



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010

NOV 12 2003



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

SUBJECT: Corrosion Prevention and Control

The Department of Defense (DoD) acquires, operates, and maintains a vast array of physical assets, ranging from vehicles, aircraft, ships, and other materiel to wharves, buildings, and other stationary structures that are subject to corrosion. Consequently, corrosion control contributes significantly to the total cost of system ownership. To control these costs, I believe we need to revitalize our approach to tracking, costing, and preventing or controlling corrosion of systems and structures. Specifically, we need to concentrate on implementing best practices and best value decisions for corrosion prevention and control in systems and infrastructure acquisition, sustainment, and utilization.

Basic systems design, materials and processes selection, and intrinsic corrosion-prevention strategies establish the corrosion susceptibility of Defense materiel. The early stages of acquisition provide our best opportunity to make effective trade-offs among the many competing design criteria that will provide desired Defense capability. I believe that corrosion needs to be objectively evaluated as part of program design and development activities and the inevitable trade-offs made through an open and transparent assessment of alternatives. Therefore, I want this requirement to be specifically addressed during the earliest phases of the acquisition process and by decision authorities at every level. I will personally consider this issue for programs subject to Defense Acquisition Board (DAB) Review.

I have directed that a review and evaluation of corrosion planning be a standard topic for the Integrating Integrated Product Team reviews and that the Corrosion Prevention and Control Planning be reviewed by the Overarching Integrated Product Team with issues raised by exception to the DAB. To assist all of us in designing effective strategies, corrosion prevention and control planning guidance will be included in the "Designing and Assessing Supportability in DoD Weapons Systems" guide-book. We are also drafting a "Corrosion Prevention and Control Planning Guidebook," which will provide assistance in general corrosion-control planning and the implementation of sound materials selection and treatments during the design, development, and sustainment of DoD weapons systems and infrastructure.

Thank you for your support as we develop a long-term DoD corrosion prevention and control strategy. My focal point for this effort is Mr. Daniel Dunmire, Director, Corrosion Policy and Oversight, at 703-681-3464, e-mail daniel.dunmire@osd.mil.



Michael W. Wynne
Acting





ACQUISITION,
TECHNOLOGY AND
LOGISTICS

**THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010**

November 26, 2003

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Update to Policy for Unique Identification (UID) of Tangible Items—New Equipment, Major Modifications, and Reprocurements of Equipment and Spares

This policy update to the “Policy for Unique Identification (UID) of Tangible Items—New Equipment, Major Modifications, and Reprocurements of Equipment and Spares,” dated July 29, 2003, will address clarifications including approval of specific Department of Defense (DoD) UID equivalents. Additionally, UID policy guidance continues to be updated in “The Department of Defense Guide to Uniquely Identifying Items, Version 1.3” dated November 25, 2003. This Guide will be periodically updated, and the updates will be available at <http://www.acq.osd.mil/uid>. Each update will supersede the previous version of the Guide, and users will refer to the most current version available for assistance in complying with the UID policy.

A commercial identifier can be considered for use as a DoD UID equivalent if it meets all of these criteria: (1) Must contain an enterprise identifier, (2) Must uniquely identify an individual item within an enterprise identifier, product, or part number, and (3) Must have an existing Data Identifier (DI) or Application Identifier (AI) listed in American National Standard (ANS) MH10.8.2, Data Identifier and Application Identifier Standard. The commercial unique identifiers meeting these criteria that the Department recognizes as UID equivalents are the EAN.UCC Global Individual Asset Identifier (GIAI) for serially managed assets, the EAN.UCC Global Returnable Asset Identifier (GRAI) for returnable assets, and the ISO Vehicle Identification Number (VIN) for vehicles. In addition to these equivalents, the data requirements of 14 CFR Part 45, Identification and Registration Marking, for only aircraft, aircraft engines, propellers, and propeller blades and hubs are consistent with the data elements required by our UID constructs.

