



Contractor Use of GSA Federal Supply Schedules

Contracting officers should refer to [FAR 51.101](#) regarding the authorization for contractors to use Federal Supply Schedule contracts in the performance of government cost-reimbursement contracts. A sample format, which may be used to create a [letter of authorization](#) (LOA), is shown below.

For time and material or labor-hour basis acquisition, please refer to the GSA Office of [Governmentwide Policy Memorandum](#) dated October 8, 2009, and the [Federal Acquisition Regulation \(FAR\) Part 51 Deviation Ordering Guide](#).

Contractors placing any orders under Federal Supply Schedule must comply with the terms of the applicable Schedule and letter of authorization. In accordance with [FAR 51.103](#), contractors shall include the following with each order placed under Federal Supply Schedules:

1. A copy of the letter of authorization, unless a copy of the authorization was previously furnished to the Federal Supply Schedule contractor.
2. The following statement: "This order is placed under written authorization from [\[Insert agency name\]](#) dated [\[insert date of LOA\]](#). In the event of any inconsistency between the terms and conditions of this order and those of your Federal Supply Schedule contract, the latter will govern. [The terms and conditions of this order are limited to those contained in Esri's Federal Supply Schedule, GS-35F-5086H or GS-35F-253CA. Any additional terms and conditions referenced or provided with this order are not incorporated, do not apply and have no effect.](#)"

[Please be advised that NO ADDITIONAL OR DIFFERING TERMS AND CONDITIONS REFERENCED OR PROVIDED WITH AN ORDER SUBMITTED TO ESRI BY THE ORDERING CONTRACTOR will apply or be incorporated without prior agreement with Esri's Contracts department.](#)

Sample Format for LOA (on Government Agency Letterhead)

DATE: [Month day, 20xx]

[Government Contractor Name]

[Title]

[Contractor Address]

Dear [Contractor]:

As a Government cost-reimbursement contractor under contract number(s) [contract number], you are hereby authorized to place orders under GSA's Federal Supply Schedules Program, subject to the conditions listed below. A written finding supporting the issuance of this authorization has been made in accordance with FAR 51.102.

1. This authorization expires on [insert date].
2. Purchases made under this authorization are limited to \$[insert amount if applicable].
3. This authorization is limited to the following GSA Federal Supply Schedule contract(s): Esri, GSA Contract Number GS-35F-5086H or GS-35F-253CA
4. This authorization ___ does ___ does not apply to overhead supplies, and ___ does ___ does not apply to production supplies.
5. This authorization is limited to the following facilities: [insert federal agency location details].
6. Vesting of title for supplies purchased under this authorization shall be as follows:
Software licenses shall be owned by [federal agency enduser name] and may be used by [insert contractor name] for the sole benefit of Licensee in the performance of the above identified contract(s). Upon completion of the contract, [contractor] shall transfer the purchased supplies/licenses to [federal agency enduser name] and uninstall/remove/destroy copies in its possession.
7. Other limitations and/or conditions: [if any]

Any supplies and services purchased under this authorization must be properly accounted for and properly used. You are authorized to order only those supplies and services required in the performance of your contract(s) referenced above. You are responsible for compliance with the applicable policies and procedures prescribed in FAR 51.1 particularly FAR 51.103, regarding the purchasing from GSA Federal Supply Schedule contracts.

Should you have any questions, you may contact [government Contracting Officer name] at [CO phone number].

Sincerely,

[must be signed by government Contracting Officer]

[Print CO name, title]

NOTE: Additional statements related to FAR Part 51 Deviation can be found in the [Federal Acquisition Regulation \(FAR\) Part 51 Deviation Ordering Guide](#)

Related FAR Clauses

FAR 51.100 Scope of Subpart

This subpart prescribes policies and procedures for the use of government supply sources (see FAR 51.102[c]) by contractors. In this subpart, the terms "contractors" and "contracts" include "subcontractors" and "subcontracts."

