



U.S. General Services Administration

# Federal Acquisition Service

## Understanding Order-Level Materials (OLMs)



# Historical Model

- Most ODCs were procured as open-market items (may now be ordered as OLMs)
- The ordering activity CO (OCO) had to ensure all applicable acquisition regulations pertaining to the purchase of open market items were followed:
  - Publicizing (Part 5),
  - Competition requirements (Part 6),
  - Acquisition of commercial items (Part 12),
  - Contracting methods (Parts 13, 14 and 15); and
  - Small business programs (Part 19)
- Often, requirements were too burdensome for the OCO, and so open market items were limited to micro-purchase threshold

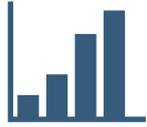


## Historical Model (*Cont.*)

- Contractors could form CTA's in order to provide a total solution
  - However this could introduce delays to the procurement timeline
- Agencies could look elsewhere in order to avoid the administrative burden
  - Procure through other contracts outside of the FSS program



# New Model



## Schedule Purchase

- OLMs are Schedule Items (FAR 8.4)
- Prices established and items acquired at the order level
- Prices are NOT established at Schedule or BPA Level
- Contract Type: T&M or Labor Hours CLINs (Hybrid Orders are Allowed)

## Indirect Costs

- Customer agencies may now allow for indirect costs associated with acquiring OLMs to be included as an OLM line item at the task order level.

## Order Limit

- OLM's shall not exceed 33.33% of the total cost of the order, exclusive of travel, freight, and open market items
- August 2018 Technical amendment to GSAR sets Order Limit threshold at BPA level

## IFF Inclusion

- All OLMs must include IFF in the final price for each offered item

## Other Direct Costs

- Other Direct Costs (ODCs) are products or services that are ancillary to the primary purpose of a task or delivery order.
  - e.g., incidental products that are not available on the contract, computer usage charges, travel, etc.
- ODCs may be acquired through:
  - OLM authority
  - Ancillary SINs
  - Contractor Team Arrangements (CTAs)
  - Open-market procedures (FAR 8.402(f))
- **The new OLM authority is the most streamlined method of acquiring ODCs in most scenarios.**



## Why OLMs are Needed

- It is cumbersome for ordering activities to add non-Schedule (open-market) supplies or services to a GSA Schedules order under FAR 8.402(f) procedures.
- Increases the flexibility of obtaining supplies or services necessary to support GSA Schedule orders.
- Reduces administrative costs related to contract duplication.
- Agencies can better utilize the Schedules program for total solutions.
- Enhances competition under the Schedules program.



## OLM Quick Tips

- OLMs are supplies or services acquired in direct support of a task or delivery order placed against a GSA Schedule contract or BPA.
- OLM prices are **not** established on the Schedule contract.
- OLM prices **are** established at the order level.
  - The ordering contracting officer (OCO) is responsible for making a fair and reasonable price determination.
- Purchased under the authority of the FSS program - FAR 8.403(b).
- OLMs shall not be the *primary* purpose of the order, but an integral part of the solution.
- OLM SIN may not be used as a stand-alone SIN, but may only be used to support other SINs on an order.

# Order Types

- OLM procedures may be used to purchase products or services to support Schedule orders under authorized GSA Schedules
- OLMs may be acquired under any Schedules order-type
  - i.e. Firm Fixed-Price, Time & Materials (T&M), or Labor Hour
  - cost-reimbursement orders are not allowed under Schedules
- However....the OLM CLIN must be T&M
  - In some cases it may be the only T&M CLIN on the order
  - i.e. OLMs may be added to a Firm Fixed-Price order, but the OLM CLIN must be T&M



## Open Market Items - FAR 8.402(f)

- The procedures for buying open market items, as prescribed at FAR 8.402(f), are not applicable to items purchased under OLM procedures.
- FAR 8.402(f) must be used when adding open-market items to a Schedule order when the items are not covered under OLM procedures.

