DFARS PROCEDURES, GUIDANCE, AND INFORMATION (DFARS PGI)

Updated through DPN 20161104

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c. PGI 245.103-72 Government-furnished property attachments to solicitations and awards.
d. PGI 245.103-73 Contracting office responsibilities.
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a. PGI 245.201-70 Definitions.
b. PGI 245.201-71 Security classification.
2. PGI 245.402 Title to contractor-acquired property.
a. PGI 245.402-70 Policy.
b. PGI 245.402-71 Delivery of contractor-acquired property.
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2. PGI 246.407 Nonconforming supplies or services.
3. PGI 246.470 Government contract quality assurance actions.
a. PGI 246.470-2 Quality evaluation data.
4. PGI 246.472 Inspection stamping.
C. PGI 246.7--WARRANTIES
1. PGI 246.701 Definitions.
a. PGI 246.710-70 Warranty attachments.
XLI. PGI 247--Transportation
1. PGI 247.001 Definitions.
A. PGI 247.2-CONTRACTS FOR TRANSPORTATION OR FOR TRANSPORTATION-RELATED SERVICES
1. PGI 247.200 Scope of subpart.
a. PGI 247.271-2 Procedures.
b. PGI 247.271-3 Solicitation provisions, schedule formats, and contract clauses.
B. PGI 247.3-TRANSPORTATION IN SUPPLY CONTRACTS
1. PGI 247.301 General. Transportation guidance relating to Governmentwide commercial purchase card purchases that require shipments to OCONUS destinations is available in
2. PGI 247.305 Solicitation provisions, contract clauses, and transportation factors.
a. PGI 247.305-10 Packing, marking, and consignment instructions.
3. PGI 247.370 DD Form 1384, Transportation Control and Movement.
4. PGI 247.573 General.
XLII. PGI 249—Termination of Contracts
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a. PGI 249.105-1 Termination status reports.
b. PGI 249.105-2 Release of excess funds.
2. PGI 249.109 Settlement agreements.
a. PGI 249.109-7 Settlement by determination.
3. PGI 249.110 Settlement negotiation memorandum.
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a. PGI 250.101-3 Records.
2. PGI 250.103 Contract adjustments.
a. PGI 250.103-5 Processing cases.
b. PGI 250.103-6 Disposition.
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1. PGI 251.102 Authorization to use Government supply sources.
a. PGI 251.102-70 Contracting office responsibilities.
XLVI. PGI 252—Solicitation Provisions and Contract Clauses
A. PGI 252.1-INSTRUCTIONS FOR USING PROVISIONS AND CLAUSES
1. PGI 252.103 Identification of provisions and clauses.
XLVII. PGI 253—Forms
XLVIII. PGI 253.204
1. PGI 253.208 Required sources of supplies and services.
a. PGI 253.208-1 DD Form 448, Military Interdepartmental Purchase Request.
b. PGI 253.208-2 DD Form 448-2, Acceptance of MIPR.
2. PGI 253.213 Simplified acquisition procedures (SF's 18, 30, 44, 1165, 1449, and OF's 336, 347, and 348).
a. PGI 253.213-70 Completion of DD Form 1155, Order for Supplies or Services.
3. PGI 253.215 Contracting by negotiation.
a. PGI 253.215-70 DD Form 1547, Record of Weighted Guidelines Application.

4. PGI 253.219 Small Business Programs.
    a. PGI 253.219-70 DD Form 2579, Small Business Coordination Record.

XLIX. PGI - F—Material Inspection and Receiving Report
A. PGI F, PART 2--CONTRACT QUALITY ASSURANCE ON SHIPMENTS BETWEEN CONTRACTORS
1. PGI F-201 Procedures.
B. PGI F, PART 8--DISTRIBUTION OF THE DD FORM 250-1
1. PGI F-801 Distribution.
2. PGI F-802 Corrected DD Form 250-1.

(Revised September 30, 2015)

PGI 201.1—PURPOSE, AUTHORITY, ISSUANCE

201.106 OMB approval under the Paperwork Reduction Act.
The information collection and recordkeeping requirements contained in the Defense Federal Acquisition Regulations Supplement (DFARS) and Procedures, Guidance, and Information (PGI) have been approved by the Office of Management and Budget. The following OMB control numbers apply:

DFARS Segment	OMB Control No.
215.403-5	0704-0497
217.7004(a)	0704-0214
217.7404-3(b)	0704-0214
217.7505(d)	0704-0214
231.205-18	0704-0483
239.7408	0704-0341
242.1106	0704-0250
245.302(1)(i)	0704-0246
245.604-3(b) and3(d)	0704-0246
252.204-7000	0704-0225
252.204-7008	0704-0478
252.204-7010	0704-0454
252.204-7012	0704-0478
252.205-7000	0704-0286
252.208-7000	0704-0187
252.209-7001	0704-0187
252.209-7002	0704-0187
252.209-7004	0704-0187
252.209-7008	0704-0477
252.211-7004	0704-0398
252.211-7005	0704-0398
252.211-7006	0704-0434
252.211-7007	0704-0398
252.215-7002	0704-0232
252.215-7005	0704-0446
252.216-7000	0704-0259
252.216-7001	0704-0259

DFARS Segment	OMB Control No.
252.216-7003	0704-0259
252.217-7012	0704-0214
252.217-7026	0704-0214
252.217-7028	0704-0214
252.219-7003	0704-0386
252.223-7001	0704-0272
252.223-7002	0704-0272
252.223-7003	0704-0272
252.223-7004	0704-0272
252.223-7007	0704-0272
252.225-7000	0704-0229
252.225-7003	0704-0229
252.225-7004	0704-0229
252.225-7005	0704-0229
252.225-7006	0704-0229
252.225-7010	0704-0229
252.225-7013	0704-0229
252.225-7018	0704-0229
252.225-7020	0704-0229
252.225-7021	0704-0229
252.225-7023	0704-0229
252.225-7025	0704-0229
252.225-7032	0704-0229
252.225-7033	0704-0229
252.225-7035	0704-0229
252.225-7040	0704-0460
252.225-7046	0704-0229
252.225-7049	0704-0525
252.225-7050	0704-0187
252.227-7013	0704-0369
252.227-7014	0704-0369
252.227-7017	0704-0369
252.227-7018	0704-0369
252.227-7019	0704-0369
252.227-7025	0704-0369
252.227-7028	0704-0369

DFARS Segment	OMB Control No.
252.227-7037	0704-0369
252.228-7000	0704-0216
252.228-7005	0704-0216
252.228-7006	0704-0216
252.229-7010	0704-0390
252.232-7002	0704-0321
252.232-7007	0704-0359
252.232-7012	0704-0485
252.232-7013	0704-0485
252.234-7002	0704-0479
252.235-7000	0704-0187
252.235-7001	0704-0187
252.235-7003	0704-0187
252.236-7000	0704-0255
252.236-7002	0704-0255
252.236-7003	0704-0255
252.236-7004	0704-0255
252.236-7010	0704-0255
252.236-7012	0704-0255
252.237-7000	0704-0231
252.237-7011	0704-0231
252.237-7023	0704-0231
252.237-7024	0704-0231
252.239-7000	0704-0341
252.239-7006	0704-0341
252.239-7009	0704-0478
252.239-7010	0704-0478
252.242-7004	0704-0250
252.243-7002	0704-0397
252.244-7001	0704-0253
252.245-7003	0704-0246
252.246-7003	0704-0441
252.246-7005	0704-0481
252.246-7006	0704-0481
252.247-7000	0704-0245
252.247-7001	0704-0245

DFARS Segment	OMB Control No.
252.247-7002	0704-0245
252.247-7007	0704-0245
252.247-7022	0704-0245
252.247-7023	0704-0245
252.247-7024	0704-0245
252.247-7026	0704-0245
252.247-7028	0704-0245
252.251-7000	0704-0252
Appendix I	0704-0332
DD Form 1348-1A	0704-0246
DD Form 1639	0704-0246
DD Form 1659	0704-0245
DD Form 1861	0704-0232
DD Form 2063	0704-0231
DD Form 2139	0704-0229
DD Form 250	0704-0248
DD Form 250-1	0704-0248

PGI 201.109 Statutory acquisition-related dollar thresholds – adjustment for inflation.
Statutory acquisition-related dollar thresholds are reviewed every 5 years to calculate adjustment for inflation, as required by Section 807 of the National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375). The matrix showing the most recent escalation adjustments of statutory acquisition-related dollar thresholds in the DFARS is available here.

PGI 201.170 Peer Reviews.
The tenets of the DoD-wide architecture for the acquisition of services along with the associated review criteria are available here. These matrices are to be used when conducting preaward and postaward peer reviews on acquisitions for services. See PGI 237.102-76, Review criteria for the acquisition of services.

PGI 201.170-1 Objective of Peer Reviews.
The objectives of Peer Reviews are to—

(a) Ensure that DoD contracting officers are implementing policy and regulations in a consistent and appropriate manner;

(b) Continue to improve the quality of contracting processes throughout DoD; and

(c) Facilitate cross-sharing of best practices and lessons learned throughout DoD Defense Procurement and Acquisition Policy maintains a database of Peer Review recommendations, lessons learned, and best practices that is available at: http://www.acq.osd.mil/dpap/cpic/cp/peer_reviews.html.

PGI 201.170-2 Pre-award Peer Reviews.

(a) Pre-award Peer Reviews for competitive acquisitions shall be conducted prior to each of the following three phases of the acquisition:

(1) Issuance of the solicitation.

(2) Request for final proposal revisions (if applicable).

(3) Contract award.

(b) Pre-award Peer Reviews for non-competitive acquisitions shall be conducted prior to each of the following two phases of the acquisition:

(1) Negotiation.

(2) Contract award.

PGI 201.170-3 Post-award Peer Reviews of service contracts.

(a) If the base period of performance is greater than one year, the first post-award Peer Review should take place at the mid-point of the base period of performance. If the base period of performance is one year or less, the post-award Peer Review should occur prior to exercise of the first option year. Post-award Peer Reviews should occur prior to every option period thereafter.

(b) Post-award Peer Reviews shall be focused on—

(1) The adequacy of competition;

(2) An assessment of actual contract performance; and

(3) The adequacy of Government surveillance of contract performance.

PGI 201.170-4 Administration of Peer Reviews.

(a) The results and recommendations that are products of Peer Reviews are intended to be advisory in nature; however, in the event the Peer Review report includes a recommendation that is identified as “significant” and the contracting officer does not intend

to follow that recommendation, the senior procurement official of the contracting activity for the reviewed organization must be made aware of this fact before action is taken (or inaction, as applicable) that is contrary to the recommendation. Reviews will be conducted in a manner that preserves the authority, judgment, and discretion of the contracting officer and the senior officials of the acquiring activity.

(b) Peer Review teams will be comprised of senior contracting officials and attorneys from throughout DoD. A senior official designated by the OSD Office of Small Business Programs will participate as a team member on Peer Reviews of services acquisitions. Teams will include civilian employees or military personnel external to the department, agency, or component that is the subject of the Peer Review.

(c) Generally, each review will be conducted at the location of the executing contracting organization.

(d) A list of the documents that must be made available to the review team, along with the specific elements the team will examine, is provided at the end of this PGI section.

(e) The review team observations and recommendations will be communicated to the contracting officer and the senior procurement official immediately upon completion of a review.

(f) The contracting officer shall document the disposition of all Peer Review recommendations (i.e., state whether the recommendation will be followed and, if not, why not) as a signed memorandum for the record in the applicable contract file. This memorandum must be executed prior to the next phase Peer Review or prior to contract award for Phase 3 reviews. For post-award Peer Reviews of services acquisitions, the memorandum must be executed prior to the next option exercise. The contracting officer shall provide a copy of the memorandum to: Deputy Director, Defense Procurement and Acquisition Policy (Contract Policy and International Contracting), 3060 Defense Pentagon, Washington, DC 20301-3060.

Pre-award Peer Reviews
Required Documents and Elements

Required Documents: At a minimum, Peer Review teams shall have access to the following documents (as applicable):

1. The requirements document, to include the Acquisition Decision Memorandum;
2. The acquisition strategy, or acquisition plan;
3. The source selection plan;
4. The initial Request for Proposals (RFP) and all amendments to include what, if any, RFP requirements (technical and contractual) were changed and why;

5. The Source Selection Evaluation Board (SSEB) analysis and findings to ensure the evaluation of offers was consistent with the Source Selection Plan and RFP criteria;
6. Any meeting minutes memorializing discussions between the Government and offerors;
7. All evaluation notices generated as a result of deficiencies in the offerors' proposals as well as the offerors' responses to those evaluation notices;
8. All minutes memorializing the conduct of Source Selection Advisory Council (SSAC) deliberations held to date;
9. The offerors' responses to the request for Final Proposal Revision;
10. The final SSAC deliberations;
11. The final SSA determination and source selection decision;
12. Award/incentive fee arrangements, documentation of any required HCA D&Fs regarding non-availability of objective criteria;
13. Justification and Approval for use of non-competitive procedures; and
14. Documentation of pre-negotiation objectives, cost/price negotiation and the assessment of contractor risk in determining profit or fee.

Elements to be addressed:

1. The process was well understood by both Government and Industry;
2. Source Selection was carried out in accordance with the Source Selection Plan and RFP;
3. The SSEB evaluation was clearly documented;
4. The SSAC advisory panel recommendation was clearly documented;
5. The SSA decision was clearly derived from the conduct of the source selection process;
6. All source selection documentation is consistent with the Section M evaluation criteria; and
7. The business arrangement.

Post-award Peer Reviews
Required Documents and Elements

Required Documents: At a minimum, Peer Review teams shall have access to the following documents (as applicable):

1. The requirements document;
2. The business arrangement, including business case analysis;
3. Market research documentation;
4. The business clearance, including documentation of cost/price negotiation and the assessment of contractor risk in determining profit or fee.
5. Contractor surveillance documentation to include metrics, quality assurance surveillance plans; and

6. The contract and modifications thereof.

Elements to be addressed, at a minimum, in every post-award review:

1. Contract performance in terms of cost, schedule, and requirements;
2. Use of contracting mechanisms, including the use of competition, the contract structure and type, the definition of contract requirements, cost or pricing methods, the award and negotiation of task orders, and management and oversight mechanisms;
3. Contractor's use, management, and oversight of subcontractors;
4. Staffing of contract management and oversight functions; and
5. Extent of any pass-throughs, and excessive pass-through charges by the contractor (as defined in section 852 of the National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364).
6. Steps taken to mitigate the risk that, as implemented and administered, non-personal services contracts may become de facto personal services contracts.

Elements to be addressed in post-award reviews of contracts under which one contractor provides oversight for services performed by other contractors:

1. Extent of the DoD component's reliance on the contractor to perform acquisition functions closely associated with inherently governmental functions as defined in 10 U.S.C. 2383(b)(3); and
2. The financial interest of any prime contractor performing acquisition functions described in paragraph (1) in any contract or subcontract with regard to which the contractor provided advice or recommendations to the agency.

(Revised August 26, 2015)

PGI 201.3—AGENCY ACQUISITION REGULATIONS

PGI 201.301 Policy.

(b)(i) Contract clauses and solicitation provisions developed by departments and agencies (local clauses) that constitute a significant revision, as defined at FAR 1.501-1, shall be—

(A) Published for public comment in the Federal Register in accordance with FAR 1.501; and

(B) Approved in accordance with DFARS 201.304.

(ii) A local clause is considered a significant revision, as defined at FAR 1.501-1, if the clause—

(A) Contains a new certification requirement for contractors or offerors that is not imposed by statute (see FAR 1.107 and DFARS 201.107 and 201.304(2));

(B) Constitutes a deviation (as defined at FAR 1.401) from the parts and subparts identified at DFARS 201.402(1); or

(C) Will be used on a repetitive basis; and

(*1*) Imposes a new requirement for the collection of information from 10 or more members of the public (see FAR 1.106); or

(*2*) Has any cost or administrative impact on contractors or offerors beyond that contained in the FAR or DFARS.

(iii) A local clause is not considered a significant revision as defined at FAR 1.501-1, if the clause—

(A) Is for a single-use intended to meet the needs of an individual acquisition (e.g. a clause developed as a result of negotiations and documented in the business clearance or similar document), except for clauses that constitute a deviation (as defined at FAR 1.401) from the parts and subparts identified at DFARS 201.402(1); or

(B) May be used on a repetitive basis and has no new or additional cost or administrative impact on contractors or offerors beyond any cost or administrative impact contained in existing FAR or DFARS coverage.

PGI 201.304 Agency control and compliance procedures.

(4) Plans for controlling the use of clauses or provisions other than those prescribed by the FAR or DFARS (local clauses), as required by DFARS 201.304(4), shall include procedures to ensure that a local clause—

(A) Is evaluated to determine whether the local clause constitutes a significant revision (see 201.301(b));

(B) Is numbered in accordance with FAR 52.1 and DFARS 252.1 (see 252.103);

(C) Is accompanied by a prescription in the appropriate part and subpart of the department or agency FAR supplement where the subject matter of the clause receives its primary treatment;

(D) If it constitutes a significant revision—

(*1*) Is published for public comment in the Federal Register in accordance with FAR 1.501 and DFARS 201.501;

(*2*) Complies with the Paperwork Reduction Act 1980 (44 USC chapter 35), in accordance with FAR 1.106 and 1.301;

(*3*) Complies with the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*), in accordance with FAR 1.301; and

(*4*) Is approved in accordance with DFARS 201.304; and

(E) Is published with a prescription as a final rule in the Federal Register in order to amend the department or agency's chapter of Title 48 of the Code of Federal Regulations (CFR), if it is to be used on a repetitive basis.

(5)(A) Prior to publication for public comment in the Federal Register of a local clause that constitutes a significant revision (see 201.301(b)), departments and agencies shall submit, in accordance with agency procedures, the following information electronically via email to the Director, Defense Acquisition Regulation (DAR) Council, at osd.clause.control@mail.mil:

(*1*) The name of the requesting department or agency.

(*2*) The name, email address and phone number of the point of contract for the local clause and the department or agency clause control point of contact.

(*3*) A detailed rationale for the request, to include—

(*i*) Why existing FAR or DFARS clauses or provisions do not satisfy, or could not be tailored to meet, the department or agency's needs;

(*ii*) What contracting problem or situation will be avoided, corrected, or improved if the local clause is approved; and

(*iii*) Identification of other DoD Components that have expressed interest in use of the clause for consideration for incorporation into the DFARS.

(*4*) The draft rule to be published in the Federal Register to solicit public comments on the proposal to amend the department and agency's chapter of Title 48 of the CFR to incorporate the local clause.

(*5*) The initial regulatory flexibility analysis. For additional information on the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*) see Appendix 8 of the FAR Operating Guide accessible via the Defense Acquisition Regulation System (DARS) website at http://www.acq.osd.mil/dpap/dars/about.html.

(*6*) If applicable, the request package to be submitted to the Office of Management and Budget for any new information collection requirement imposed by the local clause. For additional information on the Paperwork Reduction Act (44 USC Chapter 35) see Appendix 9 of the FAR Operating Guide accessible via the DARS website at http://www.acq.osd.mil/dpap/dars/about.html.

(*7*) Evidence of coordination with the department or agency's legal counsel.

(*8*) Evidence of coordination with the appropriate stakeholders (e.g., Chief Information Officer, Office of Small Business Programs, etc.).

(B) The Director, DAR Council, shall—

(*1*) Determine whether the local clause unnecessarily duplicates coverage currently contained within the FAR or DFARS;

(*2*) Determine whether the local clause constitutes a deviation from the FAR or DFARS (see FAR 1.401) and requires approval in accordance with DFARS 201.4;

(*3*) Coordinate the local clause with the appropriate stakeholders;

(*4*) Coordinate local clauses, as appropriate, with the DAR Council for consideration of the local clause for incorporation in the DFARS; and

(*5*) Provide recommendations regarding the local clause package.

(C) Requests for Director, Defense Procurement and Acquisition Policy (DPAP), approval of local clauses that have been published for public comment in the Federal Register, shall be submitted electronically via email through the Director, DAR Council, at osd.clause.control@mail.mil and shall include the following:

(*1*) A memorandum requesting Director, DPAP, approval of the local clause.

(*2*) A copy of the notice of the rule published in the Federal Register.

(*3*) A copy of all public comments received in response to the Federal Register notice.

(*4*) An analysis of, and responses to, any public comments received.

(*5*) The draft final rule to be published in the Federal Register to amend the department or agency's chapter of Title 48 of the CFR to incorporate the local clause.

(*6*) The final regulatory flexibility analysis. For additional information on the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*) see Appendix 8 of the FAR Operating Guide accessible via the DARS website at http://www.acq.osd.mil/dpap/dars/about.html.

(*7*) If applicable, a copy of the Office of Management and Budget's approval of any new information collection requirement imposed by the local clause. For additional information on the Paperwork Reduction Act (44 USC chapter 35) see Appendix 9 of the FAR Operating Guide accessible via the DARS website at http://www.acq.osd.mil/dpap/dars/about.html.

(*8*) Evidence of coordination with the department or agency's legal counsel.

(*9*) Evidence of coordination with the appropriate stakeholders (e.g., Chief Information Officer, Office of Small Business Programs, etc.).

(*10*) A copy of any initial recommendations received from the Director, DAR Council on the proposed rule.

(Revised October 30, 2015)

PGI 201.6—CAREER DEVELOPMENT, CONTRACTING AUTHORITY, AND RESPONSIBILITIES

PGI 201.602 Contracting officers.

PGI 201.602-2 Responsibilities.

Contracting officers shall inform all individuals performing on their behalf of their delegated roles and responsibilities, and the relationships among the parties.

(d)(i) When designating Department of State personnel as a contracting officer's representative (COR for contracts executed by DoD in support of Department of State in Iraq), follow the procedures in the Director, Defense Procurement and Acquisition Policy memorandum dated July 11, 2011, Contracting Officer's Representative Designation—Iraq.

(ii) DoD COR certification standards define minimum COR competencies, experience, and training requirements according to the nature and complexity of the requirement and contract performance risk. These COR certification standards should be considered when developing service requirements, soliciting proposals, and performing surveillance during contract performance. The DoD standards and policy are provided in DoD Instruction 5000.72, DoD Standard for Contracting Officer's Representative (COR) Certification.

(iii) Guidance on the appointment and duties of CORs is provided in the DoD COR Handbook, March 22, 2012.

(iv) DoD agencies and components shall use the DoD Contracting Officer Representative Tracking (CORT) Tool to electronically track COR nominations, appointments, terminations, and training certifications for service contracts. Further guidance on using this tool is provided in OUSD(AT&L) memorandum, dated February 10, 2014, Update to the Department of Defense Contracting Officer Representative Tracking Tool. The link to the CORT Tool is https://wawf.eb.mil.

(v) A COR assists in the technical monitoring or administration of a contract.

(A) Contracting officers shall designate a COR for all service contracts, including both firm-fixed-price and other than firm-fixed-price contracts, awarded by a DoD component or by any other Federal agency on behalf of DoD. The surveillance activities performed by CORs should be tailored to the dollar value/complexity of the specific contract for which they are designated. For geographically dispersed large contracts with multiple task orders, contracting officers should consider appointing multiple or alternate CORs to assist with surveillance duties. These CORs should have

PGI 202—DEFINITIONS OF WORDS AND TERMS

(Revised September 19, 2014)

PGI 202.1—DEFINITIONS

PGI 202.101 Definitions.

DoD contracting activities are—

(1) Department of Defense.
Department of Defense Education Activity
Joint Improvised Explosive Device Defeat Organization
Washington Headquarters Services, Acquisition Directorate
Inspector General of the Department of Defense (limited contracting authority for use of the Governmentwide commercial purchase card)

(2) Department of the Air Force.
Office of the Assistant Secretary of the Air Force (Acquisition)
Office of the Deputy Assistant Secretary (Contracting)
Air Force Materiel Command
Air Force Space Command
Air Combat Command
Air Mobility Command
Air Education and Training Command
Pacific Air Forces
United States Air Forces in Europe
Air Force Special Operations Command
Air Force Reserve Command
Air Force Global Strike Command
Air Force Life Cycle Management Center
Air Force District of Washington
United States Air Force Academy
Air Force Operational Test and Evaluation Center
Space and Missile Systems Center
Air Force Intelligence, Surveillance and Reconnaissance Agency

(3) Department of the Army.
Deputy Assistant Secretary of the Army (Procurement)
Headquarters, U.S. Army Materiel Command
Headquarters, U.S. Army Medical Command
Joint Theater Support Contracting Command
National Guard Bureau
Program Executive Office for Simulation, Training, and Instrumentation
U.S. Army Corps of Engineers
U.S. Army Intelligence and Security Command

(4) Department of the Navy.
Office of the Deputy Assistant Secretary of the Navy (Acquisition & Procurement)
Marine Corps Systems Command
Military Sealift Command
Installations and Logistics, Headquarters, U.S. Marine Corps
Naval Air Systems Command
Naval Facilities Engineering Command
Naval Sea Systems Command
Naval Supply Systems Command
Office of Naval Research
Space and Naval Warfare Systems Command
Strategic Systems Programs

(5) Defense Advanced Research Projects Agency.
Office of the Deputy Director, Management

(6) Defense Commissary Agency.
Directorate of Contracting

(7) Defense Contract Management Agency.
Office of the Executive Director, Contracts, Defense Contract Management Agency

(8) Defense Finance and Accounting Service.
External Services, Defense Finance and Accounting Service

(9) Defense Information Systems Agency.
Defense Information Technology Contracting Organization

(10) Defense Intelligence Agency.
Office of Procurement

(11) Defense Logistics Agency.
DLA Acquisition (J-7)
DLA Aviation
DLA Energy
DLA Land and Maritime
DLA Troop Support

(12) Defense Security Cooperation Agency.
Contracting Division

(13) Defense Security Service.

Office of Acquisitions

(14) Defense Threat Reduction Agency.
Acquisition Management Office

(15) Missile Defense Agency.
Headquarters, Missile Defense Agency

(16) National Geospatial-Intelligence Agency.
Procurement and Contracting Office

(17) National Security Agency.
Headquarters, National Security Agency

(18) United States Special Operations Command.
Headquarters, United States Special Operations Command

(19) United States Transportation Command.
Directorate of Acquisition

(20) Defense Health Agency.
Directorate of Procurement

PGI 203—Improper Business Practices and Personal Conflicts of Interest

(Removed December 11, 2014)

PGI 203.1—SAFEGUARDS

No Current PGI Text.

(Revised March 28, 2014)

PGI 203.5--OTHER IMPROPER BUSINESS PRACTICES

PGI 203.570 Prohibition on persons convicted of fraud or other defense-contract-related felonies.

PGI 203.570-1 Scope.

The complete text of 10 U.S.C. 2408, Prohibition on Persons Convicted of Defense-Contract Related Felonies and Related Criminal Penalty on Defense Contractors, is available at http://uscode.house.gov/ (Select "Search the U.S. Code"; then type "10 USC Sec. 2408" (including the quotation marks) in the search engine window and click on the search button).

PGI 203.570-2 Prohibition period.

(a)(1) The contracting officer shall—

(i) Review any request for waiver; and

(ii) Deny the request if the contracting officer decides the waiver is not required in the interests of national security; or

(iii) Forward the request to the head of the agency or designee for approval if the contracting officer decides the waiver may be in the interest of national security.

(2) The head of the agency or designee shall report all waivers granted, and the reasons for granting the waiver, to the Under Secretary of Defense (Acquisition, Technology, and Logistics), who will forward the report to Congress as required by 10 U.S.C. 2408(a)(3).

(3) Guidance on using the Exclusions section of the System for Award Management is available at PGI 209.105-1.

(b) Submit a copy of the determination to Bureau of Justice Assistance, U.S. Department of Justice, 810 Seventh Street, NW, Washington, DC 20531.

(*Revised September 9, 2013*)

PGI 203.8— LIMITATIONS ON THE PAYMENT OF FUNDS TO INFLUENCE FEDERAL TRANSACTIONS

(a) Report violations or potential violations of the Lobbying Disclosure Act (31 U.S.C. 1352) through agency channels to the Deputy Director, Defense Procurement and Acquisition Policy (Contracting Policy and International Contracting), osd.pentagon.ousd-atl.mbx.cpic@mail.mil.

(b) Click here to view OUSD(AT&L) memorandum dated March 5, 2012, Department of Defense Inspector General (DODIG) Report 2012-030, Contractor Compliance Varies with Classification of Lobbying Costs and Reporting of Lobbying Activities (Project No. D2010-DOOOCF-0145.000).

(Added February 23, 2006)

PGI 204.1—CONTRACT EXECUTION

PGI 204.101 Contracting officer's signature.

(1) Include the contracting officer's telephone number and, when available, e-mail/Internet address on contracts and modifications.

(2) The contracting officer may sign bilateral modifications of a letter contract before signature by the contractor.

(Revised October 21, 2016)

PGI 204.2—CONTRACT DISTRIBUTION

PGI 204.201 Procedures.

(1) The procuring contracting officer (PCO) retains the original signed contract for the contract file. Administrative contracting officers and termination contracting officers provide the original of each modification to the PCO for retention in the contract file. Unless otherwise directed by department/agency procedures, the office issuing the orders maintains the original of orders under basic ordering agreements and the original of provisioning orders; and

(2) Ensure that distribution of contracts and modifications is consistent with security directives.

(3) Use the following distribution procedures instead of those at FAR 4.201(b) through (f):

(i) Contracts and modifications shall be distributed electronically (except as provided at DFARS 204.270-1(a)) using the following methods:

(A) Indexed Portable Document Format files shall be sent via the Global Exchange system (GEX) to the Electronic Document Access (EDA) (http://eda.ogden.disa.mil) system to provide a human-readable copy of contract documents.

(B) Electronic data files depicting the contract shall be sent in at least one of the following formats via the GEX to EDA and to systems supporting specific offices as set forth in paragraph (ii) below. (Note that the GEX can be used to translate from the formats below to other formats. Organizations should send both formats in parallel unless validation failures have been eliminated.)

(1) American National Standards Institute X.12 Electronic Data Interchange standard transaction sets 850 and 860.

(2) Department of Defense Procurement Data Standard (PDS) Extensible Markup Language (XML) format**:** http://www.acq.osd.mil/dpap/pdi/eb/procurement_data_standard.html

(ii) After contract execution, provide an electronic data file copy of the contract and modifications in either X.12 or PDS XML to the following:

(A) The contract administration office, if the contracting officer delegates

contract administration to another office (see FAR subpart 42.2). The contracting officer also should provide the contract administration office with a copy of the contract distribution list, indicating those offices that should receive copies of modifications, and any changes to the list as they occur.

(B) The payment office. Provide any modification that changes the payment office to both the new and the old payment offices.

(C) Each accounting office whose funds are cited in the contract.

(D) Each consignee specified in the contract. A transshipping terminal is not a consignee. The Defense Logistics Agency (DLA) is authorized to prescribe alternate procedures for distribution of contract documents in DLA Europe and Africa.

(E) The military interdepartmental purchase request requiring activity in the case of coordinated acquisition.

(F) The receiving activity, if the contract or modification provides initial or amended shipping instructions under DFARS 204.1603(b)(2)(ii)(*1*)(*ii*) and (*iii*).

(iii) Provide electronic notice of award via EDA to the following:

(A)(*1*) The appropriate Defense Contract Audit Agency (DCAA) office, as listed in DCAAP 5100.1, Directory of DCAA Offices, or as obtained through the DCAA cognizant field audit office locator, both available via the Internet at http://www.dcaa.mil, if the contract or modification is one of the following types:

(i) Cost-reimbursement.

(ii) Time-and-materials.

(iii) Labor-hour.

(iv) Fixed-price with provisions for redetermination, cost incentives, economic price adjustment based on cost, or cost allowability.

(v) Any other contract that requires audit service.

(2) If there is a question as to the appropriate DCAA field audit office, request the assistance of the DCAA financial liaison advisor or the nearest DCAA field audit office.

(B) Those organizations required to perform contract administration support functions (e.g., when manufacturing is performed at multiple sites, provide a

copy to the contract administration office cognizant of each location).

(C) The cognizant administrative contracting officer when the contract is not assigned for administration but contains a Cost Accounting Standards clause. Indicate that the copy is provided "For Cost Accounting Standards Administration Only" (see FAR 30.601(b)); and

(D) The cognizant Defense Security Service office listed in DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives, when the clause at DFARS 252.223-7007, Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives, is included in the contract. An extract of the pertinent information can be provided instead of the contract.

(iv) If electronic distribution is not available, provide one paper copy to each location identified in paragraphs (3)(i) through (iii) of this section.

PGI 204.270 Electronic Document Access.

PGI 204.270-2 Procedures.

(a) Contracting officers shall maintain an account in Wide Area WorkFlow (WAWF), which provides access to Electronic Document Access (EDA) to ensure their ability to validate and verify data and documents distributed to EDA, as necessary.

(b) Agencies shall perform, upon deployment of any contract writing system or other source of contractual documents to be posted to EDA, an analysis to verify adequate controls are in place to ensure that contract documents including attachments, and contract data posted to EDA are accurate representations of the contract. Analyses performed shall include the following—

(1) For documents posted in document formats (e.g., Portable Document Format (PDF)), verification that the electronic versions of contract documents posted to EDA are accurate representations of the contract; however, the electronic version is not required to display visual signatures; and

(2) For data sent to EDA in the data standards at PGI 204.201, review of the data posted to EDA against the contract documents verified under PGI 204.270(b)(1) to ensure the contract data rendered in EDA is an accurate representation of the underlying contract. To facilitate this review process, all feeds of data to EDA in the Procurement Data Standard are initially placed in a view only evaluation mode, where the data is not available to other systems or outside users pending verification. Upon completion of the review of data, contracting organizations shall notify the EDA program office of the results of the review, with a list of the issuing offices of the contractual actions, the identifier of the system sending the actions, the version or versions of the data standards to which the review applies, and the locations of the systems sending the actions, directing one of the following decisions—

(i) Delete all data sent to date (in this case the system remains in evaluation status pending further review);

(ii) Delete all data sent to date, and change all subsequent data from 'evaluation' to 'compliant' status; or

(iii) Retain all data sent to date, and change all subsequent data from 'evaluation' to 'compliant' status.

(c) *Contract deficiency reports*.

(1) Contracting officers and all individuals tasked with creating, managing, or viewing contract deficiency reports (CDRs) shall establish and maintain an account in WAWF.

(2) Agencies that award or administer contracts, or perform pay office functions, should assign individuals within their organization to create, manage, and view CDRs within WAWF based on the following CDR user roles: initiator, reviewer, assignee, and view only.

(3) The contracting officer shall correct contract deficiencies identified in a CDR and document the steps taken to resolve the deficiency in the CDR.

(4) *The CDR process*.

(i) *Creation*. A CDR is created when a deficiency is identified in the procurement instrument. A list of types of CDR deficiencies is available at http://www.acq.osd.mil/dpap/pdi/eb/procurement_data_standard.html. The specifics of the deficiency shall be documented in the description in enough detail to provide the assignee an understanding of the problem.

(ii) *Approval*. Once a CDR is created, the initiator shall route the CDR to their local approval official for review.

(iii) *Assignment*. Once a CDR is approved, it is routed to the appropriate contracting activity for action.

(iv) *Acceptance*. A CDR must be accepted or returned by the contracting activity. If a CDR is determined to have been incorrectly assigned, the contracting activity can reassign the CDR to the proper organization (if known) or reject the CDR.

(v) *Resolution*. The assignee shall document the actions taken to resolve a CDR. If a modification has been issued to resolve the deficiency, it shall be identified in the CDR. Once all deficiencies identified on a CDR have been resolved, mark the CDR as resolved. All CDRs should be resolved within 30 days of approval.

(vi) *Close*. After resolution of a CDR, the initiator of the CDR can accept the resolution and manually close the CDR or return it to the assignee for further action. CDRs not manually closed or returned by the initiator to the assignee within 60 days after resolution will automatically be closed. Once the CDR is closed, a notification is generated advising that the CDR is closed.

(5) Additional information on the CDR module of WAWF is available at https://wawf.eb.mil.

(Revised September 19, 2014)

PGI 204.4—SAFEGUARDING CLASSIFIED INFORMATION WITHIN INDUSTRY

PGI 204.402—General.

(1) The use of "Not Releasable to Foreign Nationals" (NOFORN) caveat on Department of Defense (DoD) Information, to include contract documents, shall not be applied to non-intelligence information except for Naval Nuclear Propulsion Information and the National Disclosure Policy document (NDP-1).

(2) Agencies shall not restrict procurements on the basis of foreign origin but rather on the level of security clearance required by industry to submit an offer and perform on the contract.

PGI 204.403 Responsibilities of contracting officers.

(1) Consistent with the requirements at FAR subpart 4.403, contracting officers shall ensure that solicitations, to include any Broad Agency Announcement (BAA) or notice to industry, that requires industry access to classified information and/or controlled unclassified information (see policy memos), shall contain one or more of the following:

(i) Draft DoD Form DD 254, DoD Contract Security Classification Specification. See Defense Security Service (DSS) guide for the preparation of the DD Form 254 at http://www.dss.mil/isp/tools.html and select "A Guide for the Preparation of a DD Form 254".

(ii) The clause at FAR 52.204-2, Security Requirements.

(iii) Detailed agency instructions for industry requirements to request access to classified information and/or controlled unclassified information. Agency instructions shall clearly reference and be in accordance with the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220-22-M) and Industrial Security Regulation (DoD 5220.22-R).

(iv) The following is a template of agency instructions to industry:

> "Offerors must have a valid U.S. security clearance of *[to be filled in by the contracting officer]* or higher in order to respond to this RFP (Announcement), because the RFP (Announcement) includes an annex (information) classified at the *[to be filled in by the contracting officer]* level which will be released only to offerors possessing the appropriate clearance. All classified material must be handled in accordance with the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220-22-M) and Industrial Security Regulation (DoD 5220.22-R)."

(2) Fundamental research project determination.

(i) Projects being scoped as fundamental research may include the entire contract effort or a specified portion of the statement of work, and must be documented in the written determination and in the contract.

(ii) The determination of fundamental research shall occur when the project is added to the statement of work, either prior to award or during a contract modification that modified the statement of work.

(iii) Fundamental research is defined in the USD(AT&L) memorandum on Fundamental Research, dated May 24, 2010.

(iv) See clause 252.204-7000(a)(3), concerning disclosure of information for fundamental research projects.

(Revised September 23, 2016)

PGI 204.6—CONTRACT REPORTING

PGI 204.602 General.

(1) *Helpful documents*. The Federal Procurement Data System (FPDS) website at https://www.fpds.gov provides useful documents and on-line training to assist with FPDS data entry. Key manuals can be found at the top of the website homepage under the "Training" and "Worksite" drop-down links to include:

(i) FPDS Data Element Dictionary – The data dictionary outlines relevant information for each data field. The version 1.4 Data Dictionary identifies whether a data field is Required, Optional, Propagates from the base action**,** Not Applicable or System Generated, for each type of data entry screen (Awards, Indefinite Delivery Vehicles, and Transactions/Modifications). It also identifies the source of data entry (e.g., Contracting Officer, System for Award Management (SAM), FPDS); the format of the field; and whether the field input is derived from entries in other fields. At the back of the Data Dictionary is a useful summary "J3 DoD Use Case Summary." Note that version 1.3 of the Data Dictionary (and earlier editions) used a term called "Not Required," and did not distinguish between Not Applicable, Propagates, or System Generated**.** If a data field is identified as "Not Required," it may mean that the data is pre-populated from another source, such as the SAM for vendor data, or the originating contract action report if the current action is referencing a previously reported award.

(ii) FPDS Data Validations – This document identifies all the validation rules that are applied to data entry. The majority of the rules apply Governmentwide. DoD specific validation rules appear at "J5.5.1 DoD Specific Validations."

(iii) FPDS Users Manual – This manual provides guidance on the various types of data entry screens and addresses whether a particular field is: [R] – requires contracting officer/buyer entry; [A] – pre-populated by FPDS or a contract writing system, if using machine-to-machine process; or [C] – calculated by FPDS for each type of data entry screen. However, the nature of the field is determined based on Governmentwide requirements. To determine DoD-specific requirements, refer to J3 "DoD Use Case Summary" in the FPDS Data Element Dictionary.

(2) *Reporting technical or policy issues*.

(i) *Technical issues*. To report an FPDS technical issue—

(A)*(1)* Users of the Standard Procurement System (SPS) should contact their local SPS Help Desk (authorized SPS caller);

(2) Users of other contract writing systems should contact the local contract writing system administrator to determine the appropriate procedures; and

(3) Web users should contact their local system administrator, who will then contact the FPDS Help Desk; or

(B) If the issue is an obvious FPDS technical issue that needs to be documented and corrected by the system, the user should contact the Federal Service Desk (FSD), by telephone at 866-606-8220 (U.S. or DSN), or 334-206-7828 (International), or submit a comment or request at www.fsd.gov. When e-mailing FSD, also send a copy to the applicable agency representative identified in paragraph (2)(iii) of this section.

(ii) *Policy issues*. Report policy issues to the applicable agency representative identified in paragraph (2)(iii) of this section.

(iii) *Agency representatives*. Department and component FPDS representatives and their contact information can be found on the DPAP website at http://www.acq.osd.mil/dpap/pdi/eb/federal_procurement_data_system_-_next_generation_fpds-ng.html under "Additional Resources."

PGI 204.604 Responsibilities.

(1) The OSD Procurement Data Improvement Plan, posted at http://www.acq.osd.mil/dpap/pdi/eb/dataimp.html#, applies to each of the military services and agencies with procurement authority, and identifies the data validation requirements and responsibilities that support the annual Department of Defense certification identified at FAR 4.604(c). These review requirements encompass contract action reports submitted to FPDS, terminations for default and other documents submitted to the Federal Awardee Performance and Integrity Information System (FAPIIS), and other reporting and posting requirements.

(2) Contract action reports (CARs) must be completed in compliance with the timelines established in FAR 4.604(b)(2) and (3). CARs or their data are not available for public view or for non-DoD use until 90 days after the 'Date Signed' data element in order to minimize risk to military operations.

PGI 204.606 Reporting data.
Do not enter a generic DUNS number used for reporting to the Federal Procurement Data System (FPDS) (see FAR subpart 4.6), nor a generic CAGE code that corresponds to a generic DUNS number, on any contractual document. These generic codes shall only be used for reporting to FPDS. Using the generic codes on actual contract actions masks the true identity of the vendor and immediately makes any accurate electronic processing of invoices, receiving reports, and payments impossible; and can, in fact, result in misdirected payments. As a reminder FAR subpart 4.18

requires each contractor be identified by its actual CAGE code on contract actions; there is no exemption to the requirement for an actual CAGE code.

(1) *Methods of reporting to FPDS*.

(i) *Individual contract action report (CAR) (one CAR per contract action)*. The normal method of reporting to FPDS is through the use of individual CARs.

(A) An individual CAR is required to be reported for each of the following types of awards regardless of the estimated value of the award:

(*1*) Indefinite-delivery contract.

(*2*) Blanket purchase agreement (prescribed by FAR parts 8 or 13).

(*3*) Basic ordering agreement.

(*4*) Basic agreement (only if the agreement has a value and potential obligations greater than $0).

(*5*) Task and delivery orders and calls issued under any agreement or indefinite-delivery contract (including Federal Supply Schedules, Governmentwide acquisition contracts, or multi-agency contracts).

(*6*) Modification to any contract, agreement, order, or call where a CAR is required for the base award regardless of the amount being obligated or deobligated on the modification.

(B)(*1*) An individual CAR is required to be reported for each of the following types of awards when the award process was conducted using other than micro-purchase procedures and the value is greater than the micro-purchase threshold (MPT):

(*i*) Purchase order.

(*ii*) Definitive contract.

(*2*) Although a contract action report is not required for these awards when micro-purchase procedures were followed and the value is less than the MPT, it is encouraged as a best practice if the award was not accomplished using the Governmentwide commercial purchase card or a Standard Form 44. Additionally, when the purchase order or definitive contract being awarded is in response to a contingency, an individual report is required when the value of the award is greater than $25,000, not the MPT of $30,000 referenced in FAR part 2.

(C) See paragraphs (1)(ii) and (iii) of this section for exceptions to individual reporting.

(ii) *Multiple CARs (more than one CAR per contract action)*.

(A) Prepare multiple CARs if—

(1) The contract or order award is anticipated to include both foreign funding and U.S. funding.

(2) The contract or order award includes line items with more than one type of contract pricing (e.g., fixed-price, cost-plus-fixed-fee) and each of the types of contract pricing have a dollar value greater than $5,000,000 for that type. Use a separate CAR for each type of contract pricing arrangement.

(B) The determination of whether multiple CARs are needed for the situations described in (A) of this section is made when the contract or order is awarded. Contracting officers are not required to delete and re-enter CARs in FPDS as multiple CARs if, during the life of the contract or order, subsequent unanticipated modifications make the award eligible for multiple CARs.

(C) The following multiple CAR transaction identification numbers have been established for reporting multiple CARs and shall be used by all DoD contracting offices. Do not use transaction numbers other than '0' if the requirements for multiple CARs in (A) and (B) of this section do not apply at the time of contract or order award. When reporting modifications, include the transaction number that was reported on the initial base award in order to properly identify the referenced contract action report. If both situations described in PGI 204.606(1)(ii)(A) exist, transaction numbers should be assigned based on FMS and non-FMS rather than by type of contract pricing arrangement. Do not use multiple CARs with transaction numbers other than "0" if the entire award is expected to be funded by foreign funding.

Transaction Type	Transaction Number
No multiple CARs	0
DoD-Cost	1
DoD-Cost-Sharing	2
DoD-CPAF	3
DoD-CPFF	4
DoD-CPIF	5
DoD-FFP	6
DoD-FP-EPA	7
DoD-FP-LOE	8
DoD-FPAF	9
DoD-FPI	10

DoD-FPR	11
DoD-LH	12
DoD-TM	13
FMS	14
Non-DoD	15
Non-FMS	16
DoD	17

(iii) *Express reporting (consolidated reporting of multiple contract actions, to be submitted at least monthly)*.

(A) Express reporting may be used for—

(1) Multiple contract actions against a single contract or agreement, when monthly volume of actions is such that individual contract action reporting is overly burdensome (e.g., orders placed by the Defense Commissary Agency; installation housing maintenance; and recurring blanket purchase agreement actions);

(2) Multiple contract actions accomplished away from the contracting office, such as ships away from home port; contingency, humanitarian, or peacekeeping operations; or other remote deployments;

(3) Multiple delivery orders that use the Governmentwide purchase card as both the method of purchase and payment under federal supply schedules, Governmentwide acquisition contracts (GWACs), blanket purchase agreements (BPAs), basic ordering agreements (BOAs), and other indefinite-delivery type contracts;

(4) Multiple contract actions for energy-related supplies and associated services accomplished by the Defense Logistics Agency (DLA) Energy; and

(5) Orders under communications service agreements for local dial tone services, in accordance with agency procedures.

(B) When express reports reflect more than one contractor for overseas actions or consolidated delivery orders made using the Government purchase card where identification of the contract or agreement is not possible, use the appropriate generic DUNS number.

(C) When express reports are used, sum all of the actions and enter in the 'Number of Actions' data field. Also sum all of the obligations and enter in the 'Action Obligation', 'Base and Exercised Options Value', and 'Base and All Options Value' data fields. Express reports shall be submitted no less frequently than monthly.

(2) *Actions not reported*. In addition, to the types of actions listed in FAR 4.606(c), do not report the following types of actions to FPDS:

(i) Orders placed by ordering officers against indefinite-delivery vehicles awarded by—

(A) The United States Transportation Command (USTRANSCOM) or its components for decentralized transportation-related services. USTRANSCOM will report these orders. Contracting officers shall submit consolidated reports of orders (bookings/bills of lading) at least annually to USTRANSCOM; or

(B) The Defense Logistics Agency (DLA) Energy for energy-related supplies and associated services using defensewide working capital funds. DLA Energy will report these orders. It is the responsibility of the contracting office to ensure that orders placed against these vehicles using other than defensewide working capital funds are reported to FPDS.

(ii) Contracts, agreements, or orders that are themselves classified.

(3) *Specific instructions for entering data in FPDS***.**

(i) Contracting officers shall choose the correct FPDS format (e.g., purchase order, basic ordering agreement (BOA), blanket purchase agreement (BPA)) to report the award of a new contract, agreement, or order. Note that prior to FY10, DoD offices reported BOAs and BPAs as Indefinite-Delivery Contracts (IDCs) in FPDS; BPA calls issued under those pre-FY10 reported BPAs are reported using the task/delivery order format in FPDS. BPA calls issued under DoD issued BPAs reported FY10 or later or any civilian agency issued BPA should be reported using the BPA call format.

(ii) The remaining instructions in this section cover the different sections of an FPDS contract action report, as presented to the user in the system. Not every data element is addressed here, as many are self-explanatory. Users should also consult the FPDS User Manual referenced in PGI 204.602(1)(iii) for more complete descriptions and examples. Also, the instructions in this section use data field names based on what is shown to the user while entering data in FPDS; for more specific information, review the FPDS Data Element Dictionary referenced in PGI 204.602(1)(i).

(iii) *FPDS Entry – Document Information Section*.

(A) Enter the new contract, agreement, or order number in the 'Procurement Identifier' data field. Note that new awards will be reflected as Modification 0 in FPDS.

(B) If the action is a BPA awarded against a Federal Supply Schedule, enter the Federal Supply Schedule contract number in the 'Referenced IDV' data field.

(C) If the action is a delivery order awarded against a Federal Supply Schedule, Governmentwide acquisition contract (GWAC), BOA, or other indefinite-delivery contract (IDC); enter that contract or BOA number in the 'Referenced IDV' data field.

(D) If the action is a BPA call awarded against a BPA, enter the BPA number in the 'Referenced IDV' data field.

(E) If the action is a modification, enter the contract, agreement, or order number in the 'Procurement Identifier' data field and the modification number in the 'Modification No' data field.

(F) If multiple reports are required by PGI 204.606(1)(ii), then enter the appropriate transaction number in the 'Trans No' data field.

(G) If the award is associated with a solicitation, enter the solicitation number in the 'Solicitation ID' data field.

(H) If the award is associated with an initiative identified in FPDS (e.g, American Recovery and Reinvestment Act), choose the appropriate value in the 'Initiative' data field.

(iv) *FPDS Entry –Treasury Account Symbol (TAS) data fields*.

(A) The TAS is used in FPDS to identify the type of funding obligated on a contract action. Per guidance from the Office of Management and Budget, the TAS is used as the 'program source' data element required by the Federal Funding Accountability and Transparency Act.

(B) The TAS should be provided by the requiring organization with the purchase request, and is often part of the line of accounting. The list of valid TAS is maintained by the Department of Treasury in the FASTBook; an on-line version of the FASTBook is available at http://www.fms.treas.gov/fastbook/index.html. Each TAS reported to FPDS includes a character agency identifier and a four character main account code (example: 97 0100). Some TAS also require a three character subaccount code. Note that the Department of Treasury FASTBook indicates a transition from a two character agency identifier to a three character agency identifier. However at this time, DoD contracting officers are advised to drop the leading zero (0) from a three character agency identifier, and enter the next two characters in FPDS (e.g., 097 becomes 97).

(C) Report the TAS on CARs for each contract action with an obligation amount other than $0. The TAS that is reported on a CAR should represent the predominant type of funding in terms of absolute dollars obligated and deobligated on the specific contract action being reported.

(D) For contract actions awarded by working capital funds offices, and the original type of funds received from the customer are not tied to specific procurements or otherwise identifiable, use the TAS that represents the working capital funds provided.

(E) For contract actions funded by foreign governments, and those funds are not considered under the Foreign Military Financing Program identified by the Department of Treasury in its FASTBook, in order to report the action to FPDS using the code that most closely approximates the use of the funds, then enter—

(*1*) 97 0100 (Operation and Maintenance, Defense-Wide, Defense) as the TAS for requirements that can be categorized as operations and maintenance in nature;

(*2*) 97 0300 (Procurement, Defense-Wide) as the TAS for requirements that can be categorized as procurement in nature; or

(*3*) 97 0400 (Research, Development, Test, and Evaluation, Defense-Wide) as the TAS for requirements that can be categorized as research and development in nature.

(F) USTRANSCOM should use 97 0100 (Operation and Maintenance, Defense-Wide, Defense) as the TAS when reporting the consolidated orders of from their decentralized transportation-related services contracts.

(G) Additional information regarding the TAS is available in Frequently Asked Questions on the DPAP website at http://www.acq.osd.mil/dpap/ in the eBusiness / FPDS section.

(v) *FPDS Entry – Dates Section*.

(A) The 'Date Signed' data field represents the date the contracting officer signed or otherwise awarded the contract action.

(B) The 'Effective Date' data field represents the date the period of performance begins. For actions where an authorization to proceed was given prior to the signed contract action, use the date of the authorization in this data element.

(C) The date entered in the 'Completion Date' data field shall be the latest period of performance / delivery date of all of the exercised line items on the contract or order. This data field shall be updated on the contract action report used to report the modification whenever line items are added or exercised by modification that extend the period of performance / delivery date beyond what was previously entered, including the exercise of any option years.

(D) The date entered in the 'Est. Ultimate Completion Date' data field shall be the latest period of performance / delivery date of all line items on the contract or order, including unexercised line items and option years. This data field shall be updated on the contract action report used to report the modification whenever line items are added or changed by modification that extend the period of performance/delivery date beyond what was previously entered.

(E) The date entered in the 'Last Date to Order' data field on indefinite-delivery contracts, BOAs, and BPAs shall be the last date allowed by the contract for the contractor to accept orders. This data field shall be updated whenever this date is changed by modification from what was previously entered.

(vi) *FPDS Entry – Amounts Section*.

(A) When entering a net deobligation on a contract action, include the minus (-) sign.

(B) The amount entered in the 'Base and Exercised Options Value' for new awards shall be the total value (represented in U.S. dollars and cents) of all the exercised line items on the contract or order regardless of whether they are partially or fully funded. This data field shall be updated on the contract action report used to report the modification whenever the current value of the contract or order is changed by modification, including when options are exercised. When reporting such a modification, report the net value of the change itself in 'Current' field; FPDS will calculate the new total Base and Exercised Options Value. When an Administrative Contracting Officer (ACO) executes a modification and the previous value reported in FPDS is incorrect, the ACO shall notify the procuring contract office of the discrepancy and enter the appropriate value in the 'Current' field of the 'Base and Exercised Options Value' to ensure a correct total is represented. The ACO shall document the correction of the discrepancy in the contract file.

(C) The amount entered in the 'Base and All Options Value' for new awards shall be the total potential value of the award (represented in U.S. dollars and cents) (e.g., total price, total not-to-exceed amount, maximum award amount, etc.), including the value of all unexercised line items and options. For blanket purchase agreements and basic ordering agreements, enter the total expected amount for orders that will be issued. For each contract resulting from a solicitation where multiple awards were contemplated, this is the maximum for that resulting specific contract. Note: this amount is not always the same as the ceiling for the program under which multiple contracts were awarded. Each contract shall have a specific ceiling identified (see FAR 16.504(a)(4)(ii)). This data field shall be updated on the contract action report used to report the modification whenever the total potential value is changed by modification. When reporting such a modification, report the net value of the change itself in 'Current' field; FPDS will calculate the new total Base and All Options Value. When an Administrative Contracting Officer (ACO) executes a modification and the previous value reported in FPDS is incorrect, the ACO shall notify the procuring

contract office of the discrepancy and enter the appropriate value in the 'Current' field of the 'Base and All Options Value' to ensure a correct total is represented. The ACO shall document the discrepancy correction in the contract file.

(D) The amount entered in the 'Action Obligation" for new awards shall be the total value of all the obligated funds on the contract or order, represented in U.S. dollars and cents. When reporting a modification, report the net value of the change in funding accomplished by the modification in the 'Current' field; FPDS will calculate the new total action obligation value. When an Administrative Contracting Officer (ACO) executes a modification and the previous value reported in FPDS is incorrect, the ACO shall notify the procuring contract office of the discrepancy and enter the appropriate value in the 'Current' field of the 'Action Obligation Value' field to ensure a correct total is represented. The ACO shall document the discrepancy correction in the contract file.

(vii) *FPDS Entry – Purchaser Information Section*.

(A) Enter the contracting office's DoD Activity Address Code (DoDAAC) in as the 'Contracting Office ID' data field.

(B) If the requiring organization is a DoD organization, enter the DoDAAC for the requiring office in the 'Funding Office ID' data field. This is normally the DoDAAC that is included on the purchase request in the purchase request number. If the contract action is supporting working capital funded efforts and the specific requiring office is unknown, enter the DoDAAC for the working capital funded office. Do not enter the DoDAAC from the contracting office in the 'Funding Office ID' field unless the contracting office is also the requiring organization.

(C) If the requiring organization is not a DoD organization, enter the Funding Office ID provided on the interagency agreement in the 'Funding Office ID' data field.

(D) Choose the appropriate value in the 'Foreign Funds' data field as to whether or not the action includes foreign funding that is identified as foreign military sales (FMS). If the action does not include foreign funds, choose 'Not Applicable'.

(viii) *FPDS Entry – Contractor Information Section*.

(A) Enter the DUNS number for the vendor in the 'DUNS No.' data field. This DUNS number will be used to pull the associated current record from the System for Award Management (SAM) database.

(B) If a SAM exception applies to the procurement, ensure the correct exception is chosen from the SAM Exception' data field. In this case the DUNS number entered in the 'DUNS No.' data field will be used to pull the contractor's name and location information from Dun & Bradstreet's database.

(ix) *FPDS Entry – Contract Data Section*.

(A) On the contract action report used to report the base award, choose the type of contract pricing in the 'Type of Contract' data field that is applicable to the predominant amount of the action, based on the value of the line items. This value will automatically populate any subsequent contract action reports for modifications.

(B) Enter 'Yes' in the 'Multiyear Contract' field if the procurement is a multiyear contract in accordance with FAR 17.1; otherwise enter 'No'.

(C) Enter the full name of the program, not an acronym or abbreviation, in the 'Major Program' field if there is an associated program name. Contracts and agreements with ordering provisions established as multi-agency contracts or for wide use within an agency shall always include a program name in order to ensure they are correctly represented in the Interagency Contract Directory (ICD) (see FAR 7.105(b)(1) for website).

(D) If the procurement is as a result of a requirement responding specifically to a National Interest Action that is listed in this field (for example, 'Hurricane Sandy' or 'Operation Enduring Freedom (OEF)'), then select the appropriate value. Otherwise, enter 'None.'

(E) For indefinite-delivery contracts, enter the appropriate type of indefinite-delivery contract in the 'Type of IDC' field: Indefinite Quantity, Requirements, or Definite Quantity.

(F) For indefinite-delivery vehicles in the 'Multiple or Single IDV' field:

(1) Select Multiple Award when the contract action is—

(i) One of several indefinite-delivery indefinite-quantity (IDIQ) contracts awarded under a single solicitation in accordance with FAR 16.504(c);

(ii) One of several blanket purchase agreements (BPAs) awarded against a Federal Supply Schedule in accordance with FAR 8.405-3;

(iii) Any other IDIQ contract that an agency enters into with two or more sources under the same solicitation that requires contracting officers to compare or compete their requirements among several vendors; or

(iv) A part 13 BPA or Basic Ordering Agreement (BOA) with multiple awards.

(2) Select Single Award when the contract does not satisfy any of the above criteria for a multiple award.

(G) When reporting the initial award of indefinite-delivery contracts and agreements that allow orders to be placed by other contracting offices, enter the acronym or short abbreviation of the program name for the program supported by the contract or agreement with ordering provisions in the 'Program Acronym' field. Contracts and agreements with ordering provisions established as multi-agency contracts or for wide use

within an agency shall always include an acronym or abbreviated program name, and the first five characters of this field shall be:

(1) 'FSSI-' for a federal strategic sourcing initiative (FSSI) vehicle.

(2) 'MMAC-' for a multiple-award multi-agency contract.

(3) 'SMAC-' for a single-award multi-agency contract.

(4) 'MBPA-' for a blanket purchase agreement available for use outside of the Department of Defense.

(5) 'AGYV-' for an agency-wide acquisition vehicle. For the purpose of this section, an agency-wide acquisition vehicle is an indefinite-delivery contract, BPA, or basic ordering agreement intended for the sole use of the Department of Defense. These may be for DoD-wide use or limited to one or more specific Military Services or Defense Agencies.

(H) In the 'Cost or Pricing Data' field, enter 'Yes' if certified cost and pricing data were obtained. Enter 'Not Obtained – Waived' if the requirement for certified cost and pricing data was waived. Enter 'No' if certified cost or pricing data were not obtained and no waiver was required. See FAR 15.403 for the requirements for certified cost and pricing data.

(I) Enter 'Yes' in the 'Purchase Card as Payment Method' field if the Governmentwide commercial purchase card (GPC) was used as the method of payment or as both the method of purchase and payment for the contract action. Enter 'No' if neither was the case.

(J) In the 'Undefinitized Action' field, enter 'Letter Contract' if the procurement is a letter contract that meets the description in FAR 16.603-1. Enter 'Other Undefinitized Action' if the procurement is for any other unpriced action that shall be subsequently definitized. Enter 'No' if neither of these situations is applicable.

(K) Enter 'Yes' in the 'Performance Based Service Acquisition' field if the procurement is for services and performance based acquisition procedures were used. Enter 'No' if the procurement is for services and performance based acquisition procedures were not used. Enter 'Not Applicable' if the procurement is not for services.

(L) In the 'Contingency Humanitarian Peacekeeping Operation' field, enter 'Contingency' if the procurement is in response to a contingency operation as defined in 10 U.S.C. 101(a)(13) or 'Humanitarian' if the procurement is in response to a humanitarian or peacekeeping operation as defined in 10 U.S.C. 2302(8). Otherwise, enter 'Not Applicable'.

(M) In the 'Cost Accounting Standards Clause' field, enter 'Yes' if the procurement was subject to cost accounting standards (CAS) and the associated clauses were included in the contract. Enter 'No – CAS Waiver Approved' if the procurement is subject to CAS but a waiver was approved. Enter 'Not Applicable' if neither situation applies.

(N) Enter 'Yes' in the 'Consolidated Contract' field if the requirements under the procurement were consolidated and the total value is greater than the threshold identified in DFARS 207.170-3(a). Otherwise enter 'No'.

(O) Enter '1' in the 'Number of Actions' data field unless using Express Reporting procedures described in PGI 204.606(1)(iii).

(x) *FPDS Entry – Legislative Mandates Section*.

(A) For the 'Clinger-Cohen Act', 'Service Contract Act', 'Walsh-Healey Act', and 'Davis Bacon Act'; answer 'Yes' if the acts apply to any of the line items on the award. For the 'Service Contract Act', 'Walsh-Healey Act', and 'Davis Bacon Act', choose 'Not Applicable' if the act itself is not applicable based on implementation requirements in the FAR for each act, or choose 'No' if the act is applicable, but the associated clauses were not included in the award. For the 'Clinger-Cohen Act', choose 'No' if either the Act is not applicable or the planning requirements from the act were not accomplished.

(B) Indicate in the 'Interagency Contracting Authority' data field if the action is subject to the Economy Act, a different statutory authority, or if interagency authorities are not applicable. If the contracting officer selects 'Other Statutory Authority' in the 'Interagency Contracting Authority', they shall enter the name of the other authority in the associated text box.

(xi) *FPDS Entry – Principal Place of Performance Section.*

(A) For supplies, the data entered in this section shall reflect the predominant place where manufacturing occurred or where procured finished products were taken out of inventory. Do not enter the Government delivery location. When the manufacturing or inventory location is unknown, and the contractor has not provided a separate address for the place of performance in FAR provision 52.214-14 or 52.215-6 with its offer, enter the contractor's physical address that corresponds with its registration in the System for Award Management (SAM) that is identified by its DUNS number and CAGE code.

(B) For services, identify the location that represents the predominant place the services are performed. For services that start performance in one location and complete performance in a different location, such as transportation and cargo shipment services, the completion or destination location shall be entered. If the contract or order has multiple destination locations, enter the location where the predominant amount is being delivered.

(C) For place of performance based in the United States, ensure the zip code + 4 data element is entered. This will populate the city and state fields accordingly. Zip codes and their +4 extensions can be identified at the United States Postal Service website (www.usps.com). When a '+4' extension cannot be determined for a zip code (for example, in a highly rural area or at a location with a vanity address), choose the +4 extension that represents the area nearest to the place of performance.

(xii) *FPDS Entry – Contract Marketing Data Section.* This section applies to Indefinite-Delivery Vehicles (IDVs) (i.e., BOAs, BPAs, and Indefinite-Delivery Contracts) only.

(A) Enter the website in the 'Website URL' data field where a new user would find the best information about ordering under the vehicle. This is an optional field, but each multi-agency contract being reported should include one.

(B) In the 'Who Can Use' data field, choose the value that best represents which agencies are allowed to have their contracting officers place orders under the vehicle. If only the office that awarded the IDV is allowed to place orders under the vehicle, choose 'Only My Agency'. Do not list codes or text under the 'Codes' or 'Other' options unless the vehicle only allows very specific parts of agencies to place orders.

(C) Include in the 'Email Contact' data element the specific email of the contracting officer responsible for the IDV who is able to answer questions concerning ordering. A group email address may only be used in this field if it is continuously monitored.

(D) Enter the maximum value of each order that may be issued under the vehicle in the 'Maximum Order Limit' field.

(E) Enter the fee charged to the ordering agency for allowing the ordering agency to place an order under the specific vehicle. The fee may be identified as a fixed percentage, an upper and lower amount if based on a varying factor, or as 'no fee'. This is not the fee paid to a contracting office for placing an order on behalf of a requiring office.

(F) Enter a brief description of ordering instructions in the 'Ordering Procedures' data field. If the 'Website URL' field is entered, this field is not required to be completed; however, ensure that the website provided gives the user enough information to be able to place an order.

(xiii) *FPDS Entry – Product or Service Information Section*.

(A) For the product or service code (PSC) data field choose the code that best represents the predominant amount of supplies or services being procured on the award. The list of active PSCs for use in FPDS reporting is available on the FPDS website under the 'Worksite' section under 'Reference'.

(B) For the principal NAICS code data field, enter the NAICS code that best represents the type of industry related to the predominant amount of supplies or services being procured on the award. If the award was a result of a solicitation that included any of the following provisions, use the NAICS code that was included in the provision: 52.204-8 'Annual Representations and Certifications', 52.212-3 'Offeror Representations and Certifications – Commercial Items', or 52.219-1 'Small Business Program Representations'. The list of active NAICS codes for use in FPDS reporting is available on the FPDS website under the 'Worksite' section under 'Reference'.

(C) Enter in the 'Program System Equipment Code' data field—

(1) The Major Defense Acquisition Program (MDAP) or Major Automated Information System (MAIS) program number (PNO) if a new award is in support of an

Acquisition Category (ACAT) I MDAP or MAIS. If needed, use the code look-up table provided for the data element in the CAR to identify the code for an ACAT I MDAP/MAIS.

(2) The appropriate following code if a new award is associated with one of the following programs or activities:

(*i*) ZBL – for Performance-Based Logistics (PBL) support.

(*ii*) ZRS – for Randolph-Sheppard Act dining facilities.

(*iii*) ZBC – for Base Realignment and Closure (BRAC) environmental activities.

(*iv*) ZDE – for Defense environmental and restoration programs.

(*v*) ZOP – for other environmental programs.

(*vi*) ZSE – for Environmental Protection Agency (EPA) Superfund activities.

(3) '000' if neither (1) or (2) in this section apply.

(D) Enter the country code where products were manufactured or performance of services occurred in the 'Country of Product or Service Origin' data field. If needed, use the code look-up table provided for the data element in the CAR to identify the code for a country.

(E) For the place of manufacture data field, choose the most appropriate value. Only choose 'Manufactured Outside the United States – Qualifying Country' if the country of product or service origin is Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Israel, Italy, Japan, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, Turkey, or the United Kingdom. These are the only current qualifying countries.

(F) In the 'Domestic or Foreign Entity' data field, choose the most applicable answer regarding the ownership of the contractor.

(G) Indicate whether Government Furnished Property (GFP), (see FAR 45.101), is included on the award in the 'GFE/GFP Provided Under This Action' data field.

(*1*) When reporting modifications to previously reported award, the CAR should carry the same value for this data element as was on the CAR for the initial award unless the modification itself is specifically adding GFP where the originally was none. There is no need to create a CAR solely to report the return of GFP at the end of performance.

(*2*) When reporting task, delivery, or call orders under indefinite delivery contracts or agreements, this data element reflects whether GFP is or is not included specifically as a part of the order itself. The value for the underlying contract or agreement is collected separately.

(H) For the description of requirement data field, enter a short description of what is being procured by the action. This should be entered in plain English with no acronyms or military jargon such that the public can understand what is being acquired by the Department. Do not use national stock numbers, part numbers, or other identifiers without also including associated plain English descriptions. When reporting modifications, do not use this field to explain what type of procurement process is accomplished (e.g., exercise option year, incremental funding); continue to address what is being procured. When the procurement is primarily for services (i.e., the PSC Code begins with a letter), include, in addition to the description of what is being procured, the following indicators regarding the nature of the services at the beginning of the Description of Requirement field exactly as shown below:

(1) For 'Closely Associated Functions' enter IGF::CL::IGF. 'Closely Associated Functions' means functions that are closely associated with inherently governmental functions; those contractor duties that could expand to become inherently governmental functions without sufficient management controls or oversight on the part of the Government. Office of Federal Procurement Policy (OFPP) Policy Letter 11–01, Performance of Inherently Governmental and Critical Functions, provides examples of work that is inherently governmental and therefore must be performed by Federal employees and work that is closely associated with inherently governmental functions that may be performed by either Federal employees or contractors.

(2) For 'Critical Functions' enter IGF::CT::IGF. 'Critical Functions' means functions that are necessary to the agency being able to effectively perform and maintain control of its mission and operations. Typically, critical functions are recurring and long-term in duration.

(3) For 'Other Functions' enter IGF::OT::IGF. 'Other Functions' mean neither 'Closely Associated Functions' nor 'Critical Functions'.

(4) For services that include performing both 'Closely Associated Functions' and 'Critical Functions', enter IGF::CL,CT::IGF.

(5) If services include performing 'Other Functions' and either 'Closely Associated Functions' or 'Critical Functions', enter only the 'Closely Associated Functions' or 'Critical Functions' coding shown above.

(I) For the recovered materials/sustainability data field, choose the value from the list below that reflects the requirements of sustainability incorporated into the contract or

order. If there is a combination of the attributes on the contract that does not exist in the list below, choose the one from the list that most closely reflects the situation on the contract.

(1) FAR 52.223-4 included – Use when the contract includes the requirement for recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation.

(2) FAR 52.223-4 and 52.223-9 included – Use when the contract includes the requirement for recovered materials in accordance with FAR subpart 23.4, provision 52.223-4 was included in the solicitation, and clause 52.223-9 is included in the contract.

(3) No clauses included and no sustainability included – Use when the contract includes neither requirements nor provisions/clauses for recovered materials or energy efficient, biobased, or environmentally preferable products or services.

(4) Energy efficient – Use when the contract includes the requirement for energy efficient products or services in accordance with FAR subpart 23.2.

(5) Biobased – Use when the contract includes the requirement for biobased products or services in accordance with FAR subpart 23.4.

(6) Environmentally preferable – Use when the contract includes the requirement for environmentally preferable products or services in accordance with FAR subpart 23.7.

(7) FAR 52.223-4 and energy efficient – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation; and

(ii) Energy efficient products or services in accordance with FAR subpart 23.2.

(8) FAR 52.223-4 and biobased – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation; and

(ii) Biobased products or services in accordance with FAR subpart 23.4.

*(9) FAR 52.223-4 and environmentally preferabl*e – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation; and

(ii) Environmentally preferable products or services in accordance with FAR subpart 23.7.

(10) FAR 52.223-4, *biobased and energy efficient* – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation;

(ii) Energy efficient products or services in accordance with FAR subpart 23.2; and

(iii) Biobased products or services in accordance with FAR subpart 23.4.

(11) FAR 52.223-4, biobased and environmentally preferable – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation;

(ii) Biobased products or services in accordance with FAR subpart 23.4; and

(iii) Environmentally preferable products or services in accordance with FAR subpart 23.7.

(12) FAR 52.223-4, biobased, energy efficient and environmentally preferable – Use when the contract includes the requirement for–

(i) Recovered materials in accordance with FAR subpart 23.4 and provision 52.223-4 was included in the solicitation;

(ii) Energy efficient products or services in accordance with FAR subpart 23.2;

(iii) Biobased products or services in accordance with FAR subpart 23.4; and

(iv) Environmentally preferable products or services in accordance with FAR subpart 23.7.

(xiv) *FPDS Entry – Competition Information Section.*

(A) Solicitation procedures. Select the appropriate entry from the following list:

(1) Simplified Acquisition – Report this code for competitive and noncompetitive contract actions that used simplified acquisition procedures in accordance with FAR part 13, to include acquisitions using the Commercial Items Test Program. However, if the action is noncompetitive and the reason for other than full and open competition is other than “Authorized by Statute”, “Authorized Resale”, or “SAP

Noncompetition", then enter "Only One Source Solicited" as the solicitation procedure. (Note that most times when in conflict, the reason for other than full and open competition takes precedence over the type of solicitation procedure used.)

(2) Only One Source Solicited – Use this code if no solicitation procedure was used or only one source is solicited for the action.

(3) Negotiated Proposal/Quote – Use this code for competitive contract actions that use negotiated procedures (FAR parts 12, 13, or 15).

(4) Sealed Bid – Use this code for contract actions using sealed bid procedures (FAR part 14).

(5) Two Step – Use this code for contract actions that use a combination of sealed bids and negotiated procedures (FAR 6.102).

(6) Architect-Engineer FAR 6.102 – Use this code if the action resulted from selection of sources for architect-engineer contracts pursuant to FAR 6.102(d)(1).

(7) Basic Research – Use this code if the action resulted from a competitive selection of basic research proposals pursuant to FAR 6.102(d)(2).

(8) Alternative Sources – Use this code if the action resulted from use of procedures that provided for full and open competition after exclusion of sources to establish or maintain alternative sources pursuant to FAR 6.202.

(9) Subject to Multiple Award Fair Opportunity –FPDS will automatically populate this entry for orders placed against multiple award contracts (to include Federal Supply Schedules) and FAR part 8 BPAs (and orders issued under such BPAs that are subject to fair opportunity pursuant to FAR 16.505(b)(1).

(B) Extent Competed. Select the appropriate entry from the following list. The extent competed for any modification or order against a task or delivery order contract pulls from the basic contract.

(1) Competed under SAP – Report this for competitive contract actions that were awarded using FAR part 13 Simplified Acquisition Procedures (i.e., solicitation procedures were "Simplified Acquisition"), to include for the Commercial Item Test Program.

(2) Full and Open Competition (F&OC) – Report this if the contract action resulted from an award pursuant to FAR 6.102(a), Sealed bids; FAR 6.102(b), Competitive proposals; FAR 6.102(c), Combination; or any other competitive method that did not exclude sources of any type.

(*3*) *F&OC after Exclusion of Sources* – Report this when sources are excluded before competition. (Note: This terminology is broader than FAR subpart 6.2, which includes set-aside actions and actions to establish or maintain alternate sources, in that it also includes actions justified by a justification and approval that provided for competition).

(*4*) *Not Available for Competition* – Report this if the contract action is not available for competition (i.e., contract actions where the solicitation procedure was "Only One Source" and the reason not competed is "Authorized by Statute," "International Agreement," "Utilities," or "Authorized Resale.") Note that sole source set-asides for 8a firms, HUBZone firms, and service-related disabled veteran-owned concerns should always be identified as "Authorized by Statute" as the reason for other than full and open competition.

(*5*) *Not Competed under SAP* – Report this for non-competitive contract actions that were awarded using FAR part 13 Simplified Acquisition Procedures (i.e., solicitation procedures were "Simplified Acquisition").

(*6*) *Not Competed* – Report this when the contract action is not competed and the solicitation procedures are "Only One Source."

(C) Type of Set-Aside. If the contract action is a result of a set-aside or sole source authorized under part 19 of the FAR, choose the applicable value. In order to indicate a FAR part 19 set-aside or sole source on an order under a multiple-award contract, see paragraph (F) of this section.

(D) SBIR/STTR (Research). Ensure this data field is completed if the contract action is a result of a Small Business Innovative Research (SBIR) or Small Technology Transfer Research (STTR) Program. SBIR and STTR Phase III awards require that a previous SBIR or STTR award exists.

(E) Other than Full and Open Competition.

(*1*) *Simplified Acquisition Procedures (SAP)*. Select only "SAP Non-Competition," "Authorized by Statute" if a sole source set-aside shall also be noted, or "Authorized for Resale" when the award is noncompetitive and simplified acquisition procedures were used, including those awards under the commercial items test program. Do not choose other values from the list.

(*2*) *Other than Simplified Acquisition Procedures*. Select from available values the one that matches the FAR part 6 authority referenced in the Justification & Authorization document for using other than competitive procedures. Do not choose "SAP Non-competition".

(3) *Acquiring Products or Services from Afghanistan*. When DFARS 225.7703-1(a)(2) or (3) procedures are used to limit competition to products or services from Afghanistan, or to award a contract to a particular source or sources from Afghanistan, select "Authorized by Statute" in the Other than Full and Open Competition data field.

(F) Fair Opportunity/Limited Sources. This field is the basis for determining whether competition is provided for on orders placed against multiple-award contracts (to include DoD contracts, Governmentwide Acquisition Contracts, Federal Supply Schedules, and BPAs issued under the Federal Supply Schedules). If a Federal Supply Schedule contract or a Governmentwide multiple-award contract is not coded as a multiple-award vehicle, thereby preventing completion of this field, the FPDS user should advise the agency FPDS so that the contracting office for the multiple-award contract can be notified and pursue correction.

(1) Urgency – Report this if the action was justified pursuant to FAR 8.405-6(a)(1)(i)(A) or FAR 16.505(b)(2)(i)(A).

(2) Only One Source – Other – Report if the action was justified pursuant to FAR 8.405-6(a)(1)(i)(B) or FAR 16.505(b)(2)(i)(B).

(3) Follow-On Delivery Order Following Competitive Initial Order – Report this if the action was justified pursuant to FAR 8.405-6(a)(1)(i)(C) or FAR 16.505(b)(2)(i)(C).

(4) Minimum Guarantee – Report this if it was necessary to place an order to satisfy a minimum amount guaranteed to the contractor. See FAR 16.505(b)(2)(i)(D).

(5) Other Statutory Authority – Report this if a statute expressly authorizes or requires that the purchase by made from a specified source. See FAR16.505(b)(2)(i)(E).

(6) Fair Opportunity Given - Report this if fair opportunity was given pursuant to FAR 16.505(b)(1).

(7) *Competitive Set-Aside* – Report this if the order was set aside pursuant to FAR 19.502-4(c) and a sub-set of multiple-award contract holders meeting the set-aside criteria were provided fair opportunity to submit an offer. If this value is selected, also choose the appropriate set-aside in the 'Type of Set-Aside' field. Do not select this value if the original multiple award contract itself was set-aside or partially set-aside.

(8) *Sole Source* – Report this if the order was issued pursuant to FAR 19.502-4(c) and awarded to a single contract holder meeting the socio-economic criteria without providing fair opportunity to other multiple-award contract holders. If this value is selected, also choose the appropriate value in the 'Type of Set-Aside' field.

(G) If an award did not provide for full and open competition; or in the case of simplified acquisition, did not provide the maximum extent of competition practicable; select the value in the 'Other Than Full and Open Competition' field that represents the justification used.

(H) In the 'Commercial Item Acquisition Procedures' data field, indicate whether commercial procedures were (1) used for commercial items, (2) used for supplies or services pursuant to FAR 12.102(f), (3) used for services pursuant to FAR 12.102(g), or (4) not used.

(I) In the 'Commercial Item Test Program' data field, indicate if the contract action utilized procedures under FAR 13.5.

(J) In the 'A-76 (FAIR Act) Action' data field, indicate if the contract action resulted from an A-76 / FAIR Act competitive sourcing process. Note, however, that DoD is currently under a moratorium from procuring services using these procedures. See PGI 207.302 for more information.

(K) In the 'Local Area Set Aside' data field, indicate if the contract action resulted from a local area set-aside in accordance with FAR 26.202.

(L) In the 'FedBizOpps' data field, enter 'Yes' if the award was greater than $25,000 in value and subject to FAR 5.2 synopsis requirements. Enter 'No' if the award was greater than $25,000 in value, but an exception to synopsis requirements applied. Enter 'Not Applicable' if the award was less than or equal to $25,000 in value.

(M) In the 'Number of Offers' data field, enter the specific number of offers received in response to the solicitation. In the case of contracts awarded as a result of a Broad Agency Announcement, enter the number of proposals received under the specific announcement. In the case of orders under a multiple-award contract (including Federal Supply Schedules and GWACs), BOAs, and BPAs, enter the number of offers received for the specific order.

(xv) *FPDS Entry – Preference Programs / Other Data Section*.

(A) Contracting Officer's Business Size Selection—

(1) When entering a new contract, purchase order, or agreement award in FPDS, contracting officers shall ensure they appropriately choose 'Small Business' or 'Other than Small Business' in the Contracting Officer's Determination of Business Size data field according to the NAICS code applied to the award, its associated size standard, and the contractor's response to provision 52.212-3 or 52.219-1. The contracting officer shall enter 'Other than Small Business' for awards where the contractor has not certified to its status in one of these provisions.

(2) If the 'Contracting Officer's Determination of Business Size' data field is completed with 'Small Business', the contractor's other socio-economic information that it has entered or the Small Business Administration (SBA) has provided to the System for Award Management (SAM) database will be included in the contract action report. This includes designations such as SBA-Certified 8(a), Women-owned Small Business, Service Disabled Veteran Owned.

(3) Contracting officers will not be allowed to identify types of set-asides in FPDS unless the 'Contracting Officer's Determination of Business Size' field is completed with 'Small Business', and other required socio-economic designations are present in the contractor's SAM record (e.g., contractor shall have the SBA-Certified 8(a) designation in order to identify an 8(a) type set-aside in FPDS).

(4) All subsequent modifications and delivery orders under the initial award will be automatically populated with the same designations.

(B) Subcontracting Plan. Select whether a subcontracting plan is required for the contract action, and, if so, which type applies from the following values:

(*1*) Plan Not Required;

(*2*) Plan Not Included, No Subcontracting Possibilities;

(*3*) Individual Subcontracting Plan;

(*4*) Commercial Subcontracting Plan; or

(*5*) DoD Comprehensive Subcontracting Plan.

(4) Reporting modifications to FPDS.

(i) Modifications against previously reported contracts, agreements, and orders are required to be reported to FPDS if they include any obligation or deobligation amount. They are also required to be reported to FPDS if there is no obligation or deobligation amount and involve a change to the data reported in any data field in the contract action report (e.g., vendor name, completion date, place of performance).

(ii) Contracting officers should choose the Reason for Modification value that best represents the purpose of the modification action. A modification issued after physical completion of the contract, including those modifications to simply deobligate remaining unused funds, should be identified as 'Close Out' on the contract action report unless another value (such as 'Vendor Address Change') is more applicable. The values 'Funding Only Action' and 'Other Administration Action' should be used only when another value does not apply.

(iii) DoD offices shall not use the 'Transfer Action' value in the Reason for Modification field unless transferring the contract to a non-DoD contracting office (e.g., Department of Interior).

(iv) Modifications for novations (see FAR subpart 42.12 and DFARS subpart 242.12) shall use 'Novation Agreement' in the Reason for Modification field.

(A) When this value is used, the contracting officer shall enter the appropriate DUNS number for the contractor in the modification contract action report. FPDS will then bring over the current vendor name and address from the contractor's SAM record for that DUNS number into the modification contract action report. Subsequent contract action reports will show the updated DUNS number and vendor name.

(B) When this value is used, FPDS also allows the contracting officer to update the Contracting Officer's Determination of Business Size data field. The contracting officer shall ensure that the contractor's current size status is appropriately recorded on the modification contract action report. Subsequent contract action reports will reflect the size entered on this modification contract action report (see FAR subparts 19.301-2 and 19.301-3).

(v) Modifications for contractor name changes that do not require a novation (see FAR subpart 42.12 and DFARS subpart 242.12) shall use 'Vendor DUNS Change' in the Reason for Modification field. When this value is used, the contracting officer shall enter the appropriate DUNS number for the contractor in the modification contract action report. FPDS will then bring over the current vendor name and address from the contractor's SAM record for that DUNS number into the modification contract action report. Subsequent contract action reports will show the updated DUNS number and vendor name.

(vi) Modifications for contractor address changes that do not require a novation shall use 'Vendor Address Change' in the Reason for Modification field. When this value is used, FPDS will bring over the current address from the contractor's SAM record into the modification contract action report. Subsequent contract action reports will show the updated address.

(vii) Modifications for re-representation actions (see FAR subparts 19.301-2 and 19.301-3) shall use either 'Re-representation' or 'Re-representation of Non-Novated Merger/Acquisition', as appropriate, in the Reason for Modification field. When this value is used, FPDS allows the contracting officer to update the Contracting Officer's Determination of Business Size data field. The contracting officer shall ensure that the contractor's current size status is appropriately recorded on the modification contract action report. Subsequent contract action reports will reflect the size entered on this modification contract action report.

(viii) When a modification is reported with 'Termination for Default' or 'Termination for Cause' in the Reason for Modification data field, the user must also report the termination to the Federal Awardee Performance and Integrity Information System (FAPIIS) in accordance with FAR 42.1503(h) requirements.

(5) Reporting task and delivery orders and calls where the Governmentwide commercial purchase card is both the method of purchase and payment.

(i) Do not report open-market purchases (i.e., not under a Federal Supply schedule, agreement, or contract) made with the Governmentwide commercial purchase card valued less than the micropurchase threshold to FPDS.

(ii) Purchases made using the Governmentwide purchase card as the method of both purchase and payment under federal schedules, agreements, or contracts are required to be reported to FPDS regardless of value. Contracting offices shall ensure all such purchases made by their authorized cardholders are reported to FPDS no less frequently than monthly. Any individual purchase valued greater than $25,000 shall be reported individually to FPDS. For individual purchases valued less than $25,000, there are three acceptable methods for reporting to FPDS. They are, in preferred order of use—

(A) Report each order individually to FPDS;

(B) Report a consolidated express report to FPDS using the delivery order or BPA call format that references the individual contract or BPA, respectively; or

(C) Report a consolidated express report to FPDS using the purchase order format that uses the generic DUNS 136721250 for 'GPC Consolidated Reporting' or 136721292 for 'GPC Foreign Contractor Consolidated Reporting', as appropriate, as the identifier. Note that when a generic DUNS number is used to report these actions, only 'Other than Small Business' is allowed as the 'Contracting Officer's Determination of Business Size' selection.

(6) Using generic DUNS numbers.

(i) Generic DUNS numbers may only be used for reporting to FPDS in accordance with FAR subpart 4.605(c) or PGI 204.606(5)(ii)(C). Note that if a generic DUNS number is used on the report to FPDS, systems that prepopulate data based on the DUNS number reported to FPDS may not be able to use the DUNS number for further reporting on that contract action because the contractor identification information is not accurately reflected. For example, assessing officials cannot report past performance reports to the Contractor Performance Assessment Reporting System (CPARS) (see FAR subpart 42.15) if a generic DUNS number was used to report the action to FPDS. Additionally, some reporting requirements placed on the contractor, such as subcontract reporting required by FAR subparts 4.14 and 19.7, are not able to be completed. Therefore, it is important that the use of generic DUNS numbers in reporting to FPDS be rare and only when necessary.

(ii) The following generic DUNS numbers are available for use in contract reporting only if the conditions in FAR subpart 4.605(c) or PGI 204.606(5)(ii)(C) apply:

(A) DUNS 167445928 – Student Workers in Laboratories. Used to report actions awarded to student workers providing goods/services in government laboratories (or other government facilities) when obtaining a DUNS number would place a financial hardship on the student. Corresponding CAGE code in the System for Award Management (SAM): 35HL9.

(B) DUNS 123456787 – Miscellaneous Foreign Awardees. Used to report actions awarded to vendors located outside the United States providing goods/services when a specific DUNS number is not available. Corresponding CAGE code in SAM: 35KC0.

(C) DUNS 136666505 – Spouses of Service Personnel. Used to report actions awarded to service personnel dependents located and providing goods/services outside the United States when obtaining a DUNS number would place a financial hardship on the dependent. Corresponding CAGE code in SAM: 3JDV7.

(D) DUNS 167446249 – Navy Vessel Purchases In Foreign Ports. Used to report actions awarded to vendors located outside the United States providing goods/services in support of vessels located in foreign ports when a specific DUNS number is not available. Corresponding CAGE code in SAM: 35KD3.

(E) DUNS 153906193 – Foreign Utility Consolidated Reporting. Used to report procurement actions awarded to vendors located outside the United States providing utilities goods/services when a specific DUNS number is not available. Corresponding CAGE code in SAM: 3JDX5.

(F) DUNS 790238638 – Domestic Awardees (Undisclosed). Used to report actions awarded to vendors located in the United States where identifying the vendor could cause harm to the mission or the vendor (for example, domestic shelters). Corresponding CAGE code in SAM: 3JEH0.

(G) DUNS 790238851 – Foreign Awardees (Undisclosed). Used to report actions awarded to vendors located outside the United States when identifying the vendor could cause harm to the mission or the vendor. Corresponding CAGE code in SAM: 3JEV3.

(H) DUNS 136721250 – GPC Consolidated Reporting. Used to report orders and calls issued via the Governmentwide commercial purchase card (GPC) under indefinite-delivery type contracts and agreements to businesses located in the United States, and the identity of the DUNS number for the vendor is not available to the office reporting the action. Corresponding CAGE code in SAM: 3JDW4.

(I) DUNS 136721292 – GPC Foreign Contractor Consolidated Reporting. Used to report orders and calls issued via the GPC under indefinite delivery type contracts and agreements to businesses located outside the United States, and the identity of the DUNS number for the vendor is not available to the office reporting the action. Corresponding CAGE code in SAM: 3JDV9.

(Revised September 30, 2015)

PGI 204.8—CONTRACT FILES

PGI 204.804 Closeout of contract files.

Data supporting contract closeout (e.g., DD Form 1594, Contract Completion Statement) are electronically transmitted throughout DoD. The Defense Logistics Manual, 4000.25 Volume 7, Contract Administration, Chapter 4, Contract Completion Status Reporting, available at http://www.dla.mil/j-6/dlmso/elibrary/manuals/dlm/dlm_pubs.asp, contains detailed instructions regarding closeout and electronic data transmission.

(1) The administration office closeout date for file purposes will be the date in Block 9d of the DD Form 1594 or agency equivalent.

(2) If the contracting office must do a major closeout action that will take longer than 3 months after the date shown in Block 9d of the DD Form 1594—

(i) The purchasing office closeout date for file purposes will be the date in Block 10e of the DD Form 1594 or agency equivalent; and

(ii) The contracting office shall notify the contract administration office of the revised closeout date by either sending a copy of the completed DD Form 1594 or by electronically transmitting the data.

PGI 204.804-1 Closeout by the office administering the contract.

(1) Locally developed forms or a statement of completion may be used instead of the DD Form 1594, Contract Completion Statement, and use the administration office closeout date. Whichever method is used, the form shall be retained in the contract file and copies sent to Electronic Document Access (EDA) and financial systems using the American National Standards Institute (ANSI) X12 Electronic Data Interchange (EDI) 567 transaction set.

(2) For contracts valued above the simplified acquisition threshold and not subject to the automated closeout procedures at PGI 204.804-3, prepare a DD Form 1597, Contract Closeout Check List (or agency equivalent), to ensure that all required contract actions have been satisfactorily accomplished.

PGI 204.804-2 Closeout of the contracting office files if another office administers the contract.

(1) When an office other than the contracting office administers the contract, the administering office shall—

(i) Provide the contracting office an interim contract completion statement when the contract is physically completed using the ANSI X12 567;

(ii) Prepare a DD Form 1597, Contract Closeout Check List or agency equivalent, if necessary, to determine that all the required actions have been completed;

(iii) Initiate DD Form 1593, Contract Administration Completion Record, if necessary to obtain statements from other organizational elements that they have completed the actions for which they are responsible; and

(iv) Upon final payment—

(A) Process a DD Form 1594 or the electronic equivalent verifying that all contract administration office actions have been completed; and

(B) Send the original DD Form 1594 or the electronic equivalent to the contracting office for filing in the contract file and send a copy to EDA and financial systems using the ANSI X12 567.

(2) If the administrative contracting officer (ACO) cannot close out a contract within the specified time period (see FAR 4.804-1), the ACO shall notify the procuring contracting officer (PCO) within 45 days after the expiration of the time period of—

(i) The reasons for the delay; and

(ii) The new target date for closeout.

(3) If the contract still is not closed out by the new target date, the ACO shall again notify the PCO with the reasons for delay and a new target date.

PGI 204.804-3 Closeout of paying office contract files.

(1) *Automated contract closeout.* As permitted by FAR 4.804-5(a), automated contract closeout allows a system to initiate and execute the closeout action. The contract qualifies for the automated closeout process if the contract—

(i) Is firm-fixed priced;

(ii) Does not exceed a total contract value of $500,000 (inclusive of exercised options); and

(iii) Does not contain any of the following provisions requiring administrative action at closeout:

(A) FAR 52.211-11 Liquidated Damages—Supplies, Services, or Research and Development.

(B) FAR 52.216-7 Allowable Cost and Payment.

(C) FAR 52.227-9 Refund of Royalties.

(D) FAR 52.227-11 Patent Rights—Ownership by the Contractor.

(E) FAR 52.227-13 Patent Rights—Ownership by the Government.

(F) FAR 52.232-16 Progress Payments.

(G) FAR 52.232-29 Terms for Financing of Purchases of Commercial Items.

(H) FAR 52.232-30 Installment Payments for Commercial Items.

(I) FAR 52.232-32 Performance-Based Payments.

(J) FAR 52.245-1 Government Property.

(K) FAR 52.248-1 Value Engineering.

(2) Components may apply additional conditions not listed above, as necessary to ensure all contract requirements have been completed prior to closeout.

(Added July 29, 2009)

PGI 204.11—CENTRAL CONTRACTOR REGISTRATION

PGI 204.1103 Procedures.

(i) Use the CCR database as the primary source of contractor information for contract award and administration, to include supporting contract writing, management, and administration systems. Do not request or use contractor information from other sources, unless another source, such as the On-Line Representations and Certifications Application (ORCA), is specifically authorized. At a minimum, supporting systems shall use the CCR database as the authoritative source for the following data elements, as applicable by system, when CCR is required in accordance with FAR Subpart 4.11:

(A) Data Universal Number System (DUNS) Number.

(B) DUNS+4 Number.

(C) Commercial and Government Entity (CAGE) Code.

(D) Taxpayer Identification Number (TIN).

(E) Legal Business Name.

(F) Doing Business As (DBA) Name.

(G) Physical Address.

(H) Mailing Address.

(I) Electronic Funds Transfer (EFT) information (includes American Banking Association (ABA) Routing Number, Account Number, and Account Type).

(ii) Ensure that CCR non-disclosure requirements regarding TIN and EFT information are followed.

(Revised May 16, 2013)

PGI 204.11—SYSTEM FOR AWARD MANAGEMENT

PGI 204.1103 Procedures.

The System for Award Management (SAM) website at http://www.acquisition.gov/ provides useful documents and on-line training to assist with SAM navigation and data entry. User Guides and Demonstration Videos can be found in the User Help section after clicking the HELP link at the top of the website homepage. The former Central Contractor Registration and Online Representations and Certifications Application data can be located in the Entity Management area of SAM which can be accessed by navigating the following path after logging into the SAM website. Select Tab - MYSAM, Tab - Data Access and Tab - Entity Management

(i) Use the SAM database as the primary source of contractor information for contract award and administration, to include supporting contract writing, management, and administration systems. Do not request or use contractor information from other sources, unless another source is specifically authorized. At a minimum, supporting systems shall use the SAM database as the authoritative source for the following data elements, as applicable by system, when SAM is required in accordance with FAR Subpart 4.11:

(A) Data Universal Number System (DUNS) Number.

(B) DUNS+4 Number.

(C) Commercial and Government Entity (CAGE) Code.

(D) Taxpayer Identification Number (TIN).

(E) Legal Business Name.

(F) Doing Business As (DBA) Name.

(G) Physical Address.

(H) Mailing Address.

(I) Electronic Funds Transfer (EFT) information (includes American Banking Association (ABA) Routing Number, Account Number, and Account Type).

(ii) Ensure that SAM non-disclosure requirements regarding TIN and EFT information are followed.

(Revised September 23, 2016)

PGI 204.16—UNIFORM PROCUREMENT INSTRUMENT IDENTIFIERS

PGI 204.1601 Policy.

(b) *Transition of PIID numbering*. Components are encouraged to transition to the Procurement Instrument Identifier (PIID) numbering schema as soon as possible, but no later than the date specified at DFARS 204.1601(b).

(c)(i) A continued contract is issued solely for administrative reasons. When issuing a continued contract, the contracting officer shall perform the following tasks:

(A) Obtain approval at a level above the contracting officer before issuance of the continued contract.

(B) Assign a PIID to the continued contract that is different from the PIID assigned to the predecessor contract, using the uniform PIID numbering system prescribed in FAR 4.1603 and DFARS 204.1603. The predecessor contract will retain the PIID originally assigned to it.

(C) Find a clear breaking point (e.g., between issuance of orders, exercise of options, or establishment of a new line of accounting) to issue the continued contract.

(D) Clearly segregate contractual requirements for purposes of Government inspection, acceptance, payment, and closeout. Supplies already delivered and services already performed under the predecessor contract will remain under the predecessor contract. This will allow the predecessor contract to be closed out when all inspection, acceptance, payment, and other closeout issues associated with supplies delivered and services performed under the predecessor contract are complete.

(E) Include in the continued contract all terms and conditions of the predecessor contract that pertain to the supplies and services yet to be delivered or performed. At the time it is issued, the continued contract may not in any way alter the prices or terms and conditions established in the predecessor contract.

(F) Provide advance notice to the contractor before issuance of the continued contract, to include the PIID and the effective date of the continued contract.

(G) Modify the predecessor contract to—

(*1*) Reflect any necessary administrative changes such as transfer of Government property, and make the Government property accountable under the continued contract;

(*2*) Clearly state that future performance (e.g., issuance of orders or exercise of options) will be accomplished under the continued contract; and

(*3*) Specify the administrative reason for issuing the continued contract.

(H) Reference the predecessor contract PIID on the face page of the continued contract to ensure traceability.

(ii) Sample language for the administrative modification to the predecessor contract follows:

> This modification is issued for administrative purposes to facilitate continued contract performance due to [state the reason for assigning an additional PIID]. This modification is authorized in accordance with FAR 4.1601 and DFARS 204.1601.
>
> Supplies and services already acquired under this contract number shall remain solely under this contract number for purposes of Government inspection, acceptance, payment, and closeout. All future [delivery orders] [task orders] [options exercised] will be accomplished under continued contract [insert contract number].

PGI 204.1603 Procedures.

(a)(3)(A)(*3*) Legacy contract writing systems authorized to use the letter T in position 9 of the PIID for automated requests for quotation include the following:

(*i*) Department of Navy's Item Management and Procurement (ITIMP) system.

(*ii*) Defense Logistics Agency's Enterprise Business System (EBS).

(b) Elements of a supplementary PIID.

(1) Examples of proper numbering for positions 2-6 (the first position will be either A or P) are as follows:

Normal modification	Provisioned items order (reserved for exclusive use by the Air Force only)	Shipping Instructions
00001 — 99999	K0001 — K9999	S0001 — S9999
then	KA001 — KZ999	SA001 — SZ999
A0001 — A9999	L0001 — L9999	T0001 — T9999
B0001 — B9999	LA001 — LZ999	TA001 — TZ999
and so on to	M0001 — M9999	U0001 — U9999
H0001 — H9999	MA001 — MZ999	UA001 — UZ999
then	N0001 — N9999	V0001 — V9999
J0001 — J9999	NA001 — NZ999	VA001 — VZ999
then	P0001 — P9999	W0001 — W9999

R0001 — R9999	PA001	—	PZ999	WA001	—	WZ999
then	Q0001	—	Q9999	X0001	—	X9999
AA001 — HZ999	QA001	—	QZ999	XA001	—	XZ999
then						
JA001 — JZ999				Y0001	—	Y9999
RA001 — RZ999				YA001	—	YZ999

(2) If the contract administration office is changing the contract administration or disbursement office for the first time and is using computer generated modifications to notify many offices, it uses the six position supplementary number ARZ999. If either office has to be changed again during the life of the contract, the supplementary number will be ARZ998, and on down as needed.

PGI 204.1670 Cross reference to Federal Procurement Data System.

The following matrices should be used as a cross reference between the terms used in the FAR, DFARS, and the Federal Procurement Data System (FPDS).

STRUCTURE OF REQUIRED IDENTIFIERS				
Key and Description	**Format**			
A - DoD Procurement Instrument Identifier (PIID)	Consists of the concatenation of the following four fields:			
	Enterprise Identifier - DODAAC of contracting office	Fiscal Year in which award is made	Procurement Instrument Type Code	Serialized Identifier
	Six alpha-numeric characters excluding I and O	Two numeric characters	One alpha character excluding I and O	Four alpha-numeric characters excluding I and O. 0000 is not an acceptable value.

