



November 10, 2015

GSA SMARTPAY® SMART BULLETIN

**U.S. GENERAL SERVICES
ADMINISTRATION FEDERAL
ACQUISITION SERVICE
SMART BULLETIN NO. 002**

FAR Amendment: Micro-purchase threshold limit increased to \$3,500

INTRODUCTION:

The purpose of this GSA SmartPay® Smart Bulletin is to inform customer agencies and stakeholders of the Federal Acquisition Circular (FAC) 2005-13 which was updated on July 2, 2015, increasing the micro-purchase threshold to \$3,500. This Smart Bulletin is not intended to address the FAC 2005-13 in its entirety, but to highlight only those items relevant to the government charge card program.

BUSINESS LINE(S) AFFECTED: Purchase, Integrated

SUMMARY:

Federal Acquisition Circular (FAC) 2005-13 was updated on July 2, 2015 to increase the micro-purchase base threshold to \$3,500. The simplified acquisition threshold (FAR 2.101) of \$150,000 remains unchanged. FedBizOpps pre-award and post-award notices (FAR part 5) remain at \$25,000 because of trade agreements. Additionally, the threshold for use of simplified acquisition procedures for acquisition of commercial items (FAR 13.500) is raised from \$6.5 million to \$7 million. Cost or pricing data threshold (FAR 15.403-4) and the statutorily equivalent Cost Accounting Standard thresholds are raised from \$700,000 to \$750,000. The prime contractor subcontracting plan (FAR 19.702) floor is raised from \$650,000 to \$700,000, and the construction threshold of \$1.5 million stays the same. Lastly, the threshold for reporting first-tier subcontract information including executive compensation will increase from \$25,000 to \$30,000 (FAR subpart 4.14 and 52.204-10).

EFFECT OF POLICY CHANGE:

Agencies should be aware of the potential impact of the micro-purchase threshold increase on the restrictions that apply to small dollar value acquisitions, which are the acquisitions that small businesses are most likely to participate.

The micro-purchase threshold increase does not require agencies to increase cardholder's single purchase limit to \$3,500. Agencies should evaluate their current procurement needs against established purchase card spending limits to determine whether or not an increase is warranted to meet the needs of the agency. In some cases, review of cardholder spending patterns may instead indicate that a decrease in single and monthly purchase card limits is appropriate.

ACTION:

- Agencies are not required to increase their purchase cardholders per transaction limit to the new micro-purchase limit of \$3,500. Per transaction limits may remain at current levels, such as \$3,000.
- Per transaction limits should be established based on agency need. Cardholder spending patterns may indicate that a reduction in per transaction and/or monthly limits is warranted because the amount of spending authority is in excess of agency need.
- When reviewing agency need, do not forget to consider any emergency and/or disaster spending requirements a given cardholder may have.
- Coordinate any purchase card per transaction and/or monthly spending limit changes with the cardholder and his/her manager, the servicing bank, and any associated agency-specific systems.
- Ensure affected purchase card holders (particularly non-procurement personnel) know that any per transaction spending limit increase does not apply to procurements subject to the Davis Bacon or Service Contract Act. These thresholds remain at \$2,000 and \$2,500 respectively.
- Implement appropriate management controls to manage any risk of fraud, waste, and abuse resulting from the increase.

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If you have any questions or comments regarding this Smart Bulletin, please contact CCCM at 703-605-2808 or via email at: gsa_smartpay@gsa.gov.

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