Local Purchase

References:


1. **PURPOSE**

DoD permits customers to buy DLA managed items directly from commercial sources when the purchase is less than $100,000 and the purchased item is not critical to the safe operation of a weapon system. When the purchase does not meet those criteria, customers are required to obtain a “local purchase” waiver from the Integrated Materiel Manager (IMM). It addresses policies, processes, and procedures used within DLA for granting or denying local purchase requests from customers who wish to buy a DLA managed item from another source. The primary output of this process is information the IMM obtains and uses when customers are in the process of purchasing DLA IMM items from sources other than DLA. The output to the customer is approval or denial of the local purchase waiver request.

2. **APPLICABILITY**

a. This DLA Instruction applies to Headquarters DLA and DLA Field Activities.

3. **POLICY**

a. It is DLA policy that all requests for local purchase authority will be coordinated with the designated, Supply Chain (SC) focal points (Customer Account Specialist). There is no provision in the Defense Federal Acquisition Regulation Supplement (DFARS) for blanket local purchase authority. Local purchase authority must be requested by the customer from the IMM on a one time item-by-item basis. Focal points will maintain records of local purchase waiver requests and final disposition of such requests. Local purchase waivers are not required for non-weapon system coded items or non-critical (Critical Indicator Code (CIC) = “N”). Examples of non-critical coded Weapon System Indicator Codes (WSIC) coded items are J, K, R, S, Y, or Z) when the local purchase amount is below $100,000.

b. The ICP will attempt to retain sales now being lost to local purchase by working with the customer to establish the reason why permission to purchase locally is being requested and trying to meet the customer’s requirement. This usually involves getting the customer a more timely delivery date or a lower price. Local purchase authority will be granted by the focal point if their attempt to meet the customer’s needs is unsuccessful.
c. Customers should be encouraged to submit a demand transaction if DLA is their preferred source of supply for the item they are purchasing locally and the demand transaction will not duplicate other forecasting methods.

d. DLA does not police customers to ensure they come to DLA for local purchase authority over the $100,000 threshold. If it comes to our attention that this occurred, the customer may be called and reminded that their contract file is subject to being audited for compliance.

4. RESPONSIBILITIES.

5. PROCEDURES

a. Receive waiver request.

b. Review request.

1) Determine the reason for the customer's request, the dollar value, and WSIC of item.

2) If the item is not weapon system coded and the local purchase amount is below the micro-threshold of $100,000, inform the customer that a waiver is not required. The ICP should make efforts to meet/facilitate the customer's requirement and, if the situation warrants, the ICP should suggest that the customer submit a demand transaction augmenting the requisition based demand history.

3) Requests for local purchase of items with Critical Indicator Code (CIC = “Y”), should be disapproved based on the DFAR regulation exclusions, unless the request is based on an unusual and compelling urgency, as defined in FAR 6.302-2, such as a work stoppage or mission capable. Examples of a CIC = “Y” are WSICs F, G, H, J, L, M, P, R, T, W, and Y. If local purchase authority is granted for such an item, always obtain a statement that the customer assumes full responsibility in the event that the materiel procured does not comply with form, fit, and function (see section 4.3.4., above). After such a purchase is made, the customer must send a copy of contract and a statement of the emergency to the IMM.

c. Determine if the request is due to timeliness, quality, or price.

d. Respond to the issue and attempt to retain sale.

1) If timeliness is the reason for the request, take the steps listed below.

a). If the customer’s required delivery date (RDD) can be met for the entire requirement, tell the customer to order the materiel from ICP.

b). If the ICP can fill a majority of the order within the RDD, reduce the local purchase quantity, and inform the customer to order the remainder from ICP. Find out from the customer how much materiel is actually needed until stock can be provided by ICP.

c). If the request meets the definition of an emergency requirement, take the appropriate action to meet the customer’s RDD.

d). If DLA cannot get the stock in time to meet the customer’s RDD, local purchase authority should be granted, and the activity should be encouraged to submit a demand transaction DHA for the item, if the customer plans to buy the part from DLA in the future.

2) If quality is cited as the reason for requesting local purchase, request that the customer send us a letter/e-mail explaining the problem. When the letter is received, forward it to a quality assurance
specialist for resolution of the problem. To satisfy the current requirement, either grant the customer local purchase authority or make a one time emergency purchase, in accordance with the customer’s request.

3) If the customer uses a lower price available elsewhere as the reason for requesting local purchase authority, contact the price challenge office to see if a reduced price billing is possible for that requirement. Ask the customer what costs are being compared, since the DLA price includes overhead costs. Remind the customer that while a request can be made for local purchase authority for quality, timeliness, and cost, the customer is responsible for a true cost comparison if the customer is audited.

e. Deny or grant waiver. Approval/disapprovals will be approved by designated ICP approving official.

f. Waiver memorandum, as per sample below:

    YOUR LETTERHEAD
    FROM:            Today’s Date
    TO:  Defense Supply Center,
    ATTN:            
    SUBJECT:  Request for Local Purchase

    Request local purchase authority for one-time purchase of the following item(s) due to ________________

NSN:
NOMENCLATURE:
QUANTITY:
UNIT COST:

Source of Local Purchase:
Unit Cost of Local Purchase:
Delivery for Local Purchase:
Application:
Weapon System:
Tail/Hull Number:

WE, (NAME OF YOUR COMMAND), hereby accept full responsibility for equipment failure/loss of life resulting from purchase outside normal chain of supply. We understand the Defense Supply Center is in no way responsible for equipment failure/loss of life resulting from customer local purchase actions.

POC for this action is ________________________________

APPROVING OFFICIAL SIGNATURE AND TITLE


Ella E. Studer,
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