# Authorized Schedules for OLMs

Schedule	Schedule Description
70	Commercial Information Technology Equipment, Software, and Services
00CORP	Professional Services Schedule
03FAC	Facilities Maintenance and Management
56	Buildings and Building Materials
71	Furniture
84	Total Solutions for Law Enforcement, Security, Facilities Management, Fire, Rescue, Clothing, Marine Craft And Emergency/Disaster Response
738X	Human Capital Management and Administrative Support Services
36	Office, Imaging, and Document Solutions
58 I	Professional Audio/Video Telemetry/Tracking, Recording/Reproducing and Signal Data Solutions
78	Sports, Promotional, Outdoor, Recreation, Trophies, and Signs (SPORTS)
72	Furnishings and Floor Coverings
71 II K	Comprehensive Furniture Management Services (CFMS)



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# **Administering Schedules with OLMs**

# Schedules Refresh

The following clauses and provisions are incorporated into all authorized Schedules through a bi-lateral mod\*:

- [FAR 52.212-4](#) - Contract Terms and Conditions – Commercial Items (JAN 2017) (Deviation - FEB 2018)(Alternate I - JAN 2017) (Deviation - FEB 2007)
- [GSAR 552.238-115](#) - Special Ordering Procedures for the Acquisition of Order-Level Materials (Jan-2018)
- SCP-FSS-007 - Special Proposal Instructions for Order-Level Materials Special Item Number (JUNE 2018)

\*Contractor must accept mod before using OLM procedures



# Administering Contracts with the OLM SIN

The following clauses **do not** apply to OLMs:

## [GSAR 552.216-70](#) AND [I-FSS-969](#)

- *Economic Price Adjustment - FSS Multiple Award Schedule Contracts*

## [GSAR 552.238-77](#)

- *Submission and Distribution of Authorized FSS Schedule Pricelists*

## [GSAR 552.238-81](#)

- *Price Reductions*

The following clause and terms apply to OLMs:

- [GSAR 552.238-80](#) - *Industrial Funding Fee and Sales Reporting*
  - Contractors are required to report sales and remit the IFF for all sales under the OLM SIN
- Transactional Data Reporting (TDR) requirements, if applicable
- Other terms and conditions
  - Trade Agreements Act (TAA)
  - Sales reporting and Industrial Funding Fee (IFF) remittance
  - Environmental Attributes clauses
  - AbilityOne Program Essentially the Same (ETS) compliance
  - Service Contract Labor Standards (SCLS)
  - Commercial products and services only



# Administering Contracts with the OLM SIN

- The OLM SIN may not be the primary purpose of the order
- The cumulative value of the OLM SIN shall not exceed 33.33% of the total value of the order OR BPA
- Industrial Operations Analysts (IOAs) will check OLM compliance during contractor assessments and document the findings in the Contractor Assessment Report
- **IMPORTANT:** Contractors must report sales under the correct SINs in the Sales Reporting Portal (SRP) - OLM sales are reported under SIN 500 under legacy Schedules and “OLM” under the new single GSA Schedule



# Industrial Funding Fee (IFF)

- All OLMs must include the IFF in the price of each item
  - IFF is not to be added as a separate CLIN
- IFF rate is
  - 0.75% (0.0075)
  - included in the computation of the 33.33% OLM limitation amount
  - invisible to the OCO and must not be itemized in a contractors quotation
- It is the contractor's responsibility to ensure quoted prices include the IFF and that the IFF is properly remitted to GSA



# Placing Orders with OLMs

# Ordering – Contractor Obtains Three Quotes

- For each proposed OLM item that exceeds the Simplified Acquisition Threshold (SAT), the contractor is required to obtain a minimum of three (3) quotes to support the price reasonableness of the item (see GSAR [552.238-115\(d\)\(7\)\(i\)](#))
  - If three quotes cannot be obtained, the contractor is required to maintain documentation of the reason.
  - The three quotes obtained by the contractor must be documented internally and are subject to audit.
  - The OCO shall not request access to the three quotes obtained by the contractor, except as a last resort, when all other attempts at determining price reasonableness have been exhausted.
- Exception: A contractor with an approved purchasing system per [FAR 44.3](#) is exempt from the requirement to obtain three quotes