The DFARS Interim Rule on “Unique Item Identification and Valuation” was published in the Federal Register on October 10, 2003. One provision of this rule is for contracts to include a requirement for commonly accepted commercial marks if it is determined that unique item identification or a DoD-recognized unique identification equivalent is not required, and unique item identification is not already marked. In these cases where it is not necessary to distinguish between individual items of a product, commercial marks such as the EAN.UCC Global Trade Identification Number (GTIN) (i.e., Universal Product Code (UPC)), ANSI T1.220 COMMON LANGUAGE® Equipment Identification (CLEI) for telecommunications equipment, and the Health Industry Business Communications Council (HIBCC) code for non-pharmaceutical health-care products can be used. These identifiers are not considered DoD UID equivalents but will be accepted by DoD as commonly accepted commercial marks when unique identification is not required.

The following addresses specific implementation issues that have recently surfaced:



a. UID constructs require the use of an Issuing Agency Code (IAC) that identifies the authority that issues enterprise identifiers. The Contractor and Government Entity (CAGE) code presently has no IAC. Efforts to request an IAC for the CAGE code are underway and are awaiting a vote by ISO Sub Committee 31 (SC31), Automatic Data Capture. As part of the request, a liaison between NATO Allied Committee 135, National Directors of Codification, and SC31 is being sought. DoD expects this process to be complete and an IAC for CAGE established no later than March 1, 2004. Until the IAC for CAGE is determined, entities required to provide a UID cannot use CAGE as the enterprise identifier component of the UID.

b. While orders under Basic Ordering Agreements (BOA) are considered to be solicitations, BOAs awarded before January 1, 2004, may not have UID requirements. The UID policy strongly encourages Component Acquisition Executives to incorporate UID requirements into ongoing contracts where it makes business sense to do so. Since BOAs awarded before January 1, 2004, would be an ongoing agreement, UID requirements can be included in orders issued under the BOA whenever the program/item manager determines it is feasible to do so.

c. Purchases initiated by DoD and executed through the General Services Administration (GSA) or another federal agency shall comply with the UID policy.

d. There is only one authorized method to use in solicitations to specify encoding for UID syntax for automatic data capture in order to achieve interoperability in business intelligence. The method is defined in ISO/IEC 15434—Information Technology—Syntax for High Capacity Automatic Data Capture Media. Because ISO/IEC 15434 does not provide a format code for Text Element Identifiers, a DoD UID-approved method of semantics, DoD will accept a format code of “DD” for interim use until a format code for Text Element Identifiers is approved by ISO JTC 1 SC 31.

e. An enterprise is the entity responsible for assigning the unique identifier to an asset. The enterprise identifier of the enterprise that assigned the serial number to the item is the only enterprise identifier in the UID machine-readable code that can use a UID data qualifier for enterprise identifier. The enterprise may be an organization other than the manufacturer, such as a supplier, depot, program manager, or a third party. The enterprise is responsible for ensuring that the serial number is unique within the enterprise identifier (for UID Construct #1) or unique within the original part number (for UID Construct #2).

f. There are three authorized categories of data qualifiers available for use as semantics when encoding the UID syntax. These data qualifiers are:

- Application Identifiers (Format 05 of ISO/IEC 15434)
- Data Identifiers (Format 06 of ISO/IEC 15434), and
- Text Element Identifiers (Format “DD” of the DoD collaborative solution. The DoD collaborative solution is described in Appendix D of the “DoD Guide to Uniquely Identifying Items,” available at <http://www.acq.osd.mil/uid>.)

Data Identifiers and Application Identifiers shall be taken from ISO/IEC 15418, Information Technology—EAN/UCC Application Identifiers and ASC MH 10 Data Identifiers and Maintenance. Text Element Identifiers shall be limited to the minimum set necessary to comply with either UID Construct #1 or #2 and shall be taken from the DoD collaborative solution. The following Text Element Identifiers may be used: CAGE (CAG), DUNS (DUN), EAN.UCC (EUC), Serial Number within Enterprise (SER), Serial Number within Original Part Number (SEQ), Original Part Number (PNO) Current Part Number (PNR), and Unique Identifier (UID).

Additional information and the DoD Guide to Uniquely Identifying Items are at <http://www.acq.osd.mil/uid>. The point of contact is Mr. Robert Leibbrandt. Please address your questions to him at (703) 695-1099 or by e-mail at robert.leibbrandt@osd.mil.



Michael W. Wynne
Acting

DISTRIBUTION:

SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
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**THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010**

DEC 8 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT AND COMPTROLLER)
DEPUTY ASSISTANT SECRETARY OF THE ARMY (POLICY & PROCUREMENT), ASA(ALT)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION MANAGEMENT), ASN(RDA)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER), SAF/FM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING), SAF/AQC
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Contract Closeout—Quick Closeout Procedures

Contract closeout continues to be a Department of Defense-wide priority. We are making significant progress in reducing the backlog of overage contracts by using a variety of initiatives. Notwithstanding these initiatives, we should ensure we make full use of all the tools available to us.

In this vein, I would like to reemphasize the use of quick closeout procedures as specified at Federal Acquisition Regulation (FAR) 42.708. I understand this procedure is not being used extensively today. Therefore, please remind your contracting officers and supporting teams these procedures are available and should be used when appropriate. I am asking the contract closeout working group to examine these procedures thoroughly and determine if there are constraints which could be removed or minimized to make them more effective. I am also seeking their recommendations for additional incentives to encourage use of this method. I expect the working group to prepare a FAR case to revise the current FAR language at 42.708 as well as its associated contract clauses.

Finally, I also intend to task the contract closeout working group to continue developing and pursuing other initiatives to facilitate contract closeout. If you have any suggestions or ideas on how we can improve the Department's closeout process, please share them with me.

I greatly appreciate your personal attention to this matter. My point of contact for this subject is Mr. Phil Degen. He can be reached at 703-697-8334 or philip.degen@osd.mil.


Michael W. Wynne
Acting



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

**THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010**

DEC 17 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS
AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT
AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
DIRECTORS, DEFENSE AGENCIES

SUBJECT: Acquisition Domain Information Requests

In July 2001, the Secretary of Defense established the Business Management Modernization Program to modernize the Department of Defense's (DoD) business and financial operations. The modernization program is a strategic priority for the Department that needs the complete support of the acquisition community. It promises to streamline the processes, improve data quality to support better decision making, and culminate in a world-class acquisition organization. Your participation in this effort is critical to ensure that the acquisition community's requirements are satisfied by the new operational and systems capabilities.

In the coming months, we will ask the acquisition community for information necessary to understand the current systems, data, and process environment. These information requests will enable us to clearly assess current acquisition capabilities, and determine where capability gaps exist and enhancements are warranted. In addition, this information will support the Acquisition Domain Analysis of Alternatives process and serve as the basis for the analysis that will determine the design of the future acquisition enterprise.

I appreciate your continued support of our modernization efforts and these information requests. My action officer is Ms. Diane Morrison, 703-614-3883, or e-mail at diane.morrison@osd.mil.


Michael W. Wynne
Acting





THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010

DEC 22, 2003

MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Implementation of Changes in Acquisition Business Rules

By memorandum, dated April 14, 2003 (attached), I directed the Defense Contract Management Agency (DCMA) to proceed with a time-phased implementation of changes in business rules to limit government source inspections for contracts valued below \$250,000. We are now finalizing corresponding changes to the DoD Federal Acquisition Regulation Supplement to implement the business rules. These changes will focus our contract management resources where they can provide the greatest benefit.

A long-standing criticism of destination acceptance is the time it takes for the payment office to receive acceptance information, causing potential payment delays. Wide Area Workflow (WAWF) is now available to deliver acceptance information electronically, providing a capability for real-time invoicing. Beyond the benefits described in Dr. Zakheim's and my memorandum dated February 6, 2003, full and rapid implementation of WAWF will ensure this change in acquisition business rules produces the positive benefit desired without a negative impact to contractors.

By January 31, 2004, I expect you to have procedures and performance measures in place to ensure only those procurement actions meeting the revised criteria will require source inspection. Please provide your Service/Agency-level implementation plans, including defined measures to gauge the reduction in contracts requiring source inspection, to Mr. Robert Schmitt at DCMA at robert.schmitt@dcma.mil, by January 16, 2004. If the source inspection implementation timeframe is not possible, please advise me accordingly.

