



## Policy & Legislation

### DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20050505

**D**oD published the following changes and proposed changes to the DFARS on May 5, 2005. Access the Federal Register notice for these changes through links on the Director, Defense Procurement and Acquisition Policy Web site at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

#### Final Rules

##### Contractor Personnel Supporting a Force Deployed Outside the United States (DFARS Case 2003-D087)

Adds policy to address situations that require contractor personnel to deploy with, or otherwise provide support in the theater of operations to, U.S. military forces deployed outside the United States in contingency operations, humanitarian or peacekeeping operations, or other military operations or exercises designated by the combatant commander. The DFARS changes enable contracting officers to consistently address the issues associated with these operations through use of a standard contract clause. These changes will become effective on June 6, 2005, and will be incorporated into the DFARS companion resource, *Procedures, Guidance, and Information* (PGI) on that date.

#### Proposed Rules—DFARS Transformation

##### Authorization for Continued Contracts (DFARS Case 2003-D052)

Proposed change permits contracting activities to assign an additional identification number to an existing contract, by issuing a separate “continued” contract, when continued performance under the existing contract number is not practical for administrative reasons. The continued contract would incorporate all prices, terms, and conditions of the predecessor contract. Use of this procedure is expected to be limited but will help to simplify administration, payment, and closeout of lengthy, complex contracts; and will help in situations where a contracting activity has exhausted its assigned series of identification numbers for orders placed against another activity’s contract.

##### Contract Financing (DFARS Case 2003-D043)

Proposed change clarifies requirements for establishing due dates for contract financing payments; deletes text that is unnecessary or duplicative of FAR/DFARS policy

on financial consultation matters, contract payment instructions, and use of the governmentwide commercial purchase card; and relocates to PGI, text on department/agency contract financing offices, approvals for advance payments or unusual progress payments, debt collection procedures, and bankruptcy reporting.

### DFARS CHANGE NOTICE 20050509

**D**oD published the following change to the DFARS on May 9, 2005. Access the Federal Register notice for this change through links on the Director, Defense Procurement and Acquisition Policy Web site at [http://www.acq.osd.mil/dpap/dars/dfars/change\\_notice/index.htm](http://www.acq.osd.mil/dpap/dars/dfars/change_notice/index.htm).

#### Interim Rule

##### Multiyear Contracting (DFARS Case 2004-D024)

Amends multiyear contracting policy to implement Section 8008 of the Defense Appropriations Act for Fiscal Year 2005 (Public Law 108-287) and Section 814 of the National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375). Section 814 requires DoD to provide notice and supporting rationale to Congress before awarding a multiyear contract containing a cancellation ceiling exceeding \$100 million that is not fully funded. Section 8008 places the following conditions on the award of a multiyear contract using fiscal year 2005 funds: (1) DoD must have submitted a budget request to Congress for full funding of the units to be procured; (2) contract cancellation provisions must not include consideration of recurring costs associated with the production of unfunded units; (3) payments under the contract must not be made in advance of incurred costs on funded units; and (4) the contract must not provide for a price adjustment based on a failure to award a follow-on contract. In addition, text from DFARS 217.173(b) has been relocated to 217.172(e) to more closely align with the structure of 10 U.S.C. 2306b(h).

### DFARS CHANGE NOTICE 20050524

**D**oD published the following interim and proposed changes to the DFARS on May 24, 2005. Access the Federal Register notices for these changes through links on the Director, Defense Procurement and Acquisition Policy Web site at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.



## Policy & Legislation

### Interim Rules

#### DoD Pilot Mentor-Protégé Program (DFARS Case 2004-D028)

Amends the DoD Pilot Mentor-Protégé Program to extend, through Sept. 30, 2010, the period during which companies may enter into agreements under the program; and to permit service-disabled veteran-owned small business concerns and HUBZone small business concerns to participate in the program as protégé firms. The program provides incentives for DoD contractors to assist protégé firms in enhancing their capabilities and increasing their participation in government and commercial contracts. The changes to the program implement Sections 841 and 842 of the National Defense Authorization Act for Fiscal Year 2005.

