



Policy & Legislation

USD(AT&L) TO HELP DEVELOP SUPPORT STRATEGY FOR HOMELAND DEFENSE AND CIVIL SUPPORT

In a June 24 memorandum to all DoD components, agencies, and activities, Acting Deputy Secretary of Defense Gordon England set forth the Department's broad direction on homeland defense and civil support matters. As a part of that effort, he tasked the under secretary of defense (acquisition, technology and logistics) with two major initiatives.

Systematic Approach to Providing Technology and Systems for Homeland Defense

Develop a comprehensive and systematic approach to identifying and providing technology and systems solutions for homeland defense. This plan, according to the secretary's directive, should:

- Build on other analytic efforts, integrating broad capabilities needed to implement the department's strategy, including information infrastructure, interdict and defeat capabilities, mission assurance, and relevant national and international capabilities; and identifying critical needs that could be supported by defense systems.
- Include a baseline review of acquisition programs and plans; advanced concept technology demonstrations; research, development, test and evaluation; and science and technology initiatives relevant to the strategy.
- Recommend ways of leveraging these specific initiatives.

Migration of Civil Support Capabilities

The under secretary of defense for policy, in coordination with the under secretary of defense for acquisition, technology and logistics and the under secretary of defense for personnel and readiness, will identify DoD capabilities for potential migration to other federal agencies. The plan will address those capabilities that are currently unique to DoD as well as those that are provided to civil authorities on a routine basis. The effort will be coordinated fully with DoD's interagency partners. The under secretary of defense for policy will present the proposed interagency process and timeline for this effort, along with initial recommendations for potential migration.

Although the migration analysis is due to the deputy secretary in September 2005, initial recommendations on

the systematic approach analysis are not due until January 2006. The under secretary of defense for policy, however, will monitor progress on each of these analyses and report their status to the deputy secretary on a regular basis.

DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS) CHANGE NOTICE 20050712

On July 12, 2005, the Office of the Director of Defense Procurement and Acquisition Policy published the following proposed changes to the Defense FAR Supplement (DFARS). Additional information on these proposed changes can be found at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

Export-Controlled Information and Technology (DFARS Case 2004-D010)

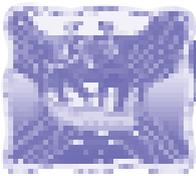
Proposed change contains a new subpart and a contract clause addressing requirements for preventing unauthorized disclosure of export-controlled information and technology. The proposed subpart requires contracting officers to ensure that contracts identify any export-controlled information and technology, as determined by the requiring activity. The proposed contract clause requires contractors to maintain adequate controls over export-controlled information and technology to prevent unauthorized access by foreign nationals or foreign persons.

Labor Laws (DFARS Case 2003-D019)

Proposed change updates requirements for dealing with labor relations matters; deletes obsolete or unnecessary text; and relocates to Procedures, Guidance, and Information (PGI), procedures for referral of labor relations matters to the appropriate authorities, for reporting the impact of labor disputes on defense programs, for conducting investigations of suspected violations of labor standards, and for preparation of notices and waiver requests relating to certain labor requirements.

Contract Termination (DFARS Case 2003-D046)

Proposed change relocates text on termination of Canadian Commercial Corporation contracts, from Part 225, Foreign Acquisition, to a more appropriate location in Part 249, Termination of Contracts; deletes unnecessary cross-references; and relocates to PGI, procedures for preparation of contract termination status reports, for



completion of forms to document termination settlements, for preparation of settlement negotiation memoranda, and for congressional notification of significant contract terminations.

Material Inspection and Receiving Report (DFARS Case 2003-D085)

Proposed change updates requirements for preparation of DD Form 250, Material Inspection and Receiving Report; and relocates to PGI, procedures for documenting contract quality assurance performed at a subcontractor's facility and for distribution and correction of DD Form 250-1, Tanker/Barge Material Inspection and Receiving Report.