B - DoD Order Number (Supplementary PIID)	Four alpha-numeric characters excluding I and O. A and P are prohibited in the first position. 0000 is not an acceptable value. *(NOTE: Four character supplementary PIID order numbers are only allowed to be issued through FY16. Subsequently, all orders must be in the format shown above in section A of this table. DoD activities are encouraged to transition as soon as possible in FY16 to this new method for numbering orders under DoD contracts and agreements. Transition must be completed no later than October 1, 2016.)*
C - DoD Procurement Instrument Modification Identifier (Supplementary PIID)	Six alpha-numeric characters beginning with A or P, excluding I and O. P00000 and A00000 are not acceptable values.
D - DoD Order Modification Identifier (Supplementary PIID)	Two alpha-numeric characters excluding I and O. 00 is not an acceptable value. *(NOTE: Two character supplementary PIID modification numbers are only allowed to be issued to DoD orders issued through FY16. Modification to DoD orders issued after the transition to the new method of numbering orders under DoD contracts and agreements must be in the form shown in section C of this table.*
E - Non DoD Procurement Instrument Number	4 to 50 Alpha-numeric characters

ELEMENTS NEEDED TO IDENTIFY A DEPARTMENT OF DEFENSE PROCUREMENT ACTION

		Required as shown below to uniquely identify the action.		
Procurement Instrument Action Type	**Reference Procurement Instrument (Reference Use Only)**	**Procurement Instrument Identifier (PIID) (Contract Number)**	**Order Number**	**Modification Number**
BPA or Order under a Schedule or other non-DoD Instrument	E	A		
Order against a BPA under a Schedule (FY16 and later)	E	A	A	

Order against a BPA under a Schedule (Pre-FY16)	E	A	B	
DoD Contract, Purchase Order, BOA, BPA not under a Schedule, or other instrument		A		
Order against a DoD Contract, BOA, BPA not under a Schedule, or other instrument (FY16 and later)		A	A	
Order against a DoD Contract, BOA, BPA not under a Schedule or other instrument (Pre-FY16)		A	B	
Modification to a BPA or Order under a Schedule or other non- DoD instrument	E	A		C
Modification to an Order against a BPA under a Schedule (FY16 and later)	E	A	A	C
Modification to an Order against a BPA under a Schedule (Pre-FY16)	E	A	B	D
Modification to a DoD Contract, Purchase Order, BOA, BPA not under a Schedule, or other instrument		A		C

Modification to an Order against a DoD Contract, BOA, or BPA not under a schedule (FY16 and later)		A	A	C
Modification to an Order against a DoD Contract, BOA, or BPA not under a schedule (Pre-FY16)		A	B	D

FPDS Crosswalk	FPDS FIELD NAME			
	REF_IDV _PIID	REF_IDV_MODIFI-CATION_NUMBER	PIID	MODIFICATION_NUMBER
BPA or Order under a Schedule or other non-DoD Instrument	E	Use 0	A	Use 0
Order against a BPA under a Schedule (FY16 and later)	A	Use 0	A	Use 0
Order against a BPA under a Schedule (Pre-FY16)	A	Use 0	B*	Use 0
DoD Contract, Purchase Order, BOA, BPA not under a Schedule, or other instrument			A	Use 0
Order against a DoD Contract, BOA, BPA not under a Schedule, or other instrument (FY16 and later)	A	Use 0	A	C
Order against a DoD Contract, BOA, BPA not under a Schedule, or other instrument (Pre-FY16)	A	Use 0	B*	D*

Modification to a BPA or Order under a Schedule or other non-DoD Instrument			A	C
Modification to an Order against a BPA under a Schedule (FY16and later)	A	Use 0	A	C
Modification to an Order against a BPA under a Schedule (Pre-FY16)	A	Use 0	B*	D*
Modification to a DoD Contract, Purchase Order, BOA, BPA not under a Schedule, or other instrument			A	C
Modification to an Order against a DoD Contract, BOA, or BPA not under a Schedule (FY16 and later)	A	Use 0	A	C
Modification to an Order against a DoD Contract, BOA, or BPA not under a Schedule (Pre-FY16)	A	Use 0	B*	D*
** Note that FPDS strips leading zeroes, so that modification 02 to order 0024 is shown as modification 2 to order 24.*				

(Revised February 26, 2016)

PGI 204.18—COMMERCIAL AND GOVERNMENT ENTITY CODE

PGI 204.1870 Procedures.

PGI 204.1870-1 Instructions to contracting officers.

Contracting officers shall—

(a) Assist offerors in obtaining the required Commercial and Government Entity (CAGE) codes. Note that if an offeror's facility requires security clearance in accordance with a potential contract, the offeror is required to have a CAGE code assigned to that facility. If the facility is a location other than the offeror's office submitting the proposal, that facility is not required to be separately registered in the System for Award Management (SAM) in order to have a CAGE code assigned. Offerors may be directed to the DLA CAGE Branch (see PGI 204.1870-2(c) for contact information);

(b) Not deny a potential offeror a solicitation package because the offeror does not have a CAGE code, DUNS number, or TIN;

(c) Not require a contractor to register sections or locations of their organization in SAM for reasons not already required by clauses present in their contracts in order to obtain a CAGE code; and

(d) Not require a contractor to obtain new CAGE codes or change CAGE code records assigned to their locations solely for Government administration purposes (such as a result of a Government reorganization, change in Government contracting officer or office) or for distinction in Government systems beyond physical address and Electronic Funds Transfer (EFT) data.

PGI 204.1870-2 Maintenance of the CAGE file.

The following information and procedures are provided to assist contracting officers.

(a) *Assignment of CAGE codes for entities located in the United States or its outlying areas*.

(1) CAGE codes are assigned per legal entity at individual physical addresses (i.e., the same entity at the same physical address will not be assigned two or more CAGE codes). The only exception to this rule is when an entity has a registration in the SAM with multiple EFT addresses identified by multiple DUNS+4 numbers. In this case, each DUNS+4 number record is assigned a separate CAGE code to assist in correct processing of payments.

(2) CAGE codes are not assigned to mailing addresses; a physical address shall be provided. Neither U.S. Post Office boxes nor addresses that can be identified as belonging to commercial mail and/or shipping provider locations will be accepted as physical addresses.

(3) CAGE codes are not assigned to entities where the provided physical address is identified as a short-term virtual location, such as mobile offices, commercial packaging/mailing facilities (e.g., UPS stores, FedEx stores), mailbox rentals and certain

business incubator locations if the majority of the operations are not performed from that incubator location. A sole proprietor, partnership, corporate entity, or other business organization shall have a principal place of business, even if it is a home office, from where the business operates and record books are maintained. In that case, a home address of an officer of the company or board member would be required.

(4) Individuals who register in SAM as sole proprietors are assigned CAGE codes. However, there may not be multiple CAGE codes assigned to the same location even if the entity names are differentiated by establishing a Limited Liability Corporation (LLC) (e.g., "John Smith" and "John Smith, LLC"). Additionally, the standard for the legal business name for sole proprietors, driven by Internal Revenue Service (IRS) standards, is the use of the individual's personal name. Any additional name used for the sole proprietorship should be identified as a doing business as (DBA) name (e.g., "John Smith" is the legal business name, "Smith Construction" is the DBA).

(5) Authorized agents or brokers may be assigned CAGE codes for identification and processing purposes. A single CAGE code will be assigned to the agent or broker entity in addition to any codes assigned to the entities represented by the agent or broker (i.e., only one code will be assigned to a specific agent or broker entity regardless of the number of firms represented by that agent or broker). Codes will not be assigned to an agent or broker in care of the entity being represented or in any way infer that the agent or broker is a separate establishment bearing the name of the entity represented by the agent or broker.

(6) There are some cases where both the owner of real property and a separate legal entity located at the same address as the real property each are required to have CAGE codes assigned. Examples are an office building owner and a tenant in the office building, or a land owner and a company using all or a portion of the land to farm. Additional cases exist where two separate entities may lease office space in the same building and both require CAGE codes. In both of these situations, the most specific physical address will be requested (i.e., specific additions of suites, floors, or room numbers) to distinguish between the two entities. If no more specific physical address is able to be identified, then documentation such as that listed in PGI 204.1870-2(c)(3)(i)(A) will be requested to ensure that the entities are separate legal entities.

(b) *NCAGE code assignment for entities located outside the United States and its outlying areas managed via established NATO processes*.

SAM records received by the CAGE code system for validation shall—

(1) Include an NCAGE that has been received from the NATO Support Agency's (NSPA's) common database. The frequency with which local country code bureaus update the common database differs by the country. While most updates occur within a week, it can take up to a month to process. The CAGE code system will hold a validation request from SAM for three (3) days before rejecting it because the NCAGE does not appear to exist; and

(2) Include a legal business name and physical address that matches the address on the NSPA database in order to be validated.

(c) *Changes of information on the CAGE code record*.

(1) The DLA CAGE Branch accepts written requests for changes to CAGE files from the following sources:

(i) The company, organization, or sole proprietor entity identified by the code, if located in the United States or its outlying areas.

(A) For CAGE records for which there is a corresponding registration in SAM, the entity shall update their Dun & Bradstreet (D&B) record to begin the process and then proceed to update and submit their SAM registration for validation. If the update includes a change to the entity's legal business name, the additional steps at PGI 204.1870-2(c)(3)(i)(C) will be necessary.

(B) For CAGE records for which there is not a corresponding registration in SAM, the entity shall use company letterhead to request a change to their CAGE code record. Submit requests for changes to CAGE files, when there is not a corresponding SAM record, at https://cage.dla.mil or using a DD Form 2051 (available at http://dtic.mil/whs/directives/forms/eforms/dd2051.pdf). The form may be emailed to cagemail@dla.mil, or a hard copy mailed to—

DLA CAGE Branch
74 Washington Avenue
Battle Creek, MI 49037
Telephone Number: toll-free 877-352-2255

(ii) The Government contracting office on agency letterhead.

(iii) The Government contract administration office on agency letterhead.

(2) The DLA CAGE branch refers requests for changes to CAGE files from entities located outside the United States and its outlying areas as follows:

(i) Entities located in a NATO or NATO-sponsored nation shall contact their codification bureau. A listing of codification bureaus is found at http://www.nato.int/structur/AC/135/main/links/contacts.htm.

(ii) Entities located in a country that is neither in NATO nor sponsored by NATO shall contact the NATO Support Agency (NSPA) at ncage@nspa.nato.int or request update after searching for their CAGE code at https://eportal.nspa.nato.int/AC135Public/scage/CageList.aspx.

(3) When a request is received by DLA (either directly or via an entity-updated SAM registration submitted for validation) that includes a change to the entity's legal business name as recorded within the CAGE file, the DLA team will contact the entity and process the request in accordance with the following procedure:

(i) If the entity indicates that it does not hold any active federal Government contracts or any outstanding invoices on a physically complete contract, the entity will be asked to provide the following to DLA—

(A) Signed legal documentation that confirms the formal name change and accurately reflects the change requested. Examples of acceptable documentation include: Articles of Incorporation, Articles of Organization, Bill of Sale, Asset Purchase Agreement, Secretary of State documentation, and Legal Merger or Acquisition documentation. DLA will not accept Internal Review Service (IRS) documentation or validation, as the IRS does not require the use of the legal business name. Sole proprietors will need to provide their filings for one of the following: Fictitious Business Name, Assumed Name, Trade Style Name, or Business License. DLA may use information found at state government websites in lieu of requesting documentation from the entity to confirm the name if it is available;

(B) Written statement that they do not have active federal contracts or any outstanding invoices on a physically complete contract; and

(C) After receipt of the documentation in (A) and (B), DLA will process the change. If the initial request was received from SAM as a part of the CAGE validation process, the processed change will be communicated back to SAM.

(ii) If the entity indicates it does hold active Federal Government contracts, the entity will be asked to provide an indication in writing (may be provided by email) if the change in legal business name is a result of an acquisition, merger, or other situation related to recognition of a successor in interest to Federal Government contracts when contractor assets are transferred, which would necessitate a novation agreement be executed.

(A) If the entity indicates that the change in legal business name is not a result of an acquisition merger or other situation as indicated above; the entity will be asked to confirm, in writing (may be provided by email) that it has advised each of the respective Government contracting officers necessary to process name-change agreements in accordance with FAR subpart 42.12 requirements. Additionally, DLA will ask the entity to provide a copy of the change-of-name agreement (see FAR 42.1205) signed by the entity. DLA will not process a change to the CAGE file without a copy of the signed change-of-name agreement, or confirmation from the cognizant Government contracting officer that processing a change to the CAGE file prior to the signed change-of-name agreement being completed is permissible. Note that the modification action that incorporates the change-of-name agreement into the contract is an acceptable method of providing the change-of-name agreement. However, if the modification is not able to be issued until the CAGE code information is updated, the change-of-name agreement itself will suffice.

(B) If the entity indicates that the change in legal business name is a result of an acquisition, merger, or other situation as indicated above, DLA will request the entity to provide the Novation Agreement that has been executed by the cognizant Government contracting officer (see FAR 42.1204) as well as the contact information for that contracting officer. DLA may, based on the content of the Novation Agreement, request that the contracting officer provide additional information regarding any Government interest in whether CAGE codes are transferred to the successor in interest. DLA will not process a change to the CAGE file without a copy of the executed Novation Agreement, or confirmation from the cognizant Government contracting officer that processing a change to the CAGE file prior to the novation agreement being completed is permissible. Note that the modification action that incorporates the Novation Agreement into the contract is an acceptable method of providing the Novation Agreement. However, if the modification is not able to be issued until the CAGE code information is updated, the Novation Agreement itself will suffice.

(1) When contacted by DLA in relation to a name change resulting from a novation, contracting officers shall provide DLA the following information:

(i) Name(s), address(es), and code(s) of the contractor(s) transferring the original contractual rights and obligations (transferor).

(ii) Name(s), address(es), and code(s) (if any) of the entity who is the successor in interest (transferee).

(iii) Name(s), address(es), and code(s) (if any) of the entity who is retaining or receiving the rights to the technical data.

(iv) Description of the circumstances surrounding the novation agreement and especially the relationship of each entity to the other.

(2) Note that if the name change request was received as a part of a registration from SAM update, and this situation applies, the update will be sent back to SAM as rejected by CAGE validation if a copy of the executed Novation Agreement or confirmation from the cognizant Government contracting officer is not available within 10 business days. The entity may resubmit the update in SAM with the changed legal name at such point this information becomes available.

(4) If the initial request was received from SAM as a part of the CAGE validation process, a processed change will be communicated back to SAM.

(5) Note that DLA does not follow the process outlined in (c)(3) above for minor changes in the legal business name received from SAM during validation, such as changing an “and” to “&”; inserting or removing abbreviations, such as changing “Co.” to “Company”; inserting or removing a space between words in an entity’s name; or inserting or removing acronyms or wording identifying a type of incorporated status, such as “Inc.” or “LLC”. These changes are processed and communicated back to SAM.

(Revised February 26, 2016)

PGI 204.71—UNIFORM CONTRACT LINE ITEM NUMBERING SYSTEM

PGI 204.7103 Contract line items.

(a) Separately identifiable contract line and subline items (i.e., all except those with characteristics described in DFARS 204.7103-1(a)(2)(iii) or 204.7104-1(a)) shall include a description of the item or service being procured, the associated Product or Service Code (PSC), the quantity, a unit of measure, defined acceptance and inspection locations and requirements, and the delivery schedule or performance period. Contracts for contingency operations shall include the project code at the line item level on each contract action. The list of applicable codes is maintained at http://www.dla.mil/j-6/dlmso/elibrary/ServicePoints/CD_ProjCd_nopoc.docx. The contracting officer is responsible for coordinating any changes from the purchase request to the contract with the requiring activity.

(1) The list of active PSCs is available on the Federal Procurement Data System website under the 'Worksite' section under 'Reference'.

(2) The list of available units of measure is on the Defense Procurement and Acquisition Policy website at http://www.acq.osd.mil/dpap/pdi/eb/docs/Line_Item_UoM_List.xlsx.

(3) Delivery and acceptance locations shall be defined using Activity Address Codes published in (1) DoD Activity Address Directory (DODAAD), DoD 4000.25-6-M, or (2) Military Assistance Program Address Directory System (MAPAD), DoD 4000.25-8-M and available for verification at https://www.daas.dla.mil/daasinq/default.asp.

(4) No activity shall be assigned acceptance responsibility unless that activity has acceptors registered in Wide Area WorkFlow (WAWF). Available roles for an Activity Address Code can be verified at the Active DoDAACs & Roles link on the WAWF homepage at https://wawf.eb.mil/.

(b) Fixed price line items shall include unit prices and total prices. Cost type line items shall not include unit prices, but shall contain the appropriate elements in accordance with FAR part 16. Not separately priced line items shall be so labeled. The notation "No Charge" shall not be used.

(c) The requirements at paragraph (a) and (b) shall be included in the appropriate parts of the contract Schedule.

(d) In structuring line items, especially on fixed-price contracts, due consideration shall be given to the effect of the chosen units of measure on administration and

payment. No contract line item shall contain a quantity less than the number of deliveries anticipated on the line item. Contracting officers shall consider the need for periodic deliveries and payments in selecting a unit of measure. Included in this analysis shall be the impact of any financing arrangements under FAR part 32.

(i) Supplies: Line item quantities shall match the actual count of the supplies to be provided. For instance, if more than one delivery is expected, the quantity cannot be "1."

(ii) Services: Line item quantities shall match the frequency with which performance will be reviewed, and on fixed-price line items, payment made. For example, a contract with a twelve-month period of performance should have a quantity and unit of measure suited to how the contract will be managed. If the intent is to review, accept, and pay for the services monthly, then the quantity should be 12, with a unit of measure such as "Months" or "Lots." If the intent is to review, accept, and pay for the services quarterly, then the quantity should be 4, with a unit of measure such as "Lot". If the quantity used is 1, then no payment for delivery can occur until the end of the period of performance. Services with tangible deliveries, such as repairs, shall be structured like supply line items.

(e) The following examples illustrate when the requirements at paragraph (a) apply—

(1) Separately identifiable subline items. The rule applies to subline items 0001AA and 0001AB. It does not apply to the line item 0001, because it does not have a deliverable.

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Widgets				
0001AA	Red painted widgets	6	EA	$10.00	$60.00
0001AB	Unpainted widgets	6	EA	$9.50	$57.00

(2) Informational subline items. The rule applies to line item 0001. It does not apply to subline items 000101, 000102, and 000103 because they do not have deliverables.

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Widget implementation Joint Service Study	1	LOT	$60,000	$60,000
000101	Army funding (AA: $20,000)				

000102	Navy funding (AB: $20,000)				
000103	Air Force funding (AC: $20,000)				

(3) Line item with no subline items. The rule applies.

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Red painted widgets	6	EA	$10.00	$60.00

(4) Line item is parent to an exhibit. The rule applies to the exhibit lines.

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	See exhibit A ($117.00)				
A001	Red painted widgets	6	EA	$10.00	$60.00
A002	Unpainted widgets	6	EA	$9.50	$57.00

(5) Line is parent to a subline item which refers to an exhibit. The rule applies to the exhibit lines.

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Widget program				
0001AA	Design and develop widgets	1	LOT	$500.00	$500.00
0001AB	See exhibit A ($117.00)				
A001	Red painted widgets	6	EA	$10.00	$60.00
A002	Unpainted widgets	6	EA	$9.50	$57.00

PGI 204.7103-2 Numbering procedures.

(a) Contract line items shall consist of four numeric digits 0001 through 9999. Do not use numbers beyond 9999. Within a given contract, the item numbers shall be sequential but need not be consecutive.

(b) The contract line item number shall be the same as the solicitation line item number unless there is a valid reason for using different numbers.

(c) Once a contract line item number has been assigned, it shall not be assigned to

another, different, contract line item in the same contract.

PGI 204.7104 Contract subline items.

PGI 204.7104-2 Numbering procedures.

(a) Number subline items by adding either two numeric characters or two alpha characters to the basic contract line item number.

(1) *Information subline item numbers.* Use numeric characters only for information subline items, running 01 through 99. Do not use spaces or special characters to separate the subline item number from the contract line item number that is its root. For example, if the contract line item number is 0001, the first three subline items would be 000101, 000102, and 000103. Do not use a designation more than once within a contract line item.

(2) Separately identified subline items. Use alpha characters only for separately identified subline items, running AA through ZZ. Do not use spaces or special characters to separate the subline item number from the contract line item number that is its root. For example, if the contract line item number is 0001, the first three subline items would be 0001AA, 0001AB, and 0001AC.

(i) Do not use the letters I or O as alpha characters.

(ii) Use all 24 available alpha characters in the second position before selecting a different alpha character for the first position. For example, AA, AB, AC, through AZ before beginning BA, BB, and BC.

(b) Within a given contract line item, the subline item numbers shall be sequential but need not be consecutive.

(c) Exhibits may be used as an alternative to setting forth in the schedule a long list of contract subline items. If exhibits are used, create a contract subline item citing the exhibit's identifier. See DFARS 204.7105.

(d) If a contract line item involves ancillary functions, like packaging and handling, transportation, payment of state or local taxes, or use of reusable containers, and these functions are normally performed by the contractor and the contractor is normally entitled to reimbursement for performing these functions, do not establish a separate subline item solely to account for these functions. However, do identify the functions in the contract schedule. If an offeror separately prices these functions, the contracting officer may establish separate subline items for the functions; however, the separate subline items must conform to the requirements of DFARS 204.7104-1.

(e) The following examples illustrate subline items numbering—

(1) Subline items structured to identify destinations for identical items, identically

priced (delivery schedule shall be established for each subline item, not the contract line item).

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	NSN 1615-00-591-6620 Shim, Aluminum Alloy,... Apbl, Rotor, Helicopter PRON A1-9-63821-M1-M1 ACRN:AA				
0001AA	A3168R-9030-4025 A2537M IPD: 2 RDD: 334 PROJ: 501	10	EA	$100.00	$1,000.00
0001AB	A3168R-9030-4026 A51AXBM IPD: 2 RDD: 325 PROJ: 502	10	EA	$100.00	$1,000.00
0001AC	A3168R-9030-4027 A67KBCM IPD: 2 RDD: 349 PROJ: 503	15	EA	$100.00	$1,500.00

(2) Subline items structured to identify destinations for identical items, not identically priced (delivery schedule shall be established for each subline item, not the contract line item).

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	NSN 1615-00-591-6620 Shim, Aluminum Alloy,... Apbl, Rotor, Helicopter PRON A1-9-63821-M1-M1 ACRN:AA				
0001AA	A3168R-9030-4025 A2537M IPD: 2 RDD: 334 PROJ: 501	10	EA	$100.00	$1,000.00
0001AB	A3168R-9030-4026 A51AXBM IPD: 2 RDD: 325 PROJ: 502	20	EA	$99.00	$1,980.00
0001AC	A3168R-9030-4027 A67KBCM IPD: 2 RDD: 349 PROJ: 503	30	EA	$98.00	$2,940.00

NOTE: Difference in prices for identical items is due to separate destinations for FOB destination delivery.

(3) Subline items structured to identify different sizes of an item that are identically priced (delivery schedule shall be established for each subline item, not the contract line item).

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0013	Boots Insulated, Cold Weather White, Type II, Class 1		PR	$38.35	$13,422.50
0013AA	8430-00-655-5541 Size 5N	50			
0013AB	8430-00-655-5544 Size 8N	70			
0013AC	8430-00-655-5551 Size 9N	30			
0013AD	8430-00-655-5535 Size 9R	200			

NOTE: Unit price and total amount shown at line item level rather than at subline item level.

(4) Subline items structured to identify different sizes of an item that are not identically priced (delivery schedule shall be established for each subline item, not the contract line item).

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002	Body Armor Ground Troops Variable Type Small Arms, Fragmentation Protective Nylon Felt Vest, Front and Back Plates, Ceramic Plate, Type I				
0002AA	First Article	1	LO	NSP	
0002AB	8470-00-141-0935 Medium Regular	1936	SE	$331.77	$642,306.72
0002AC	8470-00-141-0936 Large Regular	625	SE	$355.77	$222,356.25
0002AD	8470-00-141-0937, Medium Long	1237	SE	$346.77	$428,954.49
0002AE	8470-00-141-0938, Large	804	SE	$365.77	$294,079.08

	Long				

(5) Subline items structured to provide the capability for relating subordinate separately priced packaging costs to the overall contract line item. (Separate delivery schedules shall be established for the subline item identifying the contractor's product and for the subline item identifying packaging. No schedule will be established for the contract line item.)

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	6105-00-635-6568 50380 Ref No 63504-WZ Armature Motor ACRN: AA				
0001AA	6105-00-635-6568 50380 Ref No 63504-WZ Armature Motor ACRN: AA	2	EA	$2,895.87	$5,791.74
0001AB	Packaging ACRN:AA	2	EA	$289.58	$579.16

(6) Subline items structured to identify different accounting classifications for identical items (delivery schedule shall be established for each subline item, not the contract line item).

AJ: 17X1505183503150691000001 92B000000000000000000
AK: 17X1505183703175691000001 92B000000000000000000
AL: 17X1505193503143691000001 92B000000000000000000

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002	Pulse Decoder KY-312/A5Q-19		EA	$3,037.40	
0002AA	Pulse Decoder KY-312/A5Q-19 ACRN: AJ	2			$6,074.80
0002AB	Pulse Decoder KY-312/A5Q-19 ACRN: AK	6			$18,224.40
0002AC	Pulse Decoder KY-312/A5Q-19 ACRN: AL	2			$6,074.80

NOTE: Unit price may be shown at line item level and total amounts shown at subline item level.

(7) Informational subline items established to identify multiple accounting classification citations assigned to a single contract line item.

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Air Vehicle 000101 ACRN:AA $3,300,000 000102 ACRN:AB $2,000,000 000103 ACRN:AC $1,400,000	1	EA	$6,700,000	$6,700,000

(8) Subline items structured to identify parts of an assembly (delivery schedule and price shall be established for each identified part at the subline item level, not for the assembly at the contract line item level).

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0003	Automatic Degausing System Consisting of: (2 ea @ $52,061; $104,122 total)				
0003AA	Switchboard	2	EA	$52,061.00	$104,122.00
0003AB	Remote Control Panel	2	EA	NSP	
0003AC	Power Supply (M Coil) SSM Type 145 Amps, 220 V DC)	2	EA	NSP	
*	* *			*	*
0003AF	Power Supply (A Coil) SSM Type (118 Amps, 220 V DC)	2	EA	NSP	

(9) Subline items structured to identify parts of a kit (delivery schedule and price shall be established for each identified part at the subline item level, not for the kit at the contract line item level).

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0031	Conversion Kit to Convert Torpedo MK 45 Mod 0 to Torpedo MK 45 Mod 1 (50 Kt @ $10,868.52; $543,426 total)				
0031AA	Integrator Assy LD 620106	50	EA	$10,868.52	$543,426.00
0031AB	Pulse Generator Assy LD 587569	50	EA	NSP	
0031AC	Drive Shaft Assy LD 587559	50	EA	NSP	
*	* *			*	
0031BF	Actual Panel Assy LD 542924	50	EA	NSP	

NOTE: In this example, the prices of subline items 0031AB through 0031BF are included in the Integrator Assembly.

PGI 204.7105 Contract exhibits and attachments.

(a) *Use of exhibits*.

(1) Exhibits may be used instead of putting a long list of contract line items or subline items in the contract schedule. Exhibits are particularly useful in buying spare parts.

(2) When using exhibits, establish a contract line or subline item and refer to the exhibit.

(3) Identify exhibits individually.

(4) Each exhibit shall apply to only one contract line item or subline item.

(5) More than one exhibit may apply to a single contract line item.

(6) Data items on a DD Form 1423, Contract Data Requirements List, may be either separately priced or not separately priced.

(i) Separately priced. When data are separately priced, enter the price in Section B of the contract.

(ii) Not separately priced. Include prices in a priced contract line item or subline item.

(7) The contracting officer may append attachments to exhibits, as long as the attachment does not identify a deliverable requirement that has not been established by a contract line item or subline item or exhibit line item.

(8) Include exhibit line items and associated information in the electronically distributed contract documents identified in PGI 204.201(3)(i)(A) and (B).

(b) *Numbering exhibits and attachments*.

(1) Use alpha characters to identify exhibits. The alpha characters shall be either single or double capital letters. Do not use the letters I or O.

(2) Once an identifier has been assigned to an exhibit, do not use it on another exhibit in the same contract.

(3) The identifier shall always appear in the first or first and second positions of all applicable exhibit line item numbers.

(4) If the exhibit has more than one page, cite the procurement instrument identification number, exhibit identifier, and applicable contract line or subline item number on each page.

(5) Use numbers to identify attachments.

(c) Numbering exhibit line items.

(1) Criteria for establishing. The criteria for establishing exhibit line items are the same as those for establishing contract line items (see DFARS 204.7103).

(2) Procedures for numbering.

(i) Number items in an exhibit in a manner similar to contract line items.

(ii) Number line items using a four-position number.

(A) The first position or the first and second position contain the exhibit identifier.

(B) The third and fourth positions contain the alpha or numeric character serial numbers assigned to the line item when using a double letter exhibit identifier. The second, third and fourth positions contain the alpha or numeric character serial numbers assigned to the line item when using a single letter exhibit identifier.

(iii) Exhibit line item numbers shall be sequential within the exhibit.

(3) Examples.

(i) Two-position serial number for double letter exhibit identifier.

Cumulative No. of Line Items	Serial Number Sequence
1-33	01 thru 09, then 0A thru 0Z, then
34-67	10 thru 19, then 1A thru 1Z, then
68-101	20 thru 29, then 2A thru 2Z, then
102-135	30 thru 39, then 3A thru 3Z, then
136-169	40 thru 49, then 4A thru 4Z, then
170-203	50 thru 59, then 5A thru 5Z, then
204-237	60 thru 69, then 6A thru 6Z, then

238-271	70 thru 79, then 7A thru 7Z, then
272-305	80 thru 89, then 8A thru 8Z, then
306-339	90 thru 99, then 9A thru 9Z, then
340-373	A0 thru A9, then AA thru AZ, then
374-407	B0 thru B9, then BA thru BZ, then
408-441	C0 thru C9, then CA thru CZ, then
442-475	D0 thru D9, then DA thru DZ, then
476-509	E0 thru E9, then EA thru EZ, then
510-543	F0 thru F9, then FA thru FZ, then
544-577	G0 thru G9, then GA thru GZ, then
578-611	H0 thru H9, then HA thru HZ, then
612-645	J0 thru J9, then JA thru JZ, then
646-679	K0 thru K9, then KA thru KZ, then
680-713	L0 thru L9, then LA thru LZ, then
714-747	M0 thru M9, then MA thru MZ, then
748-781	N0 thru N9, then NA thru NZ, then
782-815	P0 thru P9, then PA thru PZ, then
816-849	Q0 thru Q9, then QA thru QZ, then
850-883	R0 thru R9, then RA thru RZ, then
884-917	S0 thru S9, then SA thru SZ, then
918-951	T0 thru T9, then TA thru TZ, then
952-985	U0 thru U9, then UA thru UZ, then

986-1019	V0 thru V9, then VA thru VZ, then
1020-1053	W0 thru W9, then WA thru WZ, then
1054-1087	X0 thru X9, then XA thru XZ, then
1088-1121	Y0 thru Y9, then YA thru YZ, then
1122-1155	Z0 thru Z9, then ZA thru ZZ

(ii) Three-position numbers.

Cumulative No. of Line Items	Serial Number Sequence
1-33	01 thru 009, then 00A thru 00Z, then
34-67	010 thru 019, then 01A thru 01Z, then
68-101	020 thru 029, then 02A thru 02Z, then
102-135	030 thru 039, then 03A thru 03Z and
136-305	so on to
306-339	090 thru 099, then 09A thru 09Z, then
340-373	0A0 thru 0A9, then 0AA thru 0AZ, then
374-407	0B0 thru 0B9, then 0BB thru 0BZ, then
408-441	0C0 thru 0C9, then 0CA thru 0CZ, and
442-1121	so on to
1122-1155	0Z0 thru 0Z9, then 0ZA thru 0ZZ, then
1156-1189	100 thru 109, then 10A thru 10Z, then
1190-1223	110 thru 119, then 11A thru 11Z, then
1224-1257	120 thru 129, then 12A thru 12Z, and
1258-1461	so on to

1462-1495	190 thru 199, then 19A thru 19Z, then
1496-1529	1A0 thru 1A9, then 1AA thru 1AZ, then
1530-1563	1B0 thru 1B9, then 1BA thru 1BZ, and
1564-2277	so on to
2278-2311	1Z0 thru 1Z9, then 1ZA thru 1ZB, then
2312-2345	200 thru 109, then 10A thru 10Z, then
2346-2379	210 thru 219, then 21A thru 21Z, then
2380-2413	220 thru 229, then 22A thru 22Z, and
2414-2617	so on to
2618-2651	290 thru 299, then 29A thru 29Z, then
2652-2685	2A0 thru 2A9, then 2AA thru 2AZ, then
2686-2719	2B0 thru 2B9, then 2BA thru 2BZ, and
2720-3433	so on to
3434-3467	2Z0 thru 2Z9, then 2ZA thru 2ZZ, then
3468-3501	300 thru 309, then 30Z thru 30Z, and
3502-10403	so on to
10404-10437	900 thru 909, then 90A thru 90Z, then
10438-10471	910 thru 919, then 91A thru 91Z, and
10472-10709	so on to
10710-10743	990 thru 999, then 99A thru 99Z, then
10744-10777	9A0 thru 9A9, then 9AA thru 9AZ, then
10778-10811	9B0 thru 9B9, then 9BA thru 9BZ, and

10812-11525	so on to
11526-11559	9Z0 thru 9Z9, then 9ZA thru 9ZZ

PGI 204.7107 Contract accounting classification reference number (ACRN) and agency accounting identifier (AAI).

(a) Establishing the contract ACRN.

(1) The contracting office issuing the contract is responsible for assigning ACRNs. This authority shall not be delegated. If more than one office will use the contract (e.g., ordering officers, other contracting officers), the contract must contain instructions for assigning ACRNs.

(2) ACRNs shall be established in accordance with the following guidelines:

(i) Do not use the letters I and O.

(ii) In no case shall an ACRN apply to more than one accounting classification citation, nor shall more than one ACRN be assigned to one accounting classification citation.

(b) *Establishing an AAI.* An AAI, as detailed http://www.acq.osd.mil/dpap/policy/policyvault/USA002246-09-DPAP.pdf, is a six-digit data element that identifies a system in which accounting for specific funds is performed. The funding office will provide to the contracting office the AAI associated with the funding for each line item.

(c) Capturing accounting and appropriations data in procurement. Procurement instruments shall identify the funding used for the effort in one of two ways.

(1) In legacy system environments where the contracting and accounting processes are not sufficiently integrated to ensure use of the Procurement Instrument Identifiers (PIIDs) (see DFARS subpart 204.16) and line item numbers as common keys, the contract shall include the accounting and appropriations data and ACRN as follows:

(i) Show the ACRN as a detached prefix to the accounting classification citation in the accounting and appropriations data block or, if there are too many accounting classification citations to fit reasonably in that block, in section G (Contract Administration Data).

(ii) ACRNs need not prefix accounting classification citations if the accounting classification citations are present in the contract only for the transportation officer to cite to Government bills of lading.

(iii) If the contracting officer is making a modification to a contract and using the same accounting classification citations, which have had ACRNs assigned to them, the

modification need cite only the ACRNs in the accounting and appropriations data block or on the continuation sheets.

(iv) Showing the ACRN in the contract. If there is more than one ACRN in a contract, all the ACRNs will appear in several places in the schedule (e.g., ACRN: AA).

(A) Ship-to/mark-for block. Show the ACRN beside the identity code of each activity in the ship-to/mark-for block unless only one accounting classification citation applies to a line item or subline item. Only one ACRN may be assigned to the same ship-to/mark-for within the same contract line or subline item number unless multiple accounting classification citations apply to a single nonseverable deliverable unit such that the item cannot be related to an individual accounting classification citation.

(B) Supplies/services column.

(1) If only one accounting classification citation applies to a line item or a subline item, the ACRN shall be shown in the supplies/services column near the item description.

(2) If more than one accounting classification citation applies to a single contract line item, identify each assigned ACRN and the amount of associated funds using informational subline items (see DFARS 204.7104-1(a)).

(2) The contract shall include AAIs and ACRNs in system environments where the accounting systems are able to use PIIDs and line item numbers as common keys to enable traceability of funding to contract actions. Include AAIs and ACRNs as follows:

(i) Showing the ACRN in the contract. If there is more than one ACRN in a contract, all the ACRNs will appear in several places in the schedule (e.g., ACRN: AA).

(A) Ship-to/mark-for block. Show the ACRN beside the identity code of each activity in the ship-to/mark-for block unless only one accounting classification citation applies to a line item or subline item. Only one ACRN may be assigned to the same ship-to/mark-for within the same contract line or subline item number unless multiple accounting classification citations apply to a single nonseverable deliverable unit such that the item cannot be related to an individual accounting classification citation.

(B) Supplies/services column.

(1) If only one accounting classification citation applies to a line item or a subline item, the ACRN shall be shown in the supplies/services column near the item description.

(2) If more than one accounting classification citation applies to a single contract line item, identify each assigned ACRN and the amount of associated funds using informational subline items (see DFARS 204.7104-1(a)).

(ii) Showing the AAI in the contract. If there is more than one AAI in a contract, show the AAI in the supplies/services column of the Schedule next to the ACRN. A sample showing the AAI is as follows:

ITEM	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002	BRU-32 B/A Ejector Bomb Rack	23	Each	$22,206.00	$510,738.00

MILSTRIP: N0001906P7PM230
PURCHASE REQUEST NUMBER: 0010144885-0001
ACRN: AA
AAI: 050119

PGI 204.7108 Payment instructions.

(a) Scope. This section applies to contracts and any separately priced orders that--

(1) Include contract line items that are funded by multiple accounting classification citations for which a contract line item or items are not broken out into separately identifiable subline items (informational subline items are not separately identifiable subline items);

(2) Contain cost-reimbursement or time-and-materials/labor-hour line items; or

(3) Authorize financing payments.

(b) For contracts and orders covered by this subpart, the contracting officer shall insert numbered instructions in Section G (Contract Administration Data), to permit the paying office to charge the accounting classification citations assigned to that contract line item (see DFARS 204.7104-1(a)) in a manner that reflects the performance of work on the contract. When incorporating clauses by reference in Section G, cite the clause number, title, and date. If additional accounting classification citations are subsequently added, the payment instructions must be modified to include the additional accounting classification citations. Also, contracting officers shall not issue modifications that would create retroactive changes to payment instructions. All payment instruction changes shall be effective as of the date of the modification. When some, but not all, of the fixed price line items in a contract are subject to contract financing payments, the contracting officer shall clearly identify to which line items the payment clause(s) included in Section I apply.

(c) Payment instructions—

(1) Shall provide a methodology for the payment office to assign payments to the appropriate accounting classification citation(s), based on anticipated contract work performance;

(2) Shall be consistent with the reasons for the establishment of separate contract line items;

(3) Shall be selected from those provided in paragraph (d) of this section;

(4) Shall be revised to address the impact of changes to contract funding or significant disparities between existing instructions and actual contract performance;

(5) Shall state at what level (contract, contract line, subline, exhibit line, or ACRN) the payment instructions should be applied;

(6) Shall not be mixed within a level by contract type. For example, if the instructions apply at the contract level, there can be only one payment instruction for each contract type. If the instructions apply at the contract line or subline level, there can only be one payment instruction per contract line or subline item;

(7) For contracts or orders that contain a combination of fixed-price, cost-reimbursement, and/or time-and-materials/labor-hour line items, shall at a minimum include separate instructions for each contract type of contract line item (e.g., contract-wide proration for fixed-price line items and contract-wide ACRN level for cost-reimbursement line items;

(8) For contracts or orders that contain foreign military sales requirements, shall include instructions for distribution of the contract financing payments to each country's account; and

(9) Shall use one of the standard payment instructions in paragraphs (d)(7) through (11) of this section unless the contracting officer documents in the contract file that there are significant benefits of requiring contractor identification of the contract line item on the payment request.

(d) The numbered payment instructions ((d)(1) through (12)) below correspond to the automated payment instructions in the supporting systems; therefore, care should be exercised when identifying the numbered instructions below in Section G of the contract. Include either one contract-wide instruction or one or more line item specific instructions. The contracting officer shall not use a combination of contract-wide and line item specific instructions.

(1) *Line item specific: single funding*. If there is only one source of funding for the contract line item (i.e., one ACRN), insert the following:

> 252.204-0001 Line Item Specific: Single Funding. (SEP 2009)
>
> The payment office shall make payment using the ACRN funding of the line item being billed.

(2) *Line item specific: sequential ACRN order*. If there is more than one ACRN within a contract line item (i.e., informational subline items contain separate ACRNs),and the contracting officer intends funds to be liquidated in ACRN order, insert the following:

252.204-0002 Line Item Specific: Sequential ACRN Order. (SEP 2009)

The payment office shall make payment in sequential ACRN order within the line item, exhausting all funds in the previous ACRN before paying from the next ACRN using the following sequential order: Alpha/Alpha; Alpha/numeric; numeric/alpha; and numeric/numeric.

(3) *Line item specific: contracting officer specified ACRN order*. If there is more than one ACRN within a contract line item, (i.e. informational sub-line items contain separate ACRNs), and the contracting officer intends the funds to be liquidated in a specified ACRN order, insert the following, including the specified order in the instruction:

252.204-0003 Line Item Specific: Contracting Officer Specified ACRN Order. (SEP 2009)

The payment office shall make payment within the line item in the sequence ACRN order specified below, exhausting all funds in the previous ACRN before paying from the next ACRN.

Line Item	ACRN Order
_____	_____
_____	_____

(4) *Line item specific: by fiscal year*. If there is more than one ACRN within a contract line item, [(i.e. informational sub-line items contain separate ACRNs), and the contracting officer intends the funds to be liquidated using the oldest funds first, insert the following:

252.204-0004 Line Item Specific: by Fiscal Year. (SEP 2009)

The payment office shall make payment using the oldest fiscal year appropriations first, exhausting all funds in the previous fiscal year before disbursing from the next fiscal year. In the event there is more than one ACRN associated with the same fiscal year, the payment amount shall be disbursed from each ACRN within a fiscal year in the same proportion as the amount of funding obligated for each ACRN within the fiscal year.

(5) *Line item specific: by cancellation date*. If there is more than one ACRN within a contract line item, (i.e. informational sub-line items contain separate ACRNs), and the contracting officer intends the funds to be liquidated using the ACRN with the earliest cancellation date first, insert the following:

252.204-0005 Line Item Specific: by Cancellation Date. (SEP 2009)

The payment office shall make payment using the ACRN with the earliest cancellation date first, exhausting all funds in that ACRN before disbursing funds from the next. In the event there is more than one ACRN associated with the same cancellation date, the payment amount shall be disbursed from each ACRN with the same cancellation date in the same proportion as the amount of funding obligated for each ACRN with the same cancellation date.

(6) *Line item specific: proration*. If there is more than one ACRN within a contract line item, (i.e. informational sub-line items contain separate ACRNs), and the contracting officer intends the funds to be liquidated in the same proportion as the amount of funding currently unliquidated for each ACRN, insert the following:

252.204-0006 Line Item Specific: Proration. (SEP 2009)

The payment office shall make payment from each ACRN in the same proportion as the amount of funding currently unliquidated for each ACRN.

(7) *Contract-wide: sequential ACRN order*. If the contracting officer intends the funds to be liquidated in sequential ACRN order, insert the following:

252.204-0007 Contract-wide: Sequential ACRN Order. (SEP 2009)

The payment office shall make payment in sequential ACRN order within the contract or order, exhausting all funds in the previous ACRN before paying from the next ACRN using the following sequential order: alpha/alpha; alpha/numeric; numeric/alpha; and numeric/numeric.

(8) *Contract-wide: contracting officer specified ACRN order*. If the contracting officer intends the funds to be liquidated in a specified ACRN order, insert the following, including the specified order in the instruction:

252.204-0008 Contract-wide: Contracting Officer Specified ACRN Order. (SEP 2009)

The payment office shall make payment in sequential ACRN order within the contract or order, exhausting all funds in the previous ACRN before paying from the next ACRN in the sequence order specified below:
ACRN Order
_____
_____

(9) *Contract-wide: by fiscal year*. If the contracting officer intends the funds to be liquidated in fiscal year order, insert the following:

252.204-0009 Contract-wide: by Fiscal Year. (SEP 2009)

The payment office shall make payment using the oldest fiscal year appropriations first, exhausting all funds in the previous fiscal year before disbursing from the next fiscal year. In the event there is more than one ACRN associated with the same fiscal year, the payment amount shall be disbursed from each ACRN within a fiscal year in the same proportion as the amount of funding obligated for each ACRN within the fiscal year.

(10) *Contract-wide: by cancellation date*. If the contracting officer intends the funds to be liquidated in fiscal year order, insert the following:

252.204-0010 Contract-wide: by Cancellation Date. (SEP 2009)

The payment office shall make payment using the ACRN with the earliest cancellation date first, exhausting all funds in that ACRN before disbursing funds from the next. In the event there is more than one ACRN associated with the same cancellation date, the payment amount shall be disbursed from each ACRN with the same cancellation date in the same proportion as the amount of funding obligated for each ACRN with the same cancellation date.

(11) *Contract-wide: proration*. If the contract or order that provides for progress payments based on costs, (unless the administrative contracting officer authorizes use of one of the other options), or if the contracting officer intends the funds to be liquidated in the same proportion as the amount of funding currently unliquidated for each ACRN, insert the following:

252.204-0011 Contract-wide: Proration. (SEP 2009)

The payment office shall make payment from each ACRN within the contract or order in the same proportion as the amount of funding currently unliquidated for each ACRN.

(12) *Other*. If none of the standard payment instructions identified in paragraphs (d)(1) through (11) of this section are appropriate, the contracting officer may insert other payment instructions, provided the other payment instructions--

(i) Provide a significantly better reflection of how funds will be expended in support of contract performance; and

(ii) Are agreed to by the payment office and the contract administration office.

(Revised December 30, 2015)

PGI 204.73—SAFEGUARDING COVERED DEFENSE INFORMATION AND CYBER INCIDENT REPORTING

PGI 204.7303 Procedures.

PGI 204.7303-1 General.

(a) The contracting officer will be notified by the requiring activity when a solicitation is expected to result in a contract that will require covered defense information to be furnished by the Government and/or developed or delivered by the contractor, or when the contractor will provide operationally critical support.

(b) The contracting officer shall—

(1) Ensure that covered defense information or operationally critical support, for which notification was provided in accordance with paragraph (a), is identified in the contract, task order, or delivery order;

(2) Ensure that the contract, task order, or delivery order includes the requirement (such as a contract data requirements list), as provided by the requiring activity, for the contractor to apply markings, when appropriate, on covered defense information; and

(3) Coordinate with the requiring activity for instruction regarding the disposition of covered defense information associated with the contract. In cases where contract administration has been delegated to an administrative contracting officer (ACO), the ACO shall request the cognizant procuring contracting officer (PCO) to coordinate with the requiring activity.

(c) The safeguarding requirements and procedures apply until such time as the covered defense information designation is changed or removed by the requiring activity.

PGI 204.7303-2 Safeguarding controls and requirements.

(a) When an offeror proposes to vary from any of the security requirements specified by National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171, “Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations,” in accordance with paragraph (c)(2) of the solicitation provision at 252.204-7008, the contracting officer shall submit the offeror’s explanation of the proposed variance to the DoD Chief Information Officer via email at osd.dibcsia@mail.mil for adjudication.

(b) For additional information on the safeguarding controls and requirements, see the Frequently Asked Questions document at http://www.acq.osd.mil/dpap/pdi/network_penetration_reporting_and_contracting.html.

PGI 204.7303-3 Cyber incident and compromise reporting.

(a) When a cyber incident is reported by a contractor, the DoD Cyber Crime Center (DC3) will send an unclassified encrypted email containing the cyber incident report to the contracting officer(s) identified on the Incident Collection Format (ICF). The DC3 may request the contracting officer send a digitally signed e-mail to DC3.

(1) The procuring contracting officer (PCO) shall notify the requiring activities that have contracts identified in the ICF. In cases where an administrative contracting officer (ACO) receives the cyber incident report, in lieu of the PCO, the ACO shall notify the PCO for each affected contract, who will then notify the requiring activity.

(2) In cases of cyber incidents involving multiple contracts, the DoD components will work together to designate a single contracting officer to coordinate the effort. The requiring activity will notify the contracting officer once a lead is designated.

(3) If requested by the requiring activity to assess compliance with the requirements of the clause at DFARS 252.204-7012, the contracting officer shall—

(i) Consult with the DoD component Chief Information Officer (CIO)/cyber security office;

(ii) Request a description of the contractor's implementation of the security requirements in National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171, "Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations" (see http://dx.doi.org/10.6028/NIST.SP.800-171) in order to support evaluation of whether any of the controls were inadequate, or if any of the controls were not implemented at the time of the incident; and

(iii) Provide a copy of the assessment of contractor compliance to the requiring activity, the DoD CIO, osd.dibcsia@mail.mil, and the other contracting officers listed in the cyber incident report.

(b) When requested by the contractor, the contracting officer shall provide the contractor with the "Instructions for Malware Submission" document available at http://www.acq.osd.mil/dpap/pdi/docs/Instructions_for_Malware_Submission.docx. The contracting officer should never receive malicious software directly from the contractor.

(c) If the requiring activity requests access to contractor information or equipment, in accordance with DFARS 252.204-7012(f), the contracting officer shall provide a written request to the contractor.

(d) For additional information on cyber incident reporting, see the Frequently Asked Questions document at http://www.acq.osd.mil/dpap/pdi/network_penetration_reporting_and_contracting.html.

PGI 204.7303-4 DoD damage assessment activities.

(a) Prior to initiating damage assessment activities, the contracting officer shall verify that any contract identified in the cyber incident report includes the clause at DFARS 252.204-7012. If the contracting officer determines that a contract identified in the report does not contain the clause, the contracting officer shall notify the requiring

activity that damage assessment activities, if required, may be determined to constitute a change to the contract.

(b) In cases of cyber incidents involving multiple contracts, a single contracting officer will be designated to coordinate with the contractor regarding media submission.

(c) If the requiring activity requests the contracting officer to obtain media, as defined in DFARS 252.204-7012, from the contractor, the contracting officer shall—

(1) Provide a written request for the media;

(2) Provide the contractor with the "Instructions for Media Submission" document available at http://www.acq.osd.mil/dpap/dars/pgi/docs/Instructions_for_Submitting_Media.docx; and

(3) Provide a copy of the request to DC3, electronically via email at dcise@dc3.mil, and the requiring activity.

(d) If the contracting officer is notified by the requiring activity that media are not required, the contracting officer shall notify the contractor and simultaneously provide a copy of the notice to DC3 and the requiring activity.

(e) The contracting officer shall document the action taken as required by paragraph (c) or (d) of this section, in the contract file.

(f) Upon receipt of the contractor media, DC3 will confirm receipt in writing to the contractor and the requesting contracting officer.

(g) When the requiring activity determines that the damage assessment activities are complete, the requiring activity will provide the contracting officer with a report documenting the findings from the damage assessment activities affecting covered defense information.

(h) The contracting officer shall include the report documenting the findings in the contract file(s) and provide a copy to the contractor.

(Revised October 14, 2014)

PGI 205–PUBLICIZING CONTRACT ACTIONS

PGI 205.2--SYNOPSES OF PROPOSED CONTRACT ACTIONS

PGI 205.207 Preparation and transmittal of synopses.

(a)(i) *Notice numbering*.

(1) For a particular procurement, when submitting notices at different stages of the acquisition (i.e., sources sought notice, pre-solicitation notice, award notice), ensure the solicitation number is entered exactly the same way in order to allow all to be retrieved when a search is performed.

(2) Use only alpha-numeric characters in the solicitation and award number data elements in the GPE. Do not include hyphens, slashes, or other special characters.

(d) *Special notices for small business events*. When advertising an event for small businesses, post a 'special notice' notice type and ensure the "title" data field begins with "Small Business Event". This will enable the public to easily search the GPE using the small business event calendar on the website.

(Revised April 20, 2015)

206.000 Scope of part.
For information on the various approaches that may be used to competitively fulfill DoD requirements, see PGI 206.000.

206.001 Applicability.

(b) As authorized by 10 U.S.C. 1091, contracts awarded to individuals using the procedures at 237.104(b)(ii) are exempt from the competition requirements of FAR Part 6.

(S-70) Also excepted from this part are follow-on production contracts for products developed pursuant to the "other transactions" authority of 10 U.S.C. 2371 for prototype projects when—

(1) The other transaction agreement includes provisions for a follow-on production contract;

(2) The contracting officer receives sufficient information from the agreements officer and the project manager for the prototype other transaction agreement, which documents that the conditions set forth in 10 U.S.C. 2371 note, subsections (f)(2)(A) and (B) (see 32 CFR 3.9(d)), have been met; and

(3) The contracting officer establishes quantities and prices for the follow-on production contract that do not exceed the quantities and target prices established in the other transaction agreement.

PGI 206.2—FULL AND OPEN COMPETITION AFTER EXCLUSION OF SOURCES

PGI 206.202 Establishing or maintaining alternative sources.

(b)(i) Include the following information, as applicable, and any other information that may be pertinent, in the supporting documentation:

(A) The acquisition history of the supplies or services, including sources, prices, quantities, and dates of award.

(B) The circumstances that make it necessary to exclude the particular source from the contract action, including—

(1) The reasons for the lack of or potential loss of alternative sources; e.g., the technical complexity and criticality of the supplies or services; and

(2) The current annual requirement and projected needs for the supplies or services.

(C) Whether the existing source must be totally excluded from the contract action or whether a partial exclusion is sufficient.

(D) The potential effect of exclusion on the excluded source in terms of loss of capability to furnish the supplies or services in the future.

(E) When FAR 6.202(a)(1) is the authority, the basis for—

(1) The determination of future competition; and

(2) The determination of reduced overall costs. Include, as a minimum, a discussion of start-up costs, facility costs, duplicative administration costs, economic order quantities, and life cycle cost considerations.

(F) When FAR 6.202(a)(2) is the authority—

(1) The current annual and mobilization requirements for the supplies or services, citing the source of, or the basis for, the data;

(2) A comparison of current production capacity with that necessary to meet mobilization requirements;

(3) An analysis of the risks of relying on the present source; and

(4) A projection of the time required for a new source to acquire the necessary facilities and achieve the production capacity necessary to meet mobilization requirements.

(ii) The following is a sample format for Determination and Findings citing the authority of FAR 6.202(a):

Determination and Findings

Authority to Exclude a Source

In accordance with 10 U.S.C. 2304(b)(1), it is my determination that the following contract action may be awarded using full and open competition after exclusion of _____*:

(Describe requirement.)

Findings

The exclusion of _____*

Alternate 1: will increase or maintain competition for this requirement and is expected to result in a reduction of $_____ in overall costs for the present and future acquisition of these supplies or services. (Describe how estimate was derived.)

Alternate 2: is in the interest of national defense because it will result in having a supplier available for furnishing these supplies or services in case of a national emergency or industrial mobilization. (Explain circumstances requiring exclusion of source.)

Alternate 3: is in the interest of national defense because it will result in establishment or maintenance of an essential engineering, research or development capability to be provided by an educational or other nonprofit institution or a federally funded research and development center. (Explain circumstances requiring exclusion of source.)

* Identify source being excluded.

(Revised October 30, 2015)

PGI 206.3--OTHER THAN FULL AND OPEN COMPETITION

PGI 206.302 Circumstances permitting other than full and open competition.

PGI 206.302-1 Only one responsible source and no other supplies or services will satisfy agency requirements.

(d) *Limitations.* When utilizing the authority at FAR 6.302-1, the contracting officer shall post a request for information or a sources sought notice, and shall include the results of this inquiry in the justification required by FAR 6.303. This requirement to post may be waived by the Head of the Contracting Activity, or designee. The waiver authority may not be delegated lower than a general or flag officer or a member of the Senior Executive Service.

PGI 206.302-2 Unusual and compelling urgency.

(b) *Application*. The circumstances under which use of this authority may be appropriate include, but are not limited to, the following:

(i) Supplies, services, or construction needed at once because of fire, flood, explosion, or other disaster.

(ii) Essential equipment or repair needed at once to—

(A) Comply with orders for a ship;

(B) Perform the operational mission of an aircraft; or

(C) Preclude impairment of launch capabilities or mission performance of missiles or missile support equipment.

(iii) Construction needed at once to preserve a structure or its contents from damage.

(iv) Purchase requests citing an issue priority designator under DoD 4140.1-R, DoD Materiel Management Regulation, of 4 or higher, or citing “Electronic Warfare QRC Priority.”

(Revised November 4, 2016)

PGI 207.1—ACQUISITION PLANS

PGI 207.103 Agency-head responsibilities.

(h) Submit acquisition plans for procurement of conventional ammunition to—

Program Executive Officer, Ammunition
ATTN: SFAE-AMO
Building 171
Picatinny Arsenal, NJ 07806-5000

Telephone: Commercial (973) 724-7101; DSN 880-7101.

PGI 207.105 Contents of written acquisition plans.

For acquisitions covered by DFARS 207.103(d)(i)(A) and (B), correlate the plan to the DoD Future Years Defense Program, applicable budget submissions, and the decision coordinating paper/program memorandum, as appropriate. It is incumbent upon the planner to coordinate the plan with all those who have a responsibility for the development, management, or administration of the acquisition. The acquisition plan should be provided to the contract administration organization to facilitate resource allocation and planning for the evaluation, identification, and management of contractor performance risk.

(a) *Acquisition background and objectives*.

(1) *Statement of need*. Include—

(A) Applicability of an acquisition decision document, a milestone decision review, or a service review, as appropriate.

(B) The date approval for operational use has been or will be obtained. If waivers are requested, describe the need for the waivers.

(C) A milestone chart depicting the acquisition objectives.

(D) Milestones for updating the acquisition plan. Indicate when the plan will be updated. Program managers should schedule updates to coincide with DAB reviews and the transition from one phase to another (e.g., system development and demonstration to production and deployment).

(E) *Supplies and services.* To determine if acquisitions for supplies or services are covered by DFARS 208.7, acquisition officials shall use the AbilityOne

Program Procurement List published by the Committee for Purchase From People Who Are Blind or Severely Disabled at http://www.abilityone.gov/procurement_list/index.html (see FAR Part 8.7).

(3)(i) Life-cycle cost. When acquiring tents or other temporary structures, consider total life-cycle costs in accordance with DFARS 215.101.

(8) *Acquisition streamlining*. See DoDD 5000.1, The Defense Acquisition System, and the Defense Acquisition Guidebook at https://dag.dau.mil/Pages/Default.aspx.

(b) *Plan of action*.

(2) *Competition.* For information on various approaches that may be used to competitively fulfill DoD requirements, see the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics Guidelines for Creating and Maintaining a Competitive Environment for Supplies and Services in the Department of Defense.

(4) *Acquisition considerations*. When supplies or services will be acquired by placing an order under a non-DoD contract (e.g., a Federal Supply Schedule contract), regardless of whether the order is placed by DoD or by another agency on behalf of DoD, address the method of ensuring that the order will be consistent with DoD statutory and regulatory requirements applicable to the acquisition and the requirements for use of DoD appropriated funds.

(5) *Budgeting and funding*. Include specific references to budget line items and program elements, where applicable, estimated production unit cost, and the total cost for remaining production.

(6) *Product or service descriptions*. For development acquisitions, describe the market research undertaken to identify commercial items, commercial items with modifications, or nondevelopmental items (see FAR Part 10) that could satisfy the acquisition objectives.

(13) *Logistics considerations*.

(i) Describe the extent of integrated logistics support planning, including total life cycle system management and performance-based logistics. Reference approved plans.

(ii) Discuss the mission profile, reliability, and maintainability (R&M) program plan, R&M predictions, redundancy, qualified parts lists, parts and material qualification, R&M requirements imposed on vendors, failure analysis, corrective action and feedback, and R&M design reviews and trade-off studies. Also discuss corrosion prevention and mitigation plans.

(iii) For all acquisitions, see Subpart 227.71 regarding technical data and associated license rights, and Subpart 227.72 regarding computer software and associated license rights. For acquisitions involving major weapon systems and subsystems of major weapon systems, see the additional requirements at DFARS 207.106(S-70).

(iv) See DoD 4120.24-M, Defense Standardization Program (DSP) Policies and Procedures.

(S-70) Describe the extent of Computer-Aided Acquisition and Logistics Support (CALS) implementation (see MIL-STD-1840C, Automated Interchange of Technical Information).

(16) *Environmental and energy conservation objectives*.

(i) Discuss actions taken to ensure either elimination of or authorization to use class I ozone-depleting chemicals and substances (see DFARS Subpart 223.8).

(ii) Ensure compliance with DoDI 4715.4, Pollution Prevention.

(20) *Other considerations*.

(A) National Technology and Industrial Base. For major defense acquisition programs, address the following (10 U.S.C. 2506)—

(1) An analysis of the capabilities of the national technology and industrial base to develop, produce, maintain, and support such program, including consideration of the following factors related to foreign dependency (10 U.S.C. 2505)—

(i) The availability of essential raw materials, special alloys, composite materials, components, tooling, and production test equipment for the sustained production of systems fully capable of meeting the performance objectives established for those systems; the uninterrupted maintenance and repair of such systems; and the sustained operation of such systems.

(ii) The identification of items specified in paragraph (b)(19)(A)*(1)(i)* of this section that are available only from sources outside the national technology and industrial base.

(iii) The availability of alternatives for obtaining such items from within the national technology and industrial base if such items become unavailable from sources outside the national technology and industrial base; and an analysis of any military vulnerability that could result from the lack of reasonable alternatives.

(iv) The effects on the national technology and industrial base that result from foreign acquisition of firms in the United States.

(2) Consideration of requirements for efficient manufacture during the design and production of the systems to be procured under the program.

(3) The use of advanced manufacturing technology, processes, and systems during the research and development phase and the production phase of the program.

(4) To the maximum extent practicable, the use of contract solicitations that encourage competing offerors to acquire, for use in the performance of the contract, modern technology, production equipment, and production systems (including hardware and software) that increase the productivity of the offerors and reduce the life-cycle costs.

(5) Methods to encourage investment by U.S. domestic sources in advanced manufacturing technology production equipment and processes through—

(i) Recognition of the contractor's investment in advanced manufacturing technology production equipment, processes, and organization of work systems that build on workers' skill and experience, and work force skill development in the development of the contract objective; and

(ii) Increased emphasis in source selection on the efficiency of production.

(6) Expanded use of commercial manufacturing processes rather than processes specified by DoD.

(7) Elimination of barriers to, and facilitation of, the integrated manufacture of commercial items and items being produced under DoD contracts.

(8) Expanded use of commercial items, commercial items with modifications, or to the extent commercial items are not available, nondevelopmental items (see FAR Part 10).

(9) Acquisition of major weapon systems as commercial items (see DFARS Subpart 234.70).

(B) Industrial Capability (IC).

(1) Provide the program's IC strategy that assesses the capability of the U.S. industrial base to achieve identified surge and mobilization goals. If no IC strategy has been developed, provide supporting rationale for this position.

(2) If, in the IC strategy, the development of a detailed IC plan was determined to be applicable, include the plan by text or by reference. If the development of the IC plan was determined not to be applicable, summarize the details of the analysis forming the basis of this decision.

(3) If the program involves peacetime and wartime hardware configurations that are supported by logistics support plans, identify their impact on the IC plan.

(C) Special considerations for acquisition planning for crisis situations. Ensure that the requirements of DoD Instruction 1100.22, Policy and Procedures for Determining Workforce Mix, are addressed. Also—

(*1*) Acquisition planning must consider whether a contract is likely to be performed in crisis situations outside the United States and must develop appropriately detailed measures for inclusion in the contract. Combatant commanders establish operational plans identifying essential services that must continue during crisis. DoDI 1100.22 requires Combatant Commanders to develop contingency plans if they have a reasonable doubt that a contractor will continue to provide essential services during a mobilization or crisis. When planning the acquisition, consider these operational plans and the resources available to carry out these plans.

(*2*) During acquisition planning, identify which services have been declared so essential that they must continue during a crisis situation. A best practice is to create a separate section, paragraph, line, or other designation in the contract for these essential services so they can be tracked to an option or separate contract line item.

(*3*) The requirements for the contractor written plan for continuity of essential services and the criteria for assessing the sufficiency of the plan will be determined/tailored for each acquisition of essential services by the contracting officer in coordination with the functional manager. The contractor's written plan, including prices/cost, shall be considered and evaluated in conjunction with the technical evaluation of offers.

(*4*) Operational-specific contractor policies and requirements resulting from combatant commander “integrated planning” will be described in operation plans (OPLAN), operation orders (OPORD) or separate annexes, and must be incorporated into applicable contracts. The plans may include rules for theater entry, country clearance, use of weapons, living on-base, etc. Therefore, the requiring activity is responsible for obtaining pertinent OPLANs, OPORDs, and annexes (or unclassified extracts) from the affected combatant command or military service element or component and for ensuring that the contract is consistent with the theater OPLAN and OPORD.

(*5*) Ask the requiring activity to confirm that the appropriate personnel department has determined that inherently Governmental functions are not included in the contract requirements. If contract services will become inherently Governmental during a time of crisis, ensure that the contract states that work will be removed from the contract (temporarily or permanently) upon the occurrence of a triggering event (specified in the contract) or upon notice from the contracting officer that informs the contractor when its responsibility to perform affected duties will stop or restart. The contract should require the contractor to have a plan for restarting performance after the crisis ends.

(*6*) If the combatant commander's contingency plan requires military members to replace contractor employees during a crisis or contingency, acquisition planning must consider whether the contract should require the contractor to train military members to do that.

(*7*) For acquisitions that have or may have some portion of delivery of items or performance in a foreign country, address considerations and requirements set forth in DFARS 225.370, Contracts requiring performance or delivery in a foreign country; 225.371, Contractor personnel supporting U.S. Armed Forces deployed outside the United States; 225.372, Antiterrorism/force protection, and 225.373, Contract administration in support of contingency operations.

(*8*) Contract administration planning considerations for contracts in support of contingency operations.

(*i*) When delegation of contract administration services to a contracting officer located in a different geographic area to support a contract for the delivery of items or performance in a joint operations area will or may occur, address the resourcing of contract administration and oversight personnel, including administrative contracting officers, quality assurance specialists, contract administrators, property administrators, and contracting officers' representatives.

(*ii*) If contract delivery of items or performance in support of contingency operations will or may occur in an austere, uncertain, or hostile environment, address the need for logistics support of contract administration and oversight personnel.

(*iii*) When some portion of contract delivery of items or performance may take place in a contingency area, address pertinent combatant commander or joint force commander requirements and considerations for contract administration. Such requirements will be maintained on the particular combatant commander operational contract support website, http://www.acq.osd.mil/dpap/pacc/cc/areas_of_responsibility.html .

(*iv*) When contracts are awarded for performance in a contingency area, the head of the contracting activity is responsible for planning to ensure that contingency contracts will be closed in a timely manner considering personnel turnover and

preaward, contract administration, and other contracting workload. A plan for reachback support of contract closeouts should be included, if required.

(*9*) For contracts that will incorporate the clause at DFARS 252.225-7040, Contractor Personnel Supporting U.S. Armed Forces Deployed Outside the United States, in accordance with DFARS 225.371-5(a), or otherwise require accountability for contractor personnel, consider the requirements and resources necessary for both the Government and contractor to keep the Synchronized Predeployment and Operational Tracker (SPOT) current in accordance with the SPOT business rules available at the website provided at http://www.acq.osd.mil/log/PS/ctr_mgt_accountability.html.

(*10*) For contracts that will incorporate the clause at FAR 52.222-50, Combating Trafficking in Persons, consider the requirements and resources necessary for both the Government and contractor to implement and maintain compliance with Federal and DoD trafficking in persons requirements, including PGI 222.1703.

(D) Antiterrorism Considerations. For acquisitions that require services to be delivered to or performed on a DoD installation, DoD occupied space, ship, or aircraft, ensure that the requirements of DoD Instruction 2000.16, DoD Antiterrorism Standards, are addressed. DoD Instruction 2000.16 is available at http://www.dtic.mil/whs/directives/.

(1) Acquisition planning must consider antiterrorism (AT) measures when the effort to be contracted could affect the security of operating forces, particularly in-transit forces. Contracting officers must work closely with Antiterrorism Officers (ATOs) and legal advisors to ensure that AT security considerations are properly and legally incorporated into the acquisition planning process. Consider AT performance as an evaluation factor for award (past performance and proposed performance under the instant contract), and as a performance metric under the resultant contract.

(2) The geographic Combatant Commander's AT policies take precedence over all AT policies or programs of any DoD component operating or existing in that command's area of responsibility. These policies, in conjunction with area specific AT security guidance, form the core of AT security criteria which shall be applied to all contracts as a baseline. The ATO has access to the Joint Staff's Antiterrorism Enterprise Portal on the NIPRNET, https://atep.dtic.mil/portal/site/atep/ a password-protected integrated interface for current and planned AT tools. Coordinate with the ATO to incorporate AT security considerations into the contracting process, including suggestions for specific AT security measures that should be employed. At a minimum—

(i) Consider AT Risk Assessment results when developing alternative solutions to contract requirements that will mitigate security risks. The impact of local security measures on contract performance and possible contract performance outcomes that could improve or leverage local security measures should be considered when selecting among alternative contract performance requirements.

(ii) Antiterrorism procedures incorporate random schedules, access, and/or search requirements. There also may be frequent changes in the local threat level. Consider the impact of these practices when developing performance work statements and special contracting requirements, especially those related to site access controls.

(iii) Consider the need for contractor personnel screening requirements to be met prior to commencing work under the contract. The contracting officer should notify the ATO prior to the start of contract performance to ensure all required AT security measures are in place.

(iv) Performance work statements should be written with the understanding that the need for and level of AT measures may change during contract performance. Performance work statements should provide for the conduct of periodic inspections to ensure adherence to access control procedures. Consider the need for reviewing contract AT measures if the local threat changes and/or if contract terms or requirements change.

(E) Software and software maintenance. When acquiring software or software maintenance, see DFARS 212.212.

(F) *Procurement Support for Theater Security Cooperation Efforts*. When planning procurement support for theater security cooperation efforts (e.g., military exercises/training, base operations, weapons procurement, aviation fuels, construction, or the President's Emergency Plan for Aids Relief projects), planners should be aware that Department of State (DoS) missions (embassies and consulates) do not provide such contracting support; however, these missions can provide support for routine, non-complex services and supplies used by U.S. Government personnel, even if funded with foreign-military-sales case money (see DFARS PGI 225.78). Planners shall take the following steps:

(*1*) Become familiar with DoS Cable 11 STATE 030953, “Procurement Roles and Responsibilities – General Services Officer and DoD Personnel” (see also DFARS PGI 225.78).

(*2*) Request general guidance from the combatant-command coordinator on past practices in the particular location for which procurement support is to be requested;

(*3*) Contact the Defense Attaché Office and/or General Services Officer (normally the embassy/consulate contracting officer) at the DoS mission at least 60 days prior to the requirement, or as soon as practicable, to obtain information on–

(*i*) Availability of, and procedures associated with, requesting DoS mission procurement support;

(*ii*) Local sources of supplies and services; and

(*iii*) Business payment practices to support DoD procurement of specific theater security cooperation procurement requirements.

(*4*) Ascertain whether payment support is available from the DoS mission.

(*5*) When DoS contracting support is determined to be unavailable or not allowed, ensure the party of DoD military and/or civilians deploying to support the particular Theater Security Cooperation effort either pre-arranges DoD contracting support through reach-back, if possible, or if necessary, includes a warranted contracting officer, field-ordering officer, or credit-card holder, and, if necessary, a paying agent.

PGI 207.171 Component breakout.

PGI 207.171-4 Procedures.

(1) *Responsibility*.

(i) Agencies are responsible for ensuring that—

(A) Breakout reviews are performed on components meeting the criteria in DFARS 207.171-3(a) and (b);

(B) Components susceptible to breakout are earmarked for consideration in future acquisitions;

(C) Components earmarked for breakout are considered during requirements determination and appropriate decisions are made; and

(D) Components are broken out when required.

(ii) The program manager or other official responsible for the material program concerned is responsible for breakout selection, review, and decision.

(iii) The contracting officer or buyer and other specialists (e.g., small business specialist, engineering, production, logistics, and maintenance) support the program manager in implementing the breakout program.

(2) *Breakout review and decision.*

(i) A breakout review and decision includes—

(A) An assessment of the potential risks to the end item from possibilities such as delayed delivery and reduced reliability of the component;

(B) A calculation of estimated net cost savings (i.e., estimated acquisition savings less any offsetting costs); and

(C) An analysis of the technical, operational, logistics, and administrative factors involved.

(ii) The decision must be supported by adequate explanatory information, including an assessment by the end item contractor when feasible.

(iii) The following questions should be used in the decision process:

(A) Is the end item contractor likely to do further design or engineering effort on the component?

(B) Is a suitable data package available with rights to use it for Government acquisition? (Note that breakout may be warranted even though competitive acquisition is not possible.)

(C) Can any quality control and reliability problems of the component be resolved without requiring effort by the end item contractor?

(D) Will the component require further technical support (e.g., development of specifications, testing requirements, or quality assurance requirements)? If so, does the Government have the resources (manpower, technical competence, facilities, etc.) to provide such support? Or, can the support be obtained from the end item contractor (even though the component is broken out) or other source?

(E) Will breakout impair logistics support (e.g., by jeopardizing standardization of components)?

(F) Will breakout unduly fragment administration, management, or performance of the end item contract (e.g., by complicating production scheduling or preventing identification of responsibility for end item failure caused by a defective component)?

(G) Can breakout be accomplished without jeopardizing delivery requirements of the end item?

(H) If a decision is made to break out a component, can advance acquisition funds be made available to provide the new source any necessary additional lead time?

(I) Is there a source other than the present manufacturer capable of supplying the component?

(J) Has the component been (or is it going to be) acquired directly by the Government as a support item in the supply system or as Government-furnished equipment in other end items?

(K) Will the financial risks and other responsibilities assumed by the Government after breakout be acceptable?

(L) Will breakout result in substantial net cost savings? Develop estimates of probable savings in cost considering all offsetting costs such as increases in the cost of requirements determination and control, contracting, contract administration, data package purchase, material inspection, qualification or preproduction testing, ground support and test equipment, transportation, security, storage, distribution, and technical support.

(iv) If answers to the questions reveal conditions unfavorable to breakout, the program manager should explore whether the unfavorable conditions can be eliminated. For example, where adequate technical support is not available from Government resources, consider contracting for the necessary services from the end item contractor or other qualified source.

(3) *Records*.

(i) The contracting activity shall maintain records on components reviewed for breakout. Records should evidence whether the components—

(A) Have no potential for breakout;

(B) Have been earmarked as potential breakout candidates; or

(C) Have been, or will be, broken out.

(ii) The program manager or other designated official must sign the records.

(iii) Records must reflect the facts and conditions of the case, including any assessment by the contractor, and the basis for the decision. The records must contain the assessments, calculations, and analyses discussed in paragraph 2 of this section, including the trade-off analysis between savings and increased risk to the Government because of responsibility for Government-furnished equipment.

(Added June 7, 2016)

PGI 207.3—CONTRACTOR VERSUS GOVERNMENT PERFORMANCE

PGI 207.302 Policy.

See the memorandum from Assistant Secretary of Defense (Manpower and Reserve Affairs) dated April 21, 2016, entitled "Update on OMB Circular A-76 Public-Private Competition Prohibitions-FY 2016," regarding the ongoing Governmentwide moratorium and restrictions on public-private competitions. The restrictions prohibit the conversion of any work currently performed (or designated for performance) by civilian personnel to contract performance.

ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

MANPOWER AND RESERVE AFFAIRS

APR 2 1 2016

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Update on OMB Circular A-76 Public-Private Competition Prohibitions – FY 2016

This memorandum replaces the memorandum of the same subject, dated February 18, 2015, and provides updated guidance, for fiscal year (FY) 2016, related to the continued moratorium and restrictions on public-private competitions pursuant to Office of Management and Budget (OMB) Circular A-76 and section 2461 of title 10, United States Code. The Department continues to be statutorily prohibited by law from converting any work currently performed, or designated for performance, by any number of civilian personnel to private sector (contract) performance.

The government-wide moratorium, including the Department of Defense, on the use of funds for public-private competitions was extended for FY 2016 by section 742 (Title VII, General Provisions – Government-wide) of Division E – Financial Services and General Government Appropriations of the Consolidated Appropriations Act, 2016 (Public Law (P.L.)114-113). Furthermore, the DoD-specific suspension of public-private competitions remains in effect per section 325 of the National Defense Authorization Act (NDAA) for Fiscal Year 2010 (P.L. 111-84).

The above restrictions prohibit the conversion of any work currently performed (or designated for performance) by civilian personnel to contract performance and apply to functions and work assigned to civilian personnel, regardless of whether or not a position, or billet, is established for that work, and whether or not that position, or billet, is encumbered. This includes workload and positions/billets that are impacted as a result of ongoing institutional reform initiatives, such as delayering or headquarters reductions; workforce reductions associated with section 955 of the NDAA for Fiscal Year 2013 (P.L. 112-239) or other initiatives; and position vacancies and workload impacted by hiring freezes or funding shortfalls.

Please ensure maximum distribution of this memorandum across your organization. Questions should be addressed to Mr. Thomas Hessel (thomas.j.hessel.civ@mail.mil or 703-697-3402) in the Office of Total Force Planning & Requirements.

Todd A. Weiler

(Added July 15, 2009)

PGI 207.4—EQUIPMENT LEASE OR PURCHASE

PGI 207.470 Statutory requirements.

The contracting officer should obtain additional information on the definition of "substantial termination liability" by contacting the servicing legal adviser.

PGI 207.5--INHERENTLY GOVERNMENTAL FUNCTIONS

PGI 207.503 Policy.

(S-70) Section 804 of the National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375) limits contractor performance of acquisition functions closely associated with inherently Governmental functions (see related conference language).

(Revised April 20, 2015)

PGI 208.4—FEDERAL SUPPLY SCHEDULES

PGI 208.405-6 Limiting sources.
For an order or blanket purchase agreement (BPA) exceeding the simplified acquisition threshold that is a follow-on to an order or BPA for the same supply or services previously issued based on a limiting sources justification citing the authority at FAR 8.405-6(a)(1)(i)(B) or (C)—

(1) The limited sources justification shall include a copy of the previous justification to assist the approval authority in determining whether the planned actions to remove any barriers that led to the restricted consideration cited on the previous justification were completed; and

(2) The approval authority shall determine whether the planned actions were completed. If the actions were not completed, the justification for the follow-on action must be approved by the approval authority one-level above the approval authority for the previous justification (see FAR 8.405-6(d)). If the previous justification was approved by the Senior Procurement Executive (SPE), the approval remains at the SPE level.

PGI 208.406 Ordering activity responsibilities.

PGI 208.406-1 Order placement.

(1) When ordering from schedules, ordering offices—

(i) May use DD Form 1155, Order for Supplies or Services, to place orders for—

(A) Commercial items at or below the simplified acquisition threshold; and

(B) Other than commercial items at any dollar value (see PGI 213.307);

(ii) Shall use SF 1449, Solicitation/Contract/Order for Commercial Items, to place orders for commercial items exceeding the simplified acquisition threshold (see FAR 12.204); and

(iii) May use SF 1449 to place orders for other than commercial items at any dollar value.

(2) Schedule orders may be placed orally if—

(i) The contractor agrees to furnish a delivery ticket for each shipment under the order (in the number of copies required by the ordering office). The ticket must include the—

(A) Contract number;

(B) Order number under the contract;

(C) Date of order;

(D) Name and title of person placing the order;

(E) Itemized listing of supplies or services furnished; and

(F) Date of delivery or shipment; and

(ii) Invoicing procedures are agreed upon. Optional methods of submitting invoices for payment are permitted, such as—

(A) An individual invoice with a receipted copy of the delivery ticket;

(B) A summarized monthly invoice covering all oral orders made during the month, with receipted copies of the delivery tickets (this option is preferred if there are many oral orders); or

(C) A contracting officer statement that the Government has received the supplies.

(3) For purchases where cash payment is an advantage, the use of imprest funds in accordance with DFARS 213.305 is authorized when—

(i) The order does not exceed the threshold at FAR 13.305-3(a); and

(ii) The contractor agrees to the procedure.

(4) If permitted under the schedule contract, use of the Governmentwide commercial purchase card--

(i) Is mandatory for placement of orders valued at or below the micro-purchase threshold; and

(ii) Is optional for placement of orders valued above the micro-purchase threshold.

(Revised August 12, 2008)

PGI 208.7--ACQUISITION FROM NONPROFIT AGENCIES EMPLOYING PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

PGI 208.705 Procedures.

Ordering offices may use DD Form 1155, Order for Supplies or Services, to place orders with central nonprofit agencies.

(Revised April 21, 2014)

PGI 208.70—COORDINATED ACQUISITION

PGI 208.7002 Assignment authority.

PGI 208.7002-1 Acquiring department responsibilities.

The acquiring department generally is responsible under coordinated acquisition for—

(1) Operational aspects of acquisition planning (phasing the submission of requirements to contracting, consolidating or dividing requirements, analyzing the market, and determining patterns for the phased placement of orders to avoid unnecessary production fluctuations and meet the needs of requiring departments at the lowest price);

(2) Purchasing;

(3) Performing or assigning contract administration, including follow-up and expediting of inspection and transportation; and

(4) Obtaining licenses under patents and settling patent infringement claims arising out of the acquisition. (Acquiring departments must obtain approval from the department whose funds are to be charged for obtaining licenses or settling claims.)

PGI 208.7002-2 Requiring department responsibilities.

The requiring department is responsible for—

(1) Ensuring compliance with the order of priority in FAR 8.001 for use of Government supply sources before submitting a requirement to the acquiring department for contracting action; and

(2) Providing the acquiring department—

(i) The complete and certified documentation required by FAR 6.303-2(b). A requiring department official, equivalent to the appropriate level in FAR 6.304, must approve the documentation before submission of the military interdepartmental purchase request (MIPR) to the acquiring department;

(ii) Any additional supporting data that the acquiring department contracting officer requests (e.g., the results of any market survey or why none was conducted, and actions the requiring department will take to overcome barriers to competition in the future);

(iii) The executed determination and findings required by FAR 6.302-7(c)(1);

(iv) When a requiring department requests an acquiring department to contract for supplies or services using full and open competition after exclusion of sources, all data required by FAR 6.202(b)(2);

(v) When the requiring department specifies a foreign end product, any determinations required by DFARS Part 225 or FAR Part 25;

(vi) A complete definition of the requirements, including a list (or copies) of specifications, drawings, and other data required for the acquisition. The requiring department need not furnish Federal, military, departmental, or other specifications or drawings or data that are available to the acquiring department;

(vii) Justification required by FAR 17.205(a) for any option quantities requested;

(viii) A statement as to whether used or reconditioned material, former Government surplus property, or residual inventory will be acceptable, and if so—

(A) A list of any supplies that need not be new; and

(B) The basis for determining the acceptability of such supplies (see FAR 11.302(b));

(ix) A statement as to whether the acquiring department may exceed the total MIPR estimate and, if so, by what amount; and

(x) Unless otherwise agreed between the departments, an original and six copies of each MIPR and its attachments (except specifications, drawings, and other data).

PGI 208.7003 Applicability.

PGI 208.7003-1 Assignments under integrated materiel management (IMM).

(b) When an item assigned for IMM is to be acquired by the requiring activity under DFARS 208.7003-1(a)(3), the contracting officer must—

(i) Document the contract file with a statement of the specific advantage of local purchase for an acquisition exceeding the micro-purchase threshold in FAR Part 2; and

(ii) Ensure that a waiver is obtained from the IMM manager before initiating an acquisition exceeding the simplified acquisition threshold in FAR Part 2, if the IMM assignment is to the General Services Administration (GSA), the Defense Logistics Agency (DLA), or the Army Materiel Command (AMC). Submit requests for waiver to—

For GSA:

Commissioner (F)
Federal Supply Service
Washington, DC 20406

For DLA:

DLA Land and Maritime
ATTN: DSCC-BDL
P.O. Box 3990
Columbus, OH 43216-5000

DLA Energy
ATTN: DESC-CPA
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6222

DLA Aviation
ATTN: DSCR-RZO
8000 Jefferson Davis Highway
Richmond, VA 23297-5000

DLA Troop Support
ATTN: DSCP-ILSI (for General and Industrial)
DSCP-OCS (for Medical, Clothing, and Textiles)
700 Robbins Avenue, Bldg. 4
Philadelphia, PA 19111-5096

In addition, forward a copy of each request to:

Defense Logistics Agency
Logistics Operations
ATTN: J-335
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6221

For AMC: HQ, Army Materiel Command
ATTN: AMCLG-SL
4400 Martin Road
Redstone Arsenal, AL 35898

PGI 208.7004 Procedures.

PGI 208.7004-1 Purchase authorization from requiring department.

(1) Requiring departments send their requirements to acquiring departments on either a DD Form 448, Military Interdepartmental Purchase Request (MIPR), or a DD Form 416, Requisition for Coal, Coke or Briquettes. A MIPR or a DD Form 416 is the acquiring department's authority to acquire the supplies or services on behalf of the requiring department.

(2) The acquiring department is authorized to create obligations against the funds cited in a MIPR without further referral to the requiring department. The acquiring department has no responsibility to determine the validity of a stated requirement in an approved MIPR, but it should bring apparent errors in the requirement to the attention of the requiring department.

(3) Changes that affect the contents of the MIPR must be processed as a MIPR amendment regardless of the status of the MIPR. The requiring department may initially transmit changes electronically or by some other expedited means, but must confirm changes by a MIPR amendment.

(4) The requiring department must submit requirements for additional line items of supplies or services not provided for in the original MIPR as a new MIPR. The requiring department may use a MIPR amendment for increased quantities only if—

(i) The original MIPR requirements have not been released for solicitation; and

(ii) The acquiring department agrees.

PGI 208.7004-2 Acceptance by acquiring department.

(1) Acquiring departments formally accept a MIPR by DD Form 448-2, Acceptance of MIPR, as soon as practicable, but no later than 30 days after receipt of the MIPR. If the 30 day time limit cannot be met, the acquiring department must inform the requiring department of the reason for the delay, and the anticipated date the MIPR will be accepted. The acquiring department must accept MIPRs in writing before expiration of the funds.

(2) The acquiring department in accepting a MIPR will determine whether to use Category I (reimbursable funds citation) or Category II (direct funds citation) methods of funding.

(i) Category I method of funding is used under the following circumstances and results in citing the funds of the acquiring department in the contract:

(A) Delivery is from existing inventories of the acquiring department;

(B) Delivery is by diversion from existing contracts of the acquiring department;

(C) Production or assembly is through Government work orders in Government-owned plants;

(D) Production quantities are allocated among users from one or more contracts, and the identification of specific quantities of the end item to individual contracts is not feasible at the time of MIPR acceptance;

(E) Acquisition of the end items involves separate acquisition of components to be assembled by the acquiring department;

(F) Payments will be made without reference to deliveries of end items (e.g., cost-reimbursement type contracts and fixed-price contracts with progress payment clauses); or

(G) Category II method of funding is not feasible and economical.

(ii) Category II method of funding is used in circumstances other than those in paragraph (2)(i) of this subsection. Category II funding results in citation of the requiring department's funds and MIPR number in the resultant contract.

(3) When the acquiring departments accepts a MIPR for Category I funding—

(i) The DD Form 448-2, Acceptance of MIPR, is the authority for the requiring department to record the obligation of funds;

(ii) The acquiring department will annotate the DD Form 448-2 if contingencies, price revisions, or variations in quantities are anticipated. The acquiring department will

periodically advise the requiring department, prior to submission of billings, of any changes in the acceptance figure so that the requiring department may issue an amendment to the MIPR, and the recorded obligation may be adjusted to reflect the current price;

(iii) If the acquiring department does not qualify the acceptance of a MIPR for anticipated contingencies, the price on the acceptance will be final and will be billed at time of delivery; and

(iv) Upon receipt of the final billing (SF 1080, Voucher for Transferring Funds), the requiring department may adjust the fiscal records accordingly without authorization from or notice to the acquiring department.

(4) When the MIPR is accepted for Category II funding, a conformed copy of the contract (see DFARS 204.802(1)(ii)) is the authority to record the obligation. When all awards have been placed to satisfy the total MIPR requirement, any unused funds remaining on the MIPR become excess to the acquiring department. The acquiring department will immediately notify the requiring department of the excess funds by submitting an Acceptance of MIPR (DD Form 448-2). This amendment is authorization for the requiring department to withdraw the funds. The acquiring department is prohibited from further use of such excess funds.

(5) When the acquiring department requires additional funds to complete the contracting action for the requiring department, the request for additional funds must identify the exact items involved, and the reason why additional funds are required. The requiring department shall act quickly to—

(i) Provide the funds by an amendment of the MIPR; or

(ii) Reduce the requirements.

(6) The accepting activity of the acquiring department shall remain responsible for the MIPR even though that activity may split the MIPR into segments for action by other contracting activities.

PGI 208.7004-3 Use of advance MIPRs.

(1) An advance MIPR is an unfunded MIPR provided to the acquiring department in advance of the funded MIPR so that initial steps in planning the contract action can begin at an earlier date.

(2) In order to use an advance MIPR, the acquiring department and the requiring department must agree that its use will be beneficial. The departments may execute a blanket agreement to use advance MIPRs.

(3) The requiring department shall not release an advance MIPR to the acquiring department without obtaining proper internal approval of the requirement.

(4) When advance MIPRs are used, mark “ADVANCE MIPR” prominently on the DD Form 448.

(5) For urgent requirements, the advance MIPR may be transmitted electronically.

(6) On the basis of an advance MIPR, the acquiring department may take the initial steps toward awarding a contract, such as obtaining internal coordination and preparing an acquisition plan. Acquiring departments may determine the extent of these initial actions but shall not award contracts on the basis of advance MIPRs.

PGI 208.7004-4 Cutoff dates for submission of Category II MIPRs.

(1) Unless otherwise agreed between the departments, May 31 is the cutoff date for the receipt of MIPRs citing expiring appropriations which must be obligated by September 30 of that fiscal year. If circumstances arise that require the submission of MIPRs citing expiring appropriations after the cutoff date, the requiring department will communicate with the acquiring department before submission to find out whether the acquiring department can execute a contract or otherwise obligate the funds by the end of the fiscal year. Acquiring departments will make every effort to obligate funds for all such MIPRs accepted after the cutoff date. However, acceptance of a late MIPR does not constitute assurance by the acquiring department that all such funds will be obligated.

(2) Nothing in these instructions is intended to restrict the processing of MIPRs when the acquiring department is capable of executing contracts or otherwise obligating funds before the end of the fiscal year.

(3) The May 31 cutoff date does not apply to MIPRs citing continuing appropriations.

PGI 208.7004-5 Notification of inability to obligate on Category II MIPRs.

On August 1, the acquiring department will advise the requiring department of any Category II MIPRs on hand citing expiring appropriations it will be unable to obligate prior to the fund expiration date. If an unforeseen situation develops after August 1 that will prevent execution of a contract, the acquiring department will notify the requiring department as quickly as possible and will return the MIPR. The letter of transmittal returning the MIPR will authorize purchase by the requiring department and state the reason that the acquisition could not be accomplished.

PGI 208.7004-6 Cancellation of requirements.

(1) Category I MIPRs. The requiring department will notify the acquiring department by electronic or other immediate means when cancelling all or part of the supplies or services requested in the MIPR. Within 30 days, the acquiring department will notify the requiring department of the quantity of items available for termination and the amount of funds in excess of the estimated settlement costs. Upon receipt of this information, the requiring department will issue a MIPR amendment to reduce the quantities and funds accordingly.

(2) Category II MIPRs. The requiring department will notify the acquiring department electronically or by other immediate means when cancelling all or any part of the supplies or services requested in the MIPR.

(i) If the acquiring department has not entered into a contract for the supplies or services to be cancelled, the acquiring department will immediately notify the requiring department. Upon receipt of such notification, the requiring department shall initiate a MIPR amendment to revoke the estimated amount shown on the original MIPR for the cancelled items.

(ii) If the items to be cancelled have already been placed under contract—

(A) As soon as practicable, but in no event more than 45 days after receipt of the cancellation notice from the requiring department, the contracting officer shall issue a termination data letter to the requiring department (original and four copies) containing, as a minimum, the information in Table 8-1, Termination Data Letter.

(B) The termination contracting officer (TCO) will review the proceedings at least every 60 days to reassess the Government's probable obligation. If any additional funds are excess to the probable settlement requirements, or if it appears that previous release of excess funds will result in a shortage of the amount that will be required for settlement, the TCO will promptly notify the contracting office which will amend the termination data letter. The requiring department will process a MIPR amendment to reflect the reinstatement of funds within 30 days after receiving the amended termination data letter.

(C) Upon receipt of a copy of the termination settlement agreement, the requiring department will prepare a MIPR amendment, if required, to remove any remaining excess funds.

TABLE 8-1, TERMINATION DATA LETTER

SUBJECT: Termination Data Re:

Contract No.
_____
Termination No.
_____
Contract
_____

(a) As termination action is now in progress on the above contract, the following information is submitted:

(1) Brief Description of items terminated.

(2) You are notified that the sum of $_____ is available for release under the subject contract. This sum represents the difference between $_____, the value of items terminated under the contract, and $_____, estimated to be required for settlement of the terminated contract. The estimated amount available for release is allocated by the appropriations cited on the contract as follows:

MIPR NO._____ ACCOUNTING CLASSIFICATION_____ AMOUNT_____
Total available for release at this time $_____

(b) Request you forward an amendment to MIPR _____ on DD Form 448-2 to reflect the reduced quantity and amount of funds available for release.

(c) Periodic reviews (not less than 60 days) will be made as termination proceedings progress to redetermine the Government's probable obligation.

_____
Contracting Officer

PGI 208.7004-7 Termination for default.

(1) When the acquiring department terminates a contract for default, it will ask the requiring department if the supplies or services to be terminated are still required so that repurchase action can be started.

(2) The requiring department will not deobligate funds on a contract terminated for default until receipt of a settlement modification or other written evidence from the acquiring department authorizing release of funds.

(3) On the repurchase action, the acquiring department will not exceed the unliquidated funds on the defaulted contract without receiving additional funds from the requiring department.

PGI 208.7004-8 Transportation funding.

The requiring department will advise the acquiring department or the transportation officer in the contract administration office of the fund account to be charged for transportation costs. The requiring department may cite the fund account on each MIPR or provide the funding cite to the transportation officer at the beginning of each fiscal year for use on Government bills of lading. When issuing a Government bill of lading, show the requiring department as the department to be billed and cite the appropriate fund account.

PGI 208.7004-9 Status reporting.

(1) The acquiring department will maintain a system of MIPR follow-up to inform the requiring department of the current status of its requests. In addition, the contract administration office will maintain a system of follow-up in order to advise the acquiring department on contract performance.

(2) If requested by the requiring department, the acquiring department will furnish the requiring department a copy of the solicitation when the MIPR is satisfied through Category II funding.

(3) Any reimbursement billings, shipping document, contractual documents, project orders, or related documentation furnished to the requiring department will identify the requiring department's MIPR number, quantities of items, and funding information.

PGI 208.7004-10 Administrative costs.

The acquiring department bears the administrative costs of acquiring supplies for the requiring department. However, when an acquisition responsibility is transferred to another department, funds appropriated or to be appropriated for administrative costs will transfer to the successor acquiring department. The new acquiring department must assume budget cognizance as soon as possible.

PGI 208.7006 Coordinated acquisition assignments.

PART 1--ARMY ASSIGNMENTS

Federal Supply Class Code	*Commodity*
	Electronic Equipment Each department is assigned acquisition responsibility for those items which the department either designed or for which it sponsored development. See FSC 5821 under Navy listings for assignment of certain commercially developed radio sets (i.e., developed without the use of Government funds).
1005 P*	Guns, through 30mm This partial assignment applies to guns, through 30mm, and parts and equipment therefor, as listed in Department of Army Supply Manuals/ Catalogs. It does not apply to Navy ordnance type guns; MK 11 and MK 12, 20mm gun; and aircraft gun mounts.
1010 P*	Guns, over 30mm up to 75mm This partial assignment applies to guns, over 30mm and up to 75mm, and parts and equipment therefor, as listed in Department of the Army Supply Manuals/Catalogs. It does not apply to Naval ordnance type guns and aircraft gun mounts.
1015 P*	Guns, 75mm through 125mm This partial assignment applies to guns, 75mm through 125mm, and parts and equipment therefor, as listed in Department of Army Supply Manuals/Catalogs. It does not apply to Naval ordnance type guns.
1020 P*	Guns over 125mm through 150mm
1025 P*	Guns over 150mm through 200mm
1030 P*	Guns over 200mm through 300mm
1035 P*	Guns over 300mm These partial assignments apply to guns, over 125mm, and parts and equipment therefor, as listed in Department of Army Supply Manuals/Catalogs. They do not apply to Naval ordnance type guns.
1040	Chemical Weapons and Equipment
1055 P*	Launchers, Rocket and Pyrotechnic This partial assignment applies to launchers, rocket and pyrotechnic, as listed in Department of Army Supply Manuals/Catalogs does not apply to Naval ordnance type and airborne type, with the exception of 2.75 inch rocket launchers which are included in this partial FSC assignment to the Department of the Army.
1090 P	Assemblies Interchangeable Between Weapons in Two or More Classes This partial assignment applies to the following items: *National stock number nomenclature*

1090-563-7232	Staff Section, Class
1090-699-0633	Staff Section
1090-796-8760	Power Supply
1090-885-8451	Wrench Corrector
1090-986-9707	Reticle Assembly

("P" after the FSC number indicates a partial FSC assignment)

1095 P* Miscellaneous Weapons
This partial assignment applies to miscellaneous weapons, and parts and equipment therefor, as listed in Department of Army Supply Manuals/Catalogs. It does not apply to Naval ordnance type; line throwing guns (which are under DoD Coordinated Acquisition assignment to the Department of the Navy); and aircraft type miscellaneous weapons.

1210 P* Fire Control Directors
1220 P* Fire Control Computing Sights and Devices
1230 P* Fire Control Systems, Complete
1240 P* Optical Sighting and Ranging Equipment
1250 P* Fire Control Stabilizing Mechanisms
1260 P* Fire Control Designating and Indicating Equipment
1265 P* Fire Control Transmitting and Receiving Equipment, Except Airborne
1285 P* Fire Control Radar Equipment, Except Airborne
1290 P* Miscellaneous Fire Control Equipment
The above nine partial FSC assignments apply to fire control equipment, as listed in Department of the Army Supply Manuals/Catalogs. They do not apply to Naval ordnance type and aircraft type.

1305 P* Ammunition, through 30mm
This partial assignment applies to ammunition through 30mm as listed in Department of Army Supply Manuals/Catalogs. It does not apply to Naval ordnance type and ammunition for the MK 11 and MK 12, 20mm gun

1310 P* Ammunition, over 30mm up to 75mm
This partial assignment applies to ammunition, over 30mm up to 75mm, as listed in Department of Army Supply Manuals/Catalogs. It does not apply to Naval ordnance type and to 40mm ammunition (which is under DoD Coordinated Acquisition assignment to the Navy). The Army is responsible for the acquisition of fillers and the loading, assembling, and packing of toxicological, incapacitating riot control, smoke and incendiary munitions.

1315 P* Ammunition, 75mm through 125mm
This partial assignment applies to ammunition, 75mm through 125mm, as listed in Department of Army Supply Manuals/Catalogs. It does not apply to Naval ordnance type. The Army is responsible for the acquisition of fillers and the loading, assembling, and packing of toxicological, incapacitating riot control, smoke and incendiary munitions.

1320 P* Ammunition, over 125mm

This partial assignment applies to ammunition over 125mm, as listed in Department of Army Supply Manuals/Catalogs. It does not apply to Naval ordnance type. The Army is responsible for the acquisition of fillers and the loading, assembling, and packing of toxicological, incapacitating riot control, smoke and incendiary munitions.

1325 P Bombs

This partial assignment applies to bombs as listed in Department of Army Supply Manuals/Catalogs. It does not apply to Navy assigned bombs as shown in list of assignments to the Navy; however, the Department of the Army is responsible for the acquisition of fillers and the loading, assembling, and packing of toxicological, incapacitating riot control, smoke and incendiary munitions, and for other loading, assembling, and packing in excess of Navy owned capacity.

1330 Grenades

1340 P Rockets and Rocket Ammunition

This partial assignment applies to:

- 66mm Rocket, HEAT, M72
- 2.75” Rocket FFAR, Service and Practice
- Heads MK5 and Mods (HEAT)
  - HE, M151
  - HE, XM229 (17 lb Warhead)
  - HE, XM157 (Spotting Red)
  - HE, XM158 (Spotting Yellow)
  - MK61 Practice (5 lb Slug)
  - XM230 Practice (10 lb)
- Motors MK4 and Mods (High Performance Aircraft)
  - MK40 and Mods (Low Performance Aircraft)
- 3.5 inch Rocket Heat, M35
  - Practice, M36
  - Smoke, WP, M30
- 4.5 inch Motor, Drill, M24
- HE, M32
- Practice, M33
- Incendiary and toxicological rockets, as listed in Army Supply Bulletins.

It does not apply to Navy assigned rockets as shown in the list of assignments to the Navy. However, the Department of the Army is responsible for acquisition of filler and for filling of all smoke and toxicological rockets.

1345 Land Mines

1365 Military Chemical Agents

1370 P Pyrotechnics

This partial assignment does not apply to shipboard and aircraft pyrotechnics.

1375 P Demolition Materials

This partial assignment applies to Blasting Agents and supplies such as:

- Bangalore torpedo
- Blocks, demolition
- Caps, blasting, electric and nonelectric
- Charge, cratering
- Charge, shaped and demolition
- Chests, demolition platoon and squad
- Cord detonating
- Demolition equipment sets, with ancillary items
- Detonators, all types
- Dynamite
- Firing devices
- Fuze, safety
- Kit, demolition
- Lighter, fuse
- Machine, blasting
- Primer, percussion cap

It does not apply to Navy underwater demolition requirements.

1376 P Bulk Explosives

This partial assignment applies to solid propellants and explosives such as:

- Ammonium Picrate (Explosive D) JAN-A-166A
- Trinitrotoluene (TNT) MIL-T-248A
- Tetryl JAN-T-339
- Pantaerythrite Tetranitrate (PETN) JAN-P-387
- RDX
- Composition B
- Composition B-3
- Pentolite, 50
- Composition C-3
- Composition A-3
- Composition A-4
- Nitroguanidine (Picrate)

It does not apply to production capacity for any of the above listed explosives at the U.S. Naval Propellant Plant, Indian Head, Maryland.

1377 P Cartridge and Propellant Actuated Devices and Components

This partial assignment is reserved pending Services agreement as to items to be included in the assignment.

1380 Military Biological Agents

1390 P*	Fuzes and Primers This partial assignment applies to Fuzes and Primers for Army assigned ammunition. It does not apply to Naval ordnance type, which is under DoD Coordinated Acquisition assignment to the Department of the Navy; and guided missile fuzes.
2210	Locomotives
2220	Rail Cars
2240	Locomotive and Rail Car Accessories and Components
2250	Track Materials, Railroad
2310 P	Passenger Motor Vehicles
2320 P	Trucks and Truck Tractors These two partial assignments apply to tactical vehicles and the following types of vehicles: Bus, convertible to ambulance Truck, 4 x 4, convertible to ambulance Truck 4 x 4 dump, 9,000 GVW, with cut-down cab These assignments do not apply to tracked landing vehicles which are not under DoD Coordinated Acquisition assignment, and airport crash rescue vehicles, which are under DoD Coordinated Acquisition assignment to the Department of the Air Force. With the exception of the types enumerated above, these assignments do not apply to commercial, non-tactical, passenger carrying vehicles and trucks which are assigned for DoD Coordinated Acquisition to the General Services Administration.
2330 P	Trailers This partial assignment does not apply to two wheel lubrication trailers, two wheel steam cleaning trailers, and troop transporter semitrailers which are not under DoD Coordinated Acquisition assignment, and airport crash rescue trailer units which are under DoD Coordinated Acquisition assignment to the Department of the Air Force.
2340 P	Motorcycles, Motor Scooters, and Bicycles This partial assignment does not apply to bicycles and tricycles.
2350	Tanks and Self-propelled Weapons
2430	Tractors, Track Laying, High-Speed
2510 P**	Vehicular Cab, Body, and Frame Structural Components
2520 P**	Vehicular Power Transmission Components
2530 P**	Vehicular Brake, Steering, Axle, Wheel, and Track Components
2540 P**	Vehicular Furniture and Accessories
2590 P**	Miscellaneous Vehicular Components
2610	Tires and Tubes, Pneumatic, except Aircraft
2630	Tires, solid and cushion
2640	Tire Rebuilding and Tire and Tube Repair Materials
2805 P**	Gasoline Reciprocating Engines, except Aircraft and Components
2910 P**	Engine Fuel System Components, Nonaircraft

2920 P**	Engine Electrical System Components, Nonaircraft
2930 P**	Engine Cooling System Components, Nonaircraft
2940 P**	Engine Air and Oil Filters, Strainers and Cleaners, Nonaircraft
2990 P**	Miscellaneous Engine Accessories, Nonaircraft
4210 P	Fire Fighting Equipment This partial assignment applies only to equipment developed by or under the sponsorship of the Department of the Army.
4230 P	Decontaminating and Impregnating Equipment This partial assignment applies only to items peculiar to chemical warfare.
4240 P	Safety and Rescue Equipment This partial assignment applies only to military respiratory protective equipment for chemical warfare.
5805 P	Telephone and Telegraph Equipment This partial assignment applies only to military (wire) equipment, field type.
5815 P	Teletype and Facsimile Equipment This partial assignment applies only to military (wire) equipment, field type.
5830 P	Intercommunication and Public Address Systems; except Airborne This partial assignment applies only to military (wire) equipment, field type.
6135 P	Batteries, Primary This partial assignment applies to MIL type, dry cell batteries, only.
6625 P	Electrical and Electronic Properties Measuring and Testing Instruments This partial assignment applies only to instruments for testing military (wire) equipment, field type.
6645 P	Time Measuring Instruments This partial assignment applies to the following watches; aircraft instrument panel clocks; cases and spare parts therefor: Master navigation watches; pocket watches; stop watches; second setting wrist watches; wrist watches; athletic timers; aircraft clocks; aircraft panel clocks; mechanical aircraft clocks; navigation watch cases; pocket watch cases; watch holders; watch case assemblies and watch movements.
6660 P	Meteorological Instruments and Apparatus Each department is assigned acquisition responsibility for those systems, instruments and end items in FSC 6660 which the department either designed or sponsored development. For purposes of this assignment, the developing department is the department which awarded the developmental contract, notwithstanding that other departments may have provided funds for the development.
6665 P	Hazard-Detecting Instruments and Apparatus This partial assignment applies only to items peculiar to chemical warfare.
6695 P	Combination and Miscellaneous Instruments This partial assignment applies to jewel bearings only.
6820 P	Dyes This partial assignment applies only to items peculiar to chemical warfare.

6910 P	Training Aids This partial assignment applies only to items peculiar to Army assignments under weapons, fire control equipment, ammunition and explosives, and chemical and biological warfare.
6920 P	Armament Training Devices This partial assignment applies to armament training devices as listed in Department of Army Catalogs SC 6910, ML/IL and SC 6920 ML/IL. It does not apply to clay pigeons in Department of Army Catalogs SC 6910, ML/IL and SC 6920 ML/IL. It does not apply to clay pigeons.
6940 P	Communication Training Devices This partial assignment applies only to code training sets, code practice equipment, and other telephone and telegraph training devices.
8130 P	Reels and Spools This partial assignment applies only to reels and spools for military (wire) equipment, field type.
8140 P	Ammunition Boxes, Packages, and Special Containers This partial assignment applies only to boxes, packages, and containers peculiar to Army assignments under ammunitions, explosives, and chemical and biological warfare as listed in Department of Army Catalog SC 8140 IL and SC 8140 ML.

*For contracting purposes, Naval ordnance comprises all arms, armor, and armament for the Department of the Navy and includes all offensive and defensive weapons, together with their components, controlling devices and ammunition used in executing the Navy's mission in National Defense (except small arms and those items of aviation ordnance acquired from the Army).

**These partial FSC assignments apply only to repair parts peculiar to combat and tactical vehicles. In addition, the assignment in FSC 2805 applies to military standard engines 1.5 HP through 20 HP and parts peculiar therefor. Balance of these FSCs are assigned to the Defense Logistics Agency (DLA Land and Maritime)
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PART 2--NAVY ASSIGNMENTS

Federal Supply Class Code	*Commodity*
	Electronic Equipment Each department is assigned acquisition responsibility for those items which the department either designed or sponsored development. See FSC 5821 for assignment of certain commercially developed radio sets to the Department of the Navy (i.e., developed without the use of Government funds).
1095 P	Miscellaneous Weapons This partial assignment applies to line throwing guns only.
1310 P	Ammunition, over 30mm up to 75mm This partial assignment applies only to reels and spools for military.
1325 P	Bombs This partial assignment applies to armor-piercing; depth bombs; externally suspended low drag bombs; and components and practice bombs therefor, as listed in Ord Pamphlets, and the MK 43, Target Detecting Device. The Department of the Army is responsible for the acquisition of fillers and the loading, assembling, and packing of toxicological, incapacitating riot control, smoke and incendiary munitions, and for other loading, assembling, and packing in excess of Navy-owned capacity.
1340 P	Rockets and Rocket Ammunition This partial assignment applies to: Fuze, Rocket, V.T., MK93-0 2.25 inch Rocket SCAR, Practice Heads MK3 and Mods Motors MK15 and Mods MK16 and Mods 5 inch Rocket HVAR, service and practice Heads MK2 and Mods (common) MK6 and Mods (GP) MK4 and Mods (smoke) MK25 and Mods (ATAR) Motors MK10 and Mods 5 inch Rocket FFAR service and practice Heads MK24 and Mods (General Purposes) MK32 and Mods (Shaped Charged) MK26 and Mods (Illum) Motor MK16 and Mods The Department of the Army is responsible for acquisition of filler and for filling of all smoke and toxicological rockets.

1390 P	Fuzes and Primers This partial assignment applies to fuzes and primers for Navy assigned ammunition.
1550 P	Drones This partial assignment applies only to Drone, Model BQM34E.

("P" after the FSC number indicates a partial FSC assignment).

1905 P	Combat Ships and Landing Vessels This partial assignment applies to landing vessels only.
1910 P	Transport Vessels, Passenger and Troop This partial assignment applies to ferryboats only.
1920	Fishing Vessels
1925	Special Service Vessels
1930	Barges and Lighters, Cargo
1935 P	Barges and Lighters, Special Purpose This partial assignment does not apply to derricks, pile drivers, rock cutters, concrete mixing plants, mechanical bank grader barges, other bank revetment barges, and barge power plants.
1940	Small Craft
1945 P	Pontoons and Floating Docks This partial assignment applies only to Naval Facilities Engineering Command type pontoons.
1950	Floating Drydocks
1990 P	Miscellaneous Vessels This partial assignment applies to commercial sailing vessels only.
2010	Ship and Boat Propulsion Components
2020	Rigging and Rigging Gear
2030	Deck Machinery
2040	Marine Hardware and Hull Items
2060	Commercial Fishing Equipment
2090	Miscellaneous Ship and Marine Equipment
2820 P	Steam Engines, Reciprocating and Components This partial assignment applies to marine main propulsion steam engines only.
2825 P	Steam Turbines and Components This partial assignment applies to marine steam turbines only.
4210 P	Fire Fighting Equipment This partial assignment applies only to fire fighting equipment developed by or under the sponsorship of the Department of Navy.
4410 P	Industrial Boilers This partial assignment applies only to boilers for use aboard those ships assigned to the Navy for coordinated acquisition.

4420 P Heat Exchangers and Steam Condensers
This partial assignment applies only to heat exchangers for use aboard those ships assigned to the Navy for coordinated acquisition.

4925 P Ammunition Maintenance and Repair Shop Specialized Equipment
This partial assignment applies to sets, kits, and outfits of tools and equipment for explosive ordnance as defined in military service regulations and documents.

5821 P Radio and Television Communication Equipment, Airborne
This partial assignment applies only to the following commercially developed radio sets. (The term “commercially developed” means that no Government funds were provided for development purposes.) HF-101, 102, 103, 104, 105, 106, 107, 108, 109, 111, 113, ARC-94, 102, 105, 110, 112, 119, 120; MRC-95, 108; VC-102, 104, 105, 106, 109, 110; and components of the foregoing including the 490T antenna coupler.

6125 P Converters, Electrical, Rotating
This partial assignment applies only to motor-generated sets for use aboard ships assigned to the Navy for coordinated acquisition.

6320 P Shipboard Alarm and Signal System
This partial assignment applies only to alarm systems, fire alarm systems, indicating systems, telegraph systems (signal and signaling) (less electronic type) for use aboard ships assigned to the Navy for coordinated acquisition.

6605 P Navigational Instruments
This partial assignment applies only to lifeboat and raft compasses, aircraft sextants, hand leads (soundings), lead reels, sounding machines and pelorus stands for use aboard ships assigned to the Navy for coordinated acquisition.

6645 P Time Measuring Instruments
This partial assignment applies to the following instruments, cases, and spare parts therefor:

Chronometers including gimbal, padded, and make break circuit

Clocks, alarm, boat, deck, direct reading, electrical, floor, interval timer, marine, mechanical, master control, master program, master regulating, mechanical message center, nurses, program, shelf, stop, wall, watchman's

Counters, time period

Meters, engine running time, hour recording, and electrical time totalizing

Timers; bombing, engine hours, sequential, stop, and program

Program control instrument

Cases; chronometer, including gimbal and padded, chronometer carrying; makebreak circuit chronometer

Cans, chronometer shipping and storage

Clock keys; clock movements, clock motors

6650 P Optical Instruments
This partial assignment applies only to stands, telescope, for use aboard ships assigned to the Navy for coordinated acquisition.

6660 P	Meteorological Instruments and Apparatus Each department is assigned acquisition responsibility for those systems, instruments, and end items in FSC 6660 for which the department either designed or sponsored development. For purposes of this assignment, the developing department is the department which awarded the developmental contract, notwithstanding that other departments may have provided funds for the development.
6665 P	Hazard-Detecting Instruments and Apparatus This partial assignment applies only to hazard determining safety devices, for use aboard ships assigned to the Navy for coordinated acquisition.
8140 P	Ammunition Boxes, Packages, and Special Containers This partial assignment applies only to boxes, packages, and containers for 40mm ammunition.

PART 3--AIR FORCE ASSIGNMENTS

Federal Supply Class Code	*Commodity*
	Electronic Equipment Each department is assigned acquisition responsibility for those items which the department either designed or sponsored development. See FSC 5821 under Navy listing for assignment of certain commercially developed radio sets (i.e., developed without the use of Government funds).
1550 P	Drones This partial assignment applies only to the following model drones: Model 147 Model 154 BQM 34A MQM 34D
2320 P	Trucks and Truck Tractors This partial assignment applies only to airport crash rescue vehicles.
2330 P	Trailers This partial assignment applies only to airport crash rescue trailor units.
4210 P	Fire Fighting Equipment This partial assignment applies only to fire fighting equipment developed by or under the sponsorship of the Department of the Air Force.
6660 P	Meteorological Instruments and Apparatus Each department is assigned acquisition responsibility for those systems, instruments, and end items in FSC 6660 for which the department either designed or sponsored development. The developing department is the department which awarded the developmental contract, notwithstanding that other departments may have provided funds for the development.
6710 P*	Cameras, Motion Picture This partial assignment does not apply to submarine periscope and underwater cameras.
6720 P*	Cameras, Still Picture This partial assignment does not apply to submarine periscope and underwater cameras.
6730 P*	Photographic Projection Equipment This partial assignment does not apply to 35mm theater projectors.
6740*	Photographic Developing and Finishing Equipment
6760*	Photographic Equipment and Accessories
6780*	Photographic Sets, Kits, and Outfits

(“P” after the FSC number indicates a partial FSC assignment).

8820 P Live Animals Not Raised for Food

This partial assignment applies only to the following types of working dogs:

- Scout
- Sentry
- Patrol
- Mine/tunnel
- Tracker
- Detector-narcotic/contraband
- Sledge
- Bloodhound
- Water dog
- Patrol/detector

*This partial FSC assignment does not apply to photographic equipment controlled by the Congressional Joint Committee on Printing and Micro-Film Equipment and Supplies.

PART 4--DEFENSE LOGISTICS AGENCY ASSIGNMENTS

Federal Supply Class Code	*Commodity*	*DLA Center*[6]
2230	Right of Way Construction and Maintenance Equipment, Railroad	DSCP
2410	Tractor, Full Track, Low-Speed	DSCP
2420	Tractor, Wheeled	DSCP
2510 P[2]	Vehicular Cab, Body, and Frame, Structural Components	DSCC
2520 P[2]	Vehicular Power Transmission Components	DSCC
2530 P[2]	Vehicular Brake, Steering, Axle, Wheel, and Track Components	DSCC
2540 P[2]	Vehicular Furniture and Accessories	DSCC
2590 P[2]	Miscellaneous Vehicular Components	DSCC
2805 P[2]	Gasoline Reciprocating Engines, Except Aircraft; and Components	DSCC
2815	Diesel Engines and Components	DSCC
2895	Miscellaneous Engines and Components	DSCC
2910 P[2]	Engine Fuel System Components, Nonaircraft	DSCC
2920 P[2]	Engine Electrical System Components, Nonaircraft	DSCC
2930 P[2]	Engine Cooling System Components, Nonaircraft	DSCC
2940 P[2]	Engine Air and Oil Filters, Strainers and Cleaners, Nonaircraft	DSCC
2990 P[2]	Miscellaneous Engine Accessories, Nonaircraft	DSCC
3020	Gears, Pulleys, Sprockets and Transmission Chain	DSCC
3030	Belting, Drive Belts, Fan Belts, and Accessories	DSCP
3040	Miscellaneous Power Transmission Equipment	DSCC
3110	Bearings, Antifriction, Unmounted	DSCR
3120	Bearings, Plain Unmounted	DSCR
3130	Bearings, Mounted	DSCR
3210	Sawmill and Planing Mill Machinery	DSCP
3220	Woodworking Machines	DSCP
3230	Tools and Attachments for Woodworking Machinery	DSCP
3405	Saws and Filing Machines	DSCR
3408	Machining Centers and Way-Type Machines	DSCR
3410	Electrical and Ultrasonic Erosion Machines	DSCR
3411	Boring Machines	DSCR
3412	Broaching Machines	DSCR
3413	Drilling and Tapping Machines	DSCR
3414	Gear Cutting and Finishing Machines	DSCR
3415	Grinding Machines	DSCR
3416	Lathes	DSCR
3417	Milling Machines	DSCR

3418	Planers and Shapers	DSCR
3419	Miscellaneous Machine Tools	DSCR
3422	Rolling Mills and Drawing Machines	DSCR

("P" after the FSC number indicates a partial FSC assignment)

3424	Metal Heat Treating Equipment	DSCR
3426	Metal Finishing Equipment	DSCR
3431	Electric Arc Welding Equipment	DSCR
3432	Electric Resistance Welding Equipment	DSCR
3433	Gas Welding, Heat Cutting & Metalizing Equipment	DSCR
3436	Welding Positioners and Manipulators	DSCR
3438	Miscellaneous Welding Equipment	DSCR
3439	Miscellaneous Welding, Soldering and Brazing Supplies and Accessories	DSCR
3441	Bending and Forming Machines	DSCR
3442	Hydraulic and Pneumatic Presses, Power Driven	DSCR
3443	Mechanical Presses, Power Driven	DSCR
3444	Manual Presses	DSCR
3445	Punching and Shearing Machines	DSCR
3446	Forging Machinery and Hammers	DSCR
3447	Wire and Metal Ribbon Forming Machinery	DSCR
3448	Riveting Machines	DSCR
3449	Misc. Secondary Metal Forming and Cutting Machines	DSCR
3450	Machine Tools, Portable	DSCR
3455	Cutting Tools for Machine Tools	DSCR
3456	Cutting and Forming Tools for Secondary Metal Working Machines	DSCR
3460	Machine Tool Accessories	DSCR
3461	Accessories for Secondary Metal Working Machinery	DSCR
3465	Production Jigs, Fixtures and Templates	DSCR
3470	Machine Shop Sets, Kits, and Outfits	DSCR
3510	Laundry and Dry Cleaning Equipment	DSCP
3520	Shoe Repairing Equipment	DSCP
3530	Industrial Sewing Machines & Mobile Textile Repair Shops	DSCP
3610	Printing, Duplicating, and Bookbinding Equipment	DSCR
3611 P[9]	Industrial Marking Machines	DSCR
3620 P[9]	Rubber and Plastics Working Machinery	DSCR
3635 P[9]	Crystal and Glass Industries Machinery	DSCR
3650 P[9]	Chemical & Pharmaceutical Products Manufacturing Machinery	DSCR
3655	Gas Generating and Dispensing Systems, Fixed or Mobile	DSCR
3660 P[9]	Industrial Size Reduction Machinery	DSCR
3680 P[9]	Foundry Machinery, Related Equipment and Supplies	DSCR

3685 P[9]	Specialized Metal Container Manufacturing Machinery and Related Equipment	DSCR
3693 P[9]	Industrial Assembly Machines	DSCR
3694 P[9]	Clean Work Stations, Controlled Environment & Related Equipment	DSCR
3695	Miscellaneous Special Industry Machinery	DSCR
3710	Soil Preparation Equipment	DSCP
3720	Harvesting Equipment	DSCP
3740	Pest, Disease, and Frost Control Equipment	DSCR
3770	Saddlery, Harness, Whips and Related Animal Furnishings	DSCP
3805	Earth Moving and Excavating Equipment	DSCP
3810	Cranes and Crane-Shovels	DSCP
3815	Crane and Crane-Shovel Attachments	DSCP
3820	Mining, Rock Drilling, Earth Boring, and Related Equipment	DSCP
3825	Road Clearing and Cleaning Equipment	DSCP
3830	Truck and Tractor Attachments	DSCP
3835	Petroleum Production and Distribution Equipment	DSCP
3895	Miscellaneous Construction Equipment	DSCP
3910	Conveyors	DSCP
3920	Materials Handling Equipment, Nonself-Propelled	DSCP
3930	Warehouse Trucks and Tractors, Self-Propelled	DSCP
3940	Blocks, Tackle, Rigging, and Slings	DSCP
3950	Winches, Hoists, Cranes, and Derricks	DSCC
3990	Miscellaneous Materials Handling Equipment	DSCP
4010	Chain and Wire Rope	DSCR
4020	Fiber Rope, Cordage and Twine	DSCP
4030	Fittings for Rope, Cable, and Chain	DSCC
4110	Refrigeration Equipment	DSCP
4120	Air Conditioning Equipment	DSCP
4130	Refrigeration and Air Conditioning Components	DSCP
4140	Fans, Air Circulators, and Blower Equipment	DSCP
4210 P[3]	Fire Fighting Equipment	DSCP
4220	Marine Lifesaving and Diving Equipment	DSCP
4310	Compressors and Vacuum Pumps	DSCC
4320	Power and Hand Pumps	DSCC
4330	Centrifugals, Separators, and Pressure and Vacuum Filters	DSCC
4440	Driers, Dehydrators, and Anhydrators	DSCC
4450	Industrial Fan and Blower Equipment	DSCC
4460	Air Purification Equipment	DSCC
4510	Plumbing Fixtures and Accessories	DSCP
4520	Space Heating Equipment and Domestic Water Heaters	DSCP
4530	Fuel Burning Equipment Units	DSCP
4540	Miscellaneous Plumbing, Heating, and Sanitation Equipment	DSCP
4610	Water Purification Equipment	DSCC

4620	Water Distillation Equipment, Marine and Industrial	DSCC
4630	Sewage Treatment Equipment	DSCP
4710	Pipe and Tube	DSCC
4720	Hose and Tubing, Flexible	DSCC
4730	Fittings and Specialities; Hose, Pipe, and Tube	DSCC
4810	Valves, Powered	DSCC
4820	Valves, Nonpowered	DSCC
4930	Lubrication and Fuel Dispensing Equipment	DSCP
5280	Sets, Kits, and Outfits of Measuring Tools	DSCP
5305	Screws	DSCP
5306	Bolts	DSCP
5307	Studs	DSCP
5310	Nuts and Washers	DSCP
5315	Nails, Keys, and Pins	DSCP
5320	Rivets	DSCP
5325	Fastening Devices	DSCP
5330	Packing and Gasket Materials	DSCP
5335	Metal Screening	DSCP
5340	Miscellaneous Hardware	DSCP
5355	Knobs and Pointers	DSCP
5360	Coil, Flat and Wire Springs	DSCP
5365	Rings, Shims, and Spacers	DSCR
5410	Prefabricated and Portable Buildings	DSCP
5420	Bridges, Fixed and Floating	DSCC
5430	Storage Tanks	DSCP
5440	Scaffolding Equipment and Concrete Forms	DSCP
5445	Prefabricated Tower Structures	DSCP
5450	Miscellaneous Prefabricated Structures	DSCP
5510	Lumber and Related Basic Wood Materials	DSCP
5520	Millwork	DSCP
5530	Plywood and Veneer	DSCP
5660	Fencing, Fences and Gates	DSCP
5680 P	Miscellaneous Construction Materials This partial assignment applies only to airplane landing mat. (Also, see footnote 1 at end of list relative to purchase of DLA managed items in GSA assigned classes.)	DSCC
5820 P[10]	Radio and Television Communication Equipment, except Airborne	T-ASA (DMC)
5905	Resistors	DSCC
5910	Capacitors	DSCC
5915	Filters and Networks	DSCC
5920	Fuses and Lightning Arrestors	DSCC
5925	Circuit Breakers	DSCC
5930	Switches	DSCC

5935	Connectors, Electrical	DSCC
5940	Lugs, Terminals, and Terminals Strips	DSCR
5945	Relays, Contractors, and Solenoids	DSCC
5950	Coils and Transformers	DSCC
5955	Piezoelectric Crystals	DSCC
5960	Electron Tubes and Associated Hardware	DSCC
5961	Semiconductor Devices and Associated Hardware	DSCC
5962	Microelectronic Circuit Devices	DSCC
5965	Headsets, Handsets, Microphones, and Speakers	DSCC
5970	Electrical Insulators and Insulating Materials	DSCR
5975	Electrical Hardware and Supplies	DSCR
5977	Electrical Contact Brushes and Electrodes	DSCR
5985	Antennas, Waveguides, and Related Equipment	DSCC
5990	Synchros and Resolvers	DSCC
5995	Cable, Cord, and Wire Assemblies; Communication Equipment	DSCR
5999	Miscellaneous Electrical and Electronic Components	DSCC
6105	Motors, Electrical	DSCR
6110	Electrical Control Equipment	DSCR
6115 P[8]	Generators and Generator Sets, Electrical	DSCR
6120	Transformers; Distribution and Power Station	DSCR
6145	Wire and Cable, Electrical	DSCC
6150	Miscellaneous Electric Power and Distribution Equipment	DSCR
6210	Indoor and Outdoor Electric Lighting Fixtures	DSCP
6220	Electric Vehicular Lights and Fixtures	DSCP
6230	Electric Portable and Hand Lighting Equipment	DSCP
6240	Electric Lamps	DSCP
6250	Ballasts, Lampholders and Starters	DSCP
6260	Nonelectrical Lighting Fixtures	DSCP
6350	Miscellaneous Alarm and Signal Systems	DSCP
6505[4]	Drugs, Biologicals, and Official Reagents	DSCP
6508[4]	Medicated Cosmetics and Toiletries	DSCP
6510[4]	Surgical Dressing Materials	DSCP
6515[4]	Medical and Surgical Instruments, Equipment and Supplies	DSCP
6520[4]	Dental Instruments, Equipment and Supplies	DSCP
6525[4]	X-Ray Equipment and Supplies; Medical, Dental and Veterinary	DSCP
6530[4]	Hospital Furniture, Equipment, Utensils, and Supplies	DSCP
6532	Hospital and Surgical Clothing and Textile Special Purpose Items	DSCP
6540[4]	Opticians' Instruments, Equipment and Supplies	DSCP
6545[4]	Medical Sets, Kits, and Outfits	DSCP
6630	Chemical Analysis Instruments	DSCP
6635	Physical Properties Testing Equipment	DSCR
6640	Laboratory Equipment and Supplies	DSCP
6655	Geophysical and Astronomical Instruments	DSCR

6670	Scales and Balances	DSCR
6675	Drafting, Surveying, and Mapping Instruments	DSCP
6680	Liquid and Gas Flow, Liquid Level and Mechanical Motion Measuring Instruments	DSCR
6750	Photographic Supplies	DSCP
6810[7]	Chemicals	DSCR
6820	Dyes	DSCR
6830	Gases; Compressed and Liquified	DSCR
6840	Pest Control Agents and Disinfectants	DSCR
6850[7]	Miscellaneous Chemical Specialties	DSCR
7210	Household Furnishings	DSCP
7310	Food Cooking, Baking, and Serving Equipment	DSCP
7320	Kitchen Equipment and Appliances	DSCP
7360	Sets, Kits, and Outfits; Food Preparation and Serving	DSCP
7610	Books and Pamphlets	DSCP
7660	Sheet and Book Music	DSCP
7690	Miscellaneous Printed Matter	DSCP
8110	Drums and Cans	DSCP
8120	Commercial and Industrial Gas Cylinders	DSCR
8125	Bottles and Jars	DSCP
8305	Textile Fabrics FSC 8305 does not include laminated cloth used exclusively in the repair of lighter than air envelopes.	DSCP
8310	Yarn and Thread	DSCP
8315	Notions and Apparel Findings FSC 8315 does not include coated cloth tape used exclusively in the repair of lighter than air envelopes.	DSCP
8320	Padding and Stuffing Materials	DSCP
8325	Fur Materials	DSCP
8330	Leather	DSCP
8335	Shoe Findings and Soling Materials	DSCP
8340	Tents and Tarpaulins	DSCP
8345	Flags and Pennants	DSCP
8405	Outerwear, Men's	DSCP
8410	Outerwear, Women's	DSCP
8415	Clothing, Special Purpose FSC 8415 includes all submarine clothing.	DSCP
8420	Underwear and Nightwear, Men's	DSCP
8425	Underwear and Nightwear, Women's	DSCP
8430	Footwear, Men's	DSCP
8435	Footwear, Women's	DSCP
8440	Hosiery, Handwear, and Clothing Accessories, Men's	DSCP
8445	Hosiery, Handwear, and Clothing Accessories, Women's	DSCP
8450	Children's and Infant's Apparel and Accessories	DSCP

8455	Badges and Insignia	DSCP
8460	Luggage	DSCP
8465	Individual Equipment	DSCP
8470	Armor, Personal	DSCP
8475	Specialized Flight Clothing and Accessories	DSCP
8905[5]	Meat, Poultry, and Fish	DSCP
8910[5]	Dairy Foods and Eggs	DSCP
8915[5]	Fruits and Vegetables	DSCP
8920[5]	Bakery and Cereal Products	DSCP
8925[5]	Sugar, Confectionery, and Nuts	DSCP
8930[5]	Jams, Jellies, and Preserves	DSCP
8935[5]	Soups and Bouillons	DSCP
8940[5]	Special Dietary Foods and Food Specialty Preparations	DSCP
8945[5]	Food Oils and Fats	DSCP
8950[5]	Condiments and Related Products	DSCP
8955[5]	Coffee, Tea, and Cocoa	DSCP
8960[5]	Beverages, Nonalcoholic	DSCP
8970[5]	Composite Food Packages	DSCP
8975[5]	Tobacco Products	DSCP
9110	Fuels, Solid	DSCP
9130	Liquid Propellants and Fuels, Petroleum Base	DESC
9140	Fuel Oils	DESC
9150	Oils and Greases; Cutting, Lubricating, and Hydraulic	DSCR
9160	Miscellaneous Waxes, Oils, and Fats	DSCP
9320	Rubber Fabricated Materials	DSCP
9330	Plastic Fabricated Materials	DSCP
9340	Glass Fabricated Materials	DSCP
9350	Refractories and Fire Surfacing Materials	DSCP
9390	Miscellaneous Fabricated Nonmetallic Materials	DSCP
9420 P	Fibers; Vegetable, Animal, and Synthetic This partial FSC assignment applies only to raw cotton and raw wool.	DSCP
9430 P	Miscellaneous Crude Animal Products, Inedible This partial assignment applies only to crude hides.	DSCP
9505	Wire, Nonelectrical, Iron and Steel	DSCP
9510	Bars and Rods, Iron and Steel	DSCP
9515	Plate, Sheet, and Strip, Iron and Steel	DSCP
9520	Structural Shapes, Iron and Steel	DSCP
9525	Wire, Nonelectrical, Nonferrous Base Metal	DSCP
9530	Bars and Rods, Nonferrous Base Metal	DSCP
9535	Plate, Sheet, Strip, and Foil, Nonferrous Base Metal	DSCP
9540	Structural Shapes, Nonferrous Base Metal	DSCP
9545	Plate, Sheet, Strip, Foil and Wire, Precious Metal	DSCP

9620 P	Minerals, Natural and Synthetic This partial assignment applies only to crude petroleum and crude shale oil.	DSCP
9925	Ecclesiastical Equipment, Furnishings and Supplies	DSCP
9930	Memorials, Cemeterial and Mortuary Equipment and Supplies	DSCP
9999	Miscellaneous Items	DSCP

FOOTNOTES:

[1] These assignments do not apply to items decentralized by the DLA Center Commander, i.e., designated for purchase by each military department, and to those items in DLA assigned federal supply classes, which may be assigned to GSA for supply management. In addition, see DFARS Subpart 208.70, which describes conditions under which a military service may purchase (contract for) military service supply managed items in DLA assigned federal supply classes. See notes 2 and 3 for further exceptions pertaining to certain DLA assignments.

[2] DLA assignments in FSC 2510, 2520, 2530, 2540, 2590, 2805, 2910, 2920, 2930, 2940, and 2990 do not apply to repair parts peculiar to combat and tactical vehicles, which are assigned for coordinated acquisition to the Department of the Army. In addition, the assignment in FSC 2805 does not apply to military standard engines 1.5 HP through 20 HP and parts peculiar therefor, which are assigned for coordinated acquisition to the Department of the Army.

[3] This partial FSC assignment in FSC 4210 does not apply to Fire Fighting Equipment developed by or under the sponsorship of a military department. The contracting responsibility for such equipment is assigned to the department which developed or sponsored its development.

[4] DLA has contracting responsibility for all the items in the classes of FS Group 65. In addition, DLA has contracting responsibility for all equipment and supplies related to the medical, dental, veterinary professions in Non-group 65 classes where the military medical services have the sole or prime interest in such items. The specific item coverage of these Non-group 65 items is published in the DoD section of the Federal Supply Catalog for medical material C3-1 through C3-12, inclusive.

[5] This assignment includes health and comfort items listed in AR 700-23. It also includes resale items for commissary stores (including brand name items).

[6] DLA centers are identified as follows—

DSCC — DLA Land and Maritime
DESC — DLA Energy

DSCR — DLA Aviation
DSCP — DLA Troop Support

DLA also serves as the head of the contracting activity for the Defense Media Center (DMC).

[7] DLA Energy is responsible for contracting for only petroleum base items in FSC 6810 and 6850.

[8] This partial FSC assignment in FSC 6115 does not apply to Mobile Electric Power Generating Sources (MEPGS). The contracting direction responsibility for MEPGS is assigned to the DoD Project Manager, Mobile Electric Power, by DoDD 4120.11. DoD components desiring to use other than the DoD Standard Family of Generator Sets, contained in MIL-STD 633, shall process a Request for Deviation in accordance with Joint Operating Procedures, AR 700-101, AFR 400-50, NAVMATINST 4120.100A, MCO 11310.8c and DLAR 4120.7, Subject: Management and Standardization of Mobile Electric Power Generating Sources, prior to initiating an acquisition.

[9] This partial assignment applies only to secondary items not otherwise assigned, as listed in the applicable Federal Supply Catalog Management Data lists of each respective service.

[10] This partial assignment applies to broadcasting, visual information, and graphics presentation communications equipment used by the American Forces Radio and Television Services, centralized visual information support activities, media centers, closed circuit educational and training programs, language training activities, combat camera units, and individual base visual information centers. This assignment does not apply to equipment with airborne applications. Examples of the types of equipment covered by this assignment include radio and television transmitters, video recording and playback equipment, video cameras, editing and switching equipment, electronic imaging equipment, language training equipment, monitors, audio equipment, and other nontactical, off-the-shelf, commercially available, nondevelopmental electronic equipment used to support broadcast and visual information missions.

PART 5--DEFENSE THREAT REDUCTION AGENCY ASSIGNMENTS

Federal Supply Class Code	*Commodity*
1105	Nuclear Bombs
1110	Nuclear Projectiles
1115	Nuclear Warheads and Warhead Sections
1120	Nuclear Depth Charges
1125	Nuclear Demolition Charges
1127	Nuclear Rockets
1130	Conversion Kits, Nuclear Ordnance
1135	Fuzing and Firing Devices, Nuclear Ordnance
1140	Nuclear Components
1145	Explosive and Pyrotechnic Components, Nuclear Ordnance
1190	Specialized Test and Handling Equipment, Nuclear Ordnance
1195	Miscellaneous Nuclear Ordnance

In addition to the above, assignments to the Defense Threat Reduction Agency (DTRA) include all items for which DTRA provides logistics management or has integrated management responsibilities in accordance with the DTRA Charter.

PART 6--GENERAL SERVICES ADMINISTRATION ASSIGNMENTS

Federal Supply Class Code	*Commodity*
2310 P	Passenger Motor Vehicles
2320 P	Trucks and Truck Tractors These two partial assignments apply to all commercial, non-tactical, passenger carrying vehicles and trucks except the following types which are assigned for DoD Coordinated Acquisition to the Department of the Army— Bus, convertible to ambulance Truck, 4x4, convertible to ambulance Truck, 4x4, dump, 9,000 pounds GVW, with cut-down cab (See Army Coordinated Acquisition assignments in FSC 2310 and 2320.)
3540	Wrapping and Packaging Machinery
3550	Vending and Coin Operated Machines
3590	Miscellaneous Service and Trade Equipment
3750	Gardening Implements and Tools
5110	Hand Tools, Edged, Nonpowered
5120	Hand Tools, Nonedged, Nonpowered
5130	Hand Tools, Power Driven
5133	Drill Bits, Counterbores, and Countersinks; Hand and Machine
5136	Taps, Dies, and Collects; Hand and Machine
5140	Tool and Hardware Boxes
5180	Sets, Kits, and Outfits of Hand Tools
5210	Measuring Tools, Craftmen's
5345	Disks and Stones, Abrasive
5350	Abrasive Materials
5610	Mineral Construction Materials, Bulk
5620	Building Glass, Tile, Brick, and Block
5630	Pipe and Conduit, Nonmetallic
5640	Wallboard, Building Paper, and Thermal Insulation Materials
5650	Roofing and Siding Materials
5670	Architectural and Related Metal Products
5680 P*	Miscellaneous Construction Materials
7105	Household Furniture
7110	Office Furniture
7125	Cabinets, Lockers, Bins, and Shelving
7195	Miscellaneous Furniture and Fixtures
7220	Floor Coverings
7230	Draperies, Awnings, and Shades
7240	Household and Commercial Utility Containers
7290	Miscellaneous Household and Commercial Furnishings and Appliances

7330	Kitchen Hand Tools and Utensils
7340	Cutlery and Flatware
7350	Tableware
7410	Punched Card System Machines
7420	Accounting and Calculating Machines

(“P” after FSC number indicates partial FSC assignment.)

7430	Typewriters and Office-type Composing Machines This assignment does not apply to machines controlled by the Congressional Joint Committee on Printing.
7450	Office-type Sound Recording and Reproducing Machines
7460	Visible Record Equipment
7490	Miscellaneous Office Machines This assignment does not apply to equipment controlled by the Congressional Joint Committee on Printing.
7510	Office Supplies This assignment does not apply to office supplies, including special inks, when DoD requirements of such items are acquired through Government Printing Office channels.
7520	Office Devices and Accessories This assignment does not apply to office devices and accessories when DoD requirements of such items are acquired through Government Printing Office channels.
7530	Stationery and Record Forms This assignment does not apply to stationery and record forms when DoD requirements of such items are acquired through Government Printing Office channels including those items covered by term contracts issued by GPO for tabulating cards and marginally punched continuous forms.
7710	Musical Instruments
7720	Musical Instrument Parts and Accessories
7730	Phonographs, Radios, and Television Sets; Home Type
7740	Phonograph Records
7810	Athletic and Sporting Equipment
7820	Games, Toys, and Wheeled Goods
7830	Recreational and Gymnastic Equipment
7910	Floor Polishers and Vacuum Cleaning Equipment
7920	Brooms, Brushes, Mops, and Sponges
7930	Cleaning and Polishing Compounds and Preparations
8010	Paints, Dopes, Varnishes, and Related Products
8020	Paint and Artists Brushes
8030	Preservative and Sealing Compounds
8040	Adhesives
8105	Bags and Sacks

8115	Boxes, Cartons and Crates
8135	Packaging and Packing Bulk Materials
8510	Perfumes, Toilet Preparations and Powders
8520	Toilet Soap, Shaving Preparations and Dentifrices
8530	Personal Toiletry Articles
8540	Toiletry Paper Products
8710	Forage and Feed
8720	Fertilizers
8730	Seeds and Nursery Stock
9310	Paper and Paperboard
9905	Signs, Advertising Displays, and Identification Plates
9910	Jewelry
9915	Collector's Items
9920	Smokers' Articles and Matches

FOOTNOTES:

These GSA assignments do not apply to items as described under FSC 7430, 7490, 7510, 7520, and 7530, and those items in the GSA assigned federal supply classes which have been retained for DLA supply management as listed in the applicable Federal Supply Catalog Management Data lists. In addition, see DFARS Subpart 208.70, which describes conditions under which a military service may contract for military service managed items in GSA assigned federal supply classes.

*This partial FSC assignment does not include landing mats which are assigned to the Defense Logistics Agency.

(Added July 11, 2006)

PGI 208.71—ACQUISITION FOR NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)

PGI 208.7102 Procedures.

PGI 208.7102-1 General.

(1) Departments and agencies shall not claim reimbursement for administrative costs incident to acquisitions for NASA, unless agreed otherwise prior to the time the services are performed.

(2) When contracting or performing field service functions for NASA, departments and agencies—

(i) Will use their own methods, except when otherwise required by the terms of the agreement; and

(ii) Normally will use their own funds and will not cite NASA funds on any defense obligation or payment document.

PGI 208.7102-2 Purchase request and acceptance.

(1) NASA will use NASA Form 523, NASA-Defense Purchase Request, to request acquisition of supplies or services.

(2) Except as provided in paragraph (4) of this subsection, departments and agencies will respond within 30 days to a NASA purchase request by forwarding DD Form 448-2, Acceptance of MIPR. Forward each DD Form 448-2 in quadruplicate and indicate action status as well as the name and address of the DoD acquisition activity for future use by the NASA initiator.

(3) To the extent feasible, all documents related to the NASA action will reference the NASA-Defense Purchase Request number and the item number when appropriate.

(4) Departments and agencies are not required to accept NASA-Defense Purchase Requests for common-use standard stock items that the supplying department has on hand or on order for prompt delivery at published prices.

PGI 208.7102-3 Changes in estimated total prices.

When a department or agency determines that the estimated total price (Block 6F, NASA Form 523) for NASA items is not sufficient to cover the required reimbursement, or is in

excess of the amount required, the department/agency will forward a request for amendment to the NASA originating office. Indicate in the request a specific dollar amount, rather than a percentage, and include justification for any upward adjustment requested. Upon approval of a request, NASA will forward an amendment of its purchase request to the contracting activity.

PGI 208.7102-4 Payments.

Departments and agencies will submit SF 1080, Voucher for Transferring Funds, billings to the NASA office designated in Block 9 of the NASA-Defense Purchase Request, except where agreements provide that reimbursement is not required. Departments and agencies will support billings in the same manner as billings between departments and agencies.

(Added July 11, 2006)

PGI 208.73—USE OF GOVERNMENT-OWNED PRECIOUS METALS

PGI 208.7301 Definitions.

As used in this subpart—

"Dual pricing evaluation procedure" means a procedure where offerors submit two prices for precious metals bearing items--one based on Government-furnished precious metals and one based on contractor-furnished precious metals. The contracting officer evaluates the prices to determine which is in the Government's best interest.

"Precious Metals Indicator Code (PMIC)" means a single-digit, alpha-numeric code assigned to national stock numbered items in the Defense Integrated Data System Total Item Record used to indicate the presence or absence of precious metals in the item. PMICs and the content value of corresponding items are listed in DoD 4100.39-M, Federal Logistics Information System (FLIS) Procedures Manual, Volume 10, Chapter 4, Table 160.

PGI 208.7303 Procedures.

(1) Item managers and contracting officers will use the PMIC and/or other relevant data furnished with a purchase request to determine the applicability of this subpart.

(2) When an offeror advises of a precious metals requirement, the contracting officer shall use the procedures in Chapter 11 of DoD 4160.21-M, Defense Materiel Disposition Manual, to determine availability of required precious metal assets and current Government-furnished materiel (GFM) unit prices. If the precious metals are available, the contracting officer shall evaluate offers and award the contract on the basis of the offer that is in the best interest of the Government.

(3) When the clause prescribed by DFARS 208.7305 is included in a solicitation, the contracting officer shall ensure that Section B, Schedule of Supplies or Services and Prices, is structured to—

(i) Permit insertion of alternate prices for each deliverable contract line item number that uses precious metals; and

(ii) Use dual pricing evaluation procedures.

PGI 208.7304 Refined precious metals.

The following refined precious metals are currently managed by-DSCP:

Precious Metal	National Stock Number (NSN)
Gold 9660-00-042-7733	
Silver 9660-00-106-9432	
Platinum Granules	9660-00-042-7768
Platinum Sponge	9660-00-151-4050
Palladium Granules	9660-00-042-7765
Palladium Sponge	9660-01-039-0320
Rhodium	9660-01-010-2625
Iridium	9660-00-011-1937
Ruthenium 9660-01-039-0313	

(Added July 11, 2006)

PGI 208.74—ENTERPRISE SOFTWARE AGREEMENTS

PGI 208.7401 Definitions.

As used in this subpart—

"Golden Disk" means a purchased license or entitlement to distribute an unlimited or bulk number of copies of software throughout DoD.

"Software product manager" means the Government official who manages an enterprise software agreement.

PGI 208.7403 Acquisition procedures.

(1) After requirements are determined, the requiring official shall review the information at the ESI website to determine if the required commercial software or related services are available from DoD inventory (e.g., Golden Disks and DoD-wide software maintenance agreements). If the software or services are available, the requiring official shall fulfill the requirement from the DoD inventory.

(2) If the required commercial software or related services are not in the DoD inventory, and not on an ESA, the contracting officer or requiring official may fulfill the requirement by other means. Existing ESAs are listed on the ESI website.

(3) If the commercial software or related services are on an ESA, the contracting officer or requiring official shall review the terms and conditions and prices in accordance with otherwise applicable source selection requirements.

(4) If an ESA's terms and conditions and prices represent the best value to the Government, the contracting officer or requiring official shall fulfill the requirement for software or services through the ESA.

(5) If existing ESAs do not represent the best value to the Government, the software product manager (SPM) shall be given an opportunity to provide the same or a better value to the Government under the ESAs before the contracting officer or requiring official may continue with alternate acquisition methods.

(i) The contracting officer or requiring official shall notify the SPM of specific concerns about existing ESA terms and conditions or prices through the ESI webpage.

(ii) The SPM shall consider adjusting, within the scope of the ESA, terms and conditions or prices to provide the best value to the customer.

(A) Within 3 working days, the SPM shall—

(1) Update the ESA;

(2) Provide an estimated date by which the update will be accomplished; or

(3) Inform the contracting officer or requiring official that no change will be made to the ESA.

(B) If the SPM informs the contracting officer or requiring official that no change will be made to the ESA terms and conditions or prices, the contracting officer or requiring official may fulfill the requirement by other means.

(C) If the SPM does not respond within 3 working days or does not plan to adjust the ESA within 90 days, the contracting officer or requiring official may fulfill the requirement by other means.

(iii) A management official designated by the department or agency may waive the requirement to obtain commercial software or related services through an ESA after the steps in paragraphs (5)(i) and (5)(ii)(A) of this section are complete. The rationale for use of an alternate source shall be included in the waiver request and shall be provided to the SPM.

(Revised May 16, 2013)

PGI 209.1--RESPONSIBLE PROSPECTIVE CONTRACTORS

PGI 209.105-1 Obtaining Information.

GSA's System for Award Management (SAM), which is available at http://www.acquisition.gov/, identifies entities excluded throughout the U.S. Government (unless otherwise noted) from receiving Federal contracts or certain subcontracts and from certain types of Federal financial and non-financial assistance and benefits. The SAM website provides useful documents and on-line training to assist with SAM navigation and data entry. User Guides and Demonstration Videos can be found in the User Help section after clicking the HELP link at the top of the website homepage. The former Excluded Parties List System (EPLS) information is within the Performance Information functional area of SAM, and is maintained as "Exclusions" data. Exclusions are located in the Data Access area of SAM which can be accessed by navigating the following path after logging into the SAM website. Select Tab – MYSAM, Tab - Data Access, and Tab – Exclusions.

(1) Multiple agencies have the authority to suspend or debar entities from "doing business" with the Government. There are approximately 71 separate cause and treatment codes under which entities have been suspended or debarred or excluded. New exclusion records created in SAM will no longer be identified with cause and treatment codes. Exclusions will be associated with one of four exclusion types: Preliminarily Ineligible (Proceedings Pending), Ineligible (Proceedings Completed), Prohibition/Restriction, Voluntary Exclusion. Each cause and treatment code is linked to one exclusion type.

(2) The exclusion type advises readers of the nature of the exclusion, debarment, or suspension and how those listed in the SAM Exclusions should be treated. However, the fact that an entity is listed in the SAM Exclusions does not necessarily mean the entity is ineligible for contract award. Review of the exclusion type is crucial in ensuring that listed entities are not deprived of their "liberty interest" in conducting business with the Government.

(3) When the Department of Justice Bureau of Justice Assistance debars individuals under 10 U.S.C. 2408, they are placed in the SAM Exclusions under cause and treatment code FF (Reciprocal), which is now linked to exclusion type, Ineligible (Proceedings Completed). The records for individuals currently entered into EPLS and listed under this cause and treatment code can be found in the SAM Exclusions. Records created in EPLS have both a cause and treatment code and an exclusion type listed.

PGI 209.106 Preaward surveys.

PGI 209.106-1 Conditions for preaward surveys.

(a) If a preaward survey is requested, include the rationale in Block 23 of the SF 1403, Preaward Survey of Prospective Contractor (General).

PGI 209.106-2 Requests for preaward surveys.

(1) The surveying activity is the cognizant contract administration office as listed in the Federal Directory of Contract Administration Services Components, available at https://pubapp.dcma.mil/CASD/main.jsp. When information is required as part of the survey on the adequacy of the contractor's accounting system or its suitability for administration of the proposed type of contract, the surveying activity will obtain the information from the auditor.

(2) Limited information may be requested by telephone.

(3) The contracting officer may request a formal survey by telephone but must confirm immediately with SF 1403, Preaward Survey of Prospective Contractor (General). For a formal survey, send original and three copies of SF 1403, including necessary drawings and specifications.

(i) List additional factors in Item H, Section III of the SF 1403 and explain them in Block 23. For example—

(A) Information needed to determine a prospective contractor's eligibility under the Walsh-Healey Public Contracts Act. (Note that the Walsh-Healey Public Contracts Act, Block 12 of Section I, only indicates what the contractor has represented its classification to be under Walsh-Healey.)

(B) Evaluation of a contractor as a planned producer when the offered item is or may appear on the Industrial Preparedness Planning List (IPPL). When the preaward survey results in a recommendation for award, ask the office responsible for industrial preparedness planning to consider designating the prospective contractor as a planned producer. If the item is already on the IPPL or the prospective contractor is already a planned producer, note the information in Block 23.

(C) Evaluation of the prospective contractor’s performance against small business subcontracting plans.

(4) On base level preaward surveys, technical personnel from the requiring installation should participate when there is concern about the ability of a prospective contractor to perform a base level service or construction contract.

(5) Allow more time for—

(i) Complex items;

(ii) New or inexperienced DoD contractors; and

(iii) Surveys with time-consuming requirements, e.g., secondary survey, accounting system review, financial capability analysis, or purchasing office participation.

(6) Only request those factors essential to the determination of responsibility. See DFARS 253.209-1(a) for an explanation of the factors in Section III, Blocks 19 and 20 of the SF 1403.

(Revised February 12, 2014)

PGI 209.2—QUALIFICATIONS REQUIREMENTS

PGI 209.202 Policy.

(a)(1) The inclusion of qualification requirements in specifications for products that are to be included on a Qualified Products List, or manufactured by business firms included on a Qualified Manufacturers List, requires approval by the departmental standardization office in accordance with DoD 4120.24-M, Defense Standardization Program (DSP) Policies and Procedures. The inclusion of other qualification requirements in an acquisition or group of acquisitions requires approval by the chief of the contracting office.

PGI 209.270 Aviation and ship critical safety items.

PGI 209.270-4 Procedures.

(1) Policies and procedures applicable to aviation critical safety item design control activities are in DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation, Chapter 8, Section C8.5, DoD Aviation Critical Safety Item (CSI)/Flight Safety Critical Aircraft Part (FSCAP) Program. This regulation provides direction on establishing criticality determinations, identification of aviation critical safety items in the Federal Logistics Information System, and related requirements.

(2) Procedures for management of aviation critical safety items and ship critical safety items are available at http://www.aviation.dla.mil/UserWeb/AviationEngineering/EngineeringSupport/CSI.asp. This web site provides detailed life-cycle procedures for aviation and ship critical safety items, from initial identification through disposal, as well as a detailed list of definitions applicable to aviation and ship critical safety items.

(Revised May 16, 2013)

PGI 209.4--DEBARMENT, SUSPENSION, AND INELIGIBILITY

PGI 209.405 Effect of listing.

(1) Environmental Protection Agency (EPA) responsibilities under Executive Order 11738, Providing for Administration of the Clean Air Act and the Federal Water Pollution Control Act With Respect to Federal Contracts, Grants, or Loans, have been delegated to the EPA Suspending and Debarring Official (EPA SDO).

(i) Submit notifications and reports required by DFARS 209.405(b) to the EPA SDO at the following address:

Office of Grants and Debarments
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue NW
Washington, DC 20640

Telephone: 202-564-5399

(ii) Unless agency procedures specify otherwise, coordinate submissions to the EPA SDO through the applicable agency suspending and debarring official.

(2) Executive Order 11738 is available at http://www.epa.gov/isdc/eo11738.htm.

(3) Contracting officers are required to review the System for Award Management (SAM) Exclusions twice, once after opening of bids/receipt of proposals (FAR 9.405(d)(1)) and again immediately prior to award (FAR 9.405(d)(4)). The contracting officer shall document the contract file for both searches; the documentation may include a copy of the SAM Exclusions search results.

PGI 209.406 Debarment.

PGI 209.406-3 Procedures.

(i) *Investigation and referral*. When referring any matter to the agency debarring and suspending official for consideration, provide the following specific information and documentation, to the extent practicable. Send two copies (one paper and one electronic) of each report, including enclosures.

(ii) For all referrals, provide the following:

(A) Name, address, and telephone number of the point of contact for the activity making the report.

(B) Name and address of the referred individual/contractor, CAGE code, and DUNS number, if applicable.

(C) Name and addresses of the members of the board, principal officers , partners, owners, and managers of the referred contractor.

(D) Name and addresses of all known affiliates, subsidiaries, or parent firms, and the nature of the business relationship to the referred individual/contractor.

(E) If a contracting office initiates the report, the comments and recommendations of the contracting officer and of each higher-level contracting review authority regarding—

(*1*) Whether to suspend or debar the contractor;

(*2*) Whether to apply limitations to the suspension or debarment;

(*3*) The period of any recommended debarment; and

(*4*) Whether to continue any current contracts with the contractor (or explain why a recommendation regarding current contracts is not included).

(F) To the extent that this information is available through FPDS-NG, a list of other agencies that hold current contracts with the referred individual/contractor.

(iii) For referrals based on judicial actions (indictments, convictions, civil judgments, etc.), provide the following:

(A) Copies of indictments, judgments, and sentencing actions.

(B) Copies of investigative reports when authorized by the investigative agency.

(C) Witness statements or affidavits when authorized by the investigative agency.

(D) If judicial action is contract-related, the contract number, description of supplies or services, and contract amount.

(iv) For “fact-based” referrals (no judicial action), for each contract affected by the misconduct or poor performance being reported, provide the following:

(A) The contract number, description of supplies or services, contract amount, percentage of completion, and amounts paid to and withheld from the contractor.

(B) Whether the contract is assigned under the Assignment of Claims Act and, if so, to whom.

(C) The contract fund citations involved, to expedite accurate return of funds to open accounts and commands, as appropriate.

(D) For any other contracts outstanding with the contractor or any of its affiliates, the contract number, description of supplies or services, and contract amount.

(E) A complete summary of all pertinent evidence and the status of any legal proceedings involving the contractor.

(F) An estimate of any damages sustained by the Government as a result of the contractor's action (explain how the estimate was calculated).

(G) A copy of pertinent extracts of each pertinent contract.

(H) Copies of investigative reports when authorized by the investigative agency.

(I) Witness statements or affidavits when authorized by the investigative agency.

(J) A copy of any available determinations of nonresponsibility in accordance with FAR 9.105-2(a)(1).

(K) Any other appropriate exhibits or documentation.

(b) Decisionmaking process.

(i) The agency debarring and suspending official shall follow the procedures and decisionmaking process stated in FAR 9.406-3(c) for proposed debarments and debarments) and FAR 9.407-3 (for suspensions), DFARS Appendix H, and any agency-specific procedures that are to be provided to the individual/contractor with the notice of proposed debarment or suspension, either by enclosure or electronic reference.

(ii) The absence of a referral in accordance with this section, or the absence of any information specified in this section, will not preclude the debarring and suspending official from making decisions to suspend, propose for debarment, or debar an individual/contractor.

(iii) The signature of the debarring and suspending official on the notice of suspension, proposed debarment, or debarment is sufficient evidence that the debarring and suspending official has made the specified decision.

(iv) If a debarring and suspending official determines that a referral lacks sufficient evidence of a cause for suspension or debarment, the debarring and suspending official may refer the matter for further review or investigation, as appropriate, by an appropriate agency or other Government entity, including a contracting activity, inspector general, auditing agency, or a criminal investigative agency.

PGI 209.407 Suspension.

PGI 209.407-3 Procedures.

Use similar procedures as in DFARS PGI 209.406-3 for suspensions.

(Revised September 9, 2013)

PGI 209.5—ORGANIZATIONAL AND CONSULTANT CONFLICTS OF INTEREST

PGI 209.570 Limitations on contractors acting as lead system integrators.

PGI 209.570-1 Definitions.

The phrase "substantial portion of the work," as used in the definition of "lead system integrator with system responsibility" in the clause at DFARS 252.209-7007, may relate to the dollar value of the effort or to the criticality of the effort to be performed.

PGI 209.570-3 Procedures.

(1) After assessing the offeror's direct financial interests in the development or construction of any individual system or element of any system of systems, if the offeror—

(i) Has no direct financial interest in such systems, the contracting officer shall document the contract file to that effect and may then further consider the offeror for award of the contract;

(ii) Has a direct financial interest in such systems, but the exception in DFARS 209.570-2(b)(2) applies, the contracting officer shall document the contract file to that effect and may then further consider the offeror for award of the contract;

(iii) Has a direct financial interest in such systems and the exception in DFARS 209.570-2(b)(2) does not apply, but the conditions in DFARS 209.570-2(b)(1)(i) and (ii) do apply, the contracting officer—

(A) Shall document the contract file to that effect;

(B) May, in coordination with program officials, request an exception for the offeror from the Secretary of Defense, in accordance with paragraph (2) of this subsection; and

(C) Shall not award to the offeror unless the Secretary of Defense grants the exception and provides the required certification to Congress; or

(iv) Has a direct financial interest in such systems and the exceptions in DFARS 209.570-2(b)(1) and (2) do not apply, the contracting officer shall not award to the offeror.

(2)(i) To process an exception under DFARS 209.570-2(b)(1), the contracting officer shall submit the request and appropriate documentation to—

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/PACC
3060 Defense Pentagon
Washington, DC 20301-3060.

Phone: 703-695-4235 FAX: 703-693-9616

(ii) The action officer in the Office of the Director, Defense Procurement and Acquisition Policy, Program Acquisition and Contingency Contracting (DPAP/PACC), will process the request through the Office of the Secretary of Defense and, if approved, to the appropriate committees of Congress. The contracting officer shall not award a contract to the affected offeror until notified by the DPAP/PACC action officer that the exception has been approved and transmitted to Congress.

PGI 209.571 Organizational conflicts of interest in major defense acquisition programs.

PGI 209.571-7 Systems engineering and technical assistance contracts.
Because of the special organizational conflict of interest restrictions that relate to systems engineering and technical assistance contracts, it is more practical to separate systems engineering and technical assistance-type work from design- and development-type work, and not include both types of work in the same task order or other contract vehicle.

(Revised September 23, 2016)

PGI 210.002 Procedures.

(e)(ii) Contracting officers are encouraged to retain information on potential offerors that express an interest in an acquisition, in order to solicit feedback in instances when only one offer is received on a competitive solicitation (see PGI 215.371-2).

(iii) Contracting officers should ensure that the contract file includes—

(A) The methods used to conduct market research;

(B) The timeframe in which market research was conducted;

(C) The analysis of the capabilities of the potential sources that were identified during market research; and

(D) Any conclusion(s) reached as a result of market research analysis.

PGI 210.070 Market research report guide for improving the tradecraft in services acquisition.
The "Market Research Report Guide for Improving the Tradecraft in Services Acquisition" is designed to effect the collection and sharing of standardized market research information across the Department. The guide is available for download at http://www.acq.osd.mil/dpap/cpic/cp/market_research.html.

(Revised August 14, 2006)

PGI 211.1—SELECTING AND DEVELOPING REQUIREMENTS DOCUMENTS

PGI 211.105 Items peculiar to one manufacturer.

Office of Federal Procurement Policy memorandum of April 11, 2005, Subject: Use of Brand Name Specifications, reinforces the need to maintain vendor and technology neutral contract specifications, and asks agencies to publish the supporting justification when using brand name specifications in a solicitation.

Office of Federal Procurement Policy memorandum of April 17, 2006, Subject: Publication of Brand Name Justifications, provides additional guidance regarding publication of justifications for use of brand name specifications.

(Revised September 23, 2016)

PGI 211.2—USING AND MAINTAINING REQUIREMENTS DOCUMENTS

PGI 211.201 Identification and availability of specifications.

(1) Specifications, standards, and data item descriptions are indexed in the Acquisition Streamlining and Standardization Information System (ASSIST).

(2) Specifications, standards, and data item descriptions that are not indexed in ASSIST should be included in the solicitation, if feasible, or made available at the contracting activity.

(3) Most unclassified specifications, standards, and data item descriptions may be downloaded from the ASSIST database (https://assist.dla.mil). Documents not available for download from ASSIST may be ordered using the ASSIST Shopping Wizard (http://assist.daps.dla.mil/wizard) or by contacting the Department of Defense Single Stock Point (DoDSSP), Building 4, Section D, 700 Robbins Avenue, Philadelphia, PA 19111-5094; telephone (215) 697-2179. When contacting the DoDSSP, include with each request—

(i) The requester's customer number; and

(ii) A complete return mailing address, including any "mark for" instructions.

PGI 211.273 Substitutions for military or Federal specifications and standards.

PGI 211.273-3 Procedures.

(1) Solicitations for previously developed items shall encourage offerors to identify Single Process Initiative (SPI) processes for use instead of military or Federal specifications and standards cited in the solicitation. Use of the clause at DFARS 252.211-7005, Substitutions for Military or Federal Specifications and Standards, satisfies this requirement.

(2) Contracting officers shall ensure that—

(i) Concurrence of the requiring activity is obtained for any proposed substitutions prior to contract award;

(ii) Any necessary additional information regarding the SPI process identified in the proposal is obtained from the cognizant administrative contracting officer; and

(iii) In competitive procurements, prospective offerors are provided the opportunity to obtain verification that an SPI process is an acceptable replacement for a military or Federal specification or standard for the particular procurement prior to the date specified for receipt of offers.

(3) Any determination that an SPI process is not acceptable for a specific procurement shall be made prior to contract award at the head of the contracting activity or program executive officer level. This authority may not be delegated.

PGI 211.274 Item identification and valuation requirements.

PGI 211.274-2 Policy for unique item identification.

(b)(2)(ii) Send the copy of the determination and findings required by DFARS 211.274-2(b)(2)(i) to DPAP/Program Development and Implementation, Deputy Director, 3060 Defense Pentagon, 3B855, Washington, DC 20301-3060; or via email to: osd.pentagon.ousd-atl.mbx.pdi@mail.mil.

(Revised October 21, 2016)

PGI 211.70 -- PURCHASE REQUESTS

PGI 211.7001 Procedures.
Requiring activities are responsible for developing and distributing purchase requests, except for the requirements for Military Interdepartmental Purchase Requests (MIPRs) (DD Form 448) addressed in 253.208-1.

(a) Agencies may use a combined numbering series for MIPRs and internal purchase requests, following the rules at 253.208-1(c)(1) for both. If using a separate numbering sequence for internal purchase requests, procedures shall be in place to ensure that the same number cannot be assigned to both a MIPR and an internal purchase request. Use of a purely internal tracking number in addition to the purchase request number is authorized and supported by the data standards. Number the purchase request by using—

(1) The requiring activity's Department of Defense Activity Address Code (DODAAC), as described in DLM 4000.25 Volume 6, Chapter 2. DODAACs may be verified at https://www.transactionservices.dla.mil/daasinq.

(2) A serial number of eight alphanumeric characters, excluding "I" and "O"; and

(3) A revision number, with the original request being assigned zero and subsequent revisions or amendments being numbered consecutively.

(b) Prior to taking action on a purchase request, contracting officers shall ensure that the requiring activity has prepared the purchase requests in uniform contract format (see FAR 14.201-1 and 15.204), except for procurement of construction (see part 36), which should follow the current edition of the Construction Specifications Institute format. Purchase requests shall include all supporting documentation required by local contract procedures.

(c) Prior to taking action on a purchase request, contracting officers shall ensure that the purchase requests follow the line item rules and data requirements in DFARS 204.71. Purchase requests for individual supplies (i.e., not bulk commodities such as oil) shall identify whether the item to be acquired is subject to the item unique identification requirements of DFARS 211.274-2.

(d) Purchase requests may be unfunded for planning purposes, partially funded, or fully funded.

(1) Funding data in purchase requests will, at a minimum, identify the following elements of the funding source: Department Code (e.g. 21 Army), Main Account (e.g. 1804, Operation and Maintenance, Navy), Subaccount (where applicable), and Fiscal Year. Lists of these codes are published in Supplement 1 to Volume I of the *Treasury Financial Manual, Federal Account Symbols and Titles*, generally referred to as *The FAST Book*.

(2) Agencies shall have sufficient procedures in place to enable traceability of line items identified in the purchase request to those in the resulting contract. In developing such procedures, agencies shall ensure that provisions are made for circumstances in which the deliverables may be more completely defined during the process of soliciting offers and making an award, such as those contemplated by DFARS clause 252.204-7011, Alternative Line Item Structure.

(e) Contracting officers shall not obligate funds that have not been certified as currently available and suitable. All purchase requests shall be reviewed and certified after agreement on price and prior to award to ensure that the funds are—

(1) Suitable and available for the purpose and amount of the contract; and

(2) Traceable from the purchase request to the resultant contract.

(f) Purchase requests transmitted between requiring systems and contract writing systems shall be transmitted via the Global EXchange system (GEX) using the Purchase Request Data Standard Extensible Markup Language (XML) format (http://www.acq.osd.mil/dpap/pdi/eb/procurement_data_standard.html). Copies shall be sent via the GEX to the Electronic Document Access (EDA) (http://eda.ogden.disa.mil) system. Requiring systems and contract writing systems may use a format that can be translated to or from the purchase request Data Standard Extensible Markup Language (XML) format.

(Added January 24, 2008)

PGI 212.1—ACQUISITION OF COMMERCIAL ITEMS—GENERAL

PGI 212.102 Applicability.

(a) Contracting officers shall ensure that contract files fully and adequately document the market research and rationale supporting a conclusion that the commercial item definition in FAR 2.101 has been satisfied. Particular care must be taken to document determinations involving "modifications of a type customarily available in the marketplace," and items only "offered for sale, lease, or license to the general public," but not yet actually sold, leased, or licensed. In these situations, the documentation must clearly detail the particulars of the modifications and sales offers. When such items lack sufficient market pricing histories, additional diligence must be given to determinations that prices are fair and reasonable as required by FAR Subpart 15.4.

PGI 212.4—UNIQUE REQUIREMENTS REGARDING TERMS AND CONDITIONS FOR COMMERCIAL ITEMS

(Removed October 29, 2010)

(Revised June 30, 2016)

PGI 212.71—PILOT PROGRAM FOR ACQUISITION OF MILITARY-PURPOSE NONDEVELOPMENTAL ITEMS

PGI 212.7102 Pilot Program.
Contracting officers shall ensure that contract files fully and adequately document the market research and rationale supporting a conclusion that the military-purpose nondevelopmental item definition in DFARS 212.7101 has been satisfied.

PGI 212.7102-3 Reporting requirements.

(a) By October 31 each year, departments and agencies shall submit a consolidated report identifying all contracts awarded under the Pilot Program on Acquisition of Military Purpose Nondevelopmental Items during the preceding fiscal year. Submit the required information via email at osd.pentagon.ousd-atl.mbx.cpic@mail.mil.

(b) The report shall include the following:

(1) Name of the contractor receiving a contract award under the pilot described in this subpart.

(2) Description of the item or items to be acquired.

(3) The military purpose to be served by such item or items.

(4) The amount of the contract.

(5) Actions taken by the contracting officer to ensure that the price paid for such item(s) is fair and reasonable.

(c) The required format for the report is available at http://www.acq.osd.mil/dpap/dars/pgi/docs/Template_for_Annual_Report_(PGI_212-7102-3_Pilot_for_Military_Purpose_Nondevelopmental%20Items).xlsx.

(Added April 20, 2015)

PGI 213.1—PROCEDURES

PGI 213.104 Promoting competition.

For information on the various approaches that may be used to competitively fulfill DoD requirements, see the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics Guidelines for Creating and Maintaining a Competitive Environment for Supplies and Services in the Department of Defense.

(Added August 11, 2016)

PGI 213.2—ACTIONS AT OR BELOW THE MICRO-PURCHASE THRESHOLD

PGI 213.201 General.

(g)(i) The higher micro-purchase thresholds in FAR 13.201(g) are authorized for purchases that have a clear and direct relationship to the support of a declared contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack. To determine if a declaration has been made that authorizes the use of the higher micro-purchase thresholds review the following websites:

(A) Declared domestic contingency operations are listed at http://www.acq.osd.mil/dpap/pacc/cc/domestic_emergencies.html.

(B) Declared overseas contingency operations are listed at http://www.acq.osd.mil/dpap/pacc/cc/international_operations.html.

(ii) "United States," as used in this section, is defined in FAR 2.101(b).

(iii) Except as provided in paragraph (iv) of this section, the following tables illustrate the micro-purchase threshold based on the physical location of the Government purchaser and, for services, the place of performance:

(A) For supplies—

Government Purchaser Physical Location	Authorized Micro-Purchase Threshold
Inside United States	$20,000
Outside United States	$30,000

(B) For services, including acquisitions of services subject to 41 U.S.C. chapter 67, Service Contract Labor Standards—

Government Purchaser Physical Location	Place of Performance	Authorized Micro-Purchase Threshold
Inside United States	Inside or Outside United States	$20,000
Outside United States	Inside United States	$20,000
Outside United States	Outside United States	$30,000

(iv)(A) Government purchasers located inside the United States are prohibited from using the $30,000 contingency micro-purchase threshold, unless specifically authorized by statute.

(B) The $2,000 micro-purchase threshold for acquisitions of construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements

(Construction), remains unchanged in the event of a declared contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack, regardless of the criteria described above.

PGI 213.3—SIMPLIFIED ACQUISITION METHODS

(Revised September 19, 2014)

PGI 213.3—SIMPLIFIED ACQUISITION METHODS

PGI 213.301 Governmentwide commercial purchase card.

(1) A Governmentwide commercial purchase card program is a program that is authorized pursuant to a delegation of contracting authority and designation as a DoD contracting activity for the purpose of streamlining the purchase and payment processes for supplies and services by use of a Government-issued purchase card.

(2) Governmentwide commercial purchase card programs cannot be established or operated unless contracting authority is granted in accordance with governing laws and regulations, and delegated through a contracting activity identified at PGI 202.101. Further guidance regarding establishment, operation, and oversight of Governmentwide commercial purchase card programs can be found in the "Department of Defense Government Charge Card Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs" at http://www.acq.osd.mil/dpap/pdi/pc/policy_documents.html.

PGI 213.302 Purchase orders.

PGI 213.302-3 Obtaining contractor acceptance and modifying purchase orders.

Generally, use unilateral modifications (see FAR 43.103) for—

(1) No-cost amended shipping instructions if—

(i) The amended shipping instructions modify a unilateral purchase order; and

(ii) The contractor agrees orally or in writing; and

(2) Any change made before work begins if—

(i) The change is within the scope of the original order;

(ii) The contractor agrees;

(iii) The modification references the contractor's oral or written agreement; and

(iv) Block 13D of Standard Form 30, Amendment of Solicitation/Modification of Contract, is annotated to reflect the authority for issuance of the modification.

PGI 213.306 SF 44, Purchase Order-Invoice-Voucher.

(a) (1) (A) Establish fuel card accounts—

(*1*) For DoD customers, contact the Service or Agency Component Program Manager (CPM) for fuel cards (see http://www.desc.dla.mil/DCM/Files/CPMPOCs06022010.pdf; and

(*2*) For non-DoD customers, contact the designated Account Manager identified at http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=41.

(B) Purchases using the AIR Card® and SEA Card® shall follow the guidance found at http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=28.

PGI 213.307 Forms.

(a) If SF 1449 is not used, use DD Form 1155 in accordance with paragraph (b)(i) of this section.

(b)(i) Use DD Form 1155, Order for Supplies or Services, for purchases made using simplified acquisition procedures.

(A) The DD Form 1155 serves as a—

(1) Purchase order or blanket purchase agreement;

(2) Delivery order or task order;

(3) Receiving and inspection report;

(4) Property voucher;

(5) Document for acceptance by the supplier; and

(6) Public voucher, when used as—

(i) A delivery order;

(ii) The basis for payment of an invoice against blanket purchase agreements or basic ordering agreements when a firm-fixed-price has been established; or

(iii) A purchase order for acquisitions using simplified acquisition procedures.

(B) The DD Form 1155 is also authorized for use for—

(1) Orders placed in accordance with FAR Subparts 8.4, 8.6, 8.7, and 16.5; and

(2) Classified acquisitions when the purchase is made within the United States or its outlying areas. Attach the DD Form 254, Contract Security Classification Specification, to the purchase order.

(ii) Do not use Optional Form 347, Order for Supplies or Services, or Optional Form 348, Order for Supplies or Services Schedule--Continuation.

(iii) Use Standard Form 30, Amendment of Solicitation/Modification of Contract, to—

(A) Modify a purchase order; or
(B) Cancel a unilateral purchase order.

(Revised May 10, 2016)

PGI 215.3--SOURCE SELECTION

PGI 215.300—Scope of subpart.
See the policy tab for Director, Defense Procurement and Acquisition Policy memorandum dated April 1, 2016, entitled "Department of Defense Source Selection Procedures," which provides the procedures to be used within DoD when conducting negotiated, competitive acquisitions utilizing FAR part 15 procedures.

PGI 215.303 Responsibilities.

(b)(2) The source selection plan—

(A) Shall be prepared and maintained by a person designated by the source selection authority or as prescribed by agency procedures; and

(B) Shall be coordinated with the contracting officer and senior advisory group, if any, within the source selection organization.

PGI 215.304 Evaluation factors and significant subfactors.

(c)(i)(A) Evaluation factors may include—

(1) The extent to which such firms are specifically identified in proposals;

(2) The extent of commitment to use such firms (for example, enforceable commitments are to be weighted more heavily than non-enforceable ones);

(3) The complexity and variety of the work small firms are to perform;

(4) The realism of the proposal;

(5) Past performance of the offerors in complying with requirements of the clauses at FAR 52.219-8, Utilization of Small Business Concerns, and 52.219-9, Small Business Subcontracting Plan; and

(6) The extent of participation of such firms in terms of the value of the total acquisition.

(v) Using authority granted in section 806 of Pub. L. 111-383 to exclude a source based on supply chain risk requires an evaluation factor for supply chain risk, as specified at DFARS 239.73. Evaluating supply chain risk requires review of the supply chain, including all information technology subcontractors and suppliers that are proposed for use at any

time in the performance of the contract and may involve the use of all-source intelligence information. The requiring activity is responsible for obtaining any necessary all-source intelligence information and must inform the contracting officer and source selection authority of the results of the review for use in evaluating offers.

PGI 215.370 Evaluation factor for employing or subcontracting with members of the Selected Reserve.

PGI 215.370-2 Evaluation factor.

(1) This evaluation factor may be used as an incentive to encourage contractors to use employees or individual subcontractors who are members of the Selected Reserve.

(2) As with all evaluation factors and subfactors, the contracting officer should consider the impact the inclusion of this factor will have on the resulting contract and weight it accordingly.

(3) The solicitation provision at 252.215-7005 requires an offeror to provide supporting documentation when stating an intent to use members of the Selected Reserve in the performance of the contract.

PGI 215.371 Only one offer.

PGI 215.371-2 Promote competition.

(a) For competitive solicitations in which more than one potential offeror expressed an interest in an acquisition, but only one offer was ultimately received, the Contracting Officer shall—

(1) Seek feedback (e.g., issue an RFI) after award from potential offerors expected to submit an offer; and

(2) Document any feedback received in the contract file.

(b) Agencies shall use any feedback received when considering how to overcome barriers to competition for future requirements.

(Revised May 10, 2016)

PGI 215.4—CONTRACT PRICING

PGI 215.402 Pricing policy.

(1) Contracting officers must purchase supplies and services from responsible sources at fair and reasonable prices. The Truth in Negotiations Act (TINA) (10 U.S.C. 2306a and 41 U.S.C. chapter 35) requires offerors to submit certified cost or pricing data if a procurement exceeds the TINA threshold and none of the exceptions to certified cost or pricing data requirements applies. Under TINA, the contracting officer obtains accurate, complete, and current data from offerors to establish a fair and reasonable price (see FAR 15.403). TINA also allows for a price adjustment remedy if it is later found that a contractor did not provide accurate, complete, and current data.

(2) When certified cost or pricing data are not required, and the contracting officer does not have sufficient data to determine price reasonableness, FAR 15.402(a)(2) requires the offeror to provide whatever data the contracting officer needs in order to determine fair and reasonable prices.

(3) Obtaining sufficient data from the offeror is particularly critical in situations where an item is determined to be a commercial item in accordance with FAR 2.101 and the contract is being awarded on a sole source basis. This includes commercial sales data of items sold in similar quantities and, if such data is insufficient, cost data to support the proposed price.

(4) See PGI 215.404-1 for more detailed procedures for obtaining data needed to determine fair and reasonable prices.

PGI 215.403 Obtaining certified cost or pricing data.

PGI 215.403-1 Prohibition on obtaining certified cost or pricing data (10 U.S.C. 2306a and 41 U.S.C. chapter 35).

(b) *Exceptions to certified cost or pricing data requirements*. Even if an exception to certified cost or pricing data applies, the contracting officer is still required to determine price reasonableness. In order to make this determination, the contracting officer may require data other than certified cost or pricing data, including data related to prices and cost data that would otherwise be defined as certified cost or pricing data if certified.

(c)(3) *Commercial items*.

(A)*(1)* Contracting officers must exercise care when pricing a commercial item, especially in sole source situations. The definition of a commercial item at FAR 2.101 requires the product or service be one—

(i) That is of a type customarily used by the general public or by non-governmental entities for other than governmental purposes; and

(ii) That—

(A) Has been sold, leased, or licensed to the general public;

(B) Has been offered for sale, lease, or license to the general public; or

(C) Has evolved or been modified from such products or services.

(2) Therefore, some form of prior non-government sales data, or the fact that the item was sold, leased, licensed, or offered for sale (either the specific product or service or the product or service from which the item evolved) must be obtained.

(3) The fact that an item has been determined to be a commercial item does not, in and of itself, prohibit the contracting officer from requiring data other than certified cost or pricing data. This includes data related to prices and cost data that would otherwise be defined as certified cost or pricing data if certified. Obtaining sufficient data from the offeror is particularly critical in situations where an item is determined to be a commercial item in accordance with FAR 2.101 and the contract is being awarded on a sole source basis. See PGI 215.404-1 for more detailed procedures for use when obtaining data from the offeror to determine price reasonableness.

(B)*(1)* *Report Content*. The annual report of commercial item exceptions to Truth in Negotiations Act (TINA) requirements shall include the following:

Title: Commercial Item Exceptions to TINA Requirements

(1) Contract number, including modification number, if applicable, and program name.

(2) Contractor name.

(3) Contracting activity.

(4) Total dollar amount of exception.

(5) Brief explanation of the basis for determining that the item(s) are commercial.

(6) Brief description of the specific steps taken to ensure price reasonableness.

(2) *Pricing Actions Reported*. The intent of this requirement is to report when a commercial item exception was determined. Therefore, the reporting of the commercial item exceptions are for pricing actions at the point the contracting officer makes a determination that the commercial item exception applies. For example—

Example 1: The contracting officer determined that a commercial item exception applies for an entire indefinite-delivery indefinite-quantity (IDIQ) contract and expected the subsequent orders to exceed $15 million (based on the estimated maximum amount for the IDIQ or other supportable estimate of future orders). The organization would report this in accordance with DFARS 215.403-1(c)(3) for the period in which the IDIQ contract was awarded, and would include the total dollar amount of subsequent orders

under the exception expected at the time of award.

Example 2: The contracting officer awards an IDIQ contract with no commercial item exceptions anticipated. The contracting officer later modifies the contract for an order that will meet commercial item exceptions, and the subsequent order(s) are expected to exceed $15 million. Reporting (in the year the modification was issued) will include this IDIQ contract, the amount of this order, and any other expected future orders that will use the exception.

(i) For the above examples, after the contract is reported as receiving the exception with expected awards over $15 million, there would be no further report, e.g., when a subsequent order under that contract exceeds $15 million, because reporting for that contract was already accomplished.

(ii) When explaining price reasonableness in accordance with paragraph (c)(3)(B)*(1)*(6) of this subsection, if pricing was accomplished when the IDIQ contract was awarded, also explain how price reasonableness was determined. In circumstances where pricing will take place on the order at a future date, explain how pricing techniques at FAR 15.404-1 will be used, including obtaining cost data, if that is the only way to determine price reasonableness.

(4) *Waivers*.

(A) *Exceptional case TINA waiver*.

(1) In determining that an exceptional case TINA waiver is appropriate, the head of the contracting activity must exercise care to ensure that the supplies or services could not be obtained without the waiver and that the determination is clearly documented. See DPAP March 23, 2007, policy memorandum. The intent is not to relieve entities that normally perform Government contracts subject to TINA from an obligation to certify that cost or pricing data are accurate, complete, and current. Instead, waivers must be used judiciously, in situations where the Government could not otherwise obtain a needed item without a waiver. A prime example would be when a particular company offers an item that is essential to DoD's mission but is not available from other sources, and the company refuses to submit certified cost or pricing data. In such cases, a waiver may be appropriate. However, the procuring agency should, in conjunction with the waiver, develop a strategy for procuring the item in the future that will not require such a waiver (e.g., develop a second source, develop an alternative product that satisfies the department's needs, or have DoD produce the item).

(2) Senior procurement executive coordination. An exceptional case TINA waiver that exceeds $100 million shall be coordinated with the senior procurement executive prior to granting the waiver.

(3) Waiver for part of a proposal. The requirement for submission of certified cost or pricing data may be waived for part of an offeror's proposed price when it is possible to clearly identify that part of the offeror's cost proposal to which the waiver applies as separate and distinct from the balance of the proposal. In granting a partial waiver, in addition to complying with the requirements in DFARS 215.403-1(c)(4), the head of the contracting activity must address why it is in the Government's best interests to grant a partial waiver, given that the offeror has no objection to certifying to the balance of its cost

proposal.

(4) Waivers for unpriced supplies or services. Because there is no price, unpriced supplies or services cannot be subject to cost or pricing data certification requirements. The Government cannot agree in advance to waive certification requirements for unpriced supplies or services, and may only consider a waiver at such time as an offeror proposes a price that would otherwise be subject to certification requirements.

(B) The annual report of waiver of TINA requirements shall include the following:

Title: Waiver of TINA Requirements

(1) Contract number, including modification number, if applicable, and program name.

(2) Contractor name.

(3) Contracting activity.

(4) Total dollar amount waived.

(5) Brief description of why the item(s) could not be obtained without a waiver. See DPAP March 23, 2007, policy memorandum.

(6) Brief description of the specific steps taken to ensure price reasonableness.

(7) Brief description of the demonstrated benefits of granting the waiver.

PGI 215.403-3 Requiring data other than certified cost or pricing data.

To the extent that certified cost or pricing data are not required by FAR 15.403-4 and there is no other means for the contracting officer to determine that prices are fair and reasonable, the offeror is required to submit "data other than certified cost or pricing data" (see definition at FAR 2.101). In accordance with FAR 15.403-3(a), the offeror must provide appropriate data on the prices at which the same or similar items have previously been sold, adequate for determining the reasonableness of the price. The following clarifies these requirements:

(1) *Data other than certified cost or pricing data*. When certified cost or pricing data are not required, the contracting officer must obtain whatever data is necessary in order to determine the reasonableness of the price. The FAR defines this as "data other than certified cost or pricing data." When TINA does not apply and there is no other means of determining that prices are fair and reasonable, the contracting officer must obtain appropriate data on the prices at which the same or similar items have been sold previously, adequate for evaluating the reasonableness of the price. Sales data must be comparable to the quantities, capabilities, specifications, etc., of the product or service proposed. Sufficient steps must be taken to verify the integrity of the sales data, to include assistance from the Defense Contract Management Agency, the Defense Contract Audit Agency, and/or other

agencies if required. See PGI 215.404-1 for more detailed procedures for obtaining data from offerors to determine price reasonableness.

(2) *Previously been sold*. Contracting officers shall request offerors to provide data related to prior sales (or "offered for sale") in support of price reasonableness determinations.

(3) *Adequacy of sales data for pricing*. The contracting officer must determine if the prior sales data is sufficient for determining that prices are fair and reasonable. If the sales data is not sufficient, additional data shall be obtained, including cost data if necessary. See PGI 215.404-1 for more detailed procedures for obtaining whatever data is needed to determine fair and reasonable prices.

(4) *Reliance on prior prices paid by the Government*. Before relying on a prior price paid by the Government, the contracting officer must verify and document that sufficient analysis was performed to determine that the prior price was fair and reasonable. Sometimes, due to exigent situations, supplies or services are purchased even though an adequate price or cost analysis could not be performed. The problem is exacerbated when other contracting officers assume these prices were adequately analyzed and determined to be fair and reasonable. The contracting officer also must verify that the prices previously paid were for quantities consistent with the current solicitation. Not verifying that a previous analysis was performed, or the consistencies in quantities, has been a recurring issue on sole source commercial items reported by oversight organizations. Sole source commercial items require extra attention to verify that previous prices paid on Government contracts were sufficiently analyzed and determined to be fair and reasonable. At a minimum, a contracting officer reviewing price history shall discuss the basis of previous prices paid with the contracting organization that previously bought the item. These discussions shall be documented in the contract file.

(5) *Canadian Commercial Corporation*. All contracts with the Canadian Commercial Corporation (CCC) are placed in accordance with the practices, policies and procedures of the Government of Canada covering procurement for defense purposes (see PGI 225.870). Contracting Officers may rely on the confirmation and endorsement of the offer from the Canadian Commercial Corporation at 225.870-3(a) as an endorsement of the cost/price as no more than would be charged to the Canadian government.

(i) When 252.215-7003 or 252.215-7004 are included in a solicitation with the Canadian Commercial Corporation, the data required by paragraph (b)(i) and (ii), in concert with the confirmation and endorsement of the offer, is intended to meet the requirements of FAR 15.404-1 for documentation of fair and reasonable pricing.

(ii) Use of 252.215-7003 or 252.215-7004 in sole source acquisitions not meeting the threshold at 215.408(3)(i)(A) or (ii)(A)*(1)* or competitive acquisitions at any dollar value shall be supported by a determination and finding justifying the anticipated need for data other than certified cost or pricing data to determine a fair and reasonable price.

(iii) When the contracting officer anticipates the need for additional data to establish a fair and reasonable price, specific data should be requested at time of solicitation as detailed in DFARS 252.215-7003.

(iv) Examples of clause use:

Scenario	Requirement
Sole source to CCC, fixed price, with estimated value of $600 million.	Include provision and clause in accordance with 215.408(3)(i)(A)*(2)* and (ii)(A(*1*)*(ii)*, respectively, because estimated value exceeds $500 million.
Sole source to CCC, cost reimbursement, with estimated value of $800,000.	Include provision and clause in accordance with 215.408(3)(i)(A)*(1)* and (ii)(A(*1*)*(i)*, respectively, because estimated value exceeds $750,000.
Sole source to CCC ,cost-reimbursement, with estimated value of $500,000.	Do not include provision and clause, unless D&F is approved in accordance with 215.408(3)(i)(B)and (ii)(A)(*2*)), respectively, because estimated value does not exceed $750.000.
Sole source to CCC ,fixed price, with estimated value of $800,000	Do not include provision and clause, unless D&F is approved in accordance with 215.408(3)(i)(B)and (ii)(A)(*2*)), respectively, because estimated value does not exceed $500 million.
Modifications to contracts that include the clause 252.215-7004.	If 252.215-7004 is included in the contract, then data are required for modifications valued above the simplified acquisition threshold, or a higher threshold specified in the solicitation by the contracting officer, in accordance with 252.215-7004(b).

PGI 215.404 Proposal analysis.

PGI 215.404-1 Proposal analysis techniques.

(a) *General*.

(i) The objective of proposal analysis is to ensure that the final agreed-to price is fair and reasonable. When the contracting officer needs data to determine price reasonableness and the offeror will not furnish that data, use the following sequence of steps to resolve the issue:

(A) The contracting officer should make it clear what data is required and why it is needed to determine fair and reasonable prices, and should be flexible in requesting data in existing formats with appropriate explanations from the offeror.

(B) If the offeror refuses to provide the data, the contracting officer should elevate the issue within the contracting activity.

(C) Contracting activity management shall, with support from the contracting officer, discuss the issue with appropriate levels of the offeror's management.

(D) If the offeror continues to refuse to provide the data, contracting activity

management shall elevate the issue to the head of the contracting activity for a decision in accordance with FAR 15.403-3(a)(4).

(E) The contracting officer shall document the contract file to describe—

(1) The data requested and the contracting officer's need for that data;

(2) Why there is currently no other alternative but to procure the item from this particular source; and

(3) A written plan for avoiding this situation in the future (e.g., develop a second source by...; bring the procurement in house to the Government by...).

(F) Consistent with the requirements at FAR 15.304 and 42.1502 and the DoD Guide to Collection and Use of Past Performance Information, Version 3, dated May 2003, the contracting officer shall provide input into the past performance system, noting the offeror's refusal to provide the requested information.

(ii) In some cases, supplies or services that are not subject to TINA may require a cost analysis (see paragraph (b)(iv) of this section). This will occur when a price analysis is not sufficient for determining prices to be fair and reasonable. In such cases, the contracting officer should consider the need for a Defense Contract Audit Agency audit of the cost data.

(iii) Particular attention should be paid to sole source commercial supplies or services. While the order of preference at FAR 15.402 must be followed, if the contracting officer cannot determine price reasonableness without obtaining data other than cost or pricing data from the offeror, at a minimum, the contracting officer must obtain appropriate data on the prices at which the same or similar items have been sold previously (often previous sales data was the basis of the commercial item determination and must be requested during price analysis of the data provided by the offeror). If previous sales data is not sufficient to determine price reasonableness, the contracting officer must obtain "data other than certified cost or pricing data" and, if necessary, perform a cost analysis.

(b) *Price analysis*.

(i) Price analysis should generally be performed on supplies or services that are not subject to TINA. Available commercial sales, published catalogs or prices, etc., can sometimes be obtained through market research and can provide a basis for determining if the proposed prices are fair and reasonable.

(ii) In some cases, commercial sales are not available and there is no other market data for determining fair and reasonable prices. This is especially true when buying supplies or services that have been determined to be commercial, but have only been "offered for sale" or purchased on a sole source basis with no prior commercial sales upon which to rely. In such cases, the contracting officer must require the offeror to submit whatever cost data is needed to determine price reasonableness.

(iii) The following procedures shall be adhered to when executing the price analysis steps at FAR 15.404-1(b)(2):

(A) When the contracting officer is relying on data obtained from sources

other than the offeror, the contracting officer must obtain and document sufficient data to confirm that previous prices paid by the Government were based on a thorough price and/or cost analysis. For example, it would not be sufficient to use price(s) from a database paid by another contracting officer without understanding the type of analysis that was performed to determine the price(s), and without verifying that the quantities were similar for pricing purposes. This does not necessarily need to be another analysis, but there should be coordination with the other office that acknowledges an analysis was performed previously.

(B) When purchasing sole source commercial items, the contracting officer must request non-Government sales data for quantities comparable to those in the solicitation. In addition, if there have not been any non-Government sales, "data other than certified cost or pricing data" shall be obtained and a price or cost analysis performed as required.

(iv) When considering advice and assistance from others, the contracting officer must pay particular attention to supplies or services that are not subject to TINA because they are "of a type" customarily used by the general public or "similar to" the item being purchased. There must be a thorough analysis of—

(A) The available price data for the similar-type item;

(B) The changes required by the solicitation; and

(C) The cost of modifying the base item.

(v) In some cases, the contracting officer will have to obtain "data other than certified cost or pricing data" from the offeror because there is not sufficient-data from other sources to determine if prices are fair and reasonable. The contracting officer must use business judgment to determine the level of data needed from the offeror, but must ensure that the data is sufficient for making a reasonableness determination. For example, the offeror may have significant sales of the item in comparable quantities to non-Government entities, and that may be all the data needed, once the sales data is appropriately verified. On the other hand, there may be no non-Government sales and the contracting officer may be required to obtain cost data, and should do so. The request for additional data shall be limited to only that needed to determine prices to be fair and reasonable. For example, assume the proposal is 40 percent purchase parts, 30 percent labor, and the balance indirect rates. Also assume that the Defense Contract Management Agency (DCMA) has a forward pricing rate agreement with the offeror. It may be sufficient to limit requests to historical purchase records and/or vendor quotes and the proposed labor hours. Based on this data and the forward pricing rates from DCMA, the contracting officer may be able to determine price reasonableness.

(c) *Cost analysis*.

(i) When the contracting officer cannot obtain sufficient data to perform a price analysis in accordance with the pricing steps in FAR 15.404-1(b), a cost analysis is required.

(ii) When a solicitation is not subject to TINA and a cost analysis is required, the contracting officer must clearly communicate to the offeror the cost data that will be needed to determine if the proposed price is fair and reasonable.

(iii) To the extent possible, when cost or pricing data are not required to be submitted in accordance with Table 15-2 of FAR 15.408, the contracting officer should accept the cost data in a format consistent with the offeror's records.

(iv) The contracting officer must always consider the need for field pricing support from the Defense Contract Management Agency, the Defense Contract Audit Agency, and/or other agencies.

(e) *Technical analysis*.

Requesting technical assistance is particularly important when evaluating pricing related to items that are "similar to" items being purchased or commercial items that are "of a type" or require "minor modifications." Technical analysis can assist in pricing these types of items by identifying any differences between the item being acquired and the "similar to" item. In particular, the technical review can assist in evaluating the changes that are required to get from the "similar to" item, to the item being solicited, so the contracting officer can determine sufficient price/cost analysis techniques when evaluating that the price for the item being solicited is fair and reasonable.

PGI 215.404-2 Data to support proposal analysis.

(a) *Field pricing assistance.*

(i) The contracting officer should consider requesting field pricing assistance (See PGI 215.404-2(c) for when audit assistance should be requested) for—

(A) Fixed-price proposals exceeding the certified cost or pricing data threshold;

(B) Cost-type proposals exceeding the certified cost or pricing data threshold from offerors with significant estimating system deficiencies (see DFARS 215.407-5-70(a)(4) and (c)(2)(i)); or

(C) Cost-type proposals exceeding $10 million from offerors without significant estimating system deficiencies.

(ii) The contracting officer should not request field pricing support for proposed contracts or modifications in an amount less than that specified in paragraph (a)(i) of this subsection. An exception may be made when a reasonable pricing result cannot be established because of—

(A) A lack of knowledge of the particular offeror; or

(B) Sensitive conditions (e.g., a change in, or unusual problems with, an offeror's internal systems).

(c) *Audit assistance for prime contracts or subcontracts.*

(i) The contracting officer should consider requesting audit assistance from DCAA for—

(A) Fixed-price proposals exceeding $10 million;

(B) Cost-type proposals exceeding $100 million.

(ii) The contracting officer should not request DCAA audit assistance for proposed contracts or modifications in an amount less than that specified in paragraph (c)(i) of this subsection unless there are exceptional circumstances explained in the request for audit. (See PGI 215.404-2(a)(i) for requesting field pricing assistance without a DCAA audit.)

(iii) If, in the opinion of the contracting officer or auditor, the review of a prime contractor's proposal requires further review of subcontractors' cost estimates at the subcontractors' plants (after due consideration of reviews performed by the prime contractor), the contracting officer should inform the administrative contracting officer (ACO) having cognizance of the prime contractor before the review is initiated.

(iv) Notify the appropriate contract administration activities when extensive, special, or expedited field pricing assistance will be needed to review and evaluate subcontractors' proposals under a major weapon system acquisition. If audit reports are received on contracting actions that are subsequently cancelled, notify the cognizant auditor in writing.

(v) Requests for audit assistance for subcontracts should use the same criteria as established in paragraphs (c)(i) and (c)(ii) of this subsection.

PGI 215.404-3 Subcontract pricing considerations.

(a) The contracting officer should consider the need for field pricing analysis and evaluation of lower-tier subcontractor proposals, and assistance to prime contractors when they are being denied access to lower-tier subcontractor records.

(i) When obtaining field pricing assistance on a prime contractor’s proposal, the contracting officer should request audit or field pricing assistance to analyze and evaluate the proposal of a subcontractor at any tier (notwithstanding availability of data or analyses performed by the prime contractor) if the contracting officer believes that such assistance is necessary to ensure the reasonableness of the total proposed price. Such assistance may be appropriate when, for example—

(A) There is a business relationship between the contractor and the subcontractor not conducive to independence and objectivity;

(B) The contractor is a sole source supplier and the subcontract costs represent a substantial part of the contract cost;

(C) The contractor has been denied access to the subcontractor’s records;

(D) The contracting officer determines that, because of factors such as the size of the proposed subcontract price, audit or field pricing assistance for a subcontract at any tier is critical to a fully detailed analysis of the prime contractor’s proposal;

(E) The contractor or higher-tier subcontractor has been cited for having significant estimating system deficiencies in the area of subcontract pricing, especially the failure to perform adequate cost analyses of proposed subcontract costs or to perform

subcontract analyses prior to negotiation of the prime contract with the Government; or

(F) A lower-tier subcontractor has been cited as having significant estimating system deficiencies.

(ii) It may be appropriate for the contracting officer or the ACO to provide assistance to a contractor or subcontractor at any tier, when the contractor or higher-tier subcontractor has been denied access to a subcontractor's records in carrying out the responsibilities at FAR 15.404-3 to conduct price or cost analysis to determine the reasonableness of proposed subcontract prices. Under these circumstances, the contracting officer or the ACO should consider whether providing audit or field pricing assistance will serve a valid Government interest.

(iii) When DoD performs the subcontract analysis, DoD shall furnish to the prime contractor or higher-tier subcontractor, with the consent of the subcontractor reviewed, a summary of the analysis performed in determining any unacceptable costs included in the subcontract proposal. If the subcontractor withholds consent, DoD shall furnish a range of unacceptable costs for each element in such a way as to prevent disclosure of subcontractor proprietary data.

(iv) Price redeterminable or fixed-price incentive contracts may include subcontracts placed on the same basis. When the contracting officer wants to reprice the prime contract even though the contractor has not yet established final prices for the subcontracts, the contracting officer may negotiate a firm contract price—

(A) If certified cost or pricing data on the subcontracts show the amounts to be reasonable and realistic; or

(B) If certified cost or pricing data on the subcontracts are too indefinite to determine whether the amounts are reasonable and realistic, but—

(1) Circumstances require prompt negotiation; and

(2) A statement substantially as follows is included in the repricing modification of the prime contract:

> As soon as the Contractor establishes firm prices for each subcontract listed below, the Contractor shall submit (in the format and with the level of detail specified by the Contracting Officer) to the Contracting Officer the subcontractor's cost incurred in performing the subcontract and the final subcontract price. The Contractor and the Contracting Officer shall negotiate an equitable adjustment in the total amount paid or to be paid under this contract to reflect the final subcontract price.

(v) If the selection of the subcontractor is based on a trade-off among cost or price and other non-cost factors rather than lowest price, the analysis supporting subcontractor selection should include a discussion of the factors considered in the selection (also see FAR 15.101 and 15.304 and DFARS 215.304). If the contractor's analysis is not adequate, return it for correction of deficiencies.

(vi) The contracting officer shall make every effort to ensure that fees negotiated by contractors for cost-plus-fixed-fee subcontracts do not exceed the fee limitations in FAR 15.404-4(c)(4).

PGI 215.404-70 DD Form 1547, Record of Weighted Guidelines Method Application.

(1) The DD Form 1547—

(i) Provides a vehicle for performing the analysis necessary to develop a profit objective; and

(ii) Provides a format for summarizing profit amounts subsequently negotiated as part of the contract price.

(2) The contracting officer shall—

(i) Use and prepare a DD Form 1547 whenever a structured approach to profit analysis is required by DFARS 215.404-4(b) (see DFARS 215.404-71, 215.404-72, and 215.404-73 for guidance on using the structured approaches). Administrative instructions for completing the form are in PGI 253.215-70.

(ii) Ensure that the DD Form 1547 is accurately completed. The contracting officer is responsible for the correction of any errors detected by the management system auditing process.

PGI 215.404-71 Weighted guidelines method.

PGI 215.404-71-4 Facilities capital employed.

(c) *Use of DD Form 1861 - Field pricing support*.

(i) The contracting officer may ask the ACO to complete the forms as part of field pricing support.

(ii) When the Weighted Guidelines Method is used, completion of the DD Form 1861 requires data not included on the Form CASB-CMF, i.e., distribution percentages of land, building, and equipment for the business unit performing the contract. Choose the most practical method for obtaining this data, for example—

(A) Contract administration offices could obtain the data through the process used to establish factors for facilities capital cost of money or could establish advance agreements on distribution percentages for inclusion in field pricing reports;

(B) The corporate ACO could obtain distribution percentages; or

(C) The contracting officer could request the data through a solicitation provision.

PGI 215.406-1 Prenegotiation objectives.

(a) Also consider—

(i) Data resulting from application of work measurement systems in developing prenegotiation objectives; and

(ii) Field pricing assistance personnel participation in planned prenegotiation and negotiation activities.

(b) Prenegotiation objectives, including objectives related to disposition of findings and recommendations contained in preaward and postaward contract audit and other advisory reports, shall be documented and reviewed in accordance with departmental procedures.

(i) *Significant Disagreements.* (A) Contracting officers and contract auditors have complementary roles in the contracting process and are expected to collaborate to determine fair and reasonable contract values, in accordance with Director, Defense Procurement and Acquisition Policy memorandum dated December 4, 2009, Subject: Resolving Contract Audit Recommendations. When a significant disagreement arises on questioned costs, the contracting officer and the auditor shall discuss the basis of the disagreement. The contracting officer shall document that discussion and their disagreement in a written communication to the auditor. The contracting officer shall also document the disagreement in the prenegotiation objective (or pre-business clearance). The contracting officer may then proceed with negotiations when the prenegotiation objectives are approved.

(B) A significant disagreement is defined as the contracting officer planning to sustain less than 75-percent of the total recommended questioned costs in a Defense Contract Audit Agency (DCAA) audit report of a contractor proposal for an initial contract or a contract modification with a value equal to or greater than $10 million. It does not apply to costs that DCAA has categorized as unsupported or unresolved in its audit report.