#### Approval of Service Contracts and Task and Delivery Orders/ Proper Use of Non-DoD Contracts (DFARS Case 2002-D024)

Requires departments and agencies to comply with review and approval requirements when acquiring supplies or services through the use of non-DoD contracts in amounts exceeding the simplified acquisition threshold. Amends the interim rule published on Oct. 1, 2003 (DFARS Change Notice 20031001), which contained approval requirements for the acquisition of services. This second interim rule contains more comprehensive review and approval requirements and applies to the acquisition of both supplies and services. The rule implements Section 801 of the National Defense Authorization Act for Fiscal Year 2002; Section 854 of the National Defense Authorization Act for Fiscal Year 2005; and the USD(AT&L)/PDUSD(C) policy memorandum of Oct. 29, 2004, on proper use of non-DoD contracts, which became effective on Jan. 1, 2005.

#### Incentive Program for Purchase of Capital Assets Manufactured in the United States (DFARS Case 2005-D003)

Adds requirements for consideration of the use of capital assets (including machine tools) manufactured in the United States, when conducting source selections and making award fee determinations for major defense acquisition programs. Implements Section 822 of the National Defense Authorization Act for Fiscal Year 2004.

### Proposed Rule—DFARS Transformation

#### Quality Assurance (DFARS Case 2003-D027)

Updates and clarifies requirements for government contract quality assurance and use of warranties; deletes unnecessary definitions and unnecessary text on technical requirements matters, responsibilities of contract ad-

ministration offices, and material inspection and receiving reports; and relocates to PGI, procedures for preparation of quality assurance instructions, procedures for use of quality inspection approval stamps, and information on types of quality evaluation data.

### DFARS CHANGE NOTICE 20050602

DoD published the following proposed DFARS change on June 2, 2005. Access the Federal Register notices for this change through links on the Director, Defense Procurement and Acquisition Policy Web site at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

### Proposed Rule

#### Competition Requirements for Federal Supply Schedules and Multiple Award Contracts (DFARS Case 2004-D009)

Updates and clarifies requirements for competition in the placement of orders for supplies or services under Federal Supply Schedules or multiple award contracts. The proposed changes:

- Establish approval requirements for noncompetitive orders exceeding \$100,000, consistent with the approval requirements found in the FAR
- Add PGI guidance on the appropriate use of exceptions to competition requirements
- Relocate procedural requirements for use of Federal Supply Schedules to PGI
- Make additional changes for consistency with current FAR requirements for use of Federal Supply Schedules.

### DFARS CHANGE NOTICE 20050524

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### Interim Rules

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mercial contracts. The changes to the program implement Sections 841 and 842 of the National Defense Authorization Act for Fiscal Year 2005.

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### Incentive Program for Purchase of Capital Assets Manufactured in the United States (DFARS Case 2005-D003)

Adds requirements for consideration of the use of capital assets (including machine tools) manufactured in the United States, when conducting source selections and making award fee determinations for major defense acquisition programs. Implements Section 822 of the National Defense Authorization Act for Fiscal Year 2004.

### Proposed Rule—DFARS Transformation Quality Assurance (DFARS Case 2003-D027)

Updates and clarifies requirements for Government contract quality assurance and use of warranties; deletes unnecessary definitions and unnecessary text on technical requirements matters, responsibilities of contract administration offices, and material inspection and receiving reports; and relocates to PGI, procedures for preparation of quality assurance instructions, procedures for use of quality inspection approval stamps, and information on types of quality evaluation data.

### DFARS CHANGE NOTICE 20050602

DoD published the following final and proposed change to the DFARS on June 2, 2005. Access the Federal Register notice for this change through links on the Director, Defense Procurement and

Acquisition Policy Web site at <<http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>>.

