

Contract Formation

Activity 17: Indefinite-Delivery/Indefinite-Quantity Contracts and Ordering Procedures

Procedures for the acquisition of supplies and/or services when the exact times and/or exact quantities are not known at the time of contract award.

Related Flow Charts: [Flow Chart 17](#)

Related Courses: [FCN 425 \(Task and Delivery Order Contracting\)](#)

Part A: Establishing Indefinite-Delivery/Indefinite-Quantity Contracts

Tasks	FAR Reference(s)	Additional Information
1. Review the acquisition plan to determine whether the use of an indefinite delivery/indefinite quantity (IDIQ) contract is the best approach.	FAR 16.504 Indefinite-quantity contracts [indefinite-delivery contracts].	An indefinite-quantity contract may be used when the Government cannot predetermine, above a specified minimum, the precise quantities of supplies or services that the Government will require during the contract period, and it is inadvisable for the Government to commit itself for more than a minimum quantity. The contracting officer should use an indefinite-quantity contract only when a recurring need is anticipated.
2. Determine whether multiple awards are appropriate.	FAR 16.504(c) Multiple-award preference [indefinite-quantity contracts].	Except for indefinite-quantity contracts for advisory and assistance services, the contracting officer must, to the maximum extent practicable, give preference to making multiple awards of indefinite-quantity contracts under a single solicitation for the same or similar supplies or services to two or more sources. The contracting officer must determine whether multiple awards are appropriate as part of acquisition planning. The contracting officer must avoid situations in which awardees specialize exclusively in one or a few areas within the statement of work, thus creating the likelihood that orders in those areas will be

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		<p>awarded on a sole-source basis; however, each awardee need not be capable of performing every requirement as well as any other awardee under the contracts.</p> <p>Consider the following when determining the number of contracts to be awarded:</p> <ul style="list-style-type: none"> • The scope and complexity of the contract requirement. • The expected duration and frequency of task or delivery orders. • The mix of resources a contractor must have to perform expected task or delivery order requirements. • The ability to maintain competition among the awardees throughout the contracts' period of performance. <p>Do not use the multiple award approach if:</p> <ul style="list-style-type: none"> • Only one contractor is capable of providing performance at the level of quality required because the supplies or services are unique or highly specialized; • Based on the contracting officer's knowledge of the market, more favorable terms and conditions, including pricing, will be provided if a single award is made; • The expected cost of administration of multiple contracts outweighs the expected benefits of making multiple awards; • The projected task orders are so integrally related that only a single contractor can reasonably perform the work; • The total estimated value of the contract is less than the simplified acquisition threshold (SAT); or • Multiple awards would not be in the best interests of the Government.

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3. Document the decision whether or not to use multiple awards in the contract file.	FAR 16.504(c)(1)(ii)(C) Planning the acquisition [multiple-award preference].	The contracting officer may determine that a class of acquisitions is not appropriate for multiple award.
4. Determine a minimum quantity of supplies or services and state this quantity in the solicitation and contract.	FAR 16.504(a)(ii) Description [indefinite-quantity contracts].	The contract must require the Government to order and the contractor to furnish at least a stated minimum quantity of supplies or services. To ensure that the contract is binding, the minimum quantity must be more than a nominal quantity, but it should not exceed the amount that the Government is fairly certain to order.
5. Establish a reasonable maximum quantity of supplies or services and state this quantity in the solicitation and contract.	FAR 16.504(a)(ii) Description [indefinite-quantity contracts].	A reasonable maximum quantity should be based on market research, trends on recent contracts for similar supplies or services, survey of potential users, or any other rational basis. The contract may also specify maximum or minimum quantities that the Government may order under each task or delivery order and the maximum that it may order during a specific period of time.
6. Determine the period of the contract and state this period in the solicitation and contract.	FAR 16.504(a)(4)(i) Description [indefinite-quantity contracts].	Specify the period of the contract, including the number of options and the period for which the Government may extend the contract under each option.
7. Include a statement of work (SOW) in the solicitation and contract.	FAR 16.504(a)(4)(iii) Description [indefinite-quantity contracts].	Include an SOW, specifications, or other description, that reasonably describes the general scope, nature, complexity, and purpose of the supplies or services the Government will acquire under the contract in a manner that will enable a prospective offeror to decide whether to submit an offer.
8. Specify the ordering procedures in the solicitation and contract.	FAR 16.504(a)(4)(iv) Description [indefinite-quantity contracts].	State the procedures that the Government will use in issuing orders, including the ordering media, and, if multiple awards may be made, state the procedures and selection criteria that the Government will use to provide awardees a fair opportunity to be considered for each order (see FAR 16.505(b)(1)).
9. Include a description of the activities authorized to issue orders in the solicitation and contract.	FAR 16.504(a)(4)(vi) Description [indefinite-quantity contracts].	