(ii) *Adjudication Procedures.* DCAA has three days to elevate the issues within the contracting officer's activity after receipt of the contracting officers' written communication confirming the disagreement. Furthermore, DCAA may appeal the significant issues up the chain of command as established in each Component's "Resolving Contract Audit Recommendations" policy. If issues remain, the Director, DCAA may escalate from the Defense Component's Head of Contracting Activity or Senior Procurement Executive, to the Director, Defense Procurement and Acquisition Policy (DPAP). If the DCAA Director believes that the Director, DPAP has not adequately addressed the matter, the disagreement may finally be elevated to the Under Secretary of Defense for Acquisition, Technology, and Logistics, and the Comptroller.

(iii) Notwithstanding the above, the Director, DCAA, may always raise audit issues to the Director, DPAP.

(c) *Cost estimates for program baselines and contract negotiations for Major Defense Acquisition and Major Automated Information System Programs.*

(i) For the purpose of contract negotiations and obligation of funds under this paragraph, the Government shall prepare cost analyses and targets based on the Government's reasonable expectation of successful contractor performance in accordance with the contractor's proposal and previous experience.

(ii) Cost estimates developed for baseline descriptions and other program purposes by the Director of Cost Assessment and Program Evaluation pursuant to its functions, do not meet the criteria described in paragraph (c)(i) of this subsection and, thus, shall not be used for purposes of developing the Government's contract negotiation position or for the obligation of funds. However, the Government may consider the data used to develop such estimates when developing the cost analyses and targets described in paragraph (c)(i) of this subsection.

(d) See Frequently asked 'Questions and Answers" at http://www.acq.osd.mil/dpap/cpic/cp/sec_808_NDAA.html relating to the limitations placed on the Department of Defense for aggregate annual amounts available for contracted services in accordance with section 808 of the National Defense Authorization Act for Fiscal year 2012, P.L. 112-81 and DFARS Class Deviation 2012-O0012, Limitation on Amounts Available for Contracted Services, dated July 31, 2012.

PGI 215.406-3 Documenting the negotiation.

(a)(7) Include the principal factors related to the disposition of findings and recommendations contained in preaward and postaward contract audit and other advisory reports.

(10) The documentation—

(A) Shall address significant deviations from the prenegotiation profit objective;

(B) Should include the DD Form 1547, Record of Weighted Guidelines Application (see DFARS 215.404-70), if used, with supporting rationale;

(C) Shall address the rationale for not using the weighted guidelines method when its use would otherwise be required by DFARS 215.404-70; and

(D) Shall be marked "FOR OFFICIAL USE ONLY", as appropriate and in accordance with DoD Manual 5200.01, Volume 4.

(11) The contracting officer is responsible to ensure the approved pre- and postnegotiation noncompetitive business clearance documents (e.g., price negotiation memoranda) are uploaded into the Contract Business Analysis Repository (CBAR) at http://www.dcma.mil/DCMAIT/cbt/CBAR/index.cfm for the purpose of sharing negotiation experience with other contracting officers preparing to negotiate. This includes both noncompetitive actions using the procedures at FAR part 12, Acquisition of Commercial Items, as well as noncompetitive actions using the procedures at FAR part 15, Contracting by Negotiation, that are valued in excess of $25 million and awarded on or after June 24, 2013 (and for all definitized or awarded actions over $100 million, which occurred on or after October 1, 2012).

(A) Business clearance documents uploaded to CBAR shall be marked "FOR OFFICIAL USE ONLY (FOUO)" at the top and bottom of the face or cover page, and on the bottom of each page containing FOUO, including the back page or cover.

(B) The business clearance documents uploaded to CBAR shall be signed by the contracting officer and shall include all other signatures required by local policy/procedure.

(C) The documentation shall be uploaded to CBAR no later than 30 days after award of the contract action associated with the negotiation and shall include both the prenegotiation objectives required by FAR 15.406-1 and PGI 215.406-1, and the record of negotiations (i.e. the Price Negotiation Memoranda required by FAR 15.406-3 and PGI 215.406-3). The contracting officer shall complete the "description of acquisition" field with keywords and searchable terms to identify the products and services acquired. Additionally, the contracting officer shall complete the "comments" field of the CBAR record to summarize unique features and aspects of the negotiation in order to prompt other contracting teams to inquire further to learn from their peers' prior experience.

(D) If an initial indefinite-delivery indefinite-quantity (IDIQ) task or delivery order contract contemplates issuance of task or delivery orders that will invoke negotiated rates or values from the basic contract, then the business clearance record for the basic IDIQ contract shall be uploaded if the estimated value of the contract (e.g. ceiling price) exceeds the prescribed dollar threshold. To the extent individual task or delivery orders entail a negotiation (i.e. did not simply incorporate prices established at the basic contract level), a business clearance record for the individual task or delivery orders that exceed the prescribed dollar thresholds shall be uploaded to CBAR.

(E) For additional information about obtaining access to and training for the CBAR database, see the Director, Defense Contract Management Agency memorandum, dated April 2, 2013. Click here.

PGI 215.407-2 Make-or-buy programs.

(d) *Solicitation Requirements*. Consider the following factors when deciding whether to request a make-or-buy plan—

(1) The prime contractor's assumption of risk;

(2) The prime contractor's plant capacity;

(3) The prime contractor's degree of vertical integration;

(4) The prime contractor's internal resources;

(5) The anticipated contract type;

(6) The complexity, uniqueness, or configuration maturity associated with the end item or its subsystems;

(7) Critical path items;

(8) The impact on contract overhead rates with respect to maintaining work in-house;

(9) The industrial base that could potentially satisfy some system requirements,

based on market survey;

(10) Proprietary data and/or trade secrets;

(11) Potential product quality concerns associated with items that would be subject to subcontracting;

(12) Integrated master schedule timelines and their tolerances for variation;

(13) The availability and experience of program office personnel to credibly analyze and evaluate a submission; and

(14) Socioeconomic considerations, e.g. small business or labor surplus area concerns.

(f) *Evaluation, negotiation, and Agreement*. When a make-or-buy plan is required, listed below are factors that may be considered when evaluating a submission—

(1) Prime contractor past performance, especially with respect to subcontract management;

(2) Prime contractor make-or-buy history;

(3) Adequacy of contractor's existing make-or-buy processes, including cost and technical risk considerations;

(4) Component availability through existing sources, e.g. available inventory, or other Government contracts;

(5) Prime contractor plant capacity;

(6) The adequacy of the prime contractor's technical, financial and personnel capabilities; and

(7) Prime contractor justification that is provided with respect to items it does not normally make.

PGI 215.407-4 Should-cost review.

(b) *Program should-cost review***.**

(2) DoD contracting activities should consider performing a program should-cost review before award of a definitive contract for a major system as defined by DoDI 5000.2. See DoDI 5000.2 regarding industry participation.

(c) *Overhead should-cost review*.

(1) Contact the Defense Contract Management Agency (DCMA) (http://www.dcma.mil/) for questions on overhead should-cost analysis.

(2)(A) DCMA or the military department responsible for performing contract

administration functions (e.g., Navy SUPSHIP) should consider, based on risk assessment, performing an overhead should-cost review of a contractor business unit (as defined in FAR 2.101) when all of the following conditions exist:

(1) Projected annual sales to DoD exceed $1 billion;

(2) Projected DoD versus total business exceeds 30 percent;

(3) Level of sole-source DoD contracts is high;

(4) Significant volume of proposal activity is anticipated;

(5) Production or development of a major weapon system or program is anticipated; and

(6) Contractor cost control/reduction initiatives appear inadequate.

(B) The head of the contracting activity may request an overhead should-cost review for a business unit that does not meet the criteria in paragraph (c)(2)(A) of this subsection.

(C) Overhead should-cost reviews are labor intensive. These reviews generally involve participation by the contracting, contract administration, and contract audit elements. The extent of availability of military department, contract administration, and contract audit resources to support DCMA-led teams should be considered when determining whether a review will be conducted. Overhead should-cost reviews generally should not be conducted at a contractor business segment more frequently than every 3 years.

PGI 215.407-5 Estimating systems.

PGI 215.407-5-70 Disclosure, maintenance, and review requirements.

(e) *Disposition of findings*.

(2) *Initial determination*.

(ii)(A) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(C) *Evaluation of contractor's response*. Within 30 days of receiving the contractor’s response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor’s response and make a final determination.

(3) *Final Determination.*

(ii)(A) *Monitoring contractor's corrective action*. The auditor and the contracting officer shall monitor the contractor's progress in correcting deficiencies. If the

contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: bringing the issue to the attention of higher level management, reducing or suspending progress payments (see FAR 32.503-6), implementing or increasing the withholding in accordance with 252.242-7005, Contractor Business Systems, if applicable, and recommending non-award of potential contracts.

(B) *Correction of significant deficiencies*.

(*1*) When the contractor notifies the contracting officer, in writing, that the contractor has corrected the significant deficiencies, the contracting officer shall request that the auditor review the correction to determine if the deficiencies have been resolved.

(*2*) The contracting officer shall determine if the contractor has corrected the deficiencies.

(*3*) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the auditor; payment office; appropriate action officers responsible for reporting past performance at the requiring activities; and each contracting and contract administration office having substantial business with the contractor, as applicable.

PGI 215.470 Estimated data prices.

(b)(i) The form and the provision included in the solicitation request the offeror to state what portion of the total price is estimated to be attributable to the production or development of the listed data for the Government (not to the sale of rights in the data). However, offerors' estimated prices may not reflect all such costs; and different offerors may reflect these costs in a different manner, for the following reasons—

(A) Differences in business practices in competitive situations;

(B) Differences in accounting systems among offerors;

(C) Use of factors or rates on some portions of the data;
(D) Application of common effort to two or more data items; and

(E) Differences in data preparation methods among offerors.

(ii) Data price estimates should not be used for contract pricing purposes without further analysis.

(Revised May 10, 2016)

PGI 216.1—SELECTING CONTRACT TYPES

PGI 216.104 Factors in selecting contract type.
See the policy tab for Director, Defense Procurement and Acquisition Policy memorandum dated April 1, 2016, entitled "Guidance on Using Incentive and Other Contract Types," when selecting and negotiating the most appropriate contract type for a given procurement.

PGI 216.104-70 Research and development.

(1) *General*. There are several categories of research and development (R&D) contracts: research, exploratory development, advanced development, engineering development, and operational systems development (see DFARS 235.001 for definitions). Each category has a primary technical or functional objective. Different parts of a project may fit several categories. The contract type must fit the work required, not just the classification of the overall program.

(2) *Research and exploratory development*.

(i) Price is not necessarily the primary factor in determining the contract type.

(ii) The nature of the work to be performed will usually result in a cost-plus award fee, cost-plus fixed fee term, cost-no-fee, or cost-sharing contract.

(iii) If the Government and the contractor can identify and agree upon the level of contractor effort required, the contracting officer may select a firm fixed-price level-of-effort contract, except see DFARS 235.006.

(iv) If the Government and the contractor agree that an incentive arrangement is desirable and capable of being evaluated after completion of the work, the contracting officer may use an incentive type contract.

(3) *Advanced development*.

(i) The nature of the work to be performed often results in a cost-plus fixed fee completion type contract.

(ii) Contracting officers may select incentive contracts if—

(A) Realistic and measurable targets are identified; and

(B) Achievement of those targets is predictable with a reasonable degree of accuracy.

(iii) Contracting officers should not use contracts with only cost incentives where—

(A) There will be a large number of major technical changes; or

(B) Actions beyond the control of the contractor may influence the contractor's achievement of cost targets.

(4) Engineering development and operational systems development.

(i) When selecting contract types, also consider—

(A) The degree to which the project is clearly defined, which in turn affects the contractor's ability to provide accurate cost estimates;

(B) The need for effort that will overlap that of earlier stages;

(C) The need for firm technical direction by the Government; and

(D) The degree of configuration control the Government will exercise.

(ii) For development efforts, particularly for major defense systems, the preferred contract type is cost reimbursement.

(iii) Contracting officers should use fixed-price type contracts when risk has been reduced to the extent that realistic pricing can occur; e.g., when a program has reached the final stages of development and technical risks are minimal, except see DFARS 235.006.

(Revised December 31, 2012)

PGI 216.2—FIXED-PRICE CONTRACTS

PGI 216.203 Fixed-price contracts with economic price adjustment.

PGI 216.203-4 Contract clauses.

Contracting officers should use caution when incorporating Economic Price Adjustment (EPA) provisions in contracts. EPA provisions can result in significant and unanticipated price increases which can have major adverse impacts to a program. EPA provisions should be used only when general economic factors make the estimating of future costs too unpredictable within a fixed-price contract. The primary factors that should be considered before using an EPA provision include volatility of labor and/or material costs and contract length. In cases where cost volatility and/or contract length warrant using an EPA provision, the provision must be carefully crafted to ensure an equitable adjustment to the contract. Accordingly, contracting officers should always request assistance from their local pricing office, the Defense Contract Management Agency, or the Defense Contract Audit Agency when contemplating the use of an EPA provision.

For adjustments based on cost indexes of labor or material, use the following guidelines:

(1) Do not make the clause unnecessarily complex.

(2) Normally, the clause should not provide either a ceiling or a floor for adjustment unless adjustment is based on indices below the six-digit level of the Bureau of Labor Statistics (BLS)—

(i) Producer Price Index;

(ii) Employment Cost Index for wages and salaries, benefits, and compensation costs for aerospace industries (but see paragraphs (3) and (6) of this subsection); or

(iii) North American Industry Classification System (NAICS) Product Code.

(3) DoD contracting officers may no longer use the BLS employment cost index for total compensation, aircraft manufacturing (NAICS Product Code 336411, formerly Standard Industrial Classification Code 3721, Aircraft) in any EPA clause in DoD contracts. This index is ineffective for use as the basis for labor cost adjustments in EPA clauses in DoD contracts.

The BLS employment cost index for wages and salaries, aircraft manufacturing may still be used in EPA clauses for labor costs. If a BLS index for benefits is desired, contracting officers should use a broader based index that will smooth the effects of any large pension

contributions, such as the employment cost index for benefits, total private industry. If a total compensation index is desired, contracting officers should consider the creation of a hybrid index by combining the above referenced indices at a predetermined percentage. For example, a hybrid total compensation index could consist of 68 percent employment cost index for wages and salaries, aircraft manufacturing, and 32 percent of the employment cost index for benefits, private industry.

(4) Normally, the clause should cover potential economic fluctuations within the original contract period of performance using a trigger band. Unless the economic fluctuation exceeds the trigger value, no EPA clause adjustments are made.

(5) The clause must accurately identify the index(es) upon which adjustments will be based.

(i) It must provide for a means to adjust for appropriate economic fluctuation in the event publication of the movement of the designated index is discontinued. This might include the substitution of another index if the time remaining would justify doing so and an appropriate index is reasonably available, or some other method for repricing the remaining portion of work to be performed.

(ii) Normally, there should be no need to make an adjustment if computation of the identified index is altered. However, it may be appropriate to provide for adjustment of the economic fluctuation computations in the event there is such a substantial alteration in the method of computing the index that the original intent of the parties is negated.

(iii) When an index to be used is subject to revision (e.g., the BLS Producer Price Indexes), the EPA clause must specify that any economic price adjustment will be based on a revised index and must identify which revision to the index will be used.

(6) The basis of the index should not be so large and diverse that it is significantly affected by fluctuations not relevant to contract performance, but it must be broad enough to minimize the effect of any single company, including the anticipated contractor(s).

(7) Construction of an index is largely dependent upon three general series published by the U.S. Department of Labor, BLS. These are the—

(i) Industrial Commodities portion of the Producer Price Index;

(ii) Employment Cost Index for wages and salaries, benefits, and compensation costs for aerospace industries (but see paragraphs (3) and (6) of this subsection); and

(iii) NAICS Product Code.

(8) Normally, do not use more than two indices, i.e., one for labor and one for material.

(9) The clause must establish and properly identify a base period comparable to the contract periods for which adjustments are to be made as a reference point for application of an index.

(10) The clause should not provide for an adjustment beyond the original contract performance period, including options. The start date for the adjustment may be the beginning of the contract or a later time, as appropriate, based on the projected rate of expenditures.

(11) The expenditure profile for both labor and material should be based on a predetermined rate of expenditure (expressed as the percentage of material or labor usage as it relates to the total contract price) in lieu of actual cost incurred.

(i) If the clause is to be used in a competitive acquisition, determine the labor and material allocations, with regard to both mix of labor and material and rate of expenditure by percentage, in a manner which will, as nearly as possible, approximate the average expenditure profile of all companies to be solicited so that all companies may compete on an equal basis.

(ii) If the clause is to be used in a noncompetitive acquisition, the labor and material allocations may be subject to negotiation and agreement.

(iii) For multiyear contracts, establish predetermined expenditure profile tables for each of the annual increments in the multiyear buy. Each of the second and subsequent year tables must be cumulative to reflect the total expenditures for all increments funded through the latest multiyear funding.

(12) The clause should state the percentage of the contract price subject to price adjustment.

(i) Normally, do not apply adjustments to the profit portion of the contract.

(ii) Examine the labor and material portions of the contract to exclude any areas that do not require adjustment. For example, it may be possible to exclude—

(A) Subcontracting for short periods of time during the early life of the contract which could be covered by firm-fixed-priced subcontracting;

(B) Certain areas of overhead, e.g., depreciation charges, prepaid insurance costs, rental costs, leases, certain taxes, and utility charges;

(C) Labor costs for which a definitive union agreement exists; and

(D) Those costs not likely to be affected by fluctuation in the economy.

(iii) Allocate that part of the contract price subject to adjustment to specific periods of time (e.g., quarterly, semiannually, etc.) based on the most probable expenditure or commitment basis (expenditure profile).

(13) The clause should provide for definite times or events that trigger price adjustments. Adjustments should be frequent enough to afford the contractor appropriate economic protection without creating a burdensome administrative effort. The adjustment period should normally range from quarterly to annually.

(14) When the contract contains cost incentives, any sums paid to the contractor on account of EPA provisions must be subtracted from the total of the contractor's allowable costs for the purpose of establishing the total costs to which the cost incentive provisions apply. If the incentive arrangement is cited in percentage ranges, rather than dollar ranges, above and below target costs, structure the EPA clause to maintain the original contract incentive range in dollars.

(15) The EPA clause should provide that once the labor and material allocations and the portion of the contract price subject to price adjustment have been established, they remain fixed through the life of the contract and shall not be modified except in the event of significant changes in the scope of the contract. The clause should state that pricing actions pursuant to the Changes clause or other provisions of the contract will be priced as though there were no provisions for economic price adjustment. However, subsequent modifications may include a change to the delivery schedule or significantly change the amount of, or mix of, labor or material for the contract. In such cases, it may be appropriate to prospectively apply EPA coverage. This may be accomplished by—

(i) Using an EPA clause that applies only to the effort covered by the modification;

(ii) Revising the baseline data or period in the EPA clause for the basic contract to include the new work; or

(iii) Using an entirely new EPA clause for the entire contract, including the new work.

(16) Consistent with the factors in paragraphs (1) through (15) of this subsection, it may also be appropriate to provide in the prime contract for similar EPA arrangements between the prime contractor and affected subcontractors to allocate risks properly and ensure that those subcontractors are provided similar economic protection.

(17) When EPA clauses are included in contracts that do not require submission of certified cost or pricing data as provided for in FAR 15.403-1, the contracting officer must obtain adequate data to establish the baseline from which adjustments will be made. The

contracting officer may require verification of the data submitted to the extent necessary to permit reliance upon the data as a reasonable baseline.

(Revised April 6, 2015)

PGI 216.4—INCENTIVE CONTRACTS

PGI 216.401 General.

(c) Incentive contracts. DoD has established the Award and Incentive Fees Community of Practice (CoP) under the leadership of the Defense Acquisition University (DAU). The CoP serves as the repository for all related materials including policy information, related training courses, examples of good award fee arrangements, and other supporting resources. The CoP is available on the DAU Acquisition Community Connection at https://acc.dau.mil/awardandincentivefees. Additional information can be found on the MAX website maintained by the Office of Management and Budget at: https://max.omb.gov.

(e) Award-fee contracts.

(i) It is DoD policy to utilize objective criteria, whenever possible, to measure contract performance. In cases where an award-fee contract must be used due to lack of objective criteria, the contracting officer shall consult with the program manager and the fee determining official when developing the award-fee plan. Award-fee criteria shall be linked directly to contract cost, schedule, and performance outcomes objectives.

(ii) Award fees must be tied to identifiable interim outcomes, discrete events or milestones, as much as possible. Examples of such interim milestones include timely completion of preliminary design review, critical design review, and successful system demonstration. In situations where there may be no identifiable milestone for a year or more, consideration should be given to apportioning some of the award fee pool for a predetermined interim period of time based on assessing progress toward milestones. In any case, award fee provisions must clearly explain how a contractor's performance will be evaluated.

(iii) FAR 16.401(d) requires a determination and findings (D&F) to be completed for all incentive- and award-fee contracts, justifying that the use of this type of contract is in the best interest of the Government. The D&F for award-fee contracts shall be signed by the head of the contracting activity or designee no lower than one level below the head of the contracting activity. The D&F required by FAR 16.401(d) for all other incentive contracts may be signed at one level above the contracting officer. This authority may not be further delegated.

(iv) The head of the contracting activity for each defense agency shall retain the D&F for (a) all acquisition category (ACAT) I or II) programs, and (b) all non-ACAT I or II contracts with an estimated value of $50 million or more. The head of the contracting activity shall forward the D&Fs for ACAT I programs to Defense Procurement and Acquisition Policy/ Contract Policy and International Policy directorate (DPAP/CPIC) within 1 month of the end of the quarter. Copies of D&Fs on all contracts shall also be included in the contract file.

PGI 216.402 Application of predetermined, formula-type incentives.

PGI 216.402-2 Technical performance incentives.

Contractor performance incentives should relate to specific performance areas of milestones, such as delivery or test schedules, quality controls, maintenance requirements, and reliability standards.

PGI 216.403 Fixed-price incentive contracts.

PGI 216.403-1 Fixed-price incentive (firm target) contracts.

(1) *Use of FPIF contract.*

(i) Not mandatory. DFARS 216.403-1(b)(1) directs the contracting officer to give particular consideration to the use of fixed-price incentive (firm target) (FPIF) contracts, especially for acquisitions moving from development to production. DFARS does not mandate the use of FPIF for initial production and each acquisition situation must be evaluated in terms of the degree and nature of the risk presented in order to select the proper contract type.

(ii) *Considerations.* Volume 4, chapter 1, of the Contract Pricing Reference Guide provides a detailed discussion of the considerations involved in selecting the proper contract type. For example:

(A) It is not in the Government's best interest to use FPIF when the cost risk is so great that establishing a ceiling price is unrealistic.

(B) It is also not in the Government's best interest to use firm-fixed-price (FFP) contracts on production programs until costs have become stable. Therefore, FPIF contracts should be considered in production programs where actual costs on prior FFP contracts have varied by more than four percent from the costs considered negotiated. Contracting officers are reminded that actual costs on prior contracts for the same item, regardless of contract type or data reporting requirements of the prior contract, are cost and pricing data on the pending contract, and should be obtained from the contractor on production programs when cost or pricing data are required.

(2) *Incentive arrangement.* DFARS 216.403-1(b)(2) directs the contracting officer to pay particular attention to share lines and ceiling prices for fixed-price incentive (firm target) contracts, with 120 percent ceiling and a 50/50 share ratio as the point of departure for establishing the incentive arrangement. While DFARS does not mandate the use of these share ratios or ceiling percentage, it is not unreasonable to expect that upon entering into

production, risks have been mitigated to the point that the DFARS recommended point of departure for an FPIF incentive arrangement would be normal.

(3) *Analyzing risk.*

(i) *Quantification of risk.*

(A) The first step is establishing a target cost for which the probability of an underrun and overrun are considered equal and therefore, the risks and rewards are shared equally, hence the 50/50 share is the point of departure. Equally important is determining that the contractor has a high probability of being able to accomplish the effort within a ceiling percentage of 120 percent. In accomplishing both these steps, the analysis of risk is essential.

(B) Too often, risk is evaluated only in general terms without attempting to quantify the risk posed by the various elements of cost. Also, a contracting officer may incorrectly fall back on the share ratios and ceiling percentages negotiated on prior contracts or other programs, without examining the specific risks.

(C) Whether being used to select the proper contract type or establishing share lines and ceiling price on an FPIF contract, the analysis of risk as it pertains to the prime contractor is key. From a contractor's perspective, all risks, including technical and schedule risk, have financial ramifications. Technical and schedule risks, if realized, generally translate into increased effort, which means increased cost. Therefore, all risk can be translated into cost risk and quantified. Risk always has two components that must be considered in the quantification: the magnitude of the impact and the probability that it will occur.

(D) When cost risk is quantified, it is much easier to establish a reasonable ceiling percentage. The ceiling percentage is applicable to the target cost on the prime contract. It is important to understand the degree of risk that various cost elements pose in relation to that target cost. A discussion of the major cost elements and the risk implications follows in paragraphs (3)(ii) through (iv) of this section.

(ii) *Subcontracts and material cost and risk.*

(A) In many prime contractors' contracts, a substantial amount of risk is borne by subcontractors, not the prime contractor, via negotiated firm-fixed-price (FFP) subcontracts. In the case of FFP subcontracts, the subcontractor is obligated to deliver at the negotiated price. The risk to the prime contractor is the supplier's failure to perform or perform on time. Generally, that risk is considered to be low by both the prime and the subcontractor as evidenced by the FFP contract type. In addition, the prime contractor will normally have priced effort for material management or subcontract administration to ensure

timely performance on the part of the suppliers. This effort may be bid directly or indirectly (e.g., as part of an overhead expense) depending on the contractor's accounting practices.

(B) The impact of negotiated FFP subcontracts on the prime contractor's risk can be significant. A prime contract with a 120 percent ceiling price provides overrun protection to the prime contractor equal to 20 percent of the target cost on the contract. However, if FFP subcontracts represent half of the total contract cost, then half of the target cost is subject to little or no cost risk on the part of the prime contractor. Therefore, the overrun protection provided by 20 percent of the target cost is really closer to 40 percent protection of the prime's cost that is truly at risk to the prime contractor, which likely is significantly overstated. Thus, a ceiling price less than 120 percent in this risk situation would be more appropriate.

(C) For subcontracts that have not yet been negotiated between the prime and subcontractor at the time of negotiation of the prime contract, the degree of risk is essentially limited to the difference between the price proposed by the subcontractor and the subcontract value included in the prime contractor's proposal.

(D) For subcontracts that are not FFP, the risk to the prime is based on the risk represented by the subcontractors' contractual relationship with the prime. If the subcontract is FPIF and has a 50/50 share ratio and 120 percent ceiling, the prime's risk is 50 percent of each dollar of overrun up to the ceiling amount. An analysis of the subcontractor's risk would be necessary to determine the probability of reaching the ceiling price.

(iii) *Direct labor cost and risk.*

(A) The risk in direct labor is in the hours needed to perform the effort and the risk in the labor rates paid to employees. There is generally little risk in the direct labor rates. However, there are various levels of risk in the direct labor hours needed by the prime contractor to accomplish the contract requirements. This risk can be driven by a number of factors including technical complexity, schedule constraints, or availability of personnel, parts, or tooling. Risks vary by task and the key is to identify the major tasks and assess the "what if" impact at the total contract cost level.

(B) Schedule is often correctly cited as a risk factor, but it is important to understand and quantify the probability and impact of a potential schedule slip. Generally, any schedule slip can only affect the prime contractor's in-house cost. Therefore, any schedule impact should be assessed on the impact it would have on the prime contractor's performance of its tasks.

(C) However, it is wrong to assume the worst-case scenario that a schedule delay results in an extension of the entire prime contractor workforce for the period of the

delay. A responsible contractor will take steps to minimize both the delay and the impact of that delay. For instance, a production schedule assumes an optimal sequencing of tasks which presumes the timely arrival and availability of parts from suppliers or other in-house sources. A delay in receiving parts as planned could require a resequencing of tasks and could adversely affect the efficiency of performing a number of tasks, but it will not cause the entire workforce to be idle during the delay.

(iv) *Indirect (e.g., overhead) cost and risk.* Overhead and other indirect costs (e.g., general and administrative expense) can represent a significant portion of the prime contractor's in-house cost. Indirect expense (hereafter referred to as overhead) poses potential cost growth risk or the opportunity for cost reduction from the following two perspectives:

(A) *Actual overhead rate.* (*1*) First, the actual overhead rate could be different than that proposed. Proposed overhead rates, even those covered by a forward pricing rate agreement, are based on forecasts of overhead expenses and the bases to which they are applied. The final overhead rate that is actually applied (charged) to a contract will be based on the actual overhead expenses and the actual base, each of which could be considerably different than estimated. The net effect could be a higher or lower overhead rate than estimated.

(*2*) In general, the risk in an overhead rate tends to be driven more by fluctuations in the base than in the expenses. This is because overhead expenses are made up of expenses that consist of "fixed" (e.g., depreciation) and variable (e.g., fringe benefits) in nature. When the actual base turns out to be lower than the estimated base, the fixed costs are spread over a smaller base resulting in a higher overhead rate. In general, if the actual base is greater than estimated, a lower overhead rate will result.

(*3*) In assessing this risk, the contracting officer should consider the contractor's ability to predict overhead rates based on comparing proposed versus actual rates for prior years. In making this comparison, it is important to do so in a manner consistent with the proposal being reviewed. For instance, if the majority of overhead costs on the proposal being reviewed occur two years in the future, the comparison should look at the contractor's accuracy in predicting overhead rates two years in advance. For example, in looking at the 2009 actual overhead rate, what did the contractor propose for 2009 in its 2007 forward pricing rate proposal?

(B) *Actual base cost.* If the actual base cost on the contract (e.g., direct labor dollars) is different than that proposed, the contract will be charged overhead costs according to the actual base costs on that contract. If the contractor overruns direct labor, even if the actual labor overhead rate was the same as proposed, that rate would be applied to a higher base resulting in increased overhead dollars on that contract. The opposite would be true if the contractor underruns direct labor on the contract. Since this aspect of

risk is tied to the base cost on the contract, the risk is the same as it is for those base costs (e.g., direct labor, material).

PGI 216.403-2 Fixed-price incentive (successive targets) contracts.

The formula specified in FAR 16.403-2(a)(1)(iii) does not apply for the life of the contract. It is used to fix the firm target profit for the contract. To provide an incentive consistent with the circumstances, the formula should reflect the relative risk involved in establishing an incentive arrangement where cost and pricing information were not sufficient to permit the negotiation of firm targets at the outset.

PGI 216.405 Cost-reimbursement incentive contracts.

PGI 216.405-1 Cost-plus-incentive-fee contracts.

Give appropriate weight to basic acquisition objectives in negotiating the range of fee and the fee adjustment formula. For example—

(1) In an initial product development contract, it may be appropriate to provide for relatively small adjustments in fee tied to the cost incentive feature, but provide for significant adjustments if the contractor meets or surpasses performance targets; and

(2) In subsequent development and test contracts, it may be appropriate to negotiate an incentive formula tied primarily to the contractor's success in controlling costs.

PGI 216.405-2 Cost-plus-award-fee contracts.

(1) Although weighted guidelines do not apply per DFARS 216.405-2(3)(ii) when definitizing a contract action, the contracting officer shall, nevertheless, separately assess and document the reduced cost risk on the contract for—

(i) The period up to the date of definitization; as well as

(ii) The remaining period of performance (see DFARS 217.7404-6).

(2) Normally, award fee is not earned when the fee-determining official has determined that contractor performance has been submarginal or unsatisfactory.

(3) The basis for all award fee determinations shall be documented in the contract file.

(4) The cost-plus-award-fee contract is also suitable for level of effort contracts where mission feasibility is established but measurement of achievement must be by subjective evaluation rather than objective measurement. See Table 16-1, Performance Evaluation

Criteria, for sample performance evaluation criteria and Table 16-2, Contractor Performance Evaluation Report, for a sample evaluation report.

(5) The contracting activity may—

(i) Establish a board to—

(A) Evaluate the contractor's performance; and

(B) Determine the amount of the award or recommend an amount to the contracting officer; and

(ii) Afford the contractor an opportunity to present information on its own behalf.

PGI 216.470 Other applications of award fees.

The “award amount” portion of the fee may be used in other types of contracts under the following conditions:

(1) The Government wishes to motivate and reward a contractor for—

(i) Purchase of capital assets (including machine tools) manufactured in the United States, on major defense acquisition programs; or

(ii) Management performance in areas which cannot be measured objectively and where normal incentive provisions cannot be used. For example, logistics support, quality, timeliness, ingenuity, and cost effectiveness are areas under the control of management which may be susceptible only to subjective measurement and evaluation.

(2) The “base fee” (fixed amount portion) is not used.
(3) The chief of the contracting office approves the use of the “award amount.”

(4) An award review board and procedures are established for conduct of the evaluation.

(5) The administrative costs of evaluation do not exceed the expected benefits.

TABLE 16-1, PERFORMANCE EVALUATION CRITERIA						
		Submarginal	**Marginal**	**Good**	**Very Good**	**Excellent**
A Time of	(A-1) Adherence to	Consistently late on 20% plans	Late on 10% plans w/o prior	Occasional plan late w/o	Meets plan schedule.	Delivers all plans on schedule &

Delivery.	plan schedule.		agreement	justification.		meets prod. Change requirements on schedule
	(A-2) Action on Anticipated delays.	Does not expose changes or resolve them as soon as recognized.	Exposes changes but is dilatory in resolution on plans.	Anticipates changes, advise Shipyard but misses completion of design plans 10%.	Keeps Yard posted on delays, resolves independently on plans.	Anticipates in good time, advises Ship-yard, resolves independently and meets production requirements.
	(A-3) Plan Main-tenance.	Does not complete interrelated systems studies concurrently.	System studies completed but constr. Plan changes delayed.	Major work plans coordinated in time to meet production schedules.	Design changes from studies and interrelated plant issued in time to meet product schedules.	Design changes, studies resolved and test data issued ahead of production requirements.
B Quality of Work.	(B-1) Work Appearance.	25% dwgs. Not compatible with Shipyard repro. processes and use.	20% not compatible with Shipyard repro. processes and use.	10% not compatible with Shipyard repro. processes and use.	0% dwgs prepared by Des. Agent not compatible with Shipyard repro. processes and use.	0% dwgs. Presented incl. Des. Agent, vendors, subcontr. Not compatible with Shipyard repro processes and use.
	(B-2) Thoroughness and Accuracy of Work.	Is brief on plans tending to leave questionable situations for Shipyard to resolve.	Has followed guidance, type and standard dwgs.	Has followed guidance, type and standard dwgs. Questioning and resolving doubtful areas.	Work complete with notes and thorough explanations for anticipated questionable areas.	Work of highest caliber incorporating all pertinent data required including related activities.
	(B-3) Engineering Competence.	Tendency to follow past practice with no variation to meet reqmts. job in hand.	Adequate engrg. To use & adapt existing designs to suit job on hand for routine work.	Engineered to satisfy specs., guidance plans and material provided.	Displays excellent knowledge of constr. Reqmts. considering systems aspect, cost, shop capabilities and procurement problems.	Exceptional knowledge of Naval shipwork & adaptability to work process incorporating knowledge of future planning in Design.
B Quality of Work (Cont'd)	(B-4) Liaison Effectiveness	Indifferent to requirements of associated activities, related systems, and	Satisfactory but dependent on Shipyard of force resolution of problems without	Maintains normal contract with associated activities depending on	Maintains independent contact with all associated activities,	Maintains expert contact, keeping Yard informed, obtaining info from equip,

		Shipyard advice.	constructive recommen-- dations to subcontr. or vendors.	Shipyard for problems requiring military resolution.	keeping them informed to produce compatible design with little assistance for Yard.	supplies w/o prompting of Shipyard.
	(B-5)	Constant surveillance required to keep job from slipping—assign to low priority to satisfy needs.	Requires occasional prodding to stay on schedule & expects Shipyard resolution of most problems.	Normal interest and desire to provide workable plans with average assistance & direction by Shipyard.	Complete & accurate job. Free of incom- patibilities with little or no direction by Shipyard.	Develops complete and accurate plans, seeks out problem areas and resolves with assoc. act. ahead of schedule.
C Effective- ness in Control- ling and/or Reducing Costs	(C-1) Utilization of Personnel	Planning of work left to designers on drafting boards.	Supervision sets & reviews goals for designers.	System planning by supervisory, personnel, studies checked by engineers.	Design parameters established by system engineers & held in design plans.	Mods. to design plans limited to less than 5% as result lack engrg. System correlation.
	(C-2) Control Direct Charges (Except Labor)	Expenditures not controlled for services.	Expenditures reviewed occasionally by supervision.	Direct charges set & accounted for on each work package.	Provides services as part of normal design function w/o extra charges.	No cost overruns on original estimates absorbs service demands by Shipyard.
	(C-3) Performance to Cost Estimate	Does not meet cost estimate for original work or changes 30% time.	Does not meet cost estimate for original work or changes 20% time.	Exceeds original est. on change orders 10% time and meets original design costs.	Exceeds original est. on changing orders 5% time.	Never exceeds estimates of original package or change orders.

TABLE 16-2, CONTRACTOR PERFORMANCE EVALAUTION REPORT

Ratings
Excellent
Very Good
Marginal
Submarginal

Period of _____
Contract Number
_____
Contractor
_____
Date of Report
_____
PNS Technical Monitor/s_____
_____

CATEGORY	CRITERIA	RATING		ITEM FACTOR		EVALUATION RATING		CATEGORY FACTOR		EFFICIENCY RATING
A	TIME OF DELIVERY A-1 Adherence to Plan Schedule	_____	x	.40	=	_____				
	A-2 Action on Anticipated Delays	_____	x	.30	=	_____				
	A-3 Plan Maintenance	_____	x	.30	=	_____				
		Total Item Weighed Rating				_____	x	.30	=	_____
B	QUALITY OF WORK B-1 Work Appearance	_____	x	.15	=	_____				
	B-2 Thoroughness and Accuracy of Work	_____	x	.30	=	_____				
	B-3 Engineering Competence	_____	x	.20	=	_____				
	B-4 Liaison Effectiveness	_____	x	.15	=	_____				
	B-5 Independence and Initiative	_____	x	.15	=	_____				
		Total Item Weighed Rating				_____	x	.40	=	_____

C	EFFECTIVE-NESS IN CONTROL-LING AND/OR REDUCING COSTS C-1 Utilization of Personnel	_____	x	.30	=	_____			
	C-2 Control of all Direct Charges Other than Labor	_____	x	.30	=	_____			
	C-3 Performance to Cost Estimate	_____	x	.40	=	_____			
		Total Item Weighed Rating				_____	x	.30	= _____

TOTAL WEIGHT RATING _____

Rated by: _____

Signature(s) _____

NOTE: Provide supporting data and/or justification for below average or outstanding item ratings.

(Added April 20, 2015)

PGI 216.5 INDEFINITE-DELIVERY CONTRACTS

PGI 216.505 Ordering.

(b)(2) *Exceptions to the fair opportunity process.* For an order exceeding the simplified acquisition threshold, that is a follow-on to an order previously issued for the same supply or service based on a justification for an exception to fair opportunity citing the authority at FAR 16.505(b)(2)(i)(B) or (C)—

(A) The justification shall include a copy of the previous justification to assist the approval authority in determining whether the actions to remove or overcome any barriers that led to the exception to fair opportunity cited on the previous justification were completed; and

(B) The approval authority shall determine whether the planned actions were completed. If the actions were not completed, the justification for the follow-on action must be approved by the approval authority one-level above the approval authority for the previous justification (see FAR 16.505(b)(2)(ii)(C)). If the previous justification was approved by the Senior Procurement Executive (SPE), the approval remains at the SPE level.

(Added July 11, 2006)

PGI 216.7—AGREEMENTS

PGI 216.703 Basic ordering agreements.

(d)(i) Individual orders under a basic ordering agreement shall be individually closed following completion of the orders (see FAR 4.804).

(ii) The office issuing the agreement shall furnish all authorized ordering offices sufficient information for the ordering office to complete its contract reporting responsibilities under DFARS 204.670-2 or, in the case of civilian agencies, the Federal Procurement Data System reporting requirement. Data furnished to civilian agencies must contain uncoded information about the data elements and the meanings of the codes to permit these users to translate the data into the federal format. This data must be furnished to the ordering activity in sufficient time for the activity to prepare its report for the action within 3 working days of the order.

(iii) Any activity listed in the agreement may issue orders on DD Form 1155, Order for Supplies or Services, or Standard Form 26, Award/Contract.

(Added September 20, 2011)

PGI 217.1—MULTIYEAR CONTRACTING

PGI 217.174 Multiyear contracts for electricity from renewable energy sources. The business case analysis template and guidance for the head of the contracting activity determination to enter into a contract for a period in excess of 5 years is available here: Renewable Electricity Acquisition Business Case Analysis Template and Guidance.

[Also, see attached]

Renewable Electricity Acquisition Business Case Analysis Template and Guidance

Project Title:

Date:

Point of Contact:

1.0. Purpose of the Initiative

Describe the current sourcing situation and the problem that needs to be resolved by the initiative. Provide an assessment of the issues associated with the current means of sourcing including, as appropriate, trend descriptions/extrapolations, analysis of conditions, identification of root causes, market research, projection of developments, people and organizations that are impacted (including customers and stakeholders), audit findings, modeling, data arrays, or other means of describing or displaying the problem. Identify the Agency's performance measures or goals that relate to the current process or situation and discuss the ones that are not being met. If there are no established measures, explain why there is a perceived need to modify current performance. Use information that is available to describe the problem; generate new data when it is cost effective.

2.0. Goals and Objectives

Analyze the problems related to the sourcing and discuss what needs to be changed in order to resolve them. State the goals, objectives, and desired outcomes or outputs of the alternatives and address the consequences of not pursuing the initiative. Define and quantify the goals and objectives as clearly as possible; as these goals and objectives will be used as your selection criteria for choosing the most appropriate alternative.

3.0. Assumptions

Discuss the assumptions made when describing the problem with the current sourcing method (include such considerations as workload, demand, etc.) as well as all assumptions made regarding the stated alternatives. Due to the fact that analysis deals with costs and benefits occurring in the future, assumptions must be made to account for such uncertainties. Sunk costs and realized benefits should be discussed in the assumptions. Include a judgment whether assumptions are strong or weak. State if any data has been extrapolated or estimated. Document the sources of the data.

4.0. Requirements and Constraints

Discuss the requirements and constraints of the analysis. These should include time, cost, quality/performance, legal/legislative, internal review, ethical, political, technical, social, institutional, economic, environmental, or other requirements or constraints. Include any requirements or constraints related to the consideration of small businesses.

5.0. Description of Alternatives

Identify and describe feasible alternatives to the current sourcing method and include any assumptions specific to each alternative. Alternatives may include other renewable technologies (e.g. electric energy generated from solar, wind, biomass, landfill gas, ocean, geothermal, municipal solid waste, or new hydroelectric generation capacity achieved from increased efficiency or additions of new capacity at an existing hydroelectric project) as well as various contract vehicles and funding sources (e.g. PPA, ESPC, UESC, ECIP, SRM, EUL). A pre-proposal conference may be appropriate to obtain industry input, improvements, and new or alternative approaches to acquiring the requirement. Describe the status quo as the first alternative. Provide a detailed description of each alternative's scope, cost, quality/performance expectations, a schedule for implementation, and the expected timeframe for achieving identified goals and objectives. A brief discussion of each alternative is adequate, but the discussion should be detailed enough to serve as a foundation for a contractual arrangement.

5.1 Scope

Describe the alternative in terms of what it is intended to accomplish and what it will not accomplish. For uncertain outcomes/outputs, show the expected variance if possible and estimate the probability of occurrence. Uncertainty may be discussed quantitatively or can use relative measures to describe the probability of occurrence such as "high, medium, low".

5.2 Cost

Costs include all expenditures required to maintain the current sourcing method as well as the costs associated with implementing each alternative (e.g. functional activity costs, operations costs, transportation costs, etc.). Cost/price proposal information shall be analyzed and compared with the status quo support costs to determine the most efficient and effective support.
Identify the life cycle cost of the initiative by fiscal year, including any disposal requirements and costs of risk mitigation. Include the cost of any existing assets that are used since there is an opportunity cost involved. Consider any costs related to land use; especially if a land lease is required as part of the arrangement. Ensure that the Government receives fair market value, in the forms of either cash or in kind goods and services, for any such leases. Identify the sources of your data. Relate the data across alternatives as closely as possible. Identify any unavoidable differences between data comparison, such as one alternative using actual costs

over a year and another showing actual costs over a period of months that are then extrapolated over the same time period.

Evaluate all sources of potential funding such as but not limited to tax credits, state incentives, utility rebates, and the sale of renewable energy credits (RECs). While the Federal Government may not be able to benefit directly from all of these funding sources, they may be able to benefit indirectly.

Consider the timing of the costs and benefits. Timing relates costs and benefits over the life cycle of alternatives to allow systematic comparison of Benefit/Cost Ratios (BCRs) or Return-on-Investments (ROIs) among alternatives in compliance with the discount rates required in OMB Circular A-94. Average annual cost may be identified for steady recurring operational cost once the initiative has been implemented or for initiatives that involve minimal up front costs.

5.3 Schedule

Provide a milestone chart, such as a Plan of Action and Milestones (POA&M), or a Gantt chart, that shows start and completion dates, the timeframe for each stage in the life cycle of the sourcing decision, and other important events required to complete the alternative and their dates. After the initiative is implemented, state at what point in time each initiative objective will be achieved. The timeline needs to be in enough detail to serve as a baseline against which implementation and achievement of initiative objectives can be compared.

5.4 Quality/Performance Capabilities

Describe the key features of the initiative in terms of quality and performance. Consider system requirements and issues such as reliability, system uptime, operations & maintenance, renewals & replacements, and deterioration. The capabilities should also be stated as metrics against which the implemented initiative can be compared.

6.0. Advantages and Disadvantages of Each Alternative

The advantages and disadvantages associated with each alternative under consideration should be quantified, whenever possible, so that they may be included in cost benefit calculations. When quantification is not possible, the BCA should still attempt to document significant qualitative advantages and disadvantages. Qualitative advantages or disadvantages should be discussed in narrative format.

- Discuss the impacts of each alternative on the agencies utility system and operation. Evaluate network integration. Consider the impact on operations and maintenance. Describe any additional requirements related to issues such as any necessary fuel procurement, transportation,

storage, and potential security issues. Consider the potential for and impact of interruption in the fuel supply.

- Describe any energy independence issues such as the ability to isolate from the grid.

- Describe any problems or benefits related to price stability.

- Discuss any problems or benefits related to surge and sustainment requirements.

- Describe difficulties with changing/adjusting the initiative in the future as the situation changes. Can the alternative be modified to adjust to a changing situation? What is its upgrade/downgrade capability?

- Identify the type and extent of any disruptions that the alternative would cause.

- Discuss any political, social, economic, ethical, and legal/legislative issues, including compliance of the alternative with public policy and legislation and requirements for Congressional notification or review. Use weighting factors if appropriate and provide an explanation/ justification for the weights assigned.

7.0 Risk Assessment

Perform an assessment of the risk involved for each alternative.

- Risk Identification - Identify the risks that might occur with each sourcing alternative that could keep DLA from achieving the initiative's objectives. For example, several types of risks that might occur include a new process improvement not performed traditionally, impact to mission, physical security, safety, health, labor, loss, technical (including obsolescence), interface points, hand-offs of responsibility, cross-functional involvement, social, political, business, legal, environmental, etc.

- Risk Analysis - Identify the impact that the risk is likely to have on resolving the problem or issue. Discuss the cause of the risk. Assess the magnitude of the impact of the risk on the initiative in terms of additional time/schedule, cost, performance/quality. Assess the probability of the risk occurring.

- Risk Management Strategies Develop risk management strategies. There are four possible strategies for risk management:

- Risk assumption (accept risk).

- Risk avoidance (don't accept the alternative because it contains too much risk, or eliminate the risk).

- Risk control (institute risk mitigation measures such as incorporating into the contract incentive/award fee or disincentive elements; selecting a specific type of contract including firm fixed price, fixed price incentive, fixed price with economic price adjustment; or other mitigation measures either before the risk occurs or by developing and implementing contingency plans if the risk materializes).

- Risk transfer (transfer or share the risk by using such vehicles as insurance, warranties, contractual agreements where the contractor assumes the risk, or other arrangements).

State whether the risk and its consequences will be accepted, whether the risk will be avoided by not accepting the alternative or eliminating the risk, or whether the risk can be controlled or transferred. Identify risk control (including level of management control that will be exercised to oversee the entire acquisition process) and risk transfer strategies, the probable effectiveness of each, the cost, people, and additional time needed for risk mitigation, and any other considerations or requirements for managing or transferring the risk.

Risk Analysis for a BCA

For each alternative, identify the potential for risk using the following spreadsheet to show the type of risk, whether the adverse impact of the risk on the initiative is high (3), medium (2), or low (1) if it occurs; whether the likelihood of risk is high (3), medium, (2), or low (1); the significance of the type of risk for potential adverse impacts (multiply impact by likelihood of occurrence), the likelihood of success (high, medium or low); and the cost of the risk reduction measure(s):

Alternative 1

Type of Risk	*Impact (adverse impact of risk on initiative if it occurs (high (3), medium (2), low (1))*	*Likelihood of Occurrence (high (3), medium (2), low (1))*	*Significance (impact x likelihood of occurrence)*	*Likelihood of Success of Risk Reduction Measure (high (3), medium(2), low(1))*	*Cost of Risk Reduction*

8.0. Comparison of Alternatives

Compare the quantitative and qualitative costs and benefits identified in 6.0 Advantages and Disadvantages of Each Alternative above against the selection criteria identified in 1.0 Purpose of the Initiative and 2.0 Goals and Objectives above. Where possible, determine the probability distributions of benefits, costs, and net costs or benefits. Identify any screens or filters used in the analysis (eliminating alternatives due to cost, time needed for implementation, etc.). Discuss any limitations/qualifications in the analysis.

A sensitivity analysis should be performed on feasible alternatives to determine how much other alternatives must change in certain key areas or variables to be preferred over the best alternative. Sensitivity analysis should always be performed when 1) the results of the analysis do not clearly favor any one alternative, and 2) there is uncertainty about an assumption that can impact the estimate of costs and benefits.

Identify the factors that have been determined to warrant sensitivity analysis, and describe the approach and assumptions used for conducting the sensitivity analysis. Uncertainties should be accounted for in the analysis by testing the sensitivity of the analysis results using various factors. Any limitations of the analysis due to uncertainty or bias regarding the data should be identified and discussed. Examples of factors to consider are:

1. The effects of alternative assumptions on:
    - Program objective
    - Requirements
    - Operations
    - Discount rate
    - Inflation
    - Residual value

2. The effects of a shorter or longer economic life.

3. Changes in the magnitude and timing of cost or benefits.

A matrix may be used to provide a display for comparing results; preferences may be ordered (such as high, medium, or low), rank ordered (1-5), or other means of ordering when quantitative factors are not available for ranking.

9.0. Recommendation

Recommend the alternative that maximizes net benefits and is the best overall value to the Agency. Discuss how well the selected sourcing alternative will solve the problems or issues identified and risks and trade-offs. Summarize the costs, savings, impact to current/future staffing levels, and impact to the customer, that the alternative will have if the initiative is implemented.

10.0. Verification

Describe the metrics that will be used to measure the implementation progress of the initiative (cost, schedule, performance, scope changes) and the metrics that will be used to measure the success of the initiative in meeting the goals and objectives stated in the selection criteria.

(Revised January 3, 2012)

PGI 217.2—OPTIONS

PGI 217.202 Use of options.

(1) Options may be used for foreign military sales requirements.

(2) Consider use of surge options to support industrial capability. A surge option allows the Government, prior to final delivery, to—

(i) Accelerate the contractor's production rate in accordance with a surge production plan or a delivery schedule provided by the contractor under the terms of the contract; and

(ii) Purchase additional quantities of supplies or services.

(3) See DFARS Subpart 217.74 for limitations on the use of undefinitized options.

PGI 217.207 Exercise of options.

Before exercising an option for firm-fixed-price contracts containing spare parts, the contracting officer shall perform a cost or price analysis of the proposed spare parts. The contracting officer shall use an appropriate sampling technique or request field pricing assistance, and document the contract file with the results of the cost or price analysis.

(Added November 30, 2015)

PGI 217.5—INTERAGENCY ACQUISITIONS

PGI 217.502 Procedures.

PGI 217.502-1 General.

(a) *Determination of best procurement approach—*

(1) *Assisted acquisitions*. When the contracting activity of one DoD Component provides acquisition assistance to deployed units or personnel from another DoD Component, the servicing Contracting Officer shall obtain, from the requiring unit or personnel, the best procurement approach determination required by FAR 17.502-1(a)(1), which shall be documented on the DD Form 1144, Support Agreement (see template at http://www.acq.osd.mil/dpap/pacc/cc/resources.html).

(b) *Written agreement on responsibility for management and administration—*

(1) *Assisted acquisitions*. When the contracting activity of one DoD Component provides acquisition assistance to deployed units or personnel from another DoD Component—

(A) The written interagency agreement between the servicing DoD Component and the requesting DoD Component, required by FAR 17.502-1(b)(1), shall be documented on the DD Form 1144, Support Agreement (see template at http://www.acq.osd.mil/dpap/pacc/cc/resources.html);

(B) Procurement support should be on a nonreimbursable basis, unless the parties mutually agree, in writing, for reimbursable support; and

(C) The DD Form 448, Military Interdepartmental Purchase Request (MIPR), shall be used to provide a description of the supplies/services and certification of funds available to support the requirement.

(Added August 26, 2015)

PGI 217.7 – Interagency Acquisitions: Acquisitions by Nondefense Agencies on Behalf of the Department of Defense

PGI 217.770 Procedures.

(a)(3)

(i) Departments and agencies shall ensure full awareness of the total costs of all fees associated with use of a non-DoD contracting vehicle. In order to ensure full awareness, the DoD acquisition official shall require the servicing agency to—

(A) Provide notification if its acquisition approach will use another agency's contract vehicle; and

(B) Identify all fees (direct and indirect) associated with the assisted acquisition.

(ii) The DoD acquisition official shall document in the business decision the rationale to continue with the assisted acquisition given the total fees (direct and indirect) involved.

(Added May 12, 2006)

PGI 217.71—MASTER AGREEMENT FOR REPAIR AND ALTERATION OF VESSELS

PGI 217.7103 Master agreements and job orders.

PGI 217.7103-1 Content and format of master agreements.

(1) A master agreement shall contain all clauses required by DFARS 217.7104(a), statute, and Executive order.

(2) The following format may be adapted to fit specific circumstances:

MASTER AGREEMENT FOR REPAIR AND ALTERATION OF VESSELS

1. This agreement is entered into this ____ day of _____ ,____, by the United States of America (the "Government":) represented by _____, the Contracting Officer, and _____, a corporation organized and existing under the laws of the State of _____ (the "Contractor").

2. The clauses in this agreement, shall be incorporated, by reference or attachment, in job orders issued under this agreement to effect repairs, alterations, and/or additions to vessels.

3. By giving 30 days written notice, either party to this agreement has the right to cancel it without affecting the rights and liabilities under any job order existing at the time of cancellation. The Contractor shall perform, under the terms of this agreement, all work covered by any job order awarded before the effective date of the cancellation.

4. This agreement may be modified only by mutual agreement of the parties. A modification of this agreement shall not affect any job order in existence at the time of modification, unless the parties agree otherwise.

5. The rights and obligations of the parties to this agreement are set forth in this agreement and the clauses of any job orders issued under this agreement. In the event there is an inconsistency between this agreement and any job order, the provisions of this agreement shall govern.

6. This agreement shall remain in effect until cancelled by either party.

THE UNITED STATES OF AMERICA
by (Contracting Officer)
(Contractor)
by (Authorized Individual)

(Title)

PGI 217.7103-3 Solicitations for job orders.

(1) Include in the solicitation—

(i) The nature of the work to be performed;

(ii) The date the vessel will be available to the contractor;

(iii) The date the work is to be completed; and

(iv) Whether bulk ammunition is aboard the vessel.

(2) Unless the solicitation states otherwise, offers are to be based on performance at the contractor's site.

(3) Solicitations processed under negotiated acquisition procedures shall require offerors to include a breakdown of the price with reasonable supporting detail in whatever format and detail the contracting officer may request.

(4) Where practicable, afford potential offerors an opportunity to inspect the item needing repair or alteration.

PGI 217.7103-4 Emergency work.

Process this type of undefinitized contract action in accordance with DFARS Subpart 217.74. Negotiate a price as soon as practicable after the issuance of an undefinitized order and definitize the job order upon completing negotiations.

PGI 217.7103-5 Repair costs not readily ascertainable.

If the nature of any repairs is such that their extent and probable cost cannot be ascertained readily, the solicitation should—

(1) Solicit offers for determining the nature and extent of the repairs;

(2) Provide that upon determination by the contracting officer of what work is necessary, the contractor, if requested by the contracting officer, shall negotiate prices for performance of the repairs; and

(3) Provide that prices for the repairs, if ordered, will be set forth in a modification of the job order.

(Revised March 25, 2016)

PGI 217.74—UNDEFINITIZED CONTRACT ACTIONS

PGI 217.7404-1 Authorization.

(1) The requiring activity, in coordination with the contracting office, will prepare the request for approval package for an undefinitized contract action (UCA) requirement. The approval package shall—

(i) Document why a UCA is required (for letter contracts see DFARS 216.603);

(ii) Provide a detailed explanation for the need to begin performance before definitization;

(iii) Address the adverse impact on agency requirements that would result from delays in beginning performance;

(iv) Identify the risk of using a UCA and the means by which the Government will mitigate such risk;

(v) Identify and justify the specific contractual instrument to be used;

(vi) Establish limitations on the obligation of funds; and

(vii) Provide the definitization schedule of agreed-upon events that support timely definitization.

(2) A sample format with certain variations for letter contracts is provided at this website: http://www.acq.osd.mil/dpap/dars/pgi/docs/Template_for_UCA_Authorization_Requests.pdf.

PGI 217.7404-2 Price ceiling.

(1) The rationale for the not-to-exceed price will be documented and retained in the contract file. Examples of such supporting rationale include—

(i) The Independent Government Cost Estimate;

(ii) Price analysis based on prior buys; and

(iii) The contractor's proposal.

(2) The maximum not-to-exceed price is the firm-fixed price for firm-fixed price contracts, the ceiling price for fixed-price incentive contracts, and the estimated cost and fee for cost-reimbursement contracts.

PGI 217.7404-3 Definitization schedule.

In order to meet the definitization dates, the contracting officer shall closely coordinate and monitor each UCA. Contracting officers should frequently communicate with the program office and requiring officials as appropriate to actively manage the definitization of UCAs. The contracting officer should alert the approval authority if, for any reason, the definitization schedule appears to be in jeopardy.

PGI 217.7404-6 Allowable profit.

To improve the documentation and provide guidance on determining the profit for UCAs with substantial incurred cost, contracting officers shall follow the mandatory instructions at DFARS 215.404-71-3(d)(2) regarding lowering contract type risk assessments for the incurred costs when performing weighted guidelines analysis. Additional guidance on analyzing profit or fee (DAU continuous learning course(CLC) 104, Analyzing Profit or Fee) is provided at this website:
http://icatalog.dau.mil/onlinecatalog/courses.aspx?crs_id=239

PGI 217.7405 Plans and reports.

(1) By October 31 and April 30 of each year, departments and agencies shall submit an updated Consolidated UCA Management Plan, and a Consolidated UCA Management Report, identifying each UCA with a value exceeding $5 million. In addition, departments and agencies shall submit a copy of the record of weighted guidelines for each definitized UCA with a value of $100 million or more. If there is no record of weighted guidelines (e.g., not required for a cost plus award fee contract per DFARS 215.404-74), then departments and agencies shall submit alternative documentation that addresses appropriate recognition of the contractor's reduced cost risk during the undefinitized performance period. Submit the required information to—

Deputy Director, Defense Procurement and Acquisition Policy
(Contract Policy and International Contracting)
3060 Defense Pentagon
Washington, DC 20301-3060.

(2) The Consolidated UCA Management Plan and the Consolidated UCA Management Report shall be prepared using the following formats:

(i) *Consolidated UCA Management Plan:*

Title: Consolidated Undefinitized Contract Action (UCA) Management Plan
Period Covered:

1. Applicable military department, defense agency, or DoD component.

   a. Headquarters point of contact.

   b. Contact information.

2. Description of actions planned and taken to ensure:

   a. Appropriate use of UCAs.

   b. Timely definitization of UCAs.

   c. Minimized obligation amounts at the time of UCA award, consistent with the contractor's requirements for the undefinitized period.

   d. In determining profit/fee, appropriate recognition of the contractor's reduced cost risk during the undefinitized performance period.

   e. Documentation of the risk assessment in the contract file.

3. Milestones for completion of planned events.

4. Other.

(ii) *Consolidated UCA Management Report:*

The required format for the Consolidated UCA Management Report is available at this website: http://www.acq.osd.mil/dpap/dars/pgi/docs/uca_management_report_2015(updated22Mar16).xlsx.

(3) A list of Frequently Asked Questions about UCA reporting requirements is available at this website: http://www.acq.osd.mil/dpap/dars/pgi/docs/faq_201603.docx.

(Revised September 9, 2013)

PGI 217.75—ACQUISITION OF REPLENISHMENT PARTS

PGI 217.7503 Spares acquisition integrated with production.

(1) Spares acquisition integrated with production (SAIP) is a technique used to acquire replenishment parts concurrently with parts being produced for the end item.

(2) Include appropriately tailored provisions in the contract when SAIP is used.

PGI 217.7504 Acquisition of parts when data is not available.

When acquiring a part for which the Government does not have necessary data with rights to use in a specification or drawing for competitive acquisition, use one of the following procedures in order of preference:

(1) When items of identical design are not required, the acquisition may still be conducted through full and open competition by using a performance specification or other similar technical requirement or purchase description that does not contain data with restricted rights. Two methods are—

(i) Two-step sealed bidding; and

(ii) Brand name or equal purchase descriptions.

(2) When other than full and open competition is authorized under FAR Part 6, acquire the part from the firm that developed or designed the item or process, or its licensees, provided productive capacity and quality are adequate and the price is fair and reasonable.

(3) When additional sources are needed and the procedures in paragraph (1) of this section are not practicable, consider the following alternatives:

(i) Encourage the developer to license others to manufacture the parts;

(ii) Acquire the necessary rights in data;

(iii) Use a leader company acquisition technique (FAR Subpart 17.4) when complex technical equipment is involved and establishing satisfactory additional sources will require technical assistance as well as data; or

(iv) Incorporate a priced option in the contract that allows the Government to require the contractor to establish a second source.

(4) As a last alternative, the contracting activity may develop a design specification for competitive acquisition through reverse engineering. Contracting activities shall not do reverse engineering unless—

(i) Significant cost savings can be demonstrated; and

(ii) The action is authorized by the head of the contracting activity.

PGI 217.7506—SPARE PARTS BREAKOUT PROGRAM

PART 1--GENERAL

1-101 Applicability.

(a) The Spare Parts Breakout Program applies to—

(1) Any centrally managed replenishment or provisioned part (hereinafter referred to as “part”) for military systems and equipment; and

(2) All DoD personnel involved with design control, acquisition, and management of such parts including, but not limited to, project/program/system managers, technical personnel, contracting officers, legal counsel, inventory managers, inspectors, and small business specialists and technical advisors.

(b) The Spare Parts Breakout Program does not apply to—

(1) Component breakout (see DFARS 207.171);

(2) Foreign military sale peculiar items;

(3) Insurance items (e.g., one-time buy);

(4) Obsolete items;

(5) Phase-out items (e.g., life-of-type buy);

(6) Items with annual buy values below the thresholds developed by DoD components or field activities;

(7) Parts being acquired under other specifically defined initial support programs; or

(8) Parts acquired through local purchase.

1-102 General.

(a) Significant resources are dedicated to the acquisition and management of parts for military systems and equipment. The ability to competitively buy spares must be considered early in a weapon system acquisition. Initially, repairable or consumable parts are identified and acquired through a provisioning process; repairable or consumable parts acquired thereafter are for replenishment.

(b) The objective of the DoD Spare Parts Breakout Program is to reduce costs through the use of competitive procurement methods, or the purchase of parts directly from the actual manufacturer rather than the prime contractor, while maintaining the integrity of the systems and equipment in which the parts are to be used. The program is based on the application of sound management and engineering judgment in—

(1) Determining the feasibility of acquiring parts by competitive procedures or direct purchase from actual manufacturers; and

(2) Overcoming or removing constraints to breakout identified through the screening process (technical review) described in 3-302.

(c) The breakout program includes procedures for screening and coding parts in order to provide contracting officers summary information regarding technical data and sources of supply to meet the Government's minimum requirements. This information assists the contracting officer in selecting the method of contracting, identifying sources of supply, and making other decisions in the preaward and award phases, with consideration for established parameters of system and equipment integrity, readiness, and the opportunities to competitively acquire parts (see FAR/DFARS Part 6). The identification of sources for parts, for example, requires knowledge of manufacturing sources, additional operations performed after manufacture of parts possessing safety or other critical characteristics, and the availability of technical data.

(d) The result of the screening process (technical review is indicated by an acquisition method code (AMC) and an acquisition method suffix code (AMSC). The breakout program provides procedures for both the initial assignment of an AMC and an AMSC to a part, and for the recurring review of these codes (see 2-202 and 2-203(b)).

1-103 Definitions.

1-103.1 Acquisition method code (AMC).

A single digit numeric code, assigned by a DoD activity, to describe to the contracting officer and other Government personnel the results of a technical review of a part and its suitability for breakout.

1-103.2 Acquisition method code conference.
A conference that is generally held at the contractor's facility for the purpose of reviewing contractor technical information codes (CTICs) and corresponding substantiating data for breakout.

1-103.3 Acquisition method suffix code (AMSC).
A single digit alpha code, assigned by a DoD activity, that provides the contracting officer and other Government personnel with engineering, manufacturing, and technical information.

1-103.4 Actual manufacturer.
An individual, activity, or organization that performs the physical fabrication processes that produce the deliverable part or other items of supply for the Government. The actual manufacturer must produce the part in-house. The actual manufacturer may or may not be the design control activity.

1-103.5 Altered item drawing.
See current version of DoD STD-100, paragraphs 201.4.4 and 703.

1-103.6 Annual buy quantity.
The forecast quantity of a part required for the next 12 months.

1-103.7 Annual buy value (ABV).
The annual buy quantity of a part multiplied by its unit price.

1-103.8 Bailment.
The process whereby a part is loaned to a recipient with the agreement that the part will be returned at an appointed time. The government retains legal title to such material even though the borrowing organization has possession during the stated period.

1-103.9 Breakout.
The improvement of the acquisition status of a part resulting from a technical review and a deliberate management decision. Examples are—

(a) The competitive acquisition of a part previously purchased noncompetitively; and

(b) The direct purchase of a part previously purchased from a prime contractor who is not the actual manufacturer of the part.

1-103.10 Competition.
A contract action where two or more responsible sources, acting independently, can be solicited to satisfy the Government's requirement.

1-103.11 Contractor technical information code (CTIC).
A two-digit alpha code assigned to a part by a prime contractor to furnish specific information regarding the engineering, manufacturing, and technical aspects of that part.

1-103.12 Design control activity.
A contractor or Government activity having responsibility for the design of a given part, and for the preparation and currency of engineering drawings and other technical data for that part. The design control activity may or may not be the actual manufacturer. The design control activity is synonymous with design activity as used by DoD STD-100.

1-103.13 Direct purchase.
The acquisition of a part from the actual manufacturer, including a prime contractor who is an actual manufacturer of the part.

1-103.14 Engineering drawings.
See current versions of DoD STD-100 and DoDD 1000.

1-103.15 Extended dollar value.
The contract unit price of a part multiplied by the quantity purchased.

1-103.16 Full and open competition.
A contract action where all responsible sources are permitted to compete.

1-103.17 Full screening.
A detailed parts breakout process, including data collection, data evaluation, data completion, technical evaluation, economic evaluation, and supply feedback, used to determine if parts can be purchased directly from the actual manufacturer(s) or can be competed.

1-103.18 Immediate (live) buy.
A buy that must be executed as soon as possible to prevent unacceptable equipment readiness reduction, unacceptable disruption in operational capability, and increased safety risks, or to avoid other costs.

1-103.19 Life cycle buy value.
The total dollar value of all acquisitions that are estimated to occur over a part's remaining life cycle.

1-103.20 Limited competition.
A competitive contract action where the provisions of full and open competition do not exist.

1-103.21 Limited screening.

A parts breakout process covering only selected points of data and technical evaluations, and should only be used to support immediate buy requirements (see 3-301.3).

1-103.22 Manufacture.
The physical fabrication process that produces a part, or other item of supply. The physical fabrication processes include, but are not limited to, machining, welding, soldering, brazing, heat treating, braking, riveting, pressing, and chemical treatment.

1-103.23 Prime contractor.
A contractor having responsibility for design control and/or delivery of a system/equipment such as aircraft, engines, ships, tanks, vehicles, guns and missiles, ground communications and electronics systems, and test equipment.

1-103.24 Provisioning.
The process of determining and acquiring the range and quantity (depth) of spare and repair parts, and support and test equipment required to operate and maintain an end item of materiel for an initial period of service.

1-103.25 Qualification.
Any action (contractual or precontractual) that results in approval for a firm to supply items to the Government without further testing beyond quality assurance demonstrations incident to acceptance of an item. When prequalification is required, the Government must have a justification on file—

(a) Stating the need for qualification and why it must be done prior to award;

(b) Estimating likely cost of qualification; and

(c) Specifying all qualification requirements.

1-103.26 Replenishment part.
A part, repairable or consumable, purchased after provisioning of that part, for: replacement; replenishment of stock; or use in the maintenance, overhaul, and repair of equipment such as aircraft, engines, ships, tanks, vehicles, guns and missiles, ground communications and electronic systems, ground support, and test equipment. As used in the breakout program, except when distinction is necessary, the term “part” includes subassemblies, components, and subsystems as defined by the current version of MIL-STD-280.

1-103.27 Reverse engineering.
A process by which parts are examined and analyzed to determine how they were manufactured, for the purpose of developing a complete technical data package. The normal, expected result of reverse engineering is the creation of a technical data package

suitable for manufacture of an item by new sources.

1-103.28 Selected item drawing.
See current version of DoD-STD-100, paragraph 201.4.5.

1-103.29 Source.
Any commercial or noncommercial organization that can supply a specified part. For coding purposes, sources include actual manufacturers, prime contractors, vendors, dealers, surplus dealers, distributors, and other firms.

1-103.30 Source approval.
The Government review that must be completed before contract award.

1-103.31 Source control drawing.
See the current version of DoD-STD-100, paragraph 201.4.3.

1-103.32 Technical data.
Specifications, plans, drawings, standards, purchase descriptions, and such other data to describe the Government's requirements for acquisition.

1-104 General policies.

(a) The identification, selection, and screening of parts for breakout shall be made as early as possible to determine the technical and economic considerations of the opportunities for breakout to competition or direct purchase. Full and open competition is the preferred result of breakout screening.

(b) A part shall be made a candidate for breakout screening based on its cost effectiveness for breakout. Resources should be assigned and priority given to those parts with the greatest expected return given their annual buy value, life cycle buy value, and likelihood of successful breakout, given technical characteristics such as design and performance stability. Consideration of all such factors is necessary to ensure the maximum return on investment in a given breakout program. Occasionally, an item will not meet strict economic considerations for breakout, but action may be required due to other considerations to avoid overpricing situations. Accordingly, there is no minimum DoD threshold for breakout screening actions. DoD components and field activities will develop annual buy thresholds for breakout screening that are consistent with economic considerations and resources. Every effort should be made to complete the full screening of parts that are expected to be subsequently replenished as they enter the inventory.

(c) Breakout improvement efforts shall continue through the life cycle of a part to improve its breakout status (see 2-203) or until such time as the part is coded 1G, 2G, 1K, 2K, 1M, 2M, 1N, 2N, 1T, 2T, 1Z, or 2Z.

(d) No firm shall be denied the opportunity to demonstrate its ability to furnish a part that meets the Government's needs, without regard to a part's annual buy value, where a restrictive AMC/AMSC is assigned (see FAR 9.202). A firm must clearly demonstrate, normally at its own expense, that it can satisfy the Government's requirements. The Government shall make a vigorous effort to expedite its evaluation of such demonstration and to furnish a decision to the demonstrating firm within a reasonable period of time. If a resolution cannot be made within 60 days, the offeror must be advised of the status of the request and be provided with a good faith estimate of the date the evaluation will be completed. Every reasonable effort shall be made to complete the review before a subsequent acquisition is made. Also, restrictive codes and low annual buy value do not preclude consideration of a surplus dealer or other nonmanufacturing source when the part offered was manufactured by an approved source (see FAR 11.302). A potential surplus dealer or other nonmanufacturing source must provide the Government with all the necessary evidence that proves the proposed part meets the Government's requirements.

(e) The experience and knowledge accrued by contractors in the development, design, manufacture and test of equipment may enhance the breakout decision making process. DoD activities may obtain technical information from contractors when it is considered requisite to an informed coding decision. The procedure for contracting for this information is provided in Part 4 of this document. Contractor's technical information will be designated by CTICs. Only DoD activities shall assign AMCs and AMSCs.

(f) DoD activities with breakout screening responsibilities shall develop, document, and advertise programs that promote the development of qualified sources for parts that are currently being purchased sole source. These programs should provide fair and reasonable technical assistance (engineering or other technical data, parts on bailment, etc.) to contractors who prove they have potential for becoming a qualified second source for an item. These programs should also provide specially tailored incentives to successful firms so as to stimulate their investment in becoming qualified, e.g., Government furnished equipment (GFE) or Government furnished material (GFM) for reverse engineering and technical data package review and assistance.

(g) Departments and agencies shall identify the engineering support activity, design control activity, actual manufacturer, and prime contractor for each part such that the information is readily available to breakout and acquisition personnel.

1-105 Responsibilities.

(a) The Under Secretary of Defense (Acquisition, Technology, and Logistics) has authority for direction and management of the DoD Spare Parts Breakout Program, including the establishment and maintenance of implementing regulations.

(b) Departments and agencies shall perform audits to ensure that their respective activities comply with the provisions of this program.

(c) Commanders of DoD activities with breakout screening responsibility shall—

(1) Implement a breakout program consistent with the requirements of this document.

(2) Assist in the identification and acquisition of necessary data rights and technical data, and the review of restrictive legends on technical data, during system/equipment development and production to allow, when feasible, breakout of parts.

(3) Designate a program manager to serve as the central focal point, communicate breakout policy, ensure cost-effectiveness of screening actions and breakout program, provide assistance in implementing breakout screening, monitor ongoing breakout efforts and achievements, and provide surveillance over implementation of the breakout program. The program manager shall report only to the Commander, or deputy, of the activity with breakout screening responsibility.

(4) Ensure that actions to remove impediments to breakout are continued as long as it is cost-effective, or until no further breakout improvements can be made.

(5) Invite the activity's small business specialist and the resident small business administration's procurement center representative, if any, to participate in all acquisition method coding conferences at Government and contractor locations.

(6) Ensure timely engineering and technical support to other breakout activities regardless of location.

(i) In the case of parts where contracting or inventory management responsibility has been transferred, support shall include—

(A) Assignment of an AMC/AMSC prior to the transfer;

(B) Assignment of an AMC/AMSC when requested by the receiving activity to parts transferred without such codes. The requesting activity may recommend an AMC/AMSC; and

(C) Full support of the receiving activities' breakout effort by providing timely engineering support in revising existing AMC/AMSCs.

(ii) In all cases, support shall include, but not be limited to, furnishing all necessary technical data and other information (such as code suspense date and

procurement history) to permit acquisition in accordance with the assigned AMC/AMSC (see 1-105(d)(6)).

(7) Ensure that appropriate surveillance is given to first time breakout parts.

(d) Breakout program managers shall be responsible for—

(1) Initiating the breakout process during the early phases of development and continuing the process during the life of the part;

(2) Considering the need for contractor technical information codes (CTICs) and, when needed, initiating a contract data requirement;

(3) Identifying, selecting, and screening in accordance with Part 3 of this document;

(4) Assigning an AMC/AMSC, using all available data, including CTICs;

(5) Responding promptly to a request for evaluation of additional sources or a review of assigned codes. An evaluation not completed prior to an immediate buy shall be promptly completed for future buys; and

(6) Documenting all assignments and changes, to include rationale for assigning the chosen code, in a permanent file for each part. As a minimum, the file should identify the engineering support activity, cognizant design control activity, actual manufacturer, prime contractor, known sources of supply, and any other information needed to support AMC/AMSC assignments.

(e) Contracting officers responsible for the acquisition of replenishment parts shall—

(1) Consider the AMC/AMSC when developing the method of contracting, the list of sources to be solicited, the type of contract, etc.; and

(2) Provide information that is inconsistent with the assigned AMC/AMSC (e.g., availability of technical data or possible sources) to the activity responsible for code assignment with a request for timely evaluation of the additional information. An urgent immediate buy need not be delayed if an evaluation of the additional information cannot be completed in time to meet the required delivery date.

PART 2--BREAKOUT CODING

2-200 Scope.

This part provides parts breakout codes and prescribes responsibilities for their assignment and management.

2-201 Coding.
Three types of codes are used in the breakout program.

2-201.1 Acquisition method codes.
The following codes shall be assigned by DoD activities to describe the results of the spare parts breakout screening:

(a) *AMC 0*. The part was not assigned AMC 1 through 5 when it entered the inventory, nor has it ever completed screening. Use of this code is sometimes necessary but discouraged. Maximum effort to determine the applicability of an alternate AMC is the objective. This code will never be used to recode a part that already has AMC 1 through 5 assigned, and shall never be assigned as a result of breakout screening. Maximum effort to determine the applicability of AMC 1 through 5 is the objective.

(b) *AMC 1.* Suitable for competitive acquisition for the second or subsequent time.

(c) *AMC 2.* Suitable for competitive acquisition for the first time.

(d) *AMC 3.* Acquire, for the second or subsequent time, directly from the actual manufacturer.

(e) *AMC 4.* Acquire, for the first time, directly from the actual manufacturer.

(f) *AMC 5.* Acquire directly from a sole source contractor which is not the actual manufacturer.

2-201.2 Acquisition method suffix codes.
The following codes shall be assigned by DoD activities to further describe the acquisition method code. Valid combinations of AMCs/AMSCs are indicated in paragraphs (a) through (z) of this subsection and summarized in Exhibit I.

(a) *AMSC A.* The Government's right to use data in its possession is questionable. This code is only applicable to parts under immediate buy requirements and for as long thereafter as rights to data are still under review for resolution and appropriate coding. This code is assigned only at the conclusion of limited screening, and it remains assigned until the full screening process resolves the Government's rights to use data and results in assignment of a different AMSC. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources exist, or if the data is adequate for an alternate source to qualify in accordance with the design control activity's procedures, AMCs 1 or 2 are valid.

(b) *AMSC B.* This part must be acquired from a manufacturing source(s) specified on a source control or selected item drawing as defined by the current version of DoD-STD-100.

Suitable technical data, Government data rights, or manufacturing knowledge are not available to permit acquisition from other sources, nor qualification testing of another part, nor use of a second source part in the intended application. Although, by DoD-STD-100 definition, altered and selected items shall have an adequate technical data package, data review discloses that required data or data rights are not in Government possession and cannot be economically obtained. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources exist, AMCs 1 or 2 are valid.

(c) *AMSC C.* This part requires engineering source approval by the design control activity in order to maintain the quality of the part. Existing unique design capability, engineering skills, and manufacturing knowledge by the qualified source(s) require acquisition of the part from the approved source(s). The approved source(s) retain data rights, manufacturing knowledge, or technical data that are not economically available to the Government, and the data or knowledge is essential to maintaining the quality of the part. An alternate source must qualify in accordance with the design control activity's procedures, as approved by the cognizant Government engineering activity. The qualification procedures must be approved by the Government engineering activity having jurisdiction over the part in the intended application. If one source is approved, AMCs 3, 4, or 5 are valid. If at least two sources are approved or if data is adequate for an alternate source to qualify in accordance with the design control activity's procedures, AMCs 1 or 2 are valid.

(d) *AMSC D.* The data needed to acquire this part competitively is not physically available, it cannot be obtained economically, nor is it possible to draft adequate specifications or any other adequate, economical description of the material for a competitive solicitation. AMCS 3, 4, or 5 are valid.

(e) *AMSC E.* (Reserved)

(f) *AMSC F.* (Reserved)

(g) *AMSC G.* The Government has rights to the technical data, the data package is complete, and there are no technical data, engineering, tooling or manufacturing restrictions. (This is the only AMSC that implies that parts are candidates for full and open competition. Other AMSCs such as K, M, N, Q, and S may imply limited competition when two or more independent sources exist yet the technical data package is inadequate for full and open competition.) AMCs 1 or 2 are valid.

(h) *AMSC H.* The Government physically does not have in its possession sufficient, accurate, or legible data to purchase this part from other than the current source(s). This code is applicable only to parts under immediate buy requirements and only for as long thereafter as the deficiency is under review for resolution and appropriate recoding. This code is only assigned at the conclusion of limited screening, and it remains assigned until the full screening process resolves physical data questions and results in assignment of a

different AMSC. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources exist, AMCs 1 or 2 are valid.

(i) *AMSC I.* (Not authorized)

(j) *AMSC J.* (Reserved)

(k) *AMSC K.* This part must be produced from class 1 castings and similar type forgings as approved (controlled) by procedures contained in the current version of MIL-STD-2175. If one source has such castings and cannot provide them to other sources, AMCs 3, 4, or 5 are valid. If at least two sources have such castings or they can be provided to other sources AMCs 1 or 2 or valid.

(l) *AMSC L.* The annual buy value of this part falls below the screening threshold established by DoD components and field activities. However, this part has been screened for additional known sources, resulting in either confirmation that the initial source exists or that other sources may supply the part. No additional screening was performed to identify the competitive or noncompetitive conditions that would result in assignment of a different AMSC. This code shall not be used when screening parts entering the inventory. This code shall be used only to replace AMSC O for parts under the established screening threshold. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources exist, AMCs 1 or 2 are valid.

(m) *AMSC M*. Manufacture of this part requires use of master or coordinated tooling. If only one set of tooling exists and cannot be made available to another source for manufacture of this part, AMCs 3, 4, or 5 are valid. When the availability of existent or refurbishable tooling is available to two or more sources, then AMCs 1 or 2 are valid.

(n) *AMSC N.* Manufacture of this part requires special test and/or inspection facilities to determine and maintain ultra-precision quality for its function or system integrity. Substantiation and inspection of the precision or quality cannot be accomplished without such specialized test or inspection facilities. If the test cannot be made available for the competitive manufacture of the part, the required test or inspection knowledge cannot be documented for reliable replication, or the required physical test or inspection facilities and processes cannot be economically documented in a TDP, valid AMCs are 3, 4, or 5. If the facilities or tests can be made available to two or more competitive sources, AMCs 1 or 2 are valid.

(o) *AMSC O.* The part was not assigned an AMSC when it entered the inventory, nor has it ever completed screening. Use of this code in conjunction with AMC 0 is sometimes necessary but discouraged. Maximum effort to determine the applicability of an alternate AMSC is the objective. Only AMC O is valid.

(p) *AMSC P.* The rights to use the data needed to purchase this part from additional source(s) are not owned by the Government and cannot be purchased, developed, or otherwise obtained. It is uneconomical to reverse engineer this part. This code is used in situations where the Government has the data but does not own the rights to the data. If only one source has the rights or data to manufacture this item, AMCs 3, 4, or 5 are valid. If two or more sources have the rights or data to manufacture this item, AMCs 1 or 2 are valid.

(q) *AMSC Q.* The Government does not have adequate data, lacks rights to data, or both needed to purchase this part from additional sources. The Government has been unable to economically buy the data or rights to the data, although the part has been undergoing full screening for 12 or more months. Breakout to competition has not been achieved, but current, continuing actions to obtain necessary rights to data or adequate, reprocurement technical data indicate breakout to competition is expected to be achieved. This part may be a candidate for reverse engineering or other techniques to obtain technical data. All AMSC Q items are required to be reviewed within the timeframes cited in 2-203(b). If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources exist, AMCs 1 or 2 are valid.

(r) *AMSC R.* The Government does not own the data or the rights to the data needed to purchase this part from additional sources. It has been determined to be uneconomical to buy the data or rights to the data. It is uneconomical to reverse engineer the part. This code is used when the Government did not initially purchase the data and/or rights. If only one source has the rights or data to manufacture this item, AMCs 3, 4, or 5 are valid. If two or more sources have the rights or data to manufacture this item, AMCs 1 or 2 are valid.

(s) *AMSC S.* Acquisition of this item is restricted to Government approved source(s) because the production of this item involves unclassified but militarily sensitive technology (see FAR Subpart 6.3). If one source is approved, AMCs 3, 4, or 5 are valid. If at least two sources are approved, AMCs 1 or 2 are valid.

(t) *AMSC T.* Acquisition of this part is controlled by qualified products list (QPL) procedures. Competition for this part is limited to sources which are listed on or are qualified for listing on the QPL at the time of award (see FAR Part 9 and DFARS Part 209). AMCs 1 or 2 are valid.

(u) *AMSC U.* The cost to the Government to breakout this part and acquire it competitively has been determined to exceed the projected savings over the life span of the part. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources exist, AMCs 1 or 2 are valid.

(v) *AMSC V.* This part has been designated a high reliability part under a formal reliability program. Probability of failure would be unacceptable from the standpoint of safety of personnel and/or equipment. The cognizant engineering activity has determined

that data to define and control reliability limits cannot be obtained nor is it possible to draft adequate specifications for this purpose. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources are available, AMCs 1 or 2 are valid.

(w) *AMSC W.* (Reserved)

(x) *AMSC X.* (Not authorized)

(y) *AMSC Y.* The design of this part is unstable. Engineering, manufacturing, or performance characteristics indicate that the required design objectives have not been achieved. Major changes are contemplated because the part has a low process yield or has demonstrated marginal performance during tests or service use. These changes will render the present part obsolete and unusable in its present configuration. Limited acquisition from the present source is anticipated pending configuration changes. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources exist, AMCs 1 or 2 are valid.

(z) *AMSC Z.* This part is a commercial/nondevelopmental/off-the-shelf item. Commercial item descriptions, commercial vendor catalog or price lists or commercial manuals assigned a technical manual number apply. If one source is available, AMCs 3, 4, or 5 are valid. If at least two sources are available, AMCs 1 or 2 are valid.

2-201.3 Contractor technical information codes.
The following two-digit alpha codes shall be used by contractors, when contractor's assistance is requested. These codes are assigned in accordance with the current version of MIL-STD-789 and shall be considered during the initial assignment of an AMC/AMSC. For spare parts breakout, requirements for contractor assistance through CTIC submission shall be accomplished as stated in Part 4 of this document. Each CTIC submitted by a contractor must be accompanied by supporting documentation that justifies the proposed code. These codes and supporting documentation, transmitted by DD Form 1418, Contractor Technical Information Record, and DD Form 1418-1, Technical Data Identification Checklist, are useful not only for code assignment during acquisition coding conferences, but also for personnel conducting both full and limited screening of breakout candidates. Personnel conducting full and limited screening of breakout candidates should use the supporting documentation provided with CTICs as a source of information. However, they should not allow this information to substitute for careful analysis and further investigation of the possibilities of acquiring a part through competition or by direct purchase. The definitions for CTICs are—

(a) *CTIC CB.* Source(s) are specified on source control, altered item, or selected item drawings/documents. (The contractor shall furnish a list of the sources with this code.)

(b) *CTIC CC.* Requires engineering source approval by the design control activity in

order to maintain the quality of the part. An alternate source must qualify in accordance with the design control activity's procedures, as approved by the cognizant Government engineering activity.

(c) *CTIC CG.* There are no technical restrictions to competition.

(d) *CTIC CK.* Produced from class 1 castings (see the current version of MIL-STD-2175) and similar type forgings. The process of developing and proving the acceptability of high-integrity castings and forgings requires repetitive performance by a controlled source. Each casting or forging must be produced along identical lines to those that resulted in initial acceptability of the part. (The contractor shall furnish a list of known sources for obtaining castings/forgings with this code.)

(e) *CTIC CM.* Master or coordinated tooling is required to produce this part. This tooling is not owned by the Government or, where owned, cannot be made available to other sources. (The contractor shall furnish a list of the firms possessing the master or coordinated tooling with this code.)

(f) *CTIC CN.* Requires special test and/or inspection facilities to determine and maintain ultra-precision quality for function or system integrity. Substantiation and inspection of the precision or quality cannot be accomplished without such specialized test or inspection facilities. Other sources in industry do not possess, nor would it be economically feasible for them to acquire facilities. (The contractor shall furnish a list of the required facilities and their locations with this code.)

(g) *CTIC CP.* The rights to use the data needed to purchase this part from additional sources are not owned by the Government and cannot be purchased.

(h) *CTIC CV.* A high reliability part under a formal reliability program. Probability of failure would be unacceptable from the standpoint of safety of personnel and/or equipment. The cognizant engineering activity has determined that data to define and control reliability limits cannot be obtained nor is it possible to draft adequate specifications for this purpose. Continued control by the existing source is necessary to ensure acceptable reliability. (The contractor shall identify the existing source with this code.)

(i) *CTIC CY.* The design of this part is unstable. Engineering, manufacturing, or performance characteristics indicate that the required design objectives have not been achieved. Major changes are contemplated because the part has a low process yield or has demonstrated marginal performance during tests or service use. These changes will render the present part obsolete and unusable in its present configuration. Limited acquisition from the present source is anticipated pending configuration changes. (The contractor shall identify the existing source with this code.)

2-202 Assignment of codes.
The purpose of AMC/AMSC assignments is to provide the best possible technical assessment of how a part can be acquired. The technical assessment should not be based on issues such as: are the known sources actual manufacturers, or are there two actual manufacturers in existence; but rather on factors such as the availability of adequate technical data, the Government's rights to use the data, technical restrictions placed on the hardware (criticality, reliability, special testing, master tooling, source approval, etc.) and the cost to breakout vice projected savings. In cases where there is additional technical information that affects the way a part can be acquired, it should be made available to the contracting officer, with the AMC/AMSC. Concerning the assignment of AMCs and AMSCs, it is DoD policy that—

(a) The assignment of AMC/AMSCs to parts is the responsibility of the DoD component introducing the equipment or system for which the parts are needed in the inventory. Subsequent screening is the responsibility of the DoD component assigned technical responsibility.

(b) When two or more AMSCs apply, the most technically restrictive code will be assigned.

(c) Restricted combinations of AMC/AMSCs are reflected in the AMSC definitions. The Defense Logistics Information Service will reject invalid code combinations, as shown in Exhibit I, submitted for entry into the Federal catalog program (see 2-204.2).

(d) One-time acquisition of a part by a method other than indicated by the code does not require a change to the AMC (e.g., when only one of a number of sources can meet a short delivery date, or when only one manufacturing source is known but acceptable surplus parts are available from other sources).

(e) After the first acquisition under AMC 2 or 4, the AMC shall be recoded 1 or 3 respectively.

(f) Both full and limited screening will result in the assignment or reassignment of an AMC/AMSC. This assignment shall be based on the best technical judgment of breakout personnel and on information gathered during the screening process.

(g) A part need not be coded as noncompetitive based on an initial market survey that only uncovers one interested source. If the Government has sufficient technical data in its possession to enable other sources to manufacture an acceptable part, and there are no technical restrictions on the part that would preclude other sources from manufacturing it, the part should be coded competitive.

2-203 Improving part status.

(a) *General.* An effective breakout program requires that all reasonable actions be taken to improve the acquisition status of parts. The potential for improvement of the acquisition status will vary with individual circumstances. On one end of the spectrum are those parts with acquisition method suffix codes of a temporary nature requiring vigorous follow-through improvement action (e.g., AMSCs A and H); on the other end are those parts with codes suggesting a relative degree of permanence (e.g., AMSC P). A code assigned to a part should never be considered fixed with respect to either technical circumstance or time; today's technical constraint may be overcome by tomorrow's technology and a contractor's rights to data, so zealously protected today, often become less important with time. The application of breakout improvement effort must always consider individual circumstances and overall benefits expected to be obtained.

(b) *Code suspense dates.* Every part whose breakout status can be improved shall be suspensed for rescreening as appropriate. In general, the following codes cannot be improved: 1G, 2G, 1K, 2K, 1M, 2M, 1N, 2N, 1T, 2T, 1Z, or 2Z. The period between suspenses is a period for which an assigned AMC/AMSC is considered active, and routine rescreening of parts with “valid” codes is not required. Suspense dates may vary with the circumstance surrounding each part. A code reached as a result of limited screening (3-304) shall not be assigned a suspense date exceeding 12 months; a code reached as a result of full screening (3-303) shall not be assigned a suspense date exceeding 3 years. In exceptional cases, where circumstances indicate that no change can be expected in a code over an extended period, a suspense date not exceeding 5 years may be assigned in accordance with controls established by the breakout activity. Items with a 1G or 2G code do not require a suspense date.

2-204 Communication of codes.

2-204.1 Communication media.
Use the Federal catalog program formats, set forth in DoD Manual 4100.39-M, Defense Integrated Data System (DIDS) Procedural Manual, communication media and operating instructions as augmented by this document to disseminate AMCs and AMSCs.

2-204.2 Responsibilities.

(a) The Defense Logistics Information Service (DLIS) will—

(1) Receive and disseminate AMCs and AMSCs for each national stock number (NSN) to all appropriate Government activities in consonance with scheduled Federal catalog program computer cycles;

(2) Make the AMCs and AMSCs a part of the data bank of NSN item intelligence;

(3) Perpetuate the codes in all subsequent Federal catalog program transactions; e.g., entry of new NSNs and Federal supply code (FSC) changes; and

(4) Reject invalid code combinations submitted for entry into the Federal catalog program.

(b) DoD activities responsible for the assignment of AMCs and AMSCs will—

(1) Transmit assigned codes for each NSN through normal cataloging channels to DLIS under existing Federal catalog program procedures; and

(2) Notify DLIS by normal Federal catalog program maintenance procedures when a change in coding is made.

PART 3--IDENTIFICATION, SELECTION, AND SCREENING OF PARTS

3-300 General.
This part sets forth procedures for the identification, selection, and screening of parts.

3-301 Identification and selection procedures.

3-301.1 Parts entering the inventory.
The breakout process should begin at the earliest possible stage of weapon systems acquisition. Generally, a provisioned part will require subsequent replenishment. Provisioning or similar lists of new parts are, therefore, the appropriate bases for selecting parts for screening. This is not to imply that breakout must be done on all items as part of the provisioning process. Priorities shall be applied to those parts offering the greatest opportunity for breakout and potential savings. The major factors in making this determination are—

(a) The unit price;

(b) The projected quantity to be purchased over the part's life cycle; and

(c) The potential for screening to result in a part being successfully broken out, e.g., item stability, cost, and completeness of technical data, etc.

3-301.2 Annual buy forecasts.
Annually, lists shall be prepared that identify all parts projected for purchase during the subsequent 12-month period. Priority should be given to those parts with the greatest expected return given their annual buy value, life cycle buy value, and likelihood of successful breakout, given technical characteristics such as design and performance stability and the availability of technical data. Parts with an expired suspense date or a suspense date that will expire during the forecast period (see 2-203(b)), need only be subjected to the necessary steps of the full screening procedure (see 3-303). Parts with a valid code that will not expire during the forecast period need not be screened. Parts coded 0O shall be selected for full screening.

3-301.3 Immediate buy requirements.
An immediate buy requirement will be identified by the user or the item manager in consonance with department/agency regulations. When an immediate buy requirement meeting the screening criteria (see 1-104(b)) is generated for a part not assigned a current AMC/AMSC, the part shall be promptly screened in accordance with either the full or limited screening procedures (see 3-303 and 3-304).

3-301.4 Suspect AMC/AMSC.
Whenever an AMC/AMSC is suspected of being inaccurate by anyone, including the

contracting officer, a rescreening shall be conducted for that part. Suspect codes include codes composed of invalid combinations of AMCs and AMSCs, those which do not truly reflect how a part is actually being acquired, and those suspected of being more restrictive than necessary for the next buy.

3-302 Screening.

(a) Screening procedures include consideration and recording of the relevant facts pertaining to breakout decisions. The objective of screening is to improve the acquisition status by determining the potential for competition, or purchase from an actual manufacturer. Consideration of any reasonable approach to establishing competition should be an integral part of the breakout process.

(b) Screening procedures may vary depending on circumstances related to the parts. No set rules will provide complete guidance for making acquisition method decisions under all conditions encountered in actual practice. An informed coding decision can be made without following the procedures step-by-step in every case.

(c) Activities involved in screening are encouraged to develop supplemental procedures that prove effective in meeting this program's objectives. These procedures should be tailored to the particular activity's operating environment and the characteristics of the parts for which it is responsible. Nevertheless, care should be taken in all cases to assure that—

(1) Responsible judgment is applied to all elements involved in the review of a part;

(2) The necessary supporting facts are produced, considered, and recorded in the breakout screening file. The breakout screening file contains technical data and other documents concerning screening of the part;

(3) All cost-effective alternatives are considered for establishing competition, or purchase from an actual manufacturer (see 1-105(d)(6)); and

(4) When possible, the sequence of the review allows for accomplishing several screening steps concurrently.

(d) Contractor participation in the decision making process extends only to providing technical information. This technical information is provided by supporting documentation (DD Forms 1418, Contractor Technical Information Record, and DD Form 1418-1, Technical Data Identification Checklist) which includes the CTIC assignment. Government personnel shall substantiate the breakout decision by reference to the CTIC and by careful review of the supporting documentation. However, the CTIC provides guidance only, and it should be used as one of the inputs to arrive at an acceptable AMC and AMSC coding.

(e) Contractor's technical information furnished in accordance with MIL-STD-789 may indicate areas requiring additional research by the Government before screening can be completed. Seldom will industry's contribution to the screening process enable the Government to assign an AMC or AMSC without additional review.

(f) During the screening process, it may be appropriate to communicate with industry, particularly potential manufacturers of a part, to determine the feasibility of establishing a competitive source and to estimate the costs and technical risks involved.

(g) Coding conferences with industry shall be documented.

(h) Screening may disclose that a part is not suitable for competitive acquisition, but it may be possible to break out the part for direct purchase from the actual manufacturer or to establish a second source. Parts particularly suited to direct purchase are those where neither the design control activity nor the prime contractor contribute additional value or whose data belong to the actual manufacturer and will not be acquired by the Government, and where that manufacturer exercises total responsibility for the part (design and quality control, testing, etc.), and where additional operations performed by the prime contractor can be performed by the actual manufacturer or by the Government.

(i) For each part that is screened, a file shall be established to document and justify the decisions and results of all screening effort (see 1-105(d)(6)).

(j) Full and limited screening procedures are two elements of breakout programs. Other spare parts initiatives to enhance breakout are reverse engineering, bailment, data rights challenges, and publication of intended buy lists. Integration of other initiatives within the screening processes developed at each activity is encouraged.

3-303 Full screening procedures.

(a) Full screening procedures should be developed so that the potential is fully evaluated for establishing competition or purchase from an actual manufacturer. Also, full screening procedures should facilitate accurate and consistent acquisition method code assignment. It is expected that each activity will develop its own operational screening procedures. A general model, full screening decision process is provided below to support the development of activity level procedures and to provide guidance regarding the general scope of these procedures. The full screening procedures involve 65 steps in the decision process, and are divided into the following phases:

(1) Data collection.

(2) Data evaluation.

(3) Data completion.

(4) Technical evaluation.

(5) Economic evaluation.

(6) Supply feedback.

(b) The six phases describe different functions that must be achieved during screening. The nature of the screening process does not permit clear distinction of one phase from another. Further, the order of performance of these phases may not correspond to the order listed here. In fact, the phases will often overlap and may be performed simultaneously. Their purpose is to identify the different functions comprising the screening process.

(c) A summary flow chart of the decision steps is provided as Exhibit II to assist in understanding the logical order of the full screening steps for various conditions. Use of the flow chart in connection with the text that follows is essential to fully understand the order of the steps in the process.

3-303.1 Data collection phase (step 1).

(a) Assemble all available data and establish a file for each part. Collect identification data, relevant data obtained from industry, contracting and technical history data and current status of the part, including—

(1) Normal identification required for cataloging and standardization review;

(2) All known sources;

(3) Historical contracting information, including the more recent awards, date of awards, and unit price(s) for the quantities prescribed;

(4) Identification of the actual manufacturer(s), the latest unit price, and the quantity on which the price is based. (When the actual manufacturer is not the design control activity, the design control activity may be consulted to ensure the latest version of the item is being procured from the actual manufacturer);

(5) Identification of the activity, Government or industry, having design control over the part and, if industry, the cognizant Government engineering activity;

(6) The expected life in the military supply system;

(7) Record of any prior review for breakout, with results or findings; and

(8) Annual demand.

(b) In the case of complex items requiring large numbers of drawings, collection of a reasonable technical data sample is sufficient for the initial technical data evaluation phase (steps 2-14).

3-303.2 Data evaluation phase (steps 2-14).

(a) Data evaluation is crucial to the whole review procedure. It involves determination of the adequacy of the technical data package and the Government's rights to use the data for acquisition purposes.

(b) The data evaluation process may be divided into two stages:

(1) A brief but intensive analysis of available data and documents regarding both technical matters and data rights, leading to a decision whether to proceed with screening; and

(2) If the decision is to proceed with screening, further work is necessary to produce an adequate technical data package, such as research of contract provisions, engineering work on data and drawings, and requests to contractors for additional data.

(c) The steps in this phase are—

(1) *Step 2.* Are full Government rights established by the available data package? Evidence for an affirmative answer would include the identification of Government drawings, incorporation by reference of Government specifications or process descriptions in the public domain, or reference to contract provisions giving the Government rights to data. If the answer is negative, proceed to step 3; if positive, proceed to step 6.

(2) *Step 3.* Are the contractor's limitations of the Government's rights to data established by the available data package?

(i) The questions in step 2 and 3 are not exclusive. The incorporation in a drawing of contract provisions reserving rights to the manufacturer, either in the whole design or in certain manufacturing processes, would establish a clear affirmative answer to step 3 where there is substantiating Government documentation. Parts not in this group shall be retained for further processing (see step 20). Data rights that cannot be substantiated shall be challenged (see DFARS Part 227, validation procedures).