With regard to WAWF, please provide WAWF deployment and implementation plans to Mr. Will Bishop (Acquisition Domain) at william.bishop@osd.mil, with a copy to the Business Initiative Council, Major Michael Cordero, USMC, at CorderoME@hqmc.usmc.mil, by January 16, 2004. If security or other concerns preclude implementation of WAWF, submit mitigation strategies addressing your plans to implement electronic invoicing and receiving reports as well as strategies to capture data requirements in support of military equipment valuation and Universal Identification (UID).



Michael W. Wynne
Acting

Attachment:
As stated

Editor's Note: To download a copy of the attachment, visit the Director, Defense Procurement and Acquisition Policy Web site at <http://www.acq.osd.mil/dpap>.



**THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010**

December 22, 2003

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

ATTN: SERVICE ACQUISITION EXECUTIVES
DEPUTY CHIEF OF STAFF (G-4), U.S. ARMY
DEPUTY CHIEF OF NAVAL OPERATIONS (FLEET READINESS AND LOGISTICS)
DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS, U.S. AIR FORCE
DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS, U.S. MARINE CORPS
DEPUTY COMMANDER, UNITED STATES TRANSPORTATION COMMAND
DIRECTOR FOR LOGISTICS, THE JOINT STAFF (J-4)
DIRECTOR OF DEFENSE AGENCIES

SUBJECT: Migration to the Defense Logistics Management Standards (DLMS) and Elimination of the Military Standard Systems (MILS)

Effective immediately, use of MILS is restricted in any new logistics system investment program. This direction requires aggressive action by the Components to eliminate the generation and transmission of logistics transactions using the 80-character MILS formats. Replacing MILS with emerging information exchange conventions in the Department of Defense (DoD) Logistics domain, including the business processes in the DoD 4000.25 series of manuals, will accelerate the Integrated Logistics Enterprise (ILE) by enacting best business practices.

MILS provided the backbone of cross-functional interoperability between organizations and systems for over 40 years. However, the data-limited MILS Electronic Data Interchange (EDI) transmission media are now impediments to our business transformation goals. Rigid fixed-length EDI formats are functionally constraining, technologically obsolete, and unique to DoD. Our ability to transform our operations to best practices, employ commercial standards, and achieve the ILE is at risk. As long as MILS forms the basis of our information exchanges, it will not be possible to track an item throughout its life cycle across the entire supply chain using Unique Identifiers (UIDs).

The Defense Logistics Management Standards Office (DLMSO) is the Department's Executive Agent (EA) for logistics data interchange. DLMSO manages the business rules, data standards, and information exchange media for the logistics community in accordance with DoDD 8190.1, DoD Logistics Use of Electronic Data Interchange (EDI) Standards, dated May 5, 2000. DLMSO is responsible for developing, publishing, and updating the Defense Logistics Management System (DLMS) to take advantage of best interchange business practices and eliminating outmoded methods such as MILS. The DLMS is founded on American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 standards and include both X12 transactions and World Wide Web Consortium (W3C)-compliant Extensible Markup Language (XML) schemas. DLMSO demonstrated that DLMS supports information exchanges using XML schemas as well as ANSI ASC X12. These information exchange



media can support the unique tracking of items throughout the supply chain using the UID, as well as any other supply chain process improvements.

DoD Logistics must posture all systems to use new and expanded information exchange capabilities and adopt best business practices. This policy memorandum requires each of you to take immediate action to accept and transmit business transactions using only the DLMS. Accordingly, we direct the following policies:

- Effective January 1, 2004, no new or developing DoD logistics systems shall use either MILS formatted messages, or MILS messages wrapped with XML headers/tags, for information interchanges in support of business processes covered by the DoD 4000.25 series of manuals.
- Effective by close-of-business December 31, 2004, MILS formatted messages shall no longer be used within or between DoD systems.
- Effective January 1, 2005, all information exchanges among DoD systems shall use the DLMS ANSI ASC X12 or equivalent XML schema for all business processes supported by the DoD 4000.25 series of manuals.

