**SMG 2610.14**

**FDA STAFF MANUAL GUIDES, VOLUME III - GENERAL ADMINISTRATION**

**PROCUREMENT AND SUPPLY MANAGEMENT**

**PROCUREMENT**

**STANDARDS FOR THE USE OF DIRECT OBLIGATIONS**

Effective Date: 10/14/2008

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## 1. INTRODUCTION

At the direction of the Deputy Chief Financial Officer, the Direct Obligations Workgroup was established and tasked with developing a policy that requires all requisitions be processed through iProcurement and PRISM for award/purchase order issuance versus entering requisitions as Direct Obligations (Type-N requisitions in iProcurement or charges entered directly into the Purchase Order module). Use of Direct Obligations impairs the Food and Drug Administration's (FDA) ability to properly account for the types of vendors, provide audit information and hold vendors accountable for goods and services that are rendered. Without a contract or a purchase order in place, invoices are rarely sent to the FDA in the proper format and payments are often delayed resulting in late penalty payments that are charged to Offices and Centers.

## 2. PURPOSE

This guide identifies Direct Obligations and prescribes the policy and procedures governing the use of Direct Obligations.

## 3. POLICY

It is the policy of the FDA to provide services and facilities for Agency activities at the minimum total cost to the Government, consistent with requirements for capacity, efficiency of operations, and reliability of services, security, and program objective. As of October 1, 2007, excluding those items

listed in Section 4 below, all requisitions should be entered as Type-Y requisitions/procurements in iProcurement. Any users who do not follow this guidance will have their UFMS responsibilities revoked.

## 4. DIRECT OBLIGATIONS

Clarification on documentation required for Direct Obligations: obligations entered directly into iProcurement do not require a Miscellaneous Obligation Document (MOD) form (MOD Form number is FD-1943) for the original obligation. However, if updates are made to that obligation and the user does not make the adjustment through iProcurement, a MOD form is required. For direct obligations that are initially entered into the PO Module,a MOD form is required. The MOD form is also required for all modifications or updates to the obligation entered into the PO Module.

The following items are examples of exceptions that can remain Direct Obligations (entries marked as Type-N in iProcurement or entries in the PO Module):

A. International Merchant Purchase Authorization Card (IMPAC) / PCard transactions (Under $3,000)

1. Copier Paper

2. General Services Administration (GSA) Supplies

3. Office Machine Repairs

4. Training

   a. Training that is not Off-the-Shelf and is over $3,000 must be requested using a Type-Y requisition in iProcurement.

   b. Off-the-Shelf Training under $100,000 can be purchased using a direct obligation and training form. Facilitation Service/Consultation Services or Training that requires development or customization is not considered to be Off-the-Shelf Training and must be obtained through OAGS or OFFAS.

   c. If you have any questions or concerns regarding training, please contact the Office of Financial Management (OFM) or Office of Acquisition and Grants Services (OAGS).

5. Small printing jobs

6. GSA Phones

7. High Speed Internet

8. Cell Phone Service – total cost must be under $3,000

9. Other purchases under $3,000

B. Inter-Agency Payment and Collection (IPAC)

1. Graphics ( Parklawn Service Center (PSC)/other)

2. Government Printing Office

3. Printing

4. Motorpool (GSA Fleet)

5. Refurbished Furniture

6. Boxes

C. Travel

1. Permanent Change of Station - Office of Financial Management (OFM) and the National Center for Toxicological Research (NCTR) Only

2. Local Travel (End of Year estimate)

D. IMPREST FUND (Office of Criminal Investigations (OCI) & NCTR Only)

E. Federal Express

F. Utilities

G. Samples

H. Case Settlements

I. Reimbursable Work Authorization (RWA)

For RWA's complete Form 2957 (RWA form) for both recurring and non-recurring items. Non-recurring items such as one-time projects and repairs require a 3-way match and should be entered into iProcurement. Recurring items do not require a receipt and only need a 2-way match. They can be entered directly into the purchasing module as direct obligations.

J. Interagency Personnel Agreement (IPA)

K. Security Work Authorization (SWA)

L. Standard Lease Agreements

M. Tort Claims

N. TAV Fees for Local Vouchers

## 5. RESPONSIBILITIES

A. OFM – Division of Budget Execution and Control (DBEC). DBEC has the overall responsibility for the governance of the usage of Direct Obligations.

B. Offices/Centers. The individual Offices/Centers have the responsibility to monitor the use of Direct Obligations and the UFMS iProcurement system. Additionally, Offices/Centers are responsible for performing audits on the adherence to this Policy. Processes for conducting these audits are to be established and implemented by each Office/Center.

C. Employee. The employee has the overall responsibility to properly use Direct Obligations and the iProcurement system in accordance with this Policy.

## 6. EFFECTIVE DATE

This policy was signed by John P. Gentile, Associate Commissioner for Operations, effective October 14, 2008.

### 7. Document History -- SMG 2610.14, Standards for the Use of Direct Obligations

| STATUS (I, R, C) | DATE APPROVED | LOCATION OF CHANGE HISTORY | CONTACT | APPROVING OFFICIAL |
|---|---|---|---|---|
| Initial | 10/14/2008 | N/a | OC/OO/ OM/OFM | John P. Gentile, Associate Commissioner for Operations |