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10. Follow contracting by negotiation procedures.	FAR Part 15 Contracting by negotiation.	See Activity 18: Contracting by Negotiation for further discussion.

Part B: Procedures for Ordering Under Indefinite-Delivery/Indefinite-Quantity Contracts

Tasks	FAR Reference(s)	Additional Information
1. Determine whether the need is within scope of the IDIQ contract.	FAR 16.505(a)(2) General [ordering].	Orders must be within the scope, issued within the period of performance, and be within the maximum value of the contract.
2. Work with requiring office to obtain Task Order SOW, IDIQ, and evaluation criteria.	FAR 16.505(a)(2) General [ordering].	Individual orders must clearly describe all services to be performed or supplies to be delivered so the full cost or price for the performance of the work can be established when the order is placed. Performance-based acquisition methods are to be used to the maximum extent practicable, if the contract or order is for services (see FAR 37.102(a) and AR Subpart 37.6).
3a. If IDIQ is a single award, determine whether the IDIQ establishes price.	FAR 16.504 Indefinite-quantity contracts.	Unit prices are established for products in the contract. Prices are established for services in the contract for the specific tasks to be performed.
3b. If the single-award contract did not establish the price for the supply or service, negotiate price for each order.	FAR 16.504 Indefinite-quantity contracts.	Establish prices for each order using the policies and methods in Subpart 15.4.

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<p>4(a)(i). If ordering under a multiple-award IDIQ, determine whether there is an exception to fair opportunity.</p>	<p>FAR 16.505(b)(2) Exceptions to the fair opportunity process [orders under multiple-award contracts].</p>	<p>The contracting officer must give every awardee a fair opportunity to be considered for a delivery-order or task-order exceeding \$3,000 unless one of the following statutory exceptions applies:</p> <ul style="list-style-type: none"> • The agency need for the supplies or services is so urgent that providing a fair opportunity would result in unacceptable delays. • Only one awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized. • The order must be issued on a sole-source basis in the interest of economy and efficiency because it is a logical follow-on to an order already issued under the contract, provided that all awardees were given a fair opportunity to be considered for the original order. • It is necessary to place an order to satisfy a minimum guarantee. • For orders exceeding the SAT, a statute expressly authorizes or requires that the purchase be made from a specified source. • In accordance with section 1331 of Public Law 111-240 (15 U.S.C. 644(r)), contracting officers may, at their discretion, set aside orders for any of the small business concerns identified in FAR 19.000(a)(3). When setting aside orders for small business concerns, the specific small business program eligibility requirements identified in FAR Part 19 apply.
<p>4(a)(ii). Document the justification for the exception to fair opportunities..</p>	<p>FAR 16.505(b)(2)(ii) Exceptions to the fair opportunity process [orders under multiple-award contracts].</p>	<p>The justification for an exception to fair opportunity must be in writing.</p> <p>For orders exceeding \$3,000, but not exceeding the SAT:</p> <ul style="list-style-type: none"> • Document the basis for using an exception to the fair opportunity process. If using the logical follow-on exception, the rationale must describe why the

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		<p>relationship between the initial order and the follow-on is logical (e.g., in terms of scope, period of performance, or value).</p> <p>For orders exceeding the SAT:</p> <ul style="list-style-type: none"> • As a minimum, each justification must include the following information: <ul style="list-style-type: none"> ○ Identification of the agency and the contracting activity, and specific identification of the document as a “Justification for an Exception to Fair Opportunity.” ○ Nature and/or description of the action being approved. ○ A description of the supplies or services required to meet the agency’s needs (including the estimated value). ○ Identification of the exception to fair opportunity (see FAR 16.505(b)(2)) and the supporting rationale, including a demonstration that the proposed contractor’s unique qualifications or the nature of the acquisition requires use of the exception cited. If using the logical follow-on exception, the rationale must describe why the relationship between the initial order and the follow-on is logical (e.g., in terms of scope, period of performance, or value). ○ A determination that the anticipated cost to the Government will be fair and reasonable. ○ Any other facts supporting the justification. ○ A statement of the actions, if any, the agency may take to remove or overcome any barriers that led to the exception to fair opportunity before any subsequent acquisition for the supplies or services is made. ○ The contracting officer’s certification that the justification is accurate and complete to the

