

THE UNDER SECRETARY OF DEFENSE  
3010 DEFENCE PENTAGON  
WASHINGTON. D.C. 20301-3000

1997

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
DIRECTORS OF THE DEFENSE AGENCIES  
COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND  
COMMANDER IN CHIEF, SPECIAL OPERATIONS COMMAND  
DIRECTOR, DEFENSE EVALUATION SUPPORT ACTIVITY  
DIRECTOR, DOD EDUCATION ACTIVITY  
DIRECTOR, OFFICE OF CHXPUS  
PRESIDENT, USUKS  
DIRECTOR, WASHINGTON HEADQUARTERS SERVICE

SUBJECT: Micro-purchases

I am concerned with the volume of contracts and purchase orders being awarded by the Department for micro-purchases (procurements at or below the micro-purchase threshold of \$2,500 (\$2,000 for construction]). You are reminded that the Governmentwide commercial purchase card is the preferred method of procurement for micro-purchases.

Effective October 1, 1997, contracting officers shall not award contracts or purchase orders for micro-purchases of commercial items unless a written determination is made by a member of the Senior Executive Service, Flag Officer, or General Officer that:

- the source or sources available for the supply or service do not accept the purchase card (or other method of micro-purchase listed in the new paragraph), and the contracting activity is seeking a source that accepts the purchase card (or other method of micro-purchase listed in the next paragraph); or
- the nature of the supply or service necessitates a contract or purchase order so that terms and conditions can be specified (e.g., safety critical parts that require government source inspection).

A written determination is not required when placing orders against existing contracts, making purchases under Blanket Purchase Agreements, using SF-U's, issuing contracts or purchase orders that use the purchase card as the method of payment, or when issuing contracts or purchase orders that will be performed

entirely outside of any State, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

I direct the Commander, Defense Contract Management Command, to establish a process action team (PAT) composed of representatives from the Military Departments and Defense Agencies. The team will conduct a comprehensive review, and develop recommendations to (1) increase the use of the purchase card for micro-purchases of commercial items; and (2) eliminate unnecessary government source inspections for micro-purchases of both commercial and non-commercial items. The PAT will start this effort immediately and issue a final report within six months of the date of this memorandum.