Addressees shall certify that all applicable systems are in compliance with the above policy or report those specific systems that are not or will not be in compliance by January 1, 2005. These certifications or reports of noncompliance shall be delivered to me no later than September 15, 2004. Funding will be withheld from systems that are in noncompliance.

The Deputy Under Secretary of Defense for Logistics and Materiel Readiness, DUSD(L&MR), will initiate action to ensure that DoDD 8190.1 is consistent with this memorandum's policy. No later than February 28, 2004, addressees shall submit their draft plans for migration of their systems to the DLMS, elimination of the MILS, and incorporation of the UID in application system databases. The content of those plans is outlined in the attached guidance. A UID Users Workshop will be held in March 2004 to assist you in finalizing your plans and to begin the process for developing business process rules to capitalize on the UID marking. Additional detailed information on the workshop will be forthcoming. Final migration plans are to be submitted by April 16, 2004. Draft and final plans shall be sent to the DUSD(L&MR) point of contact (POC) identified below.

Please provide name, organization, phone number, and e-mail address of your point of contact by January 15, 2004. My POC is Mr James A. Johnson, Director, DLMSO, telephone at (703) 767-0670, e-mail at ja.johnson@dla.mil.



Michael W. Wynne
Acting

Attachment:
As stated

Editor's Note: To download a copy of the attachment, visit the Director, Defense Procurement and Acquisition Policy Web site at <http://www.acq.osd.mil/dpap>.



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

DEC 8 2003



DPAP/EB

MEMORANDUM FOR DIRECTORS OF THE DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR
FORCE (CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR, ACQUISITION, TECHNOLOGY AND
SUPPLY DIRECTORATE (DLA)
DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: Inclusion of Defense Base Act Clause in DoD Overseas Contracts

It has come to my attention that there may be some inconsistency within the Department regarding the inclusion of the **Workers' Compensation Insurance (Defense Base Act)** clause at FAR 52.228-3 in our contracts to be performed outside of the United States. This clause, which is prescribed by FAR 28.309(a), requires contractors to provide the workers' compensation insurance mandated by the Defense Base Act (42 U.S.C. 1651, *et seq.*) for their overseas workers. FAR 28.305 provides additional implementing guidance on this subject, including a definition of the key term "public-work contract."

I want to emphasize that the **Workers' Compensation Insurance (Defense Base Act)** clause at FAR 52.228-3 **should be included in all DoD service contracts to be performed (either entirely or in part) outside of the United States, as well as in all supply contracts that also require the performance of employee services overseas.** This is consistent with the very broad definition of "public-work contract" at FAR 28.305, which would include virtually all DoD contracts for construction, repair, or any other national defense-related service performed overseas.

In addition, while FAR 28.309(b) prescribes inclusion of the **Workers' Compensation and War Hazard Insurance Overseas** clause at FAR 52.228-4 when the Secretary of Labor has waived the applicability of the Defense Base Act, such waivers are granted only for foreign nationals hired outside of the United States. Even when a waiver has been granted, **both** of the clauses at FAR 52.228-3 and 52.228-4 should be included in DoD service or supply contracts if any contract services will be performed overseas by employees to whom the waiver does not apply, such as United States citizens or foreign nationals hired within the United States.

Please ensure that this memorandum is widely disseminated within your organizations. Questions may be directed to Mr. Christopher Werner of my staff at (703) 695-9764 or Christopher.Werner@osd.mil.

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy



UNDER SECRETARY OF THE AIR FORCE
WASHINGTON

OCT 6 2003



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARY OF DEFENSE (ACQUISITION,
TECHNOLOGY AND LOGISTICS)
UNDER SECRETARY OF DEFENSE (INTELLIGENCE)
ASSISTANT SECRETARY OF DEFENSE (NETWORK
INFORMATION INTEGRATION)
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION

SUBJECT: National Security Space (NSS) Acquisition Policy 03-01

The NSS Acquisition Policy 03-01 falls under the authority of DoD Directive 5000.1 and will be used for DoD Space Major Defense Acquisition Programs, replacing processes and procedures described in the DoD Instruction 5000.2 under the jurisdiction of the Under Secretary of Defense for Acquisition, Technology and Logistics (USD-AT&L). I am authorizing the release of the NSS Acquisition Policy 03-01 as final guidance for defense space systems. It supersedes the NSS Acquisition Policy Interim Guidance, issued 26 Feb 03 and is effective immediately.