## Ordering – Indirect Costs

- The contractor may request approval of indirect costs associated with providing OLMs
- The OCO determines whether to allow indirect costs not included in the FSS hourly rate
- Proposed indirect costs must be a fixed amount and not a percentage of the cost and must be inclusive of the IFF
- If indirect costs are approved:
  - The OCO must make a determination that all indirect costs approved for payment are fair and reasonable
  - Supporting data shall be submitted by the contractor in a form acceptable to the OCO

# Ordering – Travel Costs

Travel may be an OLM, but there are exceptions:

- Travel costs:
  - are governed by FAR 31.205-46
  - do not count towards the 33.33% limitation
  - are not subject to the Industrial Funding Fee
  - may be firm fixed-fixed price or direct-reimbursable CLIN
    - does not require T&M D&F
- [GSAR 552.238-115\(d\)\(11\)\(i\)\(ii\)](#)
- Travel may also be handled IAW GSA clause C-FSS-370(b)

# Preparing an RFQ with OLMs

## Considerations for Instructions to Quoters

- Identify, under separate CLINs, the labor or materials that are not on Schedule as OLMs.
- The RFQ should state that:
  - OLMs must be in support of the order (i.e. not primary scope)
  - Quoter must Identify indirect cost as a fixed amount (if applicable)
  - OLMs shall not exceed 33.33% of the total cost of the order
  - Any RFQ under an OLM applicable Schedule may result in a quote with OLMs
- Include language explaining OLMs are negotiated with a Not-to-Exceed (NTE) amount

## Fair and Reasonable Price Determination

- The OCO must make an independent determination that prices for all proposed OLMs are fair and reasonable, IAW FAR 15.404 techniques.
- This determination must be documented in the contract file and can be based on a comparison of quotes received in response to the RFQ or other relevant pricing information.
  - Compare quoted OLMs (both products and services) to other prices quoted.
  - The OCO could check:
    - Schedule prices for comparable pricing information
    - Other contract vehicles
    - Open market sources (be sure to ensure items are TAA compliant, etc. to ensure comparing “apples-to-apples”)

## Evaluation Checklist

<b>Is the order being placed against an authorized Schedule?</b>	✓
<b>Does the contractor have the OLM SIN incorporated into their Schedule contract?</b>	✓
<b>Do OLM items meet the terms and conditions of Schedules? e.g. commercial items, TAA compliant, AbilityOne compliant</b>	✓
<b>Are travel costs being properly administered?</b>	✓
<b>Are indirect costs applied correctly?</b>	✓
<b>Is the OLM CLIN value less than 33.33% of the order (or BPA)?</b>	✓
<b>Has the ordering CO made a proper fair and reasonable price determination?</b>	✓



# **Best Practices for Contractors**



# Best Practices: Systems and Policies

- Accounting System
  - Ensure proper coding of OLMs as GSA items
  - Establish capability to identify, track, and test order limit (33.33%) and OLMs over SAT
  - Periodically test report accuracy (pull sales reports and sample orders)
  - Understand if manual efforts are necessary in developing sales reports
  - Are checks in place to flag irregularities?
  - Can you segregate from and identify open market items?
- Develop Standard Operating Procedures (SOPs)
  - Describe identification of OLMs as GSA items and responsible parties
  - Establish procedures for quote retrieval and records retention for those OLMs exceeding the SAT
  - Ensure sales personnel and contract management personnel are following SOPs
  - Periodically test SOPs and update where appropriate
- Miscellaneous
  - Identify OLMs on invoices (not a requirement, but a recommended practice)
  - Define OLM categories on order (materials, equipment, labor)
  - **Remember:** Track BPA orders to ensure compliance with OLM order limit threshold



# Best Practices: Contract Management

- Record retention (Quote Documentation)
- Perform market research and support CO price reasonableness requests
- Update Authorized FSS price list (no pricing required, simply list OLM SIN)
- Ensuring OLMs are TAA compliant
- Ensure applicable standards at the Schedules level applies to OLM's
- Report OLM sales under the correct SIN



# Resources

- [www.gsa.gov/olm](http://www.gsa.gov/olm)
- [www.gsa.gov/schedules](http://www.gsa.gov/schedules)
- OLM Final Rule - <https://www.federalregister.gov/d/2018-01232>





