



U.S. General Services Administration

# Order-Level Materials (OLMs) Ordering Guide



Version 1.0  
Spring 2022



# Table of Contents



<b>Introduction</b> .....	2	<b>Guidance for MAS Contractors</b> .....	9
Who Will Benefit from this Guide? .....	2	OLM Procedures Benefit Industry .....	9
Definitions and Terms .....	2	Order-Level Pricing Requirement .....	9
OLM Procedures Benefit Federal Agencies .....	3	Order-Level Materials SIN and the Ancillary Supplies and Services SIN .....	10
Background and Authority .....	3	Applicability of Schedule-Level Contract Terms and Conditions to OLMs .....	10
<b>Acquiring Order-Level Materials</b> .....	4	OLMs and Transactional Data Reporting (TDR) .....	10
Special Ordering Procedures .....	4	OLMs and the Industrial Funding Fee (IFF) .....	11
Summary of Order Placement Considerations .....	4	Order-Level Materials SIN Required to be Incorporated into Schedule Contract .....	11
Preparing the Request for Quotation (RFQ) .....	5	Special Documentation for Orders that Include OLMs .....	11
Order Type – The OLM Contract Line Item Number (CLIN) Must be Time and Materials (T&M) .....	5	G&A Expenses and Indirect Costs .....	12
Travel Costs .....	5	Travel Costs .....	12
OLMs and Existing Orders and Blanket Purchase Agreements (BPAs) .....	6	<b>Appendix A: Sample Determinations and Findings</b> .....	13
Determinations and Findings (D&F) .....	6	<b>Appendix B: OLM Instructions to Quoters</b> .....	14
RFQ Instructions to Offerors .....	7	<b>Appendix C: OLM Checklist</b> .....	15
Indirect Costs .....	7	<b>Appendix D: FAQ</b> .....	16
Subcontractor Services as OLMs .....	7		
Fair and Reasonable Price Determination .....	8		
Three-Quotation Requirement .....	8		
Administering OLMs .....	8		

# Introduction

## Who Will Benefit from this Guide?

This guide is designed for all federal contracting personnel who use OLM procedures to acquire Other Direct Costs (ODCs) under GSA Schedule-contract orders and Blanket Purchase Agreements (BPAs).

Contractors and federal-agency procurement officials will benefit from the “Guidance for MAS Contractors” section. All users are encouraged to read this entire guide to gain a full understanding of the OLM process from both a federal agency and a contractor perspective.

Additional OLM information is available at [www.gsa.gov/olm](http://www.gsa.gov/olm).

Information on the use of the GSA Schedule is available at [www.gsa.gov/schedule](http://www.gsa.gov/schedule).

Note: Throughout this guide, the terms “Schedule,” “GSA Schedule,” “Federal Supply Schedule,” “MAS,” and “GSA MAS” are used interchangeably to refer to a GSA Schedule contract awarded under the GSA Multiple Award Schedule (MAS) program. The Federal Acquisition Regulation (FAR) refers to a GSA Schedule contract as a “Federal Supply Schedule (FSS).”

## Definitions and Terms

**Other Direct Costs (ODCs):** ODCs are costs not previously identified as direct material cost, direct labor cost, or indirect cost. Examples include incidental services for which there is not a labor category specified in the contract, computer usage charges, etc. Under the Schedule, ODCs may be acquired through OLM procedures, ancillary SINs, Contractor Team Arrangements (CTAs), or open-market procedures in accordance with FAR 8.402(f).

**Order-Level Materials (OLMs):** OLMs are supplies and/or services acquired in direct support of an individual task or delivery order placed against a GSA Schedule contract or MAS BPA, when the supplies and/or services are unknown at the time of the GSA Schedule contract or MAS BPA award.

**Order-Level Materials SIN:** This SIN is awarded to a GSA Schedule contract holder who is authorized to offer OLMs through the SIN for orders placed against the contractor’s Schedule contract. This SIN is identified as “OLM.” The full OLMs SIN description is available at <https://go.usa.gov/xtEpm>.

**Ancillary Supplies and Services SIN:** This SIN includes supplies and services not within the scope of any other SIN on the Schedule. Items that can be defined and priced upfront at the FSS-contract level and not required for the primary purpose of the order, but an integral part of the solution. This SIN is identified as “ANCILLARY.”

**Open-Market Items:** These are items not on an FSS contract that can only be added to an FSS order pursuant to FAR 8.402(f). The Industrial Funding Fee (IFF) does not apply.

**Indirect Costs:** An indirect cost is any cost not directly identified with a single, final cost objective, but identified with two or more final cost objectives or an intermediate cost objective. It is not subject to treatment as a direct cost.

**Ordering Contracting Officer (OCO):** The ordering activity’s Contracting Officer who is placing the order.

**OLM Pricing:** OLM pricing is not established on the Schedule contract or BPA, but at the order level. Since OLMs are identified and acquired at the order level, the OCO is responsible for making the determination that prices for all OLMs are fair and reasonable.