DFARS CHANGE NOTICE 20050726

On July 26, 2005, the Office of the Director of Defense Procurement and Acquisition Policy published the following changes and proposed changes to the Defense FAR Supplement (DFARS). Additional information on these changes can be found at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

Interim Rules

Sole Source 8(a) Awards to Small Business Concerns Owned by Native Hawaiian Organizations (DFARS Case 2004-D031)

Permits sole source awards to small business concerns owned by Native Hawaiian Organizations, for manufacturing contracts exceeding \$5,000,000 and non-manufacturing contracts exceeding \$3,000,000 under the 8(a) Program. Competition normally is required for 8(a) awards of these dollar values, except for awards to Indian tribes or Alaska Native Corporations. This change provides small business concerns owned by Native Hawaiian Organizations the same status that is provided to Indian tribes and Alaska Native Corporations under the 8(a) Program. The change implements provisions of the DoD appropriations acts for fiscal years 2004 and 2005.

Business Restructuring Costs-Delegation of Authority to Make Determinations Relating to Payment (DFARS Case 2004-D026)

Authorizes the director of the Defense Contract Management Agency to make determinations of savings related to contractor restructuring costs that are expected to be less than \$25 million over a 5-year period; removes unnecessary references to requirements for certifications for business combinations that occurred before November 1997; and clarifies requirements for projected

restructuring costs and savings to be computed on a present value basis. Implements 10 U.S.C. 2325 as amended by Section 819 of the National Defense Authorization Act for Fiscal Year 2005.

Final Rule

Berry Amendment Memoranda (DFARS Case 2004-D035)

Specifies the DoD officials that are authorized to make determinations regarding the nonavailability of domestic items to fulfill DoD requirements; addresses the documentation needed to support such determinations; and requires congressional notification of such determinations that are related to the acquisition of titanium or products containing titanium. Implements policy memoranda issued by the deputy secretary of defense and the under secretary of defense (acquisition, technology, and logistics) on DoD implementation of the domestic source requirements of 10 U.S.C. 2533a (The Berry Amendment).

Proposed Rule

Transportation (DFARS Case 2003-D028)

Proposed change deletes text on transportation matters that are sufficiently addressed in the FAR or in DoD transportation regulations; clarifies requirements for inclusion of shipping instructions in solicitations and contracts; and relocates to PGI, procedures for contracting for the preparation of property for storage or shipment and for the preparation of consignment instructions.

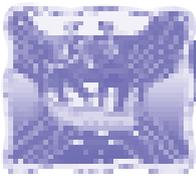
DFARS CHANGE NOTICE 20050801

DoD published the following proposed DFARS change on Aug. 1, 2005. View 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>.

Proposed Rule

Notification Requirements for Critical Safety Items (DFARS Case 2004-D008)

Proposes to add a new contract clause requiring contractors to promptly notify the government of any non-conformance or deficiency that could impact item safety. The clause would be used in contracts for the acquisition of (1) replenishment parts identified as critical safety items; (2) systems and subsystems, assemblies, and sub-assemblies integral to a system; or (3) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, and subassemblies integral to a system. The proposed change is a result of Section



8143 of the Fiscal Year 2004 DoD Appropriations Act, which required examination of appropriate standards and procedures to ensure timely notification to contracting agencies and contractors regarding safety issues, including defective parts.

DFARS CHANGE NOTICE 20050901

On Sept. 1, 2005, the Office of the Director of Defense Procurement and Acquisition Policy published the following changes to the Defense FAR Supplement (DFARS). Additional information on these changes can be found at <<http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>>.

Interim Rules

Training for Contractor Personnel Interacting with Detainees (DFARS Case 2005-D007)

Adds policy addressing requirements for contractor personnel who interact with detainees to receive training regarding the applicable international obligations and laws of the United States. Contractor personnel must receive this training before interacting with detainees and annually thereafter. This policy implements Section 1092 of the National Defense Authorization Act for Fiscal Year 2005.