CC:
AF/CC
AF/CV
SAF/AQ

Editor's Note: To download a copy of the new NSS Acquisition Policy 03-01, go to the Office of the Secretary of the Air Force, Directorate of Space Acquisition Web site at <<http://www.safus.hq.af.mil/usa/index.html>>.

AIR FORCE PRINT NEWS (NOV. 20, 2003) SPACE ACQUISITIONS POLICY CHANGES

Staff Sgt. Melanie Streeter, USAF

WASHINGTON—Air Force leaders announced a change in space acquisitions policy at a Senate Armed Services subcommittee meeting Nov. 18.

Undersecretary of the Air Force Peter B. Teets and Lt. Gen. Brian Arnold, Space and Missile Systems Center commander, testified before members of the strategic forces subcommittee.

“When I first took this job almost two years ago, I recognized we had problems with national security space acquisitions,” Teets said. “I wanted an independent and expert review of (the process), and recommendations on how to fix any issues the review found.”

Members of the Defense Science Board and Air Force Scientific Advisory Board formed a panel to look into the process, Teets said.

“According to the study, mission success should be the guiding principle in all space systems acquisitions,” Teets said.

The new policy, NSS 03-01 [**Editor’s note:** See *preceding page*], specifically states mission success as the No. 1 principle behind all NSS programs, and all program activities must be driven by that objective, Teets said.

Several of the panel’s recommendations dealt with cost estimation and program budgeting practices, Teets said. In response, the new policy requires an independent cost analysis to be conducted before each key decision point in the process.

The purpose of the assessment is to identify and quantify program risk areas and to advise the milestone decision authority on a program’s readiness to move to the next acquisition phase, Teets said.

Another recommendation focused on earlier reporting of problems, Teets said.

“In our research behind (the new policy), we found that space programs have a different funding curve than most typical (Department of Defense) weapons systems,” Teets said. “A space-based system spends most of its budget up front, well before deployment, and

spends a great deal less on the sustainment phase of the life cycle.”

To solve this problem, Teets said big decisions need to be made earlier in the life cycle of the program, before the majority of the money is spent. “(The new policy) moves the key decision points up for this very reason,” Teets said. “Early identification allows us to take timely corrective action.”

UNIQUE ITEM IDENTIFICATION AND VALUATION (DFARS CASE 2003-D081)

DoD published the following DFARS change in the *Federal Register* on Dec. 30, 2003, to become effective on Jan. 1, 2004:

Interim Rule:

Requires contractors to provide unique identification for items delivered to DoD, through the use of item identification marking. Also requires contractors to identify the government’s unit acquisition cost for all items delivered. Unique identification and valuation will enable DoD to consistently capture the value of the items it buys, control these items during their use, and combat counterfeiting of parts. Additional information on DoD’s unique identification policy can be found at < <http://www.acq.osd.mil/uid> > .

This DFARS rule replaces the interim rule published on Oct. 10, 2003 (DFARS Change Notice 20031010), and applies to all solicitations issued on or after Jan. 1, 2004. The *Federal Register* notice for this rule is available at < <http://www.acq.osd.mil/dp/dars/dfars/changes.htm> > . The notice solicits public comments, which are due by March 1, 2004.

TYPE CLASSIFICATION PROPONENT

The next revision of AR 70-1, Army Acquisition Policy, has an expanded and detailed discussion concerning the Type Classification (TC) process. The Army uses this critical process to determine that materiel is ready for production prior to spending procurement funds on an acquisition program. Although the TC process is currently detailed in AR 70-1, proponenty has been assigned to the Deputy Assistant Secretary of the Army (Integrated Logistics Support), Director of Integrated Logistics Support, (SAAL-LP). Future policy documents will reflect this change.

(Don Crissup/SAAL-LP/DSN 664-7421/donald.crissup@saalt.army.mil)