



Policy & Legislation

DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20051109

DoD published the following DFARS changes on Nov. 9, 2005. To review these changes in their entirety, go to the Director, Defense Procurement and Acquisition Policy Web site at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>.

Final Rules

Information Technology Equipment— Screening of Government Inventory (DFARS Case 2003-D054)

Deletes obsolete procedures for screening of government inventory before authorizing a contractor to purchase information technology equipment. DoD now manages information technology equipment in the same manner as other government property, in accordance with FAR Part 45 and DFARS Part 245.

Acquisition of Telecommunications Services (DFARS Case 2003-D055)

Revises DFARS text on the acquisition of telecommunications services to update terminology, delete obsolete text, and add text addressing DoD's authority to enter into contracts for telecommunications resources. Adds to DFARS PGI (Procedures, Guidance, and Information), historical documents on delegated authority from the General Services Administration for the procurement of telecommunications services.

Update of Clauses for Telecommunications Services (DFARS Case 2003-D053)

Deletes an obsolete clause and revises the applicability of certain clauses used in contracts for telecommunications services. The revised clauses previously were applicable only to common carriers (those subject to Federal Communications Commission or other governmental regulation). This change makes the clauses applicable to both common and noncommon carriers to reflect the current business environment, where the differences between common and noncommon carriers have become less distinct.

Contract Administration (DFARS Case 2003-D023)

Deletes text that is unnecessary or duplicative of FAR policy in the areas of: visits to contractor facilities; conduct of postaward conferences; review and negotiation

of contractor costs and billing rates; use of contractor past performance information; and contractor internal controls. Relocates procedures to PGI in the areas of: providing contract administration services to foreign governments and international organizations; coordination between corporate and individual administrative contracting officers; processing of contractor novation and change-of-name agreements; processing of voluntary refunds from contractors; and providing technical representatives at contractor facilities. Updates the clause on contractor material management and accounting systems for consistency with policy found in the prescriptive DFARS text.

Contract Modifications (DFARS Case 2003-D024)

Deletes unnecessary text on contract modifications; clarifies procedures for determining if a request for equitable adjustment requires contractor certification; and relocates to PGI, procedures for identifying foreign military sales requirements, for obligating or deobligating contract funds, and for review and definitization of change orders.

Subcontracting Policies and Procedures (DFARS Case 2003-D025)

Clarifies government responsibilities for conducting reviews of contractor purchasing systems; updates a reference to a FAR clause on contracts for commercial items; and relocates to PGI, examples of weaknesses in a contractor's purchasing system that may indicate the need for a review.

Extraordinary Contractual Actions (DFARS Case 2003-D048)

Updates requirements for processing a contractor's request for extraordinary contract adjustment. Relocates to PGI, procedures for preparation of records relating to contractor requests for adjustment and for submission of those requests to a contract adjustment board.

Technical Amendment

Amends the clause at 252.211-7005, Substitutions for Military or Federal Specifications and Standards, to update the Internet address for obtaining a list of processes accepted under the DoD Single Process Initiative.



Proposed Rule

Contract Administration Functions (DFARS Case 2003-D051)

Updates the list of contract administration functions to clarify responsibilities for payment administration and verification of contractor compliance with earned value management system requirements; deletes obsolete text on mobilization production planning surveys; and relocates to PGI, procedures for designation of contract payment offices.

DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20051114

DoD has updated the DFARS to incorporate the final rule published on Sept. 13, 2005, that became effective on Nov. 14, 2005. To review this Change Notice in its entirety, go to the Director, Defense Procurement and Acquisition Policy Web site at <<http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>>.

Final Rule

Radio Frequency Identification (DFARS Case 2004-D011)

This final rule contains 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. The rule also requires contractors to electronically submit advance shipment notices to DoD, to permit association of the RFID tag data with the corresponding shipment.

DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20051209

DoD published the following final and proposed DFARS rules on Dec. 9, 2005. To review these rule changes in their entirety, go to the Director, Defense Procurement and Acquisition Policy Web site at <<http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm>>.