**Authorized Subcategories:** OLMs may be acquired only under authorized MAS subcategories and from contractors who have been awarded the Order-Level Materials SIN. The listing of authorized MAS subcategories is maintained at [www.gsa.gov/olm](http://www.gsa.gov/olm). Verification that a contractor is awarded the Order-Level Materials SIN may be confirmed through GSA eLibrary at [www.gsaelibrary.gsa.gov](http://www.gsaelibrary.gsa.gov).

## OLM Procedures Benefit Federal Agencies

Incorporating OLM functionality into the Schedule contract greatly enhances the overall efficiency and effectiveness of the GSA Schedule program. Benefits include:

- Increased **flexibility** of the GSA Schedule to provide a **total solution** to meet the ordering activity's requirements
- **Reduced** agency procurement and **administrative costs**, enhanced **time savings**, and streamlined processes of leveraging the GSA Schedule
- **Reduced contract duplication** by eliminating the need to set up new commercial indefinite-delivery/indefinite-quantity (IDIQ) contracts or conduct open-market procurements to obtain necessary order-level ODCs
- **Increased competition**, resulting in cost savings for the ordering activity
- Eliminated need for Government Furnished Equipment (GFE), which can be labor-intensive to administer – this equipment can now be acquired as OLMs
- Ensured compliance – all Schedule terms and conditions apply to OLMs (e.g., Trade Agreements Act and mandatory environmental attributes clauses), which ensures agency purchases are **compliant with the FAR** and other regulatory guidelines

## Background and Authority

OLMs are purchased under the authority of the GSA Schedule program, pursuant to 41 U.S.C. 152(3), and are not the same as the open-market items as described at FAR 8.402(f). Under the authority of FAR 8.403(b), GSA established special ordering procedures for the inclusion of OLMs under specific authorized MAS subcategories.

The special ordering procedures are contained in General Services Administration Acquisition Regulation (GSAR) clause 552.538-115, Special Ordering Procedures for the Acquisition of Order-Level Materials. This clause, along with a dedicated SIN for OLMs, allows ordering activities to include OLMs in Schedule orders.

OLMs are supplies and/or services acquired in direct support of an individual task or delivery order placed against an FSS contract or BPA when the supplies and/or services are **not known** at the time of the GSA Schedule contract or BPA award. OLMs are identified and acquired at the **order level**, and the OCO is responsible for making a fair and reasonable pricing determination for all OLMs. OLMs may be known or unknown at the time the order is placed (see [Appendix D](#) for more information).

GSA issued a final rule amending the GSAR to incorporate OLMs into the GSA Schedule program. The final rule may be viewed at <https://www.federalregister.gov/d/2018-01232>.

# Acquiring Order-Level Materials

## Special Ordering Procedures

Refer to GSAR clause 552.238-115, Special Ordering Procedures for the Acquisition of Order-Level Materials, which establishes procedures for including OLMs when placing an individual task or delivery order against a GSA Schedule contract or BPA.

Under OLM-authorized subcategories, OLMs can be proposed in a quotation unless the Request for Quotation (RFQ) specifically **prohibits** inclusion of the Order-Level Materials SIN. If an ordering activity receives a quotation with OLMs, it should evaluate the OLMs regardless of whether it had previously provided instructions on the inclusion of OLMs.

### Summary of Order Placement Considerations

- Orders must comply with GSAR clause 552.238-115, Special Ordering Procedures for the Acquisition of Order-Level Materials.
- OLMs must be acquired only in direct support of an individual task or delivery order and not as the primary basis or purpose of the order.
- OLMs are authorized only for inclusion under a T&M or LH CLIN.
- A Determinations and Findings (D&F) is required for the T&M or LH portion of the order, regardless of dollar value. Therefore, prior to placement of an order that includes OLMs, the OCO shall follow procedures in FAR 8.404(h).
- Separate CLIN(s) for OLMs should be established for monitoring the cumulative value of OLMs for the order.
- The cumulative value of OLMs in an individual task or delivery order shall not exceed 33.33% (one-third) of the total value of the order or BPA. "Total value" is defined as the anticipated or recorded dollar value of contract items at time of order award, inclusive of option periods. OLMs are contract items for that order. Travel costs and open-market items are excluded from the total value calculation.
- The OCO should verify that the Order-Level Materials SIN is awarded on a contractor's Schedule contract prior to order placement (see [www.gsaelibrary.gsa.gov](http://www.gsaelibrary.gsa.gov) to obtain this information). Contractors who have not been awarded the Order-Level Materials SIN are not authorized to receive orders that include OLMs.
- OLMs must be commercial items and compliant with the Trade Agreements Act (TAA).
- OLMs become Schedule items at the order level, therefore the entire order is considered a Schedule order.
- Open-market procedures, prescribed at FAR 8.402(f), are not applicable to OLMs.
- The OCO is responsible for:
  - Defining any known OLM categories (e.g., computer usage charges, office supplies, labor).
  - Determining fair and reasonable pricing for all OLMs.
  - Establishing an NTE ceiling price for OLMs.
  - Approving proposed OLM indirect-cost fixed amount and determining it is fair and reasonable (if applicable).