(ii) In the case of clear contractor ownership of rights, proceed with steps 4 and

5.

(3) *Step 4.* Are there bases for competitive acquisition without using data subject to limitations on use? This question requires consideration, for example, of the possibility of using performance specifications or substitution of military or commercial specifications or bulletins for limited elements of the manufacturing process. The use of sample copies is another possibility.

(4) *Step 5.* Can the Government buy the necessary rights to data? This is a preliminary question to the full analysis (in steps 20 and 21 below) and is designed primarily to eliminate from further consideration those items which incorporate established data restrictions and for which there are no other bases for competitive acquisition nor is purchase of rights possible or feasible.

(5) *Steps 6 and 7.* Is the present technical data package adequate for competitive acquisition of a reliable part?

(6) *Steps 8 and 9.* Specify omissions. The question in steps 6 and 7 requires a critical engineering evaluation and should deal first with the physical completeness of the date--are any essential dimensions, tolerances, processes, finishes, material specifications, or other vital elements of data lacking from the package? If so, these omissions should be specified. A second element deals with adequacy of the existing package to produce a part of the required performance, compatibility, quality, and reliability. This will, of course, be related to the completeness of data. In some cases, qualified engineering judgment may decide that, in spite of apparently complete data, the high performance or other critical characteristics of the item require retention of the present source. If such decision is made, the file shall include documentation in the form of specific information, such as difficulties experienced by the present manufacturer in producing a satisfactory item or the existence of unique production skills in the present source.

(7) *Steps 10 and 11.* Can the data be developed to make up a reliable technical data package? This implies a survey of the specified omissions with careful consideration to determine the resources available to supply each missing element. Such resources will vary from simple referencing of standard engineering publications to more complex development of drawings with the alternatives of either obtaining such drawings or developing performance specifications. In some cases, certain elements of data are missing because they have been properly restricted. If, however, there has been no advance substantiation of the right to restrict, the part should be further researched. If the answer to this question is negative, proceed to step 12; if positive, proceed to step 13 or 14.

(8) *Step 12.* If the answer to the question in steps 10 and 11 is no, which condition is the prime element in this decision, the lack of data or the unreliability of the data? Specific documentation is needed to support this decision.

(9) *Step 13 and 14.* Estimate the time required to complete the data package. In those cases where the data package is found inadequate and specific additions need to be developed, an estimate of the time required for completion must be made in order to determine if breakout of the part is feasible during this review cycle and to estimate at what point in the remaining life of the part the data package could be available.

3-303.3 Data completion phase (steps 15-21).

(a) The data completion phase involves acquiring or developing the missing elements of information to reach a determination on both adequacy of the technical data package and the restriction of rights to data. It may involve various functional responsibilities, such as examination of past contracts, queries directed to industry or to other Government agencies, inspection of the part, reverse or other engineering work to develop drawings and write specifications, arrangements with the present source for licensing or technical assistance to new manufacturers, and negotiations for purchase of rights to data. Additional research and information requests should be expeditiously initiated on those parts where there is a reasonable expectation of breakout. Because this phase is time-consuming, it should take place concurrently with other phases of the review.

(b) At the beginning of the data completion phase, the part falls into one of the following four steps:

(1) *Step 15.* The data package is complete and adequate and the Government has sufficient rights for acquisition purposes. Such parts require no further data analysis. Proceed to step 22.

(2) *Step 16.* The Government has rights to existing data. The data package is incomplete but there is a reasonable expectation that the missing elements can be supplied. Proceed to step 19.

(3) *Step 17.* The data package is complete, but suitable Government rights to the data have not been established. Proceed to step 20.

(4) *Step 18.* Neither rights nor completeness of data is adequately established; therefore, the part requires further research. Proceed to step 20.

(c) *Step 19.* Obtain or develop the necessary data for a suitable data package. Reverse engineering to develop acquisition data may be used if there is a clear indication that the costs of reverse engineering will be less than the savings anticipated from competitive acquisition. If there is a choice between reverse engineering and the purchase of data (step 21), the decision shall be made on the basis of relative costs, quality, time, and other pertinent factors.

(d) *Step 20.* Establish the Government's and contractor's rights to the data. Where drawings and data cannot be identified to a contract, the following guidelines should be applied:

(1) Where drawings and data bear legends that warn of copyright or patent rights, the effect of such legends shall be resolved according to law and policy; however, the existence of patent or copyright restrictions does not per se preclude securing competition with respect to the parts described (see FAR Subpart 27.3/DFARS Subpart 227.3).

(2) If the technical data bears legends that limit the Government's right to use the data for breakout and it is determined that reasonable grounds exist to question the current validity of the restrictive markings, the contracting officer will be notified to initiate the validation procedures at DFARS Subpart 227.4.

(3) Where drawings and data are unmarked and, therefore, free of limitation on their use, they shall be considered available for use in acquisition, unless the acquiring office has clear evidence to the contrary (see DFARS Subpart 227.4).

(4) The decision process in situations described in paragraphs (d)(1), (2), and (3) of this subsection requires the exercise of sound discretion and judgment and embraces legal considerations. In no case shall a decision be made without review and approval of that decision by legal counsel.

(5) If the validation procedures in paragraph (d)(2) of this subsection establish the Government's right to use the data for breakout, the Government shall attempt to obtain competition pursuant to the decisions resulting from concurrent technical and economic evaluation.

(e) *Step 21.* If restrictions on the use of data are established, determine whether the Government can buy rights to the required data. Use the procedure in DFARS Subpart 227.4.

3-303.4 Technical evaluation phase (steps 22-37).

(a) *Introduction.*

(1) The purposes of technical evaluation are to determine the development status, design stability, high performance, and/or critical characteristics such as safety of personnel and equipment; the reliability and effective operation of the system and equipment in which the parts are to be used; and to exercise technical judgment as to the feasibility of breaking out the parts. No simple and universal rules apply to each determination. The application of experience and responsible judgment is required. Technical considerations arise in

several elements of the decision process, e.g., in determining adequacy of the data package (steps 6-14).

(2) Certain manufacturing conditions may reduce the field of potential sources. However, these conditions do not justify the restriction of competition by the assignment of restrictive AMCs for the following reasons:

(i) Parts produced from class 1 castings and similar type forgings. The process of developing and providing the acceptability of high-integrity castings and forgings requires repetitive performance by a controlled source for each casting or forging along identical lines to those which result in initial acceptability of the item. The particular manufacturer's process becomes the controlling factor with regard to the acceptability of any such item. However, other firms can produce class 1 castings and similar type forgings and provide the necessary inspection, or the part may be acquired from other sources that use castings or forgings from approved (controlled) source(s).

(ii) Parts produced from master or coordinated tooling, e.g., numerically controlled tapes. Such parts have features (contoured surfaces, hole locations, etc.) delineated according to unique master tooling or tapes and are manufactured to minimum/maximum limits and must be replaceable without additional tailoring or fitting. These parts cannot be manufactured or configured by a secondary pattern or jigs independent of the master tooling and cannot be manufactured to requisite tolerances of fit by use of commercial precision machinery. In this context, jigs and fixtures used only for ease of production are not considered master tooling. However, master tooling may be reproduced.

(iii) Parts requiring special test and/or inspection facilities to determine and maintain ultra-precision quality for the function or system integrity. Substantiation and inspection of the precision or quality cannot be accomplished without specialized test or inspection facilities. Testing is often done by the actual manufacturer under actual operating use. However, such special test inspection facilities may be available at other firms.

(b) *Design procedures (steps 22-31).*

(1) *Step 22*. Will a design change occur during anticipated lead time? If affirmative, proceed to step 23; if negative, proceed to step 24.

(2) *Step 23*. Specify the design change and assign an appropriate code.

(3) *Step 24*. Is a satisfactory part now being produced? Concurrently with the research and completion of data, a technical determination is required as to the developmental status of the part. With the frequent telescoping of the development/production cycle as well as constant product improvement throughout the

active life of equipment, parts are frequently subject to design changes. The present source, if a prime contractor, is usually committed to incorporate the latest changes in any deliveries under a production order. In considering the part for breakout, an assessment must be made of the stability of design, so that in buying from a new source the Government will not be purchasing an obsolete or incompatible part. The question of obsolescence or noncompatibility is to some extent under Government control. Screening for breakout on parts that are anticipated to undergo design change should be deferred until design stability is attained.

(4) *Step 25*. Can a satisfactory part be produced by a new source? Determine whether technical reasons prohibit seeking a new source. The fact that the present source has not yet been able to produce a satisfactory part (step 24) does not preclude another source from being successful. If the answer to steps 24 or 25 is affirmative, proceed simultaneously to steps 27 and 38. If the answer to step 25 is negative, proceed to step 26.

(5) *Step 26*. If the present source is producing an unsatisfactory part, but technical reasons prohibit seeking a new source, specify the reasons.

(6) *Step 27*. Does the part require prior qualification or other approval testing? If the answer is positive, proceed to step 28; if negative, proceed to step 32.

(8) *Step 28*. Specify the requirement.

(9) *Step 29*. Estimate the time required to qualify a new source.

(10) *Step 30*. Is there currently a qualified source?

(11) *Step 31*. Who is responsible for qualifications of the subcontractor, present prime contractor, the Government, or an independent testing agency?

(i) If a qualified source is currently in existence, the review should consider who will be responsible for qualification in the event of competitive acquisition. If qualification testing is such that it can be performed by the selected source under a preproduction or first article clause in the contract, the costs of initial approval should be reflected in the offers received. If the part requires initial qualification tests by some other agency such as the present prime contractor, the Government, an independent testing agent outside the Government, or by technical facilities within the departments, out-of-pocket costs may be incurred if the part is competed. An estimate of qualification costs should then be made and recorded in such cases.

(ii) Where facilities within the Government are not adequate for testing or qualification, or outside agencies such as the equipment contractor cannot or will not do the job, the economics of qualification may be unreasonable, and a narrative statement of

these facts should replace the cost estimate. Whenever possible, such as in the case of engine qualification tests, economy of combined qualification tests should be considered.

(c) *Quality assurance procedures (steps 32-33).* Quality control and inspection is a primary consideration when making a decision to breakout. Where the prime contractor performs quality assurance functions beyond those of the part manufacturer or other sources, the Government may—

(1) Develop the same quality control and inspection capability in the manufacturer's plant;

(2) Assume the responsibility for quality; or

(3) Undertake to obtain the quality assurance services from another source, possibly the prime contractor.

(4) *Step 32*. Who is now responsible for quality control and inspection of the part?

(5) *Step 33*. Can a new source be assigned responsibility for quality control? Is the level of the quality assurance requirements specified in the system contract necessary for the screened part? The minimum quality assurance procedures for each part shall be confirmed.

(i) A new source shall be considered if—

(A) Any essential responsibility (e.g., burn-in, reliability, maintainability) retained by the prime contractor for the part and its relationship to the end item can be eliminated, shifted to the new source, or assumed by the Government;

(B) The prime contractor will provide the needed quality assurance services;

(C) The Government can obtain competent, impartial services to perform quality assurance responsibility; or

(D) The new source can maintain an adequate quality assurance program, inspection system, or inspection appropriate for the part.

(ii) If the prime contractor has responsibility for quality that a new source cannot assume or obtain, or that the Government cannot undertake or eliminate, consideration of the new source is precluded.

(d) *Tooling procedures (steps 34-37).*

(1) *Step 34*. Is tooling or other special equipment required?

(2) *Step 35*. Specify the type of tooling.

(3) *Step 36*. Estimate additional acquisition leadtime for setup and for tooling.

(4) *Step 37*. Does the Government possess this tooling? If tooling or special equipment is required for production of the part, the types and quantities should be specified. Investigation can then be made as to whether the Government possesses such tooling and can make it available to a new source. A requirement for special tooling is not necessarily a deterrent to competitive solicitation for parts. The Government may find it desirable to purchase the needed tooling and furnish it to the new source. In this case, the costs can be determined with reasonable accuracy. However, if new sources can provide the tooling or special equipment, this will be reflected in competitive prices and should not normally require further analysis.

3-303.5 Economic evaluation phase (steps 38-56).

(a) Economic evaluation concerns identification and estimation of breakout savings and direct cost offsets to breakout. The economic evaluation phase is composed of the three segments detailed in paragraphs (b) through (d) of this subsection.

(b) *Development of savings data (steps 38-40).*

(1) *Step 38*. Estimate remaining program life cycle buy value.

(2) *Step 39*. Apply either a savings factor of 25 percent or one determined under local conditions and experience.

(3) *Step 40*. Multiply the remaining program life cycle buy value by the savings factor to obtain the expected future savings, if the part is coded for breakout.

(c) *Computation of breakout costs (steps 41-47).* Several groups of costs must be collected, summarized and compared to estimated savings to properly determine the economics of breakout. These costs include—

(1) Direct costs (steps 41-45). Direct costs of breakout normally include all expenditures that are direct and wholly identifiable to a specific, successful breakout action, and that are not reflected in the part unit price. Examples of direct costs include Government tooling or special test equipment, qualification testing, quality control expenses, and industry participation costs (such as completion of the Contractor Technical Information Data Record) if borne by the Government.

(i) *Step 41*. Estimate the cost to the Government for tooling or special equipment.

(ii) *Step 42*. Estimate the cost, if any, to the Government for qualifying the new source.

(iii) *Step 43*. Estimate the cost, if any, to the Government for assuring quality control, or the cost of contracting for quality control.

(iv) *Step 44*. Estimate the cost to the Government for purchasing rights to data.

(v) *Step 45*. Add estimated total direct costs to the Government to breakout the item.

(2) Performance specification costs (steps 46-47).

(i) *Step 46*. Is the breakout candidate constructed to a performance specification?

(ii) *Step 47*. If the answer is yes in step 46, add performance specification breakout cost estimate elements to the result of step 45. The addition of an unknown number of nonstocked parts that must be stocked by the supply system for repairs is a significant element of cost associated with the decision to compete a performance specification assembly. (The same situation does not arise with respect to a design specification assembly, since virtually all spare parts used to repair such an assembly are essentially identical to parts already in the assembly.) The cost of introducing these nonstocked parts into the system includes—

(A) Additional catalog costs. The number of nonstocked parts forecasted to be in the competed assembly, multiplied by the variable cost of cataloging per line item.

(B) Additional bin opening costs. The number of nonstocked parts forecasted to be in the competed assembly, multiplied by the variable cost of a bin opening at each of the locations where the part is to be stocked.

(C) Additional management costs. The number of nonstocked parts forecasted to be in the competed assembly, multiplied by the variable cost of management per line item.

(D) Additional technical data costs. The cost of a new set of technical data for the competed assembly, including the variable expenses of its production, reproduction, and distribution.

(E) Additional repair tools and test equipment costs. The costs of additional special tools and test equipment not otherwise required by the existing assembly.

(F) Additional logistics support costs. The costs associated with the new item such as spare and repair parts, technical manuals, and training.

(d) *Comparison of savings and costs (steps 48-56).* Compare estimated breakout costs to forecasted breakout savings. If costs exceed estimated savings, it will be uneconomical to compete the part. Performance specification parts should be analyzed to ensure that pertinent breakout costs have been considered and, if it is not economical to breakout the part, whether an appropriate detailed design data package reduces costs sufficiently to make breakout economical.

(1) *Step 48*. Compare total costs of breakout (step 47) to estimated savings (step 40).

(2) *Step 49*. Are costs of breakout greater or less than estimated savings? If greater, proceed to step 50; if yes, proceed to step 51.

(3) *Step 50*. Is the breakout candidate constructed to a performance specification? If no, proceed to step 54; if yes, proceed to step 57.

(4) *Step 51*. Is it appropriate to obtain a detailed design data package? If yes, proceed to step 52; if no, proceed to step 54. The decision to change a performance specification part to a detailed design part obviously requires a critical engineering examination of the part itself, as well as a review of the impact such a change might have on the operational effectiveness of the system in which the equipment is to be employed. Acquisition of a performance specification part by a subsequently acquired design specification subjects the Government to the additional hazard of losing the money paid for the development of the design specification, should the design be altered during the contracting leadtime period. Accordingly, the engineering evaluation should closely review design stability over the anticipated contracting leadtime in order to avoid acquiring an obsolete or nonstandard part if the decision is made to compete it.

(5) *Step 52*. Add the estimated cost of obtaining a detailed design data package to the results of step 45.

(6) *Step 53*. If the results of step 52 are less than the estimated savings, initiate action to obtain a detailed design data package. Proceed to step 54 to code the part for a period until it can be rescreened using the design specification package. The code determined in this screening shall be assigned a suspense date commensurate with the leadtime required to obtain the detailed design data package (see 2-203(b)).

(7) *Step 54*. Is the part manufactured by the prime contractor? If yes, code the part AMC 3; if no, proceed to step 55.

(8) *Step 55*. Can the part be acquired directly from the actual manufacturer? If no, proceed to step 56; if yes, code the part AMC 3 or 4, as applicable.

(9) *Step 56*. Specify the reasons for inability to obtain the part from the actual manufacturer. Code the part AMC 5.

3-303.6 Supply feedback phase (steps 57-65).

(a) The supply feedback phase of the analysis is the final screening phase for breakout parts. This phase in completed for all AMC 2 parts to determine if sufficient time is available to break out on the immediate buy and to communicate this information to the inventory manager responsible for the requirement. First, all additional time factors required to break out the part are added. Total time is subtracted from the immediate and future buy date and the result compared to the current date. (Note: Not all time factors listed apply to each part screened.) If the result is the same or earlier than the required contract date, the part is coded competitive and action is begun to qualify additional sources as necessary. If the result is later than the required contract date, action to compete the immediate buy quantity should be initiated if the inventory manager can find some means of accepting later delivery. If this is impossible, the appropriate records should be annotated for competitive acquisition of the next replenishment buy quantity. If late delivery is acceptable, the inventory manager should compute requirements for the part and initiate an appropriate purchase requisition.

(b) *Procedures.*

(1) *Step 57*. Add all additional time factors required to break out the part (steps 13, 14, 29, and 36).

(2) *Step 58*. Add the results of step 57 to the date of this review.

(3) *Step 59*. Compare the result of step 58 to the date that the contract or order must be placed.

(4) *Step 60*. Is the result of step 59 earlier than, later than, or the same as the contract or order date? (If earlier or the same, proceed to step 61; if later, proceed to step 63.)

(5) *Step 61*. Can supply accept late delivery? If yes, proceed to step 62; if no, proceed to step 63.

(6) *Step 62*. Notify the inventory manager to compute requirements and initiate a purchase requisition. Proceed to step 64.

(7) *Step 63*. Code the part AMC 2. Insufficient time to compete on this buy.

(8) *Step 64*. Code the part AMC 2.

(9) *Step 65*. Begin actions to qualify new sources, if required and possible.

3-304 Limited screening procedures.

(a) Limited screening procedures are only appropriate when the full screening process cannot be completed for a part in sufficient time to support an immediate buy requirement. If limited screening does not result in a competitive AMC and the part is characterized by a high buy value and high buy quantity in the annual buy forecast, full screening procedures shall be immediately initiated.

(b) Limited screening procedures cover only the essential points of data and technical evaluations more completely described in full screening procedures (see 3-303). Extensive legal review of rights or technical review of data is not required; nor is backup information on type and extent of qualification testing, quality control procedures and master tooling required. A summary flow chart of the limited screening decision steps is provided at Exhibit III.

(c) The limited screening decision steps are followed sequentially if the answer to the question in each step is affirmative. If any step is answered in the negative, proceed directly to step 10.

(1) *Step 1*. Assemble all available data and establish a file for each part. Collect identification data, relevant data obtained from industry, contracting and technical history data and current status of the part (see 3-303.1).

(2) *Step 2*. Do the available documents establish Government rights to use the data for acquisition purposes? If the Government's rights to use data in its possession is questionable, resolution of the rights must continue beyond award of the immediate buy.

(3) *Step 3*. Is the data package sufficient, accurate, and legible? If the Government does not have in its possession sufficient, accurate, or legible data, action shall be promptly initiated to resolve the deficiency for the next buy.

(4) *Step 4*. Is the design of the part stable over the anticipated acquisition lead time?

(5) *Step 5*. Is a satisfactory part now being produced?

(6) *Step 6*. Can the part be acquired from a new source without prior qualification testing or other approval testing?

(7) *Step 7*. Can the Government or a new source be responsible for quality assurance?

(8) *Step 8*. Can the part be manufactured without master or coordinated tooling or other special equipment; if no, is there more than one source that has the tooling or special equipment?

(9) *Step 9*. Assign AMC 2. Proceed to step 11.

(10) *Step 10*. Assign AMC 3, 4, or 5, as appropriate.

(11) *Step 11*. Establish the date of the next review (see 1-104(c) and 2-203(b)).

PART 4--CONTRACTOR'S ASSISTANCE

4-400 General.

(a) Contractor's assistance in screening shall be requested on provisioned and replenishment parts after consideration of the benefit expected from the contractor's technical information and the cost to the Government of obtaining such assistance.

(b) Contractor's assistance shall not be requested for parts covered by Government/industry specifications, commercially available parts or parts for which data is already available.

(c) Arrangements entered into with contractors to obtain technical information shall provide that—

(1) Contractors will exert their best effort to make impartial technical evaluations using applicable technical data and the experience of competent personnel; and

(2) No costs to the Government will be incurred for duplicate screening of parts.

4-401 Contractor's technical evaluation procedures.

(a) Contractor's technical evaluation for the screening process shall be required contractually by incorporating MIL-STD-789, which delineates the contractor's responsibilities and procedures and prescribes use of the contractor DD Form 1418,

Technical Information Record, and the DD Form 1418-1, Technical Data Identification Checklist, a copy of each document listed on DD Form 1418-1, and other substantive data that was used in developing the contractor's recommendations.

(b) When MIL-STD-789 is incorporated in a contract, the DD Form 1423, Contract Data Requirements List, shall specify the requirement for the submission of DD Form 1418, Technical Information Record, and DD Form 1418-1, Technical Data Identification Checklist, in accordance with MIL-STD-789.

PART 5--REPORTING SYSTEM

5-500 General.

This part prescribes reports regarding the breakout program that cannot be obtained from other sources. These reports are used to evaluate the effectiveness of breakout programs, establish a baseline for all spare part acquisitions, and identify trends in spare parts acquisition.

5-501 Reports.

(a) *Spare Parts Breakout Screening Report (RCS DD P&L(Q&SA)714A)*. This is a cumulative semi-annual report reflecting the accomplishments of the breakout program. The report describes the results of full and limited screening for provisioning and replenishment parts by number of different NSNs for each AMC. Departments and agencies shall also maintain actual cost data attributable to the Spare Parts Breakout Program which shall be forwarded on this report semi-annually.

(b) *Spare Parts Acquisition Report (RCS DD P&L(Q&SA) 714B).* This is a cumulative semi-annual report for all purchases made of spare parts during the current fiscal year. This report describes the number and extended dollar value of different NSNs purchased for each AMC. Departments and agencies shall also maintain actual savings (or cost avoidance) data attributable to the Spare Parts Breakout Program which shall be forwarded on this report semi-annually. Because of extraneous factors such as contracting leadtimes and changes in spare parts requirements, this report will not always reflect the acquisition of the parts screened during a reporting period (contained on the Spare Parts Breakout Screening Report). Also, it will not show in all instances how the part was actually acquired. This report is intended to be an indication of the success of the breakout program, and designed to show trends in the coding and data available to buyers in the acquisition package.

5-502 Reporting procedures.

(a) Departments and agencies shall maintain and forward semi-annual reports. The second semi-annual report in a fiscal year shall reflect cumulative totals for the current fiscal

year using the formats in Exhibits IV and V.

(b) The reports will be due no later than 45 days after the end of each period designated.

(c) Submissions will be made to the Under Secretary of Defense (Acquisition, Technology, and Logistics).

5-503 Reporting instructions.

(a) *Spare parts breakout screening report.* Using the format in Exhibit IV, provide the following—

(1) Enter reporting activity name, fiscal year, and period ending.

(2) For each AMC/AMSC listed, enter the number of different NSNs for which screening was completed during the period. Show zeros where applicable. This should be done for both full and limited screening.

(3) Report the total costs of the breakout program incurred for the period. Although this will be primarily labor costs, it should also include appropriate prorated costs of ADP services, office overhead, data retrieval service costs, etc. (see 3-303.5).

(b) *Spare parts acquisition report.* Using the format in Exhibit V, provide the following:

(1) Enter reporting activity name, fiscal year, and period ending.

(2) For each AMC/AMSC listed, enter the number of different NSNs purchased during the current fiscal year and their extended dollar value.

(3) Report the actual breakout program savings or cost avoidances as measured by completed acquisition (not anticipated acquisitions). Price differentials should be measured on each acquisition where a breakout action has taken place. They should equal the difference between the previous contract unit price and the current contract unit price, times the number of units purchased.

EXHIBIT I--VALID AMC/AMSC COMBINATIONS

Acquisition Method Code (AMC)						
AMSC	**0**	**1**	**2**	**3**	**4**	**5**
A	X	o	o	o	o	o
B	X	o	o	o	o	o
C	X	o	o	o	o	o
D	X	X	X	o	o	o
G	X	o	o	X	X	X
H	X	o	o	o	o	o
K	X	o	o	o	o	o
L	X	o	o	o	o	o
M	X	o	o	o	o	o
N	X	o	o	o	o	o
O	o	X	X	X	X	X
P	X	o	o	o	o	o
Q	X	o	o	o	o	o
R	X	o	o	o	o	o
S	X	o	o	o	o	o
T	X	o	o	X	X	X
U	X	o	o	o	o	o
V	X	o	o	o	o	o
Y	X	o	o	o	o	o
Z	X	o	o	o	o	o

o = VALID COMBINATION
X = INVALID COMBINATIONS

EXHIBIT II--FULL SCREENING DECISION PROCESS SUMMARY FLOW CHART

NOTE: Copies of Exhibit II can be obtained from: Defense Acquisition Regulations System, OUSD(AT&L) DPAP/DARS, 3062 Defense Pentagon, Washington, DC 20301-3062; facsimile (703) 602-0350; e-mail: osd.pentagon.ousd-atl.mbx.dfars@mail.mil .

EXHIBIT III–LIMITED SCREENING DECISION PROCESS SUMMARY FLOW CHART

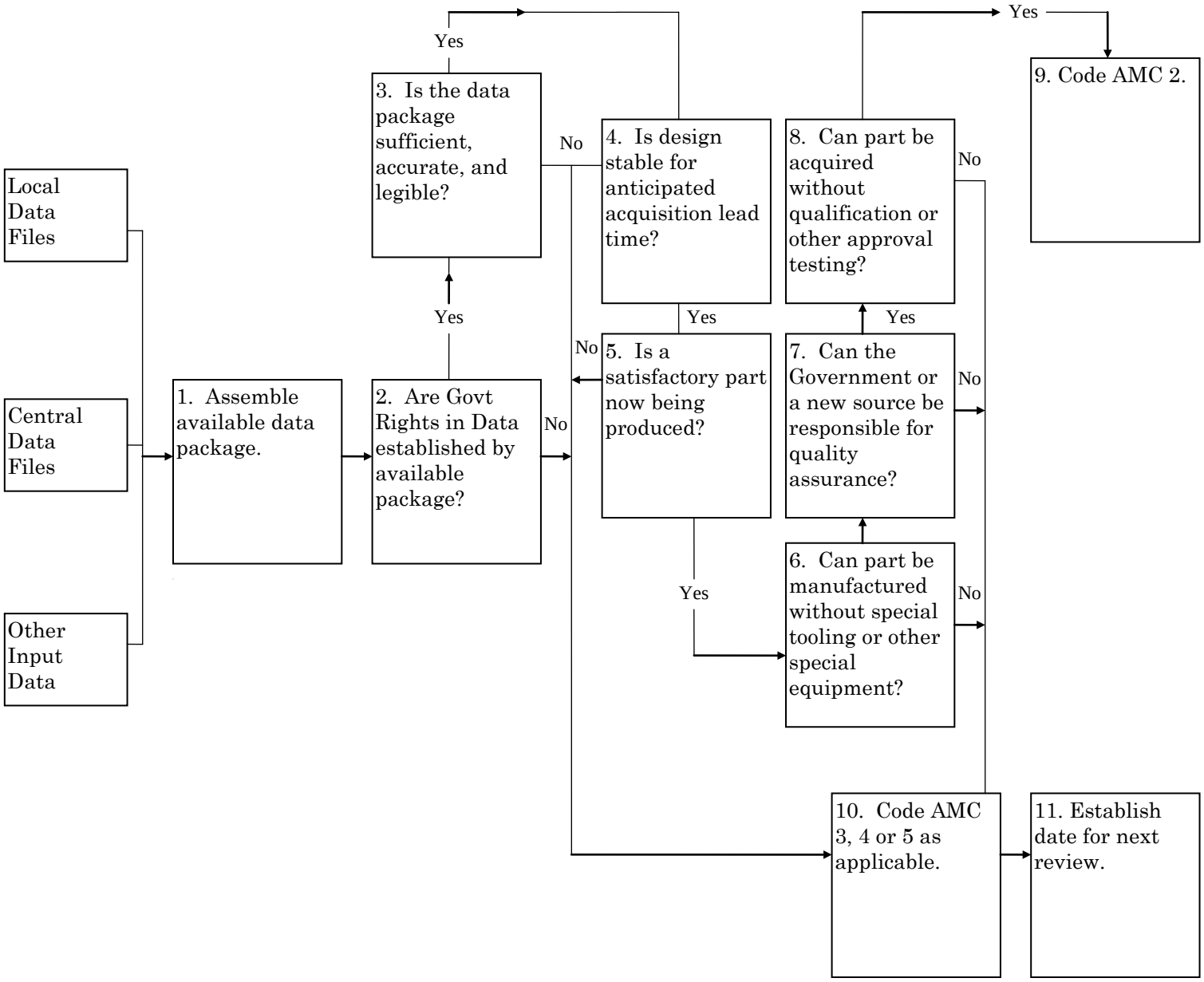

EXHIBIT IV--SPARE PARTS BREAKOUT SCREENING REPORT

SPARE PARTS BREAKOUT SCREENING REPORT

Report Activity_____ **Fiscal Year**_____ **Period Ending**_____

N U M B E R O F N S N s

AMC/AMSC	LIMITED SCREENING	FULL SCREENING	TOTAL SCREENING
*1G Only			
1			
**2G Only			
2			
3			
4			
5			
TOTAL			

SPARE PARTS BREAKOUT PROGRAM COSTS $_____

* Excluded from AMC 1 data
** Excluded from AMC 2 data

EXHIBIT V--SPARE PARTS ACQUISITION REPORT

SPARE PARTS ACQUISITION REPORT

Report Activity_____ **Fiscal Year**_____ **Period Ending**_____

P U R C H A S E M A D E

AMC/AMSC	NUMBER OF NSNs	EXTENDED DOLLAR VALUE
***1G Only**		
1		
****2G Only**		
2		
3		
4		
5		
TOTAL		

SPARE PARTS BREAKOUT PROGRAM SAVINGS OR COST AVOIDANCES
$_____

* Excluded from AMC 1 data
** Excluded from AMC 2 data

(Added May 12, 2006)

PGI 217.76—CONTRACTS WITH PROVISIONING REQUIREMENTS

PGI 217.7601 Provisioning.

(1) *Definitions*. As used in this section—

(i) "Provisioning" means the process of determining and acquiring the range and quantity of spare and repair parts, and support and test equipment required to operate and maintain an end item for an initial period of service.

(ii) "Provisioned item" means any item selected under provisioning procedures.

(iii) "Provisioned items order" means an undefinitized order issued under a contract that includes the Government's requirements for provisioned items. (Provisioned items with firm prices are acquired by supplemental agreement or by separate contract.)

(iv) "Provisioning activity" means the organization responsible for selecting and determining requirements for provisioned items.

(v) "Provisioning requirements statement" means the contractual document listing the specific provisioning requirements for that contract. The statement normally includes—

(A) Instructions, such as the provisioning method to be used;

(B) The extent of provisioning technical documentation and data needed (including administrative requirements for submission and distribution);

(C) The type and location of provisioning conferences;

(D) Sample article requirements;

(E) The delivery schedule;

(F) Packaging and marking requirements for provisioned items; and

(G) Requirements for provisioning screening.

(vi) "Provisioning technical documentation" means the data needed for the identification, selection, determination of initial requirements, and cataloging of support items to be acquired through the provisioning process. It includes such things as provisioning lists and logistics support analysis summaries. Descriptive data such as drawings and photographs are referred to as "supplementary provisioning technical documentation."

(2) *Contractual provisions*. Contracts containing provisioning requirements shall—

(i) List the provisioning functions to be performed and who will perform them;

(ii) Include a provisioning requirements statement or specify a time limit for its incorporation into the contract by modification (revisions to the provisioning requirements statement shall also be incorporated by contract modification);

(iii) Include on the DD Form 1423, Contract Data Requirements List, a schedule for delivery of provisioning technical documentation, or provide for the schedule to be incorporated later by contract modification;

(iv) Require flowdown of the appropriate provisioning technical documentation requirement when the subcontractor prepares the documentation;

(v) Specify any applicable procedures for interim release by the contractor of long lead time items, and include ordering and funding instructions for such items. As a minimum, the instructions shall require the contractor to advise the contracting officer or provisioning activity at least 30 days before release of the items, their estimated costs, and the effective date of release;

(vi) Specify the activity designated to issue provisioned items orders, i.e., contracting officer, provisioning activity, or administrative contracting officer. When it is expected that more than one activity will place provisioned items orders against the contract, state the requirements for provisioned items of each activity as separate contract line items;

(vii) Provide a definitization schedule (normally 120 days after receipt of the contractor's proposal) and a timeframe for the contractor to furnish price proposals for provisioned items orders (normally 60 days after order issuance);

(viii) Specify exhibit identifiers applicable to the contract line/subline items; and

(ix) Include procedures for processing changes (including cancellations) in quantities of items ordered.

(3) *Issuance of provisioned items orders*.

(i) Use the Standard Form 30, Amendment of Solicitation/Modification of Contract, to—

(A) Issue provisioned items orders;

(B) Decrease or cancel quantities of items ordered; and

(C) Cover the contractor's interim release of long lead items when the contracting officer approves the release (if the release is not approved, the contracting officer shall notify the contractor to cancel the items).

(ii) Include in Block 14 of the Standard Form 30—

(A) The term PROVISIONED ITEMS ORDER in capital letters and underlined; and

(B) The appropriate exhibit identifier(s) for all attached exhibits.

(iii) Obligate funds to cover the estimated price of the items being ordered. Show individual estimated prices for each exhibit line item on the accounting and payment office copies.

(iv) Distribution is the same as for the basic contract (see FAR Subpart 4.2). However, if the exhibits are voluminous, the contracting officer may restrict distribution of the exhibits to the contract administration office.

(v) See DFARS Subpart 217.74 for additional guidance and limitations on the use of undefinitized contract actions.

(4) *Provisioning conferences.* When requested by the contracting officer or provisioning activity, the contract administration office shall assist the contracting officer or provisioning activity in scheduling and determining the types of provisioning conferences required, e.g., guidance meetings, long lead time items conferences, source coding meetings.

(5) *Contract administration office monitoring*.

The contract administration office (CAO) shall monitor contracts containing provisioning requirements. As a minimum the CAO shall—

(i) Ensure that the contractor understands the provisioning requirements;

(ii) Review contractor progress in the preparation of provisioning technical documentation and, if requested by the contracting officer or provisioning activity, inspect it for format and content;

(iii) Ensure the prime contractor flows down provisioning requirements to any subcontractor charged with preparation of documentation;

(iv) Advise the contracting office or provisioning activity of delays in delivery of provisioning technical documentation or other related problems (see FAR Subpart 42.11);

(v) Ensure contractor compliance with contract requirements concerning the assignment of national stock numbers; and

(vi) Ensure that the contractor complies with contractual criteria for release of long lead time items.

(6) *Negotiating and executing supplemental agreements*.

(i) The administrative contracting officer (ACO) shall definitize provisioned items orders within the prescribed schedule.

(ii) If the provisioned items order does not contain a delivery date, or the contractor cannot meet the date, the ACO shall coordinate the negotiated schedule with the contracting officer or provisioning activity before execution of the supplemental agreement.

(iii) The ACO shall maintain records of provisioned items orders showing—

(A) The adequacy of obligated funds;

(B) Due dates for price proposals; and

(C) Actions taken to obtain additional funds or to deobligate excess funds.

(Added May 12, 2006)

PGI 217.77—OVER AND ABOVE WORK

PGI 217.7701 Procedures.

(1) Contracts for the performance of maintenance, overhaul, modification, and repair of various items (e.g., aircraft, engines, ground support equipment, ships) generally contain over and above work requirements. When they do, the contracting officer shall establish a separate contract line item for the over and above work.

(2) Over and above requirements task the contractor to identify needed repairs and recommend corrective action during contract performance. The contractor submits a work request to identify the over and above work and, as appropriate, the Government authorizes the contractor to proceed.

(3) The clause at DFARS 252.217-7028, Over and Above Work, requires the contractor and the contracting officer responsible for administering the contract to negotiate specific procedures for Government administration and contractor performance of over and above work requests.

(4) The contracting officer may issue a blanket work request authorization describing the manner in which individual over and above work requests will be administered and setting forth a dollar limitation for all over and above work under the contract. The blanket work request authorization may be in the form of a letter or contract modification (Standard Form 30).

(5) Over and above work requests are within the scope of the contract. Therefore, procedures in DFARS Subpart 217.74, Undefinitized Contractual Actions, do not apply.

(6) To the maximum extent practical, over and above work shall be negotiated prior to performance of the work.

(Revised June 26, 2015)

PGI 218.2—EMERGENCY ACQUISITION FLEXIBILITIES

PGI 218.272 Use of electronic business tools.

(a) Use of electronic business (e-business) acquisition tools greatly enhances the efficacy of the contracting process in a contingency business environment (CBE). The CBE involves specific tools, policies, roles and responsibilities, and processes necessary to streamline delivery of goods and services to the end user and to implement an e-business program with the capabilities necessary to support an end-to-end electronic acquisition process in order to quickly obtain goods and services for the warfighter in an operational area. For information and procedures to effectively utilize CBE e-business tools, and additional policy references supporting use of the e-business tools, see the DoD CBE Guidebook at http://www.acq.osd.mil/dpap/pacc/cc/docs/CBE_Guidebook.docx.

(b) Use of the following CBE e-business tools is mandatory when supporting a contingency or humanitarian or peacekeeping operation as defined in FAR 2.101:

(1) The 3in1 Tool. The 3in1 Tool automates the field order, receipt, and purchase processes previously executed manually using the paper Standard Form (SF) 44. The 3in1 handheld device records and transmits cash and carry type purchases and payment data to the prime database for remote reconciliation and review, when conducting on-the-spot, over-the-counter field purchases where use of the Government Purchase Card is appropriate, but not feasible. The 3in1 database may be accessed on the Joint Contingency Contracting Systems (JCCS) website at https://www.jccs.gov/olvr/.

(2) The Acquisition Cross-Servicing Agreements (ACSA) Global Automated Tracking and Reporting System (AGATRS). AGATRS is an automated tool that tracks and provides visibility into worldwide ACSAs that may satisfy a requirement through support from the host nation or other nations supporting the contingency. ACSA transactions that are used in support of contingency or humanitarian or peacekeeping operations are required to be documented and tracked in AGATRS as required by the Chairman of the Joint Chiefs of Staff Instruction 2120.01C, Acquisition Cross Servicing Agreements (http://dtic.mil/cjcs_directives/cdata/unlimit/2120_01.pdf). AGATRS is accessible on the JCCS website at https://www.jccs.gov/olvr.

(c) No other electronic tools may be used to fulfill the same capabilities as 3in1 and AGATRS.

(d) See PGI 225.370(a)(ii) regarding use of the Theater Business Clearance CBE e-business tool.

(Revised November 13, 2014)

PGI 219.2—POLICIES

PGI 219.201 General policy.

(c)(10)*(1)* Agencies are not precluded from requiring that actions over $10,000, but under $150,000, that are totally set aside for small business be reviewed by the small business specialist. One example of when an agency may choose to require this review is when the agency determines that such a review is necessary to assist contracting officers in identifying opportunities for other small business set-aside programs (e.g., HUBZone, service-disabled veteran-owned, small disadvantaged business, women-owned small business) in order to meet small business goals.

(2) Modifications that increase the scope of the contract, or the order under a Federal Supply Schedule contract, should be reviewed by the small business specialist. At a minimum, these actions might impact the small business subcontracting plan. However, funding modifications or modifications that do not increase the scope of the contract generally should not be reviewed, because the value that a small business specialist review would add in these instances would be minimal compared to the resources that would be expended.

(d) Contracting and contract administration activities appoint small business specialists as directed by DoDD 4205.1, DoD Office of Small Business Programs. Specialists—

(i) Report directly and are responsible only to their appointing authority;

(ii) Make sure that the contracting activity takes the necessary actions to implement small business and labor surplus area programs;

(iii) Advise and assist contracting, program manager, and requirements personnel on all matters that affect small businesses and labor surplus area concerns;

(iv) Aid, counsel, and assist small businesses by providing—

(A) Advice concerning acquisition procedures;

(B) Information regarding proposed acquisitions; and

(C) Instructions on preparation of proposals in the interpretation of standard clauses, representations, and certifications;

(v) Maintain an outreach program (including participation in Government-industry conferences and regional interagency small business councils) designed to locate and

develop information on the technical competence of small businesses, service-disabled veteran-owned small businesses, HUBZone small business, small disadvantaged businesses, and women-owned small businesses;

(vi) Ensure that financial assistance, available under existing regulations, is offered and also assist small businesses in obtaining payments under their contracts, late payments, interest penalties, or information on contract payment provisions;

(vii) Provide assistance to contracting officers in determining the need for and the acceptability of subcontracting plans and assist administrative contracting officers (see DFARS 219.706(a)(ii)) in evaluating, monitoring, reviewing, and documenting contract performance to determine compliance with subcontracting plans; and

(viii) Recommend to the appointing authority the activity's small and disadvantaged business program goals, including goal assignments to subordinate contracting offices; monitor the activity's performance against these goals; and recommend action to correct reporting errors/deficiencies.

PGI 219.3—DETERMINATION OF SMALL BUSINESS STATUS FOR SMALL BUSINESS PROGRAMS

No Current PGI Text.

(Revised August 12, 2008)

PGI 219.6—CERTIFICATES OF COMPETENCY

PGI 219.602 Procedures.

PGI 219.602-1 Referral.

When making a nonresponsibility determination on a small business concern, the contracting officer shall notify the contracting activity's small business specialist.

PGI 219.602-3 Resolving differences between the agency and the Small Business Administration.

(a)(3)(A) If the contracting officer believes the agency should appeal, the contracting officer shall immediately inform the departmental director of the Office of Small Business Programs and shall send the director, through departmental channels—

(1) A request for appeal, summarizing the issues. The request must be sent to arrive within 5 working days after receipt of the SBA Headquarters' written position; and

(2) An appeal file, documenting the contracting activity's position. The file must be sent to arrive within 5 working days after transmission of the request.

(B) The departmental director will determine whether the agency will appeal and will notify the SBA of the agency's intent.

(Revised March 31, 2011)

PGI 219.7—THE SMALL BUSINESS SUBCONTRACTING PROGRAM

PGI 219.702 Statutory requirements

(i) The test program—

(A) Will be conducted—

(1) From October 1, 1990, through December 31, 2011;

(2) In accordance with the DoD test plan, “Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans”; and

(3) By the military departments and defense agencies through specifically designated contracting activities; and

(B) Permits contractors selected for participation in the test program by the designated contracting activities to—

(1) Negotiate plant, division, or company-wide comprehensive subcontracting plans instead of individual contract subcontracting plans; and

(2) Use the comprehensive plans when performing any DoD contract or subcontract that requires a subcontracting plan.

(ii) During the test period, comprehensive subcontracting plans will be—

(A) Negotiated on an annual basis by the designated contracting activities;

(B) Incorporated by the contractors' cognizant contract administration activity into all of the participating contractors' active DoD contracts that require a plan; and

(C) Accepted for use by contractors participating in the test, whether performing at the prime or subcontract level.

(Added April 26, 2007)

PGI 219.8—CONTRACTING WITH THE SMALL BUSINESS ADMINISTRATION (THE 8(a) PROGRAM)

PGI 219.800 General.

A copy of the Partnership Agreement (PA) between DoD and the Small Business Administration (SBA) is available here [See Attachment].

PGI 219.803 Selecting acquisitions for the 8(a) Program.

(1) Contracting activities should respond to SBA requests for contract support within 30 calendar days after receipt.

(2) Before considering a small business set-aside, review the acquisition for offering under the 8(a) Program.

PGI 219.804 Evaluation, offering, and acceptance.

PGI 219.804-2 Agency offering.

(1) For requirements processed under the PA cited in DFARS 219.800 (but see paragraph (2) of this subsection for procedures related to purchase orders that do not exceed the simplified acquisition threshold), the notification to the SBA shall clearly indicate that the requirement is being processed under the PA. All notifications should be submitted in writing, using facsimile or electronic mail, when possible, and shall specify that—

(i) Under the PA, an SBA acceptance or rejection of the offering is required within 5 working days of receipt of the offering; and

(ii)(A) For sole source requirements, an SBA acceptance shall include a size verification and a determination of the 8(a) firm's program eligibility, and, upon acceptance, the contracting officer will solicit a proposal, conduct negotiations, and make award directly to the 8(a) firm; or

(B) For competitive requirements, upon acceptance, the contracting officer will solicit offers, conduct source selection, and, upon receipt of an eligibility verification, award a contract directly to the selected 8(a) firm.

(2) Under the PA cited in DFARS 219.800, no separate agency offering or SBA acceptance is needed for requirements that are issued under purchase orders that do not exceed the simplified acquisition threshold. After an 8(a) contractor has been identified, the

contracting officer shall establish the prices, terms, and conditions with the 8(a) contractor and shall prepare a purchase order consistent with the procedures in FAR Part 13 and DFARS Part 213, including the applicable clauses required by DFARS Subpart 219.8. No later than the day that the purchase order is provided to the 8(a) contractor, the contracting officer shall provide to the cognizant SBA Business Opportunity Specialist, using facsimile, electronic mail, or any other means acceptable to the SBA district office—

(i) A copy of the signed purchase order; and

(ii) A notice stating that the purchase order is being processed under the PA. The notice also shall indicate that the 8(a) contractor will be deemed eligible for award and will automatically begin work under the purchase order unless, within 2 working days after SBA's receipt of the purchase order, the 8(a) contractor and the contracting officer are notified that the 8(a) contractor is ineligible for award.

(3) The notification to SBA shall identify any joint venture proposed for performance of the contract. SBA shall approve a joint venture before award of an 8(a) contract involving the joint venture.

(4) For competitive requirements for construction to be performed overseas, submit the notification to SBA Headquarters.

PGI 219.804-3 SBA acceptance.

For requirements processed under the PA cited in DFARS 219.800, SBA's acceptance is required within 5 working days (but see PGI 219.804-2(2) for purchase orders that do not exceed the simplified acquisition threshold).

PGI 219.805 Competitive 8(a).

PGI 219.805-2 Procedures.

For requirements processed under the PA cited in DFARS 219.800—

(1) For sealed bid and negotiated acquisitions, the SBA will determine the eligibility of the firms and will advise the contracting officer within 2 working days after its receipt of a request for an eligibility determination; and

(2) For negotiated acquisitions, the contracting officer may submit a request for an eligibility determination on all firms in the competitive range if discussions are to be conducted, or on all firms with a realistic chance of award if no discussions are to be conducted.

PGI 219.808 Contract negotiations.

PGI 219.808-1 Sole source.

For requirements processed under the PA cited in DFARS 219.800—

(1) The agency may negotiate directly with the 8(a) contractor. The contracting officer is responsible for initiating negotiations;

(2) The 8(a) contractor is responsible for negotiating within the time established by the contracting officer;

(3) If the 8(a) contractor does not negotiate within the established time and the agency cannot allow additional time, the contracting officer may, after notifying the SBA, proceed with the acquisition from other sources;

(4) If requested by the 8(a) contractor, the SBA may participate in negotiations; and

(5) SBA approval of the contract is not required.

PGI 219.811 Preparing the contracts.

PGI 219.811-1 Sole source.

(1) Awards under the PA cited in DFARS 219.800 may be made directly to the 8(a) contractor and, except as provided in paragraph (2) of this subsection and in DFARS 219.811-3, award documents shall be prepared in accordance with procedures established for non-8(a) contracts, using any otherwise authorized award forms. The “Issued by” block shall identify the awarding DoD contracting office. The contractor’s name and address shall be that of the 8(a) participant.

(2) Use the following alternative procedures for direct awards made under the PA cited in DFARS 219.800:

(i) Cite 10 U.S.C. 2304(c)(5) as the authority for use of other than full and open competition.

(ii) Include the clause at DFARS 252.219-7009, Section 8(a) Direct Award, in accordance with the prescription at DFARS 219.811-3(1). Identify the cognizant SBA district office for the 8(a) contractor.

(iii) No SBA contract number is required.

(iv) Do not require an SBA signature on the award document.

PGI 219.811-2 Competitive.

Awards made under the PA cited in DFARS 219.800 shall be prepared in accordance with the procedures in PGI 219.811-1.

PARTNERSHIP AGREEMENT
Between
The U.S. Small Business Administration
And
The U.S. Department of Defense

Sections 7(j) and 8(a) of the Small Business Act (the Act) (15 U.S.C. §§ 636 (j) and 63 7(a)) authorize the U. S. Small Business Administration (SBA) to establish a business development program, which is known as the 8(a) Business Development (BD) Program. The 8(a) BD program promotes the development of small business concerns owned and controlled by socially and economically disadvantaged individuals so that such concerns can compete in the mainstream of the American economy. (15 U.S.C. § 631(f)(2)). Small business development is accomplished by providing various forms of management, technical, financial and procurement assistance. Additionally, pursuant to section 8(a) of the Act, SBA is authorized to enter into all types of contracts with other Federal agencies and to subcontract the performance of these contracts to qualified Participants in the 8(a) BD Program.

I. PURPOSE

The purpose of this Partnership Agreement (PA) between SBA and The U.S. Department of Defense is to delegate SBA's contract execution functions to The U.S. Department of Defense per the requirements of 13 C.F.R. § 124.501. The PA sets forth the delegation of authority and establishes the basic procedures for expediting the award of 8(a) contract requirements. This PA replaces all terms and conditions of any previously executed Memorandum of Understanding (MOU) or PA with The U.S. Department of Defense or subordinate agencies on the issue of expediting the award of requirements pursuant to Section 8(a) of the Act.

Failure to sign this PA will require The U.S. Department of Defense to utilize the prescribed processes to contract with the SBA as stated in the Federal Acquisition Regulation (FAR) Subpart 19.8.

II. OBJECTIVES

A. To delineate the responsibilities as they relate to the oversight, monitoring and compliance with procurement laws and regulations governing 8(a) contracts between SBA and The U.S. Department of Defense;
B. To establish the procedures for offer and acceptance between SBA and The U.S. Department of Defense;
C. To establish that SBA will respond to an offering letter within five *(5)* working days if the contract is valued at more than the simplified acquisition threshold and within two days of receipt if the contract is valued at or below the simplified acquisition thresholds. See 13 C.F.R. §124.503(a)(3);

D. To emphasize that although SBA delegates the authority to sign contracts on its behalf, it remains the prime contractor on all 8(a) contracts awards, modifications, options and purchase orders, and receive copies of all contracts and subsequent modifications;
E. To eliminate SBA's review of contracts and purchase orders executed under the authority of this PA; and
F. To establish uniform policies and procedures regarding application of contracts and purchase orders to the 8(a) contracting process.

III. SCOPE

The PA provides for the award of contracts, modifications, options and purchase orders under the provisions of Section 8(a) of the Act as implemented by the FAR Subpart 19.8 and SBA's 8(a) BD program regulations found at 13 C.F.R. § 124, (Subpart A).

The PA encompasses all competitive and non-competitive acquisitions of requirements offered by The U.S. Department of Defense contracting offices and accepted by SBA for the 8(a) BD program.

The PA applies to all SBA offices and all The U.S. Department of Defense contracting offices, as defined in FAR § 2.101 and deemed appropriate by the head of the agency, as defined in FAR § 2.101, for The U.S. Department of Defense.

IV. RESPONSIBILITIES

A. SBA's Responsibilities.

SBA

1. delegates to The U.S. Department of Defense for re-delegation to all warranted The U.S. Department of Defense contracting officers, its authority under section 8(a)(1)(A) of the Act to enter into 8(a) prime contracts, and its authority under section 8(a)(1)(B) of the Act to arrange for the performance of such procurement contracts by eligible 8(a) Participants. In accordance with 13 C.F.R. §124.501(a), SBA delegates its 8(a) contract execution function. SBA remains the prime contractor on all 8(a) contracts and the 8(a) Participant remains the SBA's subcontractor;

2. will implement its responsibilities under this PA through uniform procedures for use by all SBA offices;

3. will provide training for The U.S. Department of Defense contracting officers and small business specialists, on the SBA's 8(a) BD program and various aspects of the PA.

4. shall review The U.S. Department of Defense' offering letters, issue acceptance or rejection letters, and make eligibility determinations for award;

(a) Sole Source Procurements.

i. SBA will issue either an acceptance letter or rejection letter within five (5) working days of receipt of an offering letter, unless the District Office requests and the procuring activity agree to an extension of time.
ii. Absent a notification of rejection within five (5) working days of receipt of the offer, acceptance may be assumed on the sixth (6th) working day unless an extension has been requested and accepted.
iii. Acceptance shall include a size verification and determination with respect to all elements of eligibility (i.e., determinations of adverse impact, North American Industry Classification System (NAICS) code appropriateness and program eligibility). See citations found at 13 C.F.R. §124.504(c);

(b) Competitive Acquisitions.

i. SBA will issue an acceptance letter or rejection letter within five (5) working days of receipt of an offering letter, unless the District Office requests and the procuring activity agree to an extension of time.
ii. Absent notification of rejection within five (5) working days of receipt of the offer, acceptance may be assumed on the sixth (6th) working day.
iii Where SBA does not respond with a notification of rejection the contracting officer may seek SBA's acceptance through the Associate Administrator, Office of Business Development (AA/BD) If the contracting officer does not receive a reply from the AA/BD within five (5) working days of the AA/BD's receipt of the offer, the contracting officer may assume acceptance on the sixth (6th) working day.
iv. Within five (5) working days after a request from the contracting officer, SBA shall issue an eligibility determination for the apparent successful offer, as prescribed by SBA's regulations at 13 C.F.R. §124.507(b).
v. For negotiated competitive procurements, following the written request of the procuring activity contracting officer, the SBA will provide an eligibility determination for the apparent successful offeror.

(c) Acquisitions Valued at or Below the Simplified Acquisition Threshold.

i. No offering or acceptance letter is required for requirements accordance with the delegation of authority.
ii. SBA will review the program eligibility of the 8(a) Participant within two (2) working days after a request from the contracting officer.

iii. Absent a notification that the selected 8(a) Participant is ineligible for the award within two (2) working days, the procuring agency may assume the 8(a) Participant is eligible and proceed with award, as prescribed by SBA's regulations at 13 C.F.R. § 124.503(a)(4)(i).

iv. The procuring agency must notify SBA of these 8(a) awards under this authority. See 13 C.F.R. §124.503(a)(4)(ii).

5. shall review and approve all proposed joint venture agreements involving 8(a) Participants before 8(a) contract award;

6. may provide 8(a) Participants with contract negotiation assistance or direct them to appropriate resources where they can obtain technical assistance in contract negotiations when requested by either the 8(a) Participant or The U.S. Department of Defense contracting officer;

7. shall retain its appeal authority in accordance with FAR §19.8 10;

8. shall retain the right to perform on-site agency reviews to ensure contract compliance;

9. may identify a requirement for an 8(a) Participant for a possible award. SBA will submit capability statements to the appropriate procuring activities for the purpose of matching requirements consistent with the 8(a) Participant's capability;

10. shall retain the responsibility for ensuring that 8(a) Participants comply with all applicable provisions relating to continuing eligibility for 8(a) BD Program participation per 13 C.F.R. §124.112.

11. shall select an appropriate 8(a) Participant when The U.S. Department of Defense submits an open offering letter for a sole source requirement.

B. Responsibilities of the U.S. Department of Defense

The U.S. Department of Defense

1. shall receive and retain SBA's delegation of contract execution and review functions by reporting all 8(a) contract awards, modifications, options and purchase orders to SBA until such time as the agreement expires or is terminated;

2. shall adhere to all provisions of contractual assistance identified in 13 C.F.R.. §§124.501 through 124.520; as well as the applicable provisions of FAR Subpart 19.8;

3. shall determine which requirements are suitable for offering to the 8(a) BD program in accordance with FAR, Subpart 19.8, and, where appropriate, identify in conjunction with the appropriate SBA servicing office, 8(a) Participants capable of performing these requirements;

4. shall retain responsibility for compliance with the limitations on subcontracting requirement and all applicable provisions of FAR §52.219-14 and any The U.S. Department of Defense regulations;

5. shall include provisions in all contract awards, modifications, options and purchase orders awarded or issued under the 8(a) BD Program that require Program Participants to comply with the Subcontracting Limitations, and shall conduct and document an assessment at the time of contract award of the Participant's ability to comply with the Subcontracting Limitations.

6. shall provide a copy of any signed contract, as defined in FAR §2.101, including modifications, options and purchase orders executed under this PA to the SBA servicing district office within 1 5 working days of the date of award;

7. shall inform contracting officers and other warranted officials and their equivalents who are awarding 8(a) contracts of their responsibilities concerning this agreement;

8. shall ensure that contracting officers and other warranted officials and their equivalents obtain training on their obligations under this PA and the subcontracting limitations of FAR §52.219-14 and 13 C.F.R. §§124.510 and 125.6.

9. shall include monitoring and oversight provisions for all contract awards, modifications, options and purchase orders to ensure that all contracts comply with the performance requirements (Limitations on Subcontracting) of FAR §52.219-14 and 13 C.F.R. §124.5 10 and §125.6;

10. shall request an eligibility determination from SBA's district office responsible for servicing the selected 8(a) Participant when an 8(a) Participant has been identified on all simplified acquisitions valued at or below the simplified acquisition threshold.

11. For purchase orders under the simplified acquisition threshold, shall request an eligibility determination from SBA's district office responsible for servicing the selected 8(a) Participant by providing a signed purchase order with a notification to delay performance clause (DFARS 252.219-7011) notifying the 8(a) Participant that performance of the purchase order may begin on the third working day following receipt of the purchase order absent a determination of ineligibility by SBA. See FAR 19.804-2;

12. shall submit the offering letter for sole source requirements exceeding the simplified acquisition threshold to SBA's district office responsible for servicing the selected 8(a) Participant when the 8(a) Participant has been identified.

13. shall submit an open offering letter for sole source requirements to the SBA district office that services the geographical area where The U.S. Department of Defense' procuring activity is located, when The U.S. Department of Defense has not identified a specific 8(a) Participant for a requirement. See FAR 19.804-2;

14. shall submit the offering letter for competitive 8(a) requirements to the SBA district office that services the geographical area where The U.S. Department of Defense' contracting activity is located. Exceptions: all offering letters for construction work will be sent to the SBA district office located in the geographical area where the work will be performed, or, in the case of construction contracts to be performed overseas, the offering letter shall be submitted to SBA's Headquarters. See FAR 19.804-2;

15. shall request an eligibility determination prior to final award in all 8(a) competitive acquisitions. The eligibility determination requests shall be sent to the SBA offices servicing those firms in the competitive range;

16. shall ensure that all contracts awarded pursuant to this PA contain provisions that require:

    (a) SBA's approval of novation agreements submitted by the 8(a) Participant; and

    (b) advance notice to SBA (as the prime contractor) prior to issuance of a final notice terminating the contract in whole or in part;

17. shall ensure that all NAICS codes for all 8(a) contracts are applied in~ accordance with FAR §19.102;

18. shall add language to every contract stating that, even though SBA may not be identified in section A of the contract, it is still the prime contractor on the

contract;

19. shall provide all proposed 8(a) joint ventures to SBA for approval before 8(a) contract(s) award;

20. cannot count contract dollars as 8(a) unless the procurement requirement was offered and accepted into the 8(a) BD Program by SBA. See 13 C.F.R. § 124.503(i).

21. A contracting officer shall notify SBA in writing of their request to release a requirement from the 8(a) BD program. The written notification should be sent to the cognizant SBA district office serving the geographical area in which the procuring agency is located. The contracting officer shall include the reason(s) for the request, the procurement history of the requirement, the incumbent name, the assigned NAICS code and the Statement of Work. No later than three to five working days from the receipt date of the contracting officer's request, the AA/BD will provide its decision in writing to the contracting officer The final decision rests with the AA/BD.

    If, in the interests of national security, it is necessary to award a contract to a firm that is not an 8(a) BD participant, the head of the contracting activity shall provide a written determination to the SBA AA/BD, documenting the urgent and compelling reasons for doing so.

22. shall provide SBA with access to all non-classified information in contract files so that SBA can perform on-site agency reviews to ensure that procuring agencies are complying with the terms and conditions of this agreement.

V. CONTRACT EXECUTION

The U.S. Department of Defense' contracting officer may make direct award of a contract to the 8(a) Participant, but only after the requirement has been offered to and accepted by SBA. Acquisitions valued at or below the simplified acquisition threshold, as defined in FAR §2.101, and per 13 C.F.R. §124.503(a)(4)(ii), require no offer or acceptance letter; however, j~ a program eligibility determination of the selected 8(a) Participant from SBA is required; and (b) the procuring activity must notify SBA of all 8(a) awards made under this authority, per 13 C.F.R. §124.503(a)(4)(ii). Contract execution shall be on the appropriate form as specified in FAR or by The U.S. Department of Defense regulation. The "Issued by" block shall identify the awarding The U.S. Department of Defense' office. The SBA district office for the 8(a) Participant shall be identified in the award document. The 8(a) Participant's name and address shall be listed as the contractor. The U.S. Department of Defense' contracting activities are responsible for issuing procurement instrument identification numbers. SBA will not issue subcontract numbers.

VI. TERM

This PA will take effect as soon as SBA and The U.S. Department of Defense have signed it. It will remain in effect until September 30, 2012.

VII. AMENDMENT

This PA may be amended, in writing, at any time by mutual agreement of the parties.

VIII. TERMINATION

Either SBA or The U.S. Department of Defense may terminate this PA upon 30 calendar days advance written notice to the other party.

IX. CONDITIONS

A. Contracts that have not been offered to and accepted by the SBA into the 8(a) BD Program cannot be reported by the U.S. Department of Defense as having been awarded under the 8(a) BD Program.

B. SBA reserves the right to suspend or rescind the authority of this PA with The U.S. Department of Defense for failure to submit copies to SBA of award and modification documents within 15 working days of award, failure to adequately monitor 8(a) contract compliance requirements, or if the U.S. Department of Defense otherwise fails to follow the terms of this PA.

C. SBA has the right to conduct periodic compliance on-site agency reviews of the files of all contracts awarded pursuant to Section 8(a) authority and this Agreement. The delegated authority may be rescinded when on-site agency review findings indicate a pattern failure to comply with 8(a) program regulations that govern award and administration of such contracts.

X. ADMINISTRATION

For The U.S. Department of Defense:

Linda Oliver
Acting Director,
Office of Small Business Programs
201 12th Street South
Suite 406
Arlington, VA 22202
703-604-0157x151

For SBA:

Sheila D. Thomas
Director, Office of Program Review
Office of Business Development
409 Third Street, SW, 8th Floor
Washington, DC 20416
202-205-6613
202-481-5567 (fax)

XI. ACCEPTANCE

Authorized by and on behalf of their respective agencies, the undersigned parties hereby accept the terms and conditions of this agreement.

For:

The U.S. Department of Defense

Linda B. Oliver Dec. 17, 2009

Linda B. Oliver Date
Office of Small Business Programs

For:

SBA

for 12/17/09

Joseph G. Jordan Date
Associate Administrator for
Government Contracting and
Business Development

12/18/09

Mina A. Wales Date
Director
Office of Strategic Alliances

(Revised September 21, 2015)

PGI 222.1—BASIC LABOR POLICIES

PGI 222.101 Labor relations.

PGI 222.101-1 General.

The contracting officer shall obtain approval from the labor advisor before—

(1) Contacting a national office of a labor organization, a Government agency headquarters, or any other organization on labor relations matters or disputes; or

(2) Making recommendations for plant seizure or injunctive action relating to potential or actual work stoppages.

PGI 222.101-3 Reporting labor disputes.

The contract administration office shall—

(1) Notify the labor advisor, the contracting officer, and the head of the contracting activity when interference is likely; and

(2) Disseminate information on labor disputes in accordance with departmental procedures.

PGI 222.101-3-70 Impact of labor disputes on defense programs.

(a) If the dispute involves a product, project (including construction), or service that must be obtained in order to meet schedules for urgently needed military programs or requirements, each department and agency shall consider the degree of impact of potential or actual labor disputes, and each contracting activity involved shall obtain and develop data reflecting the impact of a labor dispute. Upon determining the impact, the head of the contracting activity shall submit a report of findings and recommendations to the labor advisor.

(b)(i) The report to the labor advisor must be in narrative form and must include—

(A) Location of dispute and name of contractor or subcontractor involved;

(B) A description of the impact, including how the specific items or services affect the specific programs or requirements;

(C) Identity of alternate sources available to furnish the supply or service within the time required; and

(D) A description of any action taken to reduce the impact.

(ii) The head of the contracting activity shall submit impact reports to the agency head when—

(A) Specifically requested; or

(B) The department or agency considers the impact to be of sufficient urgency to warrant the attention of the agency head.

(iii) The labor advisor will expand the report submitted under paragraph (b)(ii) of this subsection by addressing the following, as appropriate:

(A) *Description of military program, project, or service*. Identify item, project, or service that will be or is being affected by the work stoppage. Describe its normal use and current functions in combat, combat support, or deterrent operations. For components or raw materials, identify the end item(s) for which they are used.

(B) *Requirements and assets*. Identify requirements and assets in appropriate detail in terms commonly used by the DoD component.

(1) For production programs, include requirements for each using military service. Where applicable, state in detail production schedule, inventory objectives, assets against these objectives, and critical shortages. For spares and highly expendable items, such as ground and air ammunition, show usage (consumption) rates and assets in absolute terms and in terms of daily, weekly, or monthly supplies. For components, include requirements for spares.

(2) For projects, describe the potential adverse effects of a delay in meeting schedules, and its impact on the national security.

(3) For services, describe how a loss or interruption affects the ability to support Defense operations in terms of traffic requirements, assets, testing programs, etc.

(C) *Possible measures to minimize strike impact*. Describe—

(1) Capabilities, if any, to substitute items or to use alternate sources and indicate the number of other facilities available and the relative capabilities of such facilities in meeting total requirements;

(2) How much time would be required to replace the loss of the facilities or service affected by a work stoppage; and

(3) The feasibility of transferring assets from theater to theater to relieve deficits in some areas of urgency.

(D) *Conclusion*.

(1) Describe the impact on operations of a 15-30, 30-60, and a 60-90 day work stoppage.

(2) Project the degree of criticality of a program, project, or service resulting from a work stoppage on a calendar basis, indicating the increased impact, if any, as the stoppage lengthens. Criticality is measured by the number of days required for the work stoppage to have an effect on operational capability. This time must be stated in terms of days.

PGI 222.101-4 Removal of items from contractors' facilities affected by work stoppages.

(a)(ii) Include the following information in the request:

(1) Contract number.

(2) A statement as to the urgency and criticality of the item needed.

(3) A description of the items to be moved (nature of the item, amount, approximate weight and cubic feet, item number, etc.).

(4) Mode of transportation by which the items are to be moved, if different than in the contract, and whether by Government or commercial bill of lading.

(5) Destination of the material, if different from that specified in the contract.

(Revised June 15, 2012)

PGI 222.4--LABOR STANDARDS FOR CONTRACTS INVOLVING CONSTRUCTION

PGI 222.404 Construction Wage Rate Requirements statute wage determinations.

PGI 222.404-2 General requirements.

(c)(5) Clarification concerning the proper application of wage rate schedules to the type or types of construction involved shall be obtained from—

(A) For the Army - The appropriate district commander, Corps of Engineers.

(B) For the Navy - The cognizant Naval Facilities Engineering Command division.

(C) For the Air Force - The appropriate Regional Industrial Relations Office.

PGI 222.406 Administration and enforcement.

PGI 222.406-8 Investigations.

(a) Under Reorganization Plan No. 14 of 1950, contracting agencies are tasked with the primary responsibility for the conduct of labor standards compliance activities for construction contracts subject to the Construction Wage Rate Requirements statute. When such compliance assurance activities disclose potential violations that are substantial in amount (wage underpayments in excess of $1,000) or when requested by the Department of Labor, the contracting officer or a designee should take the following steps to ensure compliance with the investigative requirements of the Department of Labor:

(i) *Beginning of the investigation*. The investigator shall—

(A) Inform the contractor of the investigation in advance;

(B) Verify the exact legal name of the contractor, its address, and the names and titles of its principal officers;

(C) Outline the general scope of the investigation, including the examination of pertinent records and the interview of employees;

(D) Inform the contractor that the names of the employees to be interviewed will not be divulged to the contractor; and

(E) When requested, provide a letter from the contracting officer verifying the investigator's authority.

(ii) *Conduct of the investigation*. Labor standards investigations are comprised of the following essential components:

(A) Review of the contract.

(1) Verify that all required labor standards and clauses and wage determinations are included in the contract.

(2) Review the following items in the contract file, if applicable:

(i) List of subcontractors.

(ii) Payroll statements for the contractor and subcontractors.

(iii) Approvals of additional classifications.

(iv) Data regarding apprentices and trainees as required by FAR 22.406-4.

(v) Daily inspector's report or other inspection reports.

(vi) Employee interview statements.

(vii) Standard Form (SF) 1413, Statement and Acknowledgement.

(B) Interview of the complainant. If the investigation is based upon the receipt of a complaint, the investigator should interview the complainant unless this is impractical. The interview shall cover all aspects of the complaint to ensure that all pertinent information is obtained. Whenever an investigation does not include an interview of the complainant, explain such omission in the investigator's report.

(C) Interview of employees and former employees.

(1) Interview a sufficient number of employees or former employees, who represent all classifications, to develop information regarding the method and amount of payments, deductions, hours worked, and the type of work performed.

(2) Interview employees at the job site if the interviews can be conducted privately and in such a manner so as to cause the least inconvenience to the employer and employees.

(3) Former employees may be interviewed elsewhere.

(4) Do not disclose to any employee any information, finding, recommendation, or conclusion relating to the investigation except to the extent necessary to obtain required information.

(5) Do not disclose any employee's statement to anyone, except a Government representative working on the case, without the employee's written permission.

(6) Obtain information by mail when personal interviews are impractical.

(7) Use SF 1445, Labor Standards Interview, for employee interviews.

(8) Ask employees to sign their statements and to initial any changes.

(9) Provide an evaluation of each employee's credibility.

(D) Interview of foremen. Interview foremen to obtain information concerning the contractor's compliance with the labor standards provisions with respect to employees under the foreman's supervision and the correctness of the foreman's classification as a supervisory employee. All procedures established for the conduct of employee interviews, and the recording and use of information obtained, apply to foremen interviews.

(E) Interview of the contractor.

(1) Interview the contractor whenever the investigation indicates the possibility of a violation.

(2) Inform the contractor that—

(i) The interview does not mean that a violation has been found or that a requirement for corrective action exists; and

(ii) The purpose of the interview is to obtain only such data as the contractor may desire to present in connection with the investigation.

(3) Do not disclose the identity of any individual who filed a complaint or was interviewed.

(F) Review of contractor and subcontractor records.

(1) Review contractor and subcontractor records such as basic time cards, books, cancelled payroll checks, fringe benefits, and payment records. Compare them with submitted payrolls. When discrepancies are found, include pertinent excerpts or copies of

the records in the investigation report with a statement of the discrepancy and any explanation the investigator obtains. When wages include contributions or anticipated costs for fringe payments requiring approval of the Secretary of Labor, examine the contractor records to ensure such approval has been obtained and that any requirements specified in the approval have been met. (See FAR 22.406-2(a)(3).)

(2) Review contractor's and subcontractor's weekly payrolls and payroll statements for completeness and accuracy regarding the following:

(i) Identification of employees, payroll amount, the contract, contractor, subcontractor, and payroll period.

(ii) Inclusion of only job classifications and wage rates specified in the contract specifications, or otherwise established for the contract or subcontract.

(iii) Computation of daily and weekly hours.

(iv) Computation of time-and-one half for work in excess of 40 hours per week in accordance with FAR 22.406-2(c).

(v) Gross weekly wages.

(vi) Deductions.

(vii) Computation of net weekly wages paid to each employee.

(viii) Ratio of helpers, apprentices, and trainees to laborers and mechanics.

(ix) Apprenticeship and trainee registration and ratios.

(x) Computation of fringe benefits payments.

(3) Transcribe the contractor's records whenever they contain information at variance with payrolls or other submitted documents.

(i) Make the transcriptions in sufficient detail to permit them to be used to check computations of restitution and to determine amounts to be withheld from the contractor.

(ii) Follow the form used by the contractor.

(iii) Place comments or explanations concerning the transcriptions on separate memoranda or in the narrative report.

(*iv*) Determine whether the wage determination, any modifications of the determination, and any additional classifications are posted as required.

(iii) *Submission of the report of investigation*. The investigator shall submit a report of the investigation in accordance with agency procedures. Each report shall include at least—

(A) The basis for the investigation, including the name of the complainant;

(B) Names and addresses of prime contractors and subcontractors involved, and names and titles of their principal officers;

(C) Contract number, date, dollar value of prime contract, and date and number of wage determination included in the contract;

(D) Description of the contract and subcontract work involved;

(E) Summary of the findings with respect to each of the items listed in PGI 222.406-8(a)(ii);

(F) Concluding statement concerning—

(1) The types of violations, including the amount of kickbacks under the Copeland Act, underpayments of basic hourly rates and fringe benefits under the Wage Rate Requirements statute, or underpayments and liquidated damages under the Contract Work Hours and Safety Standards statute;

(2) Whether violations are considered to be willful or due to the negligence of the contractor or its agent;

(3) The amount of funds withheld from the contractor; and

(4) Other violations found; and

(G) Exhibits indexed and appropriately tabbed, including copies of the following, when applicable—

(1) Complaint letter;

(2) Contract wage determination;

(3) Preconstruction letter and memorandum of preconstruction conference;

(4) Payrolls and statements indicating violations;

(5) Transcripts of pertinent records of the contractor, and approvals of fringe benefit payments;

(6) Employee interview statements;

(7) Foreman interview statements;

(8) Statements of others interviewed, including Government personnel;

(9) Detailed computations showing kickbacks, underpayments, and liquidated damages;

(10) Summary of all payments due to each employee or to a fund plan or program, and liquidated damages; and

(11) Receipts and cancelled checks.

(d) *Contracting officer's report.* This report shall include at least--

(i) SF 1446, Labor Standards Investigation Summary Sheet;

(ii) Contracting officer's findings;

(iii) Statement as to the disposition of any contractor rebuttal to the findings;

(iv) Statement as to whether the contractor has accepted the findings and has paid any restitution or liquidated damages;

(v) Statement as to the disposition of funds available;

(vi) Recommendations as to disposition or further handling of the case (when appropriate, include recommendations as to the reduction, waiver, or assessment of liquidated damages, whether the contractor should be debarred, and whether the file should be referred for possible criminal prosecution); and

(vii) When applicable, the following exhibits:

(A) Investigator's report.

(B) Copy of the contractor's written rebuttal or a summary of the contractor's oral rebuttal of the contracting officer's findings.

(C) Copies of correspondence between the contractor and contracting officer, including a statement of specific violations found, corrective action requested, and the contractor's letter of acceptance or rejection.

(D) Evidence of the contractor's payment of restitution or liquidated damages (copies of receipts, cancelled checks, or supplemental payrolls).

(E) Letter from the contractor requesting relief from the liquidated damage provisions of the Contract Work Hours and Safety Standards statute.

(Revised April 26, 2007)

PGI 222.8--EQUAL EMPLOYMENT OPPORTUNITY

PGI 222.807 Exemptions.

(c) When seeking an exemption from the requirements of Executive Order 11246, submit the request with a justification through contracting channels to the labor advisor, who will forward the request to the agency head. If the request is submitted under FAR 22.807(a)(1), the agency head shall act on the request. If the exemption is granted, the agency head shall notify the Director, Office of Federal Contract Compliance Programs (OFCCP), of such action within 30 days. If the request is submitted under FAR 22.807(a)(2) or (b)(5), the agency head will forward it to the Director, OFCCP, for action.

(Revised April 26, 2007)

PGI 222.10--SERVICE CONTRACT ACT OF 1965, AS AMENDED

PGI 222.1008-1 Obtaining wage determinations.

(1) The contracting officer shall secure the assistance of cognizant customer/technical personnel to ensure maximum use of the Service Contract Act Directory of Occupations (Directory) and incorporation of all service employee classes (Directory and non-Directory) expected to be utilized.

(2) When the statement of work job title, for which there is a Directory equivalent, differs from the Directory job title, provide a cross-reference on the e98.

(3) Include and note as such any classifications and minimum hourly wage rates conformed under any predecessor contract. When a previously conformed classification is not included in the Directory, include the job description on the e98.

(Revised June 15, 2012)

PGI 222.10--SERVICE CONTRACT LABOR STANDARDS

PGI 222.1008-1 Obtaining wage determinations.

(1) The contracting officer shall secure the assistance of cognizant customer/technical personnel to ensure maximum use of the Service Contract Act Directory of Occupations (Directory) and incorporation of all service employee classes (Directory and non-Directory) expected to be utilized.

(2) When the statement of work job title, for which there is a Directory equivalent, differs from the Directory job title, provide a cross-reference on the e98.

(3) Include and note as such any classifications and minimum hourly wage rates conformed under any predecessor contract. When a previously conformed classification is not included in the Directory, include the job description on the e98.

(Revised October 30, 2015)

PGI 222.13—EQUAL OPPORTUNITIES FOR VETERANS

PGI 222.1305 Waivers.

(c) When seeking a waiver of any of the terms of the clause at FAR 52.222-35, Equal Opportunity for Veterans, submit a waiver request through contracting channels to the labor advisor. If the request is justified, the labor advisor will endorse the request and forward it for action to—

(i) The agency head for waivers under FAR 22.1305(a); or

(ii) The Secretary of Defense, without the power of redelegation, for waivers under FAR 22.1305(b).

(Revised June 26, 2015)

PGI 222.17—COMBATING TRAFFICKING IN PERSONS

For a sample checklist for auditing compliance with Combating Trafficking in Persons policy, click here.

PGI 222.1703 Policy.

(1) The Office of the Under Secretary of Defense for Personnel and Readiness(OUSD(P&R)) is responsible for developing overall guidance on personnel policy issues relating to Combating Trafficking in Persons (CTIP). The DoD CTIP website is http://ctip.defense.gov/. The website includes DoD policy on CTIP, CTIP training information, and links to the National TIP hotline, the DoD IG website, the Department of State Office to Monitor and Combat Trafficking in Persons, and other Government and non-Government organization websites.

(2) Department of Defense Instruction 2200.01, reissued September 15, 2010, entitled Combating Trafficking in Persons**,** (located at http://www.dtic.mil/whs/directives/corres/pdf/220001p.pdf)**,** requires the incorporation of terms and conditions in contracts performed either inside or outside the United States that—

(i) Prohibit any activities on the part of contractor employees that support or promote trafficking in persons; and

(ii) Impose suitable penalties on contractors who fail to monitor the conduct of their employees.

(3) DoD Instruction 5525.11, Criminal Jurisdiction Over Civilians Employed By or Accompanying the Armed Forces Outside the United States, Certain Service Members,and Former Service Members, dated March 3, 2005, located at http://www.dtic.mil/whs/directives/corres/pdf/552511p.pdf, and as supplemented by Directive-Type Memorandum 09-015 at http://www.dtic.mil/whs/directives/corres/pdf/DTM-09-015.pdf, implements policies andprocedures, and assigns responsibilities, under the Military Extraterritorial Jurisdiction Act of 2000, as amended by section 1088 of the National Defense Authorization Act forFiscal Year 2005, for exercising extraterritorial criminal jurisdiction over certain current and former members of the U.S. Armed Forces, and over civilians employed by or accompanying the U.S. Armed Forces outside the United States.

(4) Quality assurance surveillance plans (QASPs) that are developed in accordance with DFARS 237.172 should appropriately describe how the contracting officer's representative will monitor the contractor's performance regarding trafficking in

persons such that non-compliance with FAR clause 52.222-50, Combating Trafficking in Persons, is brought to the immediate attention of the contracting officer.

(5) PD2 users shall not use system overrides or other administrative methods of developing clauses for use in PD2-generated contracts to avoid the inclusion of the clause at FAR 52.222-50, with its Alternate I, if appropriate, in solicitations and contracts.

(6) The contracting officer shall shall rely on the requiring activity to ascertain the existence of any additional Geographic Combatant Commander's (GCC's)/Subordinate Joint Force Commander, Trafficking In Persons, Directives or Notices, as required under PGI 225.370, checklist item #12, that would require the use of Alternate I with the clause at FAR 52.222-50, Combating Trafficking in Persons, as required by FAR 22.1705 for contracts performed outside the United States. The webpage is provided at http://www.acq.osd.mil/dpap/pacc/cc/areas_of_responsibility.html and by clicking on the pertinent GCC Area of Responsibility.

PGI 222.1704 Violations and remedies.

(1) If the contracting officer receives information indicating that the contractor, a contractor employee, a subcontractor, or a subcontractor employee has failed to comply with the requirements of the clause at FAR 52.222-50, the contracting officer shall—

(i) Through the contracting officer's local commander or other designated representative, immediately notify the Combatant Commander responsible for the geographical area in which the incident has occurred; and

(ii) Provide information for any investigation and enforcement to—

Program Manager
DoD CTIP Policy and Programs Support
OUSD(P&R) DHRA
4800 Mark Center Dr. Suite 06J25-01
Alexandria, VA 22350-4000

(2) Reports may be made to the DoD Inspector General Hotline at http://www.dodig.mil/hotline/ or 800-424-9098, first and foremost.

(3) Reports also may be made to the Program Manager on-line at http://ctip.defense.gov/ or by e-mail to ctipreports@osd.pentagon.mil.

(4) Reports also may be made to the National CTIP Hotline at 1-888-373-7888 or to the CTIP Hotline website at http://www.polarisproject.org/.

(Revised September 9, 2013)

PGI 222.74—RESTRICTIONS ON THE USE OF MANDATORY ARBITRATION AGREEMENTS

PGI 222.7404 Waiver.

(c) Requests for waivers to the policy at DFARS 222.7402 must be submitted to the Secretary of Defense through Contract Policy and International Contracting of Defense Procurement and Acquisition Policy, OUSD(AT&L) DPAP/CPIC at 3060 Defense Pentagon, Room 5E621, Washington, D.C. 20301-3060. Requests for waivers may be submitted electronically to the following CPIC email address: osd.pentagon.ousd-atl.mbx.cpic@mail.mil. Include “Waiver-Mandatory Arbitration” in the subject line of the message.

PGI 223.3—HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

PGI 223.370 Safety precautions for ammunition and explosives.

PGI 223.370-4 Procedures.

(1) *Preaward phase*.

(i) Waiver of the mandatory requirements.

(A) Before either omitting the clause at DFARS 252.223-7002, Safety Precautions for Ammunition and Explosives, from solicitations and contracts or waiving the mandatory requirements of the manual, obtain approval of—

(1) The safety personnel responsible for ammunition and explosives safety; and

(2) The head of the contracting activity.

(B) If the contracting officer decides to waive the mandatory requirements before award, the contracting officer shall set forth in the solicitation, or in an amendment of the solicitation, the specific requirements to be waived.

(C) If the head of the contracting activity declines to approve a request for waiver, but the prospective contractor agrees to take corrective action to bring the operation into compliance, make the corrective action a part of the resulting contract.

(ii) Transportation considerations. If shipment of ammunition and explosives is involved in the contract, address in the Schedule of the contract the applicable Department of Transportation or Military Surface Deployment and Distribution Command requirements and any other requirements for transportation, packaging, marking, and labeling.

(iii) Disposition of excess. Include instructions within the contract concerning final disposition of excess Government furnished material containing ammunition and explosives, including defective or rejected supplies.

(iv) Preaward survey. Before awarding any contract, including purchase orders, involving ammunition and explosives, obtain a preaward ammunition and explosives safety survey. If the prospective contractor proposes subcontracting any ammunitions or explosive work, include a review of the subcontractor's facility in the preaward survey.

(2) *Postaward phase*.

(i) Contract administration office responsibility.

(A) The contract administration office is responsible for verifying that the safety requirements of the clause at DFARS 252.223-7002, Safety Precautions for Ammunition and Explosives, are being implemented in a manner that will reduce, to the maximum extent practicable, or eliminate the probability of a mishap occurring.

(B) The clause at DFARS 252.223-7002, Safety Precautions for Ammunition and Explosives, requires compliance with DoD 4145.26-M, Contractors' Safety Manual for Ammunition and Explosives. This manual requires the contractor to submit to the administrative contracting officer (ACO) any postaward requests for a waiver of the contract safety standards, a site plan modification, or a construction review. The ACO shall review any request and make recommendations to the contracting officer. The contracting officer shall make a decision after considering recommendations of the ACO and safety personnel responsible for ammunition and explosive safety.

(1) If the request arrives at the contracting office without evidence that the ACO has seen it, immediately send it to the ACO for review and recommendations.

(2) When the contracting officer has made a determination approving or disapproving the contractor's request, send the determination to the ACO for transmission to the contractor.

(ii) Subcontracts.

(A) The clause at DFARS 252.223-7002, Safety Precautions for Ammunition and Explosives, requires the contractor to notify the contracting officer when placing a subcontract for ammunition and explosives. The contracting officer should coordinate with the safety personnel and request supporting contract administration in accordance with FAR 42.202(e). If the contracting officer believes the nature of the subcontract work poses a potential danger to Government property, Government personnel, production capability, or contract completion, request supporting contract administration.

(B) If the preaward safety survey identified areas in which a subcontractor was not complying with the manual, and the subcontractor was supposed to correct the deficiencies before start-up, the contracting officer shall require a preoperations survey to verify that the corrections were made.

(C) When postaward safety reviews by the Government uncover any safety deficiencies in the subcontractor's operation, the review team shall inform the ACO cognizant of the subcontractor, who shall immediately notify the ACO cognizant of the prime contractor. The ACO cognizant of the prime shall inform the prime contractor of deficiencies requiring correction. The notifications shall be made by the most expeditious means

appropriate to the circumstance. If a critical safety deficiency poses an imminent danger, the ACO cognizant of the prime shall make the notifications by the most expeditious means available.

PGI 223—Environment, Energy and Water Efficiency, Renewable Energy Technologies, Occupational Safety, and Drug-Free Workplace

(*Revised March 13, 2012*)

PGI 223.4—USE OF RECOVERED MATERIALS

PGI 223.405 Procedures.
Departments and agencies must centrally collect information submitted in accordance with the clause at FAR 52.223-9 for reporting to the Office of the Deputy Under Secretary of Defense (Installations and Environment). The information is collected in the Federal Procurement Data System (FPDS).

(Added May 5, 2011)

PGI 223.73—MINIMIZING THE USE OF MATERIALS CONTAINING HEXAVALENT CHROMIUM

PGI 223.7305 Authorization and approval.

The contracting officer shall ensure that the appropriate authorizations from the program executive office are included in the solicitation and contract. The contracting officer shall forward proposals submitted by an offeror or requests from a Contractor seeking authorization to use hexavalent chromium in a deliverable item, to the cognizant program executive office for evaluation and, if necessary, authorization by the appropriate official.

(Revised February 28, 2014)

PGI 225.001 General.

Consider the following when evaluating offers of foreign end products:

(1) *Statutory or policy restrictions*.

(i) Determine whether the product is restricted by—

(A) Statute (see DFARS subpart 225.70); or

(B) DoD policy (see DFARS subpart 225.71, FAR 6.302-3, and DoD Directive 5230.11, Disclosure of Classified Military Information to Foreign Governments and International Organizations).

(ii) If an exception to or waiver of a restriction in DFARS subpart 225.70 or 225.71 would result in award of a foreign end product, apply the policies and procedures of the Buy American statute or the Balance of Payments Program, and, if applicable, the trade agreements.

(2) *Memoranda of understanding or other international agreements*. Determine whether the offered product is the product of one of the qualifying countries listed in DFARS 225.872-1.

(3) *Trade agreements*. If the product is not an eligible product, a qualifying country end product, or a U.S.-made end product, purchase of the foreign end product may be prohibited (see FAR 25.403(c) and DFARS 225.403(c)).

(4) *Other trade sanctions and prohibited sources*.

(i) Determine whether the offeror complies with the secondary Arab boycott of Israel. Award to such offerors may be prohibited (see DFARS subpart 225.76).

(ii) Determine whether the offeror is a prohibited source (see FAR subpart 25.7 and DFARS Subpart 225.7).

(5) *Buy American and Balance of Payments Program*. See the evaluation procedures in DFARS subpart 225.5.

PGI 225.070 Reporting of acquisition of end products manufactured outside the United States.

(1) *Definitions.* “Manufactured end product” and “place of manufacture” are defined in

the provision at FAR 52.225-18, Place of Manufacture.

(2) Use the Federal Procurement Data System data field "Place of Manufacture," under the section on Product or Service Information, to enter data on the acquisition of end products manufactured outside the United States for contracts awarded and orders issued in fiscal year 2007 and subsequent fiscal years. Select the appropriate description in accordance with the following table:

Place of Manufacture

Short Description as viewed in drop down box	**Long Description**
Manufactured or performed outside United States (Actions prior to FY 2007 only)	The action is for (i) Any foreign end product manufactured outside the United States; or (ii) Services performed outside the United States by a foreign concern.
Mfg in U.S.	The action is predominantly for acquisition of manufactured end products that are manufactured in the United States.
Mfg outside U.S. - Commercial information technology	The foreign manufactured end products are predominantly commercial information technology items (FAR 25.103(e)).
Mfg outside U.S. - Domestic nonavailability	The foreign manufactured end products were predominantly not domestically available as shown by one of the following: • The item is listed at FAR 25.104 (FAR 25.103(b)(1)). • The agency did an individual determination (FAR 25.103(b)(2)). • No offer of a domestic end product was received, even though the acquisition was synopsized and conducted through full and open competition (FAR 25.103(b)(3)).
Mfg outside U.S - Public interest determination	The head of the agency has made a determination that domestic preferences would be inconsistent with the public interest (FAR 25.103(a)).

Mfg outside U.S. - Qualifying country	For DoD only, the foreign manufactured end products are predominantly qualifying country end products (DFARS 225.003 and 225.872-1).
Mfg outside U.S. - Resale	The foreign manufactured end products acquired are predominantly for resale (FAR 25.103(d)).
Mfg outside U.S. - Trade Agreements	The foreign manufactured end products are predominantly eligible products acquired under Trade Agreements (FAR 25.402(a)(1)).
Mfg outside U.S. - Unreasonable cost	The cost of the offered domestic end products was unreasonable (FAR 25.103(c), 25.105, and Subpart 25.5).
Mfg outside U.S. - Use outside the United States	The foreign manufactured end products acquired are predominantly for use outside the United States (FAR 25.100).
More than 50% of foreign content, but manufactured in United States (Actions prior to FY 2007 only)	The action is for (i) A foreign end product that is manufactured in the United States but still determined to be foreign because 50 percent or more of the cost of the components is not mined, produced, or manufactured inside the United States or qualifying countries; or (ii) Services performed in the United States by a foreign concern.
Not applicable	The action is NOT predominantly for acquisition of manufactured end products.

(3) Note that the first and second from the last options in the drop down box are to be used only for reporting of contracts awarded or orders issued prior to October 1, 2006.

(4) The other options in the drop down box apply only to contracts awarded and orders issued on or after October 1, 2006. If the solicitation for the contract contains the provision at FAR 52.225-18, Place of Manufacture (or the commercial item equivalent at FAR 52.212-3(j)), the contracting officer must review the successful offeror's response to this provision to select the correct option.

(i) Enter "Mfg in U.S." if the offeror has checked the box "In the United States."

(ii) If the offeror has checked the box "Outside the United States," enter one of the other options, depending on the predominant reason for acquiring end products manufactured outside the United States. These reasons correspond to the exceptions to

the Buy American statute (FAR subpart 25.1 and DFARS subpart 225.1). Further explanation of these exceptions to the Buy American statute are available at the FAR and DFARS references provided in the long description for each option.

(5) For any contract awarded on or after October 1, 2006, when the solicitation did not include the provision at FAR 52.225-18, Place of Manufacture (or FAR 52.212-3(j)), and for any order placed on or after October 1, 2006, under a contract that did not include one of these provisions, the contracting officer shall use best judgment in estimating whether the acquisition is predominantly for manufactured end products and whether the end products were predominantly end products manufactured in the United States or outside the United States, using the place of performance or other information that may be available to the contracting officer to assist in forming this judgment.

(Revised October 30, 2015)

PGI 225.3 CONTRACTS PERFORMED OUTSIDE THE UNITED STATES

PGI 225.370 Contracts requiring performance or delivery in a foreign country.

(a) If the acquisition requires the performance of services or delivery of supplies in an area outside the United States, the contracting officer shall—

(i) Ensure that the solicitation and contract include any applicable host country and designated operational area performance considerations. Failure to provide such information—

(A) May result in a contract that does not reflect the respective support relationships between the contractor and the Government, ultimately affecting the ability of the contractor to fulfill the contract terms and conditions;

(B) May result in unplanned support burdens being placed on the Government in a theater of operations;

(C) May result in contractor personnel conflicting with theater operations or performing in violation of a theater commander's directives or host country laws; or

(D) May cause contractor personnel to be wrongly subjected to host country laws;

(ii) Comply with any theater business clearance and contract administration delegation requirements set forth in memorandum (click here) entitled Theater Business Clearance/Contract Administration Delegation Update—Integration of TBC with the Joint Contingency Contracting System Platform (which must be consistent with the combat support agency's established functions and responsibilities) and set forth by the geographic combatant commander during declared contingency operations for all solicitations and contracts that relate to the delivery of supplies and services to the designated area(s) of operation.

(A) Theater business clearance ensures—

(*1*) Contracted effort to be accomplished in designated area(s) of operations, along with any associated contractor personnel, is visible to the combatant commander;

(*2*) Contracted effort is in consonance with in-country commanders' plans;

(*3*) Solicitations and contracts contain appropriate terms and conditions;

(*4*) Contracted effort will be properly overseen in designated area(s) of operation;

(*5*) Any Government-furnished support requirements associated with contractor personnel are properly addressed in the contract terms and conditions.

(B) Contract administration delegation—

(*1*) Allows the combatant commander to exercise control over the assignment of contract administration (which must be consistent with the combat support agency's established functions and responsibilities) for that portion of contracted effort that relates to performance in, or delivery to, designated area(s) of operation.

(*2*) Allows the combatant commander to exercise oversight to ensure the contractor's compliance with combatant commander and subordinate task force commander policies, directives, and terms and conditions;

(iii) Refer to the website at http://www.acq.osd.mil/dpap/pacc/cc/index.html, which contains required procedures and applicable guidance and information;

(iv) Follow specific guidance for the combatant command in whose area the contractor will be performing services or delivering supplies. This guidance is contained on the respective combatant commander's operational contract support webpage, which is linked to the procedures at http://www.acq.osd.mil/dpap/pacc/cc/areas_of_responsibility.html, at the weblink for the combatant command for the area in which the contractor will be performing services or delivering items. These pages list prevailing regulations, policies, requirements, host nation laws, orders/fragmentary orders, combatant commander's directives, unique clauses, and other considerations necessary for soliciting and awarding a contract for performance in, or delivery of items to, that combatant commander's area of responsibility;

(v) To determine the appropriate point(s) of contact for contracting matters within the combatant commander's area of responsibility, contact the overseas contracting office by accessing the link for the combatant command in whose area of responsibility the contractor will be performing services or delivering items. From the combatant command website, link to the contracting office supporting the combatant command to identify the appropriate point of contact; and

(vi) Use the following checklist as a guide to document consideration of each listed issue, as applicable, and retain a copy of the completed checklist in the contract file.

CHECKLIST

The contracting officer shall verify that the requiring activity has considered the following when building its requirements package, as applicable:

____ (1) Whether the contemplated acquisition will duplicate or otherwise conflict with existing work being performed or items already provided in the area, and whether economies of scope/schedule can be leveraged if there are already existing contracts in place for similar work or items.

____ (2) The availability of technically qualified and properly trained Government civilian and/or military personnel to oversee the performance of the contract in the combatant commander's area of responsibility (e.g., contracting officer's representatives, quality assurance representatives, and property administrators).

____ (3) The applicability of any international agreements to the acquisition. (Some agreements may be classified and must be handled appropriately.)

____ (4) Compliance with area-specific, anti-terrorism security guidance set forth by the command anti-terrorism officer, to include soliciting anti-terrorism officer guidance on the particular requirement and the location of delivery and/or execution of services, and incorporating recommended security measures into the requirements package.

____ (5) Whether there are any requirements for use of foreign currencies, including applicability of U.S. holdings of excess foreign currencies.

____ (6) Information on taxes and duties from which the Government may be exempt.

____ (7) If the acquisition requires performance of work in the foreign country, whether there are standards of conduct for the prospective contractor and, if so, the consequences for violation of such standards of conduct.

____ (8) The availability of logistical and other Government-furnished support and equipment for contractor personnel. This includes, but is not limited to: berthing and messing; intra-theater transportation; medical support; morale, welfare, and recreation support; postal support; force protection support; organizational clothing and personal protective gear (e.g., body armor and gas masks.)

____ (9) If the contractor will employ foreign workers, whether a waiver of the Defense Base Act will be required (see FAR 28.305).

____ (10) Whether contractor personnel will need authorization to carry weapons for the performance of the contract.

____ (11) If the contract will include the clause at DFARS 252.225-7040, Contractor Personnel Supporting U.S. Armed Forces Deployed Outside the United States, the Government official authorized to receive DD Form 93, Record of Emergency Data Card, to enable the contracting officer to provide that information to the contractor, as required by paragraph (g) of the clause.

____ (12) Ascertain the existence of and detail any Geographic Combatant Commander's (GCC's)/Subordinate Joint Force Commander Combating Trafficking in Persons Directives or Notices applying to Combating Trafficking in Persons (as required by FAR 22.1705 for contracts performed outside the United States) that would require the contracting officer to use Alternate I of the clause at FAR 52.222-50 detailing these requirements. This information can be ascertained from review of content on the cognizant Geographic Combatant Command Operational Contract Support webpage referred to in (a)(iv) of this PGI section.

____ (13) Other requirements associated with contractor personnel to include deployment -related training, accountability (registration in Synchronized Pre-

deployment and Operational Tracker), medical and dental qualifications, theater entrance and country clearance requirements.

____ (14) Any other requirements of the website for the country in which the contract will be performed or the designated operational area to which deliveries will be made.

The contracting officer shall provide the following information to the applicable overseas contracting office (see PGI 225.370(a)(v)):

____ (1) The solicitation number, the estimated dollar value of the acquisition, and a brief description of the work to be performed or the items to be delivered.

____ (2) Notice of contract award, including contract number, dollar value, and a brief description of the work to be performed or the items to be delivered.

____ (3) Any additional information requested by the applicable contracting office to ensure full compliance with policies, procedures, and objectives of the applicable country or designated operational area.

(c) For work performed in Japan or Korea, U.S.-Japan or U.S.-Korea bilateral agreements govern the status of contractors and employees, criminal jurisdiction, and taxation. U.S. Forces Japan (USFJ) and U.S. Forces Korea (USFK) are sub-unified commands of Pacific Command (PACOM). The PACOM Staff Judge Advocate contact information is available at http://www.pacom.mil/web/Site_Pages/Staff%20Directory/J0/J0.shtml or by clicking on Staff Directory/Special Staff on the PACOM website. Links to USFJ and USFK websites can be found at the PACOM website at http://www.pacom.mil by clicking on “Regional Resources - Links”.

(i) For work performed in Japan—

(A) U.S.-Japan bilateral agreements govern the status of contractors and employees, criminal jurisdiction, and taxation;

(B) USFJ and component policy, as well as U.S.-Japan bilateral agreements, govern logistic support and base privileges of contractor employees;

(C) The Commander, USFJ, is primarily responsible for interpreting the Status of Forces Agreement (SOFA) and local laws applicable to U.S. Forces in Japan and for requirements in support of USFJ; and

(D)(*1*) To ensure that the solicitation and resultant contract reflect an accurate description of available logistics support and application of the U.S.-Japan SOFA, review the information on Contract Performance in Japan at the USFJ website, http://www.usfj.mil; or

(2) Contact the Staff Judge Advocate at (commercial) 011-81-3117-55-7717, or DSN 315-225-7717.

(ii) For work performed in Korea—

(A) U.S.-Korea bilateral agreements govern the status of contractors and employees, criminal jurisdiction, and taxation;

(B) USFK and component policy, as well as U.S.-Korea bilateral agreements, govern logistics support and base privileges of contractor employees;

(C) The Commander, USFK, is primarily responsible for interpreting the SOFA and local laws applicable to U.S. Forces in Korea and for requirements in support of USFK; and

(D) To ensure that the solicitation and resultant contract reflect an accurate description of available logistics support and application of the U.S.-Korea SOFA, review the SOFA information found at the USFK website at http://www.usfk.mil/usfk/ under "Publications", or at http://www.usfk.mil/usfk/sofadocuments.aspx. Contact information for the Commander is also available at http://www.usfk.mil/usfk/leadership.aspx; and

(E) Additional applicable directives and regulations are available at http://www.usfk.mil/usfk/ , click on the drop down menu for "Publications".

(d) For work performed in specified countries in the USCENTCOM area of responsibility, follow theater business clearance/ contract administration delegation policy as set forth in OSD policy letters linked to this PGI, and specific theater business clearance/contract administration delegation instructions as implemented by USCENTCOM's Joint Theater Support Contracting Command and found under contracting guidance at http://www.acq.osd.mil/dpap/pacc/cc/areas_of_responsibility.html (click on CENTCOM area of responsibility).

PGI 225.371 Contractor personnel supporting U.S. Armed Forces deployed outside the United States.

(1) DoDI 3020.41, Operational Contract Support (OCS), establishes policy, assigns responsibilities and provides procedures for OCS, including OCS Program Management, contract support integration, and integration of defense contractor personnel into contingency operations outside the United States. This instruction serves as a comprehensive source of DoD policy and procedures concerning DoD contractor and subcontractor personnel supporting the U.S. Armed Forces deployed outside the United States.

(2) Also see PGI 207.105(b)(20)(C)(9) for special considerations for acquisition planning for crisis situations outside the United States.

PGI 225.371-2 Definitions.

"Designated operational areas" include, but are not limited to, such descriptors as theater of war, theater of operations, joint operations area, amphibious objective area, joint special operations area, and area of operations. See DoD Joint Publication 3-0, Joint Operations, Chapter IV, Paragraph 2, "Understanding the Operational Environment," at http://www.dtic.mil/doctrine/new_pubs/jp3_0.pdf.

PGI 225.371-3 Government support.

(a) Support that may be authorized or required when contractor personnel are deployed with or otherwise provide support in the theater of operations to U.S. military forces deployed outside the United States may include, but are not limited to—

(i) Deployment in-processing centers;

(ii) Training;

(iii) Transportation to operation area;

(iv) Transportation within operation area;

(v) Physical security;

(vi) Force protection;

(vii) Organizational clothing and individual equipment;

(viii) Emergency medical care;

(ix) Mess operations;

(x) Quarters;

(xi) Postal service;

(xii) Phone service;

(xiii) Emergency notification;

(xiv) Laundry; and

(xv) Religious services.

(d) *Medical support of contractor personnel.*

(1) Contractors are required to ensure that the Government is reimbursed for any costs associated with medical or dental care provided to contractor employees accompanying the forces (see 252.225-7040(c)(2)).

(2) If questions arise concerning Defense Finance and Accounting Services (DFAS) billing to contractors for medical or dental care provided, contracting officers may refer the individual to any of the following resources:

(i) For in-patient and out-patient billing rates, go to http://comptroller.defense.gov/FinancialManagement/Reports/rates2013.aspx, click on

the appropriate fiscal year, and select Deployed/Non-Fixed Medical Facility Billing Rates.

(ii) For Military Service-appointed points of contact (POCs) responsible for resolving medical billing disputes, see the POCs listed in the memoranda of agreements between DFAS and the military services).

(iii) For general information on medical support of deployed contractor personnel in applicable contingency operations, see DoDI 3020.41.

(3) Contracting officers are not responsible for adjudicating DFAS bills to contractors for such medical or dental reimbursement. However, contracting officers are required to assist the Military Service POCs in resolving billing disputes.

(e) *Letter of authorization*.

(i) If authorized by the contracting officer, a contracting officer's representative may approve a SPOT-generated LOA. Contractor travel orders will be prepared by the supporting installation.

(ii) The LOA will state the intended length of assignment in the theater of operations and will identify planned use of Government facilities and privileges in the theater of operations, as authorized by the contract. Authorizations may include such privileges as access to the exchange facilities and the commissary, and use of Government messing and billeting. The LOA must include the name of the approving Government official.

(iii) Approved, standard DoD format for LOA: (See sample LOA, Business Rules for the Synchronized Predeployment and Operational Tracker, at http://www.acq.osd.mil/log/PS/ctr_mgt_accountability.html

PGI 225.371-5 Contract clauses.

"Performance," as used in *Class Deviation 2015-O0009*, Contractor Personnel Performing in the United States Central Command Area of Responsibility, means performance of a service or construction, as required by the contract. For supply contracts, production of the supplies or associated overhead functions are not covered by the Class Deviation, but services associated with the acquisition of the supplies are covered (e.g., installation or maintenance).

(b) When using the clause at DFARS 252.225-7040, Contractor Personnel Supporting U.S. Armed Forces Deployed Outside the United States, consider the applicability of the following clauses:

(i) The clause at DFARS 252.225-7043, Antiterrorism/Force Protection Policy for Defense Contractors Outside the United States, as prescribed at DFARS 225.372-2.

(ii) Either the clause at FAR 52.228-3, Workers' Compensation Insurance (Defense Base Act), or the clause at FAR 52.228-4, Workers' Compensation and War-Hazard Insurance Overseas, as prescribed at FAR 28.309(a) and (b).

(iii) The clause at FAR 52.228-7, Insurance—Liability to Third Persons, in cost-reimbursement contracts as prescribed at DFARS 228.311-1.

(iv) The clause at DFARS 252.228-7003, Capture and Detention, as prescribed at DFARS 228.370(d).

(v) The clause at DFARS 252.237-7019, Training for Contractor Personnel Interacting with Detainees, as prescribed at DFARS 237.171-4.

(vi) The clause at FAR 52.249-14, Excusable Delays, as prescribed at FAR 49.505(b).

(vii) The clauses at FAR 52.251-1, Government Supply Sources, as prescribed at FAR 51.107, and DFARS 252.251-7000, Ordering from Government Supply Sources, as prescribed at DFARS 251.107. See also Class Deviation 2013-O0012, Authorization for Contractors to Use Government Supply Sources in Support of Operation Enduring Freedom.

PGI 225.372 Antiterrorism/force protection.

PGI 225.372-1 General.

Information and guidance pertaining to DoD antiterrorism/force protection policy for contracts that require performance or travel outside the United States can be obtained from the following offices:

(1) For Army contracts: HQDA-AT; telephone, DSN 222-9832 or commercial (703) 692-9832.

(2) For Navy contracts: Naval Criminal Investigative Service (NCIS), Code 21; telephone, DSN 288-9077 or commercial (202) 433-9077.

(3) For Marine Corps contracts: CMC Code POS-10; telephone, DSN 224-4177 or commercial (703) 614-4177.

(4) For Air Force and Combatant Command contracts: The appropriate Antiterrorism/Force Protection Office at the Command Headquarters. Also see https://atep.dtic.mil.

(5) For defense agency contracts: The appropriate agency security office.

(6) For additional information: Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, ASD (SOLIC); telephone, DSN 227-7205 or commercial (703) 697-7205.

PGI 225.373 Contract administration in support of contingency operations.

(1) In accordance with Joint Publication 1, Doctrine for the Armed Forces of the United States, at http://www.apexnet.org/docs/Joint_Publication_1.pdf, the geographic combatant commander or subordinate joint force commander, through his command authority to exercise operational control, has the authority to exercise control over the

assignment of contract administration during contingency operations, consistent with the combat support agency's established mission functions, responsibilities, and core competencies, for contracts requiring delivery of items or performance within the area of operations.

(2) In certain contingency operations, the combatant commander or joint force commander may promulgate theater or joint operations area guidance for contracting that may include establishing—

(i) A contracting command and control structure;

(ii) Head of contracting activity responsibilities, specific orders, and policies, including local clauses;

(iii) Roles and responsibilities of DoD components and supporting agencies in contract formation and execution; and

(iv) Procedures and requirements for contract clearance and contract administration of contracts requiring delivery of items and performance within the area of operations.

(3) When a combat support agency is tasked by the combatant commander to provide contingency contract administration services in support of contingency operations and such support will be required for a long duration, the combat support agency shall initiate a memorandum of agreement with the combatant commander or joint force commander. This agreement shall clearly delineate the purpose of the support, respective responsibilities of the combat support agency and the joint, lead service, or service contracting activity requesting the support, combat support agency support parameters, and a resolution process for resolving support issues.

(i) The memorandum of agreement should focus on maximizing the combat support agency's core competencies to address the more critical, complex, high-risk, and specialized oversight requirements.

(ii) The memorandum of agreement should take into consideration the combat support agency's core competencies, workload priorities, and contract administration services support parameters for accepting requests for contract administration services support.

(iii) A combat support agency shall not be assigned to perform tasks outside its mission functions, responsibilities, or core competencies.

(iv) Contracting officers contemplating requesting contract administration support in a contingency area from a combat support agency should first ascertain whether such a memorandum of agreement exists by contacting their combat support agency point of contact and/or checking the combatant commander operational contract support website (referenced in DFARS PGI 225.370).

(v) The following is a notional format for a memorandum of agreement for contract administration services support;

(A) Purpose: Outline formal procedures for requesting contract administration services support, describe objectives associated with combat support agency providing such support.

(B) Reference: Key documents or reference(s) associated with the execution of the contract administration services support.

(C) Clearing-house functions performed by the designated joint or lead component contracting activity in the operational area–

(*1*) Contract clearance parameters – when required;

(*2*) Contract delegation parameters – when required.

(D) Contract administration services support parameters—

(*1*) Acceptable for delegation - contract types that will be accepted by the combat support agency based on risk, dollar threshold, geographic dispersion of performance, service type, criticality of acceptance, or other criteria;

(*2*) Generally not be delegated – below-threshold contract types;

(*3*) Will not be delegated – no agency expertise to oversee.

(E) Delegation process – process for accepting and assigning contract administration services tasks within the combat support agency.

(F) Joint resolution process – procedures in the event of disagreement on actions to be supported by the combat support agency.

(G) Term of the Agreement and Modification - length of time the agreement will be in effect and procedures for the parties to modify or terminate it.

(4) Disputes regarding requested support should be resolved at the lowest management level possible, through a predetermined resolution process. When support issues arise that affect the ability of a combat support agency to provide contract administration support that cannot be resolved at lower management levels, follow procedures set forth in DoDI 3000.06, Combat Support Agencies, paragraphs 5.6.8 and 5.6.9, (http://www.dtic.mil/whs/directives/corres/pdf/300006p.pdf).

(5) Responsibilities of the head of the contracting activity for contingency contract closeout are addressed at DFARS 204.804(2). See also planning considerations at PGI 207.105(b)(20)(C)(*8*).

PGI 225.5—EVALUATING FOREIGN OFFERS—SUPPLY CONTRACTS

PGI 225.504 Evaluation examples.

The following examples illustrate the evaluation procedures in DFARS 225.502(c)(ii). The examples assume that the contracting officer has eliminated all offers that are unacceptable for reasons other than price or a trade agreement and that price is the determining factor in contract award. The same evaluation procedures and the 50 percent evaluation factor apply regardless of whether the acquisition is subject to the Buy American Act (BAA) or the Balance of Payments Program (BOPP).

(1) Example 1.

Offer A	$945,000	Foreign offer subject to BAA/BOPP
Offer B	$950,000	Foreign offer exempt from BAA/BOPP

Since no domestic offers are received, do not apply the evaluation factor. Award on Offer A.

(2) Example 2.

Offer A	$950,000	Domestic offer
Offer B	$890,000	Foreign offer exempt from BAA/BOPP
Offer C	$880,000	Foreign offer subject to BAA/BOPP

Since the exempt foreign offer is lower than the domestic offer, do not apply the evaluation factor. Award on Offer C.

(3) Example 3.

Offer A	$9,100	Foreign offer exempt from BAA/BOPP
Offer B	$8,900	Domestic offer
Offer C	$6,000	Foreign offer subject to BAA/BOPP

Since the domestic offer is lower than the exempt foreign offer, apply the 50 percent evaluation factor to Offer C. This results in an evaluated price of $9,000 for Offer C. Award on Offer B.

(4) Example 4.

Offer A	$910,000	Foreign offer exempt from BAA/BOPP
Offer B	$890,000	Domestic offer
Offer C	$590,000	Foreign offer subject to BAA/BOPP

Since the domestic offer is lower than the exempt foreign offer, apply the 50 percent evaluation factor to Offer C. This results in an evaluated price of $885,000 for Offer C. Award on Offer C.

(Revised December 11, 2014)

PGI 225.7—PROHIBITED SOURCES

PGI 225.770 Prohibition on acquisition of United States Munitions List items from Communist Chinese military companies.

(1) The Department of State is the lead agency responsible for the regulations governing the export of defense articles, which are identified on the United States Munitions List. The Department of State has issued the International Traffic in Arms Regulations, which implement the Arms Export Control Act (22 U.S.C. 2751) and include the United States Munitions List.

(2) The official version of the International Traffic in Arms Regulations can be found in Title 22, Parts 120 through 130, of the Code of Federal Regulations (22 CFR 120-130), published by the U.S. Government Printing Office and available at http://www.gpoaccess.gov/cfr/index.html. The Department of State also publishes an on-line version at http://www.pmddtc.state.gov/regulations_laws/itar_official.html.

PGI 225.770-1 Definitions.

In accordance with 22 CFR 121.8—

(1) A major component includes any assembled element that forms a portion of an end item without which the end item is inoperable. Examples of major components are airframes, tail sections, transmissions, tank treads, and hulls;

(2) A minor component includes any assembled element of a major component; and

(3) Examples of parts are rivets, wires, and bolts.

PGI 225.770-4 Identifying USML items.

(1) The 21 categories of items on the United States Munitions List (USML) can be found at http://www.pmddtc.state.gov/regulations_laws/documents/official_itar/ITAR_Part_121.pdf. Where applicable, the categories also contain a statement with regard to the coverage of components and parts of items included in a category. For example, a category may include all components and parts of covered items, or only those components and parts specifically designed or modified for military use.

(2) In addition to the list of covered items, the USML provides explanation of terms needed to determine whether a particular item is or is not covered by the USML.

(3) Within DoD, the experts on export control and the USML are in the Defense

Technology Security Administration (DTSA).

(i) Official authorities and responsibilities of DTSA are in DoD Directive 5105.72, available at http://www.dtic.mil/whs/directives/corres/html/510572.htm.

(ii) Additional information on DTSA and a correspondence link are available at http://www.dod.mil/policy/sections/policy_offices/dtsa/index.html.

PGI 225.770-5 Waiver of prohibition.

(c) Send the DPAP copy of the report to:

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L)DPAP(CPIC)
3060 Defense Pentagon
Washington, DC 20301-3060.

225.771 Prohibition on contracting or subcontracting with a firm that is owned or controlled by the government of a country that is a state sponsor of terrorism.

225.771-3 Notification.
Forward any information indicating that a firm, a subsidiary of a firm, or any other firm that owns or controls the firm, may be owned or controlled by the government of a country that is a state sponsor of terrorism, through agency channels, to: Deputy Director, Defense Procurement (Contract Policy and International Contracting, OUSD(AT&L) DPAP/CPIC), 3060 Defense Pentagon, Washington, DC 20301-3060.

PGI 225.772 Prohibition on acquisition of commercial satellite services from certain foreign entities.

PGI 225.772-3 Procedures.

(1) Forward any information required in accordance with 225.772-3 or requests for an exception to:

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060.

(2) Consult with OUSD(AT&L) DPAP/CPIC, as required in accordance with 225.772-3(b)(2), by telephone at 703-697-0895 or 703-695-8569.

(Revised August 30, 2016)

PGI 225.8--OTHER INTERNATIONAL AGREEMENTS AND COORDINATION

PGI 225.802 Procedures.

(b) Information on specific memoranda of understanding and other international agreements is available as follows:

(i) Memoranda of understanding and other international agreements between the United States and the countries listed in DFARS 225.872-1 are maintained in the Office of the Director of Defense Procurement and Acquisition Policy (Contract Policy and International Contracting) ((703) 697-9351, DSN 227-9351) and are available at http://www.acq.osd.mil/dpap/cpic/ic/reciprocal_procurement_memoranda_of_understanding.html.

(ii) Military Assistance Advisory Groups, Naval Missions, and Joint U.S. Military Aid Groups normally have copies of the agreements applicable to the countries concerned.

(iii) Copies of international agreements covering the United Kingdom of Great Britain and Northern Ireland, Western European countries, North Africa, and the Middle East are filed with the U.S. European Command.

(iv) Agreements with countries in the Pacific and Far East are filed with the U.S. Pacific Command.

PGI 225.802-70 Contracts for performance outside the United States and Canada.

When a contracting office anticipates placement of a contract for performance outside the United States and Canada, and the contracting office is not under the jurisdiction of a command for the country involved, the contracting office shall maintain liaison with the cognizant contract administration office (CAO) during preaward negotiations and postaward administration. The cognizant CAO can be found at http://home.dcma.mil/cassites/district.htm. The CAO will provide pertinent information for contract negotiations, effect appropriate coordination, and obtain required approvals for the performance of the contract.

PGI 225.870 Contracting with Canadian contractors.

PGI 225.870-1 General.

(d)(i) The Canadian Commercial Corporation uses provisions in contracts with Canadian

or U.S. concerns that give DoD the same production rights, data, and information that DoD would obtain in contracts with U.S. concerns.

(ii) The Government of Canada will provide the following services under contracts with the Canadian Commercial Corporation without charge to DoD:

(A) Contract administration services, including—

(1) Cost and price analysis;

(2) Industrial security;

(3) Accountability and disposal of Government property;

(4) Production expediting;

(5) Compliance with Canadian labor laws;

(6) Processing of termination claims and disposal of termination inventory;

(7) Customs documentation;

(8) Processing of disputes and appeals; and

(9) Such other related contract administration functions as may be required with respect to the Canadian Commercial Corporation contract with the Canadian supplier.

(B) *Audits*. The Public Works and Government Services Canada (PWGSC) performs audits when needed, for contracts overseen by the Canadian Commercial Corporation in accordance with international agreement.

(C) *Inspection*. The Department of National Defence (Canada) provides inspection personnel, services, and facilities, at no charge to DoD departments and agencies (see DFARS 225.870-7).

(iii) In accordance with DPAP Policy Memorandum dated June 5, 2013, PWGSC will perform audits without charge to DoD, including accounting system and interim voucher reviews, when needed for—

(A) DoD contracts awarded directly to Canadian firms;

(B) Subcontracts with Canadian firms under such direct contracts with Canadian firms; and

(C) Subcontracts with Canadian firms under DoD contracts with U.S. contractors.

PGI 225.870-5 Contract administration.

(1) Assign contract administration in accordance with DFARS Part 242. When the Defense Contract Management Agency will perform contract administration in Canada, name in the contract the following payment office for disbursement of DoD funds (DoD Department Code: 17-Navy; 21-Army; 57-Air Force; 97-all other DoD components), whether payment is in Canadian or U.S. dollars:

DFAS Columbus Center
DFAS-CO/North Entitlement Operations
PO Box 182266
Columbus, OH 43218-2266.

(2) The following procedures apply to cost-reimbursement type contracts:

(i) The PWGSC automatically arranges audits on contracts with the Canadian Commercial Corporation. Upon advice from PWGSC, the Canadian Commercial Corporation certifies the invoice and forwards it with Standard Form (SF) 1034, Public Voucher, to the administrative contracting officer for further processing and transmittal to the disbursing office.

(ii) For contracts placed directly with Canadian firms, the administrative contracting officer requests audits from the PWGSC, Ottawa, Ontario, Canada. Route requests for audit of non-Canadian Commercial Corporation contracts and subcontracts with Canadian contractors through the cognizant contract management office of the Defense Contract Management Agency.

(A) Within 25 days of the date of the audit request, PWGSC will provide—

(1) An acknowledgement of receipt form;

(2) An estimate of completion form; and

(*3*) A single point of contact to report the status of audit requests and the progress of audits.

(B) Audits will be completed within 24 months of the requested date for post-award audits.

(C) PWGSC will provide information to support the determination that the price is fair and reasonable.

(D) The PWGSC—

(*1*) Approves invoices on a provisional basis pending completion of the contract and final audit;

(*2*) Forwards these invoices, accompanied by SF 1034, Public Voucher, to the administrative contracting officer for further processing and transmittal to the disbursing officer; and

(*3*) Furnishes periodic advisory audit reports directly to the administrative contracting officer.

(A) Approves invoices on a provisional basis pending completion of the contract and final audit;

(B) Forwards these invoices, accompanied by SF 1034, Public Voucher, to the administrative contracting officer for further processing and transmittal to the disbursing officer; and

(C) Furnishes periodic advisory audit reports directly to the administrative contracting officer.

PGI 225.870-7 Acceptance of Canadian supplies.

(1) For contracts placed in Canada, either with the Canadian Commerical Corporation or directly with Canadian suppliers, the Department of National Defence (Canada) will perform any necessary contract quality assurance and/or acceptance, as applicable.

(2) Signature by the Department of National Defence (Canada) quality assurance representative on the DoD inspection and acceptance form is satisfactory evidence of acceptance for payment purposes.

PGI 225.871 North Atlantic Treaty Organization (NATO) cooperative projects.

PGI 225.871-4 Statutory waivers.

Forward any request for waiver under a cooperative project to the Deputy Secretary of Defense, through the Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics). The waiver request shall include a draft Determination and Findings for signature by the Deputy Secretary of Defense establishing that the waiver is necessary to significantly further NATO standardization, rationalization, and interoperability.

PGI 225.871-5 Directed subcontracting.

The cooperative project agreement is the authority for a contractual provision requiring the contractor to place certain subcontracts with particular subcontractors. No separate justification and approval during the acquisition process is required.

PGI 225.872 Contracting with qualifying country sources.

PGI 225.872-4 Individual determinations.

(1) Obtain signature of the determination and findings—

(i) At a level above the contracting officer, for acquisitions valued at or below the simplified acquisition threshold; or

(ii) By the chief of the contracting office, for acquisitions with a value greater than the simplified acquisition threshold.

(2) Prepare the determination and findings substantially as follows:

SERVICE OR AGENCY

Exemption of the Buy American and Balance of Payments Program

Determination and Findings

Upon the basis of the following findings and determination which I hereby make in accordance with the provisions of FAR 25.103(a), the acquisition of a qualifying country end product may be made as follows:

Findings

1.
The (*contracting office*) proposes to purchase under contract number _____, (*describe item*) mined, produced, or manufactured in (*qualifying country of origin*). The total estimated cost of this acquisition is _____.
2.
The United States Government and the Government of _____ have agreed to remove barriers to procurement at the prime and subcontract level for defense equipment produced in each other's countries insofar as laws and regulations permit.
3.
The agreement provides that the Department of Defense will evaluate competitive offers of qualifying country end products mined, produced, or manufactured in (*qualifying country*) without imposing any price differential under the Buy American statute or the Balance of

Payments Program and without taking applicable U.S. customs and duties into consideration so that such items may better compete for sales of defense equipment to the Department of Defense. In addition, the Agreement stipulates that acquisitions of such items shall fully satisfy Department of Defense requirements for performance, quality, and delivery and shall cost the Department of Defense no more than would comparable U.S. source or other foreign source defense equipment eligible for award.
4.
To achieve the foregoing objectives, the solicitation contained the clause (*title and number of the Buy American clause contained in the contract*). Offers were solicited from other sources and the offer received from (*offeror*) is found to be otherwise eligible for award.

Determination

I hereby determine that it is inconsistent with the public interest to apply the restrictions of the Buy American statute or the Balance of Payments Program to the offer described in this determination and findings.

(Date)

PGI 225.872-5 Contract administration.

(b)(i) When contract administration services are required on contracts to be performed in qualifying countries, direct the request to the cognizant activity listed in the Federal Directory of Contract Administration Services. The cognizant activity also will arrange contract administration services for DoD subcontracts that qualifying country sources place in the United States.

(ii) The contract administration activity receiving a delegation shall determine whether any portions of the delegation are covered by memoranda of understanding annexes and, if so, shall delegate those functions to the appropriate organization in the qualifying country's government.

PGI 225.872-6 Request for audit services.

(1) Send requests for audit services in France, Germany, the Netherlands, or the United Kingdom to the administrative contracting officer at the cognizant activity listed in Section 2B of the Federal Directory of Contract Administration Services. See DFARS 225.870, PGI 225.870-1, and PGI 225.870-5 for procedures to request audit services for contracts overseen by the Canadian Commercial Corporation.

(2) Complete requests for audit services in France, Germany, the Netherlands, or the United Kingdom using the forms and information sheet with form completion instructions available at http://www.dcma.mil/CMO/Division_I/contact.cfm (search on "OCONUS Field Pricing/Assist Audit").

PGI 225.873 Waiver of United Kingdom commercial exploitation levies.

PGI 225.873-2 Procedures.

(1) The Government of the U.K. shall approve waiver of U.K. levies. When an offeror or contractor identifies a levy included in an offered or contract price, the contracting officer shall provide written notification to the Defense Security Cooperation Agency, ATTN: PSD-PMD, 1111 Jefferson Davis Highway, Arlington, VA 22202-4306, telephone (703) 601-3864. The Defense Security Cooperation Agency will request a waiver of the levy from the Government of the U.K. The notification shall include—

(i) Name of the U.K. firm;

(ii) Prime contract number;

(iii) Description of item for which waiver is being sought;

(iv) Quantity being acquired; and

(v) Amount of levy.

(2) Waiver may occur after contract award. If levies are waived before contract award, evaluate the offer without the levy. If levies are identified but not waived before contract award, evaluate the offer inclusive of the levies.

PGI 225.9—CUSTOMS AND DUTIES

PGI 225.902 Procedures.

(1) Formal entry and release.

(i) The administrative contracting officer shall—

(A) Ensure that contractors are aware of and understand any Duty-Free Entry clause requirements. Contractors should understand that failure by them or their subcontractors to provide the data required by the clause will result in treatment of the shipment as without benefit of free entry under Section XXII, Chapter 98, Subchapter VIII, Item 9808.00.30 of the Harmonized Tariff Schedule of the United States.

(B) Upon receipt of the required notice of purchase of foreign supplies from the contractor or any tier subcontractor—

(1) Verify the duty-free entitlement of supplies entering under the contract; and

(2) Review the prime contract to ensure that performance of the contract requires the foreign supplies (quantity and price) identified in the notice.

(C) Within 20 days after receiving the notification of purchase of foreign supplies, forward the following information in the format indicated to the Commander, DCMA New York, ATTN: Customs Team, DCMAE-GNTF, 207 New York Avenue, Building 120, Staten Island, NY 10305-5013:

> We have received a contractor notification of the purchase of foreign supplies. I have verified that foreign supplies are required for the performance of the contract.

Prime Contractor Name and Address:
Prime Contractor CAGE Code:
Prime Contract Number plus Delivery Order Number, if applicable:
Total Dollar Value of the Prime Contract or Delivery Order:
Expiration Date of the Prime Contract or Delivery Order:
Foreign Supplier Name and Address:
Number of Subcontract/Purchase Order for Foreign Supplies:
Total Dollar Value of the Subcontract for Foreign Supplies:
Expiration Date of the Subcontract for Foreign Supplies:
CAO Activity Address Number:
ACO Name and Telephone Number:
ACO Code:
Signature:
Title:

(D) If a contract modification results in a change to any data verifying duty-free entitlement previously furnished, forward a revised notification including the changed data to DCMA New York.

(ii) The Customs Team, DCMAE-GNTF, DCMA New York--

(A) Is responsible for issuing duty-free entry certificates for foreign supplies purchased under a DoD contract or subcontract; and

(B) Upon receipt of import documentation for incoming shipments from the contractor, its agent, or the U.S. Customs Service, will verify the duty-free entitlement and execute the duty-free entry certificate.

(iii) Upon arrival of foreign supplies at ports of entry, the consignee, generally the contractor or its agent (import broker) for shipments to other than a military installation, will file U.S. Customs Form 7501, 7501A, or 7506, with the District Director of Customs.

(2) Immediate entry and release. Importations made in the name of a DoD military facility or shipped directly to a military facility are entitled to release under the immediate delivery procedure.

(i) A DoD immediate delivery application has been approved and is on file at Customs Headquarters.

(ii) The application is for an indefinite period and is good for all Customs districts, areas, and ports.

PGI 225.903 Exempted supplies.

(b)(i) The term "supplies"—

(A) Includes--

(1) Articles known as "stores," such as food, medicines, and toiletries; and

(2) All consumable articles necessary and appropriate for the propulsion, operation, and maintenance of the vessel or aircraft, such as fuel, oil, gasoline, grease, paint, cleansing compounds, solvents, wiping rags, and polishes; and

(B) Does not include portable articles necessary and appropriate for the navigation, operation, or maintenance of the vessel or aircraft and for the comfort and safety of the persons on board, such as rope, bolts and nuts, bedding, china and cutlery, which are included in the term "equipment."

(ii) Format for duty-free certificate.

(Date) _____

I certify that the acquisition of this material constituted a purchase of supplies by the United States for vessels or aircraft operated by the United States, and is admissible free of duty pursuant to 19 U.S.C. 1309.

(Name) _____
(Title) _____
(Organization) _____

(Revised November 20, 2015)

PGI 225.70—AUTHORIZATION ACTS, APPROPRIATIONS ACTS, AND OTHER STATUTORY RESTRICTIONS ON FOREIGN ACQUISITION

PGI 225.7002 Restrictions on food, clothing, fabrics, and hand or measuring tools.

PGI 225.7002-1 Restrictions.

(a)(1)(ii)(*1*) The following are examples, not all-inclusive, of Product and Service Codes (PSCs) that contain items of clothing:

(i) Clothing apparel (such as outerwear, headwear, underwear, nightwear, footwear, hosiery, or handwear) listed in PSC 8405, 8410, 8415, 8420, 8425, 8450, or 8475.

(ii) Footwear listed in PSC 8430 or 8435.

(iii) Hosiery, handwear, or other items of clothing apparel, such as belts and suspenders, listed in PSC 8440 or 8445.

(iv) Badges or insignia listed in PSC 8455.

(2) The PSCs listed in paragraph (a)(1)(ii)(*1*) of this section also contain items that are not clothing, such as—

(i) Visors;

(ii) Kevlar helmets;

(iii) Handbags; and

(iv) Plastic identification tags.

(3) Each item should be individually analyzed to determine if it is clothing, rather than relying on the PSC alone to make that determination.

(4) The fact that an item is excluded from the foreign source restriction of the Berry Amendment applicable to clothing does not preclude application of another Berry Amendment restriction in DFARS 225.7002-1 to the components of the item.

(5) Small arms protective inserts (SAPI plates) are an example of items added to, and not normally associated with, clothing. Therefore, SAPI plates are not covered under the Berry Amendment as clothing. However, fabrics used in the SAPI plate are still subject to the foreign source restrictions of the Berry Amendment. If the fabric used in the SAPI plate is a synthetic fabric or a coated synthetic fabric, the fibers and yarns used in the fabric are not covered by the Berry Amendment, because the fabric is a component of an end product that is not a textile product (see DFARS 225.7002-2(m).

Example: A SAPI plate is compliant with the Berry Amendment if the synthetic fiber or yarn is obtained from foreign country X and woven into synthetic fabric in the United States, which is then incorporated into a SAPI plate manufactured in foreign country Y.

(2) *Hand or measuring tools.*

(A) As applied to hand or measuring tools, "produced in the United States" means that the hand or measuring tool was assembled in the United States out of components, or otherwise made from raw materials into the finished product that is to be provided to the Government.

(B) If a hand or measuring tool was assembled in a country other than the United States, then disassembled and reassembled in the United States, the hand or measuring tool was not produced in the United States.

(C) The requirement to buy hand or measuring tools produced in the United States does not impose any restriction on the source of the components of the hand or measuring tools. This is unlike the Berry Amendment restriction on clothing (see 225.7002-1(a)(1)(ii)), which explicitly requires domestic source for the materials and components of clothing (other than unusual components such as sensors or electronics), as well as the additional separate restrictions on various types of fibers and fabrics that might be components of the clothing.

(D) If the acquisition of the hand or measuring tools is also subject to the Buy American statute (see FAR subpart 25.1), then in order to qualify as a domestic end product, the cost of the components mined, produced, or manufactured in the United States or a qualifying country, must exceed 50 percent of the cost of all the components of the hand or measuring tool.

PGI 225.7002-2 Exceptions.

(b) *Domestic nonavailability determinations.*

(3) *Defense agencies other than the Defense Logistics Agency*.

(A) A defense agency requesting a domestic nonavailability determination must submit the request, including the proposed determination, to—

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060.

(B) The Director, Defense Procurement and Acquisition Policy, will forward the request to the Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD(AT&L)) as appropriate.

PGI 225.7003 Restrictions on acquisition of specialty metals.

PGI 225.7003-2 Restrictions.

(a)(i) This restriction applies to the item containing the specialty metal, not just the specialty metal, as was true when the restriction was part of 10 U.S.C. 2533a. The previous practice of withholding payment while conditionally accepting noncompliant items is not

permissible for—

(A) Contracts entered into on or after November 16, 2006; or

(B) New procurements or out-of-scope changes accomplished on or after November 16, 2006, through the use of bilateral modifications to contracts originally awarded prior to November 16, 2006.

(ii) Consistent with the definition of "component" in the clause at DFARS 252.225-7009, a component is any item supplied to the Government as part of an end item or of another component. Items that are not incorporated into any of the items listed in DFARS 225.7003-2(a) are not components of those items. For example, test equipment, ground support equipment, or shipping containers are not components of the missile system.

PGI 225.7003-3 Exceptions.

(b)(2) *Report of COTS items*.

If a department or agency uses the exception at DFARS 225.7003-3(b)(2) for an acquisition of COTS end items valued at $5 million or more per item, the department or agency shall address use of the exception in a year-end report, to be prepared and submitted as follows:

(A) Entitle the report "COTS Specialty Metal Exceptions Granted During Fiscal Year ____."

(B) For each excepted COTS item purchased during the fiscal year, include in the report, at a minimum, the applicable—

(1) Contract number and any applicable delivery order number;

(2) Dollar value; and

(3) Item description.

(C) Submit the report by October 31 of each year to:

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060.

(b)(5) Domestic specialty metals nonavailable as and when needed.

(A) Determining availability.

(1) FAR 15.402 requires that contracting officers purchase supplies and services at fair and reasonable prices. Thus, contracting officers must determine whether any increase in contract price that results from providing compliant specialty metal is fair and reasonable, given the circumstances of the particular situation. In those cases where

the contracting officer determines that the price would not be fair and reasonable, the Secretary of the military department concerned may use that information in determining whether the unreasonable price causes the compliant metal to be effectively "nonavailable." Where these "reasonableness" limits should be drawn is a case-by-case decision.

(2) A similar approach may be used to determine whether delays associated with incorporating compliant specialty metals into items being acquired results in the metals being effectively nonavailable.

(C)(1) A department or agency requesting a determination or approval from USD(AT&L) in accordance with DFARS 225.7003-3(b)(5) shall submit the request, including the proposed determination, to—

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060.

(2) The Director, Defense Procurement and Acquisition Policy, will forward the request to USD(AT&L) as appropriate.

(b)(6) *Application of specialty metals restrictions to magnets*.

HPM = High performance magnet
COTS = Commercially available off-the-shelf

Magnet made of specialty metal is:	Commercially available, HPM	NOT Commercially available, HPM	COTS, NOT HPM	NOT COTS, NOT HPM
Incorporated into COTS assembly or COTS end item	NOT restricted	*	NOT restricted	*
NOT incorporated into COTS assembly or COTS end item	Restricted	Restricted	NOT restricted	Restricted
Included in 2 percent minimum content?	Cannot be included in 2 percent minimum content	Cannot be included in 2 percent minimum content	NOT restricted	Can be included in 2 percent minimum content

* By definition, COTS assemblies and COTS end items will not include a HPM that is not commercially available or any other magnet that is not COTS.

(c) Compliance for commercial derivative military articles.

(i) A department or agency requesting a determination or approval from USD(AT&L) in accordance with DFARS 225.7003-3(c) shall submit the request, including the proposed determination, to—

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060.

(ii) The Director, Defense Procurement and Acquisition Policy, will forward the request to USD(AT&L) as appropriate.

(d) National security waiver.

(i) A department or agency shall request a national security waiver from USD(AT&L) in accordance with DFARS 225.7003-3(d) in a timely manner after discovering or being informed of a specialty metals noncompliance in an item, or component thereof, listed at 225.7003-2(a). The department or agency shall submit the request, via the chain of command, including the draft determination and draft letters of notification to the congressional defense committees, as follows:

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060

(ii) The request shall include—

(A) The quantity of end items to which the waiver would apply;

(B) The time period that the waiver will cover;

(C) How and when the noncompliance was discovered—

(1) By the subcontractor(s);

(2) By the contractor; and

(3) By the department or agency;

(D) A complete description of all of the items or systems containing noncompliant specialty metals;

(E) The contract number(s), date(s), duration, and subcontractor(s) associated with the noncompliance;

(F) The manufacturer and country of origin of the noncompliant material, if known;

(G) Whether the contractor flowed down the DFARS clause to the subcontractors and in what format (e.g., exact quote or substantially the same?);

(H) A technical description of the affected parts, their role in the larger assembly, and their function in the end item;

(I) Estimated cost and schedule to replace noncompliant parts if a national security waiver is not granted;

(J) Operational and safety implications;

(K) Other national security considerations (such as how the requested waiver will contribute to national security policy or operational security);

(L) A description of the contractor's efforts to develop and implement a corrective plan to ensure future compliance; and

(M) Information helpful to a determination as to whether any noncompliance was knowing and willful.

(iii) The Director, Defense Procurement and Acquisition Policy, will forward the request to USD(AT&L) as appropriate.

PGI 225.7017 Utilization of domestic photovoltaic devices.

PGI 225.7017-4 Waiver.
The following templates are provided as examples, and may be modified as appropriate for a particular acquisition.

(a) *Inconsistent with the public interest*.

(1) Utilization of U.S.-made photovoltaic devices in procurements covered by the World Trade Organization Government Procurement Agreement.

SAMPLE D&F:
SERVICE OR AGENCY

Waiver of Section 858 of the National Defense Authorization Act (NDAA)
for Fiscal Year (FY) 2015

Determination and Findings of Inconsistency with the Public interest

Upon the basis of the following findings and determination which I hereby make in accordance with the provisions of DFARS 225.7017-4(a)(1), U.S.-made photovoltaic devices may be utilized as follows:

Findings

1. The (*contracting office*) proposes to award a contract under contract number _____ that provides for photovoltaic devices manufactured or substantially transformed in the United States to be—

a. Installed inside the United States on DoD property or in a facility owned by DoD; or

b. Reserved for the exclusive use of DoD in the United States for the full economic life of the device.

2. The total estimated cost of these photovoltaic devices is $_____.

3. Section 858 of the NDAA for FY 2015 requires that any photovoltaic device installed under a covered contract be manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States (i.e., a domestic photovoltaic device), unless waived on a case-by case basis because the inclusion of such requirement is inconsistent with the public interest or involves unreasonable costs, subject to exceptions provided in the Trade Agreements Act of 1979 (19 U.S.C. 2501 et seq.) or otherwise provided by law.

4. Pursuant to the Trade Agreements Act of 1979 and the World Trade Organization Government Procurement Agreement, the President has authority to waive, in whole or in part, with respect to eligible products of any foreign country or instrumentality designated under subsection (b) of this section, and suppliers of such products, the application of any law, regulation, procedure, or practice regarding Government procurement that would, if applied to such products and suppliers, result in treatment less favorable than that accorded to—

a. United States products and suppliers of such products; or

b. Eligible products of another foreign country or instrumentality, which is a party to the Agreement and suppliers of such products.

The President has delegated this authority to the United States Trade Representative, who has waived application of the Buy American Act and other discriminatory provisions for eligible products from certain designated countries. Therefore, the restrictions of section 858 also do not apply to eligible products from certain designated countries (i.e., designated country photovoltaic devices). The country of origin for an eligible product that consists in whole or in part of materials from another country, is the country in which the article has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. Since the Trade Agreements Act applies only to products of foreign countries, section 858 is not automatically waived for products substantially transformed in the United States, i.e., U.S.-made photovoltaic devices.

These different rules of origin result in less favorable treatment for U.S.-made photovoltaic devices. Manufacturers of photovoltaic devices commonly use worldwide sources for components. Unless waived on a case-by-case basis, section 858 does not even allow the utilization of a U.S.-made photovoltaic device with a predominance of foreign components (i.e., not a domestic photovoltaic device). There is also a disproportionately burdensome recordkeeping requirement on firms offering domestic photovoltaic devices in acquisitions subject to Trade Agreements, in order to demonstrate that the photovoltaic device meets the 50 percent domestic component test. Because of the component requirement, such offerors of domestic photovoltaic devices must determine, control, and track the source of components. In today's global economy, this has become an extremely difficult, if not impossible task. On the other hand, this burden does not apply to designated

country photovoltaic devices, because the substantial transformation rule of origin for designated country photovoltaic devices does not limit similarly the country of origin of components. This may encourage a company to manufacture the photovoltaic device in a designated foreign country rather than in the United States.

5. The solicitation contained the clause at DFARS 252.225-7017, Photovoltaic Devices, and the provision at DFARS 252.225-7018, Photovoltaic Devices—Certification. The offeror has certified that the photovoltaic devices to be utilized under this contract are U.S.-made photovoltaic devices. Offers were solicited from other sources and the offer received from (*offeror*) is found to be otherwise eligible for award.

Determination

I hereby determine that it is inconsistent with the public interest to apply the restrictions of section 858 of the NDAA for FY 2015 to the offer described in this determination and findings.

(Date)

(2) Utilization of photovoltaic devices from a qualifying country.

SAMPLE D&F:
SERVICE OR AGENCY

Waiver of Section 858 of the National Defense Authorization Act (NDAA)
for Fiscal Year (FY) 2015

Determination and Findings of Inconsistency with the Public interest

Upon the basis of the following findings and determination which I hereby make in accordance with DFARS 225.7017-4(a)(2), a qualifying country photovoltaic device may be utilized as follows:

Findings

1. The (*contracting office*) proposes to award a contract under contract number _____ that provides for photovoltaic devices manufactured in (*qualifying country of origin*) to be—

a. Installed inside the United States on DoD property or in a facility owned by DoD; or

b. Reserved for the exclusive use of DoD in the United States for the full economic life of the device.

2. The total aggregate cost of these photovoltaic devices is $_____.

3. Section 858 of the NDAA for FY 2015 requires that any photovoltaic device installed under a covered contract be manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States (i.e., a domestic photovoltaic device), unless waived on a case-by-case basis because the inclusion of such requirement is inconsistent with the public interest or involves

unreasonable costs, subject to exceptions provided in the Trade Agreements Act of 1979 (19 U.S.C. 2501 et seq.) or otherwise provided by law.

4. The United States Government and the Government of _____ have signed a memorandum of understanding, in which the Governments have agreed that, in relation to defense procurement, each country will accord to the industries of the other country treatment no less favorable than that accorded to its own industries insofar as laws and regulations permit. The reciprocal opportunities that the memorandum of understanding affords to the Governments and their defense industries enhances our mutual military readiness and promotes standardization and interoperability of equipment between the armed forces of the two nations. These factors contribute considerably to the security of the United States.

5. The Agreement stipulates that utilization of such items shall fully satisfy Department of Defense requirements for performance, quality, and delivery and shall cost the Department of Defense no more than would comparable U.S. source or other foreign source defense equipment.

6. The solicitation contained the clause at DFARS 252.225-7017, Photovoltaic Devices, and the provision at DFARS 252.225-7018, Photovoltaic Devices—Certification. The offeror has certified that the photovoltaic devices to be utilized under this contract are qualifying country photovoltaic devices. Offers were solicited from other sources and the offer received from (*offeror*) is found to be otherwise eligible for award.

Determination

I hereby determine that it is inconsistent with the public interest to apply the restrictions of section 858 of the NDAA for FY 2015 to the offer described in this determination and findings.

(Date)

(b) *Unreasonable cost*.

SAMPLE D&F:
SERVICE OR AGENCY

Waiver of Section 858 of the National Defense Authorization Act (NDAA)
for Fiscal Year (FY) 2015

Determination and Findings of Unreasonable Cost of Domestic Photovoltaic Devices

Upon the basis of the following findings and determination which I hereby make in accordance with the provisions of DFARS 225.7017-4(b), foreign photovoltaic devices may be utilized as follows:

Findings

1. The (*contracting office*) proposes to award a contract under contract number _____, that provides for photovoltaic devices manufactured in (*country of origin*) to be—

a. Installed inside the United States on DoD property or in a facility owned by DoD; or

b. Reserved for the exclusive use of DoD in the United States for the full economic life of the device.

2. The total aggregate cost of these photovoltaic devices is $_____.

3. Section 858 of the NDAA for FY 2015 requires that any photovoltaic device installed under a covered contract be manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States (i.e., a domestic photovoltaic device), unless waived on a case-by case basis because the inclusion of such requirement is inconsistent with the public interest or involves unreasonable costs, subject to exceptions provided in the Trade Agreements Act of 1979 (19 U.S.C. 2501 et seq.) or otherwise provided by law.

4. The solicitation contained the clause at DFARS 252.225-7017, Photovoltaic Devices, and the provision at DFARS 252.225-7018, Photovoltaic Devices—Certification. The offeror has provided documentation in accordance with the provision DFARS 252.225-7018 that the cost of a domestic photovoltaic device would be unreasonable in comparison to the cost of the proposed foreign photovoltaic device, i.e., that the price of the foreign photovoltaic device plus 50 percent is less than the price of a comparable domestic photovoltaic device.

Determination

I hereby determine that the cost of utilizing domestic photovoltaic devices would be unreasonable, and therefore waive application of the restrictions of section 858 of the NDAA for FY 2015 to the offer described in this determination and findings.

(Date)

(Revised September 9, 2013)

PGI 225.72--REPORTING CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES

PGI 225.7203 Contracting officer distribution of reports.

Before contract award, forward a copy of any reports that are submitted with offers in accordance with the provision at 252.225-7003, Report of Intended Performance Outside the United States and Canada—Submission with Offer, to the Deputy Director of Defense Procurement and Acquisition Policy (Contract Policy and International Contracting), OUSD(AT&L) DPAP/CPIC, Washington, DC 20301-3060. This is necessary to satisfy the requirement of 10 U.S.C. 2410g that notifications (or copies) of contract performance outside the United States and Canada be maintained in compiled form for 5 years after the date of submission.

(Revised May 15, 2015)

PGI 225.73--ACQUISITIONS FOR FOREIGN MILITARY SALES

PGI 225.7300 Scope of subpart.

(a) The Foreign Military Sales (FMS) acquisition infrastructure is also used to execute cases funded with U.S. appropriated funds under special authority to build international partner capacity. These Building Partner Capacity (BPC) cases are implemented using Pseudo Letter of Offer and Acceptance (LOA) documents.

PGI 225.7301 General.

(c)(i) Separately identify known FMS requirements and the FMS customer in solicitations.

(ii) Clearly identify contracts for known FMS requirements by the case identifier code in section B of the Schedule.

(iii) Ensure that the FMS LOA terms and conditions are incorporated into the signed contract.

(iv) Ensure that the shipping terms for any contract for FMS materiel are stated as free on board (f.o.b.) origin.

(v) For Pseudo LOAs, ensure that the period of performance in the contract is consistent with the period of availability of appropriated funds, as provided by the financial resource manager.

(vi) Consistent with the Defense Transportation Regulations (DTR) 4500.9-R-Part II, Cargo Movement, http://www.transcom.mil/dtr/part-ii/, Appendix E, contracting officers shall ensure that contracts involving the acquisition and delivery of FMS materiel comply with the policies, procedures, packaging, labeling, and documentation requirements specified by the DTR.

(vii) The Government representative responsible for acceptance shall ensure that the contractor prepares material inspection and receiving reports in compliance with—

(A) Appendix F, F-301(b)(15)(iv)(K) for a Wide Area WorkFlow (WAWF) Receiving Report; or

(B) F-401(b)(16)(iv)(L) for a paper DD Form 250, Material Inspection and Receiving Report, if an exception to the use of WAWF at 232.7003 applies.

(viii) Prior to contract award, contracting officers shall ensure that—

(A) If a contracting officer's representative is assigned, detailed point of contact information (email, phone number with international dialing protocols, and physical and mailing address) shall be clearly visible;

(B) Unique country requirements are specified in the contract (i.e., additional documentation requirements for use in country customs clearance (Levy Exemption waiver));

(C) Commodity-unique requirements are specified in the contract (i.e., responsibility for obtaining/paying for/affixing active Radio Frequency Identification tags and Transportation Control Number construction/usage); and

(D) The FMS Transportation Accounting Code is stated in the contract.

PGI 225.7302 Preparation of Letter of Offer and Acceptance.

(2) The contracting officer shall—

(i) Assist the DoD implementing agency, as necessary, in preparation of the Letter of Offer and Acceptance;

(ii) Identify and explain all unusual contractual requirements or requests for deviations; and

(iii) Assist in preparing the price and availability data.

PGI 225.7303 Pricing acquisitions for FMS.

PGI 225.7303-2 Cost of doing business with a foreign government or an international organization.

(a)(3) *Offsets*.

(A) Offsets are the entire range of industrial and commercial benefits provided to foreign governments as an inducement or condition to purchase military supplies or services, including benefits such as coproduction, licensed production, subcontracting, technology transfer, in-county procurement, marketing and financial assistance, and joint ventures (Defense Offsets Disclosure Act of 1999, Pub. L. 106-113, section 1243(3)). There are two types of offsets: direct offsets and indirect offsets.

(i) A direct offset involves benefits, including supplies or services that are directly related to the item being purchased. For example, as a condition of a U.S. sale, the contractor may require or agree to permit the purchaser to produce in its country certain components or subsystems of the item being sold. Generally, direct offsets must be

performed within a specified period because they are integral to the deliverable of the FMS contract.

(ii) An indirect offset involves benefits, including supplies or services that are unrelated to the item being purchased. For example, as a condition of a sale the contractor may agree to purchase certain of the customer's manufactured products, agricultural commodities, raw materials, or services. Indirect offsets may be accomplished without a clearly defined period of performance.

(B) Offset costs are the costs to the contractor of providing any direct or indirect offsets required (explicitly or implicitly) as a condition of purchase in a government-to-government sale of defense articles and/or defense services as defined by the Arms Export Control Act and the International Traffic in Arms Regulations.

(C) An offset agreement is the contractual arrangement between the FMS customer and the U.S. defense contractor that identifies the offset obligation imposed by the FMS customer that has been accepted by the U.S. defense contractor as a condition of the FMS customer's purchase. These agreements are distinct and independent of the LOA and the FMS contract. Further information about offsets and LOAs may be found in the Defense Security Cooperation Agency (DSCA) Security Assistance Management Manual (DSCA 5105.38-M), chapter 6, paragraph 6.3.9. (http://samm.dsca.mil/chapter/chapter-6).

(Removed June 26, 2015)

(Revised June 15, 2012)

PGI 225.75—BALANCE OF PAYMENTS PROGRAM

PGI 225.7502 Procedures.

If the Balance of Payments Program applies, use the following procedures:

(1) *Solicitation of offers*. Identify, in the solicitation, supplies and construction material known in advance to be exempt from the Balance of Payments Program.

(2) *Evaluation of offers*.

(i) *Supplies*. Unless the entire acquisition is exempt from the Balance of Payments Program, evaluate offers for supplies that are subject to the Balance of Payments Program using the evaluation procedures in DFARS Subpart 225.5. However, treatment of duty may differ when delivery is overseas.

(A) Duty may not be applicable to nonqualifying country offers.

(B) The U.S. Government cannot guarantee the exemption of duty for components or end products imported into foreign countries.

(C) Foreign governments may impose duties. Evaluate offers including such duties as offered.

(ii) *Construction*. Because the contracting officer evaluates the estimated cost of foreign and domestic construction material in accordance with DFARS 225.7501(a)(6)(iv) before issuing the solicitation, no special procedures are required for evaluation of construction offers.

(3) *Postaward*. For construction contracts, the procedures at FAR 25.206, for noncompliance under the Buy American statute, also apply to noncompliance under the Balance of Payments Program.

(Revised September 9, 2013)

PGI 225.76—SECONDARY ARAB BOYCOTT OF ISRAEL

PGI 225.7604 Waivers.

Forward waiver requests to the Director, Defense Procurement and Acquisition Policy, ATTN: OUSD(AT&L) DPAP/CPIC, 3060 Defense Pentagon, Washington, DC 20301-3060.

(Revised May 10, 2016)

PGI 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN AFGHANISTAN

PGI 225.7703 Enhanced authority to acquire products or services from Afghanistan.

PGI 225.7703-1 Acquisition procedures.

(c) When issuing solicitations and contracts for performance in Afghanistan, follow the guidance for CENTCOM Operational Contract Support Policies and Procedures, Theater Business Clearance, at https://www2.centcom.mil/sites/contracts/Pages/GCO.aspx, and use the applicable solicitation provisions and contract clauses:

(1) The provision at DFARS 252.232-7014, Notification of Payment in Local Currency (Afghanistan), as prescribed at DFARS 232.7202.

PGI 225.7703-2 Determination requirements.

(b) Subject matter experts for defense industrial base matters are as follows:

For Army: SAAL-PA, Army Industrial Base Policy, telephone 703-695-2488.

For DLA: DLA J-74, Acquisition Programs and Industrial Capabilities Division, telephone 703-767-1427.

For Navy: Ship Programs, DASN Ships, telephone 703-697-1710.

For Air Force: Air Force Research Laboratory, Materials Manufacturing Directorate, telephone 703-588-7777.

For Other Defense Agencies: Personnel at defense agencies without industrial base expertise on staff should contact the Office of the Deputy Under Secretary of Defense for Industrial Policy (Acquisition, Technology, and Logistics), telephone 703-697-0051.

(c) Determination formats.

(i) Prepare an individual determination and findings substantially as follows:

DEPARTMENT OR AGENCY

Authority to Acquire Products or Services from Afghanistan

Determination and Findings

Upon the basis of the following findings and determination which I hereby make in accordance with the provisions of DFARS 225.7703-2, the acquisition of a product or service, other than small arms, in support of operations in Afghanistan may be made as follows:

Findings

1. The *[contracting office]* proposes to purchase under contract number _____, *[describe item]*. The total estimated cost of this acquisition is _____.

2. The product or service is to be used by *[describe the entity(ies) that are the intended user(s) of the product or service]*.

3. The contracting officer recommends conducting the acquisition using the following procedure, which, given this determination, is authorized by Section 886 of Public Law 110-181:

   [Select one of the following:]

   Provide a preference for products or services from Afghanistan.

   Limit competition to products or services from Afghanistan.

   Use procedures other than competitive procedures to award a contract to a particular source or sources from Afghanistan.

4. To implement the recommended procedure, the solicitation will contain *[title and number of the applicable provision and/or clause prescribed at DFARS 225.7703-4]*.

5. The proposed acquisition will provide a stable source of jobs in Afghanistan because _____.

6. The proposed use of other than full and open competition is necessary to provide this stable source of jobs in Afghanistan.

7. The proposed use of other than full and open competition will not

adversely affect military operations or stability operations in Afghanistan, because _____. This is the opinion of the *[title of the official responsible for operations in the area involved]*.

8. The proposed use of other than full and open competition will not adversely affect the United States industrial base.

9. *[If a preference will be provided for products or services from Afghanistan, or if competition will be limited to products or services from Afghanistan, include—*

   (1) A description of efforts made to ensure that offers are solicited from as many potential sources as is practicable; and

   (2) Whether a notice was or will be publicized as required by FAR Subpart 5.2 and, if not, which exception in FAR 5.202 applies.]

   - or -

   [If procedures other than competitive procedures will be used to award a contract to a particular source or sources from Afghanistan, include—

   (1) A description of the market research conducted in accordance with FAR Part 10 and the results; or a statement of the reason market research was not conducted;

   (2) A listing of the sources, if any, that expressed, in writing, an interest in the acquisition;

   (3) A demonstration that the proposed contractor's unique qualifications require the use of a noncompetitive acquisition, or an explanation of the other reasons for use of a noncompetitive acquisition; and

   (4) A certification by the contracting officer that the information in paragraphs (1) through (3) above is accurate and complete to the best of the contracting officer's knowledge and belief.]

Determination

I hereby determine that it is in the national security interest of the United States to use the acquisition procedure described above, because the procedure is necessary to provide a stable source of jobs in Afghanistan and it will not adversely affect (1) Operations in Afghanistan or (2) the United States industrial base.

_____ _____

(Date)

(ii) Prepare a determination and findings for a class of acquisitions substantially as follows:

DEPARTMENT OR AGENCY

Authority to Acquire Products or Services from Afghanistan

Determination and Findings

Upon the basis of the following findings and determination which I hereby make in accordance with the provisions of DFARS 225.7703-2, the acquisition of products or services, other than small arms, in support of operations in Afghanistan may be made as follows:

Findings

1. It is anticipated that *[applicable departments/agencies/components]* will need to award contracts during the period from _____ to _____ in order to acquire *[describe the type(s) of products or services]* for *[describe the purpose, if the purpose for which the items will be acquired is a defining characteristic of the class of acquisitions to be covered by the class determination]*.

2. The products or services to be acquired under the contemplated contracts are to be used by *[describe the entity(ies) intended to use the products or services]*.

3. This class of acquisitions should be conducted using the following procedure, which, given this determination, is authorized by Section 886 of Public Law 110-181, as amended by section 842 of Pub. L. 112-239:

   [Select one of the following:]

   Provide a preference for products or services from Afghanistan.

   Limit competition to products or services from Afghanistan.

   Use procedures other than competitive procedures to award a contract to a particular source or sources from Afghanistan.

4. To implement the recommended procedure, solicitations will contain *[title and number of the applicable provision and/or clause prescribed at DFARS 225.7703-4].*

5. Each of the contemplated contracts will provide a stable source of jobs in Afghanistan, because _____.

6. The proposed use of other than full and open competition for this class of acquisitions is necessary to provide this stable source of jobs in Afghanistan.

7. The proposed use of other than full and open competition for this class of acquisitions will not adversely affect operations in Afghanistan, because_____. This is the opinion of the *[title of the official responsible for operations in the area involved]*.

8. The proposed use of other than full and open competition for this class of acquisitions will not adversely affect the United States industrial base.

9. *[If a preference will be provided for products or services from Afghanistan, or if competition will be limited to products or services from Afghanistan, include—*

   (1) A description of the efforts that will be made to ensure that offers are solicited from as many potential sources as is practicable; and

   (2) Whether a notice will be publicized as required by FAR Subpart 5.2 and, if not, which exception in FAR 5.202 applies.]

   - or -

   [If procedures other than competitive procedures will be used to award contracts to a particular source or sources from Afghanistan, include—

   (1) A description of the market research conducted in accordance with FAR Part 10 and the results; or a statement of the reason market research was not conducted;

   (2) A listing of the sources, if any, that expressed, in writing, an interest in this class of acquisitions;

   (3) A demonstration that the proposed contractor's unique qualifications require the use of a noncompetitive acquisition, or an explanation of the other reasons for use of a noncompetitive acquisition; and

(4) A certification by the contracting officer that the information in paragraphs (1) through (3) above is accurate and complete to the best of the contracting officer's knowledge and belief.

Determination

I hereby determine that it is in the national security interest of the United States to use the acquisition procedure described above for *[description of the class of acquisitions to which this determination is intended to apply]*, because the procedure is necessary to provide a stable source of jobs Afghanistan and it will not adversely affect (1) Operations in Afghanistan or (2) the United States industrial base.

_____ _____

(Date)

(iii) Prepare a determination and findings for acquisitions issued pursuant to Class Deviation 2016-O0004, to Acquire Products and Services Produced in Afghanistan or in Countries along a Major Route of Supply to Afghanistan, substantially as follows:

DEPARTMENT OR AGENCY

AUTHORITY TO ACQUIRE PRODUCTS OR SERVICES FROM
_____1_____

Determination and Findings

Upon the basis of the following findings and determination, which I hereby make in accordance with the provisions of DFARS 225.7799-2 (DEVIATION 2016-O0004), the acquisition of a product or service, other than small arms, in support of operations in Afghanistan may be made as follows:

FINDINGS

1. The _____1A_____ proposes to purchase under solicitation number _____1B_____, _____1C_____. The total estimated cost of this acquisition is _____1D_____.

2. The product or service is to be used by _____2_____.

3. The contracting officer recommends conducting the acquisition using the following procedure, which, given this determination, is authorized by section 801 of Public Law 111-084 and section 886 of Pub. L. 110-181:
_____3_____.

4. To implement the recommended procedure, the solicitation will contain:

a. DFARS 252.225-7998, Preference for Products or Services from Afghanistan, a Central Asian State, Pakistan, or the South Caucasus (DEC 2015) (DEVIATION 2016-O0004), and DFARS 252.225-7999, Requirement for Products or Services from Afghanistan, a Central Asian State, Pakistan, or the South Caucasus (DEC 2015) (DEVIATION 2016-O0004); or

b. DFARS 252.225-7996, Acquisition Restricted to Products or Services from Afghanistan, a Central Asian State, Pakistan, or the South Caucasus (DEC 2015) (DEVIATION 2016-O0014).

5. The proposed acquisition will provide a product or service that is to be used
_____5_____.

6.a. For products or services from Afghanistan, a Central Asian State, Pakistan, or the South Caucasus, it is in the national security interest of the United States to use a procedure specified in 225.7799-1(a)(DEVIATION 2016-O0004) because the procedure is necessary to
_____6A_____.

Use of the procedure for acquisition of products or services from Afghanistan, a Central Asian State, Pakistan, or the South Caucasus will not adversely affect military or stability operations in Afghanistan or the United States industrial base (*see* _6B)__.

b. For products or services from Afghanistan, it is in the national security interest of the United States to use a procedure specified in 225.7799-1(a)(DEVIATION 2016-O0004) because the procedure is necessary to provide a stable source of jobs in Afghanistan.

Use of the procedure for acquisition of products or services from Afghanistan will not adversely affect military or stability operations in Afghanistan or the United States industrial base (*see* _6B)__. (see 6C)

7. Acquisitions conducted using the procedures specified in DFARS 225.7799-1(a) (DEVIATION 2016-O0004), (see para. 3. above), are authorized to use other than full and open competition procedures and do not require the justification and approval addressed in FAR Subpart 6.3.

8. Requirement will be/was synopsized: YES [___] NO [___]. If not synopsized, exception at FAR 5.202(a) applies.

_____ Date:_____
CONTRACTING OFFICER
Name:_____
Office Symbol: _____

DETERMINATION

In accordance with the authorization outlined in DFARS 225.7799-2(b)(1)(i)(DEVIATION 2016-O0004) and under the authority of section 801 if the National Defense Authorization Act for Fiscal Year 2010, as most recently amended by sections 886 and 1214 of the National Defense Authorization Act for Fiscal Year 2016, I hereby determine that it is in the national security interest of the United States to use the acquisition procedure described above because the procedure is necessary to encourage countries along a major route of supply in support of military and stability operations in Afghanistan. This procedure will not adversely affect military or stability operations in Afghanistan or the United States industrial base.

_____ Date:_____

INSTRUCTIONS FOR COMPLETING DETERMINATION

1 Afghanistan, a Central Asian State, Pakistan, or the South Caucasus
- 1A Office symbol of your contracting office
- 1B RFP/RFQ/IFB number
- 1C Description of the items to be purchased
- 1D Estimated amount of the requirement (in USD)

2 Describe the entity(ies) that are the intended user(s) of the product or service

3 *Select and include one of the following:*

a. Provide a preference for products or services from Afghanistan, a Central Asian State, Pakistan, or the South Caucasus in accordance with the evaluation procedures at 225.7799-3 (DEVIATION 2016-O0004).

b. Limit competition to products or services from Afghanistan, a Central Asian State, Pakistan, or the South Caucasus DEVIATION 2016-O0004).

5 *Select and include one of the following:*

In the country that is the source of the product or service.

In the course of efforts by the United States and the Forces to ship goods to or from Afghanistan in support of operations in Afghanistan.

By the military forces, police, or other security personnel of Afghanistan.

By the United States or coalition forces in Afghanistan.

6Ai Paragraph (6.a. may be deleted if the product or service is for use by the military forces, police, or other security personnel of Afghanistan.

6Aii *Select and include one of the following:*

Reduce the overall United States transportation costs and risks in shipping goods in support of operations in Afghanistan.

Encourage states of Central Asia, Pakistan, and the South Caucasus to cooperate in expanding supply routes through their territory in support of operations in Afghanistan.

Help develop more robust and enduring routes of supply to or from Afghanistan.

6B The contracting officer generally may presume that there will not be an adverse effect on the U.S. industrial base. However, when in doubt the contracting officer should coordinate with the applicable subject matter experts.

6C Delete paragraph 6.b. if the product or service concerned is to be used only by the military forces, police, or other security personnel of Afghanistan.

7 Include a description of efforts made to ensure offers are solicited from as many potential sources as is practicable.

(Revised May 11, 2011)

PGI 225.78— ACQUISITIONS IN SUPPORT OF GEOGRAPHIC COMBATANT COMMAND'S THEATER SECURITY COOPERATION EFFORTS

PGI 225.7801 Policy.

DoD components are responsible for providing procurement and contracting support of theater security cooperation efforts conducted in support of combatant commander/Chief of Mission, to include military exercises/training, base operations, weapons procurement, aviation fuels and construction and the President's Emergency Plan for Aids relief. By Director, Defense Procurement and Acquisition Policy (DPAP) memorandum dated May 6, 2011 and its attachment, Department of State (DoS) Cable 11 STATE 030953, "Procurement Roles and Responsibilities – General Services Officer and DoD Personnel," DoS procurement support is normally restricted to those routine non-complex supplies and services used by U. S. Government personnel permanently assigned at post and acquired for U. S. Government employee direct use. Follow all guidance set forth in this Director, DPAP-approved cable and associated planning considerations at PGI 207.105 (b)(20)(F).

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MAY - 6 2011

MEMORANDUM FOR CHAIRMAN OF THE JOINT CHIEFS OF STAFF
COMMANDERS OF THE COMBATANT COMMANDS
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION AND LOGISTICS MANAGEMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Procurement Support of Theater Security Cooperation Efforts

This memorandum forwards a revised Department of State (DoS) Cable, "Procurement Roles and Responsibilities – General Service Officer and Department of Defense Personnel," along with text of recently published DFARS Procedures Guidance and Information (PGI) language that puts forth guidance on planning for and executing such support. This revision was necessary because of an increase in DoD unauthorized commitments and lack of planning for military exercises and training events with host nations.

The attached cable updates a previous 2008 DoS cable by clarifying existing guidance and providing additional content. New DFARS PGI guidance at 207.105 subparagraph (20)(F) and 225.78 references the new cable and provides several key steps planners should take along with the overarching policy for executing such support. We have added a new section "Guidance for Procurement Support of Theater Security Assistance Efforts" to our DPAP Contingency Contracting webpage at http://www.acq.osd.mil/dpap/pacc/cc/index.html and have posted pertinent information and key references there.

Please ensure this letter and attachment are distributed to those activities and personnel likely to plan for and execute theater security cooperation efforts, as well as supporting contracting activities. My POC for this effort is Mr. Bill Reich, 7571-256-7009, William.reich@osd.mil.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

Subject: PROCUREMENT ROLES AND RESPONSIBILITIES - GSO AND DOD PERSONNEL

UNCLAS STATE 030953

E.O. 13526: N/A
TAGS: AMGT
SUBJECT: PROCUREMENT ROLES AND RESPONSIBILITIES - GSO AND DOD PERSONNEL

REF: (A) 98 STATE 164061, (B) 00 STATE 22587, (C) 00 STATE 93804, (D) 03 STATE 037835, (E) 08 STATE 000654, (F) SECDEF Msg 021516Z OCT 98, (G) DIA Msg 071458Z SEP 10

1. Introduction:

A. This cable from State's Procurement Executive Corey Rindner has been reviewed and approved by the Office of DoD's Director, Defense Procurement and Acquisition Policy (DPAP).

B. This cable updates and clarifies the roles and responsibilities of DoD and State Management/General Service Officer (MGMT/GSO) personnel at overseas embassies and consulates on procurement matters. This includes both DoD personnel permanently assigned to posts and those with business in the area requesting support from posts.

C. REF (A) provides clarification on acquisition services and the fees under International Cooperative Administrative Support Services (ICASS) at any post. REF (B) covers the provision of procurement services by State under ICASS and discusses serviced agency special authorities. REF (C) provides guidelines regarding the acquisition of official vehicles by overseas posts. REF (D) is a joint cable from State and Defense Logistics Agency (DLA) that provides guidance to outline the roles and responsibilities of the Defense Energy Support Center (now known as DLA Energy) and Admin/MGMT/GSO personnel at overseas posts on fuel procurement matters. REF (E) is a joint cable outlining the roles and responsibilities of DoD and State MGMT/GSO personnel at overseas posts on procurement matters. REF (F) provides the DoD policy for the approval of offshore procurement of vehicles using security assistance funds. REF (G) provides guidance on the acquisition of non-armored vehicles for DIA Defense Attachi Offices (DAOs).

2. Compliance with all applicable statutes, regulations and directives:

A. State and DoD want to make the procurement process work as smoothly as possible. DoD personnel, employing the services of MGMT/GSO Contracting Officers, are reminded of their responsibility to provide documentation to the assisting agency, as circumstances dictate, that specifies any DoD-unique requirements and otherwise provides assurance that such DoD requirements comply with all applicable statutes, regulations and directives.

B. DoD personnel should become familiar with the requirements associated with interagency acquisition maintained on the Defense Procurement and Acquisition Policy webpage, http://www.acq.osd.mil/dpap/cpic/cp/interagency _acquisition.html, when contemplating requesting acquisition support from State. This site contains both a series of "Frequently Asked Questions" and the latest DoD policies. For purposes of Section 801(b) of the Fiscal Year 2008 National Defense Authorization Act, Internal Controls for Procurements on Behalf of the Department of Defense by Certain Non- Defense Agencies, Request for "Waiver," State is a non-certifying, non-defense agency. This means that DoD Components may not request State to procure property or services in excess of the simplified acquisition threshold (SAT) (normally USD 150,000 - see Federal Acquisition Regulation (FAR) 2.101) or warrant level of the GSO/Mgmt Officer, whichever is less (note some GSO/Mgmt Officers only have $100,000 warrants) without a waiver approved by the Director, Defense Procurement and Acquisition Policy (DPAP) and A/OPE. Waiver requests must be submitted through the agency focal point in accordance with procedures found at the aforementioned webpage. Even though DoD has a waiver policy in place for procurements exceeding SAT, STATE contracting support of DoD is limited to simplified, non-complex, low dollar value, commercial type, non-programmatic procurements for U.S. Government personnel use.

C. For informational purposes, DIA currently has an approved Office of Secretary of Defense (OSD) waiver on file to continue to conduct business with the Department of State for efforts exceeding the simplified acquisition threshold; however, note restrictions in last sentence of para B above. To confirm the continued authorization of DIA to use services of the Department of State for such requirements, please contact Anthony E. Cicala, Chief, Acquisition Policy, DIA, at (703) 907- 1846, or Gary Blasser, Deputy Chief, Acquisition Policy, DIA, at (703) 907-0730 and post A/OPE desk officer identified in paragraph 7.

3. Government-wide Commercial Purchase Card (GCPC): DoD employees are encouraged to use the DoD government-wide commercial purchase card for acquisitions while at overseas posts. It is most commonly used for purchases at or below the micro-purchase threshold of USD 3,000 per transaction. However, authorized individuals from DAOs and Security Cooperation Offices (SCOs), and military units tasked with supporting theater security cooperation efforts, may use government-wide commercial purchase cards for individual transactions up to USD 30,000, as appropriate [see Defense Federal Acquisition Regulation Supplement (DFARS) 213.301, DoD Government Charge Card Guidebook and agency requirements]. The card provides a quick and reliable means for DoD personnel to meet small dollar value needs without having to submit procurement requests to MGMT/GSO and pay the associated ICASS charges. It also provides an excellent record of acquisition transactions. Contact the respective procurement office at the Headquarters providing support to request a government-wide commercial purchase card. For DAOs contact Robert (Chris) Mohn, DIA GPC Program Manager at (301) 394-5309, or Bonnie Healy, DIA Deputy GPC Program Manager at 402- 232-8083.

4. Direct Procurement for DoD offices:

A. If a purchase card transaction is not appropriate, DoD personnel should generally look first to their normal DoD source of procurement support.

B. Post procurement support is normally restricted to those routine non-complex services and supplies used by U.S. Government personnel permanently assigned at post and acquired for USG employee direct use that are covered under the local ICASS agreement that the post has with agencies under Chief of Mission authority. Post procurement offices are not staffed to support TDY/TAD military personnel. TDY/TAD military personnel shall arrange for contracted transportation, lodging and most other contracted support through their supporting contracting offices. Post procurement offices may assist with points of contact and vendor information. Post procurement offices are not staffed or sufficiently knowledgeable regarding DoD-unique procurement policy requirements, special authorities and programs to provide procurement support for complex program procurements, nor do they possess the needed assistance authorities to complete certain transactions. Certain categories of procurements defined in REF (E) (such as Partnership for Peace, Humanitarian Assistance, FMS case related work for host government, military exercises/training, base operations, weapons procurement, aviation fuels and construction, President's Emergency Plan for Aids Relief (PEPFAR) projects) must be handled by DoD procurement offices.

C. Procurement Process: Paragraphs C.1 through C.11 provide guidance in chronological order following the steps in the procurement process. Procurement actions submitted to your DoD Procurement Office may not follow the same requirements found in the paragraphs below if special authorities exist; however, the basic procedures should be similar.

C.1. Acquisition Planning: Sound procurement begins with adequate planning. All procurement actions take a certain amount of lead time. The most successful procurements are planned in advance. DoD personnel assigned at post should hold an acquisition planning meeting at the beginning of each fiscal year with the MGMT/GSO section to discuss upcoming procurement requirements. Additionally, regularly scheduled meetings are also advisable. For guidance you may also review State's Office of the Procurement Executive's (A/OPE) sample on acquisition planning (available at http://AOPE.A.STATE.GOV (DoS intranet website available to all DoS, DoD and other agency personnel under COM authority overseas) or on the World Wide Web at http://www.statebuy.state.gov, click on DOSAR, under "References," then click on "605 - 612, Subchapter B - Competition and Acquisition Planning," below which will appear a subfolder entitled "PDF Format." Click on "PDF Format," then go to Part 607). DoD Personnel at post, or that will be on temporary assignment in the area deployed to support theater security cooperation efforts, should also review and be familiar with requirements set forth in DFARS 207.1 and this cable and begin working arrangements for procurement support at least 60 days prior to the need or else as soon as practicable.

The Geographic Combatant Commands (GCCs) may need to write a Contract Support Integration Plan (CSIP) that addresses how DoD will carry out procurement actions in a theater of operations. This should include how DoD/military contracting officers integrate with DoS MGMT/GSO sections.

C.2. Requisition Practices: Splitting a procurement request to avoid a mandated procurement threshold is illegal. Obligation of funds with specifics to be determined later, in order to obligate funds prior to the end of a fiscal year, is not acceptable. Obligation of funds on a procurement document for needs that

may arise in the next fiscal year, in order to save the funds, is also illegal and violates Appropriation Law.

C.3. State Contracting Authority: The Procurement Executive appoints MGMT/GSOs as Contracting Officers. Appointments are limited by dollar value, training and need. Appointments are usually in the amount of USD 100,000 or USD 250,000. A Contracting Officer must receive prior approval from OPE prior to soliciting proposals and awarding a contract with a dollar value over the warrant limitation.

C.4. Procurement Requests: The procurement process cannot begin without a proper purchase request, DS-1970 (or equivalent, if the post already requires a different form). The request must consist of, at a minimum, a statement of work, suggested source list, and evidence of funding, or if funding is not currently available, appropriate rationale in accordance with statute, FAR, and supplementing regulatory procedures as applicable, followed by estimated cost. A sample of DOS's Abroad Procurement Request Form DS-1970 can be found at A/OPE's intranet webpage or on the World Wide Web at http://www.state.gov/documents/organization/79993.pdf.

C.5. Funding: Normally, DoD purchase requests should include a certification that funds are available, supported by an obligation number on the certification. If funding is not available at the time a purchase request is being prepared, then DoD must state on the procurement request that funding is currently unavailable, and provide any relevant documentation. The MGMT/GSO must have some assurance that funds are or will soon be available to be able to start a procurement action. In no event may the Contracting Officer sign a contract or modification, purchase order, or delivery order without a written funds certification from DoD. This certification is required by FAR 32.702. Any procurement action that is not supported by adequate and proper funding may be a violation of the Anti-Deficiency Act, which imposes criminal penalties.

C.6. Market Surveys: DoD personnel and staff can be especially helpful to the MGMT/GSO by conducting vendor market research for each procurement. Likewise, visiting military units/personnel utilizing DoD procurement organizations to support theater security cooperation efforts, in coordination with DAOs/SCOs at post, should consult with post well in advance of such events regarding potential local sources. Market research is defined by FAR Part 10 as determining whether the commercial marketplace has the items needed to meet the government's requirements. At this early stage in the procurement process, the government is not soliciting formal quotations or proposals. DoD may provide names of market sources to acquisition personnel (either at State or the DoD Acquisition activity). These names should be representative of what the market has to offer, not simply favorite sources. DoD personnel are cautioned to make no commitments to prospective vendors (see paragraph 6).

C.7. Competition: Government policy is to compete procurements to the maximum extent practicable. Although there are exceptions to this policy, the general rule is that for simplified acquisitions (valued between USD 3,000 and USD 150,000), at least three sources should be asked to provide price quotations in accordance with FAR 13.104. For procurements above that amount, all responsible sources should be given an opportunity to compete. Any exceptions must be

documented in a signed justification that complies with FAR 6.303 (for contracts) or FAR 13.106-3 (for simplified acquisitions). Justifications over $150,000 will be posted on FedBizOps with signatures of the requestor and Contracting Officer. The justification must include information such as description of efforts made to find competition, market survey data, basis for determining the price to be reasonable, unique qualifications of the contractor or basis for urgency determination, actions planned to promote competition in the future, etc. The FAR is accessible through A/OPE'S Intranet web site listed in paragraph 4 above as well as DoD's DPAP public website at http://www.acq.osd.mil/dpap/dars/far.html.

C.8. Solicitation Process: The MGMT/GSO, as Contracting Officer, has responsibility to prepare the solicitation, publicize the procurement action to promote competition, issue the solicitation and award the contract if they are the contracting activity. In cases where the exact amount or delivery times for supplies or services is uncertain, blanket purchase agreements or indefinite quantity contracts/purchase orders can be awarded. These arrangements establish a means for placing orders when specific needs arise. Further information appears in A/OPE's Overseas Contracting and Simplified Acquisition Guidebook, Chapter 2 on A/OPE's intranet web site.

C.9. Evaluation and Award: After responses are received, the Contracting Officer may ask DoD staff to assist in the evaluation process. The Contracting Officer decides who will be awarded the contract or purchase order. DoD's first appearance in the MGMT/GSO's office for a given procurement should not be to present a "done DEAL" with a pre-selected contractor and a purchase order prepared for signature by the MGMT/GSO (see sub-paragraph C.7. and paragraph 6). The MGMT/GSO must be involved in the procurement process from the beginning, and reduced ICASS charges are not available to DoD or other agencies that assist in the procurement process.

C.10. Contract Administration: Awarding a contract or purchase order is no assurance that the necessary work will be done. Every contract or simplified acquisition must be administered. The Contracting Officer will normally appoint a DoD person to serve as Contracting Officer Representative (COR), with duties specified in a COR appointment letter. The COR's duties include monitoring the contractor's work to ensure compliance with the contract, reporting problems to the Contracting Officer, reviewing invoices for adequacy, and related functions. Detailed guidance is found in State's COR Handbook, 14 FAH-2, available on the web at http://www.state.gov/documents/organization/89068.pdf. COR training is also available from Defense Acquisition University (DAU) Continuous Learning Center (CLC106 and CLC206). The DAU website is www.dau.mil. All CORs must be FAC- COR certified in accordance with Office of Mgmt and Budget, Office of Federal Procurement Policy Letter 05-01.

C.11. Procurement Files: The official file for any contract or simplified acquisition conducted by the MGMT/GSO will remain with the MGMT/GSO. The MGMT/GSO will send a copy of the purchase order, delivery order, call (under a blanket purchase agreement), or contract to DoD personnel at post as the requiring office and to the COR, if in a different location from the requiring office.

5. Vehicles. REF (C) covers acquisition of official vehicles by overseas posts, including agencies other than State. Generally, DoD purchases of vehicles must be both approved and purchased through DoD channels/chain of command in accordance with DoD procurement and motor vehicles program authorities. In certain circumstances, when DoD provides the requisite approval/ authority, post or a State Regional Procurement Support Office (RPSO) can make the purchase of non-U.S. manufactured vehicles from non-U.S. sources. Requests in excess of the local MGMT/GSO's warrant level should be referred back to the requestor's supporting agency contracting office (see paragraph 2) for procurement action.

Likewise, requests for leasing of vehicles in excess of 60 days generally should be referred back to the requestor's supporting agency contracting office for procurement action. Note that in accordance with FAR 7.401 at http://farsite.hill.af.mil/ and 14 FAM 438.4 at http://www.state.gov/documents/organization/124283.pdf, requestor must provide a cost/benefit analysis to justify leasing versus buying.

Leasing or purchasing of armored vehicles for DOD activities must be submitted to DOD acquisition offices. Procurement requests for vehicles intended for host nation government use must also be referred to the requestor's supporting agency contracting office for procurement action.

Below are specific rules applying only to SCOs/DAOs:

A. Procedures for SCOs. REF (F) covers approval authority for offshore procurement of SCO vehicles. Normally, SCOs may only purchase U.S. manufactured vehicles. However, DSCA has been delegated authority to approve Buy America Act (BAA) waivers for off-shore procurement of foreign-manufactured vehicles for SCOs. DSCA will consider exceptions on a case-by-case basis, with approval of the geographic combatant commander; force protection, personnel security and safety are the most compelling reasons for approval on an exception basis. After identifying a vehicle for SCO use, the Senior Defense Official/Defense Attachi (SDO/DATT) or SCO Chief will forward the purchase request along with a cost comparison and endorsement by the post Regional Security Officer (RSO) to the cognizant geographic combatant commander (GCC). The GCC will evaluate the request and provide DSCA its endorsement as part of the request packet for DSCA approval/ disapproval. If the request is approved, DSCA will notify the respective GCC which will then work with the SCO and supporting post MGMT/GSO to procure the vehicle using Title 22 Security Assistance funding for USG employee direct use (not host government).

B. Procedures for DAOs. REF (G) provides guidance on the acquisition of non-armored vehicles/indigenous motor vehicles to support DAOs worldwide. DAOs are not required to forward non-armored vehicle requests to GCCs for evaluation and approval. After coordination and receipt of fund cite cable from HQ DIA, DAOs may process such requests either directly with GSOs (if within GSO/Mgmt Officer warrant) or other applicable procurement offices. See REF (G) for additional guidance.

6. Unauthorized Commitments:

A. An unauthorized commitment has been made if personnel, other than a bonafide warranted Contracting Officer with the authority to obligate the government, orders a contractor to do work, and no contract, purchase order, or other procurement instrument is in place. Additionally, if a Contracting Officer Representative (COR) under a contract, purchase order, etc., directs the contractor to perform work not already required under that contract or purchase order, the COR has moved outside the scope of COR authority and an unauthorized commitment has been made. Work must stop, and the contractor may not be paid unless and until the unauthorized commitment is ratified.

B. Ratification procedures are found in FAR 1.602-3 (See http://farsite.hill.af.mil/) and Department of State Acquisition Regulation (DOSAR) subpart 601.6.

C. State will not ratify unauthorized commitments made by DoD personnel, whether visiting or permanently assigned to post.

D. For those unauthorized commitments made by visiting DoD personnel, post will send them directly to the pertinent GCC Operational Contract Support POC (see para 7) for assistance, along with an information copy to the DoD POC. While the GCC does not have contracting authority and cannot adjudicate unauthorized commitments, it is responsible for coordinating theater security cooperation efforts in its Area of Responsibility. The GCC will have cognizance of the particular military units that execute such efforts and routinely communicates with such units in the normal course of business. Normally, the military will look to the contracting activity that routinely supports the Service unit whose member(s) made the unauthorized commitment for processing of the ratification request.

E. The OCS POC in the pertinent GCC shall inform the appropriate theater security cooperation POC within the command of the issue. Non-payment and delay of payment of DoD bills in foreign countries can have a negative effect on in country relationships and the willingness of contractors to work with the U.S. in the future. The OCS POC shall work with the security assistance POC as necessary to determine or verify the particular military unit to whom the person who executed the unauthorized commitment was assigned. The OCS POC shall then determine and refer the issue to the appropriate supporting military contracting activity that should be responsible for adjudicating the unauthorized commitment and provide an info email on the referral to both the particular consulate or embassy and the DoD POCs.

F. Once the GCC identifies and refers the ratification request to the appropriate military unit, it will be processed in accordance with appropriate component/ service/agency regulations. Every effort should be made to resolve issues at the lowest level possible. The supporting military contracting activity shall provide regular status updates to the cognizant embassy/consulate, OCS POC and the DOD POCs and work to expeditiously complete adjudication of the unauthorized commitment and payment of vendors.

G. For ratification of unauthorized commitments made by military personnel in Defense Attache organizations, contact DIA's Ms. Karen Blum, Head of the

Contracting Activity (HCA) at (703) 907-2874 or Mr. Paul Courtney, Deputy HCA at 202-231-6544.

H. Disciplinary action may be taken and the person making the unauthorized commitment may be required to pay the contractor from personal funds if the ratifying official decides that it is not appropriate to ratify the action. Ratification is an unusual step, and must be supported by strong justification. Its approval should never be assumed.

7. Questions/Assistance: A/OPE is committed to providing continued support and assistance regarding these matters. Please don't hesitate to contact the following offices for further clarification or assistance:

GCC Operational Contract Support POCs:
Maintained on GCC Operational Contract Support webpages. See: http://www.acq.osd.mil/dpap/pacc/cc/areas_of_responsibility.html, and clicking on the pertinent AOR. If you need assistance, contact Bill Reich, 571-256-7009, email william.reich@osd.mil or Jill Stiglich, 571- 256-7008, jill.stiglich@osd.mil

DoD: Bill Reich, 571-256-7009, email william.reich@osd.mil or Jill Stiglich, 571- 256-7008, jill.stiglich@osd.mil, Richard Ginman, 703-695-4235, email richard.ginman@osd.mil

DLA Energy POC (for fuel purchases): George Atwood, 703-767-8502, fax 703-767-8506, or email george.atwood@dla.mil

DSCA POC (for SCO vehicle purchases): Paul S. Gendrolis, Office of the Comptroller, DSCA, DSN 664-0051/703-604-0051, email paul.gendrolis@dsca.mil
U.S. European Command (USEUCOM) (for partnership for peace, humanitarian assistance, etc.): Amy McCall DSN (314) 430-2123, email to:amy.mccall@eucom.mil

PEPFAR (President's Emergency Plan For Aids Relief): Dr. Michael Grillo, 619-553-8398, or email michael.grillo@med.navy.mil

U.S. Africa Command (USAFRICOM); Logistics Policy and Programs Branch, Chief of Contracting: opl-ls-cons@africom.mil

STATE A/OPE/EAD DESK OFFICERS:
AF - NICK DINKEL, 703-812-2371
EAP - SUSAN CATINGTON, 703-816-1754
EUR (NORTH) - LORRI LOWTHER, 703-516-1682 EUR (SOUTH) - JOHN ROSE, 703-516-1690
NEA/SA - TERESA KNOX, 703-516-1692 WHA - RICHARD JONES, 703-516-1687 MEXICO & CANADA - COLLEEN KOSAR, 703-516-1685 FAX (703 875-6155

(Revised May 10, 2016)

PGI 225.79— EXPORT CONTROL

PGI 225.7901 Export-controlled items.

PGI 225.7901-2 General.

(1) *DoD Focal Point on Export Controls.*

(i) Within DoD, the focal point on export controls is the Defense Technology Security Administration (DTSA). Official authorities and responsibilities of DTSA are established in DoD Directive 5105.72.

(ii) Initial DoD acquisition workforce questions regarding the applicability of the Export Administration Regulations (EAR) or the International Traffic in Arms Regulations (ITAR) to specific procurements or items, or interpretation of DoD issuances regarding export controls, may be directed to the DTSA Policy Directorate, by phone at 571-372-2438/2377 or by visiting the DTSA web site at: http://www.dtsa.mil/SitePages/contact-us/default.aspx.

(2) *Regulations*. The Department of State and the Department of Commerce are the lead agencies responsible for regulations governing the export of defense articles, commercial items, and dual use items.

(i) *The International Traffic in Arms Regulations (ITAR)*, issued by the Department of State, control the export of defense-related articles and services, including technical data, ensuring compliance with the Arms Export Control Act (22 U.S.C. 2751 *et seq*.). The United States Munitions List (USML) identifies defense articles, services, and related technical data that are inherently military in character and could, if exported, jeopardize national security or foreign policy interests of the United States.

(A) The ITAR is published in Title 22 of the Code of Federal Regulations (CFR), Parts 120 through 130 (22 CFR 120-130). The official version of the ITAR is maintained at http://www.gpoaccess.gov/cfr/index.html. The Department of State also maintains an on-line version at http://www.pmddtc.state.gov/regulations_laws/itar_official.html .

(B) The USML is part of the ITAR, in 22 CFR Part 121, and is available at the web sites in paragraph (2) (i) (A) of this section.

(C) The Department of State is responsible for compliance with the ITAR. Depending on the nature of questions you may have, you may contact the following Department of State office to obtain additional information:

U.S. Department of State
Bureau of Political Military Affairs
Directorate of Defense Trade Controls
Office of Defense Trade Controls Compliance
http://www.pmddtc.state.gov/about/contact_information.html.

(D) Contracting officers should not answer any questions a contractor may ask regarding how to comply with the ITAR. If asked, the contracting officer should direct the contractor's attention to paragraph (c) of the clause at DFARS 252.225-7048 and may inform the contractor that the Department of State publishes guidance regarding ITAR compliance at http://www.pmddtc.state.gov/compliance/index.html.

(E) Contracting officers should not answer any questions a contractor may ask regarding the State Department requirement, mentioned in the clause at 252.225-7048, for contractors to register with the Department of State in accordance with the ITAR. If asked, the contracting officer should direct the contractor's attention to paragraph (b) of the clause, which directs the contractor to consult with the Department of State regarding any questions relating to compliance with the ITAR. (The registration requirements are in Subpart 122.1 of the ITAR. Subpart 122.1 requires any person who engages in the United States in the business of either manufacturing or exporting defense articles or furnishing defense services to register with the Directorate of Defense Trade Controls.)

(ii) *The Export Administration Regulations (EAR)*, issued by the Department of Commerce, control the export of dual-use items, (items that have both commercial and military or proliferation applications) and purely commercial items. These items include commodities, software, and technology. Many items subject to the EAR are set forth by Export Control Classification Number on the Commerce Control List.

(A) The EAR is published in Title 15 of the Code of Federal Regulations, Parts 730 through 774 (15 CFR Parts 730-774), available at http://www.gpoaccess.gov/cfr/index.html and http://www.access.gpo.gov/bis/ear/ear_data.html.

(B) The Commerce Control List is part of the EAR, in Supplement No. 1 to 15 CFR Part 774, and is available at http://www.gpoaccess.gov/cfr/index.html and http://www.access.gpo.gov/bis/ear/ear_data.html.

(C) The Department of Commerce is responsible for compliance with the EAR. Depending on the nature of questions you may have, you may contact the following Department of Commerce office to obtain additional information:

U.S. Department of Commerce

Bureau of Industry and Security
Office of Exporter Services (OExS)
OExS Hotline: 202-482-4811.

(D) Contracting officers should not answer any questions a contractor may ask regarding how to comply with the EAR. If asked, the contracting officer should direct the contractor's attention to paragraph (b) of the clause at DFARS 252.225-7048 and may inform the contractor that the Department of Commerce publishes guidance regarding EAR compliance at http://www.bis.doc.gov/.

(3) *National Security Decision Directive (NSDD) 189, National Policy on the Transfer of Scientific, Technical, and Engineering Information*.

(i) NSDD 189 establishes a national policy that, to the maximum extent possible, the products of fundamental research shall remain unrestricted. NSDD 189 provides that no restrictions may be placed upon the conduct or reporting of federally funded fundamental research that has not received national security classification, except as provided in applicable U.S. statutes. As a result, contracts confined to the performance of unclassified fundamental research generally do not involve any export-controlled items, as defined in paragraph (a) of the clause at DFARS 252.225-7048.

(ii) NSDD 189 does not take precedence over statutes. NSDD 189 does not exempt any research, whether basic, fundamental, or applied, from statutes that apply to export controls such as the Arms Export Control Act, the Export Administration Act of 1979, as amended, or the U.S. International Emergency Economic Powers Act, or the regulations that implement those statutes (the ITAR and the EAR). Thus, if export-controlled items are used to conduct research or are generated as part of the research efforts, the export control laws and regulations apply to the controlled items.

(iii) NSDD 189 is available at http://www.fas.org/irp/offdocs/nsdd/nsdd-189.htm.

(4) *DoD Instruction 2040.02, International Transfers of Technology, Articles, and Services*. This DoD instruction provides guidance to manage and control transfers of technology, articles, and services consistent with U.S. foreign policy and national security objectives. DoD Instruction 2040.02 is available at http://www.dtic.mil/whs/directives/.

(5) *Other DoD Issuances.* Other DoD issuances that address export control matters include those listed below. Except as otherwise noted, these issuances are available at http://www.dtic.mil/whs/directives/.

• DoD Instruction 2015.4, Defense Research, Development, Test and Evaluation (RDT&E) Information Exchange Program (IEP).

• DoD Directive 5000.1, The Defense Acquisition System.

• DoD Instruction 5000.2, Operation of the Defense Acquisition System.

• DoD Directive 5105.72, Defense Technology Security Administration (DTSA).

• DoD Publication 5200.1-M, Acquisition Systems Protection Program.

• DoD Instruction 5200.39, Critical Program Information (CPI) Protection Within the Department of Defense.

• DoD Publication 5220.22-M, National Industrial Security Program Operating Manual (NISPOM).

• DoD Directive 5230.25, Withholding of Unclassified Technical Data From Public Disclosure.

• DoD Instruction 5230.27, Presentation of DoD-Related Scientific and Technical Papers at Meetings.

• Defense Acquisition Guidebook, available at http://akss.dau.mil/dag/DoD5000.asp?view=document&doc=1.

• Under Secretary of Defense (Intelligence) Memorandum, Subject: Policy and Procedures for Sanitization of Department of Defense (DoD) Classified or Controlled Unclassified Information Prior to Public Release, is available here

Link to online training on export controls:

CLM 036 Technology Transfer and Export Control Fundamentals, http://icatalog.dau.mil/onlinecatalog/courses.aspx?crs_id=306

PGI 225.7902 Defense Trade Cooperation Treaties.
The following documents are accessible at: http://pmddtc.state.gov/:

- DTC Treaties.
- Implementing Arrangements.
- The provisions of the International Traffic in Arms Regulations (ITAR) (22 CFR 126.16 (Australia) and 22 CFR 126.17 (United Kingdom)) pertaining to the DTC Treaties.
- List of Defense Articles Exempted from DTC Treaty Coverage (also in 22 CFR 126 Supplement No. 1).
- List of Approved Community Members.
- Definitions.

PGI 225.7902-2 Purpose.

(1) Background.

(i) The U.S. Government controls exports of defense articles, technical data, and defense services. The controls are imposed by the Arms Export Control Act (AECA) and the Department of State regulation that implements the AECA export controls. That regulation is the ITAR. See PGI 204.7302(2)(i) for more information about the ITAR.

(ii) Under the ITAR, the Department of State manages an export licensing system in which government approvals are often necessary for companies to hold discussions about potential projects, pursue joint activities, ship hardware, or transfer know-how to one another, and even sometimes to move engineers and other personnel within branches of the same company located in different countries. This process can be challenging for U.S. exporters and for foreign firms in their supply chains.

(iii) Given the close allied relationship of the United States with Australia and the United Kingdom, the President and the respective Prime Ministers decided to reform the defense trade system between their countries with the goal of facilitating the exchange of certain defense articles, technical data, and defense services between their militaries and security authorities, and their industries. They negotiated bilateral Defense Trade Cooperation DTC Treaties to achieve this goal. These bilateral DTC Treaties establish permissions for export without export licenses for each country, if an export meets the DTC Treaty requirements. Other exports remain under the AECA and the ITAR. The DTC Treaties are intended solely to waive certain requirements of the ITAR for specific transactions within the scope of the DTC Treaties not remove any requirements for contractors to comply with domestic U.S. law.

(iv) The Department of State regulations implementing the DTC Treaties are in the ITAR.

(2) How the DTC Treaties work.

(i) The DTC Treaties establish Approved Communities. The “Approved Community” for each DTC Treaty is defined in DFARS clause 252.225-7047. Exports of most U.S. defense articles, technical data, and defense services are permitted to go into and to move within the Approved Community, without the need for government approvals and export licenses (provided that all persons comply with statutory and regulatory requirements outside of DFARS and ITAR concerning the import of defense articles and defense services or the possession or transfer of defense articles, including, but not limited to, regulations issued by the Bureau of Alcohol, Tobacco, Firearms and Explosives found at 27 C.F.R. Parts 447, 478, and 479, which are unaffected by the DTC Treaties) when in support of the following:

- Combined U.S.-Australia or U.S.-U.K. military or counterterrorism operations.
- U.S.-Australia or U.S.-U.K. cooperative security and defense research, development,

production, and support programs.
- Specific security and defense projects that are for the government of Australia or the government of the United Kingdom use only.
- U.S. Government end use.

(ii) Under the DTC Treaties, instead of a U.S. exporter preparing and requesting Department of State approval of an export license or other written authorization for a project, the exporter may elect to use the applicable DTC Treaty if Treaty conditions are met. If using a DTC Treaty, the exporter will check the Department of State website (http://pmddtc.state.gov/) or other appropriate reference and verify that—

- The Australian or U.K. partner is on the list of approved companies/facilities (i.e., a member of the Approved Community);
- The effort is in support of at least one of the scope areas identified in paragraph (2)(i) of this section; and
- The defense article is not on the exempted technology list. (Also in 22 CFR 126 Supplement No. 1).

If all three conditions are met, then the U.S. exporter and the Australian or U.K. partner may use the DTC Treaty exemptions in the ITAR to move qualifying defense articles without the need to obtain export licenses or other written authorizations, provided compliance with paragraph (2)(i) of this section.

(iii) A company using a DTC Treaty, in addition to checking the three lists (as explained in paragraph (2)(ii) of this section), must also comply with requirements in the applicable DTC Treaty and the associated Implementing Arrangements, and the provisions of the ITAR pertaining to the DTC Treaty. These include marking and recordkeeping requirements to ensure that export-controlled items are recognized as such and treated accordingly. For example, instead of normal ITAR requirements, the provisions of the ITAR pertaining to the DTC Treaties establish the requirements that apply. Similarly, DFARS 225.7902 implements requirements that relate to exports that a prospective contractor may make under a DoD solicitation or that a contractor may make in performance of a DoD contract. The company must continue to comply with domestic laws and regulations, including those pertaining to the movement of defense articles within the United States.

PGI 225.7902-4 Procedures.

(1) Since the DTC Treaties apply only to eligible items, a solicitation or contract falls within the scope of the DTC Treaties, and is thus eligible for DTC Treaty coverage (i.e., falls within the scope of the DTC Treaties) if it will acquire at least one defense article that is not otherwise exempt from the DTC Treaties and is required for—

(i) Combined military or counterterrorism operations as described in the Implementing Arrangements;

(ii) Cooperative security and defense research, development, production, and support programs that are identified pursuant to the Implementing Arrangements;

(iii) Cases where the government or Australia or the government of the United Kingdom is the end user in mutually agreed specific security and defense projects, that are identified pursuant to the Implementing Arrangements; or

(iv) U.S. Government end use under a solicitation or contract.

(2) Since the DTC Treaties apply only to eligible items, a solicitation or contract falls within the scope of the DTC Treaties and is thus eligible for DTC Treaty coverage when it will acquire at least one defense article that is DTC Treaty-eligible and the contract falls within the scope of the DTC Treaties. Article 3, section (2) of each DTC Treaty and Section 4 of each Implementing Arrangement require the DTC Treaty Participants to maintain lists of defense articles to be exempted from the scope of the DTC Treaties. These exempted technology lists are incorporated in Supplement No. 1 to part of the ITAR and are accessible at: http://www.pmddtc.state.gov/treaties/index.html

(3) The DTC Treaties do not apply to defense articles initially being acquired pursuant to the U.S. Foreign Military Sales (FMS) program, although, once the defense articles are acquired by the Australia or United Kingdom under an FMS case, the DTC Treaty applies as though the defense articles were exported under the DTC Treaty, subject to PGI 225.7902-2.

(4) If a company obtains an export license, or other authorization, for the export of defense articles that might otherwise have been eligible for export without a license under a DTC Treaty, the terms of the export license, or other authorization, shall apply unless and until the company obtains approval to transition to DTC Treaty coverage. The process and requirements for transition are described in 22 CFR 126.16(i) and 22 CFR 126.17(i), respectively.

(Revised September 9, 2013)

PGI 226.1—INDIAN INCENTIVE PROGRAM

PGI 226.103 Procedures.

(1) Submit a request for funding of the Indian incentive to the Office of Small Business Programs, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics) (OUSD(AT&L) SBP), 201 12th Street South, Suite 406, Arlington, VA 22202.

(2) Upon receipt of funding from OUSD(AT&L) SBP, issue a contract modification to add the Indian incentive funding for payment of the contractor's request for adjustment as described in the clause at DFARS 252.226-7001, Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns.

(Revised March 25, 2016)

PGI 228.3--INSURANCE

PGI 228.304 Risk-pooling arrangements.

(1) The plan—

(i) Is implemented by attaching an endorsement to standard insurance policy forms for workers' compensation, employer's liability, comprehensive general, and automobile liability. The endorsement states that the instant policy is subject to the National Defense Projects Rating Plan.

(ii) Applies to eligible defense projects of one or more departments/agencies. For purposes of this section, a defense project is any eligible contract or group of contracts with the same contractor.

(A) A defense project is eligible when—

(1) Eligible contracts represent, at the inception of the plan, at least 90 percent of the payroll for the total operations at project locations; and

(2) The annual insurance premium is estimated to be at least $10,000.

(B) A contract is eligible when it is—

(1) Either domestic or foreign;

(2) Cost-reimbursement type; or

(3) Fixed price with redetermination provisions.

(2) Under construction contracts, include construction subcontractors in the prime contractor's plan only when subcontractor operations are at the project site, and the subcontract provides that the prime contractor will furnish insurance.

(3) Use the agreement in Table 28-1, Insurance Rating Plan Agreement, when the Government assumes contractor premium payments upon contract termination or completion.

(4) The Federal Tort Claims Act provides protection for Government employees while driving Government-owned vehicles in the performance of their assigned duties. Include the endorsement in Table 28-2, Automobile Insurance Policy Endorsement, in automobile liability insurance policies provided under the National Defense Projects Rating Plan.

TABLE 28-1, INSURANCE RATING PLAN RATING AGREEMENT

Special Casualty Insurance Rating Plan
Assignment-Assumption of Premium Obligations

It is agreed that 100 percent* of the return premiums and premium refunds (and dividends) due or to become due the prime contractor under the policies to which the National Defense Projects Rating Plan Endorsement made a part of policy _____ applies are hereby assigned to and shall be paid to the United States of America, and the prime contractor directs the Company to make such payments to the office designated for contract administration acting for and on account of the United States of America.

The United States of America hereby assumes and agrees to fulfill all present and future obligations of the prime contractor with respect to the payment of 100 percent* of the premiums under said policies.

This agreement, upon acceptance by the prime contractor, the United States of America, and the Company shall be effective from _____

Accepted_____ (Date)
_____ (Name of Insurance Company)
By _____(Title of Official Signing)

Accepted_____ (Date)
United States of America
By _____ (Authorized Representative)

Accepted_____ (Date)
_____ (Prime Contractor)
By _____ (Authorized Representative)

*In the event the Government has less than a 100 percent interest in premium funds or dividends, modify the assignment to reflect the percentage of interest and extent of the Government's assumption of additional premium obligation.

TABLE 28-2, AUTOMOBILE INSURANCE POLICY ENDORSEMENT

It is agreed that insurance provided by the policy with respect to the ownership, maintenance, or use of automobiles, including loading and unloading thereof, does not apply to the following as insureds: The United States of America, any of its agencies, or any of its officers or employees.

PGI 228.305 Overseas workers' compensation and war-hazard insurance.

(d) Submit requests for waiver through department/agency channels. Include the following in the request:

(i) Name and address of contractor.

(ii) Contract number.

(iii) Date of award.

(iv) Place of performance.

(v) Name of insurance company providing Defense Base Act coverage.

(vi) Nationality of employees to whom waiver is to apply.

(vii) Reason for waiver.

PGI 228.370 Additional clauses.

(b)(3) DFARS 252.228-7001, Ground and Flight Risk Clause, requires the assignment of a Government Flight Representative (GFR) to administer the requirements of the combined instruction Contractor's Flight and Ground Operations, (DCMA INST 8210.1, AFI 10-220, AR 95-20, NAVAIRINST 3710.1 (Series), and COMDTINST M13020.3). At the time the solicitation is issued, contracting officers shall contact DCMA Aircraft Operations (AO) and the appropriate Military Service to obtain technical advice and allow adequate lead time for assigning a GFR. Make requests for assignment of a GFR to—

HQ DCMA: DCMA-AO
8000 Jefferson Davis Highway
Building 4A
Richmond, VA 23297
804–279-6322

Email: AOInbox@dcma.mil (include "Ground and Flight Risk Clause" on the subject line)

Army: HQ, Army Materiel Command
ATTN: AMCOL-CA
4400 Martin Road
Redstone Arsenal, AL 35898
256–450-7021

Navy: Commander, Naval Air Systems Command (AIR-09F)
22541 Millstone Road, Unit 10
Patuxent River, MD 20670-1601
301– 342–7233

Air Force: HQ AFMC/A3V
508 W. Choctawhatchee
Eglin AFB, FL 32542-5713
850– 882–7890
Workflow: afmc.a3v@us.af.mil

Coast Guard: Commanding Officer
Aviation Logistics Center
U.S. Coast Guard
1664 Weeksville Road, Building 63
Elizabeth City, NC 27909-6725

(Revised October 30, 2015)

PGI 229.1--GENERAL

PGI 229.101 Resolving tax problems.

(a) For the military departments, the Defense Logistics Agency, and the Defense Contract Management Agency, the members of the DFARS Tax Committee are the designated legal counsel for tax matters within their respective departments/agencies.

(b) Information on fuel excise taxes, including applicability, exemptions, and refunds, is available as follows:

(i) The DLA Energy website at www.desc.dla.mil provides information on Federal, State, and local excise taxes.

(ii) Internal Revenue Service Publications 510 and 378, available on the Internal Revenue Service website at www.irs.gov, provide information on Federal excise taxes.

(c) The contracting officer may direct the contractor to litigate the applicability of a particular tax if—

(i) The contract is either a cost-reimbursement type or a fixed-price type with a tax escalation clause such as FAR 52.229-4; and

(ii) The direction is coordinated with the DoD Tax Policy and Advisory Group through the agency-designated legal counsel.

(d)(i) Tax relief agreements between the United States and foreign governments in Europe that exempt the United States from payment of specific taxes on purchases made for common defense purposes are maintained by the United States European Command (USEUCOM). For further information, contact HQ USEUCOM, ATTN: ECLA, Unit 30400, Box 1000, APO AE 09128; Telephone: DSN 430-8001/7263, Commercial 49-0711-680-8001/7263; facsimile: 49-0711-680-5732.

(ii) Other international treaties may exempt the United States from the payment of specific taxes. The Department of State publishes a list of treaties on its website at www.state.gov.

(iii) Tax relief also may be available in countries that have not signed tax relief agreements. The potential for such relief should be explored in accordance with paragraph (d)(iv) of this section.

(iv) DoD Directive 5100.64, DoD Foreign Tax Relief Program, defines DoD tax relief policy and requires designation of a military commander as the single point of contact for

investigation and resolution of specific matters related to the foreign tax relief program within the country for which the commander is designated. Those military commanders are the same as the ones designated under DoD Directive 5525.1, Status of Forces Policy and Information, and specified in Appendix C of Army Regulation 27-50/SECNAVINST 5820.4G, Status of Forces Policies, Procedures, and Information. Appendix C of Army Regulation 27-50/SECNAVINST 5820.4G is available at http://www.army.mil/usapa/epubs/xml_pubs/r27_50/main.xml#appc.

(v) Also see PGI 229.70 for special procedures for obtaining tax relief and duty-free import privileges when conducting U.S. Government acquisitions in certain foreign countries.

PGI 229.170 Reporting of foreign taxation on U.S. assistance programs.

PGI 229.170-3 Reports.

(1) Upon receipt of a notification under the clause at DFARS 252.229-7011, that a foreign tax has been imposed, submit the following information to the applicable office identified in paragraph (2) of this subsection.

(i) Contractor name.

(ii) Contract number.

(iii) Contractor point of contact (Name, phone number, FAX number, and e-mail address).

(iv) Amount of foreign taxes assessed by each foreign government.

(v) Amount of any foreign taxes reimbursed by each foreign government.

(2) Submit the information required by paragraph (1) of this subsection to—

(i) For Army contracts:

Commander, U.S. Army Security Assistance Command
ATTN: AMSAC-SR
5701 21st Street
Fort Belvoir, VA 22060-5940.

(ii) For Navy contracts:

Navy International Programs Office
ATTN: IPO 02C2F

Nebraska Avenue Complex
4255 Mt. Vernon Dr., Suite 17100
Washington, DC 20393-5445.

(iii) For Air Force contracts:

Secretary of the Air Force/International Affairs
ATTN: SAF/IAPC
1080 Air Force, Pentagon
Washington, DC 20330-1080.

(iv) For Marine Corps contracts:

Navy International Programs Office
ATTN: IPO 02C2F
Nebraska Avenue Complex
4255 Mt. Vernon Dr., Suite 17100
Washington, DC 20393-5445.

(v) For all other DoD contracts:

Defense Security Cooperation Agency
ATTN: DBO-CFD
201 12th Street South, Suite 203
Arlington, VA 22202-5408.

PGI 229.70--SPECIAL PROCEDURES FOR OVERSEAS CONTRACTS

PGI 229.7000 Scope of subpart.

This subpart prescribes procedures to be used by contracting officers to obtain tax relief and duty-free import privileges when conducting U.S. Government acquisitions in certain foreign countries.

PGI 229.7001 Tax exemption in Spain.

(a) The Joint United States Military Group (JUSMG), Spain Policy Directive 400.4, or subsequent directive, applies to U.S. contracting offices acquiring supplies or services in Spain when the introduction of material or equipment into Spain is required for contract performance.

(b) Upon award of a contract with a Direct Contractor, as defined in the clause at DFARS 252.229-7004, the contracting officer will notify JUSMG-MAAG Madrid, Spain, and HQ 16AF/LGTT and will forward three copies of the contract to JUSMG-MAAG, Spain.

(c) If copies of the contract are not available and duty-free import of equipment or materials is urgent, the contracting officer will send JUSMG-MAAG three copies of the Letter of Intent or a similar document indicating the pending award. In these cases, authorization for duty-free import will be issued by the Government of Spain. Upon formal award, the contracting officer will forward three copies of the completed contract to JUSMG-MAAG, Spain.

(d) The contracting officer will notify JUSMG-MAAG, Spain, and HQ 16AF/LGTT of ports-of-entry and identify the customs agents who will clear property on their behalf. Additional documents required for port-of-entry and customs clearance can be obtained by contacting HQ 16AF/LGTT. This information will be passed to the Secretaria General Tecnica del Ministerio de Hacienda (Technical General Secretariat of the Ministry of Finance). A list of customs agents may be obtained from the 600 ABG, APO AE 09646.

PGI 229.7002 Tax exemption in the United Kingdom.

This section contains procedures to be followed in securing relief from the British value added tax and import duties.

PGI 229.7002-1 Value added tax.

(a) U.S. Government purchases qualifying for tax relief are equipment, materials, facilities, and services for the common defense effort and for foreign aid programs.

(b) To facilitate the resolution of issues concerning specific waivers of import duty or tax exemption for U.S. Government purchases (see PGI 229.7002-3), contracting offices shall provide the name and activity address of personnel who have been granted warranted

contracting authority to Her Majesty's (HM) Customs and Excise at the following address: HM Customs and Excise, International Customs Division G, Branch 4, Adelaide House, London Bridge, London EC4R 9DB.

PGI 229.7002-2 Import duty.
No import duty shall be paid by the United States and contract prices shall be exclusive of duty, except when the administrative cost compared to the low dollar value of a contract makes it impracticable to obtain relief from contract import duty. In this instance, the contracting officer shall document the contract file with a statement that—

(a) The administrative burden of securing tax relief under the contract was out of proportion to the tax relief involved;

(b) It is impracticable to secure tax relief;

(c) Tax relief is therefore not being secured; and

(d) The acquisition does not involve the expenditure of any funds to establish a permanent military installation.

PGI 229.7002-3 Value added tax or import duty problem resolution.
In the event a value added tax or import duty problem cannot be resolved at the contracting officer's level, refer the issue to HQ Third Air Force, Staff Judge Advocate, Unit 4840, Box 45, APO AE 09459. Direct contact with HM Customs and Excise in London is prohibited.

PGI 229.7002-4 Information required by HM Customs and Excise.

(a) *School bus contracts*. Provide one copy of the contract and all modifications to HM Customs and Excise.

(b) *Road fuel contracts*. For contracts that involve an application for relief from duty on the road fuel used in performance of the contract, provide—

(1) To HM Customs and Excise—

(i) Contract number;

(ii) Name and address of contractor;

(iii) Type of work (e.g., laundry, transportation);

(iv) Area of work; and

(v) Period of performance.

(2) To the regional office of HM Customs and Excise to which the contractor applied for relief from the duty on road fuel—one copy of the contract.

(c) *Other contracts awarded to United Kingdom firms*. Provide information when requested by HM Customs and Excise.

(Revised November 8, 2007)

PGI 230.2—CAS PROGRAM REQUIREMENTS

PGI 230.201-5 Waiver.

(a)(1)(i) Unless otherwise authorized by the Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics), the military departments must submit each CAS waiver request to the Director of Defense Procurement and Acquisition Policy for review at least 14 days before granting the waiver.

(ii) DoD contracting activities that are not within a military department must submit CAS waiver requests that meet the conditions in FAR 30.201-5(b) to the Director of Defense Procurement and Acquisition Policy for approval at least 30 days before the anticipated contract award date.

(e) The annual report of exceptional case CAS waivers shall include the following:

Title: Waiver of CAS Requirements

(1) Contract number, including modification number, if applicable, and program name.

(2) Contractor name.

(3) Contracting activity.

(4) Total dollar amount waived.

(5) Brief description of why the item(s) could not be obtained without a waiver.

(6) Brief description of the specific steps taken to ensure price reasonableness.

(7) Brief description of the demonstrated benefits of granting the waiver.

(Revised July 26, 2005)

PGI 231.2—CONTRACTS WITH COMMERCIAL ORGANIZATIONS

PGI 231.205-70 External restructuring costs.

(d) *Procedures and ACO responsibilities.* The cognizant ACO shall—

(i) Promptly execute a novation agreement, if one is required, in accordance with FAR Subpart 42.12 and DFARS Subpart 242.12 and include the provision at DFARS 242.1204(i).

(ii) Direct the contractor to segregate restructuring costs and to suspend these amounts from any billings, final contract price settlements, and overhead settlements until the determination in DFARS 231.205-70(c)(4)(i) is obtained.

(iii) Require the contractor to submit an overall plan of restructuring activities and an adequately supported proposal for planned restructuring projects. The proposal must include a breakout by year by cost element, showing the present value of projected restructuring costs and projected restructuring savings.

(iv) Notify major buying activities of contractor restructuring actions and inform them about any potential monetary impacts on major weapons programs, when known.

(v) Upon receipt of the contractor's proposal, as soon as practicable, adjust forward pricing rates to reflect the impact of projected restructuring savings. If restructuring costs are included in forward pricing rates prior to execution of an advance agreement in accordance with paragraph (d)(viii) of this subsection, the contracting officer shall include a repricing clause in each fixed-price action that is priced based on the rates. The repricing clause must provide for a downward price adjustment to remove restructuring costs if the determination required by DFARS 231.205-70(c)(4)(i) is not obtained.

(vi) Upon receipt of the contractor's proposal, immediately request an audit review of the contractor's proposal.

(vii) Upon receipt of the audit report, determine on a present value basis if—

(A) The audited projected restructuring savings for DoD will exceed the restructuring costs allowed by a factor of at least two to one, as required by DFARS 231.205-70(c)(4)(i)(A); or

(B) If the audited projected restructuring savings will exceed the restructuring costs allowed in a case where the business combination will result in the preservation of a

critical capability that otherwise might be lost to DoD, as required by DFARS 231.205-70(c)(4)(i)(B).

(viii) Negotiate an advance agreement with the contractor setting forth, at a minimum, a cumulative cost ceiling for restructuring projects and, when necessary, a cost amortization schedule. The costs may not exceed the amount of projected restructuring savings on a present value basis. The advance agreement shall not be executed until the determination required by DFARS 231.205-70(c)(4)(i) is obtained.

(ix)(A) Submit a recommendation for determination to—

(1) The Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics), ATTN: OUSD(AT&L)DPAP(P), if DFARS 231.205-70(c)(4)(ii)(A) applies; or

(2) To the Director of the Defense Contract Management Agency, ATTN: HQ DCMA-OCB, if DFARS 231.205-70(c)(4)(ii)(B) applies.

(B) Include the information described in DFARS 231.205-70(e).

(x) Consult with the Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics), or with the Director of the Defense Contract Management Agency, as appropriate, when DFARS 231.205-70(c)(4)(i)(B) applies.

PGI 232.070 Responsibilities.

(c) The Under or Assistant Secretary, or other designated official, responsible for the comptroller function within the department or agency is the focal point for financing matters at the department/agency headquarters. Departments and agencies may establish contract financing offices at operational levels.

(i) Department/agency contract financing offices are:

(A) Army: Office of the Assistant Secretary of the Army (Financial Management).

(B) Navy: Office of the Assistant Secretary of the Navy (Financial Management and Comptroller), Office of Financial Operations.

(C) Air Force: Air Force Contract Financing Office (SAF/FMPB).

(D) Defense agencies: Office of the agency comptroller.

(ii) Contract financing offices should participate in—

(A) Developing regulations for contract financing;

(B) Developing contract provisions for contract financing; and

(C) Resolving specific cases that involve unusual contract financing requirements.

PGI 232.4--ADVANCE PAYMENTS FOR NON-COMMERCIAL ITEMS

PGI 232.409-1 Recommendation for approval.

To ensure uniform application of this subpart (see FAR 32.402(e)(1)), the departmental/agency contract financing office shall prepare the documents required by FAR 32.409-1(e) and (f).

PGI 232.410 Findings, determination, and authorization.

If an advance payment procedure is used without a special bank account, replace paragraph (a)(4) of the Findings, Determination, and Authorization for Advance Payments at FAR 32.410 with:

"(4) The proposed advance payment clause contains appropriate provisions as security for advance payments. These provisions include a requirement that the outstanding advance payments will be liquidated from cost reimbursements as they become due the contractor. This security is considered adequate to protect the interest of the Government."

(Revised September 9, 2013)

PGI 232.5--PROGRESS PAYMENTS BASED ON COSTS

PGI 232.501-2 Unusual progress payments.

Unusual progress payment arrangements require the advance approval of the Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics) (OUSD)AT&L DPAP). Contracting officers must submit all unusual progress payment requests to the department or agency contract financing office for approval and submission to OUSD(AT&L) DPAP.

(Revised September 30, 2015)

PGI 232.6--CONTRACT DEBTS

PGI 232.603 Debt determination.

Upon transfer of a case to the contract financing office, the contracting officer shall close the debt record by reference to the date of transfer.

PGI 232.604 Demand for payment.

(1) For contract debts resulting from other than a termination for default, the office that first determines an amount due, whether it be the contract administration office, the contracting office, the disbursing office, or the selling office/agency, shall—

(i) Make a demand for payment; and

(ii) Provide a copy of the demand to the payment office cited in the contract.

(2) For contract debts resulting from a termination for default, the contracting officer shall make the demand and direct the debtor to make such payment to the designated office.

(3) The contracting office shall forward deferment requests to the Director of Defense Procurement and Acquisition Policy for a decision on granting the deferment.

PGI 232.670 Transfer of responsibility for debt collection.

Disbursing officers will transfer responsibility for debt collection to department/agency contract financing offices in accordance with comptroller regulations. Notwithstanding the transfer of the debt collection responsibility, contracting officers shall continue to provide assistance as requested by the debt collection office.

PGI 232.671 Bankruptcy reporting.

(1) For those debts covered by this subpart, the department or agency that awarded the contract shall furnish the Department of Justice any claims in bankruptcy, insolvency, or in proceedings for reorganization or arrangement. Furnish claims that—

(i) Have been transferred to a contract financing office;

(ii) Are on the way to a contract financing office at the inception of bankruptcy or insolvency proceedings;

(iii) Are pending and not forwarded to a contract financing office at the inception of bankruptcy or insolvency proceedings; and

(iv) Are the result of bankruptcy or insolvency proceedings.

(2) The contract financing office or other office designated within a department or agency will furnish proof of claims to the Department of Justice.

(3) The office of origin of a debt will provide, as soon as possible, information on a bankruptcy, insolvency, reorganization, or rearrangement to the office designated within a department/agency to receive this information.

(4) The information and proof of claim requirements in paragraphs (2) and (3) of this section do not apply to debts of less than $600.

(Added March 31, 2014)

PGI 232.10—PERFORMANCE-BASED PAYMENTS

PGI 232.1001 Policy.

(a) *Contracting officer action*. Performance-based payments are not practical for use on all fixed price contracts and require considerable effort between the contractor and Government to identify the appropriate performance-based payment events and establish the proper completion criteria for those events. Additionally, FAR 32.1003 prohibits contracts from having both progress payments and performance-based payment financing on a contract at the same time. Additional information and instruction on performance-based payments are provided in the DoD Performance-based Payments Guide on the DPAP website in the Cost, Pricing & Finance section under the Performance Based Payments – Guide Book & Analysis Tool tab:

http://www.acq.osd.mil/dpap/cpic/cp/Performance_based_payments.html

(Revised July 5, 2013)

PGI 232.70—ELECTRONIC SUBMISSION AND PROCESSING OF PAYMENT REQUESTS AND RECEIVING REPORTS

PGI 232.7004 Contract clause instructions.

(b)(1) The clause 252.232-7006, Wide Area WorkFlow Payment Instructions, shall be located in the contract administration section of the contract (e.g., Section G).

(2) Complete paragraph (f)(1) of the clause by selecting a document type from the list in (i) through (xix) below. Document type selection is contingent on contract type (e.g., fixed price, cost reimbursement), nature of the work being performed or product being acquired, and the entitlement system of the DoD Component. Use the guidance for Wide Area WorkFlow (WAWF) payment instructions found at https://wawf.eb.mil/ to determine which document types are available for each entitlement system. WAWF document types include—

(i) Invoice (stand-alone) and Receiving Report (stand-alone);

(ii) Fast Pay (FAR 52.213-1) Invoice (stand-alone) and Receiving Report (stand-alone);

(iii) Invoice 2-in-1 (Services only);

(iv) Commercial Item Financing;

(v) Performance-Based Payment;

(vi) Progress Payment;

(vii) Invoice and Receiving Report (Combo) (see paragraph (3) of this section);

(viii) Fast Pay (FAR 52.213-1) Invoice and Receiving Report (Combo) (see paragraph (3) of this section);

(ix) Cost Voucher (FAR 52.216-7, 52.232-7);

(x) Cost Voucher–Shipbuilding;

(xi) Grant Voucher;

(xii) Navy Construction/Facilities Management Invoice;

(xiii) Navy Shipbuilding Invoice—Fixed Price;

(xiv) Telecom Invoice (Contractual);

(xv) Reparables Receiving Report;

(xvi) Energy Invoice and Energy Receiving Report (Combo) (see paragraph (3) of this section);

(xvii) Energy Invoice (stand-alone) and Energy Receiving Report (stand-alone);

(xviii) Construction Payment Invoice; and

(xix) Other document type, exactly as it appears in the WAWF system, as mutually agreed to by the contracting parties.

(3) A Combo document may be used with the stand-alone alternative, separated by "or" e.g. "(vii) Invoice and Receiving Report (Combo) or (i) Invoice (stand-alone) and Receiving Report (stand-alone)"; or "(viii) Fast Pay (FAR 52.213-1) Invoice and Receiving Report Combo or (ii) Fast Pay (FAR 52.213-1) Invoice (stand-alone) and Receiving Report (stand-alone)."

(4) Complete paragraph (f)(2) of the clause only when document types, "Invoice (stand-alone) and Receiving Report (stand-alone)" and "Invoice and Receiving Report (Combo)" are used. Identify the applicable inspection and acceptance locations from the clause as follows:

(i) Inspection location: (select either "Source," "Destination," or "Other").

(ii) Acceptance location: (select either "Source," "Destination," or "Other").

(5) Complete paragraph (f)(3) of the clause before contract award. Selection of applicable DoDAACs is dependent on the document type and the entitlement system used by the DoD Component.

(i) To determine applicable DoDAACs, use the guidance for WAWF payment instructions at https://wawf.eb.mil/.

(ii) If a DoDAAC field is not listed in paragraph (f)(3) Routing Data Table, select "Other DoDAAC(s)" and list the DoDAAC field name(s) as they appear in the WAWF system and applicable DoDAAC(s).

(iii) When multiple "Ship to" and inspection/acceptance locations" (i.e. DoDAACs) exist, enter "See schedule." The corresponding schedule in the contract/order must cite all applicable DoDAACs.

(iv) Validate DoDAACs using the following resources:

(A) For inspector, acceptor and local processing office roles, use https://wawf.eb.mil/ and click on the "Active DoDAACs & Roles link" in the "Help" section on the home page to validate active DoDAACs and user roles in WAWF.

(B) For all other DoDAACs, use https://www.daas.dla.mil/daasing/.

(6) Complete paragraph (f)(5) by entering e-mail addresses of other Government personnel requiring status of the payment request, if applicable.

(7) Complete paragraph (g) by entering the WAWF point of contact information, if applicable.

(Revised December 1, 2006)

PGI 232.71—LEVIES ON CONTRACT PAYMENTS

PGI 232.7101 Policy and procedures.

Background. The Internal Revenue Service (IRS) is authorized to collect overdue taxes through a continuous levy up to 100 percent of the debt on certain vendor contract payments disbursed by the Defense Finance and Accounting Service. The levy is continuous until the overdue taxes are paid in full, or other arrangements are made to satisfy the debt. Contractors are required to promptly notify the procuring contracting officer when a tax levy that may result in an inability to perform the contract is imposed, so that the contracting officer and the Director, Defense Procurement and Acquisition Policy (DPAP), can take appropriate action to mitigate any possible adverse effect on national security.

(b) *Procuring contracting officer procedures for reviewing the contractor's rationale and submitting the required documentation*.

(i) When the procuring contracting officer receives notification from the contractor that the tax levy may result in an inability to perform the contract, the procuring contracting officer shall promptly review the contractor's assessment and either agree or disagree that the levy may result in an inability to perform. The procuring contracting officer shall alert the administrative contracting officer and the cognizant contract auditor when a notice of levy has been received, and shall obtain any necessary assistance from the administrative contracting officer or contract auditor when performing this review.

(ii) If the procuring contracting officer does not agree with the contractor's assessment, the procuring contracting officer shall notify the contractor of this determination and no further action will be taken.

(iii) If the procuring contracting officer agrees with the contractor's assessment that the levy may result in an inability to perform the contract, the procuring contracting officer shall document, in writing, whether the inability to perform—

(A) Adversely affects national security; and/or

(B) Will result in significant additional costs to the Government (e.g., cost of re-procurement, loss of contract financing payments when the product produced to date is not salvageable).

(iv) If the procuring contracting officer believes that the levy will impact national security and/or result in significant additional costs to DoD, the procuring contracting

officer shall, in accordance with agency procedures, promptly notify the Director, DPAP, by e-mail or facsimile. The notification to the Director, DPAP, shall include—

(A) The rationale supporting the recommendation that the levy may result in an inability to perform the contract;

(B) A description of the adverse effect on national security, if applicable; and

(C) A description and estimate of the additional costs to the Government, if applicable. Since prompt notification to the Director, DPAP, is essential, the procuring contracting officer should not delay the notification while trying to achieve more precise data.

(c) *Director, DPAP, procedures*. The Director, DPAP, will promptly evaluate the procuring contracting officer's notification package.

(i) If the Director, DPAP, disagrees with the recommendation of the procuring contracting officer, the Director, DPAP, will notify the procuring contracting officer through the same agency channels that were used for submission of the notification.

(ii) If the Director, DPAP, agrees with the recommendation of the procuring contracting officer—

(A) When there is an adverse effect on national security, the Director, DPAP, will notify the payment office, the IRS, and the procuring contracting officer that the total amount of the levy should be promptly returned to the contractor; or

(B) When there is not an adverse effect on national security but the levy will result in significant additional costs to DoD, the Director, DPAP, will promptly notify the procuring contracting officer and the IRS. The Director, DPAP, notification to the IRS will-

(1) State that the procuring contracting officer has notified the contractor and has recommended that the contractor contact the IRS to resolve the situation;

(2) Request that the IRS expedite resolution of the situation with the contractor; and

(3) Include an estimate of additional costs to DoD that will result if the contractor is unable to perform on the contract.

(d) *Procuring contracting officer procedures for notifying the contractor of the*

decision of the Director, DPAP. The procuring contracting officer shall promptly notify the contractor, in writing, of the decision made by the Director, DPAP, including the actions to be taken (if any).

(Added November 12, 2008)

PGI 233.1—PROTESTS

PGI 233.170 Briefing requirement for protested acquisitions valued at $1 billion or more.

In the event of a protest of a competitively awarded Major Defense Acquisition Program or of an acquisition of services valued at $1 billion or more, the agency concerned shall provide a briefing to the Director, Defense Procurement, Acquisition Policy, and Strategic Sourcing, within 10 days of the filing of the protest. The briefing must outline—

(a) The basis of the protest;

(b) The agency's position; and

(c) Any other information the agency deems relevant to the protest.

(Added February 12, 2007)

PGI 233.2—DISPUTES AND APPEALS

PGI 233.210 Contracting officer's authority.

When it would be helpful in reviewing the current claim, the contracting officer should get information on claims previously filed by the contractor. Such information may provide a historical perspective of the nature and accuracy of the claims submitted by the contractor and how they were settled. Potential sources for the information include the contracting activity's office of legal counsel, other contracting activities, and the Defense Contract Audit Agency.

(Revised May 18, 2011)

PGI 234.2—EARNED VALUE MANAGEMENT SYSTEM

PGI 234.201 Policy.

(1)(iii) When the program manager decides to implement earned value management on contracts and subcontracts valued at less than $20,000,000, a cost-benefit analysis shall be conducted and the results documented in the contract file. Considerations for determining the effectiveness of applying earned value management in these situations and guidance for tailoring reporting can be found in—

(1) The Defense Acquisition Guidebook, Chapter 11, Section 11.3, at https://akss.dau.mil/dag/DoD5000.asp?view=document; and

(2) The DoD Earned Value Management Implementation Guide at https://acc.dau.mil/CommunityBrowser.aspx?id=19557.

(iv) In extraordinary cases where cost/schedule visibility is required and cannot be obtained using other means, the program manager shall request a waiver for individual contracts from the Milestone Decision Authority. In these cases, the program manager will conduct a business case analysis that includes rationale as to why a cost or fixed-price incentive contract was not an appropriate contracting vehicle. Considerations for determining the effectiveness of applying earned value management in these situations and guidance for tailoring reporting can be found in—

(1) The Defense Acquisition Guidebook, Chapter 11, Section 11.3, at https://akss.dau.mil/dag/DoD5000.asp?view=document; and

(2) The DoD Earned Value Management Implementation Guide at https://acc.dau.mil/CommunityBrowser.aspx?id=19557.

(2) The procuring contracting officer shall obtain the assistance of the administrative contracting officer in determining the adequacy of an earned value management system (EVMS) plan that an offeror proposes for compliance with ANSI/EIA-748, under the provision at DFARS 252.234-7001, Notice of Earned Value Management System. The Government will review and approve the offeror's EVMS plan before contract award. Instructions for performing EVMS plan reviews can be found at http://guidebook.dcma.mil/39/instructions.htm.

(4) Additional guidance on earned value management can be found in—

(A) The Guidebook for Earned Value Management System (EVMS) System-Level Surveillance at http://guidebook.dcma.mil/79/instructions.htm;

(B) The Guidebook for Earned Value Management System - Program Analysis at http://guidebook.dcma.mil/248/guidebook_process.htm; and

(C) The Program Managers' Guide to the Integrated Baseline Review Process (the IBR Guide) at http://www.acq.osd.mil/pm/currentpolicy/currentpolicy.html.

(7) *Disposition of findings*.

(ii) *Initial determination*.

(B)(*1*) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(*3*) *Evaluation of contractor's response*. Within 30 days of receiving the contractor's response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor's response and make a final determination.

(iii) *Final determination*.

(B)(*1*) *Monitoring contractor's corrective action*. The contracting officer and cognizant functional specialist or auditor shall monitor the contractor's progress in correcting deficiencies. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: bringing the issue to the attention of higher level management, implementing or increasing the withholding in accordance with 252.242-7005, Contractor Business Systems.

(*2*) *Correction of significant deficiencies*.

(*i*) When the contractor notifies the contracting officer that the contractor has corrected the significant deficiencies, the contracting officer shall request the cognizant functional specialist or auditor to review the correction to determine if the deficiencies have been resolved.

(*ii*) The contracting officer shall determine if the contractor has corrected the deficiencies.

(*iii*) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the cognizant functional specialist; auditor; payment office; appropriate action officers at the requiring activities; and each contracting and contract administration office having substantial business with the

contractor as applicable.

(Added October 4, 2006)

PGI 234.70—ACQUISITION OF MAJOR WEAPON SYSTEMS AS COMMERCIAL ITEMS

PGI 234.7002 Policy.

Departments and agencies shall obtain a determination by the Secretary of Defense and shall notify the congressional defense committees before acquiring a major weapon system as a commercial item.

(Revised September 9, 2013)

PGI 234.71—Cost and Software Data Reporting

PGI 234.7100 Policy.
The OSD Deputy Director, Cost Assessment, may be contacted at—

Defense Cost and Resource Center
201 12th Street, Suite 220
Arlington, VA 22202-5408
703–601–4850
703–604–1012 (fax)
DSN: 329–4850
osd.pentagon.cape.mbx.dcarc@mail.mil
http://dcarc.pae.osd.mil

PGI 235.010 Scientific and technical reports.

(b) The Defense Technical Information Center (DTIC) is responsible for collecting all scientific or technological observations, findings, recommendations, and results derived from DoD endeavors, including both in-house and contracted efforts. The DTIC has eligibility and registration requirements for use of its services. Requests for eligibility and registration information should be addressed to DTIC-BC Registration, 8725 John J. Kingman Road, Fort Belvoir, VA 22060-6218, or may be obtained at http://www.dtic.mil.

(Revised June 24, 2014)

PGI 236.2—SPECIAL ASPECTS OF CONTRACTING FOR CONSTRUCTION

PGI 236.203 Government estimate of construction costs.

(1) Designate the Government estimate as "For Official Use Only," unless the information is classified. If it is, handle the estimate in accordance with security regulations.

(2) For sealed bid acquisitions—

(i) File a sealed copy of the Government estimate with the bids. (In the case of two-step acquisitions, this is done in the second step.)

(ii) After the bids are read and recorded, remove the "For Official Use Only" designation and read and record the estimate as if it were a bid, in the same detail as the bids.

PGI 236.207 Pricing Fixed-Price Construction Contracts.

(a)(70) *Definition*: "lump sum" means a single payment of money, as opposed to a series of payments made over time.

(i) An example of a line item with lump sum pricing in accordance with DFARS 204.71 is as follows:

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Repave runway 4 at Joint Base Andrews Firm Fixed Price PSC: Z1BD ACRN: AA	1	Job	$1,501,866.08	$1,501,866.08

Note that payment would occur upon completion and acceptance of the entire effort. Progress payments based on estimates of the percentage of completion (see FAR 52.232-5—Payments Under Fixed-Price Construction Contracts) could occur prior to that point.

(ii) An example of a line item with unit pricing in accordance with DFARS 204.71 is as follows:

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Repave runway 4 at Joint Base Andrews Firm Fixed Price PSC: Z1BD ACRN: AA	525,128	Square Foot	$2.86	$1,501,866.08

Note that this allows the contractor to invoice for completed quantities of work, in accordance with FAR 32.102 (d), as those are accepted. Progress payments based on estimates of the percentage of completion (see FAR 52.232-5—Payments Under Fixed-Price Construction Contracts) could also occur prior to that point.

PGI 236.213 Special procedures for sealed bidding in construction contracting.

For additive or deductive items—

(1) Use a bid schedule with—

(i) A first or base bid item covering the work generally as specified; and

(ii) A list of priorities that contains one or more additive or deductive bid items that progressively add or omit specified features of the work in a stated order of priority. (Normally, do not mix additive and deductive bid items in the same solicitation.)

(2) Before opening the bids, record in the contract file the amount of funds available for the project.

(3) Determine the low bidder and the items to be awarded in accordance with the procedures in the clause at 252.236-7007, Additive or Deductive Items.

PGI 236.273 Construction in foreign countries.

(b) When a technical working agreement with a foreign government is required for a construction contract—

(i) Consider inviting the Army Office of the Chief of Engineers, or the Naval Facilities Engineering Command, to participate in the negotiations.

(ii) The agreement should, as feasible and where not otherwise provided for in other agreements, cover all elements necessary for the construction that are required by laws, regulations, and customs of the United States and the foreign government, including—

(A) Acquisition of all necessary rights;

(B) Expeditious, duty-free importation of labor, material, and equipment;

(C) Payment of taxes applicable to contractors, personnel, materials, and equipment;

(D) Applicability of workers' compensation and other labor laws to citizens of the United States, the host country, and other countries;

(E) Provision of utility services;

(F) Disposition of surplus materials and equipment;

(G) Handling of claims and litigation; and

(H) Resolution of any other foreseeable problems that can be appropriately included in the agreement.

(Revised December 12, 2012)

PGI 236.6—ARCHITECT-ENGINEER SERVICES

PGI 236.602 Selection of firms for architect-engineer contracts.

PGI 236.602-1 Selection criteria.

(a) The evaluation criteria should be project specific. Use the information in the DD Form 1391, FY__ Military Construction Project Data, when available, and other pertinent project data in preparing the evaluation criteria.

(4) Use performance evaluation data from the Contractor Performance Assessment Report System (CPARS).

(6) The primary factor in architect-engineer contractor selection is the determination of the most highly qualified firm. Also consider secondary factors such as geographic proximity and equitable distribution of work, but do not attribute greater significance to the secondary factors than to qualifications and past performance. Do not reject the overall most highly qualified firm solely in the interest of equitable distribution of contracts.

(A) Consider the volume of work awarded by DoD during the previous 12 months. In considering equitable distribution of work among architect-engineer firms, include small business concerns; historically black colleges and universities and minority institutions; firms that have not had prior DoD contracts; and small disadvantaged business concerns and joint ventures with small disadvantaged business participants if the North American Industry Classification System (NAICS) Industry Subsector of the acquisition is one in which use of a price evaluation adjustment is currently authorized (see FAR 19.201(b)).

(1) Use data extracted from the Federal Procurement Data System (FPDS).

(2) Do not consider awards to overseas offices for projects outside the United States, its territories and possessions. Do not consider awards to a subsidiary if the subsidiary is not normally subject to management decisions, bookkeeping, and policies of a holding or parent company or an incorporated subsidiary that operates under a firm name different from the parent company. This allows greater competition.

(B) Consider as appropriate superior performance evaluations on recently completed DoD contracts.

(C) Consider the extent to which potential contractors identify and commit to small business, to small disadvantaged business (SDB) if the NAICS Industry Subsector of

the subcontracted effort is one in which use of an evaluation factor or subfactor for participation of SDB concerns is currently authorized (see FAR 19.201(b)), and to historically black college or university and minority institution performance as subcontractors.

(Revised June 7, 2016)

PGI 237.1--SERVICE CONTRACTS--GENERAL

PGI 237.102-70 Prohibition on contracting for firefighting or security-guard functions.

(d)(i) To ensure that the personnel limitations in DFARS 237.102-70(d)(1)(iv) are not exceeded, there is an office of primary responsibility (OPR) within each department or agency that is responsible for managing the total number of security-guard personnel on contract for the department or agency.

(ii) Before finalizing a contract action that affects the number of security-guard personnel on contract, the contracting officer shall request, from the requiring activity, evidence of the OPR's approval for the contract action. This requirement also applies to renewal or exercise of options for the same number of security-guard personnel, to ensure compliance with the statutory limitations/reductions specified for each fiscal year.

(iii) If the evidence of approval is not provided by the requiring activity, the contracting officer shall directly contact the applicable OPR for approval before finalizing the contract action. OPRs are as follows:

(A) U.S. Army:
HQ Department of the Army
Office of the Provost Marshal General
2800 Army Pentagon
Washington, DC 20310
Phone: 703-695-4210 or 703-614-2597.

(B) U.S. Navy:
Commander, Navy Installations
Command (CNIC) N3
2715 Mitscher Road, Suite 300
Anacostia Annex
Washington, DC 20373
Phone: 202-409-4053.

(C) U.S. Marine Corps:
HQ U.S. Marine Corps
Assistant Deputy Commandant, Plans, Policy, &
Operations (Security)
3000 Marine Corps Pentagon
Washington, DC 20350
Phone: 571-201-3633.

(D) U.S. Air Force:
HQ Air Force
Directorate of Security Forces
Programs & Resources Division (A7SX)
1340 AF Pentagon
Washington, DC 20330
Phone: 703-588-0027 or 703-588-0012.

(E) Pentagon Force Protection Agency:
Pentagon Force Protection Agency
9000 Defense Pentagon
Washington, DC 20301
Phone: 703-693-3685.

PGI 237.102-71 Limitation on service contracts for military flight simulators.

(1) To process a request for waiver, the contracting officer shall submit the request and appropriate documentation relating to the requirements of DFARS 237.102-71(b) to:

Director, Defense Procurement and Acquisition Policy
ATTN: OUSD(AT&L) DPAP/CPIC
3060 Defense Pentagon
Washington, DC 20301-3060

Phone: 703-697-8334 FAX: 703-614-1254

(2) The action officer in the Office of the Director, Defense Procurement and Acquisition Policy, Contract Policy and International Contracting (DPAP/CPIC), will process the request through the Office of the Secretary of Defense and will forward the appropriate documentation to the congressional defense committees. The contracting officer shall not award a contract until notified by the DPAP/CPIC action officer that the waiver has been approved, the appropriate documentation has been transmitted to the congressional defense committees, and the required 30 days have passed.

PGI 237.102-73 Prohibition on contracts for services of senior mentors.
DoD policies on senior mentors are set forth in (1) Secretary of Defense memorandum, subject: Policy on Senior Mentors (April 1, 2010) (*see* here) and (2) Deputy Secretary of Defense memorandum, subject: Implementation Guidance on Senior Mentors Policy (July 8, 2010) (*see* here).

PGI 237.102-74 Taxonomy for the acquisition of services and supplies & equipment.
Click here for OUSD(AT&L) DPAP memorandum, “Taxonomy for the Acquisition of

Services and Supplies & Equipment," dated August 27, 2012. An Excel version of "Acquisition of Services and Supplies & Equipment Taxonomy" is available here.

PGI 237.102-75 Defense Acquisition Guidebook.
The Defense Acquisition Guidebook, Chapter 14, Acquisition of Services, is available via the internet at https://acc.dau.mil/CommunityBrowser.aspx?id=490640. Chapter 14 provides acquisition teams with a step-by-step guide explaining the process of acquiring services.

PGI 237.102-76 Review criteria for the acquisition of services.
The tenets of the DoD-wide architecture for the acquisition of services along with the associated review criteria are available here. These matrices are to be used when conducting reviews in the preaward phase (Review/Approval of Acquisition Strategies or Preaward Peer Reviews) and in the postaward phase (Postaward Peer Reviews). See DFARS 201.170, Peer reviews, and PGI 201.170, Peer reviews.

PGI 237.102-77 Acquisition requirements roadmap tool.
The Acquisition Requirements Roadmap Tool (ARRT) is a tool that enables requiring activities to develop and organize performance requirements into draft versions of the performance work statement, the quality assurance surveillance plan, and the performance requirements summary. ARRT provides a standard template for these documents and some default text that can be modified to reflect a particular requirement. This tool should be used to prepare these documents for all performance-based acquisitions for services. ARRT is available for download at http://sam.dau.mil/ARRTRegistration.aspx.

PGI 237.102-78 Market research report guide for improving the tradecraft in services acquisition.
See PGI 210.070 for guidance on use of the market research report guide to conduct and document market research for service acquisitions.

PGI 237.102-79 Private sector notification requirements in support of in-sourcing actions.
Click here for OUSD(RFM) memorandum, "Private Sector Notification Requirements in Support of In-sourcing Actions," dated January 29, 2013.

PGI 237.171 Training for contractor personnel interacting with detainees.

PGI 237.171-3 Policy.

(b)(i) *Geographic areas of responsibility.* With regard to training for contractor personnel interacting with detainees—

(A) The Commander, U.S. Southern Command, is responsible for the U.S. military detention center at Guantanamo Bay, Cuba.

(B) The Commander, U.S. Joint Forces Command, is responsible for the Navy Consolidated Brig, Charleston, SC.

(C) The other combatant commander geographic areas of responsibility are identified in the Unified Command Plan, 1 March 2005, which can be found at: http://www.defenselink.mil/specials/unifiedcommand/.

(ii) *Point of contact information for each command:*

US Central Command (USCENTCOM)
Commander, Combined Forces Land Component Commander (CFLCC)
a.k.a. Third Army, Ft. McPherson, Atlanta, GA
Staff Judge Advocate (SJA) Forward, Kuwait
POC: Lieutenant Colonel Gary Kluka
E-mail: Gary.Kluka@arifjan.arcent.army.mil
Comm: 011-965-389-6303; DSN: 318-430-6303; Alt. US numbers: 404-464-3721 or 404-464-4219

US European Command (USEUCOM)
Logistics and Security Assistance Directorate
Chief, Contingency Contracting and Contract Policy Division (USEUCOM J4-LS)
POC: Major Michael Debreczini
debreczm@eucom.smil.mil
Comm: 011-49-711-680-7202; DSN: 314-0430-7202

US Joint Forces Command (USJFCOM)
**Applicable to potential detainees in the United States at Navy Consolidated Brig, Charleston, SC
Headquarters, USJFCOM (J355)
Personnel Recovery & Special Operations Division (J355)
POC: Lieutenenat Colonel John Maraia
Comm: 757-836-5799; DSN: 836-5799
US Northern Command (USNORTHCOM)
Not applicable to USNORTHCOM; see US Joint Forces Command

US Pacific Command (USPACOM)
Headquarters, Office of the Staff Judge Advocate (SJA)
Deputy Staff Judge Advocate
POC: Lieutenant Colonel James Buckels, USAF
james.buckels@pacom.mil
Comm: 808-477-1193

US Southern Command (USSOUTHCOM)
Headquarters, Office of the Staff Judge Advocate (SJA)
Joint Task Force Guanatanamo Bay
POC: Lieutenant Commander Tony Dealicante
DealicanteTF@JTFGTMO.southcom.mil
Comm: 011-5399-9916; DSN: 660-9916

US Special Operations Command (USSOCOM)
Headquarters, Office of the Staff Judge Advocate (SJA)
Attn: Staff Judge Advocate
POC: Colonel Dana Chipman
chipmad@socom.mil
Comm: 813-828-3288; DSN: 299-3288

PGI 237.172 Service contracts surveillance.

The contracting officer shall remind requirements personnel, when they are preparing the quality assurance surveillance plan for contracts, to include a requirement for surveillance of the contractor's implementation of the clause at FAR 52. 222-50, Combating Trafficking in Persons (see PGI 222.1703).

(Revised August 28, 2014)

PGI 237.2—ADVISORY AND ASSISTANCE SERVICES

PGI 237.270 Acquisition of audit services.

The following DoD publications govern the conduct of audits:

(1) DoDI 7600.2, Audit Policies - Provides DoD audit policies.

(2) DoDI 7600.6, Audit of Nonappropriated Fund Instrumentalities and Related Activities - Provides guidance to audit organizations for audits of nonappropriated fund organizations.

(3) DoD 7600.7-M, DoD Audit Manual - Provides policy and guidance to DoD audit organizations for the monitoring of audit services provided by non-Federal auditors.

(Revised May 5, 2011)

PGI 237.5 MANAGEMENT OVERSIGHT OF SERVICE CONTRACTS

PGI 237.503 Agency-head responsibilities.

(c) To comply with the certification requirement at DFARS 237.503, complete a certification substantially the same as the following and include a copy in the contract file:

Certification of Nonpersonal Services

This certification and enclosed worksheet is designed to ensure that the agency does not award a personal-services contract unless specifically authorized by statute (e.g., 10 U.S.C. 129b, 5 U.S.C. 3109, or 10 U.S.C. 1091). Therefore, this documentation should be completed in conjunction with the submission of a service-contract requirement to the contracting officer.

A personal services contract is characterized by the employer-employee relationship it creates between the Government and the contractor's personnel. The Government is normally required to obtain its employees by direct hire under competitive appointment procedures required by civil service laws. Obtaining personal services by contract, rather than by direct hire, circumvents those laws unless Congress has specifically authorized acquisition of the services by contract.

An employer-employee relationship under a service contract occurs when the Government exercises relatively continuous supervision and control over contractor personnel performing the contract.

Upon considering the information above and the worksheet below, I certify that this requirement does not include an unauthorized personal services arrangement, either in the way the work statement is written or in the manner in which the resulting contract will be managed and overseen.

_____
Printed Name, Grade, Title, and Date

Signature:_____

	Personal Services (The following descriptive elements from FAR 37.104 should be used as a guide to assess whether or not a proposed contract is personal in nature. If the answer to any of the items below is "YES," then additional measures should be taken to ensure the contract is not administered so as to create an employer-employee relationship between the Government and the contractor's personnel and result in an unauthorized personal services contract.)	YES	NO
1.	Contractor personnel are performing on a Government site.		
2.	Principal tools and equipment are furnished by the Government.		
3	Services are applied directly to the integral effort of the agency or an organizational subpart in furtherance of assigned function or mission.		
4	Comparable services meeting comparable needs are performed in this agency or similar agencies using civil-service personnel.		
5.	The need for the service provided can reasonably be expected to last beyond one year.		
6.	The inherent nature of the service, or the manner in which it is to be provided, reasonably requires (directly or indirectly) Government tion or supervision of contractor employees in order to: (a) uately protect the Government's interest; (b) retain control of the ion involved; or (c) retain full personal responsibility for the function orted in a duly authorized Federal officer or employee.		

PGI 237.70—MORTUARY SERVICES

PGI 237.7002 Area of performance and distribution of contracts.

(1) Determine and define the geographical area to be covered by the contract using the following general guidelines:

(i) Use political boundaries, streets, or other features as demarcation lines.

(ii) The size should be roughly equivalent to the contiguous metropolitan or municipal area enlarged to include the activities served.

(iii) If the area of performance best suited to the needs of a particular contract is not large enough to include a carrier terminal commonly used by people within the area, the contract area of performance shall specifically state that it includes the terminal as a pickup or delivery point.

(2) In addition to normal contract distribution, send three copies of each contract to each activity authorized to use the contract, and two copies to each of the following:

(i) HQDA (TAPC-PEC-D), Alexandria, VA 22331.

(ii) Commander, Naval Medical Command, Department of the Navy (MED 3141), 23rd and E Streets NW, Washington, DC 20372.

(iii) Headquarters, AFMPC-MPCCM.

(Added January 10, 2008)

PGI 239.71—SECURITY AND PRIVACY FOR COMPUTER SYSTEMS

PGI 239.7102 Policy and responsibilities.

PGI 239.7102-3 Information assurance contractor training and certification.

(1) The designated contracting officer's representative will document the current information assurance certification status of contractor personnel by category and level, in the Defense Eligibility Enrollment Reporting System, as required by DoD Manual 8570.01-M, Information Assurance Workforce Improvement Program.

(2) DoD 8570.01-M, paragraphs C3.2.4.8.1 and C4.2.3.7.1, requires modification of existing contracts to specify contractor training and certification requirements, in accordance with the phased implementation plan in Chapter 9 of DoD 8570.01-M. As with all modifications, any change to contract requirements shall be with appropriate consideration.

(Revised May 10, 2016)

PGI 239.74—TELECOMMUNICATIONS SERVICES

PGI 239.7402 Policy.

(c) *Foreign carriers*.

(i) Frequently, foreign carriers are owned by the government of the country in which they operate. The foreign governments often prescribe the methods of doing business.

(ii) In contracts for telecommunications services in foreign countries, describe the rates and practices in as much detail as possible. It is DoD policy not to pay discriminatory rates. DoD will pay a reasonable rate for telecommunications services or the rate charged the military of that country, whichever is less.

(iii) Refer special problems with telecommunications acquisition in foreign countries to higher headquarters for resolution with appropriate State Department representatives.

(d) *Long-haul telecommunications services.* DISA will acquire all long-haul telecommunications services for DoD. See DoD Directive 5105.19, Defense Information Systems Agency (DISA).

PGI 239.7405 Delegated authority for telecommunications resources.

Related Documents:

Documents related to DoD's delegated authority to enter into telecommunications service contracts are available here.

PGI 239.7406 Certified cost or pricing data and data other than certified cost or pricing data.

Examples of instances where certified cost or pricing data, if required in accordance with FAR 15.403-4, or data other than certified cost or pricing data, if required in accordance with FAR 15.403-3, may be necessary to support price reasonableness include—

(1) Nontariffed services;

(2) Special rates and charges not included in a tariff, whether filed or to be filed;

(3) Special assembly rates and charges;

(4) Special construction and equipment charges;

(5) Contingent liabilities that are fixed at the outset of the service;

(6) Proposed cancellation and termination charges under the clause at 252.239-7007, Cancellation or Termination of Orders, and reuse arrangements under the clause at 252.239-7008, Reuse Arrangements;

(7) Rates contained in voluntary tariffs filed by nondominant common carriers; or

(8) A tariff, whether filed or to be filed, for new services installed or developed primarily for Government use.

PGI 239.7407 Type of contract.

When using a basic agreement in conjunction with a communication service authorization—

(1) Use DD Form 428, Communication Service Authorization (CSA), or an electronic data processing substitute to award, modify, cancel, or terminate telecommunications services. The CSA shall—

(i) Refer to the basic agreement;

(ii) Specify the types and quantities and equipment to be provided as well as the tariff (or other price if a tariff is not available) of those services and equipment;

(iii) Specify the premises involved;

(iv) Cite the address for billing;

(v) Identify the disbursing office;

(vi) Provide funding information; and

(vii) Include an expiration date.

(2) Before awarding a CSA, comply with the requirements in FAR and DFARS, e.g., for competition, reviews, approvals, and determinations and findings.

(Added November 18, 2015)

PGI 239.76—CLOUD COMPUTING

PGI 239.7602 Policy and responsibilities.

PGI 239.7602-1 General.

(c)(6) When the clause at DFARS 252.239-7010 applies, the contracting officer shall provide the contractor with the name of the responsible Government official to contact in response to any spillage occurring in connection with the cloud computing services being provided. The requiring activity will provide the contracting officer with the name of the responsible official in accordance with agency procedures, as required by Enclosure 7 of DoDM 5200.01-V3, DoD Information Security Program: Protection of Classified Information.

PGI 239.7602-2 Required storage of data within the United States or outlying areas.

(b) Prior to authorizing storage of data outside the United States and outlying areas, the contracting officer must receive written authorization from the authorizing official.

PGI 239.7603 Procedures.

PGI 239.7603-1 General.

(a) When the apparently successful offeror indicates in the provision at DFARS 252.239-7009 that cloud computing services will be used in the performance of the contract, the contracting officer shall review the DoD Cloud Service Catalog at http://www.disa.mil/Computing/Cloud-Services/Cloud-Support (look under the "Additional Information" tab for "Service Catalog") to verify that the cloud service provider's offering to be used in the performance of the contract has a provisional authorization prior to award (see DFARS 239.7602-1(b)).

(b) When the contractor indicated in the provision at DFARS 252.239-7009 that it did not anticipate the use of cloud computing services in the performance of the contract and requests, after award, in accordance with the clause at DFARS 252.239-7010(b)(1), that the contracting officer approve the use of cloud computing services in the performance of the contract, the contracting officer shall—

(1) Request approval from the requiring activity for the contractor to use cloud computing services; and

(2) If the requiring activity provides approval, review the DoD Cloud Service Catalog at http://www.disa.mil/Computing/Cloud-Services/Cloud-Support (look under the "Additional Information" tab for "Service Catalog") to verify that the cloud service provider's offering to be used in the performance of the contract has a provisional authorization (see DFARS 239.7602-1(b)).

PGI 239.7603-2 Notification of third party access requests.

When a contractor provides notification of a request from a third party for access to

Government data or Government-related data, in accordance with DFARS 252.239-7010(j), the contracting officer shall convey the request to the requiring activity. The requiring activity will coordinate a response with the mission or data owner.

PGI 239.7603-3 Cyber incident and compromise reporting.

(a) When a cyber incident is reported by a contractor, the DoD Cyber Crime Center (DC3) will send an unclassified encrypted email containing the cyber incident report to the contracting officer(s) identified on the Incident Collection Format (ICF). The DC3 may request the contracting officer to send a digitally signed email to DC3.

(1) The procuring contracting officer (PCO) shall notify the requiring activities that have contracts identified in the ICF. In cases where an administrative contracting officer (ACO) receives the cyber incident report, in lieu of the PCO, the ACO shall notify the PCO for each affected contract, who will then notify the requiring activity.

(2) In cases of cyber incidents involving multiple contracts, the DoD components will work together to designate a single contracting officer to coordinate the effort. The requiring activity will notify the contracting officer once a lead is designated.

(b) When requested by the contractor, the contracting officer shall provide the contractor with the "Instructions for Malware Submission" document available at http://www.acq.osd.mil/dpap/dars/pgi/docs/Instructions_for_Submitting_Malware.docx. The contracting officer should never receive malicious software directly from the contractor.

(c) If the requiring activity requests access to contractor information or equipment, in accordance with DFARS 252.239-7010(g), the contracting officer shall provide a written request to the contractor.

(d) For additional information on cyber incident reporting, see the frequently asked question document at http://www.acq.osd.mil/dpap/pdi/network_penetration_reporting_and_contracting.html.

PGI 239.7603-4 DoD damage assessment activities.

(a) Prior to initiating damage assessment activities, the contracting officer shall verify that a contract(s) identified in the cyber incident report include(s) the clause at DFARS 252.239-7010. If the contracting officer determines that a contract identified in the report does not contain the clause, the contracting officer shall notify the requiring activity that damage assessment activities, if required, may be determined to constitute a change to the contract.

(b) In cases of cyber incidents involving multiple contracts, a single contracting officer will be designated to coordinate with the contractor regarding media submission.

(c) If the requiring activity requests the contracting officer obtain media, as defined at DFARS 252.239-7010, from the contractor, the contracting officer shall—

(1) Provide a written request for the media;

(2) Provide the contractor with the "Instructions for Media Submission" document

available at http://www.acq.osd.mil/dpap/dars/pgi/docs/Instructions_for_Submitting_Media.docx; and

(3) Provide a copy of the request to DC3, electronically via email at dcise@dc3.mil, and the requiring activity.

(d) If the contracting officer is notified by the requiring activity that media are not required, the contracting officer shall notify the contractor and simultaneously provide a copy of the notice to DC3 and the requiring activity.

(e) The contracting officer shall document the action taken as required by paragraph (c) or (d) of this section, in the contract file.

(f) Upon receipt of the contractor media, DC3 will confirm receipt in writing to the contractor and the requesting contracting officer.

(g) When the requiring activity determines that the damage assessment activities are complete, the requiring activity will provide the contracting officer with a report documenting the findings from the damage assessment activities affecting covered defense information.

(h) The contracting officer shall include the report documenting the findings in the contract file(s) and provide a copy to the contractor.

(Revised October 15, 2009)

PGI 241.1--GENERAL

PGI 241.103 Statutory and delegated authority.

Summary of Statutory Authority for Utility/Energy Purchases

Acquisition Type	Authority	Maximum Term (years)
Energy Commodities (purchased as supplies) (natural gas & electricity) *	10 U.S.C. 2306b/ 10 U.S.C. 2829	5 (4) **
Utility Service Contracts (in support of privatization)	10 U.S.C. 2688(d)(2)	50
Utility Service Contracts *** (when not in support of privatization)	10 U.S.C. 2304 40 U.S.C. 113(e)(3)	10
* Section 8093 of Public Law 100-202 specifically precludes the Federal Government from expending appropriated funds to purchase electricity in a manner inconsistent with State law and regulation.		
** 5 years in support of facilities and installations (10 U.S.C. 2306b) and 4 years for military family housing (10 U.S.C. 2829).		
*** GSA has delegated to DoD its authority, under 40 U.S.C. 501(b), to enter into utility service contracts for periods not exceeding 10 years. Absent this authority, the length of DoD utility service contracts in support of facilities and installations would be limited to 5 years (10 U.S.C. 2306c) and, for military family housing, would be limited to 4 years (10 U.S.C. 2829).		

PGI 241.2--ACQUIRING UTILITY SERVICES

PGI 241.202 Procedures.

(2)(A) Do not use the connection charge provisions for the installation of Government-owned distribution lines and facilities. The acquisition of such facilities must be authorized by legislation and accomplished in accordance with FAR Part 36. Also, do not use the connection charge provisions for the installation of new facilities related to the supplier's production and general “backbone” system unless authorized by legislation.

(B) Construction labor standards ordinarily do not apply to construction accomplished under the connection charge provisions of this part. However, if installation includes construction of a public building or public work as defined in FAR 36.102, construction labor standards may apply.

PGI 241.205 Separate contracts.

(1) *Definitions*. As used in this section—

“Definite term contract” means a contract for utility services for a definite period of not less than one nor more than ten years.

“Indefinite term contract” means a month-to-month contract for utility services that may be terminated by the Government upon proper notice.

(2) Requests for proposals shall state the anticipated service period in terms of months or years. If the period extends beyond the current fiscal year, evaluate offers of incentives for a definite term contract.

(3) The solicitation may permit offerors the choice of proposing on the basis of—

(i) A definite term not to exceed the anticipated service period; or

(ii) An indefinite term contract.

(4) If the expected service period is less than the current fiscal year, the solicitation shall be on the basis of an indefinite term contract.

(5) Contracts for utility services for leased premises shall identify the lease document on the face of the contract.

(6) Use an indefinite term utility service contract when it is considered to be in the Government's best interest to—

(i) Have the right to terminate on a 30-day (or longer) notice. A notice of up to one year may be granted by an installation if needed to obtain a more favorable rate, more advantageous conditions, or for other valid reasons; or

(ii) Grant the supplier the right to terminate the contract when of benefit to the Government in the form of lower rates, larger discounts, or more favorable terms and conditions.

PGI 242.002 Interagency agreements.

(S-70)(iii) Upon receipt of a request for contract administration services, the CCP shall—

(A) Determine whether the request is from a friendly foreign government or an international agency in which the United States is a participant;

(B) Determine whether the services are consistent with the DoD mutual security program policies (the Assistant Secretary of Defense (International Security Affairs) is the source of information for questions as to the eligibility of foreign governments to receive services);

(C) Ensure that the reimbursement arrangements are consistent with DFARS 242.002(b);

(D) Coordinate with appropriate contract administration offices to determine whether DoD can provide the services;

(E) Notify the requestor that the request is accepted, or provide reasons why it cannot be accepted;

(F) Distribute the acquisition documents and related materials to contract administration offices; and

(G) Receive statements of costs incurred by contract administration offices for reimbursable services and forward them for billing to the Security Assistance Accounting Center.

(Revised December 30, 2015)

PGI 242.3—CONTRACT ADMINISTRATION OFFICE FUNCTIONS

PGI 242.302 Contract administration functions.

(a)(13)(B)*(1)* For contracts assigned to DCMA for contract administration, designate as the payment office—

(i) The cognizant Defense Finance and Accounting Service (DFAS) payment office as specified in the Federal Directory of Contract Administration Services Components (available via the Internet at https://pubapp.dcma.mil/CASD/main.jsp), for contracts funded with DoD funds;

(ii) The department or agency payment office, if authorized by defense financial management regulations or if the contract is funded with non-DoD funds; or

(iii) Multiple payment offices under paragraphs (a)(13)(B)*(1)(i)* and *(ii)* of this section, if the contract is funded with both DoD and non-DoD funds.

(2) For contracts not assigned to DCMA, select a payment office or offices under department/agency procedures. DoD personnel may use the DFAS Reference Tool, available via the Internet at http://referencetool.dfas.mil, to identify cognizant DFAS payment offices.

PGI 242.302(a)(S-72)—Surveillance of the contractor's implementation of the Synchronized Predeployment and Operational Tracker (SPOT)

(1) For suggested criteria to assess a contractor's implementation of SPOT, see SPOT Compliance Checklist at http://www.acq.osd.mil/log/PS/ctr_mgt_accountability.html.

(2)(i) For visibility into certain discrepant records in SPOT, use the following audit compliance reports (ACRs) available via the Total Operational Picture Support System (TOPSS):

(A) *Deployment Status Report (ACR–01).* Lists all deployment requests that were submitted less than 10 days prior to the estimated deployment start date.

(B) *In-Theater Arrival Date (ITAD) Report (ACR–02).* Lists all records where the ITAD was entered more than one day after the actual ITAD.

(C) *Primary Duty Station Report (ACR–03).* Lists all deployments where the primary duty station arrival date was entered more than three days after the actual duty station arrival date.

(D) *Closeout Deployment Report (ACR–05).* Lists all deployments where the actual deployment end date was entered more than three days after the actual deployment end date.

(E) *Open/Blank In-Theater Arrival Date (ITAD) Report (ACR– 06).* Lists where the ITAD was not entered into SPOT within 15 days after the estimated deployment start date.

(ii) Contracting Officers shall obtain a TOPSS account by following the TOPPS PKI Certificate Registration instructions at http://www.acq.osd.mil/log/PS/ctr_mgt_accountability.html.

(3) Contracting Officers shall–

(i) Take immediate action to notify contractors of non-compliance with SPOT (e.g., issue one of the delinquency notices identified at FAR 49.607).

(ii) Document performance deficiencies related to SPOT non-compliance that will be relevant to past performance evaluations for future contract opportunities in accordance with FAR subpart 42.15.

PGI 242.302(a)(S-75)—Monitoring contractor costs

(a) *Scope*.

This section provides guidelines for—

(1) Monitoring the policies, procedures, and practices used by contractors to control direct and indirect costs related to Government business; and

(2) Eliminating duplication in Government monitoring of contractors' costs.

(b) *Policy*.

Effective management of contract costs is essential to the efficient and economical performance of Government contracts. Contractors are responsible for managing and controlling their direct and indirect costs; however, DoD must systematically monitor the management of contractors' costs to ensure these responsibilities are met.

(c) *Responsibilities*.

(1) Departments and agencies.

(i) Departments and agencies should conduct a formal program of Government monitoring of contractor policies, procedures, and practices for controlling costs (cost monitoring) at contractor locations where—

(A) Sales to the Government, as determined by the contract administration offices, during the contractor's next fiscal year are expected to exceed $200 million in contracts—

(*1*) Based on costs incurred; or

(*2*) Negotiated based on projected costs.

(B) The contract administration office determines the cost benefits derived from monitoring the individual contractors with less than $200 million in other than firm fixed-price and fixed-price with economic price adjustment contracts–to be warranted; or

(C) Significant Government business exists and is specifically directed by the head of the contracting activity.

(ii) Departments and agencies are responsible for designating the cost monitoring sites and discontinuing them when the criteria are no longer met.

(2) Contract administration offices.

(i) Contract administration offices (CAOs), which are designated as cost monitoring sites, are responsible for—

(A) Assigning a cost monitoring specialist (CMS) to conduct the program. The CMS may be the administrative contracting officer (ACO) or any other CAO employee whose normal function relates to evaluation of contractor performance.

(B) Reviewing and approving the cost monitoring plan for the next fiscal year and the cost monitoring report from the concluding fiscal year.

(ii) The ACO is responsible for—

(A) In the absence of a CMS, ensuring completion of the CMS duties referenced in paragraph (iii) of this section;

(B) Considering review results in direct and indirect rate negotiations and contract negotiations;

(C) Ensuring the contractor implements corrective action recommended in the cost monitoring review reports; and

(D) Resolving disputes with the contractor regarding cost monitoring review findings, conclusions, or recommendations.

(iii) The CMS is responsible for managing the cost monitoring effort within the CAO and coordinating planned effort with the contract auditor. This includes—

(A) Preparing and maintaining an annual written cost monitoring plan for reviewing contractor operations (see paragraph (d));

(B) Maintaining an inventory of planned and completed CAO, Defense Contract Audit Agency (DCAA), and other Government reviews and audits in order to mitigate duplication of efforts;

(C) Monitoring contractor direct and indirect rates and factors during the year, making comparisons to historical actual costs and to contractor proposed or negotiated forward pricing rates and factors, and providing rate recommendations based on their analysis;

(D) Performing approved functional reviews of contractor activities, to include assisting Government personnel in obtaining access to pertinent contractor policies, procedures, and related data;

(E) Advising the ACO and CAO management of corrective action recommended to improve inefficient or uneconomical contractor conditions, policies, or practices, to include preparing, for the ACO's consideration when appropriate, a Notice of Intent to Disallow or Not Recognize Costs;

(F) Continuously tracking the status of recommendations made to the contractor concerning cost performance stemming from all Government reports;

(G) Keeping the contracting officer, program manager, contract auditor, and other responsible officials informed of issues affecting economical contract performance;

(H) Maintaining current organizational charts of the operations identifiable to the contractor's functional centers of its cost control functions; and

(I) Preparing a final cost monitoring report summarizing all of the cost monitoring functions performed during the Government fiscal year.

(3) *Audit and other organizations*.

(i) The contract auditor is responsible for assisting the CMS by performing the portion of cost monitoring plan and related analyses that requires access to the contractor's financial and accounting records supporting the cost or pricing data. (This does not preclude the program manager, contracting officer, ACO, CMS, or other representatives from reviewing contractor records and data necessary to the performance of their duties.)

(ii) Audit organizations, program offices, contracting activities, and any other DoD organizations with responsibility for reviewing contractor operations for the purpose of monitoring contractor policies, procedures, and practices to control costs, shall submit to the CMS—

(A) An annual schedule of planned and tentative visits, oversight reviews, and audits to be performed at cost monitoring locations; and

(B) Revisions to scheduled visits or audit plans, within 30 days of issuance.

(d) *Annual cost monitoring plan*.

(1) *Description*.

The annual cost monitoring plan is a strategy for monitoring, reviewing, negotiating, and approving contractor's direct and indirect rates, business systems, corrective actions to deficient processes, and cost controls by coordinating the capabilities of the CAO, DCAA, and other Government representatives in an effort to reduce unreasonable, erroneous, or improper costs to Government contracts.

(2) *Contents of the plan*.

(i) The plan should—

(A) Provide coverage for each significant activity of the contractor over a period of five to ten years;

(B) Provide coverage for contractor future years dependent on the period of forward pricing years the contractor proposes and the expected length of executed Government programs;

(C) Be updated to reflect changed conditions as the year progresses; and

(D) Be consistent with the approved schedule, and any deviations should be explained in the final cost monitoring report.

(ii) The plan must identify the organizations having the primary responsibility for performing the reviews.

(iii) The plan should include reviews required by the ACO and DFARS. Reviews will be performed by the assigned organization during the coordination phase of the cost monitoring plan, except when DFARS makes a specific organizational assignment. For example, Subpart 244.301 makes the ACO responsible for leading contractor purchasing system reviews and 215.407-5-70(c)(3) makes the DCAA auditor responsible for leading estimating system reviews on behalf of the ACO.

(3) *Selecting the activities*.

(i) The CAO selects the activities for the cost monitoring plan. DCAA will complete its annual audit plan independently and communicate the approved audit plan to ensure the most effective monitoring approach. To ensure all Government interests are considered in the selection, the CMS should invite CAO, DCAA, and other interested Government representatives to a meeting before the beginning of each Government fiscal year to identify and prioritize the areas to be reviewed during the coming year, to ensure a fully communicated Government cost monitoring plan.

(ii) The selection team should consider the following data and assign primary responsibility in the selection process—

(A) Contractor forecasts for the coming years supporting direct and indirect costs by functional centers of its cost control system and the results of the latest survey performed of such systems;

(B) Organizational charts for the contractor's entire operation;

(C) Outline of the contractor's accounting system showing the flow of costs by function;

(D) Determination of Government participation in the dollars attributable to the operations and cost accounts under consideration;

(E) List of recent reviews and audits performed by CAO, DCAA, and other Government representatives; list should show outstanding weakness and deficiencies in the contractor's operations that will be considered for follow-up reviews or audits;

(F) Evidence of contractor under or over staffing;

(G) Significant departures from established contractor productivity standards;

(H) Major financial variances from forecasts in prior years;

(I) Evidences of idle or under-used capacity;

(J) Any visits or audit plans scheduled by other Government organizations and identified to the CMS; and

(K) Any other significant information or business changes which could have an adverse effect or cause a significant change to on the contractor’s management of contract costs.

(4) *Prioritizing the plan*.

(i) The CMS should prioritize the plan to review contractor activity by considering—

(A) The extent of competition in awarded contracts;

(B) The contractor's operating methods;

(C) The nature of the work;

(D) Acquisition cycle stage;

(E) Business and industry practices;

(F) Types of contracts involved;

(G) Degree of technical and financial risk;

(H) Previously reported findings and deficiencies;

(I) Ratio of Government/commercial work;

(J) Significant changes in the level (dollars) of the contractor’s work and backlog; and

(K) The extent performance efficiencies have been previously demonstrated.

(5) *Plan approval and submission*.

(i) The local DCAA office will provide an approved annual audit plan to the ACO within 30 days after the first day of each fiscal year.

(ii) The CMS will submit an adequate cost monitoring plan to the head of the local CAO within 45 days after the first day of each fiscal year.

(iii) The head of the local CAO, or designee, will approve the annual cost monitoring plan within 15 days of an adequate submission. The head of the local CAO will ensure that adequate coordination of the cost monitoring plan was performed with the DCAA and other responsible Government representatives.

(6) *Reviews and analysis*.

(i) Perform functional reviews and audits as scheduled in accordance with the cost monitoring plan.

(ii) Hold interim meetings with the contractor as necessary to clarify information. Hold an exit conference at the conclusion of reviews.

(iii) Prepare reports at the conclusion of reviews. The ACO will determine whether a Government review or audit report will be provided to a contractor based on specific regulatory requirements or the impact to pending negotiations or litigation.

(iv) Prepare periodic reports on the results of the CMS analysis and monitoring of the contractors rates and factors, which should address the causes for significant deviations from historical and negotiated forward pricing rates and factors.

(e) *Annual cost monitoring report*.

(1) *Description*.

The annual cost monitoring report is a culmination of the Government activities performed during the fiscal year in an effort to conduct and maintain a formal monitoring program of contractor policies, procedures, and practices for controlling costs charged to Government contracts.

(2) *Contents of the report*.

(i) The report should—

(A) Provide a brief introduction of the contractor and the products it provides to the Government;

(B) Summarize each review and audit completed during the reporting period along with any deviations from the cost monitoring plan;

(C) Highlight open deficiencies, corrected deficiencies, and any newly reported deficiencies; and

(D) Include the current status of all final, billing, and forward pricing rates.

(ii) The annual cost monitoring report is the primary responsibility of the CAO. Incorporate the final DCAA audit reports by summary and reference.

(3) *Report approval and submission*.

(i) The head of the local CAO, or designee, will approve the annual cost monitoring report within 60 days of the end of the Government fiscal year.

(ii) A copy of the approved report will be provided to the head of the local DCAA office within 15 days of approval.

PGI 242.7—INDIRECT COST RATES

PGI 242.705 Final indirect cost rates.

PGI 242.705-1 Contracting officer determination procedure.

(a) *Applicability and responsibility.*

(1) When negotiations are conducted on a coordinated basis, individual administrative contracting officers are responsible for coordinating with the corporate administrative contracting officer to ensure consistency of cost determinations.

(Revised December 11, 2014)

PGI 242.12—NOVATION AND CHANGE-OF-NAME AGREEMENTS

PGI 242.1203 Processing agreements.

(1) For contracts awarded by the military departments, provide notices to the following addressees instead of individual contracting or contract administration offices:

Army	HQ, Army Materiel Command ATTN: AMCCC 4400 Martin Road Redstone Arsenal, AL 35898
Navy	Office of the Assistant Secretary of the Navy Research, Development & Acquisition Deputy Assistant Secretary for Acquisition and Logistics Management 1000 Navy Pentagon, Room BF992 Washington, DC 20350-1000
Air Force	HQ Air Force Materiel Command ATTN: HQ AFMC/PKP 4375 Chidlaw Road, Suite 6 Wright Patterson AFB, OH 45433-5006
National Aeronautics and Space Administration	National Aeronautics and Space Administration ATTN: Office of Procurement Director, Program Operations Division 300 E Street, SW Washington, DC 20546-0001

(2) Lists of affected contracts accompanying a notice of successor in interest should include the information at FAR 42.1204(e)(2).

(3) Lists of affected contracts accompanying a notice of a name change should include the information at FAR 42.1205(a)(3).

(4) On notices sent to the addressees in paragraph (1) of this section, include a consolidated list for all subordinate contracting offices of the addressee.

(5) Before making any substantial alterations or additions to the novation agreement format at FAR 42.1204(i), coordinate with the addressees in paragraph (1) of this section that have contracts with the contractor. Resolve any objections before executing the agreement.

(6) If the National Aeronautics and Space Administration (NASA) wants a separate agreement with the contractor, continue to process the agreement only for DoD.

(7) In addition to the requirements of FAR 42.1203(g), make distribution to—

(i) The addressees in paragraph (1) of this section - two copies; and

(ii) The appropriate Military Surface Deployment and Distribution Command area command for agreements affecting contracts and basic agreements for storage and related services for personal property of military and civilian personnel — two copies:

Commander
Eastern Area
Military Surface Deployment
and Distribution Command
ATTN: MTE-LO
Bayonne, NJ 07002

Commander
Western Area
Military Surface Deployment
and Distribution Command
Oakland Army Base
ATTN: MTW-LO
Oakland, CA 94626

(8) In addition to the distribution requirements of FAR 42.1203(h)(4)--

(i) Send two copies to the address in paragraph (1) of this section. The list of contracts may be confined to those issued by that department.

(ii) Do not send copies to NASA or the commands in paragraph (7)(ii) of this section. They will issue their own modifications.

(9) Report the novation agreement or name change modification for each of the affected contracts to FPDS (see PGI 204.606(4)(iv) and (v)).

(10) The contracting officer responsible for execution of a change-of-name agreement (see FAR subpart 42.12) must submit the agreement to DLIS-SBB. If there are no current contracts, each contracting and contract administration office receiving notification of changes from the commercial entity must forward a copy of the change notice annotated with the CAGE code to DLIS-SBB unless the change notice indicates that DLIS-SBB already has been notified.

(Revised January 23, 2014)

PGI 242.70— CONTRACTOR BUSINESS SYSTEMS

PGI 242.7000 Contractor business system deficiencies.

(b) *Determination to withhold payments.* The following are sample formats for written notifications of contracting officer determinations to initiate payment withholding, reduce payment withholding, and discontinue payment withholding in accordance with the clause at DFARS 252.242-7005, Contractor Business Systems:

(1) Use this sample format for written final determinations to implement payment withholding:

Payment Withholding

(i) The purpose of this final determination is to disapprove your *[identify the contractor business system(s)]* and implement payment withholding per the terms of the DFARS clause at 252.242-7005, Contractor Business Systems.

(ii) It is my final determination that XXX System(s) contains the following significant deficiencies:

--*[list all significant deficiencies]*

(iii) Effective immediately, five percent (or a lesser percentage if five percent will exceed the withhold limitations in the DFARS clause at 252.242-7005) of each request for payment under the contracts in Attachment A will be withheld as described below for significant deficiencies in XXX system. Upon receipt of an acceptable corrective action plan and my determination that this corrective action plan is being effectively implemented, I will issue a notification with respect to reducing the percentage being withheld to two percent until I determine that all significant deficiencies, as identified in this final determination, have been corrected. Failure to follow the accepted corrective action plan will result in an increase in the percentage withheld against each payment under this contract to five percent (or a lesser percentage if five percent will exceed the withhold limitations in DFARS 252.242-7005). *[Repeat this paragraph, as necessary, if multiple withholds are being applied to multiple systems in accordance with 252.242-7005(d)]*

(iv) For payments under cost, labor-hour, or time-and-material contracts: The Contractor shall apply a five percent (or a lesser percentage if five percent will exceed the withhold limitations in DFARS 252.242-7005) withhold to the amount being billed and prepare a cost voucher in Wide Area WorkFlow (WAWF) for the net amount due. The Contractor shall show the amount withheld on the current billing, as well as the cumulative amount withheld to date on this contract in accordance with DFARS clause 252.242-7005,

in the Comments block of the Miscellaneous Info Tab in WAWF.

(v) For progress payments: The Contractor shall prepare the request in WAWF without applying any withhold percentage. The Contracting Officer will reduce the approved amount by five percent (or a lesser percentage if five percent will exceed the withhold limitations in DFARS 252.242-7005) and record the amount being withheld on the progress payment request, as well the cumulative amount withheld on this contract in accordance with DFARS clause 252.242-7005, in the Comments block of the Miscellaneous Info Tab in WAWF.

(vi) For performance-based payments: The Contractor shall prepare the request in WAWF without applying any withhold percentage to the performance based payment event schedule amounts. The Contracting Officer will reduce the amount approved by five percent (or a lesser percentage if five percent will exceed the withhold limitations in DFARS 252.242-7005) and record the amount being withheld on the performance based payment as well as the cumulative amount withheld on this contract in accordance with the DFARS clause 252.242-7005 in the Comments block of the of the Miscellaneous Info Tab in WAWF.

(2) Use this sample format for determinations to reduce payment withholding:

Reduction of Temporary Payment Withholding

(i) The purpose of this determination is to reduce the payment withholding percentage per the terms of the DFARS clause at 252.242-7005, Contractor Business Systems, as a result of receiving an acceptable corrective action plan from the contractor, dated YYYY/MM/DD, for resolving deficiencies in its XXX system(s) as identified in the Contracting Officer's determination, dated YYYY/MM/DD. This reduction is prospective and previous amounts withheld will not be reduced or released at this time.

(ii) Effective immediately, two percent of each request for payment under this contract will be withheld as described below. The two percent being withheld will remain in effect until the Contracting Officer determines that the Contractor has corrected all significant deficiencies as directed by the Contracting Officer's determination. Failure to follow the accepted corrective action plan will result in an increase in the percentage withheld against each payment under this contract to five percent (or a lesser percentage if five percent will exceed the withhold limitations in DFARS 252.242-7005).

(iii) For payments under cost, labor-hour, or time-and-material contracts: The Contractor shall apply a two percent withhold to the amount being billed and prepare a cost voucher in Wide Area WorkFlow (WAWF) for the net amount due. The Contractor shall show the amount withheld on the current billing, as well as the cumulative amount withheld to date on this contract in accordance with DFARS clause 252.242-7005, in the Comments block of the Miscellaneous Info Tab in WAWF.

(iv) For progress payments: The Contractor shall prepare the request in WAWF without applying any withhold percentage. The Contracting Officer will reduce the approved amount by two percent and record the amount being withheld on the progress payment request, as well the cumulative amount withheld on this contract in accordance with DFARS clause 252.242-7005, in the Comments block of the Miscellaneous Info Tab in WAWF.

(v) For performance-based payments: The Contractor shall prepare the request in WAWF without applying any withhold percentage to the performance-based payment event schedule amounts. The Contracting Officer will reduce the amount approved by two percent and record the amount being withheld on the performance-based payment as well as the cumulative amount withheld on this contract in accordance with the DFARS clause 252.242-7005 in the Comments block of the of the Miscellaneous Info Tab in WAWF.

(3) Use the sample format below if payment withholding is discontinued pending receipt of auditor or functional specialist verification and based on evidence that the Contractor has corrected all significant deficiencies, in accordance with DFARS clause 252.242-7005, Contractor Business Systems:

Discontinuation of Payment Withholding Pending Verification

(i) The purpose of this determination is to approve your *[identify system(s)]* pending verification, discontinue the payment withhold as identified in the Contracting Officer's determination dated YYYY/MM/DD, and release previous amounts withheld on the contracts in Attachment A, in accordance with DFARS clause 252.242-7005, Contractor Business Systems.

(ii) The discontinuation of the payment withhold is made pending receipt of verification and based on my review of the evidence submitted by the Contractor that all the Contractor's system(s) deficiencies identified in the Contracting Officer's determination dated YYYY/MM/DD have been corrected.

(iii) The Contractor is authorized to submit a bill in the amount of $XXXXXXXX. The billed amount should be submitted on the same type of invoice as the withhold was originally taken, as appropriate.

(4) Use the sample format below if payment withholding is discontinued after auditor or functional specialist verification that the Contractor has corrected all significant deficiencies, in accordance with DFARS clause 252.242-7005, Contractor Business Systems:

Discontinuation of Payment Withholding

(i) The purpose of this determination is to approve your *[identify system(s)]*,

discontinue the payment withhold as identified in the Contracting Officer's determination dated YYYY/MM/DD, and release previous amounts withheld on the contracts in Attachment A, in accordance with DFARS clause 252.242-7005, Contractor Business Systems.

(ii) The discontinuation of the payment withhold is made based on verification that all the Contractor's system(s) deficiencies identified in the Contracting Officer's final determination dated YYYY/MM/DD have been corrected.

(iii) The Contractor is authorized to submit a bill in the amount of $XXXXXXXX. The billed amount should be submitted on the same type of invoice as the withhold was originally taken, as appropriate.

PGI 242.71—VOLUNTARY REFUNDS

PGI 242.7100 General.

(1) A voluntary refund may be solicited (requested by the Government) or unsolicited.

(i) Generally, request voluntary refunds only after determining that no contractual remedy is readily available to recover the amount sought.

(ii) Acceptance of unsolicited refunds does not prejudice remedies otherwise available to the Government.

(2) Before soliciting a voluntary refund or accepting an unsolicited one, the contracting officer should have legal counsel review the contract and related data to—

(i) Confirm that there are no readily available contractual remedies; and

(ii) Advise whether the proposed action would jeopardize or impair the Government's rights.

(3) Request voluntary refunds only when—

(i) The contracting officer concludes that the contractor overcharged under a contract, or inadequately compensated the Government for the use of Government-owned property, or inadequately compensated the Government in the disposition of contractor inventory; and

(ii) Retention of the amount in question by the contractor or subcontractor would be contrary to good conscience and equity.

(4) Do not solicit voluntary refunds without approval of the head of the contracting activity, or as provided in department/agency regulations.

(5) Voluntary refunds may be requested during or after contract performance.

(6) A contract modification, rather than a check, is the preferred means of effecting a solicited or unsolicited refund transacted before final payment.

(i) For modifications, adjust the price for the refund and credit the refund to the applicable appropriation cited in the contract.

(ii) For checks—

(A) Advise the contractor to—

(1) Make the check payable to the agency that awarded the contract;

(2) Forward the check to the contracting officer or, when the contract is assigned to another office for administration, to that office; and

(3) Include a letter with the check—

(i) Identifying it as a voluntary refund;

(ii) Giving the contract number involved; and

(iii) Where possible, giving the appropriation and account number to be credited; and

(B) Forward the check to the office responsible for control of funds.

(Added May 18, 2011)

PGI 242.72—CONTRACTOR MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM

PGI 242.7203 Review procedures.

(c) *Disposition of findings*.

(2) *Initial determination*.

(ii)(A) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(C) *Evaluation of contractor's response*. Within 30 days of receiving the contractor's response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor's response and make a final determination.

(3) *Final Determination*.

(ii)(A) *Monitoring contractor's corrective action.* The contracting officer, with the assistance of the auditor, shall monitor the contractor's progress in correcting deficiencies. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: disapprove the contractor's MMAS; bringing the issue to the attention of higher level management; implementing or increasing the withholding in accordance with 252.242-7005, Contractor Business Systems, if applicable; and recommending non-award of potential contracts.

(B) *Correction of significant deficiencies*.

(*1*) When the contractor notifies the contracting officer that the contractor has corrected the significant deficiencies, the contracting officer shall request that the auditor review the correction to determine if the deficiencies have been resolved.

(*2*) The contracting officer shall determine if the contractor has corrected the deficiencies.

(*3*) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the auditor; payment office; appropriate action officers responsible for reporting past performance at the requiring

activities; and each contracting and contract administration office having substantial business with the contractor as applicable.

(Revised November 24, 2010)

PGI 242.73--CONTRACTOR INSURANCE/PENSION REVIEW

PGI 242.7303 Responsibilities.

(1) The ACO is responsible for—

(i) Determining the need for a CIPR in accordance with the procedures at PGI 242.7302;

(ii) Requesting and scheduling the reviews with the appropriate DCMA activity;

(iii) Notifying the contractor of the proposed date and purpose of the review, and obtaining any preliminary data needed by the DCMA insurance/pension specialist or the DCAA auditor;

(iv) Reviewing the CIPR report, advising the contractor of the recommendations contained within the report, considering contractor comments, and rendering a decision based on those recommendations;

(v) Providing other interested contracting officers copies of documents related to the CIPR;

(vi) Ensuring adequate follow-up on all CIPR recommendations; and

(vii) Performing contract administration responsibilities related to Cost Accounting Standards administration as described in FAR Subparts 30.2 and 30.6.

(2) The DCMA insurance/pension specialist is responsible for—

(i) Issuing a technical report on the contractor's insurance/pension plans for incorporation into the final CIPR report based on an analysis of the contractor's pension plans, insurance programs, and other related data;

(ii) Leading the team that conducts the review. Another individual may serve as the team leader when both the insurance/pension specialist and that individual agree. The team leader is responsible for—

(A) Maintaining complete documentation for CIPR reports;

(B) To the extent possible, resolving discrepancies between audit reports and CIPR draft reports prior to releasing the final CIPR report;

(C) Preparing and distributing the final CIPR report;

(D) Providing the final audit report and/or the insurance/pension specialist's report as an attachment to the CIPR report; and

(E) Preparing a draft letter for the administrative contracting officer's use in notifying the contractor of CIPR results; and

(iii) When requested, advising administrative contracting officers and other Government representatives concerning contractor insurance/pension matters.

(3) The DCAA auditor is responsible for—

(i) Participating as a member of the CIPR team or serving as the team leader (see paragraph (2)(ii) of this section);

(ii) Issuing an audit report for incorporation into the final CIPR report based on an analysis of the contractor's books, accounting records, and other related data; and

(iii) Performing contract audit responsibilities related to Cost Accounting Standards administration as described in FAR Subparts 30.2 and 30.6.

(Revised November 9, 2006)

PGI 242.74—TECHNICAL REPRESENTATION AT CONTRACTOR FACILITIES

PGI 242.7401 Procedures.

(1) When the program, project, or system manager determines that a technical representative is required, the manager shall issue a letter of intent to the contract administration office commander listing the assignment location, starting and ending assignment dates, technical duties assigned, delegated authority, and support required from the contract administration office. Any issues regarding the assignment of a technical representative should be resolved promptly. However, final decision on the assignment remains with the program manager. Issues regarding the assignment of technical duties that cannot be resolved between the program office and the on-site DoD contract administration office will be elevated.

(2) The program, project, or system manager will furnish the designated technical representative a letter of assignment of delegated technical duties, with copies to the contract administration office, the contracting officer, and the contractor, at least 30 days before the assignment date (or termination date). Any changes to the requirements of the assignment letter will be made by a new letter of intent and processed in accordance with paragraph (1) of this section.

(3) The contract administration office normally provides the technical representative with office space, equipment, supplies, and part-time clerical support. The program, project, or system manager provides supervision, technical direction, administrative services (e.g., pay, travel, maintenance of personnel records), and, when required, full-time clerical support.

(4) The program manager or designee and the contract administration office, at the local level, shall negotiate a memorandum of agreement (MOA) delineating their functional administrative interrelationships, with annual updates as necessary. The agreements may be included in an existing MOA, if one exists, or as a separate MOA.

(5) The technical representative shall keep the contract administration office commander fully informed of matters discussed with the contractor. The contract administration office shall also keep the technical representative fully informed of contractor discussions that relate to technical matters within the purview of the technical representative's assigned duties.

(Revised February 26, 2015)

PGI 242.75—CONTRACTOR ACCOUNTING SYSTEMS AND RELATED CONTROLS

PGI 242.7502 Policy.

(d) *Disposition of findings*.

(2) *Initial determination*.

(ii)(A) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(C) *Evaluation of contractor's response*. Within 30 days of receiving the contractor's response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor's response and make a final determination.

(3) *Final Determination*.

(ii)(A) *Monitoring contractor's corrective action*. The auditor and the contracting officer shall monitor the contractor's progress in correcting deficiencies. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: disapproving the system; bringing the issue to the attention of higher level management; implementing or increasing the withholding in accordance with 252.242-7005, Contractor Business Systems, if applicable; and recommending non-award of potential contracts.

(B) *Correction of significant deficiencies*.

(*1*) When the contractor notifies the contracting officer that the contractor has corrected the significant deficiencies, the contracting officer shall request that the auditor review the correction to determine if the deficiencies have been resolved.

(*2*) The contracting officer shall determine if the contractor has corrected the deficiencies.

(*3*) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the auditor; payment office; appropriate action officers responsible for reporting past performance at the requiring

activities; and each contracting and contract administration office having substantial business with the contractor as applicable.

(g) Mitigating the risk of accounting system deficiencies on specific proposals.

(2) In the event that a contractor's accounting system contains deficiencies, even if it has been disapproved, a cost reimbursement contract is not prohibited if the contracting officer determines that the contractor's accounting system is adequate for determining costs applicable to the contract or order.

(Revised July 11, 2006)

PGI 243.1—GENERAL

PGI 243.170 Identification of foreign military sale (FMS) requirements.

When adding FMS requirements using a contract modification, the contracting officer shall—

(1) Clearly indicate "FMS Requirement" on the front of the modification; and

(2) Refer to each FMS case identifier code by line/subline item number within the modification, e.g., FMS Case Identifier GY-D-DCA.

PGI 243.171 Obligation or deobligation of funds.

The contracting officer shall include sufficient information in each contract modification to permit the paying office to readily identify the changes for each contract line and subline item.

(1) Include the information under the heading "Summary for the Payment Office" in—

(i) Section G, Contract Administration Data (Uniform Contract Format); or

(ii) The contract schedule (Simplified Contract Format).

(2) The information normally should contain—

(i) The amount of funds obligated by prior contract actions, to include—

(A) The total cost and fee if a cost-type contract;

(B) The target fee at time of contract award if a cost-plus-incentive-fee contract;

(C) The base fee if a cost-plus-award-fee contract; or

(D) The target price and target profit if a fixed-price incentive contract;

(ii) The amount of funds obligated or deobligated by the instant modification, categorized by the types of contracts specified in paragraph (2)(i) of this section; and

(iii) The total cumulative amount of obligated or deobligated funds, categorized by the types of contracts specified in paragraph (2)(i) of this section.

(Revised December 12, 2012)

PGI 243.2—CHANGE ORDERS

PGI 243.204 Administration.

(1) Whenever practicable, the contracting officer should provide advance notice of a proposed change order to the administrative contracting officer (ACO).

(i) The ACO shall review the proposed change order to ensure compatibility with the status of performance.

(ii) If the contractor has progressed beyond the effective point specified in the proposed change order, the ACO shall determine the earliest practical point at which the change order could be made effective and shall advise the contracting officer.

(2) If a change order has been issued and the effective date has been determined to be impracticable, the contracting officer shall—

(i) Issue another change order to correct, revise, or supersede the first change order; then

(ii) Definitize by supplemental agreement citing both change orders.

PGI 243.204-71 Certification of requests for equitable adjustment.

(b) For example, a request for equitable adjustment that involves both an increase of $100,000 and a decrease of $105,000 has an absolute value of $205,000 ($100,000 + $105,000, regardless of whether the amounts are plus or minus), which exceeds the simplified acquisition threshold.

(Added October 30, 2015)

PGI 244.2—CONSENT TO SUBCORACTNT

PGI 244.201 Consent and advance notification requirements.

PGI 244.201-1 Consent requirements.

When contracting for a covered system or covered item of supply, work with the requiring activity to determine if, based on the criticality of the component or system to be supplied and potential concerns about supply chain risk, written consent to subcontract by the contracting officer is necessary when subcontractors are selected or modified during the course of contract performance. Should the requiring activity conclude that a potential subcontractor is beyond the risk tolerance of the system and mission, the requiring activity must inform the contracting officer and the authority granted in section 806 of Pub. L. 111-383 may be used to withhold consent for the contractor to subcontract with a particular source or exclude a source from consideration as specified in DFARS 239.73.

(Revised May 18, 2011)

PGI 244.3—CONTRACTORS' PURCHASING SYSTEMS REVIEWS

PGI 244.305-70 Policy.

(c) *Disposition of findings*.

(2) *Initial determination*.

(ii)(A) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(C) *Evaluation of contractor's response*. Within 30 days of receiving the contractor's response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor's response and make a final determination.

(3) *Final Determination*.

(ii)(A) *Monitoring contractors' corrective action*. The contracting officer and Purchasing System Analyst (PSA) or auditor shall monitor the contractor's progress in correcting deficiencies. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: withdraw or withhold approval of the system; bringing the issue to the attention of higher level management, implementing or increasing the withholding in accordance with 252.242-7005, Contractor Business Systems, and recommending non-award of potential contracts.

(B) *Correction of significant deficiencies*.

(*1*) When the contractor notifies the contracting officer that the contractor has corrected the significant deficiencies, the contracting officer shall request the PSA or auditor to review the correction to determine if the deficiencies have been resolved.

(*2*) The contracting officer shall determine if the contractor has corrected the deficiencies.

(*3*) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the PSA; auditor; payment office; appropriate action officers responsible for reporting past performance at the requiring

activities; and each contracting and contract administration office having substantial business with the contractor as applicable.

(Revised November 6, 2014)

PGI 245.1 - GENERAL

PGI 245.102-70 Policy.

(1) A basic principle of the Federal Acquisition Regulations System is that, upon contract award, contractors bring all the necessary organization, experience, accounting and operational controls, property, and technical skills, or the ability to obtain them (reference FAR 9.104-1 (e), (f), and (g) of General Standards). Therefore, upon contract award, responsible contractors should have the means to provide effective and efficient stewardship of Government property.

(2) Government property, as defined at FAR 45.101, must be contractually accountable to a single contract and only one contract at a time. This requirement applies to both Government-furnished property and contractor-acquired property. Although accountable to only one contract at a time, contract terms and conditions may allow Government property to be used on other contracts (see FAR 52.245-9, Use and Charges).

PGI 245.103 General.

PGI 245.103-70 Furnishing Government property to contractors.

(1) The requiring activity (project or program manager, or purchase request generator), as part of its responsibility for acquisition planning (FAR part 7, Acquisition Planning), is the decision point as to whether or not to furnish property to contractors. The basis for any decision to provide Government property shall be documented by the requiring activity and provided to the contracting officer. Such documentation is not required when contractors are furnished property for repair, modification, or overhaul under a contract.

(2) Prior to furnishing Government property to the contractor, the contracting officer shall ensure that each of the requirements of FAR 45.102 are addressed as follows, and documented in the contracting file—

(i) *Element 1: In the Government's best interest.* Discussion should be specific, factual, and where necessary, address actual or projected dollars and percentages. Merely selecting one or two objectives supported by a general, perfunctory discussion does not address this element satisfactorily. Discussion should address the following factors:

(A) Economy – Furnishing Government property is the lowest cost or price alternative.

(B) Standardization – There is a critical need for precise replication.

(C) Security – Government property is needed due to national security issues/concerns.

(D) Expedite production – Government property is crucial to achieving timely or accelerated delivery of a supply item or service.

(E) Scarcity – The Government can obtain scarce items, or is the only source of property necessary for successful execution of a contract.

(F) Maintain the industrial base – Government property is needed to ensure future capability to obtain a particular supply item or service.

(G) Contract type – Government property will enable the Government to obtain a more favorable contract type.

(ii) *Element 2*: *Overall benefit.* Demonstrate that the overall benefit to the acquisition significantly outweighs the increased cost of administration, including property disposal.

(A) Property in the hands of contractors drives program costs. Therefore, in order to make the case that providing Government property to the contractor is worthwhile, the associated costs must be considered and the business decision justified. The costs of Government property removal and disposal, including demilitarization and disposal of environmentally-regulated property, must be included.

(B) Costs must be either less than what the contractor might otherwise incur, or the demonstrated benefit to the Government must outweigh these additional contract costs.

(iii) *Element 3: Government assumption of risk.* Demonstrate that providing the property does not substantially increase the Government's risk.

(A) Risk must be discussed and documented. A risk analysis is warranted to demonstrate that the Government is not substantially increasing its risk. For example, when furnishing Government property, the Government is ordinarily responsible for suitability of use, timely delivery, and replacement of defective Government property.

(B) Other risks may need to be considered, discussed, and documented.

(iv) *Element 4: Government requirements cannot otherwise be met*. Document why the furnishing of Government property is critical and significant to meeting acquisition plan objectives.

PGI 245.103-71 Transferring Government property accountability.

(1) Use only the Standard Form 30 to execute transfers of Government property accountability between existing contracts. No other forms or documents, such as the DD Form 1149, Requisition and Invoice/Shipping Document, are authorized for the transfer of Government property accountability from one contract to another.

(2) Modifications for the transfer of Government property accountability shall:

(i) Use the fillable PDF formats prescribed at PGI 245.103-72.

(ii) Incorporate FAR clauses 52.245-1, Government Property, and 52.245-9, Use and Charges, and the associated DFARS clauses (see 245.107, Contract clauses) to the extent that the gaining contract lacks the required clauses.

PGI 245.103-72 Government-furnished property attachments to solicitations and awards.

(a) When Government-furnished property (GFP) is anticipated, include the fillable electronic "Requisitioned Government Furnished Property" and/or "Scheduled Government Furnished Property" formats provided at the URLs listed in paragraphs (b) and (c) in solicitations and awards to—

(1) Specify the required GFP data elements; and

(2) Accomplish the electronic transmission of requisitioned GFP lists and/or scheduled GFP lists.

(b) *Requisitioned Government-furnished property*. This format is a listing of Government Property to be authorized for contractor requisition from DoD supply sources in accordance with the clause at FAR 52.251-1. The fillable PDF format for this attachment is available at the DoD Procurement Toolbox http://dodprocurementtoolbox.org/site/detail/id/26. In accordance with PGI 204.7105(b)(5), enter a numerical sequence number for the attachment.

(c) *Scheduled Government-furnished property*. This format is a listing of the Government property to be provided, including when major end items are being provided under a modification or upgrade contract; or when reparables are being provided under a repair, modification, or overhaul contract. The fillable PDF format for this attachment is available at the DoD Procurement Toolbox http://dodprocurementtoolbox.org/site/detail/id/26. In accordance with PGI 204.7105(b)(5), enter a numerical sequence number for the attachment.

PGI 245.103-73 Contracting office responsibilities.

(1) Prepare modifications to execute transfers of Government property accountability between existing contracts in accordance with PGI 245.103-71.

(2) Prepare the GFP attachments in accordance with the procedures in PGI 245.103-72.

(3) Maintain the GFP attachments in the contract.

PGI 245.105 Contractors' property management system compliance.

(d) *Disposition of findings*.

(2) *Initial determination*.

(ii)(A) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should

provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(C) *Evaluation of contractor's response*. Within 30 days of receiving the contractor's response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor's response and make a final determination.

(3) *Final Determination*.

(ii)(A) *Monitoring contractor's corrective action*. The contracting officer and property administrator shall monitor the contractor's progress in correcting deficiencies. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: withdraw or withhold approval of the system; bringing the issue to the attention of higher level management, implementing or increasing the withholding in accordance with the clause at 252.242-7005, Contractor Business Systems, and recommending non-award of potential contracts.

(B) *Correction of significant deficiencies*.

(*1*) When the contractor notifies the contracting officer that the contractor has corrected the significant deficiencies, the contracting officer shall request the property administrator to review the correction to determine if the deficiencies have been resolved.

(*2*) The contracting officer shall determine if the contractor has corrected the deficiencies.

(*3*) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the property administrator; auditor; payment office; appropriate action officers responsible for reporting past performance at the requiring activities; and each contracting and contract administration office having substantial business with the contractor as applicable.

(Revised December 12, 2012)

PGI 245.2—SOLICITATION AND EVALUATION PROCEDURES

PGI 245.201 Solicitation.

PGI 245.201-70 Definitions.

As used in this subsection—

(1) "As is" means that the Government may, at its option, furnish Government property in an "as-is" condition. In such cases, the Government makes no warranty with respect to the serviceability and/or suitability of the Government property for contract performance. Any repairs, replacement, and/or refurbishment shall be at the contractor's expense.

(2) "Commercial and Government entity (CAGE) code" means: (i) A code assigned by the Defense Logistics Information Service (DLIS) to identify a commercial or Government entity; or (ii) A code assigned by a member of the North Atlantic Treaty Organization that DLIS records and maintains in the CAGE master file. This type of code is known as an "NCAGE code". As defined in the DoD 4100.39-M, Federal Logistics Information System Glossary, the CAGE Code is a five-character data element assigned to establishments that are manufacturers or have design control of items of supply procured by the Federal Government. In the United States, the first and last positions of a CAGE code will be numeric.

(3) "Contractor-acquired property." See FAR 45.101.

(4) "Description" means a collection and compilation of data to describe an item. The descriptive noun of the item nomenclature, as defined in DoD 4100.39-M, Glossary.

(5) "Government property." See FAR 45.101.

(6) "Government-furnished property." See FAR 45.101.

(7) "Major end item" means a final combination of end products that is ready for its intended use; e.g., launchers, tanks, mobile machine shops, aircraft ,and vehicles.

(8) "National stock number (NSN)" means a 13-digit stock number used to identify items of supply. It consists of a four-digit Federal Supply Classification code and a nine-digit national item identification number (NIIN), as defined in DoD 4140.1-R, DoD Supply Chain Materiel Management Regulation.

(9) "NIIN" means the last nine digits of the NSN that differentiates each individual supply item from all other supply items. The first two digits signify the National Codification Bureau that assigned the NIIN, wherein the last seven digits are non-significant and are sequentially assigned by the Federal Logistics Information System. All United States-manufactured items have a National Codification Bureau code of "00" (cataloged before 1975) or "01" (cataloged in 1975, or later).

(10) "Nomenclature" means: (i) The combination of a Government-assigned type designation and an approved item name; (ii) Names assigned to kinds and groups of products; or (iii) Formal designations assigned to products by customer or supplier (such as model number, or model type, design differentiation, specific design series, or configuration).

(11) "Part or identifying number (PIN)" means the identifier assigned by the original design activity, or by the controlling nationally recognized standard, that uniquely identifies (relative to that design activity) a specific item, as defined by Military Standard 130, Standard Practice for Identification Marking of U. S. Military Property, latest version.

(12) "Quantity" means a numeric value for such characteristics as dimensions, measure, magnitude, electrical rating, etc. Also, the numerical designator for a unit of issue described in table 53, unit of issue codes, DoD 4100.39-M, Federal Logistics Information System, volume 10.

(13) "Reparable." See DFARS clause 252.211-7007.

(14) "Requiring activity" means the DoD organization, or part of an organization, that identifies and defines a requirement for supplies or services, and requests the initiation of, and provides funding for, an acquisition to fulfill the requirement.

(15) "Serial number" means an assigned designation that provides a means of identifying a specific individual item, as defined by Military Standard 130, Standard Practice for Identification Marking of U. S. Military Property, latest version.

(16) "Type Designation" means a combination of letters and numbers arranged in a specific sequence to provide a short, significant method of identification for an item. The various type designators are as follows:

(i) Electronics: MIL-STD-196, Joint Electronics Type Designation System, February 17, 1998.

(ii) Aerospace Vehicles: DoD 4120.15-L, Model Designation of Military Aerospace Vehicles, May 12, 2004.

(iii) Aerospace Engines and Equipment: MIL-HDBK-1812, Type Designation, Assignment and Method of Obtaining, February 14, 1997.

(iv) Ships: SECNAVINST 5030.8, Classification of Naval Ships and Craft, November 21, 2006.

(v) Army Watercraft: AR 56-9, Watercraft, February 7, 2002

(vi) Army Nomenclature: MIL-STD-1464A (AR), Army Nomenclature System, May 15, 1987.

(vii) Navy Nomenclature: MIL-STD-1661(OS), Mark and Mod Nomenclature System, August 1, 1978.

(17) "Unique item identifier (UII)." See DFARS clause 252.211-7003.

(18) "Unit of measure" means a measurement term, as listed in Table 81, Unit of Measure Designations, Volume 10, DoD 4100.39-M, Federal Logistics Information System, used in conjunction with a unit of issue of related national stock numbers.

PGI 245.201-71 Security classification.

Classified contracts are not exempt from including GFP attachments solely because the contracts are classified.

(Revised August 2, 2016)

PGI 245.4—TITLE TO GOVERNMENT PROPERTY

PGI 245.402 Title to contractor-acquired property.

PGI 245.402-70 Policy.

Title vests in the Government for all property acquired or fabricated by the contractor in accordance with paragraph (e)(3) of the clause at FAR 52.245-1, Government Property. Oversight and visibility of contractor-acquired property (CAP) is accomplished through reviews and audits of contractor business systems, including—

(1) Accounting systems (see DFARS 242.75);

(2) Property management systems (see DFARS 245.105); and

(3) Material management and accounting systems (see DFARS 242.72).

PGI 245.402-71 Delivery of contractor-acquired property.

(1) The contractual transfer of accountability of CAP from one contract to another is prohibited. Only upon delivery under a line item can property be transferred to other contracts as Government-furnished property (GFP) (see PGI 245.103-71).

(2) Upon delivery and acceptance by the Government, and when retained by the contractor for use under a contract, the delivered CAP items become GFP and shall be added to the contract GFP attachment (see PGI 245.103-72).

(3) *Contractor-acquired property not anticipated at time of contract award.*

(i) For CAP not anticipated at the time of contract award, or not otherwise specified for delivery on an existing line item, the contracting officer shall direct delivery of the CAP items to the Government on a not separately priced (NSP) line item (e.g. contract line item, exhibit line item, etc.). Such items are typically identified through—

(A) Plant clearance in accordance with the clause at DFARS 252.245-7004, Reporting, reutilization, and Disposal;

(B) Inventory reports provided by the contractor in accordance with FAR clause 52.245-1; or

(C) Other reporting requirements specified in the contract.

(ii) The contracting officer shall direct delivery of CAP on a line item as soon as the CAP item is identified, if—

(A) The value of the item meets or exceeds the capitalization threshold as identified in the memorandum issued jointly by the Under Secretary of Defense (USD) Comptroller and the USD (Acquisition, Technology, and Logistics) on 20 September 2013, entitled, "Elimination of Military Equipment Definition and Increase to Capitalization Thresholds for General Property, Plant and Equipment" (available at http://www.acq.osd.mil/pepolicy/pdfs/FinancialReportingGPPEMemo.pdf) or;

(B) The item is special tooling, special test equipment, or equipment designated for preservation and storage under a major defense acquisition program (reference: Section 815 of the National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417)).

(iii) Each NSP line item of CAP to be delivered to the Government shall include the following information:

Contractor-Acquired Property Delivery NSP Line Item

LI	Item Description/ Nomenclature	Type Designation	NSN	PIN	Quantity	Unit of Measure	Serial Number (UII)*	Unit Acquisition Cost	Date Placed in Service by the Contractor
x	x	As required	x	x	x	x	If known	x	x

*Contractor-acquired property items shall be marked as required by DFARS clause 252.211-7003.

(A) The value of any delivered CAP item shall be at the contractor provided fully burdened cost, i.e., normal or provisional burdens to the direct costs in accordance with the applicable disclosed accounting practices, including an appropriate amount for fee or profit (as reflected in the contract under which the estimate is prepared) in addition to the direct and indirect costs. This is consistent with DFARS 211.274-3, Policy for valuation, regarding unit acquisition cost.

(B) Unless otherwise noted by the contractor at the time of delivery to the Government, the placed-in-service date shall be the date of acquisition or, if fabricated, the date of completed manufacture.

(4) *Special circumstances.* In some circumstances, such as contractor-performed logistics support, interim contractor support, or performance-based logistics support under fixed-price contracts, contract deliverables consist of non-hardware items, such as operational readiness rate goals or mean-time-between failures of a system. In order to meet these deliverables, contractors are required to provide certain property items to the Government. In such cases, the contract does not include specific delivery line items requiring formal delivery of the property. By extension, the Government will not have title to the property at the time contractor provides the property. In such cases, title to the property passes to the Government upon Government acceptance (as defined in FAR 46.101) of the items at the destination stated in the contract. Contracting officers shall ensure that the contract—

(i) Clearly defines how and when acceptance will be performed; and

(ii) Includes applicable requirements for quality assurance, part marking, anti-counterfeiting, or other requirement for the delivery of the property.

(Revised May 16, 2013)

PGI 245.6—REPORTING, REUTILIZATION, AND DISPOSAL

PGI 245.602-70 Plant clearance procedures.

(1) Upon receipt of acceptable inventory schedules, the plant clearance officer (PLCO) shall assign a plant clearance case number using DD Form 1635 (or an automated equivalent) and establish a case file.

(2) The plant clearance case number shall be established using a three-part, 11-character number as follows:

(i) Part 1: DoD Activity Address Code (six-character alphanumeric code) assigned to the contract administration activity.

(ii) Part 2: Locally assigned four-character consecutive alphanumeric code, beginning each calendar year with “001” continuing as necessary through “zzz.” The fourth character is the last digit of the calendar year, e.g., “0013” for the first case of calendar year 2003.

(iii) Part 3: The 11th character is a single letter identifying the department or agency:

C-Army
Q-Navy
E-Air Force
L-Marine Corps
U-Defense Logistics Agency
N-Defense Threat Reduction Agency
M-National Geospatial-Intelligence Agency
S-NASA
D-Other DoD activities
O-Non-DoD activities

(3) The case file shall contain copies of all documents relevant to the case, e.g., correspondence, review board findings, anti-trust clearances, and reports.

(4) PLCOs will use DD Form 1638, Report of Disposition of Contractor Inventory, or an automated equivalent to report the disposition of contractor inventory. Do not include disposition actions transferred to other offices. Complete only the column total for each line of this report. The report is self-explanatory except—

(i) Line 1–insert totals from line 7 of the preceding report;

(ii) Line 2–insert net changes due to shortages, overages, errors, or withdrawals (other than purchases or retention at cost);

(iii) Line 3–insert total excess inventory reported by contractors during the report period;

(iv) Line 5–insert total plant clearance cases completed during the report period. Do not report cases as completed until all property has been disposed. Acquisition cost must equal line 19;

(v) Line 8–insert amount retained or withdrawn at full cost;

(vi) Line 9–insert acquisition cost in the “Acquisition Cost” column and insert acquisition cost less handling, transportation, or restocking charges, in the “Proceeds” column;

(vii) Line 10–insert acquisition cost of all transfers completed during the report period. On lines 10A through 10H, insert subtotals representing transfers to the agency indicated. Exclude amounts on lines 10A through 10H when computing line 19 totals;

(viii) Line 12–insert the acquisition cost and gross proceeds;

(ix) Lines 14 and 15–used to identify and report other transactions, and

(x) Line 18–insert section II totals. Line 18 acquisition cost must equal acquisition cost on line 5.

(5) The PLCO will prepare quarterly reports for periods ending March 31, June 30, September 30, and December 31. Activities preparing manual reports will submit duplicate reports to the headquarters of the administering activity within 10 working days after the close of the report period (Report Control Symbol DD(I&L)(Q)1430 applies).

(6) Upon completion of the plant clearance action, the PLCO shall prepare a Standard Form 1424, Inventory Disposal Report. The form is self-explanatory except–

(i) Item 12–insert net change due to shortages, overages, errors, pricing, or withdrawals, etc. Explain in item 18, Remarks;

(ii) Item 14–insert amount contractor is retaining or purchasing at acquisition cost;

(iii) Item 15–insert acquisition cost and net credit (full credit less approved handling, transportation, and restocking charges for items returned to supplier);

(iv) Item 16–insert the acquisition cost for all transfers accomplished. For lines 16A and 16B, insert subtotals as indicated;

(v) Item 18–insert acquisition cost and gross proceeds;

(vi) Items 20 and 21–use to identify and report transactions not otherwise identified, such as items shipped to a Government precious metals reclamation activity, etc. Further explanation may be provided in item 26, Remarks, if necessary;

(vii) Item 26–show the specific disposition of proceeds reported in items 14, 15, and 18. Also, indicate amounts deleted for specific contractor claims, or applied as a credit to the claim; and

(viii) Item 27–total dispositions must equal the amounts on line 13, and must reflect all disposal actions within the case.

(7) When contractor inventory with an estimated fair market value of $3 million or more, or any patents, processes, techniques, or inventions, regardless of cost, are sold or otherwise disposed of to private interests, notify the Attorney General and the General Services Administration (GSA) of the proposed terms and conditions of disposal. Submit the following information to the Department of Justice and GSA through contract administration agency channels (Report Control Symbol DD-ACQ(AR)1492 applies):

(i) Location and description of property (specify tonnage if scrap).

(ii) Proposed sale price (explain if the proposed purchaser was not highest bidder).

(iii) Acquisition cost of property.

(iv) Manner of sale, indicating whether by—

(A) Sealed bid (specify number of bidders solicited and bids received);

(B) Auction or spot bid (state how sale was advertised);

(C) Negotiation (explain why property was not sold competitively);

(D) Proposed purchaser's name, address, and trade name (if any) under which proposed purchaser is doing business;

(E) If a corporation, provide state and date of incorporation, and name and address of—

(*1*) Each holder of 25 percent or more of the corporate stock;

(*2*) Each subsidiary; and

(*3*) Each company under common control with proposed purchaser.

(*4*) If a partnership, provide—

(a) Name and address of each partner; and

(b) Other business connections of each partner;

(c) Nature of proposed purchaser's business (indicate whether its scope is local, statewide, regional, or national);

(d) Estimated dollar volume of sales of proposed purchaser (as of latest calendar or fiscal year);

(e) Estimated net worth of proposed purchaser; and

(f) Intended use of property.

(8) Do not dispose of property until the Attorney General determines whether the proposed disposal action would tend to create or maintain a situation inconsistent with the antitrust laws.

(9) If the Attorney General advises that the proposed disposition is inconsistent with the antitrust laws, do not continue with the proposed disposition.

(10) Under noncompetitive sales, the prospective purchaser shall be informed that final consummation of the sale is subject to determination by the Attorney General.

(11) The disposal of contractor inventory is the responsibility of the contractor. However, the disposal/sales services of the Defense Logistics Agency (DLA) Disposition Services or a Federal agency, e.g., GSA, may be used in unusual or compelling circumstances, as determined by the contracting officer to be in the best interest of the Government, and provided DLA Disposition Services/the agency agrees. In such cases, disposal/sales services may be provided on a reimbursable basis, with any sale proceeds credited in compliance with FAR 45.604-4, Proceeds from sales of surplus property. If sale services are needed, the plant clearance officer will document the reasons in the case file and make arrangements directly with DLA Disposition Services, GSA, other Federal agency, or third-party. The arrangements will include a requirement to return all proceeds to the plant clearance officer for crediting in compliance with FAR 45.604-4.

(12) The PLCO shall, prior to sales contract award—

(i) Ensure the prospective buyer is not an ineligible transferee, including those on found in the System for Award Management (SAM) Exclusions. For additional information see https://www.acquisition.gov ;

(ii) Cross-reference contractor inventory to a National Stock Number and Demilitarization code. For additional information, see FED LOG or WEBFLIS at http://www.dlis.dla.mil/webflis/ and the current edition of the DoD Demilitarization Manual at http://www.dtic.mil/whs/directives;

(iii) Consult with the DoD Demilitarization (Demil)/Trade Security Control (TSC) Program office to determine if the contractor inventory can be sold to the public; and if a TSC assessment of the prospective buyer is required. Reference DoD Instruction 2030.08, Implementation of Trade Security Controls (TSC) for Transfers of DoD U.S. Munitions List (USML) and Commerce Control List (CCL) Personal Property to Parties Outside DoD Control; and Defense Demilitarization Manual, DoD 4160.28-M;

(iv) If TSC is required, provide the DoD Demil/TSC Program office with a completed DLA Form 1822 End-Use Certificate (EUC) for the prospective buyer. Note: TSC assessments/EUCs are typically not required for scrap sales; and

(v) Upon TSC clearance (if required) of the prospective buyer, authorize the contractor to complete the sale, as applicable.

(13) To the extent that demilitarization, mutilation, or destruction is required, the PLCO may authorize the contractor to perform such action as follows:

(i) Demilitarization, mutilation, or destruction by the contractor or buyer as a condition of sale;

(ii) Shipment to a DoD disposal activity (contingent upon packing, crating, handling, and transportation funding), or

(iii) Such other actions as are included in the terms and conditions of the contract.

(14) Security assistance transfers or foreign military sales shall be conducted in accordance with the terms and conditions of the contract and consistent with DoD 5105.38-M Security Assistance Management Manual.

(15) The plant clearance officer may send a notice of proposed surplus sale to FedBizOpps (http://www.fbo.gov) if the items have potentially high public interest.

(Added May 12, 2006)

PGI 246.1—GENERAL

PGI 246.103 Contracting office responsibilities.

(2)(i) In preparing instructions for Government inspections, the technical activity shall consider, as applicable—

(A) The past quality history of the contractor;

(B) The criticality of the material procured in relation to its intended use, considering factors such as—

(1) Reliability;

(2) Safety;

(3) Interchangeability; and

(4) Maintainability;

(C) Problems encountered in the development of the material;

(D) Problems encountered in other procurements of the same or similar material;

(E) Available feedback data from contract administration, receiving, testing, or using activities; and

(F) The experience of other contractors in overcoming manufacturing problems.

(ii) The instructions shall—

(A) Be kept to a minimum;

(B) Ensure that the activities requested are in direct relation to contract quality requirements to serve as objective evidence of quality conformance; and

(C) Be prepared on a contract-by-contract basis.

(iii) The instructions shall not—

(A) Serve as a substitute for incomplete contract quality requirements;

(B) Impose greater inspection requirements than are in the contract;

(C) Use broad or general designations such as—

(1) All requirements;

(2) All characteristics; or

(3) All characteristics in the classification of defects;

(D) Be used for routine administrative procedures; or

(E) Specify continued inspection requirements when statistically sound sampling will provide an adequate degree of protection.

(iv) After issuing the instructions, the technical activity must—

(A) Provide the contract administration office with available information regarding those factors that resulted in the requirement for Government inspection;

(B) Periodically analyze the need to continue, change, or discontinue the instructions; and

(C) Advise the contract administration office of the results of the periodic analyses.

(Added January 22, 2007)

PGI 246.3—CONTRACT CLAUSES

PGI 246.371 Notification of potential safety issues.

(1) The objective of this requirement is to ensure that the Government receives timely notification of potential safety defects so that—

(i) Systems and equipment likely affected by the situation can be identified; and

(ii) An appropriate engineering investigation and follow-on actions can be taken to establish and mitigate risk.

(2) The notification is intended to be neither an admission of nor a release from liability.

(3) Upon notification of a potential safety nonconformance or deficiency—

(i) The procuring contracting officer must—

(A) Advise the affected program office(s) or integrated materiel manager(s); and

(B) Request a point of contact from the affected program office(s) or materiel management organization to assess the impact of the situation, address technical concerns, and provide recommendations;

(ii) The administrative contracting officer must—

(A) Confirm that potentially affected program offices, integrated materiel managers, and other contract management offices that may be recipients of the suspect items are aware of the situation; and

(B) Identify a point of contact to provide support and technical assistance to the investigative team; and

(iii) For replenishment parts, the integrated materiel manager must—

(A) Identify any potentially affected programs or equipment; and

(B) Request engineering assistance from affected engineering support activities, as prescribed by—

(1) DLAI 3200.1/PAM 715.13/NAVSUPINST 4120.30A/AFI 21-408/MCO 4000.18, Engineering Support Instruction for Items Supplied by Defense Logistics Agency;

(2) SECNAVINST 4140.2/AFI 20-106/DA PAM 95-9/DLAI 3200.4/DCMA INST CSI (AV), Management of Aviation Critical Safety Items;

(3) DA PAM 738-751, Functional Users Manual for the Army Maintenance Management System—Aviation (TAMMS-A);

(4) AMCOM REG 702-7, Flight Safety Parts/New Source Testing Program Management; or

(5) Internal agency procedures.

(Revised September 19, 2014)

PGI 246.4—GOVERNMENT CONTRACT QUALITY ASSURANCE

PGI 246.407 Nonconforming supplies or services.

Additional information on delegation of authority for acceptance of minor nonconformances in aviation and ship critical safety items is available at http://www.aviation.dla.mil/UserWeb/AviationEngineering/EngineeringSupport/Documents/AviationCSIHandbook.pdf.

PGI 246.470 Government contract quality assurance actions.

PGI 246.470-2 Quality evaluation data.

Types of quality evaluation data are--

(1) Quality data developed by the contractor during performance;

(2) Data developed by the Government through contract quality assurance actions; and

(3) Reports by users and customers.

PGI 246.472 Inspection stamping.

(a)(i) There are two DoD quality inspection approval marking designs (stamps).

(A) Both stamps are used—

(1) Only by, or under the direct supervision of, the Government representative; and

(2) For both prime and subcontracts.

(B) The designs of the two stamps and the differences in their uses are—

(1) Partial (Circle) Inspection Approval Stamp.

(i) This circular stamp is used to identify material inspected for conformance to only a portion of the contract quality requirements.

(ii) Further inspection is to be performed at another time and/or place.

(iii) Material not inspected is so listed on the associated DD Form 250 (Material Inspection and Receiving Report), packing list, or comparable document.

(2) Complete (Square) Inspection Approval Stamp.

(i) This square stamp is used to identify material completely inspected for all contract quality requirements at source.

(ii) The material satisfies all contract quality requirements and is in complete conformance with all contract quality requirements applicable at the time and place of inspection.

(iii) Complete inspection approval establishes that material that once was partially approved has subsequently been completely approved.

(iv) One imprint of the square stamp voids multiple imprints of the circle stamp.

(ii) The marking of each item is neither required nor prohibited. Ordinarily, the stamping of shipping containers, packing lists, or routing tickets serves to adequately indicate the status of the material and to control or facilitate its movement.

(iii) Stamping material does not mean that it has been accepted by the Government. Evidence of acceptance is ordinarily a signed acceptance certificate on the DD Form 250, Material Inspection and Receiving Report.

246.408 Single-agency assignments of Government contract quality assurance.

246.408-71 Aircraft.

(c) The CAO shall ensure that—

(i) A detailed consultation with the FAA Military Certification Office (MCO) (contact the MCO here: http://www.faa.gov/about/office_org/headquarters_offices/avs/offices/air/directorates_field/small_airplanes/mco) is documented regarding the scope of the acquisition or modification project;

(ii) Supporting contractual documents (meeting minutes, an email record of consultations, memoranda, etc.) demonstrate that the scope of work is feasible and compatible with FAA regulations and policy;

(iii) The period of performance and contract deliverable dates are consistent with FAA capabilities; and

(iv) Contract provisions requiring FAA approval or processes are coordinated with the MCO prior to a solicitation.

(Added March 25, 2016)

PGI 246.7—WARRANTIES

PGI 246.701 Definitions.

"Duration," "fixed expiration," "starting event," "usage," and "warranty repair source" are defined in the clause at 252.246-7006, Warranty Tracking of Serialized Items.

PGI 246.710-70 Warranty attachments.

(1) The following attachments shall be included in solicitations and awards to specify the required data elements for warranties of serialized items:

(i) *Warranty Tracking Information*. This format is used to specify the required warranty tracking data elements and accomplish the electronic transmission of the list of warranty items. All fields of this attachment must be completed at the time of award, except the unique item identifier field, which may be completed after the time of award, but no later than when the warranted items are presented for receipt and/or acceptance.

(ii) *Source of Repair Instructions*. This format is used to specify the required warranty source of repair data elements and accomplish the electronic transmission of the source of repair data for each warranty item. This attachment shall be completed no later than when the warranted items are presented for receipt and/or acceptance.

(2) Warranty attachments shall be—

(i) Completed electronically using the fillable PDF format or downloadable Excel format available on the Product Data Reporting and Evaluation Program (PDREP) website at https://www.pdrep.csd.disa.mil/pdrep_files/other/wsr.htm; and

(ii) Numbered in accordance with PGI 204.7105(b)(5).

(3) If the Government specifies a warranty, the contracting officer shall request the requiring activity to provide information to ensure that the "Warranty Tracking Information" attachment is populated with data specifying the Government's required warranty terms by contract line item number, subline item number, or exhibit line item number prior to solicitation. One of the following is required to populate the attachment for each warranted item: starting event, usage, duration, or fixed expiration date.

(4) If the Government does not specify a warranty, the contracting officer may require offerors to provide warranty data by populating the "Warranty Tracking Information" attachment, as appropriate, and include the attachment as part of its offer, in accordance with the provision at 252.246-7005, Notice of Warranty Tracking of Serialized Items.

(5) As required in the clause at 252.246-7006, Warranty Tracking of Serialized Items, the contractor is required to provide the following information no later than the time of receipt and/or acceptance of warranted items:

(i) The unique item identifier for each warranted item on the “Warranty Tracking Information” attachment.

(ii) The warranty repair source information and instructions required by the “Source of Repair Instructions” attachment.

(6) The contracting officer shall ensure the completed warranty attachments are uploaded to the Electronic Document Access (EDA) system (see DFARS 204.270 for information on obtaining an EDA account).

(7) For additional information on the warranty attachments, see the “Warranty and Source of Repair” training and “Warranty and Source of Repair Tracking User Guide” accessible on the PDREP site at https://www.pdrep.csd.disa.mil/pdrep_files/other/wsr.htm.

PGI 247—Transportation

(Added August 20, 2010)

PGI 247.001 Definitions.

For more information about the Voluntary Intermodal Sealift Agreement (VISA) program, see http://www.marad.dot.gov/ships_shipping_landing_page/national_security/vol_intermodal_sealift_agreement/vol_intermodal_sealift_agreement.htm.

(Revised November 4, 2016)

PGI 247.2—CONTRACTS FOR TRANSPORTATION OR FOR TRANSPORTATION-RELATED SERVICES

PGI 247.200 Scope of subpart.
For general cargo provisions, see DTR 4500.9-R, Defense Transportation Regulation (DTR), Part II, Chapter 201, paragraphs L, M, N, and S (available at http://www.transcom.mil/dtr/part-ii/dtr_part_ii_201.pdf).

PGI 247.271-2 Procedures.

(a) *Contiguous United States military activities assigned multi-service personal property areas of responsibility.*

(1) When two or more military installations or activities have personal property responsibilities in a given area, one activity must contract for the estimated requirements of all activities in the area. The installation commanders concerned must designate the activity by mutual agreement.

(2) The Commander, Military Surface Deployment and Distribution Command (SDDC), must designate the contracting activity when local commanders are unable to reach agreement.

(b) *Additional services and excess requirements.*

(1) When requiring activities need additional services that exceed contractor capabilities available under contracts, contracting officers should use simplified acquisition procedures to satisfy those excess requirements.

(2) Additional services are those not specified in the bid items.

(i) Additional services may include—

(A) Hoisting or lowering of articles;

(B) Waiting time;

(C) Special packaging; and

(D) Stuffing or unstuffing of sea van containers.

(ii) Contracting officers should consider contracting for local moves that do not require drayage by using hourly rate or constructive weight methods. The rate will include those services necessary for completion of the movement, including—

(A) Packing and unpacking;

(B) Movement;

(C) Inventorying; and

(D) Removal of debris.

(iii) Each personal property shipping activity must determine if local requirements exist for any additional services.

(iv) The contracting officer may obtain additional services by—

(A) Including them as items within the contract, provided they are not used in the evaluation of bids (see DFARS 252.247-7008, Evaluation of Bids); or

(B) Using simplified acquisition procedures.

(v) Either predetermine prices for additional services with the contractor, or negotiate them on a case-by-case basis.

(vi) The contracting officer must authorize the contractor to perform any additional services, other than attempted pick up or delivery, regardless of the contracting method.

(vii) To the maximum extent possible, identify additional services required that are incidental to an order before placing the order, or, when applicable, during the pre-move survey.

(c) Contract distribution.

(1) Contiguous United States personal property shipping activities must send the copy to the Commander, Military Surface Deployment and Distribution Command (SDDC), ATTN: AMSSD-PP, 709 Ward Drive, Scott AFB IL 62225.

(2) In the European and Pacific areas, personal property shipping activities must send the copy to either the Property Directorate, SDDC Europe, or the Field Office-Pacific.

(3) Other overseas personal property shipping activities must send the copy to the Commander, Military Surface Deployment and Distribution Command, ATTN: AMSSD-PP, 709 Ward Drive, Scott AFB IL 62225.

(d) When preparing solicitations for personal property for shipment or storage, and intra-area or intra-city movement, contracting officers should follow the procedures in DTR 4500.9-R, Part IV, Chapter 404 at http://www.transcom.mil/dtr/part-iv/dtr-part-4-404.pdf, and Appendix G at http://www.transcom.mil/dtr/part-iv/dtr-part-4-app-g.pdf.

PGI 247.271-3 Solicitation provisions, schedule formats, and contract clauses.

(c) DTR 4500.9-R, Defense Transportation Regulation, Part IV, Appendix G-3 (available at http://www.transcom.mil/dtr/part-iv/dtr-part-4-app-g3.pdf), contains guidance on schedules as follows:

Schedule I Outbound Services, Pages 6-12.

Schedule II Inbound Services, Pages 13-17.

Schedule III Intra-City and Intra-Area Moves, Page 18.

(1) *Demurrage and detention charges*.

(i) Carrier demurrage/detention is a charge made against a consignor (shipper) or consignee (receiver) for the extended use of carrier-furnished equipment when delays attributable to the consignor or consignee occur. Carrier demurrage/detention rules usually allow a period of free time for loading, unloading, or holding equipment.

(ii) Carrier-published demurrage/detention rules and charges are not uniform from one carrier to another. Contracting officers should specifically address them in the contract. While demurrage/detention rules are published in individual carrier tariffs or agency tenders, Contracting Officers may negotiate contract-specific demurrage/detention rules and charges independent of any existing tariffs or tenders.

(6) Process any modification of schedule format, other than those authorized in paragraph (c) of this subsection, as a request for deviation to the Commander, SDDC.

(Revised November 4, 2016)

PGI 247.3—TRANSPORTATION IN SUPPLY CONTRACTS

PGI 247.301 General. Transportation guidance relating to Governmentwide commercial purchase card purchases is available in the Department of Defense Government Charge Card Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs, Appendix C, at http://www.acq.osd.mil/dpap/pdi/pc/policy_documents.html.

PGI 247.305 Solicitation provisions, contract clauses, and transportation factors.

PGI 247.305-10 Packing, marking, and consignment instructions.
Follow the procedures in DTR 4500.9-R, Defense Transportation Regulation, Part II, Chapter 208 http://www.transcom.mil/j5/pt/dtrpart2/dtr_part_ii_208.pdf.

Additional guidance for marking can be found at MIL-STD-129P (Document ID 129P) at http://quicksearch.dla.mil/ and AR 700-15 at http://www.apd.army.mil/jw2/xmldemo/r700_15/cover.asp.

Consignment locations can be found in the Transportation Facilities Guide (TFG) on the SDDC website at https://eta.sddc.army.mil/default.asp?fa=general. Access to this site requires an Electronic Transportation Account.

PGI 247.370 DD Form 1384, Transportation Control and Movement.
DTR 4500.9-R, Defense Transportation Regulation, Part II, Chapter 203 is available at http://www.transcom.mil/dtr/part-ii/dtr_part_ii_203.pdf.

(Revised October 14, 2014)

PGI 247.5—OCEAN TRANSPORTATION BY U.S.-FLAG VESSELS

PGI 247.573 General.

(a) *Delegated Authority.* The authority to make determinations of excessive ocean liner rates and excessive charter rates is delegated in Secretary of Defense Memorandum dated February 7, 2012.

(b) *Procedures.*

(1) Contracting officers shall follow these procedures when ocean transportation is not the principal purpose of the contract, and the cargo to be transported is owned by DoD or is clearly identifiable for eventual use by DoD.

(i) DD Form 1653, Transportation Data for Solicitations, shall be used—

(A) By the requesting activity in developing the Government estimate for transportation costs; and

(B) By the contracting officer in ensuring that valid shipping instructions and delivery terms are included in solicitations and contracts that may involve transportation of supplies by sea.

(ii)(A) If the contractor notifies the contracting officer that the contractor or a subcontractor considers that no U.S.-flag vessels are available, the contracting officer shall request confirmation of the nonavailability from—

(*1*) The Commander, Military Sealift Command (MSC), through the Contracts and Business Management Directorate, MSC (msc.n101.ffw@navy.mil), for voyage and time charters; or

(*2*) The Commander, Military Surface Deployment and Distribution (SDDC), through the SDDC global e-mailbox (usarmy.scott.sddc.mbx.ffw-team@mail.mil) for ocean liner and intermodal transportation.

(B) If the contractor notifies the contracting officer that the contractor or a subcontractor considers that the proposed freight charges to the Government, the contractor, or any subcontractor are higher than charges for transportation of like goods to private persons, the contracting officer may approve a request for an exception to the requirement to ship on U.S.-flag vessels for a particular shipment.

(*1*) Prior to granting an exception, the contracting officer shall request advice, oral or written, from the Commander, MSC, through the Contracts and Business Management Directorate, MSC (msc.n101.ffw@navy.mil), for voyage and time charters; or the USTRANSCOM Director of Acquisition, through the Sealift Services Division (transcom.scott.afb.tcaq.mbx.i-foreign-flag-waiver@mail.mil), for ocean liner and intermodal transportation.

(*2*) In advising the contracting officer whether to grant the exception, evidence from the following sources shall be considered, as appropriate—

(*i*) Published tariffs;

(*ii*) Industry publications;

(*iii*) The U.S. Maritime Administration; and

(*iv*) Other available sources.

(C) If the contractor notifies the contracting officer that the contractor or a subcontractor considers that the freight charges proposed by U.S.-flag carriers are excessive or otherwise unreasonable—

(*1*) The contracting officer shall prepare a report in determination and findings format, and shall—

(*i*) Take into consideration that the 1904 Act is, in part, a subsidy of the U.S.-flag commercial shipping industry that recognizes that lower prices may be available from foreign-flag carriers. Therefore, a lower price for use of a foreign-flag vessel is not a sufficient basis, on its own, to determine that the freight rate proposed by the U.S.-flag carrier is excessive or otherwise unreasonable. However, such a price differential may indicate a need for further review;

(*ii*) Consider, accordingly, not only excessive profits to the carrier (to include vessel owner or operator), if ascertainable, but also excessive costs to the Government (i.e., costs beyond the economic penalty normally incurred by excluding foreign competition) resulting from the use of U.S.-flag vessels in extraordinarily inefficient circumstances; and

(*iii*) Include an analysis of whether the cost is excessive, taking into account factors such as—

(*a*) The differential between the freight charges proposed by the U.S.-flag carrier and an estimate of what foreign-flag carriers would charge based upon a price analysis;

(*b*) A comparison of U.S.-flag rates charged on comparable routes;

(*c*) Efficiency of operation regardless of rate differential (e.g., suitability of the vessel for the required transportation in terms of cargo requirements or vessel capacity, and the commercial reasonableness of vessel positioning required); and

(*d*) Any other relevant economic and financial considerations; and

(*2*) The contracting officer shall forward the report to—

(*i*) The Commander, MSC, through the Contracts and Business Management Directorate, MSC (msc.n101.ffw@navy.mil), for voyage and time charters; or

(*ii*) The USTRANSCOM Director of Acquisition, through the Sealift Services Division (transcom.scott.afb.tcaq.mbx.i-foreign-flag-waiver@mail.mil), for ocean liner and intermodal transportation.

(*3*) The Commander, MSC, or the USTRANSCOM Director of Acquisition, will forward the report to the Secretary of the Navy or the Commander, USTRANSCOM, respectively, for a determination as to whether the proposed freight charges are excessive or otherwise unreasonable. Upon receipt of a determination by the Secretary of the Navy or the Commander, USTRANSCOM, respectively, that U.S. flag rates are excessive or unreasonable, the contracting officer shall provide the contractor with written approval to use a non-U.S. flag carrier, in accordance with that determination.

(2) Contracting officers shall follow these procedures when the direct purchase of ocean transportation services is the principal purpose of the contract.

(i) Direct purchase of ocean transportation may include—

(A) Time charters;

(B) Voyage charters;

(C) Contracts for charter vessel services;

(D) Dedicated contractor contracts for charter vessel services;

(E) Ocean bills of lading;

(F) Subcontracts under Government contracts or agreements for ocean transportation services; and

(G) Ocean liner contracts (including contracts where ocean liner transportation is part of an intermodal movement).

(ii) Coordinate these acquisitions, as appropriate, with USTRANSCOM, the DoD single manager for commercial transportation and related services, other than Service-unique or theater-assigned transportation assets, in accordance with DoDD 5158.4, United States Transportation Command.

(iii) All solicitations within the scope of this subsection shall provide—

(A) A preference for U.S.-flag vessels in accordance with the 1904 Act;

(B) An evaluation criterion for offeror participation in the Voluntary Intermodal Sealift Agreement; and

(C) An evaluation criterion considering the extent to which offerors have had overhaul, repair, and maintenance work for all covered vessels in an offeror's fleet

performed in shipyards located in the United States or Guam. Work performed in foreign shipyards shall not be considered if—

(*1*) Such work was performed as emergency repairs in foreign shipyards due to accident, emergency, Act of God, or an infirmity to the vessel, and safety considerations warranted taking the vessel to a foreign shipyard; or

(*2*) Such work was paid for or reimbursed by the U.S. Government.

(iv) Do not award a contract of the type described in paragraph (b)(2) of this subsection for a foreign-flag vessel unless—

(A) The Commander, MSC, or the Commander, SDDC, determines that no U.S.-flag vessels are available;

(*1*) The Commander, MSC, and the Commander, SDDC, are authorized to make any determinations as to the availability of U.S.-flag vessels to ensure the proper use of Government and private U.S. vessels.

(*2*) The contracting officer shall request such determinations—

(*i*) For voyage and time charters, through the Contracts and Business Management Directorate, MSC (msc.n101.ffw@navy.mil); and

(*ii*) For ocean liner and intermodal transportation, including contracts for shipment of military household goods and privately-owned vehicles, through the SDDC global e-mailbox (usarmy.scott.sddc.mbx.ffw-team@mail.mil).

(*3*) In the absence of regularly scheduled U.S.-flag service to fulfill stated DoD requirements, the Commander, SDDC, may grant, on a case-by-case basis, an on-going nonavailability determination for foreign-flag service approval with predetermined review date(s);

(B) The contracting officer determines that the U.S.-flag carrier has proposed to the Government freight charges that are higher than charges to private persons for transportation of like goods, and obtains the approval of the Commander, MSC, through the Contracts and Business Management Directorate, MSC (msc.n101.ffw@navy.mil), or the USTRANSCOM Director of Acquisition, through the Sealift Services Division, (transcom.scott.afb.tcaq.mbx.i-foreign-flag-waiver@mail.mil); or

(C) The Secretary of the Navy, for voyage and time charters, or the Commander, USTRANSCOM, for ocean liner and intermodal transportation, determines that the proposed freight charges for U.S.-flag vessels are excessive or otherwise unreasonable.

(*1*) After considering the factors in PGI 247.573(b)(1)(ii)(C)(*1*)(*i*) and (*ii*), if the contracting officer concludes that the freight charges proposed by U.S.-flag carriers may be excessive or otherwise unreasonable, the contracting officer shall prepare a report in determination and findings format that includes, as appropriate—

(*i*) An analysis of the carrier's costs in accordance with FAR subpart 15.4, or profit in accordance with 215.404-4. The costs or profit should not be so high as to make it unreasonable to apply the preference for U.S.-flag vessels;

(*ii*) A description of efforts taken pursuant to FAR 15.405 to negotiate a reasonable price. For the purpose of FAR 15.405(d), this report is the referral to a level above the contracting officer; and

(*iii*) An analysis of whether the costs are excessive (i.e., costs beyond the economic penalty normally incurred by excluding foreign competition), taking into consideration factors such as those listed at PGI 247.573(b)(1)(ii)(C)(*1*)(*iii*).

(*2*) The contracting officer shall forward the report to—

(*i*) The Commander, MSC, through the Contracts and Business Management Directorate, MSC (msc.n101.ffw@navy.mil), for voyage and time charters; or

(*ii*) The USTRANSCOM Director of Acquisition, through the Sealift Services Division (transcom.scott.afb.tcaq.mbx.i-foreign-flag-waiver@mail.mil).

(*3*) The Commander, MSC, or the USTRANSCOM Director of Acquisition, will forward the report to the Secretary of the Navy or the Commander, USTRANSCOM, respectively, for a determination as to whether the proposed freight charges are excessive or otherwise unreasonable. Upon receipt of a determination by the Secretary of the Navy or the Commander, USTRANSCOM, respectively, that U.S. flag rates are excessive or unreasonable, the contracting officer shall provide the contractor with written approval to use a non-U.S. flag carrier, in accordance with that determination.

(3) The following annual reporting requirement procedures relate to solicitation provision 252.247-7026, Evaluation Preference for Use of Domestic Shipyards—Applicable to Acquisition of Carriage by Vessel for DoD Cargo in the Coastwise of Noncontiguous Trade.

(i) No later than February 15th of each year, departments and agencies shall—

(A) Prepare a report containing all information received from all offerors in response to the provision at 252.247-7026, Evaluation Preference for Use of Domestic Shipyards—Applicable to Acquisition of Carriage by Vessel for DoD Cargo in the Coastwise of Noncontiguous Trade during the previous calendar year; and

(B) Submit the report to: Directorate of Acquisition, U.S. Transportation Command, ATTN: TCAQ, 508 Scott Drive, Scott AFB, IL 62225-5357.

(ii) The Director of Acquisition, U.S. Transportation Command, will submit a consolidated annual report to the congressional defense committees, by June 1st of each year, in accordance with section 1017 of Pub. L. 109-364.

(4)(i) Contracting officers shall ensure the following procedures have been followed when security background checks are required pursuant to the clause at 252.247-7027, Riding Gang Member Requirements, when exercising the exemption provided by 10 U.S.C. 2401 note. The contracting officer shall coordinate as necessary

with the Government official specified in the contract pursuant to paragraph 252.247-7027(c)(2)(i)(A).

(ii) Contracting officers shall ensure that security background checks are processed by the Military Sealift Command (MSC) using the procedures contained in COMSC Instruction 5521.1 series, Security Screening of Persons with Access to MSC Ships (FOUO). Force Protection for Military Sealift Command (COMSC N3) will act as the executive agent for DoD utilizing the U.S. Government's El Paso Intelligence Center (EPIC) to perform required background checks as required by 10 U.S.C. 2401 note, and COMSC N34 Director of Force Protection or COMSC Antiterrorism Officer at mschq_n34_epic@navy.mil will facilitate the processes necessary to conduct background checks.

(Revised October 30, 2015)

PGI 249.1—GENERAL PRINCIPLES

PGI 249.105 Duties of termination contracting officer after issuance of notice of termination.

PGI 249.105-1 Termination status reports.

When the contract administration office receives a termination notice, it will—

(1) Prepare a DD Form 1598, Contract Termination Status Report;

(2) Within 30 days, send one copy to the purchasing office and one copy to the headquarters office to which the contract administration office is directly responsible;

(3) Continue reporting semiannually to cover the six-month periods ending March and September. The semiannual reports must be submitted within 30 days after the end of the reporting period; and

(4) Submit a final report within 30 days after closing the termination case.

PGI 249.105-2 Release of excess funds.

The DD Form 1598, Contract Termination Status Report, may be used to recommend the release of excess funds. Include the accounting classification reference numbers, funds citations, and allocated amounts in any recommendation for release of excess funds.

PGI 249.109 Settlement agreements.

PGI 249.109-7 Settlement by determination.

(1) Use a Standard Form 30 (SF 30), Amendment of Solicitation/Modification of Contract, to settle a convenience termination by determination—

(i) When the contractor has lost its right of appeal because it failed to submit a timely settlement proposal; and

(ii) To confirm the determination when the contractor does not appeal the termination contracting officer's decision.

(2) The effective date of the SF 30 shall be the same as the date of the letter of determination. Do not assign a supplementary procurement instrument identification

number to the letter of determination. Send a copy of the SF 30 to the contractor by certified mail return receipt requested.

PGI 249.110 Settlement negotiation memorandum.

(1) *Fixed-price contracts.* Use the format in Table 49-1, Settlement Memorandum Fixed-Price Contracts, for the termination contracting officer's settlement memorandum for fixed-price contracts terminated for the convenience of the Government. Encourage contractors and subcontractors to use this format, appropriately modified, for subcontract settlements submitted for review and approval.

(2) *Cost-reimbursement contracts.* Use Part I of the format in Table 49-1 and Part II of the format in Table 49-2, Settlement Memorandum for Cost-Reimbursement Contracts, for the termination contracting officer's settlement memorandum for cost-reimbursement contracts:

TABLE 49-1, SETTLEMENT MEMORANDUM FIXED-PRICE CONTRACTS

PART I--GENERAL INFORMATION

1. Identification. (Identify memorandum as to its purpose and content.)

a. Name and address of the contractor. Comment on any pertinent affiliation between prime and subcontractors relative to the overall settlement.

b. Names and titles of both contractor and Government personnel who participated in the negotiation.

2. Description of terminated contract.

a. Date of contract and contract number.

b. Type of contract (e.g., fixed-price, fixed-price incentive).

c. General description of contract items.

d. Total contract price.

e. Furnish reference to the contract termination clauses (cite FAR/DFARS designation or other special provisions).

3. Termination notice.

a. Reference termination notice and state effective date of termination.

b. Scope and nature of termination (complete or partial), items terminated, and unit price and total price of items terminated.

c. State whether termination notice was amended, and explain any amendment.

d. State whether contractor stopped work on effective termination date. If not, furnish details.

e. State whether the contractor promptly terminated subcontracts.

f. Statement as to the diversion of common items and return of goods to suppliers, if any.

g. Furnish information as to contract performance and timeliness of deliveries by the contractor.

4. Contractor's settlement proposal.

a. Date and amount. Indicate date and location where claim was filed. State gross amount of claim. (If interim settlement proposals were filed, furnished information for each claim.)

b. Basis of claim. State whether claim was filed on inventory, total cost, or other basis. Explain rationale for approval when claim is filed on other than inventory basis.

c. Examination of proposal. State type of reviews made and by whom (audit, engineering, legal, or other).

PART II--SUMMARY OF CONTRACTOR'S CLAIM AND NEGOTIATED SETTLEMENT

Prepare a summary substantially as follows:

Item Claimed	Contractor's Proposal	Dollars Accepted	Costs Questioned	Unresolved Items	TCO Negotiated Amount
1. Contractor's costs as set forth on settlement proposal. Metals, raw materials, etc. Total 2. Profit 3. Settlement expenses 4. Total 5. Settlement with subs 6. Acceptable finished product 7. Gross Total 8. Disposal and other credits 9. Net settlement 10. Partial progress & advance payments 11. Net payments requested					

PART III--DISCUSSION OF SETTLEMENT

1. Contractor's cost.

a. If the settlement was negotiated on the basis of individual items, specify the factors and consideration for each item.

b. In the case of a lump-sum settlement, comment on the general basis for and major factors concerning each element of cost and profit included.

c. Comment on any important adjustments made to costs claimed or any significant amounts in relation to the total claim.

d. If a partial termination is involved, state whether the contractor has requested an equitable adjustment in the price of the continued portion of the contract.

e. Comment on any unadjusted contractual changes that are included in the settlement.

f. Comment on whether or not a loss would have been incurred and explain adjustment for loss, if any.

g. Furnish other information believed helpful to any reviewing authority in understanding the recommended settlement.

2. Profit. Explain the basis and factors considered in arriving at a fair profit.

3. Settlement expenses. Comment on and summarize those expenses not included in the audit review.

4. Subcontractor's settlements. Include the number of no-cost settlements, settlements concluded by the contractor under delegation of authority and those approved by the termination contracting officer, as well as the net amount of each.

5. Partial payments. Furnish the total amount of partial payments, if any.

6. Progress or advance payments. Furnish the total of unliquidated amounts, if any.

7. Claims of the Government against the contractor included in settlement agreement reservations. List all outstanding claims, if any, that the Government has against the contractor in connection with the terminated contract or terminated portion of the contract.

8. Assignments. List any assignments, giving name and address of assignee.

9. Disposal credits. Furnish information as to applicable disposal credits and give dollar amounts of all disposal credits.

10. Plant clearance. State whether plant clearance action has been completed and all inventory sold, retained, or otherwise properly disposed of in accordance with applicable plant clearance regulations. Comment on any unusual matters pertaining to plant clearances. Attach consolidated closing plant clearance report.

11. Government property. State whether all Government property has been accounted for.

12. Special tooling. If involved, furnish comment on disposition.

13. Summary of settlement. Summarize the settlement in tabular form substantially as follows:

TABULAR SUMMARY FOR COMPLETE OR PARTIAL TERMINATION

	Amount Claimed	Amount Allowed
Prime contractors charges (before disposal credits)		
Plus: Subcontractor charges (after disposal credits)		
Gross settlement:		
Less: disposal credits--Prime		
Net settlement--Less:		
Prior payment credits (this settlement)		
Previous partial settlements		
Other credits or deductions		
Net payment:		
Total contract price (complete termination)		
Contract Price of Items Terminated (for partial termination)--Less:		
Total payments to date		
Net payment from this settlement		
Fund reserved for reservations		
Reduction in contract price		

14. Exclusions. Describe any proposed reservation of rights to the Government or to the contractor.

15. Include a statement that the settlement is fair and reasonable for the Government and the contractor. The contracting officer shall sign and date the memorandum.

(End of memorandum)

TABLE 49-2, SETTLEMENT MEMORANDUM FOR COST-REIMBURSEMENT CONTRACTS

PART II--SUMMARY OF SETTLEMENT

1. Summary. Summarize the proposed settlement in tabular form substantially as shown in Tables 49-3 and 49-4. Partial settlements may be summarized on Table 49-4.

2. Comments. Explain tabular summaries.

a. Summary of final settlement (see Table 49-3).

(1) Explain why the auditor's final report was not available for consideration, if applicable.

(2) Explain how the fixed-fee was adjusted. Identify basis used, such as percentage of completion. Include a description of factors considered and how they were considered. Include any tabular summaries and breakdowns deemed helpful to an understanding of the process. Factors that may be given consideration are outlined in FAR 49.305.

(3) Briefly identify matters included in liability for property and other charges against the contractor arising from the contract.

(4) Identify reservations included in the settlement that are other than standard reservations required by regulations and that are concerned with pending claims and refunds.

(5) Explain substantial or otherwise important adjustments made in cost figures submitted by the contractor in arriving at the proposed settlement.

(6) If unreimbursed costs were settled on a lump sum basis, explain the general basis for and the major factors considered in arriving at this settlement.

(7) Comment on any unusual items of cost included in the claim and on any phase of cost allocation requiring particular attention and not covered above.

(8) If the auditor's recommendations for nonacceptance were not followed, explain briefly the main reasons why such recommendations were not followed.

(9) On items recommended for further consideration by the auditor, explain, in general, the basis for the action taken.

(10) If any cost previously disallowed by a contracting officer is included in the proposed settlement, identify and explain the reason for inclusion of such costs.

(11) Show number and amounts of settlements with subcontractors.

(12) Use the following summary where settlement includes costs and fixed-fee in a complete termination:

Gross settlement		$_____
Less: Disposal credits		_____
Net settlement		_____
Less: Prior payments	_____	
Other credits or deductions	_____	
Total		_____
Net payment		$_____
Total contract estimated cost plus fixed fee		_____
Less: Net settlement	_____	
Estimated reserve for exclusions	_____	
Final contract price (Consisting of $_____ for reimbursement of costs and $_____ for adjusted fixed fee)	_____	_____
Reduction in contract price (credit)		_____

(13) Plant clearance. Indicate dollar value of termination inventory and state whether plant clearance has been completed. Attach consolidated plant clearance report (SF 1424, Inventory Disposal Report).

(14) Government property. State whether all Government property has been accounted for.

(15) Include a statement that the settlement is fair and reasonable to the Government and the contractor. The contracting officer shall sign and date the memorandum.

(End of memorandum)

TABLE 49-3, SUMMARY OF SETTLEMENT

	AMOUNT CLAIMED	AMOUNT ALLOWED
1. Previous reimbursed costs--Prime and Subs	$	$
2. Previous unreimbursed costs	_____	_____
3. Total cost settlement	$	$
4. Previous fees paid--Prime	$	$
5. Previous fees unpaid--Prime	_____	_____
6. Total fee settlement	$	$
7. Gross settlement	_____	_____
	$_____	$_____
	_____	_____
Less: Deductions not reflected in Items 1-7		
a. Disposal credits $_____		
b. Other charges against contractor arising from contract $_____		
8. Net settlement		$
Less: Prior payment credits		_____
9. Net payment		$
10. Recapitulation of previous settlements (insert number of previous partial settlements effected on account of this particular termination):		
Aggregate gross amount of previous settlements		$_____
Aggregate net amount of previous partial settlements		$_____
Aggregate net payment provided in previous partial settlements		$_____
Aggregate amount allowed for prime contractor acquired property taken over by the Government in connection with previous partial settlements		$_____

TABLE 49-4, UNREIMBURSED COSTS SUBMITTED ON SF 1437*				
Costs	Amounts Claimed by Contractor's Proposal	Auditor's Recommendation		TCO's Computation
		Cost Questioned	Unresolved Items	
1. Direct material 2. Direct labor 3. Indirect factory expense 4. Dies, jigs, fixtures and special tools 5. Other costs 6. General and administrative expenses 7. Fee 8. Settlement expense 9. Settlement with subs				
10. Total costs (Items 1-9)				
*Expand the format to include recommendations of technical personnel as required.				

(Revised October 30, 2015)

PGI 249.70— SPECIAL TERMINATION REQUIREMENTS

PGI 249.7001 Congressional notification on significant contract terminations.

(1) Department and agency liaison offices will coordinate timing of the congressional notification and public release of the information with release of the termination notice to the contractor. Department and agency liaison offices are—

(i) Army - Chief, Legislative Liaison (SALL-SPA).

(ii) Navy - Chief of Legislative Affairs (OLA-N).

(iii) Air Force - SAF/AQC.

(iv) Defense Advanced Research Projects Agency – CMO.

(v) Defense Information Systems Agency - Contract Management Division (Code 260).

(vi) Defense Intelligence Agency – RSQ.

(vii) Defense Logistics Agency - DLSC-P.

(viii) National Geospatial-Intelligence Agency - NGA (A).

(ix) Defense Threat Reduction Agency - Acquisition Management Office (AM).

(x) National Security Agency/Central Security Service - Chief, Office of Contracting.

(xi) Missile Defense Agency - Director of Contracts (MDA-DCT).

(2) Request clearance to release information in accordance with departmental procedures as soon as possible after the decision to terminate is made. Until clearance has been obtained, treat this information as “For Official Use Only” unless the information is classified.

(3) Include in the request for clearance—

(i) Contract number, date, and type of contract;

(ii) Name of the company;

(iii) Nature of contract or end item;

(iv) The reason for the termination;

(v) Contract price of the items terminated;

(vi) Total number of contractor employees involved, including the Government's estimate of the number who may be discharged;

(vii) Statement of anticipated impact on the company and the community;

(viii) The area labor category, whether the contractor is a large or small business, and any known impact on hard core disadvantaged employment programs;

(ix) Total number of subcontractors involved and the impact in this area; and

(x) An unclassified draft of a suggested press release.

(4) To minimize termination costs, liaison offices will act promptly on all requests for clearance and will provide a response not later than two working days after receipt of the request.

(Revised August 12, 2008)

PGI 250.1—EXTRAORDINARY CONTRACTUAL ACTIONS

PGI 250.101 General.

PGI 250.101-3 Records.

(1) Departments and agencies shall—

(i) Prepare a preliminary record when a request for a contract adjustment under FAR 50.103 is filed (see DFARS 250.103-5(1)).

(ii) Prepare a final record stating the disposition of the request (see PGI 250.103-6).

(iii) Designate the offices or officials responsible for preparing, submitting, and receiving all records required by DFARS Subpart 250.1. Records shall be maintained by the contract adjustment boards of the Army, Navy, and Air Force, respectively, and by the headquarters of the defense agencies.

(2) A suggested format for the record is the Record of Request for Adjustment shown at the end of this section. This format permits the information required for the preliminary and final records to be combined on one form. The following instructions are provided for those items in the format that are not self-explanatory:

(i) *Extent of performance as of date of request.* State the degree of completion of the contract; e.g., 50 percent completed or performance not yet begun. If work is completed, state the date of completion and whether final payment has been made.

(ii) *Award procedure.* State whether the contract was awarded under sealed bidding or negotiated procedures. Cite the specific authority for using other than full and open competition, if applicable, e.g., 10 U.S.C. 2304(c)(1).

(iii) *Type of contract.* State the type of contract (see FAR Part 16); e.g., FFP (firm-fixed-price).

(iv) *Category of case.* State whether the request involves a modification without consideration, a mistake, or an informal commitment. If the case involves more than one category, identify both; list the most significant category first.

(v) *Amount or description of request.* If the request is expressed in dollars, state the amount and whether it is an increase or decrease. If the request cannot be expressed in monetary terms, provide a brief description; e.g., “Cancellation” or “Modification.” Even if the

adjustment is not easily expressed in terms of dollars, if the contractor has made an estimate in the request, that estimate should be stated.

(vi) *Action below Secretarial level.* State the disposition of the case, the office that took the action and the date the action was taken. The disposition should be stated as "Withdrawn," "Denied," "Approved," or "Forwarded." If the request was approved, in whole or in part, state the dollar amount or nature of the action (as explained in paragraph (2)(v) of this section). The date should correspond with the date of the memorandum of decision or of the letter forwarding the request to the contract adjustment board or other deciding body.

(vii) *Action by contract adjustment board and date.* State the disposition and date of disposition of the case by the contract adjustment board. Provide the same information as for paragraph (2)(vi) of this section.

(viii) *Implementation and date.* State the appropriate action; e.g., "Modification," "New Contract," or "Letter of Denial."

☐ PRELIMINAR Y REQUEST	RECORD OF FOR ADJUSTMENT PUBLIC LAW 85-804		FINAL ☐
DATE OF REQUEST			DATE RECEIVED BY GOVERNMENT
CONTRACTOR'S NAME AND ADDRESS ☐ SMALL BUSINESS			
NAME AND ADDRESS OF CONTRACTOR'S REPRESENTATIVE, IF ANY			
COGNIZANT CONTRACTING OFFICER OR OFFICE		PROCURING ACTIVITY	
PROPERTY OR SERVICE INVOLVED		EXTENT OF PERFORMANCE AS OF DATE OF REQUEST	
CONTRACT NUMBER	DATE ADVER	TISED OR NEGOTIATED	TYPE OF CONTRACT
CATEGORY OF CASE		AMOUNT OF DESCRIPTION OF REQUEST	
ACTION BELOW SECRETARIAL LEVEL			DATE
ACTION BY CAB			DATE
IMPLEMENTATION DA			TE
ADDITIONAL DATA OR REMARKS			
DATE THIS RECORD SIGNED		SIGNATURE	

PGI 250.103 Contract adjustments.

PGI 250.103-5 Processing cases.

(1) The officer or official responsible for the case shall forward to the contract adjustment board, through departmental channels, two copies of the following:

(i) A letter stating—

(A) The nature of the case;

(B) The basis for the board's authority to act;

(C) The findings of fact essential to the case (see FAR 50.103-4). Arrange the findings chronologically with cross-references to supporting enclosures;

(D) The conclusions drawn;

(E) The recommended disposition; and

(F) If contractual action is recommended, a statement by the signer that the action will facilitate the national defense.

(ii) The contractor's request.

(iii) All evidentiary materials.

(iv) All endorsements, reports and comments of cognizant Government officials.

(2) A letter to the Board recommending an amendment without consideration where essentiality is a factor (see FAR 50.103-2(a)(1)) should also provide—

(i) The information required by FAR 50.103-4(a) and (b), and

(ii) Findings as to—

(A) The contractor's performance record, including the quality of product, rate of production, and promptness of deliveries;

(B) The importance to the Government, particularly to the active duty military, of the performance of the contract and the importance of the contractor to the national defense;

(C) The forecast of future contracts with the contractor; and

(D) Other available sources of supply for the supplies or services covered by the contract, and the time and cost of having contract performance completed by such other sources.

PGI 250.103-6 Disposition.

(1) When the request for relief is denied or approved below the Secretarial level, submit the following documents to the appropriate office within 30 days after the close of the month in which the decision is executed:

(i) Two copies of the memorandum of decision.

(ii) Except for the Army, one copy of the contractual document implementing any decision approving contractual action.

(iii) One copy of a final record, as described at PGI 250.101-3.

(2) When a contract adjustment board decision is implemented, the activity that forwarded the case to the board shall prepare and submit to the board the documents identified in paragraphs (1)(ii) and (iii) of this section.

(Revised February 28, 2014)

PGI 251.1--CONTRACTOR USE OF GOVERNMENT SUPPLY SOURCES

PGI 251.102 Authorization to use Government supply sources.

Use a format substantially the same as the following when authorizing contractor use of Government Supply Sources. Specify the terms of the purchase, including contractor acceptance of any Government materiel, payment terms, and the addresses required by paragraph (e) of the clause at 252.251-7000, Ordering from Government Supply Sources.

AUTHORIZATION TO PURCHASE FROM GOVERNMENT SUPPLY SOURCES

(SAMPLE FORMAT)

SUBJECT: Authorization to Purchase from Government Supply Sources

_____(Contractor's Name)

_____(Contractor's Address)

_____(CAGE Code)

1. You are hereby authorized to use Government sources in performing Contract No. _____ for *[insert the requiring activity's DoD Activity Address Code (DoDAAC)]*, as follows: *[Insert applicable purchasing authority given to the contractor.]*

2.a. Purchase Orders Under Federal Supply Schedules or Personal Property Rehabilitation Price Schedules. Place orders in accordance with the terms and conditions of the attached Schedule(s) and this authorization. Attach a copy of this authorization to the order (unless a copy was previously furnished to the Federal Supply Schedule or Personal Property Rehabilitation Price Schedule contractor). Insert the following statement in the order:

> This order is placed under written authorization from
> _____
> dated _____ (*_____). In the event of any inconsistency between the terms and conditions of this order and those of the Federal Supply Schedule or Personal Property Rehabilitation Price Schedule contract, the latter will govern.

b. Requisitioning from the General Services Administration (GSA) or the Department of Defense (DoD). Place orders in accordance with this authorization and, as appropriate, the following:

(1) Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) (GSA FEDSTRIP Operating Guide: FPMR 101-26.2 (41 CFR 101-26.2)). Copies are available from the Superintendent of Documents, Government Printing Office, Washington, DC 20402; telephone (202) 512-1800; facsimile (202) 512-2250.

(2) Military Standard Requisitioning and Issue Procedures (MILSTRIP) (DoD 4000.25-1-M). Copies are available from the Defense Logistics Agency, Administrative Support Center East, ATTN: ASCE-WS, 14 Dedication Drive, Suite 3, POD 43, New Cumberland, PA 17070-5011; telephone 1-888-DLA-PUBS(352-7827), or (717) 770-6034; facsimile (717) 770-4817.

c. Enterprise Software Initiative. Place orders in accordance with the terms and conditions of the attached Enterprise Software Agreement(s), or instructions for obtaining commercial software or software maintenance from Enterprise Software Initiative inventories, and this authorization. Attach a copy of this authorization to the order (unless a copy was previously furnished to the Enterprise Software Agreement contractor). Insert the following statement in the order:

This order is placed under written authorization from _____ dated_____ (*_____). In the event of any inconsistency between the terms and conditions of this order, and those of the Enterprise Software Agreement, the latter will govern.

3. *[Insert other provisions as necessary.]*

4. This authority is not transferable or assignable.

5. The DoD Activity Address Directory (DoDAAD) (DLM 4000.25, Volume 6, Chapter 2) Activity Address Code** to which this Authorization applies is _____.

6. This Authorization expires _____.

_____
(Contracting Officer)

* Insert “a copy of which is attached,” “a copy of which you have on file,” or other suitable language, as appropriate.

** The requiring activity assumes responsibility for monitoring and controlling all activity address codes used in the letters of authority.

PGI 251.102-70 Contracting office responsibilities.

(a) The DoD Activity Address Code (DoDAAC) assigned in accordance with paragraph 5 of the authorization format in PGI 251.102 shall be assigned to the contractor for authorization to use Government supply sources only for the contract number cited in paragraph 1 of the authorization format.

(b) The authorization to use Government sources of supply is unique to each contract and shall not be transferred or assigned to any other contractor or contract. Therefore, the same DoDAAC shall not be assigned to any other contract number during the period of performance for the contract. After 24 months has lapsed beyond contract closeout, the DoDAAC may be reused for another contract.

(*Revised August 26, 2015*)

PGI 252.1—INSTRUCTIONS FOR USING PROVISIONS AND CLAUSES

PGI 252.103 Identification of provisions and clauses.

(c) Local provisions and clauses developed by departments and agencies for a single-use intended to meet the needs of an individual acquisition shall be identified by the title, date, and name of the department or agency that developed the local clause. For example, if "X" Agency negotiated a single-use clause for use of special government facilities during discussions, such clause would be identified in the contract as follows:

"Special Use of Government Facilities (DATE) X Agency"

(d)(1)(A) Local provisions and clauses that will be used on a repetitive basis shall be identified by—

(*1*) The chapter assigned to the department or agency under Title 48 of the Code of Federal Regulations (CFR);

(*2*) FAR subpart "52.2";

(*3*) The applicable FAR part;

(*4*) A four-digit sequential number in the 9000 series for the suffix (see DFARS 252.101(b)(2)(ii)(B));

(*5*) Title; and

(*6*) Date.

(B) For example, if "Y" Agency is assigned a CFR chapter number 99, and has developed a provision regarding an evaluation factor for past performance to be used on a repetitive basis in negotiated acquisitions, such provision would be identified as follows:

"9952.215-9XXX Past Performance Evaluation Factor (DATE)"

(Revised May 16, 2013)

PGI 253.208 Required sources of supplies and services.

PGI 253.208-1 DD Form 448, Military Interdepartmental Purchase Request.

(a) Use the DD Form 448 as prescribed in PGI 208.70.

(b) Prepare MIPR information in uniform contract format when possible. Overprint of fixed repetitive information is authorized.

(c) Instructions for completion of DD Form 448.

(1) BLOCK 5--MIPR NUMBER. Number the MIPR by using—

(i) The requiring department identification code as prescribed in DoD 4000.25-6-M, Department of Defense Activity Address Directory (DoDAAD);

(ii) The last digit of the fiscal year; and

(iii) The number of the particular MIPR (numbered consecutively by the requiring activity).

(2) BLOCK 6--AMEND NO. Assign a suffix number. Assign amendments of the same MIPR consecutive suffix numbers.

(3) BLOCK 9.

(i) Conduct interdepartmental screening of items in accordance with FAR 8.001. Requisition items which are available from stocks of other departments as follows:

(A) Obtain items within the scope of MILSTRIP (see DoD 4000.25-1-M, Military Standard Requisitioning and Issue Procedures (MILSTRIP)) by use of DD Form 1348 (Single Line Item Requisition System Document (Manual), DoD))/1348M (Single Line Item Requisition System Document, DoD (Mechanical)).

(B) Obtain items not covered by MILSTRIP using DD Form 1149, Requisition and Invoice/Shipping Document.

(C) If, after receipt of a MIPR, it is determined the requested items are available from stock, the acquiring department shall use the MIPR to obtain the item.

(ii) Normally restrict a MIPR to one major end item, including its required spare parts, ground support equipment, and similar related items. For other than major end items, limit MIPRs to items within a single Federal supply class when possible.

(4) BLOCK 10.

(i) Delivery Schedules.

(A) The requiring department must clearly state the required time of delivery or performance in each MIPR, taking into consideration the normal administrative lead time of the particular commodity. Delivery and performance schedules on MIPRs must be realistic (see FAR Subpart 11.4). If the acquiring department cannot accept the delivery schedule in the MIPR, the acquiring department will note that on DD Form 448-2, Acceptance of MIPR. Changes in the requested delivery schedule must be made by MIPR amendment.

(B) When a short delivery schedule is mandatory, the requiring department shall mark the MIPR “URGENT” in bold letters and provide justification for the marking.

(ii) Requiring activities must provide MILSTRIP requisition data prescribed in Appendix B of the MILSTRIP Manual for each line item which is to be delivered to each “ship to” address. Repetitive data applicable to all lines on the MIPR may be overprinted.

(iii) The requiring activity will furnish estimated weight, cube, and dimensions for each line item or a statement explaining why these data are not available.

(iv) The requiring activity shall include the name and telephone number of an individual who is thoroughly familiar with the MIPR, its attachments, and technical requirements.

(v) Prepare attachments to MIPRs in sufficient numbers so that each copy of a MIPR submitted to the acquiring department is complete with a copy of all attachments. “Ship To and Mark For” addresses in shipping instructions must include the clear text identification and DoDAAD code if assigned.

(5) BLOCK 12--TRANSPORTATION ALLOTMENT. Enter allotment data for transportation of supplies at Government expense if appropriate.

(6) BLOCK 13--MAIL INVOICES TO. Use this block to identify the name and address of the office to receive invoices and make payment.

(i) Complete the block only if—

(A) The resulting contract is not to be paid by the Defense Finance and Accounting Service; and

(B) The office to receive invoices and make payment is known at the time of preparation of the MIPR.

(ii) If payment is to be made by an office designated to receive invoices, also enter the DoDAAD code of that office.

(iii) If payment is to be made by an office other than the office to which the invoice is to be mailed, include the name, address, and DoDAAD code of the payment office as an attachment to the MIPR.

(iv) If multiple offices are to receive invoices and make payment, include the names and addresses of those offices as an attachment to the MIPR. Also include the DoDAAD code of each payment office.

(v) Whenever the payment office is included in an attachment, include a reference to the attachment in this block.

(vi) If the names and addresses of invoicing and payment offices are provided the acquiring department after submission of the MIPR, the requiring department also must provide the DoDAAD code for each payment office.

(7) BLOCK 14. Enter allotment data for the acquisition of supplies. Enter each citation in Item 14 in the appropriate space as follows:

(i) Accounting Classification Reference Number (ACRN). If the ACRN procedures of PGI 204.7107 are used in the MIPR to relate allotment data to the MIPR item or delivery, enter the ACRN for each fund citation. (The acquiring department, when preparing the contract, is not required to use the ACRN assigned to a fund citation in the MIPR.)

(ii) Appropriation. Enter the ten positions as follows:

(A) First and second - Treasury Department number identifying the department or agency to which the appropriation applies or has been transferred.

(B) Third and fourth - Treasury Department number identifying the department or agency from which an appropriation has been transferred; leave blank if no transfer is involved.

(C) Fifth and sixth - Identify the appropriation fiscal year. For multiple-year appropriations, the fifth position shall be the last digit of the first year of availability, and the

sixth position shall be the last digit of the final year of availability. For annual appropriations, the fifth position shall be blank, and the sixth position shall be the last digit of the fiscal year. For no-year (continuing) appropriations, the fifth position shall be blank, and the sixth position shall be "X."

(D) Seventh through tenth - Treasury Department appropriation serial number.

(iii) Limit/Subhead. Up to four characters; if less than four characters, leave empty spaces blank.

(iv) Supplemental Accounting Classification Data. Not to exceed 36 characters. Enter in accordance with departmental or agency regulations.

(v) Accounting Station. Enter the six character DoDAAD code of the accounting station (not used with Navy and Marine Corps funds).

(vi) Amount. Enter the amount for each fund citation if more than one allotment is cited.

(vii) Additional Citations. If space is required for additional fund citations, include as an attachment and reference the attachment on the form.

(d) When preparing a MIPR amendment, always fill out the basic information in Blocks 1 through 8. Fill out only those other blocks which vary from the data shown on the basic MIPR or a prior amendment. Insert "n/c" in items where there is no change.

(e) Change of a disbursing office cited on a DoD funded MIPR does not require a MIPR amendment when the resultant contract is assigned for administration to the Defense Contract Management Agency. The administrative contracting office may issue an administrative contract modification, copies of which will be provided to the contracting officer for transmittal to the requiring activity.

(f) Signed or official record copies of MIPRs, and any amendments, shall be distributed electronically using both of the following methods:

(1) Indexed Portable Document Format files shall be manually uploaded or sent via the Global Exchange system (GEX) to the Electronic Document Access (EDA) (http://eda.ogden.disa.mil) system to provide a human-readable copy.

(2) Electronic data files shall be sent via the GEX in Department of Defense Purchase Request Data Standard Extensible Markup Language (XML) format.

PGI 253.208-2 DD Form 448-2, Acceptance of MIPR.

(a) Use the DD Form 448-2 as prescribed in PGI 208.70.

(b) Instructions for completion of DD Form 448-2. (Complete only the applicable blocks.)

(1) BLOCK 6. Check the specific terms under which the MIPR is being accepted.

(2) BLOCK 7. If any one of the MIPR line items is not accepted, check Block 7 and record the affected MIPR line item number and reason in Block 13.

(3) BLOCKS 8 AND 9. Use Blocks 8 and 9 only—

(i) When Block 6c acceptance is indicated (indicate the MIPR line item numbers that will be provided under each method of financing in Blocks 8a and 9a, respectively); or

(ii) If quantities or estimated costs cited in a MIPR require adjustment (list the affected MIPR line item numbers together with the adjusted quantities or estimated costs in the columns provided under Blocks 8 and 9, as appropriate).

(4) BLOCK 10. Whenever a MIPR is accepted in part or in total under Category II funding, forecast the estimated date of contract award.

(5) BLOCK 11. Enter the total amount of funds required to fund the MIPR items, as accepted.

(6) BLOCK 12.

(i) Complete this block only in those cases where the amount recorded in Block 11 is not in agreement with the amount recorded in Block 5. This will serve either—

(A) As a request to the requiring department to issue a MIPR amendment to provide the additional funds; or

(B) Authority for the requiring department to withdraw the available excess funds.

(ii) When funds of two or more appropriations are involved, provide proper breakdown information in Block 13.

(7) BLOCK 13. Use this block to record—

(i) Justification, by MIPR line item, for any additional funds required;

(ii) Explanation for rejection of MIPR whether in part or in total;

(iii) Appropriation and subhead data cited on the MIPR; and

(iv) Other pertinent data.

(c) Complete a DD Form 448-2 for all MIPR amendments involving an adjustment of funds or delivery schedule, or if requested by the requiring department.

(d) Unless otherwise agreed, provide the requiring department an original and three copies of each DD Form 448-2.

(Revised February 26, 2016)

PGI 253.213 Simplified acquisition procedures (SF's 18, 30, 44, 1165, 1449, and OF's 336, 347, and 348).

(f)(i) Use the OF 336, or a sheet of paper, as a continuation sheet for the DD Form 1155. Continuation sheets may be printed on the reverse of the DD Form 1155.

(ii) DD Form 1155c-1, Order for Supplies or Services (Commissary Continuation Sheet) may be used for commissary acquisitions.

PGI 253.213-70 Completion of DD Form 1155, Order for Supplies or Services.

(a) The following instructions are mandatory if—

(1) Contract administration has been assigned outside the purchasing office; or

(2) The contractor is located in the contiguous United States or Canada.

(b) The entity codes (address codes) referenced in this subsection are codes published in—

(1) DoD Activity Address Directory (DODAAD), DoD 4000.25-6-M.

(2) Military Assistance Program Address Directory System (MAPAD), DoD 4000.25-8-M.

(3) Commercial and Government Entity (CAGE) Codes Handbook H4/H8.

(c) For orders requiring payment in Canadian currency—

(1) State the contract price in terms of Canadian dollars, followed by the initials CN; e.g., $1,647.23CN.

(2) Indicate on the face of the order—

(i) The U.S./Canadian conversion rate in effect at the time of the award; and

(ii) The U.S. dollar equivalent of the Canadian dollar amount.

(d) When the DD Form 1155 includes FMS requirements, clearly mark “FMS Requirement” on its face. Specify within the order each FMS case identifier code by line or subline item number.

(e) Instructions for DD Form 1155 entries. (Instructions apply to purchase orders, delivery orders, and calls, except Block 2, which applies only to delivery orders and calls, and Block 12, which applies only to purchase orders.)

BLOCK

1 CONTRACT/PURCH ORDER/AGREEMENT NO.--Enter the Procurement Instrument Identification (PII) number and, when applicable, the supplementary identification number for contracts, purchase orders, and agreements as prescribed in DFARS subpart 204.16.

2 DELIVERY ORDER/CALL NO.--Enter the PII number for delivery orders/calls, when applicable, as prescribed in DFARS subpart 204.16.

3 DATE OF ORDER/CALL--Enter the four-position numeric year, three-position alpha month, and two-position numeric day.

4 REQUISITION/PURCH REQUEST NO.--Enter the number authorizing the purchase. When the number differs by line item, list it in the Schedule and annotate this block, “See Schedule.”

5 PRIORITY--Enter the appropriate Program Identification Code as identified in Schedule I to the Defense Priorities and Allocations System Regulation.

6 ISSUED BY--Enter the name and address of the issuing office. In the code block, enter the DoDAAD code for the issuing office. Directly below the address, enter: Buyer/Symbol: followed by the buyer's name and routing symbol. Directly below the buyer/symbol, enter: Phone: followed by the buyer's phone number and extension.

7 ADMINISTERED BY--Enter the name and address of the contract administration activity. On purchase orders retained by purchasing offices for administration, mark this block, “See Block 6.” Enter in the code block the DODAAD code of the contract administration activity. In the lower right or left-hand corner, enter the criticality designator code from FAR 42.1105.

8 DELIVERY FOB--Check the applicable box.

9 CONTRACTOR—

(1) Enter the full business name and address of the contractor. Enter in the first code block, the CAGE code of the contractor.

(2) If it is known that all the work covered by the order is to be performed at an address different from the address represented by the contractor's code, and any contract administration function will be required at that facility, enter in the facility code block the

organizational entity code for that facility, i.e., H8-1/H8-2 code for a non-Government entity or DODAAD code for a Government entity. (Use DODAAD codes only to indicate "performed at" locations for orders specifying services at a Government location.) If it is known that multiple facilities are involved, enter the codes for all facilities at which work is to be performed, including the contractor's code if work is performed at that address, in the Optional Form 336 Continuation Sheet and mark the facility code block with "See Schedule."

10 DELIVER TO FOB POINT BY (Date)--If a single date of delivery applies to the entire order, enter date in this block. List multiple delivery dates in the schedule and mark this block "See Schedule."

11 MARK IF BUSINESS--Check all applicable blocks.

12 DISCOUNT TERMS--Enter the discount for prompt payment in terms of percentages and corresponding days. Express the percentages in whole numbers and decimals, e.g., 3.25% - 10 days; 0.50% - 20 days.

13 MAIL INVOICES TO THE ADDRESS IN BLOCK--Enter a reference to the block number containing the address to which invoices are to be mailed. When not in Block 6, 7, 14, or 15, insert in Block 13, "See Schedule."

14 SHIP TO--If a single ship-to point applies to the entire order, enter the name and address of that point in this block and a DODAAD code in the code block. For FMS shipments, enter the MAPAD code in the code block and an instruction for the contractor to contact the transportation office of the administering activity to obtain a name and a shipping address. Enter multiple ship-to points in the Schedule and mark this block, "See Schedule."

15 PAYMENT WILL BE MADE BY--Enter the name and address of the activity making payment. Enter in the code block, the DODAAD code of the paying activity. When a purchase card is used for payment, enter "CRCARD" in the code block.

16 TYPE OF ORDER--Check the appropriate box. If a purchase order:

(1) Identify the type of quotation, e.g., oral, letter, e-mail, on which the order is based.

(2) Check the box when acceptance of the purchase order is required and enter the number of copies of the order to be returned to the issuing office.

17 ACCOUNTING AND APPROPRIATION DATA/LOCAL USE--Enter the accounting classification and the accounting classification reference number(s) in accordance with DFARS 204.7107.

18 ITEM NO.--Enter an item number for each item of supply or service in accordance

with DFARS Subpart 204.71.

19 SCHEDULE OF SUPPLIES/SERVICES--The Schedule contains several elements of data. The order and arrangement of data in the Schedule is mandatory for purchase and delivery orders assigned to the Defense Contract Management Agency or the military departments for administration and is encouraged for all orders.

(1) National Stock Number (NSN)--Total item quantity for the line or subline item number followed by the appropriate national stock number or the word “none” if an NSN has not been assigned. On the same line and adjacent to NSN, enter the words “Total Item Quantity.” This phrase is used in conjunction with the total quantity, unit of issue, unit price, and dollar amount of the stock number or item cited (see entries for Blocks 20, 21, 22, and 23).

(2) Item Identification--Enter first the most descriptive noun or verb of the supplies or services to be furnished, supplemented by additional description as prescribed in FAR Part 10. If multiple accounting classifications apply to the contract, enter the accounting classification reference number.

(3) Quantity Variance--Enter the quantity variance permitted for the line item in terms of percentages, indicating whether the percentage is plus or minus and if applicable to each destination.

(4) Inspection/Acceptance--Enter the point at which inspection/acceptance will take place.

(5) Preservation and Packaging--Enter the preservation requirements for the item described. These requirements may be expressed in terms of MIL-STD-2073-1, DoD Material Procedures for Development and Application of Packaging Requirements, and MIL-STD-2073-2, Packaging Requirements, codes. They may also be expressed by reference to applicable specifications.

(6) Packing--When required, enter the packing level designator and specification, standard, or document in which the requirements are stated or state the specific requirements.

(7) Unitization--When desired by the requiring activity, a requirement for cargo unitization for a particular destination should be specified for shipments involving two or more shipping containers having an aggregate total of not less than 20 cubic feet or 200 pounds.

(8) Ship To--Enter the DODAAD or MILSCAP H8-1/H8-2 (cage) as appropriate for the entity code of the ship-to point on the first line and the corresponding name and address on succeeding lines. If multiple accounting classifications apply to the same line or subline

item, enter the accounting classification reference number. When several items are to be shipped to the same point, the code will be listed; but it will not be necessary to repeat the address.

(9) Delivery Date--When multiple delivery dates apply, enter the required date of delivery on the same line with ship-to code.

(10) Mark For--Enter the DODAAD or MILSCAP H8-1/H8-2 (cage) as appropriate for the entity code on the first line and name and address of the ultimate recipient of the supplies and services on succeeding lines.

20 QUANTITY ORDERED/ACCEPTED--Enter the total quantity ordered for the line item. If applicable, enter the breakdown on quantities for each ship-to point within the line item.

21 UNIT--Enter the unit of measure applicable to the line item.

22 UNIT PRICE--Enter the unit price applicable to the line item.

23 AMOUNT--Enter the extended dollar amount (quantity x unit price) for each line item.

24 CONTRACTING/ORDERING OFFICER--Enter the contracting/ordering officer's signature.

25 TOTAL AMOUNT--Enter the total dollar amount for all line items on the order.

26 thru 42 These blocks are used in the receiving and payment functions. Procedures for making entries are prescribed by the respective departments.

(Revised February 26, 2016)

PGI 253.215 Contracting by negotiation.

PGI 253.215-70 DD Form 1547, Record of Weighted Guidelines Application.

(a) Use the DD Form 1547 as prescribed in DFARS 215.404-70 and 215.404-71.

(b) *General instructions*.

(1) Report amounts as they relate to the price of the contract action without regard to funding status (e.g., amounts obligated).

(2) Express all dollar values to the nearest whole value (e.g., $200,008.55 = $200,009).

(3) Do not express percentages beyond the nearest thousandth (e.g., interest rate--8.257%).

(4) If the contracting office is exempt from reporting to the DoD management information system on profit and fee statistics (see PGI 215.404-76), do not complete Block 1, 4, 5, 6, 7, 8, 9, 10, 11, or 12.

(5) Report an option amount for additional quantities as a separate contract action when exercised.

(6) Even though fixed-price type contract actions are negotiated on the basis of total price, prepare the negotiation summary portion of the DD Form 1547 showing the contracting officer's best estimates of cost and profit.

(7) For indefinite-delivery type contracts, prepare a consolidated DD Form 1547 for annual requirements expected to exceed the certified cost or pricing data threshold.

(8) Prepare a consolidated DD Form 1547, if possible, when multiple profit rates apply to a single negotiation.

(c) *Specific instructions for completion of DD Form 1547*.

(1) BLOCK 1--REPORT NO. Enter the four-digit local control number followed by a dash and the last two digits of the fiscal year (e.g., 0004-06 for 4th action in fiscal year 2006). Each field contracting office participating in profit reporting shall establish a control system for consecutively numbering completed DD Forms 1547. Always start with 0001 at the beginning of each fiscal year and always use four digits. This number will identify the specific DD Form 1547 in DoD's management information system and will be used for

follow-up actions.

(2) BLOCK 2--BASIC PROCUREMENT INSTRUMENT IDENTIFICATION NO. Enter the identifying contract number assigned per DFARS subpart 204.16.

(3) BLOCK 3--SPIIN. Enter the supplemental procurement instrument identification number for supplemental agreements or other modifications, assigned per DFARS subpart 204.16.

(4) BLOCK 4--DATE OF ACTION.

(i) Year. Enter the last two digits of the year the action was negotiated (e.g., 06 for 2006).

(ii) Month. Enter the two-digit number for the month the action was negotiated (e.g., 09 for September).

(5) BLOCK 5--CONTRACTING OFFICE CODE. Enter the code assigned the contracting office per DoD Procurement Coding Manual, Volume III.

(6) BLOCK 6--NAME OF CONTRACTOR. Enter the contractor's name (including division name).

(7) BLOCK 7--DUNS NUMBER. Enter the contractor establishment code number.

(8) BLOCK 8--FEDERAL SUPPLY CODE.

(9) BLOCK 9--DOD CLAIMANT PROGRAM.

(10) BLOCK 10--CONTRACT TYPE CODE. Enter the appropriate code—

Description	Code
FPR (all types)	A
FPI (all types)	L
FFP	J
FP(E)	K
CPFF	U
CPIF (all types)	V

(11) BLOCK 11--TYPE EFFORT. Enter the appropriate code—

Description	Code

Manufacturing	1
Research and Development	2
Services	3

(12) BLOCK 12--USE CODE. Enter the appropriate code for use of the weighted guidelines method—

Description	Code
Standard weighted guidelines method (DFARS 215.404-71-2(c)(1))	2
Alternate structured approach (DFARS 215.404-73)	4
Modified weighted guidelines approach (DFARS 215.404-72)	5
Technology incentive (DFARS 215.404-71-2(c)(2))	6

(13) BLOCKS 13 through 20--COST CATEGORY OBJECTIVE. Enter the prenegotiation objectives. Include contractor independent research and development/bid and proposal in the general and administrative expenses in Block 19.

(14) BLOCKS 21 through 29--WEIGHTED GUIDELINES PROFIT FACTORS. Enter the amounts determined in accordance with DFARS 215.404-71 or 215.404-72. This section is not required to be completed when using an alternate structured approach (DFARS 215.404-73).

(15) BLOCK 30--TOTAL PROFIT OBJECTIVE. Enter the total of Blocks 23, 24, 25, 27, 28, and 29. This section is not required to be completed when using an alternate structured approach (DFARS 215.404-73).

(16) BLOCKS 31 through 35--NEGOTIATION SUMMARY. Complete as indicated on the form. For fixed-price type contracts negotiated on a total price basis, enter the contracting officer's best estimates of cost and profit. When using an alternate structured approach, see DFARS 215.404-73(b)(2) for offsets.

(17) BLOCKS 36 through 39--CONTRACTING OFFICER APPROVAL. The contracting officer shall sign the form. Include a complete (with area code) commercial telephone number to facilitate any follow-up actions.

(18) BLOCKS 96 through 99--OPTIONAL USE. Complete in accordance with department/agency procedures, if any.

(Revised February 26, 2016)

PGI 253.219 Small Business Programs.

PGI 253.219-70 DD Form 2579, Small Business Coordination Record.

(a) Use the DD Form 2579 as prescribed in DFARS 219.201(10)(B).

(b) *General instructions.*

(1) The Contracting Officer is responsible for the coordination and completion of the form.

(2) Coordination on this form is not required when the agency will satisfy a requirement through the use of a mandatory source listed at FAR 8.002 or FAR 8.003.

(c) *Specific instructions for completion of DD Form 2579.*

(1) BLOCK 1—CONTROL NO. Reserved for use by the Small Business Professional to create a unique identification number for each coordination record.

(2) BLOCK 2—PURCHASE REQUEST/REQUISITION NO. Locally assigned purchase request/requisition number.

(3) BLOCK 3—TOTAL ESTIMATED VALUE. Enter the total estimated value for the acquisition, including all options. For multiple award task or delivery order contracts, enter the total estimated value of the entire acquisition including all orders expected to be awarded.

(4) BLOCKS 4a and 4b—PROCUREMENT INSTRUMENT IDENTIFIER (PIID). Enter the PIID assigned to the solicitation, contract, or order in Block 4a, and if applicable, Block 4b. (FAR 4.1601, DFARS 204.1601).

(5) BLOCK 5—Supplementary PIID. Enter the supplementary PIID. (FAR 4.1601, DFARS 204.1601).

(6) BLOCKS 6a through 6e—CONTRACTING OFFICER NAME, DOD ACTIVITY ADDRESS CODE (DODAAC), OFFICE SYMBOL, EMAIL ADDRESS, PHONE NO. Enter the appropriate information in Blocks 6 through 6e.

(7) BLOCKS 7a through 7d:

(i) BLOCK 7a—ITEM and/or SERVICE DESCRIPTION. Enter description of planned acquisition, including quantity, unique delivery requirements, and other descriptors. For services, include the type of service and place of performance, and attach a copy of the Performance Work Statement (PWS), Statement of Work (SOW), Statement of Objectives (SOO), or other specifications and statements as appropriate.

(ii) BLOCK 7b—PRODUCT OR SERVICE CODE (PSC). For the Product and Service Codes Manual, go to http://acquisition.gov.

(iii) BLOCK 7c—NORTH AMERICAN INDUSTRY CLASSIFICATION (NAICS) CODE. For the NAICS codes and definitions, go to http://www.census.gov/eos/www/naics.

(iv) BLOCK 7d—SMALL BUSINESS SIZE STANDARD. For the applicable small business size standard, go to http://www.sba.gov/content/table-small-business-size-standards.

(8) BLOCK 8—PERIOD OF PERFORMANCE/DELIVERY DATES. Enter the estimated beginning and end dates.

(9) BLOCK 9—PURPOSE OF COORDINATION. Check one box indicating the purpose of the action being reviewed: Initial Coordination, Withdrawal (see FAR 19.506), or a Change to the form. Note: Any significant change in the acquisition strategy or plan described on this form will require reevaluation by the Small Business Professional and the Small Business Administration (SBA) Procurement Center Representative (PCR), if applicable.

(10) BLOCKS 10a through 10j—RECOMMENDATION. Check all that apply, e.g., a small business set-aside could also be a multiple-award. For Blocks 10c through 10d, attach justification if applicable in accordance with FAR 19.1306(a), and 19.1406(a), respectively.

(11) BLOCKS 11a through 11c:

(i) BLOCK 11a—ACQUISITION PLAN/MARKET RESEARCH. Attach the written acquisition plan (FAR 7.104(d)), if required, and the results of market research, including any resulting justification and approval (FAR 6.3) or sole source/brand name justification (FAR 13.106 or 13.501). Include findings that demonstrate efforts to locate qualified small business sources e.g., sources sought (FAR 5.205), requests for information synopses, or waivers to the nonmanufacturer rule (FAR 19.5) and attach additional pages as necessary).

(ii) BLOCK 11b—SYNOPSIS REQUIRED. Check “Yes” or “No.” If “No,” provide explanation and the exception under FAR 5.202, if applicable.

(iii) BLOCK 11c—SMALL BUSINESS PROGRESS PAYMENTS. Check “Yes” or “No” (DFARS 232.501-1(a)).

(12) BLOCK12—CONSOLIDATED OR BUNDLED. Select either “Consolidated” or “Bundled,” and check “Yes” or “No” for each. If “Yes,” attach required documentation for consolidation or bundling (DFARS 207.170) or bundling (FAR 7.107).

(13) BLOCK 13—SUBCONTRACTING PLAN REQUIRED. Check “Yes” or “No.” For recommendations 10g, 10h, or 10i, or if Block 12 recommendation is “Yes,” specify actions that will be taken to maximize small business participation. Consider requirements of FAR 19.7, acquisition history, anticipated subcontracting goals, market research to identify small business capability at the subcontract level, source selection evaluation factor for small business utilization (DFARS 215.304, 215.305), incentives, contract performance metrics, etc. State detailed objectives for subcontract (attach additional pages as necessary).

(14) BLOCKS 14a through 14c—ACQUISITION HISTORY:

(i) BLOCK 14a—NEW REQUIREMENT. Check “Yes” or “No” and follow the applicable guidance for each selection.

(ii) BLOCK 14b—PREVIOUSLY CONSOLIDATED OR BUNDLED. Check “Yes” or “No” for each. If “Yes,” attach required documentation for previous acquisition. See DFARS 207.170 or FAR 7.107).

(iii) BLOCK 14c—DETAILS OF PREVIOUS AWARD(S). For each contractor that received an award for any portion of the immediately preceding acquisition, include the following information—

—Name and CAGE code.
—Small business socioeconomic categories of the awardee.
—PIID.
—NAICS code and size standard.
—Contract type.
—Period of performance.
—Total contract value.
—Subcontracting History. (Small business subcontracting goal achievement (CPARS and eSRS data) and any additional small business utilization requirements included in the contract resulting from a source selection factor used when making the previous contract award.)

(15) BLOCK 15—CONTRACTING OFFICER SIGNATURE. Complete 15a through 15d. Digital signature is desired.

(16) BLOCKS 16 through 16-—SMALL BUSINESS PROFESSIONAL/SMALL BUSINESS DIRECTOR REVIEW. Complete 16 through 16f. Digital signature is desired. If “non-concur” is checked, attach rationale or include in Block 16f, along with any other remarks. Block 16c must be completed when any of the conditions in FAR 19.202-1(e) applies to indicate when the acquisition package was provided to the Small Business Administration (SBA).

(17) BLOCKS 17 through 17e—SBA PROCUREMENT CENTER REPRESENTATIVE (PCR) REVIEW. Complete 17 through 17e (see FAR 19.402(a) when a PCR is not assigned to the contracting activity or administration office). Digital signature is desired. If “non-concur” is checked, the PCR shall attach rationale and recommendations or include in Block 17e, along with any other remarks (see FAR 19.402).

(18) BLOCKS 18 through18c—CONTRACTING OFFICER REVIEW. The Contracting Officer shall complete this block if the Small Business Professional and/or the SBA PCR have “non-concurred” in Blocks 16 and 17. Otherwise, the Contracting Officer shall complete Blocks 18 through 18c. Digital signature is desired. Block 18c shall include the Contracting Officer’s rationale for decision. Send copies of the completed form to the Small Business Professional and the SBA PCR within 5 working days if rejecting the PCR’s recommendation, in accordance with FAR 19.505.

(Revised November 4, 2016)

PGI F, PART 2--CONTRACT QUALITY ASSURANCE ON SHIPMENTS BETWEEN CONTRACTORS

PGI F-201 Procedures.

(1) Use the supplier's commercial shipping document/packing list to enter performance of required contract quality assurance (CQA) actions at the subcontract level. Make the following entries on the supplier's commercial shipping document/packing list:

Required CQA of listed items has been performed.

_____ (Signature of Authorized Government Representative or DoD Stamp)
_____ (Date)
_____ (Typed Name and Office)

(2) Distribution for Government purposes shall be—

(i) One copy with shipment;

(ii) One copy for the Government representative at consignee (via mail); and

(iii) One copy for the Government representative at consignor.

PGI F, PART 8--DISTRIBUTION OF THE DD FORM 250-1

PGI F-801 Distribution.

(1) The Government representative shall distribute the completed DD Form 250-1 using Table 3 on the following pages, as amended by the provisions of the contract or shipping order.

(2) The contractor shall furnish the Government representative sufficient copies of the completed form to permit the required distribution.

(3) Distribution of the form shall be made as soon as possible, but not later than 24 hours following completion of the form.

PGI F-802 Corrected DD Form 250-1.

When errors are made in entries on the form that would affect payment or accountability—

(1) Make corrected copies;

(2) Circle the corrected entries on all copies and mark the form “CORRECTED COPY”;

(3) Enter the statement “Corrections Have Been Verified” in Block 26, with the authorized Government representative's dated signature directly below; and

(4) Make distribution of the certified corrected copy to all recipients of the original distribution.

TABLE 3					
		NUMBER OF COPIES			
		LOADING (Prepared by shipper or Government representative)		DISCHARGE (Prepared by receiving activity)	
TYPE OF SHIPMENT	RECIPIENT OF DD FORM 250-1	TANKER	BARGE	TANKER	BARGE
All (On overseas shipments, provide for a minimum of 4 consignees. Place 1 copy, attached to ullege report, in each of 4 envelopes. Mark the envelopes, “Consignee - First Destination”, “Consignee - Second Destination”, etc. Deliver via the vessel).	Each Consignee (By mail contiguous United States only).	2	1	As Required	As Required
	With Shipment.	1	1	As Required	As Required
	Master of Vessel.	1	1	1	1
	Tanker or Barge Agent.	2	2	2	2
	Contractor.	As Required	As Required	As Required	As Required
	Cognizant Inspection Office.	1	1	1	1
	Government Representative responsible for quality at each destination.	1	1	1	1
	Government Representative at Cargo Loading Point.	1	1	1*	1*
On all USNS tankers and all MSC chartered tankers and MSC chartered barges.	Military Sealift Command, Code N322, Washington, DC 20396-5100.	2	2	2	2

See the contract or shipping order for finance documentation and any supplemental requirements for Government-owned product shipments and receipts.	Payment Office: If this is DFAS-CO, send copies to: DLA Energy, ATTN: DESC-FII, 8725 John J. Kingman Road, Fort Belvoir, VA 22060-6221 (do not send copies to DFAS-CO).	2	2	2	2
For shipments and receipts of DLA Energy–financed cargoes for which DFAS-CO is not the paying office.	DLA Energy, ATTN: DESC-FII, 8725 John J. Kingman Road, Fort Belvoir, VA 22060-6221.	1	1	1	1
For shipments on all USNS tankers, MSC chartered tankers and barges, and FOB destination tankers with copy of ullage report.	DLA Energy, ATTN: DESC-BID, 8725 John J. Kingman Road, Fort Belvoir, VA 22060-6221.	1	1	1**	1
On Army ILP shipments.	U.S. Army International Logistics Center, New Cumberland Army Depot, New Cumberland, PA 17070-5001.	2	2	2	2
On all shipments to Navy Operated Terminals.	DLA Energy, ATTN: DESC-FII, 8725 John J. Kingman Road, Fort Belvoir, VA 22060-6221.	2	1	2	1
On all shipments to Air Force Bases.	Directorate of Energy Management, SA ALC(SFT), Kelly AFB, TX 78241-5000.	1	1	1	1
On all contiguous United States loadings.	DLA Energy Region(s) cognizant of shipping point.	1	1	1	1

On all shipments to contiguous United States destinations.	DLA Energy Region(s) cognizant of shipping and receiving point.****	1	1	0	0
For all discharges of cargoes originating at DLA Energy Support Points and discharging at activities not Defense Energy Support Points.	DLA Energy, ATTN: DESC-BID, 8725 John J. Kingman Road, Fort Belvoir, VA 22060-6221.			1***	1***

*	With copy of ullage report.
**	Dry tank certificate to accompany DD Form 250-1 and ullage report.
***	Copies of the DD Form 250-1, forwarded by bases, will include the following in Block 11: Shipped to: Supplementary Address, if applicable; Signed Code; and Fund Code.
****	See Table 4.

TABLE 4		
FUEL REGION LOCATIONS AND AREAS OF RESPONSIBILITY		
a.	DLA Energy Americas	DLA Energy Americas Federal Office Building 2320 La Branch Street, Suite 2118 Houston, TX 74004-1091
	Area of Responsibility:	Colorado, Connecticut, Delaware, District of Columbia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Dakota, Vermont, Virginia, West Virginia, Wisconsin, and Wyoming
b.	DLA Energy Americas East	DLA Energy Americas East Federal Office Building 2320 La Branch, Room 1005 Houston, TX 77004-1091
	Area of Responsibility:	Alabama, Arizona, Arkansas, Caribbean Area, Florida, Georgia, Louisiana, Mexico, Mississippi, New Mexico, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, West Indies, Central America, and South America
c.	DLA Energy Americas West	DLA Energy Americas West 3171 N. Gaffney Street San Pedro, CA 90731-1099
	Area of Responsibility:	California, Idaho, Montana, Nevada, Oregon, Utah, and Washington
d.	DLA Energy Alaska	DLA Energy Alaska 10480 22nd Street Elmendorf AFB, Alaska 99506-2500
	Area of Responsibility:	Alaska and Aleutians
e.	DLA Energy Europe & Africa	DLA Europe & Africa Building 2304

		APO New York 09128-4105
	Area of Responsibility:	Continental Europe, United Kingdom, Mediterranean Area, Turkey, and Africa (less Djibouti, Egypt, Ethiopia, Kenya, Somalia)
f.	DLA Energy Middle East	DLA Energy Middle East PSC 451 Box DESC-ME FPO AE 09834-2800
	Area of Responsibility:	Afghanistan, Bahrain, Djibouti, Egypt, Ethiopia, Iran, Iraq, Jordan, Kenya, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia, Somalia, Sudan, United Arab Emirates, and Yemen
g.	DLA Energy Pacific	DLA Energy Pacific Camp H. M. Smith Honolulu, HI 96861-5000
	Area of Responsibility:	Australia, Burma, East Indies, Hawaii, Indian Ocean, Japan, Korea, Malaya, Marianas, New Zealand, Philippines, Ryukyu Islands, South Pacific Islands, Sri Lanka, Taiwan, and Thailand