Levy on Payments to Contractors (DFARS Case 2004-D033)

Adds policy addressing the effect of Internal Revenue Service levies on contract payments. Requires contractors to promptly notify the contracting officer if a levy that will jeopardize contract performance is imposed on a contract. When the contractor's inability to perform will adversely affect national security or will result in significant additional costs to the government, the contracting officer must notify the director, Defense Procurement and Acquisition Policy, in accordance with agency procedures.

Final Rules

Restrictions on Totally Enclosed Lifeboat Survival Systems (DFARS Case 2004-D034)

Removes DFARS text addressing restrictions on the acquisition of totally enclosed lifeboats from foreign sources. The restrictions are based on fiscal year 1994 and 1995 appropriations act provisions, that are no longer considered applicable, and other statutory provisions that apply only to the Navy.

Assignment of Contract Administration—Exception for Defense Energy Support Center (DFARS Case 2004-D007)

Changes the assignments of contract administration functions to reflect a memorandum of agreement between the Defense Contract Management Agency and the Defense Energy Support Center. The agreement provides for the Defense Energy Support Center to perform contract administration functions for all contracts it awards. This arrangement eliminates duplication of effort in the bulk fuel quality management program.

SUPPLY CHAIN SYSTEMS TRANSFORMATION

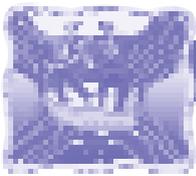
The Department of Defense is taking a strategic look at end-to-end supply chain management. Toward this end, e-Business and Logistics Systems Management within the Office of Defense Procurement and Acquisition Policy, have been consolidated into one single directorate. They will now be known as Supply Chain Systems Transformation (SCST). To learn more about this change, visit the SCST Web site at <<http://www.acq.osd.mil/scst/index.htm>>.

DEFENSE ACQUISITION PERFORMANCE ASSESSMENT PROJECT

The Defense Acquisition Performance Assessment (DAPA) project will provide the secretary of defense and the 2006 Quadrennial Defense Review recommendations on how the Department of Defense can improve the performance of the defense acquisition system for major programs. For additional information or to comment, please visit the project's Web site at <<http://www.dapaproject.org/>>.

SPECIAL EMERGENCY PROCUREMENT AUTHORITIES AND DFARS CLASS DEVIATION (SEPT. 2, 2005)

The under secretary of defense for acquisition, technology and logistics authorized the use of special emergency procurement authorities increasing the micro-purchase, the simplified acquisition, and the test program for commercial items thresholds for the procurements in support of Hurricane Katrina relief efforts. In addition, the acting director for Defense Procurement and Acquisition Policy approved a DFARS class deviation authorizing the use of the Government Purchase Card by contracting officers supporting Hurricane Katrina relief efforts for purchases over \$15,000, up to \$250,000. The memo includes the applicable conditions and laws that must be complied with. Both memos are available at <http://www.acq.osd.mil/dpap/general/hurricane_katrina_relief.htm>.



DFARS CHANGE NOTICE 20050913

On Sept. 13, 2005, the Office of the Director of Defense Procurement and Acquisition Policy published the following change to the Defense FAR Supplement (DFARS). Additional information on this change can be found at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

Final Rule

Radio Frequency Identification (DFARS Case 2004-D011)

Adds policy and a contract clause requiring contractors to affix passive radio frequency identification (RFID) tags, at the case and palletized unit load levels, when shipping certain items to certain DoD locations. Also requires contractors to electronically submit advance shipment notices to DoD, to permit association of the RFID tag data with the corresponding shipment. These requirements apply to contracts for packaged operational rations, clothing, individual equipment, tools, personal demand items, and weapon system repair parts, that will be shipped to the Defense Distribution Depot in Susquehanna, Pa., or the Defense Distribution Depot in San Joaquin, Calif. Use of RFID technology will improve the visibility of DoD assets, increase the accuracy of shipment and receipt data, and permit more efficient movement of supplies within the DoD supply chain. This DFARS change will become effective on Nov. 14, 2005, and will be incorporated into the DFARS on that date.

