

# Department of the Interior Departmental Manual

---

**Effective Date:** 7/25/86

**Series:** Property and Services

**Part 404:** Procurement Planning

**Chapter 5:** Procedures

**Originating Office:** Office of Acquisition and Property Management

---

This chapter has been given a new release number.* No text changes were made.
---

## 404 DM 5

**5.1 General.** Each bureau and office shall establish the methods, procedures and approval levels necessary to accomplish procurement planning in accordance with the guidelines set forth herein.

**5.2 Initiation.** Advance procurement planning should be initiated early in the acquisition cycle and be finalized by the beginning of the fiscal year to which the plans apply. Individual contract plans should be initiated as soon as the contracting office becomes aware of a contract requirement, or upon receipt of a requisition, meeting the threshold established in 404 DM 2.4.

**5.3 Revisions.** As with any planning document, periodic revisions may be necessary throughout its useful life. Revisions should be accomplished to accommodate changes which materially affect the method of procurement and/or the objectives of the plan. Revisions do not need to be made for minor matters. Revisions to all planning documents should be approved at the same level which approved the basic documents.

**5.4 Advance Procurement Planning During Budget Formulation.** (See Illustration 1.)

A. Identify, during the budget formulation process, procurements which are planned to be accomplished. Appendix 1 to this chapter provides an illustrative format for a typical advance procurement plan.

B. Determine the appropriate procurement administrative lead times for each planned contractual action. Lead times for the purpose of advance planning do not need to reflect each individual step in the procurement process in the same manner as an individual contract plan. Rather, lead times should be expressed in a macro-sense reflecting the overall time from receipt of the procurement request through distribution of the subsequent contract; for example, 180 days. In establishing appropriate lead times the following should be considered:

- (1) The commodity being purchased; e.g., supplies, services, construction, etc.

(2) The procurement method; e.g., sealed bid, competitive negotiation, non-competitive negotiation, 8(a), small and disadvantaged business set-asides, etc.

(3) The dollar value of the procurement.

(4) Any approvals required at bureau or Department level.

C. Establish purchase request/authorization release dates based on the standard lead times.

D. Assure that procurement planning documentation is fully coordinated between the program/requirements activity and the contracting activity and approved at an appropriate level.

E. Prohibit release of purchase requests/authorization to contracting offices if the expiration date of funds involved does not provide sufficient procurement administrative lead time. Exceptions may be permitted if specific coordination and agreement is reached with the contracting office that the procurement can be accomplished on a priority basis within the time available.

**5.5 Individual Contract Plans.** Detail plans for individual contractual actions should be tailored to the specific item being purchased. Appendix 2 to this chapter reflects the level of detail required to properly plan for a major purchase while Appendix 3 reflects the detail expected on a relatively low value, routine, non-complex purchase. Each purchasing activity should adopt a businesslike, common sense approach to the level of detail planning required for individual purchasing actions.

**5.6 Standard Times.** Bureaus are encouraged to develop and use, where appropriate, standard times for individual milestones in individual contract plans and for advance procurement plans if they realistically reflect optimum processing times, are updated on a regular basis, and permit some adjustment by the contracting office to reflect actual or potential circumstances.

**5.7 Guidelines for Plan Development.** The following should be considered when developing individual contract plans.

A. Remember that the purpose of procurement planning is to facilitate attainment of bureau and office objectives.

B. Plans should be tailored to suit the needs of the bureau and office and the requirements of the procurement.

C. The plan is the matrix for integrating and coordinating the efforts of all personnel engaged in the procurement process.

D. The narrative portion of the plan should be brief, but comprehensive. It should

provide sufficient background to understand the procurement; the plan for contracting for the system, commodity, item or service; and the rationale and assumptions upon which the plan is predicated. It should reference other documents rather than repeat their contents.

E. The use of milestone charts introduces discipline into the planning process by identifying in graphic form the points at which critical decisions must be made and time factors that must be observed when action is necessary to produce an item or to make a competitive buy possible. The chart not only forces consideration of all factors involved, but it also provides a visual portrayal of the decisions necessary to achieve objectives and indicates the time at which they should be made. However, it is important to recognize that the format of a milestone chart is flexible, because the same milestones may not be present in every case.

F. The extent of coverage of each plan will, naturally, depend on the circumstances in existence at the time procurement planning begins. Contracting offices may develop plans to cover an entire system or project; to cover a single solicitation/contract; to consolidate several individual solicitation/contract efforts into a single plan; or to develop a single plan to cover one solicitation and several resulting contracts.

**5.8 Disposition of Individual Contract Plans.** The individual contract plan should be filed with and become a part of the official contract file to which it pertains.