FAR 51.101 Policy

- (a) If it is in the government's interest, and if supplies or services required in the performance of a government contract are available from government supply sources, contracting officers may authorize contractors to use these sources in performing
 - (1) Government cost-reimbursement contracts;
 - (2) Other types of negotiated contracts when the agency determines that a substantial dollar portion of the contractor's contracts are of a government cost-reimbursement nature; or
 - (3) A contract under the Javits–Wagner–O'Day Act (41 U.S.C. 46, *et seq.*) if
 - (i) The nonprofit agency requesting use of the supplies and services is providing a commodity or service to the federal government, and
 - (ii) The supplies or services received are directly used in making or providing a commodity or service, approved by the Committee for Purchase From People Who Are Blind or Severely Disabled, to the federal government (see Subpart 8.7).
- (b) Contractors with fixed price government contracts that require protection of security classified information may acquire security equipment through GSA sources (see 41 CFR 101-26.407).
- (c) Contracting officers shall authorize contractors purchasing supply items for government use that are available from the Committee for Purchase From People Who Are Blind or Severely Disabled (see Subpart 8.7) to purchase such items from the Defense Logistics Agency (DLA), the GSA, and the Department of Veterans Affairs (VA) if they are available from these agencies through their distribution facilities. Mandatory supplies that are not available from DLA/GSA/VA shall be ordered through the appropriate central nonprofit agency (see FAR 52.208-9[c], FAC 90-31, 60 FR 42648, 8/16/95, effective 10/1/95; FAC 90-37, 61 FR 2626, 1/26/96, effective 3/26/96; 42648, 8/16/95, effective 10/1/95; FAC 90-37, 61 FR 2626, 1/26/96, effective 3/26/96).

FAR 51.102 Authorization to Use Government Supply Sources

- (a) Before issuing an authorization to a contractor to use government supply sources in accordance with FAR 51.101(a) or (b), the contracting officer shall place in the contract file a written finding supporting issuance of the authorization. A written finding is not required when authorizing use of the government supply sources in accordance with FAR 51.101(c). Except for findings under FAR 51.101(a)(3), the determination shall be based on, but not limited to, considerations of the following factors:
 - (1) The administrative cost of placing orders with government supply sources and the program impact of delay factors, if any
 - (2) The lower cost of items available through government supply sources
 - (3) Suitability of items available through government supply sources
 - (4) Delivery factors such as cost and time
 - (5) Recommendations of the contractor

- (b) Authorizations to subcontractors shall be issued through, and with the approval of, the contractor.

- (c) Upon deciding to authorize a contractor to use government supply sources, the contracting officer shall request, in writing, as applicable
 - (1) A FEDSTRIP activity address code, through the agency's central contact point for matters involving activity address codes, from the General Services Administration, FCSI, Washington, D.C. 20406;
 - (2) A MILSTRIP activity address code from the appropriate Department of Defense (DOD) service point listed in Section 1 of the Introduction to the DOD Activity Address Directory;
 - (3) Approval for the contractor to use Department of Veterans Affairs supply sources from the Deputy Assistant Secretary for Acquisition and Matériel Management (Code 90), Office of Acquisition and Matériel Management, Department of Veterans Affairs, 810 Vermont Avenue NW, Washington, D.C. 20420;
 - (4) Approval for the contractor to acquire helium from the Department of the Interior, Bureau of Land Management, Helium Field Operations, 801 S. Fillmore Street, Amarillo, Texas 79101-3545; or
 - (5) Approval from the appropriate agency for the contractor to use a government supply source other than those identified in (c)(1) through (c)(4) of this section.

- (d) Each request made under paragraph c of this section shall contain
 - (1) The complete address(es) to which the contractor's mail, freight, and billing documents are to be directed;
 - (2) A copy of the contracting officer's letter of authorization to the contractor;
 - (3) The prime contract number(s); and
 - (4) The effective date and duration of each contract.

- (e) In each authorization to the contractor, the contracting officer
 - (1) Shall cite the contract number(s) involved;
 - (2) Shall, when practicable, limit the period of the authorization; (3) Shall specify, as appropriate, that

- (i) When requisitioning from GSA or DOD, the contractor shall use FEDSTRIP or MILSTRIP, as appropriate, and include the activity address code assigned by GSA or DOD;
 - (ii) When requisitioning from the VA, the contractor should use FEDSTRIP or MILSTRIP, as appropriate, Optional Form 347, Order for Supplies or Services (see FAR 53.302-347), or an agency-approved form; and
 - (iii) When placing orders for helium with the Bureau of Land Management, the contractor shall reference the federal contract number on the purchase order;
- (4) May include any other limitations or conditions deemed necessary. For example, the contracting officer may
- (i) Authorize purchases from government supply sources of any overhead supplies, but no production supplies;
 - (ii) Limit any authorization requirement to use government sources to a specific dollar amount, thereby leaving the contractor free to make smaller purchases from other sources if so desired;
 - (iii) Restrict the authorization to certain facilities or to specific contracts; or
 - (iv) Provide specifically if vesting of title is to differ from other property acquired or otherwise furnished by the contractor for use under the contract; and
- (5) Shall instruct the contractor to comply with the applicable policies and procedures prescribed in this subpart.

