

ATTACHMENT A

EXAMPLE 1

An agency with only \$25,000 of delegated authority from DBM cannot approve a contract for \$13,000 that has a renewal option valued at \$13,000, since the cumulative contract value would be \$26,000, which exceeds the agency's \$25,000 delegation level.

EXAMPLE 2

An agency with \$50,000 of delegated authority from DBM can approve a contract for \$13,000 that has a renewal option valued at \$13,000, since the cumulative contract value of \$26,000 does not exceed the agency's \$50,000 cumulative delegation level.

EXAMPLE 3

A. Under the scenario described in Example 1, while the initial contract approval would have to be done by DBM (because it exceeds the agency's delegated authority), an agency with only \$25,000 delegation could approve the \$13,000 renewal option, and approve a contract modification of up to \$12,000, since these actions would not exceed \$25,000, which is the approval level that DBM has delegated to all agencies.

B. Under the scenario described in Example 2, an agency with \$50,000 of delegated authority from DBM, under this same scenario could approve the \$13,000 renewal option and a modification of up to \$24,000. (\$13,000 original award + \$13,000 renewal option = \$26,000. $50,000 - 26,000 = 24,000$ of approval authority remaining.)

C. An agency with \$100,000 of delegated authority from DBM, under this same scenario could approve the original \$13,000 contract award, and the \$13,000 renewal option, and a modification of up to \$50,000. (A modification over \$50,000 requires BPW approval. Moreover, except for DoIT, DBM has only delegated a maximum of \$50,000 aggregate value to any agency for modifications, regardless of whether this \$50,000 level is achieved via a single modification, or as the cumulative value of multiple modifications.)

EXAMPLE 4

A. An agency with \$25,000 delegated authority can approve a contract with a \$12,000 base contract value, and a single \$12,000 renewal option value. Such an agency could then approve up to a \$1,000 modification to this contract once it has approved both the base contract and the single renewal option, because this would be within its \$25,000 aggregate delegation level.

B. However, if an agency with \$25,000 of total delegated authority from DBM had approved the initial \$12,000 base contract and prior to the time when the \$12,000 renewal option was exercised approved a \$5,000 modification to this contract, this agency could no longer approve the single \$12,000 renewal option, since doing so would result in a total of \$29,000 in contract actions having been approved by this agency, which exceeds the \$25,000 delegation level from DBM.

Under this scenario of the agency approving the initial base contract of \$12,000 and then approving a contract modification of \$5,000, if the agency wished to exercise the single \$12,000 renewal option it would have to submit this action for approval by DBM.

But once DBM approved the \$12,000 renewal option, the agency could approve one or more additional modifications of no more than \$8,000 in value, since it would have only used \$17,000 of its \$25,000 delegation level with the two actions of approving the \$12,000 base contract and the \$5,000 contract modification.

Conclusion:

What these examples seek to illustrate is that the delegation levels from DBM can be realized by an agency via a single procurement action, or via multiple actions, including exercising renewal options or approving contract modifications, as long as:

1. The value of all available renewal options is included when an agency considers whether it can approve a given contract award within its delegation level.
2. The total delegation level from DBM is not exceeded.
3. No single action is approved by the agency that requires BPW approval.