



Federal Communications Commission  
Washington, D.C. 20554

December 19, 2018

Radha Sekar  
Chief Executive Officer  
Universal Service Administrative Company  
700 12th Street, N.W., Suite 900  
Washington, D.C. 20005

Re: Procurement Approval Process

Dear Ms. Sekar:

Pursuant to the Memorandum of Understanding (MOU) between the Federal Communications Commission (Commission) and the Universal Service Administrative Company (USAC), this letter establishes the procedures for review and approval of USAC procurements by the Office of Managing Director (OMD).<sup>1</sup> USAC shall seek advance procurement approval from OMD as follows:

- **Competitive Procurements.**

- **Review Threshold:** Competitive procurements (*see* Section IV.B of the MOU) and procurement actions (e.g., modifications of competitively-awarded contracts) with a total value (including options) exceeding \$250,000 (including contract modifications that cause the total value of a contract to exceed \$250,000), shall be approved in advance by the Managing Director.
- **Pre-Solicitation Review Procedure:** For competitive procurements that meet the review threshold, USAC shall, prior to the release of the solicitation, submit a detailed summary of the proposed procurement to OMD for review. The summary shall include: (1) a description of the goods or services to be acquired; (2) the proposed contract term (including options), the proposed method of procurement (*see* 2 CFR § 200.320); (3) the proposed contract type (*e.g.*, firm fixed-price, labor-hour); (4) USAC's cost estimate (including options); (5) the level of competition anticipated based on market research; (6) alternatives to procurement considered by USAC; and (7) a justification of the need for the goods or services. Upon request, USAC shall also provide OMD with a copy of the proposed solicitation for review.
- **Pre-award Review:** For competitive procurements that meet the review threshold, USAC shall, prior to award, submit a detailed summary of the procurement and proposed award to OMD for review. The summary shall include: (1) the name of the proposed awardee; (2) a summary of the evaluation of proposals and source selection decision; (3) the proposed contract type; and (4) the firm-fixed price or ceiling price of the proposed contract (including options). For proposed modifications that meet the review threshold, USAC shall, prior to execution of the modification, submit a detailed summary of the proposed modification to OMD for review. This summary shall include: (1) a description of the additional goods or services or contract extension being obtained by the modification, (2) the proposed increase or decrease in contract price or ceiling price; and (3) the contract type.

---

<sup>1</sup> *See* Memorandum of Understanding between the Federal Communications Commission and Universal Service Administrative Company, Section IV.B.3.

- **Non-Competitive Procurements.**

- **Review Threshold:** Non-competitive procurements and contracting actions (*i.e.*, sole source awards and modifications of sole source contracts) exceeding \$25,000 in total value (including options) require advance approval of the Managing Director, except the requirement for advance approval of non-competitive actions increases to \$150,000 if the contract prices are at or below the vendor's current GSA schedule contract prices for the same goods or services under comparable terms and conditions.
- **Pre-award Review Procedure:** For non-competitive procurements that meet the review threshold, USAC shall, prior to award, submit a detailed summary of the proposed award to OMD for review. This summary shall include: the name of the proposed awardee, USAC's detailed justification for a non-competitive award, documentation of the approval of USAC's Competition Advocate, the proposed contract type, the firm-fixed price or ceiling price of the proposed contract (including options), alternatives to the procurement considered by USAC, and a justification of the need for the goods and services. For proposed modifications of sole source contracts that meet the review threshold, USAC shall, prior to execution of the modification, submit a detailed summary of the proposed modification to OMD for review. This summary shall include: a description of, and justification for, the additional goods or services or contract extension being obtained by the modification, the proposed increase or decrease in contract price or ceiling price, and the contract type.

- **IDIQ Contracts.** An indefinite-delivery indefinite-quantity (IDIQ) contract means a contract that does not procure or specify a firm quantity of supplies or services and that provides for the issuance of delivery orders for the delivery of supplies, or task orders for the performance of services, during the period of the contract. Each IDIQ solicitation and contract shall include a minimum quantity or minimum value. Each IDIQ solicitation and contract shall also include a not-to-exceed (NTE) amount, which establishes the maximum value of all delivery orders or task orders placed under the contract.

- **Multiple Award Preference:** In planning any procurement that will result in the award of an IDIQ contract, USAC shall, to the maximum extent feasible, give preference to making multiple awards of IDIQ contracts under a single solicitation for the same or similar supplies or services, so that delivery orders or task orders may be competed among IDIQ contract awardees. Solicitations for multiple IDIQ contract awards (as well as the resulting contracts) shall include the procedures and selection criteria that USAC will use to compete each delivery order or task order.
- **IDIQ Procurement Review Procedures:** IDIQ procurements are subject to the review thresholds and procedures for competitive procurements stated above, except that USAC shall include the following items in the detailed summary provided to OMD in addition to the list of items required above: (1) a statement regarding whether a single award or multiple awards is/are contemplated and, if multiple awards are contemplated, the number of awards that are anticipated; (2) if a single award is proposed, USAC's explanation why it considers multiple awards not to be feasible; (3) if multiple awards are proposed, the proposed procedures and selection criteria that USAC will use to compete each delivery order or task order; (4) the proposed minimum quantity or minimum value for each IDIQ contract; and (5) the proposed NTE amount for each IDIQ contract.

- Delivery Order and Task Order Review Procedures: Each issuance of a delivery order or task order under an IDIQ contract is considered a procurement for purposes of these review procedures and shall be subject to advance approval from OMD in accordance with the competitive procurement review thresholds and procedures set forth above.
- NTE Increases: USAC shall request OMD prior approval before increasing the NTE amount on an IDIQ contract.
- **Additional Procurement Review**. OMD may review any USAC procurement upon request consistent with the Commission's universal service oversight responsibilities. The Managing Director will use best efforts to respond to USAC requests for approval within 10 business days of receipt of USAC's request.
- **Procurement Approval Request Process**. For each procurement approval request, USAC shall provide OMD detailed background information and justification for USAC's procurement request(s) as set forth above. To the extent additional information or discussion is needed, OMD and USAC will collaborate to promote swift review and action.

If USAC provides evidence with its procurement requests demonstrating the applicable goods or services are being acquired at or below the vendor's current GSA schedule contract prices under comparable terms and conditions, the Managing Director or designee will make every effort to approve the procurement within 7 business days.

OMD looks forward to working closely with USAC to ensure that the procurement review and approval process runs smoothly and without undue delays. OMD is committed to regularly examining the review process described in this letter to promote greater efficiency and effectiveness in our oversight of the Universal Service Fund programs. Thank you for your commitment this process and please let me know if you have any questions.

Sincerely,



Mark Stephens  
Managing Director