## Preparing the Request for Quotation (RFQ)

OCOs must check to ensure that OLMs are authorized for the MAS subcategory(ies) being used. A listing of authorized MAS subcategories may be viewed at [www.gsa.gov/olm](http://www.gsa.gov/olm). To check whether a contractor has the SIN available on their contract, view the contractor information at [www.gsaelibrary.gsa.gov](http://www.gsaelibrary.gsa.gov). See [Appendix B](#) for “Instructions to Quoters” language.

## Order Type – The OLM Contract Line Item Number (CLIN) Must be Time and Materials (T&M)

GSAR clause 552.238-115(d)(2) states, “Order-level materials are included in the definition of the term ‘material’ in FAR clause 52.212-4 Alternate I, and therefore all provisions of FAR clause 52.212-4, Alternate I, that apply to ‘materials’ also apply to order-level materials.” Please refer to GSAR clause 552.212-4, Alternate I and GSAR clause 552.238-115 for additional details.

OLMs are authorized only under T&M CLINs under T&M or hybrid FP/T&M orders. By definition, only T&M allows OCOs the flexibility to define materials at the order level in cases in which needed products or services are unknown at time of GSA Schedule-contract award. This is predicated upon GSAR clause 552.212-4, Alternate 1.

However, FAR 8.404(h)(2) requires agencies to use FFP orders to the maximum extent practicable. Therefore, when use of OLMs under a T&M or LH CLIN is contemplated, requirements should be structured to maximize the use of FFP CLIN(s) to the maximum extent practicable. This may result in a “hybrid” order that, despite having T&M or LH elements, is classified as FFP for reporting purposes.

A D&F is required for the T&M or LH portion of the order, regardless of dollar value. Therefore, prior to placement of an order that includes OLMs, the OCO shall follow procedures in FAR 8.404(h). A sample D&F is available at [Appendix A](#).

## Travel Costs

Travel is not considered an OLM and not subject to OLM procedures. Travel may be authorized in accordance with Schedule clause C-FSS-370, Contractor Tasks/Special Requirements, paragraph (b). Travel costs are governed by FAR 31.205-46, which addresses Federal Travel Regulations, Joint Travel Regulations, and Standardized Regulations (Government Civilians, Foreign Areas). The ordering activity’s CO must establish a separate CLIN for travel. The travel CLIN may be established as direct-reimbursable or priced on an FFP basis. Travel costs are not subject to the 33.33% limitation on OLMs.

# Acquiring Order-Level Materials (cont.)

## OLMs and Existing Orders and Blanket Purchase Agreements (BPAs)

### Existing Orders

Existing orders awarded directly against a Schedule contract or through an MAS BPA may be modified to allow for OLMs at the discretion of the OCO. The following three scenarios are common:

- The original order included only FSS labor. Now the contractor is quoting OLMs in connection with a negotiated modification.
- The original order included ODCs as open-market items. For the option years, the contractor wants to “convert” them to OLMs.
- The original order included OLMs. Now the contractor is quoting new and/or additional items within OLMs.

These are all a matter of scope. It is up to the OCO to determine whether adding OLMs post-award, which were not contemplated with the original order, would be considered out of the scope of the order. The OCO must consider the requirements at FAR 8.405-6, Limiting Sources, and should be aware of the potential for protests when making changes.

### Existing BPAs

OLMs may be incorporated into existing BPAs for use on future orders.

## Determinations and Findings (D&F)

Since OLM CLINs are T&M (or LH), a D&F is required prior to award (FAR 8.404[h]: <https://www.acquisition.gov/far/8.404>). Head of Contracting Activity (HCA) approval is required when the period of performance, including options, exceeds three years. A D&F example is available in [Appendix A](#).

The D&F **must**:

- Include a justification that an FFP order is not suitable,
- Contain a description of the market research conducted,
- Establish that it is not possible at the time of placing the order to accurately estimate the extent or duration of the work or anticipate costs with any reasonable degree of confidence,
- Establish that the current requirement has been structured to maximize the use of FFP elements, and
- Describe actions to maximize the use of FFP orders on future acquisitions for the same requirement.



## RFQ Instructions to Offerors

Establish separate OLM CLINs for labor or materials that are not on Schedule. See [Appendix B](#) for a sample Instruction to Offerors.

### The RFQ should state that:

- OLMs are acquired in direct support of the task or delivery order and are not the primary basis or purpose of the order.
- Quoter must identify indirect cost as a fixed amount (if applicable).
- OLM pricing must be inclusive of the IFF and shall not exceed 33.33% of the total cost of the order.
- Any RFQ that includes OLM-authorized MAS subcategories may result in a quotation with OLMs.
- The quoter must identify OLMs under separate CLINs.
- Any OLMs quoted must comply with the contractor's Schedule-contract terms and conditions (e.g., all quoted products must be TAA-compliant).
- OLM CLINs are negotiated with an NTE amount that the contractor exceeds at their own risk.

## Indirect Costs

OLMs are to be included in orders at actual cost. The addition of profit or fee is not allowed. Contractors are, however, allowed to propose indirect costs as an OLM. The OCO determines whether to allow indirect costs not included in the FSS hourly rate.

For example, the contractor may request approval of indirect costs associated with providing OLMs. Proposed indirect costs must be inclusive of the IFF and must be a fixed amount, not a percentage of cost. If the OCO chooses to use indirect cost, the OCO must determine that all indirect costs approved for payment are fair and reasonable, requesting supporting data from the contractor as needed.

The OCO may have to inquire back to the contractor as to how indirect costs were determined, if not sufficiently explained in the quotation. The OCO may request supporting data from the contractor as needed. An indirect rate in accordance with a contractor's approved purchasing system is acceptable. If indirect costs are approved, the OCO must determine that all indirect costs approved for payment are fair and reasonable. Proposed indirect costs must be inclusive of the IFF.

## Subcontractor Services as OLMs:

Per GSAR 538.7202(a)(1), OLMs include "subcontracts for supplies and incidental services for which there is not a labor category specified in the FSS contract." This is rare but meant for cases in which:

- There are services not already covered in an awarded labor category at the Schedule-contract level,
- The service itself is incidental to the work being performed, and
- The service is not known at the time of Schedule-contract award.

## Acquiring Order-Level Materials (cont.)

In orders that have subcontractors, each order must list out the subcontracts for services excluded from awarded Schedule hourly rates, the elements of ODCs, and the fixed amount for the indirect costs and payment schedule.

When subcontracts are utilized for services that are excluded from Schedule hourly rates, each task or delivery order must list separately:

- The subcontracts for services excluded from the Schedule hourly rates
- The elements of ODCs
- The fixed amount for the indirect costs and payment schedule (or if no indirect costs are approved, insert “none”)

### Fair and Reasonable Price Determination

The OCO must make an independent determination that prices for all proposed OLMs are fair and reasonable. This determination must be documented in the contract file and can be based on a comparison of quotations received in response to the RFQ or other relevant pricing information, in accordance with FAR 15.404 techniques.

One method that the OCO could utilize to determine fair and reasonable pricing is to compare quoted OLMs (both products and services) to other prices quoted. For example, the OCO could check Schedule prices on GSA Advantage!® ([www.gsaadvantage.gov](http://www.gsaadvantage.gov)) or GSA eLibrary ([www.gsaelibrary.gsa.gov](http://www.gsaelibrary.gsa.gov)) for comparable pricing information, survey other contract vehicles, or research open-market sources. To ensure an accurate comparison, the OCO must make certain that the items are truly comparable (e.g., products are TAA-compliant or meet the AbilityOne Essentially the Same – aka ETS – requirements).

### Three-Quotation Requirement

For each proposed OLM item that exceeds the simplified acquisition threshold (SAT), the contractor is required to obtain a minimum of three quotations to support the price reasonableness of the item – see GSAR 552.238-115(d)(7)(i) for more information.

The OCO shall not request access to the three quotations obtained by the contractor except as a last resort, when all other attempts at determining price reasonableness have been exhausted. If the OCO determines that requesting access to this information is necessary, they shall document the rationale in the contract file.

If three quotations cannot be obtained, the contractor is required to maintain documentation of the reason. The three quotations obtained by the contractor are documented internally and subject to audit. A contractor with an approved purchasing system per FAR 44.3 is exempt from the requirement to obtain three quotations.

### Administering OLMs

It is important to ensure the proper administration of task or delivery orders with OLMs. This includes tracking OLM spending to ensure that the ceiling is not exceeded and that OLM CLINs define known OLM categories (e.g., materials, equipment, labor). If increasing the ceiling price of the OLM order CLIN becomes necessary, the OCO must comply with the requirements at FAR 8.404(h)(3)(iv).

# Guidance for MAS Contractors

OLMs may be included in quotations submitted in response to RFQs under authorized subcategories of the MAS contract. To quote OLMs, the contractor must have the Order-Level Materials SIN available on their contract.

Contractors must understand the OLM procedures and make sure they are compliant. All OLMs sold through the contract are subject to the terms and conditions of the contract. It is important to remember:

- OLM pricing must be inclusive of the IFF and OLM sales must be reported to GSA through the Sales Reporting Portal.
- OLMs must be TAA-compliant.
- OLMs must be commercial products or services.
- OLM sales should be well documented; records are subject to inspection.
- Indirect costs must be approved by the ordering activity and quoted as a fixed price, not a percentage.

## OLM Procedures Benefit Industry

Greater use of the GSA Schedule program allows Schedule contractors to compete for more orders and reduces the need for contractors to incur additional bid and proposal costs related to the award of other commercial indefinite-delivery/indefinite-quantity (IDIQ) contracts. Additionally, the reduction in duplicative and inefficient contracts removes barriers to entry into the federal marketplace, especially for small businesses.

GSA highly recommends that contractors add the Order-Level Materials SIN if the contract includes OLM-authorized subcategories. It is simple and easy to add (as easy as accepting the OLM mass modification) and provides the vendor with maximum flexibility in responding to RFQs. However, total solutions can be provided via various combinations of Schedule SINs, ancillary and ODC SINs, the Order-Level Materials SIN, the open-market-item authority in FAR 8.402(f), etc. The OCO should make the award to the contractor whose quotation represents the best value, consistent with the evaluation criteria in the RFQ.

## Order-Level Pricing Requirement

Any proposed OLMs must be in support of the order and shall not exceed 33.33% of the total order value. Total value is defined as the anticipated or recorded dollar value of contract items at time of order award, inclusive of option periods. OLMs must be quoted as separate T&M CLINs and must comply with all terms and conditions of the contractor's GSA Schedule contract. OLMs will be placed on any resultant order as an NTE amount that the contractor exceeds at their own risk.

The contractor must identify clearly in the quotation that OLMs are being included. The contractor shall provide an explanation and basis of estimate for each OLM, including any assumptions that were made in preparing the quotation, anytime OLMs are being proposed throughout the order life cycle.

## Guidance for MAS Contractors (cont.)

To support the price reasonableness of OLMs, the contractor proposing OLMs as part of a solution shall obtain a minimum of three quotations for each OLM above the SAT.

These three quotations are not to be submitted to the government unless requested by the OCO.

The quotations shall be maintained in the contractor's files and are subject to audit. If the contractor cannot obtain three quotations, they shall maintain documentation as to why three quotations could not be obtained. A contractor with an approved purchasing system per FAR 44.3 shall follow their purchasing-system requirements and is exempt from the three-quotation requirement.

### Order-Level Materials SIN and the Ancillary Supplies and Services SIN

The Ancillary Supplies and Services SIN is for incidental items that are known and can be awarded at the Schedule-contract level. If a contractor can define and price incidental items at the Schedule-contract level under the Ancillary Supplies and Services SIN (i.e., they are routinely provided), they should do so. The Order-Level Materials SIN is only for incidental items that are unknown at the time of Schedule-contract award and, therefore, must be defined and established at the order level. The 33.33% limitation on the value of OLMs does not apply to the Ancillary Supplies and Services SIN.

### Applicability of Schedule-Level Contract Terms and Conditions to OLMs

OLMs must comply with the terms of and conditions of the GSA Schedule contract. OLMs are exempt from the following GSAR clauses:

- 552.216-70, Economic Price Adjustment – FSS Multiple Award Schedule Contract
- 552.238-77, Submission and Distribution of Authorized Federal Supply Schedule (FSS) Price Lists
- 552.238-81, Price Reductions

All other Schedule contract-level terms and conditions apply (e.g., TAA, IFF and Sales Reporting, AbilityOne, Transactional Data Reporting, if applicable).

### OLMs and Transactional Data Reporting (TDR)

If a contractor is participating in TDR, all TDR data elements must be reported for the Order-Level Materials SIN just as they are for any other awarded SIN.

## OLMs and the Industrial Funding Fee (IFF)

The Order-Level Materials SIN is subject to GSAR clause 552.238-80, Industrial Funding Fee and Sales Reporting. Contractors are required to report sales and remit the IFF for all sales under the Order-Level Materials SIN. Contractors must include the IFF in proposed OLM pricing.

## Order-Level Materials SIN Required to be Incorporated into Schedule Contract

Per GSAR clause 552.238-115(d)(5), “All order-level materials shall be placed under the Order-Level Materials SIN.” Contractors are not authorized to quote OLMs unless they have been awarded the Order-Level Materials SIN; doing so is in violation of the terms and conditions of their Schedule contract. Contractors may request the addition of the Order-Level Materials SIN under authorized subcategories through a contract modification.

The ordering activity’s COs should check GSA eLibrary to verify the contractual information provided by the contractor in their quotation and to ensure the Order-Level Materials SIN has been awarded to the contract.

## Special Documentation for Orders that Include OLMs

GSAR Clause 552.238-115, Special Ordering Procedures for the Acquisition of Order-Level Materials, includes several documentation requirements unique to OLMs. A contractor proposing OLMs as part of a solution is required to obtain a minimum of three quotations for each OLM above the SAT.

One of these three quotations may include materials furnished by the contractor under GSAR clause 552.212-4 Alt I (i)(1)(ii)(A). If the contractor cannot obtain three quotations, the contractor is required to maintain documentation addressing why three quotations could not be obtained to support their determination. A contractor with an approved purchasing system per FAR Subpart 44.3 is exempt from these requirements.

Please also note that in accordance with GSAR clause 552.238-83, Examination of Records by GSA, GSA has the authority to examine the contractor’s records for compliance with the pricing provisions in GSAR clause 552.212-4 Alternate I, to include examination of any books, documents, papers, and records involving transactions related to the contract for overbillings, billing errors, and compliance with the Price Reductions and IFF and Sales Reporting clauses of the contract.

# Guidance for MAS Contractors (cont.)

## G&A Expenses and Indirect Costs

The contractor may apply indirect costs as a fixed amount, such as general and administrative (G&A) fees and material-handling costs. The contractor must indicate the indirect-cost rates applicable to the order. Fee, profit, and overhead may not be applied, except for the IFF.

- OLM authority includes the flexibility to reimburse the contractor for indirect costs, which can include, for example, material-handling and subcontract administration costs. Specifically, GSAR clause 552.212-4 Alt I (i)(1)(ii)(D)(2) includes the following fill-in language addressing indirect costs:
  - Each order must list separately the fixed amount for the indirect costs and payment schedule; if no indirect costs are approved, insert “None.”
- The OCO must determine that all indirect costs approved for payment are fair and reasonable – see GSAR clause 552.238-115(d)(7)(iii).
  - **What if a contractor’s indirect costs are in the form of a percentage rate (%) instead of a fixed dollar amount?**

Indirect-cost OLMs must be established under the order as a fixed dollar amount. Indirect cost percentage rates are not allowed. However, contractors have the option of using their indirect-cost percentage rate to calculate a proposed fixed dollar amount for these costs, based on the specifics of the order.
  - **How will contractors support indirect cost OLMs if they do not have DCAA or similarly approved rates?**

Indirect costs should not be proposed unless including them when doing business is already the contractor’s routine practice. In the absence of approved DCAA rates, the contractor should support proposed indirect costs with documentation already on hand.
  - **Do contractors have to pay IFF on indirect-cost OLMs?**

Yes, as an OLM, indirect costs are considered Schedule-contract items and must be inclusive of the IFF.

## Travel Costs

Travel may be authorized in accordance with Schedule clause C-FSS-370, Contractor Tasks/Special Requirements, paragraph (b) and is not considered an OLM. Travel costs are governed by FAR 31.205-46, which addresses Federal Travel Regulations, Joint Travel Regulations, and Standardized Regulations (Government Civilians, Foreign Areas). The OCO should establish a separate CLIN for travel. The travel CLIN may be established as direct-reimbursable or priced on an FFP basis.

# Appendix A: Sample Determinations and Findings

In accordance with the following Determination and Findings, Federal Acquisition Regulation (FAR) 8.404(h) and General Services Administration Acquisition Regulation (GSAR) 552.238-115, use of the Federal Supply Schedule (FSS) and OLMs are authorized for RFQ 1234-X to purchase a solution for testing the federal data-storage facility in Jacksonville, Florida.

## FINDINGS

Pursuant to the requirements of FAR 8.404(h) and GSAR 552.238-115, I hereby find that:

1. At this time, it is not possible to estimate accurately the extent of the work to be completed with a reasonable degree of confidence.
  - a. In accordance with GSAR 552.238-115(a) OLMs are, by definition, supplies and services acquired in direct support of an individual task or delivery order placed against an FSS contract when the supplies and services are not known at the time of the FSS contract award. Therefore, it is not possible to accurately estimate the extent of the work to be completed because of the presence of the OLM CLIN.
  - b. In accordance with FAR 8.404 (h)(3)(i) the T&M order type is being used because it is not possible at this time to accurately estimate the extent of the work with a reasonable degree of confidence for the OLM CLIN.
  - c. By rule, only T&M CLINs are allowed for acquiring OLMs.
2. The required supplies and services will be obtained using a hybrid order type with a T&M CLIN(s) and FFP CLINs.
  - a. In accordance with FAR 8.404 (h)(2) the use of fixed-price CLINs for the acquisition of commercial services are being used to the maximum extent practicable. CLINs not designated as OLMs are designated as FFP.
3. The cumulative value of the OLM CLIN is 21.68% of the total value of the order, excluding travel.
  - a. In accordance with GSAR 552.238.115(d)(4) the cumulative value of OLMs in the order awarded under the contract will not exceed 33.33% of the total value of the order. The value of the OLM CLIN does not exceed this threshold.

## DETERMINATION

Based on the above findings, I hereby determine that for RFQ 1234-X utilizing a hybrid FFP/T&M contract type with OLM under FAR 8.404 and GSAR 552.238-115 is in the government's best interest and is the best procurement approach and is therefore authorized.

---

Name

---

Date

*(Note: May be signed by another official designated by the agency head)*

# Appendix B: OLM Instructions to Quoters

The following language is provided for use by the Ordering Contracting Officer (OCO) and may be modified at the discretion of the OCO for their individual solicitation.

## **Instructions to Quoters: OLMs**

The government anticipates that OLMs may be included in quotations received in response to this solicitation. GSA Schedule contractors should refer to GSAR clause 552.238-115, Special Ordering Procedures for the Acquisition of Order-Level Materials – available at <https://go.usa.gov/xtTpQ> – to ensure proper understanding of OLM procedures. Additional information on OLMs may be found at [www.gsa.gov/olm](http://www.gsa.gov/olm).

To quote OLMs, the contractor's GSA Schedule contract must contain the Order-Level Materials SIN and identify in the quotation if OLMs are being quoted. The contractor shall provide an explanation and basis of estimate for each OLM, including any assumptions that were made in preparing the quotation.

To support price reasonableness, the contractor shall obtain a minimum of three quotations for each OLM above the SAT. These three quotations are not to be submitted to the government unless requested by the OCO. The quotations shall be maintained in the contractor's files and are subject to audit. If the contractor cannot obtain three quotations, they shall maintain documentation as to why three quotations could not be obtained. A contractor with an approved purchasing system per FAR 44.3 shall instead follow their purchasing-system requirements.

The contractor may apply indirect costs, as a fixed amount, such as G&A and material-handling costs and shall indicate the indirect-cost rates applicable to the order. Fee, profit, and overhead may not be applied, except for the IFF. The contractor shall provide a copy of any forward pricing rate agreements or provisional indirect billing rates approved by a cognizant government agency, if available. All indirect costs must be sufficiently explained.

Any proposed OLMs must be in support of the order and shall not exceed 33.33% of the total order value. Total value is defined as the anticipated or recorded dollar value of contract items at time of order award, inclusive of option periods. OLMs should be quoted as separate T&M CLINs and must comply with all terms and conditions of the contractor's GSA Schedule contract. Travel costs and open-market items are excluded from the total-value calculation. OLMs will be placed on any resultant order as an NTE amount that the contractor exceeds at their own risk.

**Travel:** Travel is authorized in accordance with Schedule clause C-FSS-370, Contractor Tasks/Special Requirements, paragraph (b) and is not considered an OLM. Travel costs are governed by FAR 31.205-46, which addresses the Federal Travel Regulation, Joint Travel Regulations, and Standardized Regulations (Government Civilians, Foreign Areas).



# Appendix C: OLM Checklist

## Evaluation Checklist for OLMs

Is the order being placed against an authorized MAS subcategory?

Does the contractor have the Order-Level Materials SIN awarded on their MAS contract?

Does the contractor have subcontractors? Are subcontractors allowed?

Are the indirect costs applied correctly?

Is the OLM CLIN value less than 33.33% of the total value of the order or BPA?

Has the OCO made a proper fair and reasonable price determination?

Do OLM items meet the terms and conditions of Schedule contracts (e.g., commercial items, TAA-compliant, AbilityOne-compliant)?

## Appendix D: FAQ

The following are the most-asked questions. Additional FAQs may be found at [www.gsa.gov/olm](http://www.gsa.gov/olm).

### **Must all OLMs be identified at the time the order is placed?**

OLMs can be either known or unknown at the time the order is placed. Remember the definition from GSAR 552.238-115: "Order-level materials means supplies and/or services acquired in direct support of an individual task or delivery order placed against a Federal Supply Schedule (FSS) contract or FSS Blanket Purchase Agreement (BPA), when the supplies and/or services are not known at the time of **Schedule-contract or FSS BPA award. (This is a contract award or BPA award, not an award of an order against them.)** The prices of order-level materials are not established in the FSS contract or FSS BPA. Order-level materials acquired following the procedures in paragraph (d) of this section are done so under the authority of the FSS program, pursuant to 41 U.S.C. 152(3), and are not open-market items, which are discussed in FAR 8.402(f)."

It states that supplies or services are not known at the time of the Schedule-level contract or BPA award. It does not state they have to be fully known and priced at the time of the order; they can be known when the order is placed, or unknown as is often the case with services orders in which materials are identified as the work progresses. Ordering activities have flexibility because it is needed at the order level.

The Order-Level Materials SIN can be used to establish a CLIN for anticipated requirements. The intent of the OLM rule is to provide an easier way for the OCO to acquire ODCs to support an order. So, an ordering activity may establish a CLIN(s) for OLMs when the OLMs are not fully known. However, there would need to be some parameters and estimates around the CLIN, with some built-in flexibility. Some sort of pricing could be negotiated upfront if materials can be identified at that point, or pricing could be negotiated as the requirements for the items arise. Generally, the ordering activity would have some idea of the potential items and quantities, though it may not be precise or guaranteed.

Example: An ordering activity may anticipate that they will need some specialized equipment for an engineering task order. It could be two years into the task before the items are needed. They could establish the OLM CLIN with a ceiling and then when the need arises, they could negotiate pricing for the specific items needed. The CLIN would require some definition and parameters. Pricing could be negotiated at that point, or it could be negotiated whenever the items are needed.

Multiple CLINs and subline item numbers (SLINs) may be established as needed to address OLMs. It is recommended that separate and distinct categories of items be delineated into separate CLINs and SLINs. For example:

- CLIN 001 – OLM – Engineering Test Equipment
- CLIN 002 – OLM – Information Technology Hardware
- CLIN 003 – OLM – General Supplies

## **Doesn't the GSAR change implementing OLMs apply only to GSA? How can ordering activities outside of GSA use the OLM authority if FAR subpart 8.4 wasn't updated?**

GSA has the authority to set special ordering procedures for the GSA Schedule program – see FAR 8.403(b) at [https://www.acquisition.gov/far/part-8#FAR\\_8\\_403](https://www.acquisition.gov/far/part-8#FAR_8_403). GSA has created special ordering procedures for the acquisition of OLMs via GSAR clause 552.238-115, Special Ordering Procedures for the Acquisition of Order-Level Materials, at <https://go.usa.gov/xTpQ>. This clause has been incorporated into the Schedule contract and authorizes ordering activities to include OLMs at the order level. GSA has also added a link to the OLM special ordering procedures to FAR 8.403 at [https://www.acquisition.gov/far/part-8#FAR\\_8\\_403](https://www.acquisition.gov/far/part-8#FAR_8_403) to increase the visibility of OLM authority.