Final Rules

Ordering Period for Task and Delivery Order Contracts (DFARS Case 2003-D097/2004-D023)

Finalizes, with changes, the interim rule published on Dec. 15, 2004 (DFARS Change Notice 20041215), that limits the ordering period of a task or delivery order contract awarded under the authority of 10 U.S.C. 2304a. The changes in the final rule clarify the types of contracts that are subject to the rule and specify that the statutory

requirement for notifying Congress of contracts with ordering periods exceeding 10 years expires at the end of fiscal year 2009.

Socioeconomic Programs (DFARS Case 2003-D029)

Relocates policy for contracting with historically black colleges and universities and minority institutions (HBCU/MIs) to a new location within the DFARS, for consistency with the location of FAR policy on this subject; updates the relocated text to exclude information on HBCU/MI contract percentage goals and infrastructure assistance that is unnecessary for inclusion in the DFARS; deletes text on base closures and realignments that duplicates policy found elsewhere in the DFARS; and relocates to PGI, procedures for obtaining funds for incentive payments to contractors that award subcontracts to Indian organizations and enterprises.

Environment, Occupational Safety, and Drug-Free Workplace (DFARS Case 2003-D039)

Deletes unnecessary cross-references and general statements regarding hazard warning labels and a drug-free workplace; relocates text on ozone-depleting substances to a more appropriate location within the DFARS; relocates to PGI, internal DoD procedures on safety precautions for ammunition and explosives and use of recovered materials; and revises the title of DFARS Part 223 for consistency with the title of FAR Part 23.

Foreign Acquisition (DFARS Case 2003-D008)

Updates and clarifies DFARS text on the acquisition of supplies and services from foreign sources. Relocates to PGI, guidance on evaluating offers of foreign end products; information on international agreements; and procedures for contracting with qualifying country sources, for administration of duty-free entry provisions, and for acquisitions involving foreign military sales requirements.

Free Trade Agreements—Australia and Morocco (DFARS Case 2004-D013)

Finalizes, with changes, the interim rule published on Jan. 13, 2005 (DFARS Change Notice 20050113) to implement new Free Trade Agreements with Australia and Morocco. The new Free Trade Agreements were scheduled to become effective on Jan. 1, 2005. However, the Morocco Free Trade Agreement has not yet entered into force and is therefore excluded from this final rule. In addition, for consistency with the FAR and other changes made by the interim DFARS rule, this final rule amends the definition of “eligible product” to include foreign construction material.



Contracting for Security-Guard Functions (PGI Case 0000-P051)

Amends PGI to address the DoD report and plan that allows the continuation of contracts for security-guard functions, entered into under DFARS 237.102-70(d), through Sept. 30, 2006.

Proposed Rules

Required Sources of Supply (DFARS Case 2003-D072)

Deletes unnecessary text on GSA Federal Supply Schedules; deletes text on the Defense National Stockpile and the acquisition of helium, as these issues are adequately addressed in the FAR; deletes obsolete text on the DoD Industrial Preparedness Production Planning Program; and relocates to PGI, procedures for ordering from central nonprofit agencies, for acquisition of items under the DoD Coordinated Acquisition Program, for contracting or performing field service functions for NASA, for use of the DoD Precious Metals Recovery Program, and for use of enterprise software agreements for acquiring commercial software and related services.

Restriction on Carbon, Alloy, and Armor Steel Plate (DFARS Case 2005-D002)

Clarifies a restriction on the acquisition of foreign carbon, alloy, or armor steel plate. The restriction implements provisions of annual DoD appropriations acts, which prohibit the acquisition of carbon, alloy, or armor steel plate that is not melted and rolled in the United States or Canada, for use in any Government-owned facility or property under the control of DoD. The proposed changes provide consistency in the manner in which the restriction is addressed within the DFARS.

DFARS CHANGE 20051220: CONTRACT FINANCING

On December 20, 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/change_notice/index.htm.