DFARS PROCEDURES, GUIDANCE AND INFORMATION WEB SITE AVAILABLE TO SERVE YOU

The Defense Federal Acquisition Regulation Supplement (DFARS), Procedures, Guidance and Information (PGI) Web site at <http://www.acq.osd.mil/dpap/dars/pgi/index.htm> is being developed as a companion resource to the DFARS—a result of the DFARS Transformation effort chartered by the under secretary of defense for acquisition, technology and logistics.

PGI is a companion resource containing mandatory and non-mandatory internal DoD procedures, non-mandatory guidance, and supplemental information used at the discretion of the contracting officer. PGI will not, however, contain policy or procedures that significantly affect the public and will not be published in the *Federal Register* or the *Code of Federal Regulations*. However, the HTML version of the DFARS contains links to the corresponding PGI sections.

The authority to issue PGI comes from DoD Directive 5000.35, Defense Acquisition Regulations Management and DFARS 201.301.

As designed, DFARS PGI represents a new, Web-based tool for the entire acquisition community to simply and rapidly access non-regulatory Department of Defense (DoD) procedures, guidance, and information relevant to FAR and DFARS topics.

The DFARS remains the source for regulation, implementation of laws as well as DoD-wide contracting policies, authorities, and delegations. In other words, DFARS will answer the questions, “What is the policy?” and “What are the rules?” DFARS PGI will connect the acquisition community to the available background, procedures, and guidance and answer the questions, “How can I execute the policy?” and “Why does this policy exist?”

DFARS PGI will not only provide a rapid method of disseminating non-regulatory material to contracting officers and the entire acquisition community, but it will also serve as a real-time training tool by making relevant information available on your topic of interest. DFARS PGI is new and will be evolving in the months ahead. Web site developers are moving to simpler language, an easy-to-follow format, and new tools for searching and retrieving current and past information on FAR and DFARS requirements.





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

JUNE 7 2005



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDERS OF THE COMBATANT COMMANDS
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: Acquisition Action Plan

There is a growing and deep concern within the Congress and within the Department of Defense (DoD) Leadership Team about the DoD acquisition processes. Many programs continue to increase in cost and schedule even after multiple studies and recommendations that span the past 15 years. In addition, the DoD Inspector General has recently raised various acquisition management shortcomings.

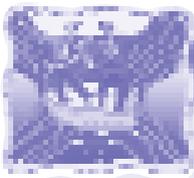
By this memo, I am authorizing an integrated acquisition assessment to consider every aspect of acquisition, including requirements, organization, legal foundations (like Goldwater-Nichols), decision methodology, oversight, checks and balances—every aspect. The output of this effort, provided to me through the Under Secretary of Defense (Acquisition, Technology and Logistics), will be a recommended acquisition structure and processes with clear alignment of responsibility, authority and accountability. Simplicity is desirable.

This effort will be sponsored by the USAF with Dave Patterson as lead. The first action will be to establish a baseline of recommendations from earlier studies and to integrate all other acquisition reform activities into a single coordinated roadmap. This roadmap will determine the schedule to implementation and will be delivered to the DoD Leadership team within 30 days.

Restructuring acquisition is critical and essential. Accordingly, kindly cooperate fully with Dave in this assignment. Dave Patterson can be reached at (703) 695-8777. Thanks.


Gordon England
Acting Deputy Secretary of Defense





THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301 - 3010



JULY 20 2005



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
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DIRECTOR, FORCE TRANSFORMATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Proper Use of Non-DoD Contracts

Thank you for your support of the Department's policy regarding the "Proper Use of Non-DoD Contracts" dated October 29, 2004 (attached). We have made progress on this critical acquisition initiative but our task is not complete. With the end of the fiscal year upon us, we must ensure that all procurements using non-DoD contracts are properly planned and in the best interests of the Department. Procurements must be well defined, properly funded and meet all statutory, regulatory, and policy requirements, including your supplemental procedures, regardless of who performs the contracting function.