### Proposed Rule

#### Competition Requirements for Federal Supply Schedules and Multiple Award Contracts (DFARS Case 2004-D009)

Updates and clarifies requirements for competition in the placement of orders for supplies or services under Federal Supply Schedules or multiple award contracts. The proposed changes—

- Establish approval requirements for noncompetitive orders exceeding \$100,000, consistent with the approval requirements found in the FAR;
- Add PGI guidance on the appropriate use of exceptions to competition requirements;
- Relocate procedural requirements for use of Federal Supply Schedules to PGI; and
- Make additional changes for consistency with current FAR requirements for use of Federal Supply Schedules.

### DFARS CHANGE NOTICE 20050621

DoD published the following final and proposed changes to the DFARS on June 21, 2005. Access the Federal Register notices for these changes through links on the Director, Defense Procurement and Acquisition Policy Web site at <<http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>>.

### Final Rules

#### Geographic Use of the Term “United States” (DFARS Case 2001-D003)

Updates references to the “United States” and other geographic terms throughout the DFARS to clarify the meaning of these terms and to provide consistency with the definitions found in FAR 2.101.

### Proposed Rules

#### Combating Trafficking in Persons (DFARS Case 2004-D017)

Proposed change implements DoD policy prohibiting any activities on the part of DoD contractor employees that support or promote trafficking in persons. The proposed change includes a clause for use in contracts requiring performance outside the United States. The proposed clause requires the contractor to establish policy and procedures for combating trafficking in persons and to notify the contracting officer of any violations and the corrective action taken.

#### Describing Agency Needs (DFARS Case 2003-D073)



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Proposed change updates references to the DoD 5000 series publications and the DoD database for specifications and standards; and relocates to PGI, procedures for use of specifications and standards and for encouraging the use of Single Process Initiative processes instead of military or federal specifications and standards.

### **Contractor Insurance/Pension Reviews (DFARS Case 2003-D050)**

Proposed change clarifies responsibilities of administrative contracting officers and auditors in conducting reviews of a contractor's insurance programs, pension plans, and other deferred compensation plans; and updates and relocates procedures for these reviews to PGI.

### **Construction Contracting (DFARS Case 2003-D034)**

Proposed change updates requirements for contracting for construction services; and relocates to PGI, procedures for distribution and use of contractor performance reports, handling of government estimates of construction costs, use of bid schedules with additive or deductive items, and technical working agreements with foreign governments.

### **DFARS CHANGE NOTICE 20050606**

**D**oD published the following final and proposed change to the DFARS on June 21, 2005. Access the Federal Register notice for this change through links on the Director, Defense Procurement and Acquisition Policy Web site at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

#### **Final Rule**

### **Contractor Personnel Supporting a Force Deployed Outside the United States (DFARS Case 2003-D087)**

The DFARS has been updated to incorporate the changes published in DFARS Change Notice 20050505 that became effective on June 6, 2005. The changes address situations that require contractor personnel to deploy with, or otherwise provide support in the theater of operations to, U.S. military forces deployed outside the United States.

### **UPDATE TO JCIDS INSTRUCTION SIGNED MAY 11, 2005**

**T**he chairman of the Joint Chiefs of Staff (J-8) has announced the signature and approval of the update to the Joint Capabilities Integration and Development System CJCS Instruction 3170.01E and accompanying CJCS Manual 3170.01B.

The purpose of this instruction is to establish the policies and procedures of the Joint Capabilities Integration and Development System (JCIDS). The procedures established in the JCIDS support the chairman of the Joint Chiefs of Staff and the Joint Requirements Oversight Council (JROC) in identifying, assessing, and prioritizing joint military capability needs. This instruction also provides joint policy, guidance, and procedures for recommending changes to existing joint resources when such changes are not associated with a new defense acquisition program.

The instruction sets forth guidance on the conduct of JCIDS analyses, the development of key performance parameters, and the JCIDS staffing process. It also contains procedures and instructions regarding the staffing and development of joint capabilities documents (JCDs), initial capabilities documents (ICDs), capability development documents (CDDs), capability production documents (CPDs), and joint doctrine, organization, training, materiel, leadership and education, personnel, and facilities (DOTMLPF) change recommendations (DCRs).