- (f) After issuing the authorization, the authorizing agency shall be responsible for
- (1) Ensuring that contractors comply with the terms of their authorizations and that supplies and services obtained from government supply sources are properly accounted for and properly used;
 - (2) Any indebtedness incurred for supplies or services and not satisfied by the contractor; and
 - (3) Submitting, in writing, to the appropriate government sources, address changes of the contractor and deletions when contracts are completed or terminated (FAC 84-49, 54 FR 29282, 7/11/89, effective 8/10/89; FAC 90-31, 60 FR 42648, 8/16/95, effective 10/1/95; FAC 90-37, 61 FR 2626, 1/26/96, effective 3/26/96; final rule, 62 FR 40236, 7/25/97, effective 6/30/97).

FAR 51.103 Ordering From Government Supply Sources

- (a) Contractors placing orders under Federal Supply Schedules shall follow the terms of the applicable schedule and authorization and include with each order
- (1) A copy of the authorization (unless a copy was previously furnished to the Federal Supply Schedule contractor); and
 - (2) The following statement: "This order is placed under written authorization from _____ dated _____. In the event of any inconsistency between the terms and conditions of this order and those of your Federal Supply Schedule contract, the latter will govern."

- (b) If a Federal Supply Schedule contractor refuses to honor an order placed by a government contractor under an agency authorization, the contracting officer shall report the circumstances to the General Services Administration, FCO, Washington, D.C. 20406.

- (c) Contractors placing orders for government stock shall
 - (1) Comply with the requirements of the contracting officer's authorization using FEDSTRIP or MILSTRIP procedures, as appropriate.
 - (2) Use only the government activity address code obtained by the contracting officer in accordance with FAR 51.102(e), along with the contractor's assigned access code, when ordering from GSA Customer Supply Centers.
 - (3) Order only those items required in the performance of their contracts (FAC 84-49, 54 FR 29282, 7/11/89, effective 8/10/89; FAC 90-3, 55 FR 52797, 12/21/90, effective 1/22/91; FAC 90-8, 56 FR 55372, 10/25/91, effective 11/25/91; FAC 90-41, 61 FR 41466, 8/8/96, effective 8/8/96, finalized without change, FAC 97-3, 62 FR 64912, 12/9/97, effective 2/9/98; FAC 97-1, 62 FR 44802, 8/22/97, effective 10/21/97).

FAR 51.107 Contract Clause

The contracting officer shall insert the clause at FAR 52.251-1, Government Supply Sources, in solicitations and contracts when the contracting officer may authorize the contractor to acquire supplies or services from a government supply source. If a facilities contract is contemplated, the contracting officer shall use the clause with its Alternate I.



OCT 8 2009

MEMORANDUM FOR STEVE J. KEMPF
ASSISTANT COMMISSIONER
OFFICE OF ACQUISITION MANAGEMENT (QV)

FROM: DAVID A. DRABKIN 
SENIOR PROCUREMENT EXECUTIVE
OFFICE OF ACQUISITION POLICY

SUBJECT: Deviation to FAR Part 51

This memorandum supersedes the deviation dated September 16, 2009.

Federal Acquisition Regulation (FAR) Part 51 currently permits contractors to use Government sources of supply and services in performing cost-reimbursement contracts; other types of negotiated contracts when the agency determines that a substantial dollar portion of the contractor's contracts are of a Government cost-reimbursement nature; and fixed price contracts for protection of security classified information and related security equipment. FAR Part 51.101 limits authorization to access GSA sources of supply and does not include fixed price contractors on a general basis.

Based on discussions between our offices and other communications, the Federal Acquisition Service (FAS) sought a class deviation to FAR Part 51 to expand the authority of contractors allowed to use GSA sources of supply and services. Based on this request, I am granting a class deviation to FAR Part 51 to permit contracting officers to authorize all GSA contractors, who are performing an order on a time and material or labor-hour basis, to purchase supplies and services from other schedule contractors or process requisitions through the GSA Supply Program.

This deviation is effective for five years from the date of this memorandum.

This memorandum serves as evidence of consultation with the Chair of the Civilian Agency Acquisition Council as provided in GSAR 501.404(a).