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## **Reference Slides**



# Item Characteristics

Item Cat	Allowable CLIN Types	FSS Contract Item	IFF Applies	Pricing Determination	Procedure
OLM	T&M / LH	Yes	Yes	Order Level	<u>GSAR 552.238-82</u>
Ancillary Item	FFP T&M / LH	Yes	Yes	Schedule Contract Level	<u>GSAR 538.270</u>
Open Market Item	All	No	No	Order Level	<u>FAR 8.402(f)</u>



# Clause Language

**SCP-FSS-007**

**SPECIAL PROPOSAL INSTRUCTIONS FOR ORDER-LEVEL MATERIALS  
SPECIAL ITEM NUMBER (NOV 2018)**



**SCP-FSS-007**  
**SPECIAL PROPOSAL INSTRUCTIONS FOR ORDER-LEVEL MATERIALS**  
**SPECIAL ITEM NUMBER (NOV 2018)**

(a) This Schedule is authorized to allow for order-level materials (OLMs) in accordance with GSAR 538.7201. A listing of all OLM-authorized Schedules is available at [www.gsa.gov/olm](http://www.gsa.gov/olm).

(b) Clauses 552.212-4 *Contract Terms and Conditions - Alternate I* and 552.238-82 *Special Ordering Procedures for the Acquisition of Order-Level Materials* provide additional information on inclusion of OLMs in task and delivery orders placed against a Federal Supply Schedule (FSS) contract or FSS blanket purchase agreement (BPA).

(c) OLMs are only authorized for inclusion at the order level under Time-and-Materials (T&M) and Labor-Hour (LH) Contract Line Item Numbers (CLINs) and are subject to a Not To Exceed (NTE) ceiling price.

(d) Offerors proposing the Order-Level Materials Special Item Number (SIN) are not required to propose items or pricing, since by definition OLMs are *unknown* at the time of FSS contract award. The ordering activity contracting officer is responsible for defining OLMs and determining proposed OLM pricing fair and reasonable for a particular order.



## SCP-FSS-007 SPECIAL PROPOSAL INSTRUCTIONS FOR ORDER-LEVEL MATERIALS SPECIAL ITEM NUMBER (NOV 2018)

- (e) OLMs are purchased under the authority of the FSS Program and are not “open market items.”
- (f) Items awarded under ancillary supplies/services and other direct cost (ODC) SINs are not OLMs. These SINs are reserved for items that can be defined and priced *up-front* at the FSS contract level.
- (g) The Order-Level Materials SIN cannot be the only SIN awarded on a contract. The Order-Level Materials SIN is only authorized for use in direct support of another awarded SIN.
- (h) The Order-Level Materials SIN is exempt from CSP-1, *Commercial Sales Practices*, disclosure requirements.
- (i) The Order-Level Materials SIN is exempt from the following clauses:
- 552.216-70 *Economic Price Adjustment - FSS Multiple Award Schedule Contracts*
  - I-FSS-969 *Economic Price Adjustment - FSS Multiple Award Schedule*
  - 552.238-71 *Submission and Distribution of Authorized FSS Schedule Pricelists*
  - 552.238-75 *Price Reductions*



## SCP-FSS-007 SPECIAL PROPOSAL INSTRUCTIONS FOR ORDER-LEVEL MATERIALS SPECIAL ITEM NUMBER (NOV 2018)

(j) Terms and conditions that otherwise apply to the FSS contract also apply to the Order-Level Materials SIN. Examples include but are not limited to::

- Trade Agreements Act (TAA)
- Sales reporting and Industrial Funding Fee (IFF) remittance
- Environmental Attributes clauses
- AbilityOne Program Essentially the Same (ETS) compliance

(k) Prices for items billed under the Order-Level Materials SIN must be inclusive of the IFF. The value of OLMs in a task or delivery order, or the cumulative value of order-level materials in orders against an FSS BPA, cannot exceed 33.33%.

(l) There are no administrative, technical, or price proposal requirements for the Order-Level Materials SIN (i.e., Section I - Administrative/Contract Data, Section II - Technical Proposal, and Section III - Price Proposal).

The Order-Level Materials SIN will be awarded when proposed by an offeror, provided that (1) the Schedule is authorized for inclusion of OLMs, and (2) the Order-Level Materials SIN will not be the only awarded SIN under the contract.