A summary of the changes to the CJCSI 3170.1E and CJCSM 3170.01B can be viewed at [https://acc.dau.mil/simplify/ev\\_en.php?ID=74807\\_201&ID2=DO\\_TOPIC](https://acc.dau.mil/simplify/ev_en.php?ID=74807_201&ID2=DO_TOPIC).

### **DEPARTMENT OF DEFENSE PRESS RELEASE (JUNE 1, 2005) INSPECTOR GENERAL ACCOUNTABILITY REPORT COMPLETED**

**T**he Department of Defense inspector general has completed an extensive and detailed review of personnel involved in the Boeing KC-767A tanker program.

The report makes several recommendations involving changes and revisions in acquisition, leasing, procurement, and management procedures and policies. Many of the issues raised in this report have already been identified and are being addressed. Additionally, the department has temporarily established direct oversight of major Air Force programs during this leadership transition period in the Air Force.

Other reviews, undertaken at the initiative of officials within the department to improve procurement procedures, include two Defense Science Board studies (a study of tanker recapitalization requirements and a study of the department's acquisition management structure and procedures); the National Defense University's study of lessons learned from the proposed lease of KC-767 tanker



aircraft; the Defense Acquisition University's review of acquisition regulations and other acquisition-related authorities; two audits of the proposed lease of tanker aircraft, by the Office of the Inspector General, at the request of the acting under secretary of defense (acquisition, technology and logistics); and a review of all contract actions in which Darleen Druyun was involved as a member of the Air Force secretariat, from 1993 to 2002. These initiatives, as well as others, will greatly improve the management and cost-effectiveness of the DoD acquisition process.

DoD continues to monitor aggressively and, when necessary, to upgrade and revise its acquisition process to ensure that taxpayer dollars are efficiently and effectively used to the benefit of American warfighters.

### DSB REPORT ON MANAGEMENT OVERSIGHT IN ACQUISITION ORGANIZATIONS

**A** March 2005 Defense Science Board report finds that while current acquisition practices make ethics violations on the scale of the Darleen Druyun case unlikely, there are currently no structural or policy mandates in place that would prevent such a situation from recurring. Read the report at [http://www.acq.osd.mil/dsb/reports/2005-03-MOAO\\_Report\\_Final.pdf](http://www.acq.osd.mil/dsb/reports/2005-03-MOAO_Report_Final.pdf).

### AIR FORCE ACQUISITION PROCESSES POLICY MEMO (MAY 12, 2005)

**B**laise J. Durante, deputy assistant secretary of acquisition integration, Office of the Assistant Secretary of the Air Force (Acquisition), has published policy guidance that establishes/reiterates the processes for the Milestone Decision and Acquisition Strategy Panel (ASP) reviews. His memorandum, dated May 12, 2005, describes the Air Force Milestone decision process and a new one-phased ASP to replace the former two-phased approach. The program execution review process, according to the memorandum, is also being revised and additional policy will follow.

The point of contact for the new policy is Mike McWilliams, SAF/AQXA at 588-7107 or [joseph.mcwilliams@pentagon.af.mil](mailto:joseph.mcwilliams@pentagon.af.mil). View the new AF Milestone Decision approval process and ASP process at <https://www.safaq.hq.af.mil/mil/policy/documents/Air%20Force%20MDA%20ASP%20Processes.pdf>.

### GAO REPORTS

**T**he following Government Accountability Office (GAO) reports may be downloaded from the GAO Web site at <http://www.gao.gov>.