In order to ensure that the new policy is being followed, I ask you to conduct a review of your requirements and funds sent to non-DoD agencies for the purpose of awarding a contract or placing an order against a contract. The review should cover the period from January 2005 through September 2005. You should also conduct a similar review of procurements awarded by your contracting officers using non-DoD contracts. Included in the review should be an assessment of your compliance with the competition requirements of Section 803 of the 2002 National Defense Authorization Act. Please provide me a summary of your assessments by December 2005.

My point of contact for this undertaking is Michael Canales, DPAP/Policy. He can be reached at 703-695-8571, or via e-mail at michael.canales@osd.mil.

Kenneth J. Kreg

Attachments:
As stated

Editor's note: View the attachment to this memorandum on the Director, Defense Procurement and Acquisition Policy Web site at <<http://www.acq.osd.mil/dpap/specificpolicy/index.htm>>.



Policy & Legislation



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

JUN 27 2005



DPAP/P

MEMORANDUM FOR DIRECTORS OF 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, LOGISTICS OPERATIONS (DLA)

SUBJECT: Requirement for Electronic Submission of Payment Requests (DFARS 252.232-7003)

DFARS 252.232-7003 requires electronic submission of payment requests unless (a) the contractor is unable to submit a payment request in electronic form or (b) DoD is unable to receive a payment request in electronic form. When the contractor is unable to submit or DoD is unable to receive the payment request electronically, the contractor is required to submit the payment request using a method mutually agreed to by the contractor, the Contracting Officer, the contract administration office, and the payment office.

For MOCAS [Mechanization of Contract Administration Services] contractors, DoD currently has the ability to receive all payment requests electronically. Therefore, as noted in the attached memorandum, beginning August 1, 2005, DFAS will reject any non-electronic invoices submitted by MOCAS contractors unless the contractor has provided documentation/rationale to the contracting officer showing that it is unable to submit payment requests in electronic form.

The Administrative Contracting Officer (ACO) shall promptly review any documentation/rationale showing why the contractor is unable to submit payment requests in electronic form. Any contractor documentation/rationale sent to the Procuring Contracting Officer (PCO) shall be forwarded to the ACO for review. As part of this review, the ACO shall, to the extent necessary, consult with the PCO, the payment office, and the cognizant auditor. When the ACO believes the documentation/rationale is sufficient, the ACO shall notify the contractor in writing and, if practical, coordinate a date by which the contractor will begin submitting invoices in electronic form. If the ACO believes the documentation/rationale is insufficient, the ACO shall notify the contractor in writing that electronic submissions are required, and specify the date after which non-electronic submissions will be rejected. In either case, copies of the written notifications shall be provided to the PCO, the payment office, and the cognizant auditor.

If you have any questions regarding this memorandum, please contact Mr. David J. Capitano, Senior Procurement Analyst, at 703-847-7486 or david.capitano@osd.mil.

Deidre 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/policyvault/policy_1.htm.

Attachment:
As stated



Policy & Legislation



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

DPAP(DAR)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3000

JUL 06 2005

MEMORANDUM FOR DIRECTORS OF 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
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
EXECUTIVE DIRECTOR, ACQUISITION, TECHNOLOGY AND
SUPPLY DIRECTORATE (DLA)

SUBJECT: Class Deviation—Exemption from Limitations on Procurement of Foreign Information
Technology that is a Commercial Item, FY 2005

When using fiscal year 2005 funds to acquire information technology that is a commercial item, do not use any of the following Defense Federal Acquisition Regulation Supplement (DFARS) provisions and clauses as prescribed at DFARS 225.1101(1), (2), (9), and (10) or the associated FAR clauses which they otherwise replace:

- 252.225-7000, Buy American Act—Balance of Payments Program Certificate.
- 252.225-7001, Buy American Act and Balance of Payments Program.
- 252.225-7035, Buy American Act—Free Trade Agreements—Balance of Payments Program Certificate.
- 252.225-7036, Buy American Act—Free Trade Agreements—Balance of Payments Program.

The Buy American Act does not apply to these acquisitions of foreign information technology because Section 517 of Division H Title II of the Consolidated Appropriations Act, 2005 (Pub. L. 108-447) provides exemption (Atch 1).

When applicable, continue to use the Trade Agreements provision and clause at 252.225-7020 and 252.225-7021, as prescribed at 225.1101(5) and (6).

This class deviation is effective upon signature, and remains in effect until incorporated in the DFARS or until otherwise rescinded.

Deldre A. Lee
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

CC:
DSMC, Ft. Belvoir



Editor's note: View the attachment to this memorandum at <http://www.acq.osd.mil/dpap/policy/policyvault/dars_1.htm>.



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

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

AUG 01 2005

MEMORANDUM FOR DIRECTORS DEFENSE AGENCIES

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

SUBJECT: Update on Transition to the Federal Procurement Data System – Next Generation (FPDS-NG)

I am taking this opportunity to provide you with an update regarding the Department of Defense's (DoD)'s transition to the Federal Procurement Data System – Next Generation (FPDS-NG). I recognize the continued hard work and dedication displayed by those many individuals who have contributed to ensuring that DoD continues to set the standard for contract action reporting.

DoD continues to work closely with the FPDS-NG system steward, the General Services Administration (GSA), identifying the key DoD requirements that need to be properly in place for a successful, seamless transition to FPDS-NG's machine-to-machine environment. GSA is diligently working on developing a program plan that will support the transition, but that plan is still in development. As such, given we have entered the fourth quarter of the fiscal year, I want to provide our field operations with the information necessary to adequately plan ahead.

In my January 24, 2005 memo, I explained that the majority of DoD contracting activities will continue to use DD Form 350s to report contract actions greater than \$2,500 through FY05. All activities should continue to operate in this manner. Accordingly, you are expected to continue reporting DD Form 350 actions to the Defense Manpower Data Center (DMDC) (formerly the Directorate for Information Operations and Reports – DIOR) pursuant to the monthly schedule set forth in my memo dated March 2, 2005. We expect a normal year-end closeout in October 2005 (for which a specific schedule will be issued later in September 2005), after which DoD's FY05 reporting data will be migrated to FPDS-NG. We continue to support pilot sites that are interfacing directly with FPDS-NG (e.g., Fort Sill, the Defense Contracting Command – Washington, and the DoD Education Activity).



Policy & Legislation

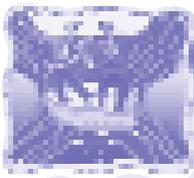
Although work on the FPDS-NG transition continues, we are committed to taking a conservative approach that has minimal impact on the Department's ability to report timely and accurate information as well as on the ability of the public and Congress to access that information. Therefore, we will continue to report via DD 350s into FY06, and, accordingly, basic FY06 edits are being prepared and will be published as soon as possible. Since the transition to FPDS-NG occurs during FY06, FY06 edits are to be considered guidance and specific implementation of edits in Component reporting systems is at the discretion of the Components. Please note that the Department's Standard Procurement System's (SPS)'s Procurement Desktop-Defense application will maintain currently programmed edits.

If GSA meets its current schedule, we anticipate an orderly transition of our contract writing systems to interface directly with FPDS-NG during the Q1-Q3 FY06 timeframe. DoD contract writing systems and contract action reporting offices should plan accordingly. As the SPS program is already certified and positioned to transition, we plan to transition SPS sites first during Q1-Q2 of FY06 after FY05 close-out. Other contract writing systems and manual users will follow in Q2-Q3. Please work with your DoD FPDS-NG Core Team representatives identified below as they develop the specific site transition schedules for your Component. Contracting offices using contract writing systems that do not timely complete the interface certification process with FPDS-NG will be required to use the FPDS-NG manual Web portal.