### **Is travel an OLM?**

No. A recent change to GSAR clause 552.238-115 removed all references to travel from the OLM procedures. Travel may be authorized in accordance with Schedule clause C-FSS-370 Contractor Tasks/Special Requirements paragraph (b) and is not considered an OLM. Travel costs are governed by FAR 31.205-46, which addresses Federal Travel Regulations, Joint Travel Regulations, and Standardized Regulations (Government Civilians, Foreign Areas). The OCO should establish a separate CLIN for travel. The travel CLIN may be established as direct-reimbursable or priced on a Firm-Fixed-Price basis.

### **Is freight considered an OLM?**

No. If the freight terms are FOB Destination, then freight is already included as part of the awarded Schedule price. If the freight terms are FOB Origin, then freight will be included as a separate line item and is not subject to the IFF.

### **Is it possible to have a Schedule contract with both the Ancillary Supplies and Services SIN and the Order-Level Materials SIN?**

Yes. The ODC and Ancillary Supplies and Services SINS are for incidental items that are known and can be awarded at the Schedule-contract level. If a contractor can define and price incidental items at the Schedule-contract level under the Ancillary Supplies and Services or ODC SINS (i.e., they are routinely provided), they should do so. The Order-Level Materials SIN is only for incidental items that are **unknown** at the time of Schedule-contract award and, therefore, must be defined and established at the order level.

## Appendix D: FAQ (cont.)

### **When is a Determinations and Findings (D&F) required for OLMs?**

FAR 8.404(h) – [https://www.acquisition.gov/far/part-8#FAR\\_8\\_404](https://www.acquisition.gov/far/part-8#FAR_8_404) – requires preparation of a D&F for T&M and LH orders regardless of dollar value. The OLM CLIN must be T&M, regardless of whether additional T&M CLINs are included on the order (e.g., OLMs may be added to FFP, T&M, or LH orders).

### **Who sets the ceiling amount for OLMs?**

The ceiling amount is set by the OCO when the order is awarded. It shall not exceed 33.33% of the total cost of the order.

### **Who determines whether an OLM is in “direct support” of an order?**

The OCO determines whether an OLM is in direct support of an order.

### **Who makes the determination that OLMs are fair and reasonable?**

The OCO is responsible for making the determination that all OLMs are fair and reasonable.

### **Who has the final call on scope issues related to OLMs?**

The OCO makes the final call on all scope issues.

### **When is the contractor required to obtain three quotations?**

The contractor must obtain a minimum of three quotations for any OLM that exceeds the SAT. This is on a per-item basis. Please see GSAR clause 552.238-115 at <https://go.usa.gov/xtTpQ> for exceptions.

### **Can a contractor propose OLMs that are within the scope of their Schedule contract?**

Yes. However, the contractor should strive to add these items to their Schedule contract as soon as possible, for future use.

### **Can a contractor propose OLMs that are outside the scope of their Schedule contract?**

Yes. If the OLM items are in direct support of the order to be placed under the Schedule contract, this is acceptable.

### **Can some OLMs be handled as open-market items instead, to prevent the order from exceeding the 33.33% limitation?**

Yes. However, an ordering activity's CO should keep in mind that adding open-market items to a Schedule order for administrative convenience in accordance with the authority of FAR 8.402(f) – [https://www.acquisition.gov/far/part-8#FAR\\_8\\_402](https://www.acquisition.gov/far/part-8#FAR_8_402) – means that the purchase of these items must comply with all applicable acquisition regulations.

**If the order is modified, does the 33.33% calculation remain based on the original value at time of award or on the modified value?**

The 33.33% limitation on OLMs must be maintained throughout the order period, including the value of any options or modifications.

**Are there any exceptions to the 33.33% limitation? For example, what if the Schedule contract-level items in the order are “small ticket items” compared to the OLMs?**

There are no exceptions to the 33.33% limitation. If the dollar value of OLMs is high compared to the Schedule contract-level items in an order, this brings into question whether the OLMs are truly incidental to the work being performed.

OLM special ordering procedures make it clear that the 33.33% limitation applies not on an individual-order basis, but to the **cumulative** value of OLMs across all orders placed against the BPA. Reference GSAR clause 552.238-115(d)(4) at <https://go.usa.gov/xTtpQ>.

Ordering activities must ensure sufficient tracking processes are in place to track the costs at the BPA level. This could be problematic for BPAs with decentralized ordering. Some agencies have indicated that they will apply the 33.33% limitation at the order level under a BPA, to make it easier to track and ensure the limitation is not exceeded.







www.gsa.gov  
Spring 2022  
05-22-00203

View, download, and order publications via [www.gsa.gov/cmls](http://www.gsa.gov/cmls).