#### National Defense

**DoD's High-Risk Areas:** Successful Business Transformation Requires Sound Strategic Planning and Sustained Leadership, GAO-05-520T, April 13, 2005

**Air Force Procurement:** Protests Challenging Role of Biased Official Sustained, GAO-05-436T, April 14, 2005

**Defense Management:** Key Elements Needed to Successfully Transform DoD Business Operations, GAO-05-629T, April 28, 2005

**Interagency Contracting:** Problems with DoD's and Interior's Orders to Support Military Operations, GAO-05-201, April 29, 2005

**DoD Business Systems Modernization:** Billions Being Invested without Adequate Oversight, GAO-05-381, April 29, 2005

**Defense Ethics Program:** Opportunities Exist to Strengthen Safeguards for Procurement Integrity, GAO-05-341, April 29, 2005

**Department of Defense Initiatives on High Energy Lasers Have Been Responsive to Congressional Direction,** GAO-05-545R, May 18, 2005

**Military Training:** Better Planning and Funding Priority Needed to Improve Conditions of Military Training Ranges, GAO-05-534, June 10, 2005

**Progress of the DD(X) Destroyer Program,** GAO-05-752R, June 14, 2005

**Defense Technology Development:** Management Process Can Be Strengthened for New Technology Transition Programs, GAO-05-480, June 17, 2005

**Military Training:** Actions Needed to Enhance DoD's Program to Transform Joint Training, GAO-05-548, June 21, 2005

**Defense Acquisitions:** Incentives and Pressures That Drive Problems Affecting Satellite and Related Acquisitions, GAO-05-570R, June 23, 2005

#### Science, Space, and Technology

**NASA:** More Knowledge Needed to Determine Best Alternatives to Provide Space Station Logistics Support, GAO-05-488, May 18, 2005

**Advanced Technology Program:** Inherent Factors in Selection Process Are Likely to Limit Identification of Similar Research, GAO-05-759T, May 26, 2005



THE DEPUTY SECRETARY OF DEFENSE  
WASHINGTON, DC 20301



MAY 2 2005



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION  
DIRECTOR, NET ASSESSMENT  
DIRECTOR, FORCE TRANSFORMATION  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Establishment of the Defense Reconstruction Support Office

Effective today, I have approved the establishment of the Defense Reconstruction Support Office (DRSO) to provide a single DoD focus for the coordination of the Department's operational support of U.S. reconstruction activities in Afghanistan and Iraq. This office incorporates the functions of the Afghanistan Reachback Office and the Defense Support Office-Iraq. The Director of the DRSO will report directly to me.

Your full cooperation with and support of the DRSO is essential to ensuring that we continue to provide well coordinated and responsive support for the DoD and other U.S. government elements engaged in meeting U.S. objectives in Afghanistan and Iraq. The DRSO will, among other things, represent the Department in interagency fora on pertinent operational matters and will provide support to senior officials for meetings, briefings, and testimony before Congress on matters pertaining to Afghanistan and Iraq. The DRSO will reside in Washington Headquarters Services and the Director, Administration and Management, will provide administrative and logistical support.





## Policy & Legislation

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION, LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON, DC 20310-0103



21 APR 2005



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MEMORANDUM FOR SEE DISTRIBUTION

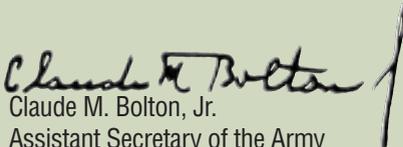
SUBJECT: Army Systems Acquisition Review Council (ASARC)

As the Chairman of the ASARC, I have conducted a review of the ASARC membership and operating procedures and decided to make changes that will enhance the efficiency and effectiveness of this deliberative body. In the future the ASARC will be a three and four-star level body (Enclosure) that concentrates upon resolving issues that remain outstanding after major Army programs proceed through the Integrated Product Team (IPT) process.