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		<p>best of the contracting officer's knowledge and belief.</p> <ul style="list-style-type: none"> ○ Evidence that any supporting data that is the responsibility of technical or requirements personnel (e.g., verifying the Government's minimum needs or requirements or other rationale for an exception to fair opportunity) and which form a basis for the justification have been certified as complete and accurate by the technical or requirements personnel. ○ A written determination by the approving official that one of the circumstances in 16.505(b)(2)(i)(A) through (E) applies to the order.

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4(a)(iii). Seek approval of the justification, if required.	FAR 16.505(b)(2)(ii)(C) Approval [exceptions to fair opportunity].	<p>For proposed orders exceeding the SAT, but not exceeding \$650,000:</p> <ul style="list-style-type: none"> The ordering activity contracting officer's certification that the justification is accurate and complete to the best of the ordering activity contracting officer's knowledge and belief will serve as approval, unless a higher approval level is established in accordance with agency procedures. <p>For a proposed order exceeding \$650,000, but not exceeding \$12.5 million:</p> <ul style="list-style-type: none"> The justification must be approved by the advocate for competition of the activity placing the order, or by an official named in paragraph FAR 16.505(b)(2)(ii)(C)(3) or (4). This authority is not delegable. <p>For a proposed order exceeding \$12.5 million, but not exceeding \$62.5 million (or, for DoD, NASA, and the Coast Guard, not exceeding \$85.5 million):</p> <ul style="list-style-type: none"> The justification must be approved by the head of the procuring activity placing the order or a designee. <p>For a proposed order exceeding \$62.5 million (or, for DoD, NASA, and the Coast Guard, over \$85.5 million):</p> <ul style="list-style-type: none"> The justification must be approved by the senior procurement executive of the agency placing the order. This authority is not delegable, except in the case of the Under Secretary of Defense for Acquisition, Technology, and Logistics, acting as the senior procurement executive for the Department of Defense.

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4(a)(iv). Publish a notice and make the justification publicly available.	FAR 16.505(b)(2)(ii)(D) Posting [exceptions to fair opportunity].	<p>Within 14 days after placing an order exceeding the SAT that does not provide for fair opportunity in accordance with 16.505(b):</p> <ul style="list-style-type: none"> • Publish a notice in accordance with FAR 5.301; and • Make publicly available the justification required at FAR 16.505(b)(2)(ii)(B). <p>The justification must be made publicly available-</p> <ul style="list-style-type: none"> • At the government-wide point of entry (GPE) www.fbo.gov; • On the Web site of the agency, which may provide access to the justifications by linking to the GPE; and • Must remain posted for a minimum of 30 days. <p>In the case of an order permitted under FAR 16.505(b)(2)(i)(A), the justification must be posted within 30 days after award of the order.</p> <p>The posting requirement of this section does not apply-</p> <ul style="list-style-type: none"> • When disclosure would compromise the national security (e.g., would result in disclosure of classified information) or create other security risks; or • To a small business set-aside under FAR 16.505(b)(2)(i)(F).
4(a)(v). Negotiate price for each order.	FAR 16.505(b)(3) Pricing orders [orders under multiple award contracts].	If the contract did not establish the price for the supply or service, the contracting officer must establish prices for each order using the policies and methods in FAR Subpart 15.4.
4(b)(i). If the fair opportunity process applies, provide all contract holders the opportunity to compete.	FAR 16.505(b)(1) Fair opportunity [orders under multiple-award contracts].	<p>Provide each awardee a fair opportunity to be considered for each order exceeding \$3,000 issued under multiple delivery-order contracts or multiple task-order contracts, except as provided for in paragraph (b)(2) of this section.</p> <p>Broad discretion may be exercised in developing appropriate order placement procedures. Submission requirements should be</p>

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		<p>kept to a minimum. Streamlined procedures, including oral presentations, may be used.</p> <p>If the order does not exceed the SAT, the contracting officer need not contact each of the multiple awardees under the contract before selecting an order awardee if the contracting officer has information available to ensure that each awardee is provided a fair opportunity to be considered for each order. The competition requirements in FAR Part 6 and the policies in FAR Subpart 15.3 do not apply to the ordering process. However, the contracting officer must-</p> <ul style="list-style-type: none"> • Develop placement procedures that will provide each awardee a fair opportunity to be considered for each order and that reflect the requirement and other aspects of the contracting environment; • Not use any method (such as allocation or designation of any preferred awardee) that would not result in fair consideration being given to all awardees prior to placing each order; • Tailor the procedures to each acquisition; • Include the procedures in the solicitation and the contract; and • Consider price or cost under each order as one of the factors in the selection decision. <p>Orders exceeding the SAT.</p> <ul style="list-style-type: none"> • Each order exceeding the SAT must be placed on a competitive basis, unless supported by a written determination that one of the circumstances applies to the order and the requirement is waived on the basis of a justification that is prepared; • The contracting officer must- <ul style="list-style-type: none"> ○ Provide a fair notice of the intent to make a purchase, including a clear description of the supplies to be delivered or the services to be performed and the basis

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		<p>upon which the selection will be made to all contractors offering the required supplies or services under the multiple-award contract; and</p> <ul style="list-style-type: none"> ○ Afford all contractors responding to the notice a fair opportunity to submit an offer and have that offer fairly considered. <p>Orders exceeding \$5 million. For task or delivery orders in excess of \$5 million, the requirement to provide all awardees a fair opportunity to be considered for each order must include, at a minimum-</p> <ul style="list-style-type: none"> • A notice of the task or delivery order that includes a clear statement of the agency's requirements; • A reasonable response period; • Disclosure of the significant factors and subfactors, including cost or price, that the agency expects to consider in evaluating proposals, and their relative importance; • Where award is made on a best value basis, a written statement documenting the basis for award and the relative importance of quality and price or cost factors; and • An opportunity for a postaward debriefing in accordance with paragraph FAR 16.505(b)(6). • The contracting officer should consider the following when developing the procedures: <ul style="list-style-type: none"> ○ Past performance on earlier orders under the contract, including quality, timeliness and cost control. ○ Potential impact on other orders placed with the contractor. ○ Minimum order requirements. ○ The amount of time contractors need to make informed business decisions on whether to respond to potential orders.

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		<ul style="list-style-type: none"> ○ Whether contractors could be encouraged to respond to potential orders by outreach efforts to promote exchanges of information. ○ Formal evaluation plans or scoring of quotes or offers are not required.
4(b)(ii). Determine price or cost reasonableness.	FAR 16.505(b)(1) Fair opportunity [orders under multiple-award contracts].	Consider price or cost under each order as one of the evaluation factors in the selection.
5. Evaluate quote(s).	FAR 16.505(b)(1) Fair opportunity [orders under multiple-award contracts].	<p>The Government will evaluate responses against selection criteria contained in the proposed task order.</p> <p>Formal evaluation plans or scoring of quotes or offers are not required.</p>
6. Draft the order.	FAR 16.505(a)(7) General [ordering].	<p>Orders placed under indefinite-delivery contracts must contain the following information:</p> <ul style="list-style-type: none"> • Date of order. • Contract number and order number. • For supplies and services, contract item number and description, quantity, and unit price or estimated cost or fee. • Delivery or performance schedule. • Place of delivery or performance (including consignee). • Any packaging, packing, and shipping instructions. • Accounting and appropriation data. <p>Method of payment and payment office, if not specified in the contract (see FAR 32.1110(e)).</p>
7. Place the order using any medium specified in the contract.	FAR 16.505(a)(6) General [ordering].	

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8. Report the award to the Federal Procurement Data System-Next Generation (FPDS-NG).	FAR 4.603 Policy [contract reporting].	Contracts whose estimated value is \$3,000 or more or that may be \$3,000 or more must be reported in FPDS-NG. Every modification to that contract, regardless of dollar value must be reported to FPDS-NG.
9. Respond to any protest.	FAR 16.505(a)(10) General [ordering].	<p>No protest under FAR Subpart 33.1 is authorized in connection with the issuance or proposed issuance of an order under a task-order contract or delivery-order contract, except for-</p> <ul style="list-style-type: none"> • A protest on the grounds that the order increases the scope, period, or maximum value of the contract; or • A protest of an order valued in excess of \$10 million. Protests of orders in excess of \$10 million may only be filed with the Government Accountability Office, in accordance with the procedures at FAR 33.104.