Thank you all for your continued cooperation, patience, and support. Again, my action officer for FPDS-NG is Lisa Romney, lisa.romney@osd.mil, (703) 614-3883, ext. 107. Additionally, please contact your designated DoD FPDS-NG Core Team representative identified below for specific Component information:

- Department of Army and Other Defense Agencies: Brian Davidson, brian.davidson@osd.pentagon.mil, 703-604-4572
- Department of Navy: Patricia Coffey, patricia.coffey@navy.mil, 202-685-1279
- Department of Air Force: William Bishop, william.bishop@pentagon.af.mil, 703-588-7045, and Kathryn Ekberg, kathryn.ekberg@osd.mil, 703-588-8616
- Defense Logistics Agency: Judy Lee, judy.lee@dla.mil, 703-767-1376
- Defense Contract Management Agency: Barbara Roberson, barbara.roberson@dcma.mil, 703-428-0856
- Standard Procurement System: Joyce Allen, joyce.l.allen@us.army.mil, 703-460-1507
- Office of Small and Disadvantaged Business Utilization: Sharon Drago, sharon.drago@osd.mil, 703-588-8618, and Kathryn Ekberg, kathryn.ekberg@osd.mil, 703-588-8616

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy



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

JUL 12 2005

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Proper Use of Non-Department of Defense (Non-DoD) Contracts

This memorandum establishes Army policy for reviewing and approving the use of non-DoD contract vehicles when procuring supplies or services on or after January 1, 2005, for amounts greater than the simplified acquisition threshold (SAT) (the generally applicable SAT currently is \$100,000). These procedures implement Section 854 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375) and the associated requirements of the Office of the Secretary of Defense (OSD) policy memorandum, subject: Proper Use of Non-DoD Contracts, dated October 29, 2004 (Enclosure One).

Ensuring the proper use of non-DoD contract vehicles requires an emphasis on market research, acquisition planning and early involvement in the procurement process by requiring activity, contracting, and financial management personnel. Although the requirements community has the primary responsibility to ensure compliance with this policy, all must work closely together to develop an acquisition strategy (that complies with the procedures contained in this memorandum) and to ensure that use of a non-DoD contract is in the best interest of the Army.

This memorandum applies to both direct acquisitions (i.e., orders placed by an Army contracting or ordering officer against a non-DoD contract) and assisted acquisitions (i.e., contracts awarded or orders placed by non-DoD organizations using Army funds) for supplies and services. Except as expressly noted herein, this memorandum applies to all non-DoD contract vehicles, to include orders placed by Army personnel against the General Services Administration's Federal Supply Schedules.

Defense Federal Acquisition Regulation Supplement (DFARS), Army Federal Acquisition Regulation Supplement (AFARS), and DoD Financial Management Regulation changes will be forthcoming as a result of this policy. In the interim, addressees shall use the procedures set forth in Enclosure Two, which have an effective date of January 1, 2005.

The Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) points of contact are Ms. Barbara Binney at (703) 604-7113, and Mr. Ed Cornett at (703) 604-7142, office symbol SAAL-PP. The Office of the Assistant Secretary of the Army (Financial Management and Comptroller) point of contact is Mr. Joseph Hemphill at (703) 692-7487, office symbol BUC-E.

This memorandum also rescinds the Deputy Assistant Secretary of the Army (Policy and Procurement) memorandums, subject: Military Interdepartmental Purchase Requests (MIPRs), dated March 4, 2002 and March 8, 2002.


Valerie L. Baldwin
Assistant Secretary of the Army
(Financial Management and Comptroller)


Claude M. Bolton, Jr.
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Enclosures:

1. OSD Memorandum, Proper Use of Non-DoD Contracts, October 29, 2004
2. Army Policy for Proper Use of Non-DoD Contracts

Editor's note: View the distribution and enclosures to this memorandum at <<https://webportal.saalt.army.mil/saal-zp/armypolicyuseofnon-dodcontracts.pdf>>.