



U.S. General Services Administration

# Federal Acquisition Service

## Understanding Order-Level Materials (OLMs)



# Introduction



## Order Level Materials (OLMs)

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- OLMs are supplies or services acquired in direct support of a task or delivery order placed against a GSA Schedule contract or BPA.
- Prices are **not** established on the Schedule contract or BPA.
- 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)



## Why OLMs are Needed

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- It is cumbersome for the ordering activity 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 and transaction costs related to contract duplication for OLMs.
- Flexibility to easily acquire materials
- Agencies can better utilize the Schedules program, rather than conduct separate open market procurements.
- Enhances competition under the Schedules program by reducing incurred proposal costs to be awarded to other commercial IDIQs.



## Background

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- GSA utilized its authority to establish special ordering procedures for the FSS program to promulgate the OLM rule as a special ordering procedure authorized by [FAR 8.403\(b\)](#).
- The rule was effective on January 24, 2018.
  - <https://www.federalregister.gov/d/2018-01232>

# Order Types

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- OLM procedures may be used to purchase products or services to support delivery orders (products) or task orders (services) under authorized GSA Schedules.
- OLMs may be added to any order-type.
  - i.e. Firm Fixed-Price, Time & Materials (T&M), or Labor Hour.
- 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.

## Other Direct Costs

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- 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
  - FAR 51 Deviation authority
  - 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.**

## Ancillary SINs

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- Supplies or services **not** within the scope of any other SIN on the Schedule.
- **Not the *primary*** purpose of the order, but an integral part of the solution.
- Items that can be defined and priced ***up-front*** at the FSS contract level.
- May only be used to support other SINs on an order.
- May not be used as a stand-alone SIN.





## Open Market Items - FAR 8.402(f)

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- 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 an FSS order when the items are not covered under OLM procedures.
- FAR 8.402(f) procedures must be followed when purchasing ODCs for Schedules where the OLM SIN has not been incorporated, either at the Schedule level or on an individual contract.



# Authorized Schedules

<b>03FAC</b>	<b>Facilities Maintenance and Management</b>
<b>56</b>	<b>Buildings And Building Materials / Industrial Services and Supplies</b>
<b>70</b>	<b>Information Technology</b>
<b>71</b>	<b>Furniture</b>
<b>84</b>	<b>Security, Fire, &amp; Law Enforcement</b>
<b>00CORP</b>	<b>Professional Services Schedule</b>
<b>738X</b>	<b>Human Capital Management and Administrative Support Services</b>

See <https://www.gsa.gov/olm>

# **Administering Schedules with OLMs**

A coordinated refresh / customized mass modification will incorporate the following clauses and provisions:

- [FAR 52.212-4](#) - *Contract Terms and Conditions – Commercial Items* (JAN 2017) (Deviation - FEB 2018)(Alternate I - JAN 2017) (Deviation - FEB 2007)
- [GSAR 552.238-82](#) - *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* (NOV 2018)



# Administering Contracts with the OLM SIN

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

## [GSAR 552.216-70](#)

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

## [I-FSS-969](#)

- *Economic Price Adjustment - FSS Multiple Award Schedule*

## [GSAR 552.238-71](#)

- *Submission and Distribution of Authorized FSS Schedule Pricelists*

## [GSAR 552.238-75](#)

- *Price Reductions*



# Administering Contracts with the OLM SIN

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The following clause and terms apply to OLMs:

- [GSAR 552.238-74](#) - *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 to the contract
- Other terms and conditions (e.g., TAA, AbilityOne)



## Administering Contracts with the OLM SIN

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- 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
- The OCO must monitor the order for compliance IAW [FAR 52.212-4](#) and [GSAR 552.215-71](#)
- Industrial Operations Analysts (IOAs) will check OLM compliance during contractor assessments and document the findings in the Contractor Assessment Report



## Industrial Funding Fee (IFF)

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- 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 contractor's quotation
- It is the contractor's responsibility to ensure quoted prices include the IFF and that the IFF is properly remitted to GSA





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## Placing Orders with OLMs

- Prepare RFQ – Instructions to Quoters
- Evaluation (See evaluation checklist)
- CLIN Structure
- Determination and Findings (D&F)
- Administer an Order with OLMs
- Monitor Cost Limitations (i.e., OLMs cannot exceed 33.33%)



## Preparing an RFQ with OLMs

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### Instructions to Quoters:

“The government anticipates that order level materials (OLMs) will be included in quotes received in response to this solicitation. GSA Schedule contractors should refer to [GSAR 552.238-82](#) - *Special Ordering Procedures for the Acquisition of Order-Level Materials*, to ensure proper understanding of OLM procedures.”

## Ordering – Obtaining Three Quotes

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- For each proposed OLM item that exceeds the Simplified Acquisition Threshold, the contractor is required to obtain a minimum of three (3) quotes to support the price reasonableness of the item (see GSAR [552.238-82\(d\)\(7\)\(i\)](#)).
  - If three quotes cannot be obtained, the contractor is required to maintain documentation of the reason.
  - A contractor with an approved purchasing system per [FAR 44.3](#) is exempt from the requirement to obtain three quotes.
  - The three quotes obtained by the contractor must be documented internally and are subject to audit.



## Ordering – Fair and Reasonable Pricing

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- 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.
- 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.
- If the OCO determines it necessary to request access to this information, he/she shall document the rationale in the contract file.

## Ordering – Subcontractors

- In accordance with GSAR clause 552.212-4 (JAN 2017) (Deviation - FEB 2007) (Deviation - FEB 2018) (ALTERNATE I - JAN 2017) -
  - Each order must list separately:
    - Subcontracts for services excluded from the FSS Hourly Rates
    - The elements of other direct costs
    - The fixed amount for the indirect costs and payment schedule (or if no indirect costs are approved, insert “none”).
- The “subcontracts for services excluded from the FSS Hourly Rates” referenced in 552.212-4(e)(iii)(D) are reserved for services that are:
  - Not part of the FSS contract
  - Can only be determined at the order level (i.e., they cannot be defined/established at the FSS contract level)
  - Are incidental to the work being performed under the order.

## Ordering – Indirect Costs

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- 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 inclusive of the IFF.
- Proposed indirect costs must be a fixed amount and not a percentage of the cost.
- If indirect costs are approved:
  - The OCO must make a determination that all indirect costs approved for payment are fair and reasonable.
  - The OCO may request supporting data from the contractor as needed.

## 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



## Evaluation of OLMs

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- Check to ensure that OLMs are authorized on the Schedule and that the Quoter has incorporated the OLM modification into their contract.
  - Check eLibrary ([www.gsaelibrary.gsa.gov](http://www.gsaelibrary.gsa.gov))
- Indirect costs. The OCO may have to inquire back to the Quoter as to how indirect costs were determined if not sufficiently explained in the quote

### Fair and Reasonable Price Determination

- The OCO must make a determination that prices for ALL OLMs are fair and reasonable.
  - Fair and reasonable price determinations are made IAW procedures outlined in FAR 15.404.
  - 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”)

### Travel

- Travel is an OLM, but there are exceptions
- Exceptions for travel:
  - Travel costs are governed by FAR 31.205-46 and therefore the requirements in paragraph (d)(7) – the requirement to get three quotes - do not apply to travel costs.
  - Travel costs do not count towards the 33.33% limitation.
  - Travel costs are not subject to the Industrial Funding Fee.
- [GSAR 552.238-82 \(d\)\(11\)\(i\)\(ii\)](#)

## Ordering – Determination and Findings

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- Since OLM CLINs are T&M/LH, a D&F is required prior to award ([FAR 8.404\(h\)](#))
- HCA approval is required when the period of performance, including options, exceeds three (3) years
- The D&F *must* include:
  - Justification that an FFP order is not suitable
  - Description of the market research conducted
  - Establish that it is not possible at the time of placing the order to accurately estimate the extent or duration of the work or anticipate costs with any reasonable degree of confidence
  - Establish that the current requirement has been structured to maximize the use of FFP elements
  - Describe actions to maximize the use of FFP orders on future acquisitions for the same requirement

- Use separate CLIN for OLMs
- Track OLM spending to ensure the ceiling is not exceeded
- OLM CLIN should define known OLM categories
  - e.g. materials, equipment, labor
- OLM CLIN must include language stating:
  - “contractor exceeds ceiling at own risk”

## Evaluation Checklist

<b>Is the order being placed against an authorized Schedule?</b>	✓
<b>Has the contractor accepted the modification for OLM SIN?</b>	✓
<b>Does contractor have subcontractors? Are subs allowed?</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>	✓

# Resources

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- [www.gsa.gov/olm](http://www.gsa.gov/olm)
- [www.gsa.gov/schedules](http://www.gsa.gov/schedules)
- [MAS Desk Reference Guide \(www.gsa.gov/masdeskreference\)](http://www.gsa.gov/masdeskreference)
- Final Rule - <https://www.federalregister.gov/d/2018-01232>







# 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)**

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(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)**

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(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.