-----  
-

404 DM 5  
Illustration 1

### PROCUREMENT PLANNING DURING BUDGET FORMULATION

.	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1. Begin gathering and coordinating data for advance procurement plans	.	.	.	.	.						.	.
2. Prepare and revise as appropriate advance procurement plans in coordination with purchasing office.	.	.	.	.	.	.						.

3. Finalize advance procurement plans; prepare summary report in accordance with 404 DM 6 and 404 DM 6, App. 1		.	.	.	.	.	.	.	.	.	.	
4. Begin fiscal year contracting activity.		.	.	.	.	.	.	.	.	.	.	

404 DM 5  
Appendix 1

ADVANCE PROCUREMENT PLAN B FY XXXX  
(Landscape format recommended)

Office of XXX  
Bureau/Office

Basic Plan: (Date) \_\_\_\_\_

Revision No: \_\_\_\_\_ Date: \_\_\_\_\_

Requiring Activity: \_\_\_\_\_

Contracting Office: \_\_\_\_\_

Description of Supplies or Services Required	Estimated Contract Value	Sole Source	Potential Sources	Remarks	Required or Desired Delivery Date	Estimated Production Lead Time	Contem- plated Procure- ment Method and Procure- ment Admin. Lead Time	Purchase Request/ Authori- zation to Buying Office

Design, develop, & test oceanic mining vehicle	\$8 Million	Yes	Omega Mining	See Report A-516 re: importance of project	6/15/90	2 years	Nego. 180 days	1/11/88
Survey of Potential Mining Area	\$3 Million	No	ABC Eng., XYZ Surveys	None	2/15/88	14 months	SBSA 150 days	7/7/86

Prepared by: \_\_\_\_\_

Approved by: \_\_\_\_\_

-----  
-

404 DM 5  
Appendix 2

### ILLUSTRATIVE PLAN FORMAT FOR THE PROCUREMENT OF A COMPLEX HIGH VALUE ITEM

Project Identification: \_\_\_\_\_

Bureau/Office: \_\_\_\_\_

Contracting Officer: \_\_\_\_\_

Approvals:

Procurement: \_\_\_\_\_ Date: \_\_\_\_\_

Project Manager: \_\_\_\_\_ Date: \_\_\_\_\_

1. **Description:** Description of supplies and services covered by this procurement plan. A brief non-technical description including its intended use, if appropriate.

2. **Project Funding:** Include specific reference to budget line items, fund citations, purchase request or authority, total estimated cost, and planned obligation date. If this plan covers multiple contracts and/or incrementally funded contracts, include as an attachment a planned obligation schedule. (See Format 1.)

3. **Delivery Requirements:** What are the delivery requirements and what is the basis for establishing those requirements? Does the required delivery date or initial operational capability (IOC) date impact the overall procurement strategy? In what way? Would that strategy change if the delivery or IOC date were slipped? For example, an early delivery date may require a sole source procurement whereas if the date were changed, competitive proposals could be sought.

4. **Background:** Provide a brief statement of the technical and contractual history of the supplies or services being procured.

5. **Risk:** Describe the major areas of technical, schedule, and financial risk involved and what efforts are planned to overcome or reduce them. For example, use of cost type contracts in lieu of fixed price type contracts; use of competitive prototype models; employment of outside engineering assistance; development of Aslip and slide@ provisions within the contract itself.

6. **Program Control:** Discuss, as appropriate, what management system will be used by the Government to monitor the contractor's performance. For example, critical path method (CPM) for construction and line-of-balance (LOB) for production are just two of many types of management systems.

7. **Application of OMB Circular A-76:** If this procurement action is in support of or results from an A-76 decision, briefly summarize the A-76 analysis or decision process and indicate where further detailed information can be obtained.

8. **Reserved.**

9. **Special Terms or Conditions:** Discuss special contract terms and conditions or required deviations from FAR and/or DIAR.

10. **Milestone Chart(s):** Provide a milestone chart or charts showing the significant steps necessary to complete this procurement action. (See Format 2.)

11. **Recommended Procurement Approach:**

- (a) Proposed source of sources and proposed source selection procedure.
- (b) Proposed procurement method and reasons why that method was selected. If sealed bid, will this be a single-step or two-step action? If negotiated, will this be a competitive negotiation or non-competitive negotiation? What is the negotiation authority?
- (c) What is the recommended contract type?
- (d) Will cost or pricing data be required? If so, will a pre-contract audit be requested?
- (e) Will a letter contract be required and, if so, are you planning to include a not-to-

exceed ceiling price and a negotiation schedule?

