




ACQUISITION ALERT 2023-12

TO: Heads of the Contracting Activities (HCA)

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Office of Assistant Secretary for Financial Resources (ASFR)
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SUBJECT: Department-wide Category Management Policy for Mandatory Use and Mandatory Consideration

EFFECTIVE DATE: October 1, 2023

PURPOSE: To establish mandatory-use and mandatory-consideration contract sources for the purchase of supplies, equipment, and services under the categories of Information Technology (IT), Professional Services, Medical, Office Management: *Office Management Products*, and Transportation: *Vaccine Distribution*. The mandatory use and mandatory consideration policy will improve HHS alignment with category principles, increase the efficient use of funds, and reduce the burden on administrative staff.

This policy supersedes Acquisition Alert 2023-11, “Mandatory Consideration of Designated Agency Contracts”.

Policies contained within this Acquisition Alert will eventually be incorporated into the HHS Acquisition Manual (HHSAM), currently under development.

BACKGROUND: Office of Management and Budget Memorandum (OMB) M-19-13, *Category Management: Making Smarter Use of Common Contract Solutions and Practices*, dated March 20, 2019, calls on agencies to annually establish plans to reduce unaligned spend and increase the use of Best-in-Class (BIC) solutions for common goods and services. OMB Memorandum M-22-03, *Advancing Equity in Procurement*, further implements a number of category management reforms to advance the participation of socio-economic small businesses in the federal marketplace.

Category management principles are designed to reduce costs by leveraging the government’s buying power, eliminate redundant contract actions for common goods and services, reduce procurement acquisition lead times, reduce administrative burden, improve procurement data collection, and achieve small business and socioeconomic small business goals. The government has identified 10 categories of

spend that data is collected and managed.¹ Product Service Codes (PSC) aligning to each of the 10 categories of spend may be found in the *Federal Procurement Data System Product and Service Codes Manual*.²

APPLICABILITY: The policies and guidance set forth in this Acquisition Alert “Alert” are applicable to all new contracts, Blanket Purchase Agreements (BPA), orders and specified purchases utilizing the Government Purchase Card (GPC) issued for acquiring Information Technology (IT), Professional Services, Medical, Office Management Products, and Transportation for vaccine distribution that are awarded on or after October 1, 2023.

ROLES AND RESPONSIBILITIES: HCAs are responsible for ensuring the widest distribution and compliance with this Alert throughout their operating and staff divisions. Additionally, HCAs shall review and update any applicable internal procedures and guidance to reflect the policies contained herein.

POLICY: New contracts, BPAs and orders for supplies, equipment and/or services that are in-scope of the identified categories in this policy shall be acquired using one of the mandatory-use contract vehicles or mandatory-consideration vehicles specified in this policy, respective to the category designation. Mandatory-Use and Mandatory-Consideration contract vehicles listed in this policy are Federal Supply Schedules (FSS), Government-wide Acquisition Contracts (GWAC) and/or HHS-wide ordering vehicles that are designated as a Tier 1, 2 or 3 spend under management (SUM)³ contract vehicle.

Additionally, the FSS, GWACs and many of the HHS-wide contract vehicles provide access to substantial numbers of small businesses. Accordingly, Contracting Officers shall also set-aside for small business all new contracts, BPAs and orders that meet the “Rule of Two”, as articulated in FAR 19.502-2 under this policy. The small business rule-of-two set aside requirement applies to all new contracts, BPAs and orders regardless of the sourcing method; including FAR Parts 8.4, 13, 15 and 16.

Policy effect on existing contracts, BPAs, and orders with options. Options pursuant to FAR Part 17 on contracts, BPAs, and orders awarded prior to the effective date of this policy may be exercised consistent with the terms and conditions of those awards. Upon expiration of the final exercised option, any follow-on contract, BPA, or order is subject to this policy.

MANDATORY-USE: The following government-wide categories have designated mandatory-use contract vehicles. Contracting Officers shall use one of the contract vehicles identified on the HHS Mandatory-Use contracts list to acquire the needed items unless an exception to mandatory-use applies. There is no preference on which vehicle from the mandatory-use contract list items are sourced from. In addition, GPC holders shall comply with this Mandatory-Use policy for Item c. Office Management – Office Management Products, regardless of dollar amount.

- a. Information Technology
- b. Professional Services

¹ The 10 Government-wide Categories. [Category Management | Acquisition.GOV](#)

² Federal Procurement Data System Product and Service Codes (PSC) Manual. [PSC Manual April 2022.pdf \(acquisition.gov\)](#)

³ The Spend Under Management Maturity Model. [Tiers of Spend Under Management](#)

c. Office Management – Office Management Products

The list of Mandatory-Use contract vehicles is available on the [HHS Acquisition Portal](#) under the “Category Management” Quick Link.

EXCEPTIONS TO MANDATORY USE:

- a. Any new contract, BPA, or order set-aside for any socio-economic small business group; 8(a) participants, women-owned small businesses, service-disabled veteran-owned small businesses or HUBZone small businesses may be issued without a waiver.
- b. Any new contract, BPA or order action that has an approved Acquisition Plan prior to the date of this Alert, does not require a waiver.
- c. Any new contract, BPA or order awarded under a [BIC vehicle](#) not listed on the Mandatory Use list does not require a waiver.
- d. Any new contract, BPA or order that receives an approved waiver pursuant to this policy, as outlined below.

MANDATORY-CONSIDERATION: The following government-wide categories have designated mandatory-consideration contract vehicles. Contracting Officers shall first consider fulfilling requirements using contract vehicles included on the HHS Mandatory-Consideration list for awards in-scope of these designated categories prior to issuing a solicitation using any other source or procurement approach. Contracting Officers or authorized GPC users who, after consideration of these sources, determine that purchase from other sources is appropriate, shall document the contract file with their rationale regarding why the mandatory-consideration sources do not satisfy the mission requirement.

- a. Medical: Medical Equipment and Accessories and Supplies
- b. Transportation Services (limited to vaccine distribution)

The list of Mandatory-Consideration contract vehicles is available on the [HHS Acquisition Portal](#) under the “Category Management” Quick Link.

WAIVERS: Waivers for the Mandatory-Use policy for IT, Professional Services and Office Management – Office Management Products categories must be approved by the Senior Procurement Executive (SPE). Contracting Officers may submit, through their HCA, a request for waiver from mandatory-use requirements outlined in this Alert to the Category Management Division (CMD). The request for waiver shall include a Determination and Findings (D&F) that documents the requirement, the market research, any other supporting analysis and the rationale why the item(s) or service cannot be purchased from a mandatory source. CMD will assess the validity of the rationale and make a recommendation for approval/disapproval to the SPE. CMD will return the SPE’s decision to the requestor. The process will take up to 10 business days from the date of submission. There is no mechanism for appeal. Submit all waiver requests to CMD@hhs.gov.

AUDIT: Contract action data reporting will identify contracts written that are non-compliant with the mandatory use policy and a cross-check for an issued waiver will identify non-compliance with this policy. Reporting of non-compliance to the ASFR will be issued quarterly and to Heads of Contracting Activities periodically.

CONTACT: Please contact Acquisition_Policy@hhs.gov with any questions.