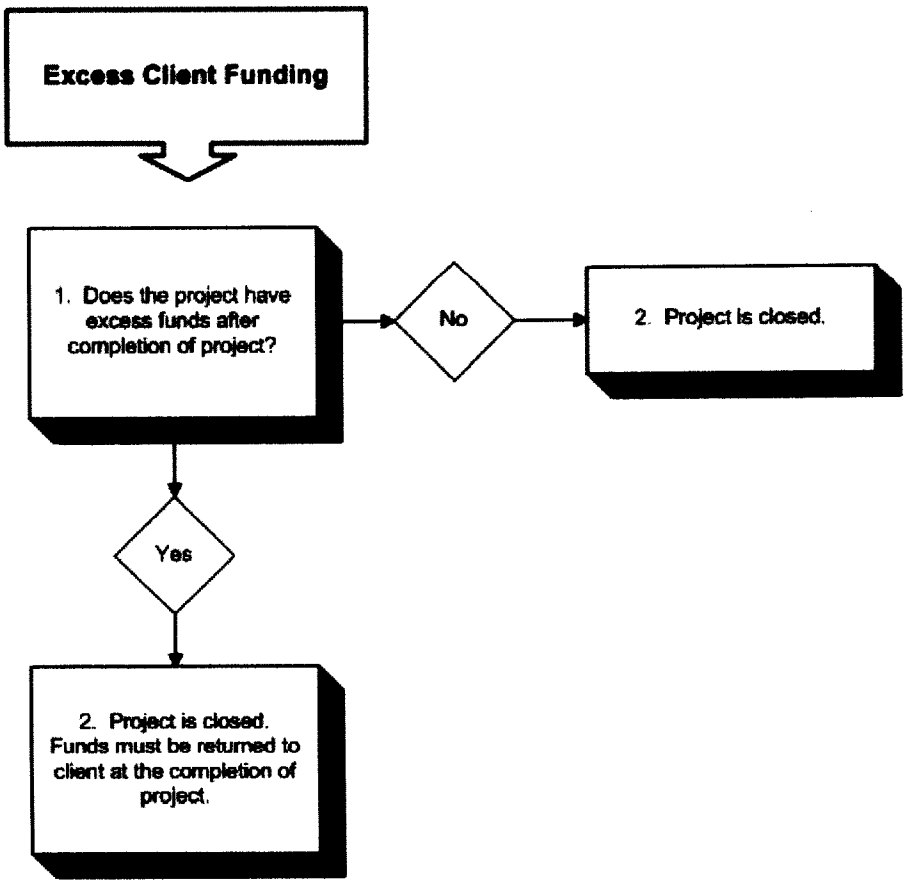
If you have any questions, please contact the Office of the FTS Chief Financial Officer on (703) 306-6100.

Attachments

Nonseverable Services

- This decision tree is representative of the basic funding rules and principles applied to nonseverable services.
- A nonseverable services contract is one in which the agency receives value only when the entire service is performed.
- This tree represents the application of client funding for a nonseverable services contract.





Severable Services Contract
Annual Appropriation

1. Does the contract have a base period that does not exceed 12 months from date of award?

No → STOP

Yes

2. Did the client provide full funding from the current annual appropriation for the base year?

No → If contract is firm-fixed price, obtain full funding for base year.

If cost-type contract, contract may be incrementally funded. All increments must be funded from appropriations currently available.

All required clauses must be included in the contract.

Yes

3. Apply all funding rules and requirements

A. Contracts for severable services may be for a period of up to 1 calendar year, even if the period begins in one fiscal year and ends in the next fiscal year.

B. Any excess funds from the base period (original 12 months) cannot be carried forward to provide funding for options.

C. Excess funds from the base period must be returned to the client at the end of the base period (original 12 months).

Severable Services

- This decision tree is representative of the basic funding rules and principles applied to a severable services contract
- A severable services contract is one in which the client receives value as the services are rendered.
- This tree represents the application of client funding for a severable services contract.

Exercising Options

1. Does the client have a bona fide need to exercise an option on the current contract?

No → Project is closed. No option.

Yes

2. Option periods must be funded by the client's current appropriation at the time the option is exercised and each option period may not exceed 12 months.

A. Any excess funds from the option period cannot be carried forward to provide funding for future options.

B. Excess funds from the option period must be returned to the client at the end of the option period.