- (f) Will contract warranties or guarantees be used? What are they planned to be?
- (g) Will contract options be used? On what items?
- (h) What considerations have been given to the use of multi-year contracts?
- (i) In the event this contract must be interfaced with another, what arrangements are being made to assure that both contractors:
  - (1) agree to work together cooperatively;
  - (2) exchange necessary data and information;
  - (3) have a means of settling disputes between themselves that mitigates any harm to the Government that may result therefrom.
- (j) What special incentive provisions are contemplated, for example, award fees, cost, performance, or schedule incentives?
- (k) What special financial arrangements are contemplated, for example, progress payments, assignments of claims, advance payments, guaranteed loans, and economic price adjustment clauses?
- (l) Discuss applicability of appropriate set aside programs; e.g., small and disadvantaged business, and labor surplus set asides. Also, discuss application of P.L. 95-507. (Reference or attach DI-1886.)
- (m) Discuss applicability of subcontracting plan required to be submitted by prime contractor for each requirement exceeding \$500,000 (\$1,000,000 for construction).
- (n) Are there any other factors which should be considered?
- (o) Identification of personnel participating in the preparation of this plan.

Name	Representing (functional area)	Office	Phone
------	-----------------------------------	--------	-------

-----  
-

## FORMAT 1

### OBLIGATION SCHEDULE

TASK OR ACTION	DATE	OBLIGATION	CUMULATIVE
----------------	------	------------	------------

		AMOUNT	OBLIGATION
.	.	.	.
.	.	.	.

COORDINATED:

PROJECT MANAGER: \_\_\_\_\_ DATE:  
\_\_\_\_\_

CONTRACTING OFFICER: \_\_\_\_\_ DATE:  
\_\_\_\_\_

-----  
-

## FORMAT 2

### MILESTONE SCHEDULE (TYPICAL)

.	Standard Time	Planned Date	Rev. 1	Rev. 2	Actual Date
Procurement Plan Approved	.	.	.	.	.
Requisition Received	.	.	.	.	.
Statement of Word Received	.	.	.	.	.
Determination & Findings Approved	.	.	.	.	.
Special Reviews and Approvals Received	.	.	.	.	.



Pre-solicitation Notices Placed in CBD	.	.	.	.	.
Solicitation Issued	.	.	.	.	.
Proposal(s) Received	.	.	.	.	.
Technical Evaluation Complete	.	.	.	.	.
Negotiations Begin	.	.	.	.	.
Negotiations End	.	.	.	.	.
Contract and File Complete	.	.	.	.	.
Contract Review Complete	.	.	.	.	.
Contractor=s Signature	.	.	.	.	.
Contracting Officer=s Signature	.	.	.	.	.
Contract Distributed	.	.	.	.	.

-----  
-

404 DM 5  
Appendix 3

# ILLUSTRATIVE PLAN FORMAT FOR LOW VALUE, ROUTINE, NON-COMPLEX ITEM

## PROCUREMENT PLAN

### **Part I. Requirement:**

- a. Purchase Request Number:                      Date Received:                      Assigned Buyer:
- b. Item Description:
- c. Quantity:                      Estimated Unit Price:                      Estimated Total Price:
- d. Delivery Schedule:

**Part II. Purchase History:**

Date	Quantity	Unit Price	Method of Procurement	Number Bids/Offers	Price Range
.	.	.	.	.	.

**Part III. Special Considerations:**

- a. Set Asides (Reference or attach DI-1886)

	100%	Partial %	None
Small Business	.	.	.
Labor Surplus	.	.	.
8(a) Program	.	.	.

- b. Option Quantity: \_\_\_\_\_ %
- c. Price Escalation: \_\_\_\_\_ %
- d. Contractor Warranty \_\_\_\_\_ Yes \_\_\_\_\_ No

**Part IV. Proposed Method of Procurement:**

- a. Negotiated

Competitive:                      Noncompetitive:                      Authority:

- b. Sealed Bid

Single Step:                      Two Step:                      .

c. Schedule

	Standard Time	Planned Date	Rev. 1	Rev. 2	Actual Date
Issue Solicitation	.	.	.	.	.
Receive Bids/Proposals	.	.	.	.	.
Evaluate/ Negotiate	.	.	.	.	.
Award	.	.	.	.	.

d. Remarks:

Signature: \_\_\_\_\_ (Contracting Officer/Buyer)\_\_\_\_\_ Date: \_\_\_\_\_

Approved: \_\_\_\_\_(Title)\_\_\_\_\_ Date: \_\_\_\_\_

\*

7/25/86 3464

Replaces 7/25/86 #2696