An Army-level Overarching Integrated Product Team (OIPT) (Enclosure) will be established to provide two-star level oversight to the IPT process. The Deputy Assistant Secretary for Acquisition and Systems Management will chair the Army OIPT for all Acquisition Category (ACAT) ID, IC, and II systems. The Principal Director for Enterprise Integration in the Deputy Chief of Staff and Chief Information Officer/G-6 will chair the Army OIPT for ACAT IAM and IAC systems. The goal for all Army programs is the successful resolution of all issues at the two-star and below level, and a recommendation from the OIPT for a "paper" ASARC (i.e., the signing of the decision documents without the conduct of an ASARC).

An updated template for presentations to the Army OIPT will be posted to the Acquisition Information Management (AIM) system. Additions for System of Systems considerations and Systems Engineering have been made. The slides for System Metrics, Termination Criteria, and Earned Value are mandatory. Presentations to the ASARC will be focused on the issues remaining after the conclusion of the OIPT.

An updated ASARC procedural guide will be distributed to all ASARC member organizations and the Acquisition community shortly, by posting on AIM. If you have any questions, my Point of Contact for the ASARC is the ASARC Executive Secretary, Susan F. Byrne, (703) 692-1838.

  
Claude M. Bolton, Jr.  
Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)

Enclosure

**Editor's note:** View the enclosure to this memorandum at <http://library.saalt.army.mil/cfm/searchresult.cfm> >.



## Policy & Legislation

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION, LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON, DC 20310-0103

22 APR 2005



SAAL-PA

MEMORANDUM FOR SEE DISTRIBUTION

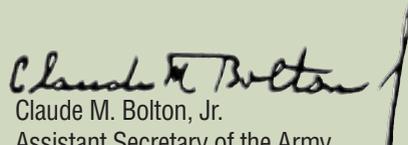
SUBJECT: Acquisition Integrity and Ethics

At the request of the Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)), a Defense Science Board (DSB) task force recently completed a study entitled "Management Oversight in Acquisition Organizations." Its preliminary recommendations cover two broad areas: immediate changes to processes and oversight and enduring changes in cultivating leadership and people.

In December 2004, as part of the DSB study, I conducted a self-assessment of management oversight in the Army acquisition organization. This assessment concluded that an effective set of policies and procedures currently is in place and providing effective management oversight of Army acquisition. As a result, I have determined that no immediate changes to current policies and procedures are necessary.

I would like to take this opportunity to thank you, as the U.S. Army's Senior Acquisition Leadership, for the high standards that you have set. Your efforts are a primary reason why current Army policies and procedures have been successful. Nevertheless, in this constantly changing, fast paced environment in which we work, we must never lose sight of our obligation to the American people or of the U.S. Army values of integrity and selfless service that ground us. It is imperative that all acquisition leaders continue to put ethics and integrity at the forefront of their endeavors as we support our Army at War.

In this spirit, I am pleased to provide you with the enclosed memorandum from the USD(AT&L), and I ask that you distribute it to all acquisition leaders within your organizations.

  
Claude M. Bolton, Jr.  
Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)

Enclosure

**Editor's note:** View the enclosure to this memorandum on the AT&L Knowledge Sharing System Web site at <http://akss.dau.mil/servlet/ActionController?screen=Policies&Organization=21> >. Click on "USD Memo Ethics & Integrity."



# Policy & Legislation



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301 - 3000



APRIL 11 2005

MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(POLICY AND PROCUREMENT), ASA(ALT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(ACQUISITION MANAGEMENT), ASN(RDA)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
DEPUTY DIRECTOR FOR LOGISTICS OPERATIONS (DLA)  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, ARMY CONTRACTING AGENCY

SUBJECT: Two-Year Extension of Warranty Claims Recovery Pilot Program

Section 391 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85), as amended, authorizes the Secretary of Defense to carry out a pilot program to use commercial sources of services to improve the collection of the Department of Defense claims under aircraft engine warranties and to enter into contracts under the pilot program for collection-related services. Section 391 also provides guidance with regard to the payment of contractor fees and the retention of recovered funds. Finally, section 391 includes a reporting requirement, which (1) identifies the extent to which commercial firms have been used for collection-related services under this pilot program; (2) describes any problems that have limited the ability of the Secretary of Defense to procure such services under the pilot program; and (3) any recommendations the Secretary may have regarding whether the pilot program should be made permanent or extended beyond the specified date in section 391.