Final Rules

Contract Financing (DFARS Case 2003-D043)

Clarifies requirements for establishing due dates for contract financing payments; deletes text that is unnecessary or duplicative of FAR/DFARS policy on financial con-

sultation matters, contract payment instructions, and use of the Governmentwide commercial purchase card; deletes unnecessary text on the composition and responsibilities of the DoD Contract Finance Committee; increases from \$500 to \$2,500 the value at or below which the requirements of FAR Subpart 32.4, Advance Payments for Non-Commercial Items, do not apply to high school and college publications for military recruitment efforts; 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.

Technical Amendment

Adds references to DoD guidance on purchase, travel, and fuel card programs. Adds procedures to PGI regarding designation of a contracting officer's representative for service contracts.

Proposed Rule

Contract Pricing and Cost Accounting Standards (DFARS Case 2003-D014)

Updates and clarifies text regarding contract pricing matters and cost accounting standards. Implements provisions of Section 817 of the National Defense Authorization Act for Fiscal Year 2003 (Public Law 107-314) regarding exceptions to cost or pricing data requirements and waiver of cost accounting standards. Relocates to PGI, DoD procedures addressing pricing considerations, profit analysis, and waiver of cost accounting standards.

AMERICAN FORCES PRESS SERVICE (DEC. 14, 2005)

DIRECTIVE BOOSTS PRIORITY OF STABILITY OPERATIONS

Sgt. Sara Wood, USA

WASHINGTON (AFP)—Stability operations are now a major priority for the Defense Department, on par with combat operations, and will receive more planning and funding, two DoD officials said in Washington on Dec. 14.

The officials were explaining DoD Directive 3000.05, which was signed Nov. 28. The directive provides guidance on stability operations and assigns responsibility for planning, training, and preparing to conduct and support stability operations.

The origins of the directive come from the Sept. 11, 2001, terrorist attacks, said Jeffrey Nadaner, deputy assistant secretary of defense for stability operations. Before Sept.



11, many people within DoD thought of stability operations as optional, Nadaner said, but after the terrorist attacks, they were seen as a necessity.

The ability of the United States and its partners to conduct stability operations can prevent failed and failing states from becoming havens for terrorists and criminals, and can ensure the United States is safe at home and successful in its military missions, he said.

Stability operations are defined operations, other than combat operations, that involve violence or the threat of violence and can come in various sizes and forms, Nadaner said. Examples of stability operations are rebuilding institutions such as security forces, correctional facilities, and judicial systems; reviving or building the private sector, including encouraging citizen-driven economic activity and building necessary infrastructure; and developing representative governmental institutions, according to the directive.

The directive lays out important policies, Nadaner said. Among those are that stability operations are a core military mission and shall be given priority comparable to combat missions, and that although stability operations are best performed by indigenous, foreign, or U.S. civilian professionals, U.S. military forces will be prepared to perform all tasks required to maintain order when civilians cannot do so, he explained.

One of the key requirements in all stability operations is the need for indigenous security forces to be established quickly, Nadaner said. This is a lesson learned from the war in Iraq that will be incorporated into future operations, he said.

The directive includes a requirement that the stability operations portions of war plans are fully completed by the U.S. military, Nadaner said. The secretary of defense will receive periodic reports about these plans so his level of information about stability operations is equal with that of combat operations, he added.

Another important aspect of the directive is that it encourages different government agencies to participate in stability operations, Nadaner said. "The directive has a flavor throughout that's very inter-agency, because we recognize that stability operations are inherently and intensely inter-agency," he said.

DoD wants to help other government agencies develop their own capabilities for stability operations, Nadaner said. One plan is to develop civilian-military teams, much like the provincial reconstruction teams in Afghanistan, to be ready to deploy to stability operations, he said.

The State Department and DoD already work together and even share money when it comes to stability operations, Nadaner said. State Department officials participate in DoD exercises, and DoD is seeking authority from Congress to transfer \$200 million to the State Department to prepare for a potential stability crisis, he said.

To implement the requirements of this directive will require a series of efforts within DoD and other government agencies, Nadaner said. Some of the initiatives are going to be difficult, he said, so all the changes won't be visible right away, but DoD is at a good starting point.

"We're looking to see the changes done right, and we think we have a good framework to do so," he said.