The Fiscal Year 2005 Authorization Act extended the authority for the pilot program to September 30, 2006. The report on the program is due to Congress in February 2006. (A conformed copy of the law is enclosed.)

Request that you identify any contracts entered into under this pilot program for collection-related services as identified in section 391(b), and provide me with the information required for the report, along with points of contact for follow-up discussions on these pilot programs. This data should be provided no later than June 30, 2005. If you have not utilized the authority provided under section 391, please provide a negative response and a brief summary as to why. My point of contact for this matter is Susan Hildner, (703) 695-4258, [susan.hildner@osd.mil](mailto:susan.hildner@osd.mil).

Deidre A. Lee  
Director, Defense Procurement  
and Acquisition Policy

Enclosure:  
As stated



**Editor's note:** View the attachment to this memorandum at <<http://www.acq.osd.mil/dpap/policy/policyvault/2005-0453-DPAP2.pdf>>.



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301 - 3000

APR 22 2005

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
(ATTN: ACQUISITION EXECUTIVES)

COMMANDER, USSOCOM (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, USTRANSCOM (ATTN: ACQUISITION EXECUTIVE)  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTORS, DEFENSE AGENCIES  
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Acquisition of Services Policy Review

Sections 801 and 803 of the National Defense Authorization Act for Fiscal Year 2002 established a series of requirements intended to regulate the acquisition of services in the Department of Defense. Those requirements were satisfied and institutionalized by an Acquisition of Services policy letter issued by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) on May 31, 2002.

Nearly three years have passed since the policy was issued. Given our steadily increasing investment in this category of acquisition, the USD(AT&L) has directed me to conduct a formal acquisition of services policy review. The review will assess compliance with Department policy while soliciting your views on ways to improve that policy. The review will be conducted in two phases:

- Phase 1 is a data call. Agencies will submit a copy of their acquisition of services policy and a chart illustrating the agency oversight function. The chart should depict the agency decision authority, any delegated authorities and associated dollar thresholds, and the key decision points in the agency's acquisition of services oversight process. In addition, the data required to be collected by the May 31, 2002, USD(AT&L) policy letter will be submitted for the top 20 acquisitions initiated since the policy was promulgated. Attachment 1 of this letter is an image of the spreadsheet to be used to collect and submit this information. An electronic version of the spreadsheet is available at <http://www.acq.osd.mil/dpap/paic/ServicesPolicy.htm>. The Phase 1 information will be submitted by June 1, 2005.
- Phase 2 will require a briefing to include the items listed in attachment 2. The briefing will be required for each military service and Washington Headquarters Services. Other agencies will be selected to brief based on a review of the information submitted in Phase 1.

As a result of the review, I will provide an implementation summary to the USD(AT&L) with recommendations for policy improvements and adjustments to current delegation authority consistent with the management practice reported during the review.





## Policy & Legislation

Please provide the name of your Point of Contact to Mr. Skip Hawthorne [[skip.hawthorne@osd.mil](mailto:skip.hawthorne@osd.mil) or (703) 692-9556], by April 30, 2005. He will respond to your questions and assist with necessary scheduling. Phase 1 information will be submitted electronically to [bob.miglin.ctr@osd.mil](mailto:bob.miglin.ctr@osd.mil).

I look forward to your support for and active participation in this important review. Together, we can thoughtfully consider our policy and ensure effective management of these important acquisitions.

Deidre A. Lee  
Director, Defense Procurement  
and Acquisition Policy

Attachments:  
As stated

**Editor's note:** View the attachments to this memorandum at [http://www.acq.osd.mil/dpap/policy/policyvault/paic\\_1.htm](http://www.acq.osd.mil/dpap/policy/policyvault/paic_1.htm).



# Policy & Legislation



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301 - 3000

JUN 15 2005

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
(ATTN: ACQUISITION EXECUTIVES)  
DIRECTORS, DEFENSE AGENCIES

SUBJECT: Release of Purchase Card Data to the Public Domain

In response to the terrorist attacks on the United States in the Fall of 2001, the Department revised its policies which implement the Freedom of Information Act. At that time, the decision was made to withhold lists of names and other personally identifying information of Department personnel in response to requests under the FOIA. In terms of the Department's purchase card program, this policy revision meant that the names of all program officials (to include cardholders, billing officials, and agency program coordinators) would not be released under a FOIA request.

However, this policy revision did not address the potential exposure of classified programs and organizations within the Department through non-name-specific FOIA requests. In May of 2003, I requested a review by the Office of the Under Secretary of Defense for Intelligence to determine if the public availability of the organizational names and telephone numbers of all Departmental cardholders could pose a security risk to classified operations. The August 7, 2003, response provided by the Deputy Assistant Secretary of Defense (Security and Information Operations), attached, makes a persuasive case regarding the Operational Security risk posed by the release of detailed aggregated purchase card information provided by the Office of the Secretary of Defense.

Notwithstanding this guidance, the Department has a legal responsibility to provide a limited amount of publicly accessible information associated with each Departmental purchase card account. To this end, this memorandum authorizes the release of a limited amount of purchase card transactional detail to the public domain. Effective immediately, the Purchase Card Program Office is authorized to release the following transactional data at the installation, base, or activity level for non-classified card accounts:

- merchant category code
- transaction amount
- merchant name
- merchant city, state, zip, and phone
- transaction date (releasable 90 days after date)

The transaction date is not to be released until 90 days have passed from this date. This mirrors identical Department policy governing the release of DD350 data to FPDS.

Additionally, base commanders are reminded of the security risk created if unnecessary personnel information (e.g., cardholder's names) is publicly available. If you have any questions, my point of contact for this matter is Mr. Dennis Hudner and he can be reached at [dennis.hudner@hqda.army.mil](mailto:dennis.hudner@hqda.army.mil) or (703) 681-3315.

Denise A. Lee  
Director, Defense Procurement  
and Acquisition Policy

**Editor's note:** View the attachment to this memorandum at [http://www.acq.osd.mil/dpap/policy/policy\\_vault/pcard\\_1.htm](http://www.acq.osd.mil/dpap/policy/policy_vault/pcard_1.htm).

Attachment  
As Stated



ACQUISITION,  
TECHNOLOGY AND  
LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301 - 3000

JUN 15 2005

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Proper Use of Non-DoD Contracts

The attached October 29, 2004, memorandum on the "Proper Use of Non-DoD Contracts" required you to establish procedures to help ensure that non-DoD contracts are used properly. This requirement and the corresponding implementation procedures have led some individuals and activities to conclude that they may no longer purchase from GSA's Multiple Award Schedule Contracts, Government-wide Acquisition Contracts, or other non-DoD Multiple Award Contracts. Some have also interpreted the October 29, 2004, memorandum as precluding the ability to utilize the services of "Assisting Agencies" to meet DoD requirements. These interpretations are incorrect.

As stated in the "Proper Use of Non-DoD Contracts" policy memo, "the use of non-DoD contracts is encouraged when it is the best method of procurement to meet DoD requirements." The Department of Defense continues to work with the General Services Administration and other "Assisting Agencies" to ensure that all acquisitions made by and on behalf of the Department comply with applicable statutes and regulations.

My POC on this subject is Michael Canales, and he can be reached at 703-695-8571 or via e-mail at [michael.canales@osd.mil](mailto:michael.canales@osd.mil).

Deidre A. Lee  
Director, Defense Procurement  
and Acquisition Policy

Attachment:  
As stated

**Editor's note:** View the attachment to this memorandum at <http://www.acq.osd.mil/dpap/specificpolicy/Use%20of%20Non%20DoD%20Contract%20Vehicles.pdf>.