This directive should be considered initial guidance and will evolve over time, said Air Force Col. J. Scott Norwood, deputy director for international negotiations and multilateral affairs, strategic plans and policy directorate, the Joint Staff.

Norwood's office will oversee the implementation of the initiatives, he said, which will involve a range of activities. DoD will have to reassess its doctrine, training structure and processes, educational programs, and war plans, he said. Also, officials will need to incorporate lessons learned from Iraq and Afghanistan, he noted.

Norwood warned against interpreting the directive to mean stability operations are the goal in and of themselves, Norwood said. The United States works hard to develop weak states and prevent failed states, he pointed out, so stability operations are not necessary. But measures need to be in place if that doesn't work, he said.

"We recognize those strategies may not work, and when we have to conduct stability operations, we don't want it to be a pick-up game; we want varsity capabilities from the onset," Norwood said.

Wood is with American Forces Press Service.



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



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

DEC 13 2005



MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Implementation of Section 141, Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005

Section 141 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, requires the Department to revise regulations, directives, and guidance to require the following with respect to “covered systems”:

(1) an assessment of warfighter survivability and of system suitability against asymmetric threats as part of the development of system requirements; and,

(2) key performance parameters for force protection and survivability as part of the documentation of system requirements.

“Covered systems” means any of the following systems that are expected to be deployed in an asymmetric threat environment: (1) any manned system; or (2) any equipment intended to enhance personnel survivability.

These requirements do not apply to systems that entered low-rate initial production (LRIP) before October 28, 2004. All other covered systems must meet the requirements of section 141, regardless of acquisition category and regardless of whether the system’s requirements documents have been approved previously. With respect to programs using an evolutionary approach, section 141 applies to each increment that had not entered LRIP prior to October 28, 2004.

This policy is effective immediately. Department of defense Instruction 5000.2 and associated policies will be revised consistent with this direction.



Kenneth J. Krieg





Policy & Legislation



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301 - 3000

DEC 08 2005

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

Editor's note: View the attachment to this memorandum at <http://www.acq.osd.mil/dpap/policy/policyvault/2005-1332-DPAP.pdf>.

SUBJECT: Internal Controls for the Purchase Card Program

Over the past eighteen months, a working group consisting of representatives from the Comptroller, Acquisition, Inspector General, and Military Department audit communities developed a portfolio of internal controls which are appropriate to safeguard Government resources and manage risk associated with the use of the Government Purchase Card within the Department. The Government Accountability Office, the Inspector General, and General Counsel (both Acquisition and Logistics and Fiscal) have concurred on the attached controls.

Please ensure that your purchase card guidance and instructions are consistent with these controls. These controls must be resident in any electronic capability used within the Department to reconcile, certify, and pay purchase card invoices. Further, these controls clarify the joint Under Secretary of Defense for Acquisition, Technology & Logistics/Comptroller policy memorandum of November 27, 2002, by establishing both the criteria and process for DoD Components who wish to use an application other than the proprietary bank systems to settle purchase card invoices.

Components who wish to nominate electronic solutions other than use of the existing banks systems must work with the Purchase Card Program Office, the Office of the DoD Comptroller, and the appropriate Component-level audit community to validate that all of the required internal controls in the proposed alternate capability are resident and operate properly in a limited production environment before a full implementation is approved. If investments are required that necessitate approval by an investment review board, then that process must be fulfilled concurrent with this policy.

Systems that satisfy this validation process will be authorized by the Director of Defense Procurement and Acquisition Policy to settle purchase card invoices. However, organizations who are not now on-line and do not nominate electronic solutions (and successfully conclude the validation process) will be required to use the bank electronic certification/payment tool.

Organizations that decide to pursue an alternate electronic solution should follow the procedural guidance detailed in the Charge Card Guidebook posted at the Purchase Card Program Office web site: <http://www.purchasecard.saalt.army.mil>. The point of contact on this matter is Mr. Dennis Hudner. He can be reached at 703-681-3315.

Teresa McKay
Deputy Chief Financial Officer

Domenic C. Cipicchio
Acting Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated