



## Policy & Legislation

### DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20041215

**D**epartment of Defense published the following changes and proposed changes to the DFARS on Dec. 15, 2004.

#### Interim Rule

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

Limits the ordering period of a task or delivery order contract awarded under the authority of 10 U.S.C. 2304a to not more than 10 years, unless the head of the agency determines that exceptional circumstances require a longer ordering period. This rule revises the interim rule published on March 23, 2004 (DFARS Change Notice 20040323), which contained a 5-year limit on task or delivery order contracts. The rule implements Section 843 of the National Defense Authorization Act for Fiscal Year 2004 and Section 813 of the National Defense Authorization Act for Fiscal Year 2005. The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20041215\\_files/2003-D097.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20041215_files/2003-D097.txt)>.

#### Final Rules—DFARS Transformation

The following changes are a result of DFARS Transformation, which is a major DoD initiative to dramatically change the purpose and content of the DFARS. Additional information on the DFARS Transformation initiative is available at <<http://www.acq.osd.mil/dpap/dfars/transf.htm>>. Three of the following changes relocate text to the new DFARS companion resource, *Procedures, Guidance, and Information (PGI)*, available at <<http://www.acq.osd.mil/dpap/dars/pgi>>.

##### Improper Business Practices and Contractor Qualifications Relating to Debarment, Suspension, and Business Ethics (DFARS Case 2003-D012)

Consolidates text on reporting of improper business practices to the appropriate authorities; updates a contract clause addressing prohibitions on persons convicted of fraud or other defense contract-related felonies; and relocates to PGI, procedures for referring matters to the agency debaring and suspending official. The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20041215\\_files/2003-D012.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20041215_files/2003-D012.txt)>.

##### DoD Pilot Mentor-Protégé Program (DFARS Case 2003-D013)

Changes the DoD Pilot Mentor-Protégé Program to authorize the Director, Small and Disadvantaged Business Utilization (SADBU), of each military department or defense agency to approve contractors as mentor firms and to approve mentor-protégé agreements. The Director, Office of the Secretary of Defense, SADBU, will retain policy and oversight responsibility and will remain the principal budget authority for the program. This rule also revises the structure of DFARS Appendix I for clarity and to reflect current program requirements. The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20041215\\_files/2003-D013.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20041215_files/2003-D013.txt)>.

##### Competition Requirements (DFARS Case 2003-D017)

Deletes text that is obsolete or duplicative of FAR policy; and relocates procedures for documenting reasons for use of other than full and open competition to PGI. The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20041215\\_files/2003-D017.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20041215_files/2003-D017.txt)>.

##### Construction and Architect-Engineer Services (DFARS Case 2003-D035)

Relocates to PGI, procedures for establishment of evaluation criteria in the selection of firms for architect-engineer contracts; deletes unnecessary text on preselection boards and selection authorities; and replaces a reference to Standard Form 254, Architect-Engineer and Related Services Questionnaire, with a reference to its replacement, Standard Form 330, Architect-Engineer Qualifications. The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20041215\\_files/2003-D035.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20041215_files/2003-D035.txt)>.

#### Final Rules—Legislative

##### Free Trade Agreements—Chile and Singapore (DFARS Case 2003-D088)

Finalizes, with changes, the interim rule published on Jan. 13, 2004 (DFARS Change Notice 20040113), to implement new Free Trade Agreements with Chile and Singapore. The new Free Trade Agreements waive the applicability of the Buy American Act for some foreign supplies and construction materials from Chile and Singapore, and specify procurement procedures designed to ensure fairness. The changes in the final rule delete



text on the applicability of U.S. law to resolve any breach of contract, since this issue is now addressed in the clause at FAR 52.233-4, Applicable Law for Breach of Contract Claim. The final rule also contains a minor change to clarify procedures for application of the Free Trade Agreements when evaluating foreign offers for supplies. The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20041215\\_files/2003-D088.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20041215_files/2003-D088.txt)>.

### Firefighting Services Contracts (DFARS Case 2003-D107)

Finalizes, without change, the interim rule published on June 25, 2004 (DFARS Change Notice 20040625), to implement Section 331 of the National Defense Authorization Act for Fiscal Year 2004. Section 331 permits the award of contracts for firefighting functions at military installations or facilities for periods of one year or less, if the functions would otherwise have to be performed by members of the armed forces who are not readily available due to a deployment. The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20041215\\_files/2003-D107.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20041215_files/2003-D107.txt)>.

### DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20050113

**D**oD published the following change to the DFARS on Jan. 13, 2005 :

#### Interim Rule

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

Implements new Free Trade Agreements with Australia and Morocco . The Free Trade Agreements waive the applicability of the Buy American Act for some foreign supplies and construction materials from Australia and Morocco, and specify procurement procedures designed to ensure fairness. This DFARS change also updates terminology related to international trade agreements, and updates the list of countries eligible to participate in DoD procurements covered by the trade agreements, in accordance with policy of the U.S. Trade Representative. A corresponding change to the FAR was published in *Federal Acquisition Circular* 2001-27 on Dec. 28, 2004 .

The *Federal Register* notice for this rule is available at <[http://www.acq.osd.mil/dpap/dfars/chnotices/20050113\\_files/2004-D013.txt](http://www.acq.osd.mil/dpap/dfars/chnotices/20050113_files/2004-D013.txt)> .

### DA 73-1, TEST AND EVALUATION POLICY (DEC. 10, 2004)

#### ARMY PUBLISHES RAPID ACTION REVISION

**T**he revised Department of the Army (DA) Regulation 73-1, *Test and Evaluation Policy*, effective Dec. 10, 2004, implements the policies and procedures contained in Department of Defense Directive (DoDD) 3200.11, DoDD 5000.1, DoD Instruction 5000.2, and the *Defense Acquisition Guidebook*. Specifically, it prescribes implementing policies for the Army's testing and evaluation program. It applies to all systems acquired under the auspices of the DA 70-series, including command, control, communications, computers, and intelligence/information technology.

In addition, the revised regulation also implements the U.S. Army Test and Evaluation Command cross-functional teams and the evolutionary materiel development process. It redefines the test and evaluation role of the U.S. Army Space and Missile Defense Command and the heightened role of commercial products and practices and commercial and/or nondevelopmental items.

This regulation states implementing policies and responsibilities for conducting test and evaluation and authorizes the procedures in DA Pamphlet 73-1. View the revised regulation on the Army Publishing Directorate Web site at <[http://www.usapa.army.mil/usapa\\_official\\_site.htm](http://www.usapa.army.mil/usapa_official_site.htm)>.

### DA 700-90, ARMY INDUSTRIAL BASE PROCESS (JAN. 2, 2005)

#### ARMY PUBLISHES MAJOR REVISION

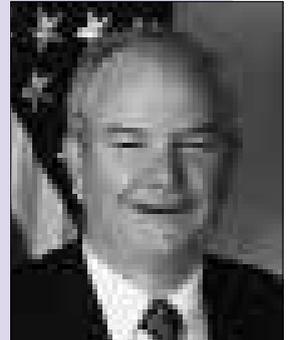
**T**he Army's revised DA 700-90, *Army Industrial Base Process*, implements higher authority goals, objectives, and policy regarding national policy on the national technology and industrial base. This major revision focuses on the industrial base and policies associated with assessing its ability to effectively support operations, surge, and sustainability. It also includes Army policy for the following activities: market research, industrial capability assessments; Defense Priorities and Allocations System; Defense Production Act, Title I and Title III; strategic and critical materials; managing Army industrial equipment, plant equipment packages, and Army Reserve plants; production base support; and selected production engineering-related programs. Procedures have been deleted from this regulation to enable more innovation and flexibility in executing the policies contained in the regulation.



ACQUISITION,  
TECHNOLOGY AND  
LOGISTICS

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

NOV 23 2004



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

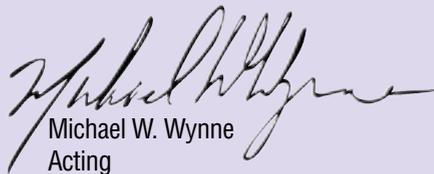
SUBJECT: Functional Independence of Contracting Officers

This memorandum reissues and supersedes the Under Secretary of Defense for Acquisition memorandum of June 2, 1993, on the same subject. Contracting officers provide vital support to program offices and to other requiring activities in the acquisition process. A good working relationship among all personnel involved in the acquisition process is critical to efficiently and effectively meet our defense needs.

In particular, expertise in the contracting field requires knowledge of a large number of laws, regulations, directives and instructions, as well as the skill and experience to operate successfully in a business environment. The proper exercise of this expertise requires the ability to act independently without improper influence on business decisions. Such independence does not imply a lack of support for the rest of the acquisition matrix. On the contrary, the best support that can be given by the contracting staff is the competent exercise of contracting skills involving sound business judgment.

To retain a degree of independence that allows unbiased advice based on the principles of sound business, contracting officers' evaluations will be performed within their own career program channels. The only exception will be the performance evaluation of the senior official in charge of contracting for the organization, such as the head of the contracting office. However, this exception is not appropriate when the senior official in charge of contracting is the primary contracting officer for the contracts executed within that office. Such a performance evaluation process is not inconsistent with providing support to program managers and others in the requiring community. It should be routine practice to seek input from program managers when evaluating contracting personnel.

Please share this memorandum with all of your acquisition communities. My point of contact is Ms. Teresa Brooks at [teresa.brooks@osd.mil](mailto:teresa.brooks@osd.mil) or (703) 681-8309.

  
Michael W. Wynne  
Acting





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

DEC 23 2004

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Policy for Unique Identification (UID) of Tangible Personal Property Legacy Items in Inventory and Operational Use, Including Government Furnished Property (GFP)

Effective immediately, this policy update establishes the requirement to apply UID to existing personal property items in inventory and operational use, that is, legacy items. In addition, the policy is formally extended to specifically include items manufactured by organic DoD depots. This policy for legacy personal property items does not impact the mandatory UID DFARS clause to be included in all new solicitations and contracts issued after January 1, 2004, as stated in my UID Policy Memoranda.

UID will be a cornerstone of DoD Business Transformation. Therefore, I request that the Military Departments direct all program and item managers to plan for and implement UID for existing legacy personal property items in inventory and in operational use. UID plans should take an evolutionary approach, as I understand there are physical and resource concerns. ACAT 1D programs must submit UID program plans to the UID Program Office by June 2005. All other programs must submit plans to their respective Milestone Decision Authorities by January 2006. Periodic reviews of the UID program plans will be conducted by the respective Milestone Decision Authorities.

The plans should target Fiscal Year (FY) 2007 as the point by which: (a) all existing serialized assets that meet the criteria for UID have been entered in the UID registry, and (b) UID marking capabilities have been established for all existing items and embedded assets such that marking can commence as applicable equipment items are returned for maintenance. I request that all program and item managers plan to complete UID marking of items and all applicable embedded assets within existing items by December 31, 2010, using the planning guidelines included in the attachment. It is recognized that programs will have different levels of completion by 2010 because fielded items will not be removed from service for the sole purpose of UID marking. In addition, programs or items that will be phased out of inventory by December 31, 2010, should be set apart in the plans for an exemption to the UID requirement.

In the case of DoD organic depot maintenance operations, the DUSD (Logistics and Materiel Readiness) shall develop a UID implementation plan specifically for legacy personal property items; the initial version of the plan will be published by May 31, 2005. The Military Departments should plan on establishing initial depot operating capabilities for these legacy items by July 2005, at those depot facilities currently involved with UID for depot-manufactured items. Full Operating Capability (FOC) at all organic depots will be put in place not later than FY 2007. Prior to December 2005, DUSD (Logistics and Materiel Readiness) will publish an FOC UID Concept of Operations for DoD maintenance.





## Policy & Legislation

Effective January 1, 2006, all Government Furnished Property (GFP) must meet the UID policy requirements. To achieve this goal, I have asked the Director, Defense Procurement and Acquisition Policy, to implement the UID policy requirements in regulations and guidance, as appropriate. I have also directed the DoD UID Program Management Office to accomplish the tasks specified in the attachment. Information on other specific UID implementation issues is detailed in the attachment.

The Director, Defense Contract Management Agency (DCMA) has the authority to grant short-term extensions on UID implementation if such extensions are consistent with the implementation schedules of the negotiated corporate or facility strategies. I have also asked DCMA to issue a quality assurance plan for UID with the technical information and references for UID marking compliance. The quality assurance plan is expected to be released in January 2005.

I am pleased that since the forecast of the UID policy for legacy items was announced, the Military Departments have developed and submitted five model program plans: FA-18 Hornet/Super Hornet, CH-47 Chinook, C-17 Globemaster III, UH-60 Blackhawk, and AH-64 Apache. Industry experience with UID continues to demonstrate the savings that may be achieved once infrastructure and process investments occur. Use of this data key will continue to enhance potential knowledge-enabled logistics. I will be conducting roundtable discussions with the Army, Navy, Air Force, and Defense Logistics Agency leadership on the overall progress and challenges in modernizing the infrastructure, reengineering business processes, and revising Automated Information Systems (AIS) to implement UID.

The Director of DCMA, together with our industry partners, is leading the development of strategies using Single Process Initiatives (SPI) and block changes to expedite UID implementation. I am especially pleased with the initial response we received from Rockwell Collins International. Development of SPIs and block changes will continue as a vital part of this overall transformation.

Current UID information and the latest version of the *DoD Guide to Uniquely Identifying Items* are available at <http://www.acq.osd.mil/dpap/UID/> Policy questions or comments may be addressed to Mr. Robert Leibrandt by telephone at (703) 695-1099 or by e-mail at [robert.leibrandt@osd.mil](mailto:robert.leibrandt@osd.mil).



Michael W. Wynne  
Acting

Attachment  
As stated

**Editor's note:** View the distribution and attachment to this memorandum at <http://www.acq.osd.mil/dpap/UID/index.htm>.



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



ACQUISITION,  
TECHNOLOGY AND  
LOGISTICS

JAN 4 2005

MEMORANDUM FOR INFRASTRUCTURE EXECUTIVE COUNCIL MEMBERS  
INFRASTRUCTURE STEERING GROUP MEMBERS  
JOINT CROSS-SERVICE GROUP CHAIRMAN

Subject: 2005 Base Closure and Realignment Selection Criteria

The Ronald Reagan National Defense Authorization Act for Fiscal Year 2005, Public Law 108-375, amended the Defense Base Closure and Realignment Act of 1990, Public Law 101-510, to specify the selection criteria. Specifically, the amendment revised the criteria previously published by the Secretary of Defense by adding the word "surge" to criterion three. The amendment also revised the wording, but not the meaning, of criteria one and seven, to avoid the use of the possessive.

The Department shall use the attached 2005 Base Closure and Realignment (BRAC) Selection Criteria, along with the force-structure plan and infrastructure inventory, to make recommendations for the closure or realignment of military installations inside the United States, as defined in the base closure statute. This direction supersedes any previous direction regarding selection criteria for the BRAC 2005 process. The 2005 BRAC Commission will also use these criteria in their review of the Department of Defense's final recommendations.

Michael W. Wynne  
Acting USD (Acquisition, Technology & Logistics)  
Chairman, Infrastructure Steering Group

Attachment:  
As stated

**Editor's note:** View the attachment to this memorandum at <http://www.defenselink.mil/brac/>.





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



ACQUISITION,  
TECHNOLOGY AND  
LOGISTICS

JAN 13 2005

MEMORANDUM FOR CHAIRMAN, DEFENSE SCIENCE BOARD

SUBJECT: Terms of Reference—Defense Science Board 2005 Summer Study on Transformation: A Progress Assessment

Since the end of the Cold War, the Department of Defense has engaged in a wide range of military and humanitarian operations. As President G.W. Bush stated in the 2002 National Security Strategy, “The major institutions of American national security were designed in a different era to meet different requirements. All of them must be transformed.” In response to this call to arms, the Department of Defense initiated wide-ranging plans, policies, and programs to transform itself. As described in the Secretary of Defense’s 2003 Transformation Planning Guidance (TPG), the scope of the Department’s transformation efforts encompassed how we fight, how we do business, and how we work with others. While the TPG states, “There will be no moment at which the Department is transformed,” the Department must evaluate both the effectiveness and the direction of its transformation efforts.

You are requested to form a Defense Science Board Summer Study to provide an assessment of the Department’s continuing transformation process. The assessment should describe the current status of the Department’s transformation efforts, identify the appropriate transformation objectives, and recommend ways and means to meet the emerging and persistent challenges as identified in the 2004 National Defense Strategy.

The TPG outlined the Department’s three-part strategy for transformation: Transformed culture, Transformed processes, and Transformed capabilities. Within the Department’s transformation scope and strategy, the Study should consider all the following:

1) Concepts and Experimentation. Post-Cold War operational concepts are continuously evolving. In response to the Secretary’s request for joint concepts of operations, the concept community developed a family of joint concepts organized in a hierarchy including the overarching Joint Operations Concepts (JOpsC), subordinate Joint Operating Concepts (JOC), supporting Joint Functional Concepts (JFC), and detailed Joint Integrating Concepts (JIC). In addition, the Services developed supporting service concepts. The Air Force is developing the Air Force Concepts of Operations (CONOPS); the Navy and Marine Corps are developing the Naval Operating Concept for Joint Operations (NOC); and the Army is pursuing the Future Force concept. These concepts address the development of future joint forces’ transformational capabilities and characteristics, but an assessment is needed of the state of the joint concept development and experimentation process that integrates Service-provided capabilities into effective joint operational capabilities. Further, the assessment should examine how well the Department integrates the rest of the U.S. Government (USG) capabilities to provide the capabilities to deal with 21st Century adversaries. The Study should address alternative operational constructs and concept development processes, which would enable the Department of Defense to better meet the challenges of the 21st century by applying the entire array of power available to the USG. The Study must focus on important functional concepts and capabilities, such as logistics and battlespace awareness, which provide essential elements to implementing joint concepts. Finally, experimentation provides an important feedback mechanism into the iterative development of joint concepts. Consequently, the study must assess the state of experimentation, the



interrelationships between a series of experiments within an experimental campaign, and, especially, the relationship and involvement of Service and Combatant Command experimentation efforts.

2) International competitors seek to develop and possess breakthrough technical capabilities intended to supplant U.S. advantages in particular operational domains. Because of this aspect of the security environment, the study should address disruptive challenges from a variety of sources such as technology, demographics, and legal. In addition, the Study should define the scope of the problem and capabilities DoD requires to address these challenges.

3) As an element of net-centric operations, the Department is developing a broad range of networked systems to generate new capabilities and multiply existing force structure effectiveness. The Study should assess the adequacy and effectiveness of the approaches to realize the potential advantages of net-centric operations.

4) The Department's force structure still is burdened with Cold War legacy components. A significant transformation effort seeks to transform the joint force into smaller, rapid, more agile forces with greater deployability and lethality than much of the current force. However, strategic guidance and operational experience confirm that some joint force operations will continue to require sustained presence and an ability to confront heavy, concentrated firepower to achieve desired effects and mission accomplishment. Since the Department's transformation efforts must reconcile expeditionary agility and responsiveness with persistence and durability, the study should focus on the Department's need for evolving joint forces to cover the spectrum of military engagement and accomplish the full range of missions assigned to DoD.

5) The Study should provide insights into two approaches to adaptability. The first examines how DoD might provide for high adaptability of the force by increasing the tempo of inserting promising science and technology initiatives into the acquisition process. The second approach should compare materiel, technological, conceptual, and organizational efforts to provide adaptability to surprise.

6) Industry partners are key to providing transformational capabilities. Consolidation since the Cold War peak has reduced the number of market participants (~ 32 to 8) at prime and subsystem levels. The Study should assess the suitability of the structure of the defense industry to the needs of Transformation.

7) Culture is a decisive characteristic of innovative military organizations. Future joint operations envision increasingly complex and heavy cognitive demands on personnel at all levels. The Department must examine how to adapt its culture to producing personnel able to meet the high knowledge demands of interdependent joint, interagency, and multinational operations. In addition, the Study should focus specifically on the human resources needed to develop and acquire new materiel, adapt existing systems to leverage past investment, exploit technologies, design organizations, and devise knowledge management procedures.

8) The Department's business processes, including its logistics and acquisition practices, must support and facilitate transformation. The assessment should evaluate progress made towards streamlining and reforming these processes and recommend a strategy for going forward especially in the area of acquisition of joint interoperable systems.

The Task Force will provide an interim report by May 2005.

The Study will be sponsored by me as the Acting Under Secretary of Defense (Acquisition, Technology and Logistics), Under Secretary of Defense (Policy), Under Secretary of Defense (Personnel and Readiness), Director, Force Transformation, and Director, Defense Research and Engineering. Gen Larry Welch, USAF (retired), and Dr. Robert Hermann will serve as the Task Force Chairmen. Dr. Jerry McGinn, OUSD(P), will serve as the Executive Secretary, and Lt Col Dave Robertson, USAF, will serve as the Defense Science Board Secretariat representative.



The Task Force will operate in accordance with the provisions of P.L. 92-463, the “Federal Advisory Committee Act,” and DoD Directive 5105.4, the “DoD Federal Advisory Committee Management Program.” It is not anticipated that this Task Force will need to go into any “particular matters” within the meaning of Section 208 of Title 18, U.S. Code, nor will it cause any member to be placed in the position of acting as a procurement official.



Michael W. Wynne  
Acting



### SECRETARY OF THE ARMY WASHINGTON



07 JAN 2005

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Accounting for Contract Services

1. The Department of Defense Business Initiative Council (BIC) has sponsored an Army initiative to obtain better visibility of the contractor service workforce. Pursuant to this initiative, I am asking for your support in obtaining this information from contractors supporting the Army.
2. We must improve visibility of the entire workforce supporting the Army mission. This initiative is a first step in our plan to program and document contractor support in The Army Authorization Documentation System, The Structure and Manpower Allocation System, and the Civilian Manpower Integrated Costing System in time for use in Total Army Analysis 13.
3. Army Requiring Activities are defined as the organizational units that submit a written requirement or statement of need for services that are to be satisfied by a contract. Army Requiring Activities and their supporting contracting offices should include the reporting requirement defined on the enclosure as a deliverable in all new contract actions beginning 60 days from the date of this memorandum. This will ensure that contractors will be paid the fair and reasonable costs associated with providing the data. This approach will also provide the Army full visibility into the costs of obtaining the data.
4. Including the reporting requirement as a line item in contracts is a responsibility of Army Requiring Activities that will be monitored by Army administrative contracting officers. Ensuring that contractors report the required information is the responsibility of officials certifying payment to a contractor, such as Contracting Officer Representatives.
5. Guidance which more specifically defines the information requirements for Army Requiring Activities and implementing guidance for the contracting workforce will be provided under separate cover from the Assistant Secretary of the Army (Manpower and Reserve Affairs) and the Assistant Secretary of the Army (Acquisition, Logistics and Technology).



Francis J. Harvey

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## UNDER SECRETARY OF THE AIR FORCE WASHINGTON



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 (NETWORKS  
 AND INFORMATION INTEGRATION)  
 DIRECTOR, OPERATIONAL TEST AND EVALUATION  
 DIRECTOR, PROGRAM ANALYSIS AND EVALUATION

DEC 27 2004



SUBJECT: Update to the National Security Space Acquisition Policy 03-01

In our continuing efforts to improve the way the Department of Defense (DoD) acquires critical space systems, I have updated the National Security Space Acquisition Policy 03-01 process. The updates reflect lessons learned from the Space Based Infrared System and Future Imagery Architecture programs, and the Defense Space Acquisition Board process. The modified space acquisition process provides more timely opportunities for Milestone Decision Authority reviews throughout the execution of the program and is consistent with the National Reconnaissance Office Directive 7 process.

This document supersedes the National Security Space Acquisition Policy 03-01 dated 6 October 2003. The National Security Space Acquisition Policy 03-01 falls under the authority of DoD Directive 5000.1 and replaces processes and procedures described in DoD Instruction 5000.2. Implementation of this guidance is effective immediately.



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

DEC 17, 2004



DPAP/EB

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, ARMY CONTRACTING AGENCY  
DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: Transition to the On-line Representations and Certifications Application (ORCA)

This letter is a reminder of the upcoming implementation of the On-line Representations and Certifications Application (ORCA), a project within the Federal Integrated Acquisition Environment (IAE) e-Government initiative. ORCA simplifies our historically paper-based process and enables vendors to submit their representations and certifications on-line to a central location. The upcoming publication of Federal Acquisition Circular (FAC) 26 changes the Federal Acquisition Regulation (FAR), effective in January 2005, to require the use of ORCA with few exceptions. The final rule that will be included in FAC 26 is available on the DPAP/EB website <<http://www.acq.osd.mil/dpap/ebiz/index.htm>> under Policies/Guidelines.

As a result of the FAR changes, vendors will complete and update the on-line provisions in ORCA <[www.bpn.gov/orca](http://www.bpn.gov/orca)> on at least a yearly basis. Then, by virtue of a new clause (to be numbered 52.204-XX, entitled "Annual Representations and Certifications") included in solicitations, vendors will attest that at the time of their offer submissions, their records at ORCA are current, accurate, and complete. Notification of these impending FAR changes is being sent to all active registrants in the Central Contractor Registration (CCR) database.

The primary impact of the ORCA-related FAR changes on our workforce is the aforementioned requirement to include the new clause in solicitations in lieu of several provisions. Please be aware that while ORCA includes most common provisions, it does not include all of the provisions prescribed in the FAR. Also, as it is a federal-level system, it does not yet include Defense FAR Supplement (DFARS) or Component-level provisions. These provisions still need to be included in solicitations when prescribed.

Once implemented, ORCA will be considered the authoritative source for vendor-completed representations and certifications for the entire federal government. Since our contracting offices are not required to maintain paper copies of the records that are maintained in ORCA, transition should result in an improved environment that reduces paper submission, collection, and work associated with tracking of these records. Vendors' records are easily searched in ORCA by their DUNS numbers and by dates of submission.





## Policy & Legislation

The Acquisition Domain assembled a DoD ORCA transition team composed of component policy and contract writing system representatives. This team is working with DoD components to identify and resolve any key issues and requirements associated with the transition, raise awareness of this change, and ensure DoD issues are properly represented at the federal level. The following representatives are members of the transition team should you need additional information specific to your component:

- Department of Army—Lee Kumbar, [lkumbar@alexandria-emh1.army.mil](mailto:lkumbar@alexandria-emh1.army.mil)
- Department of Navy—Brian Fahey, [brian.fahey1@navy.mil](mailto:brian.fahey1@navy.mil)
- Department of Air Force—Maj Randy Rivera, [randy.rivera@pentagon.af.mil](mailto:randy.rivera@pentagon.af.mil)
- Defense Logistics Agency (DLA)—LCDR Mike Ryan, [john.ryan@dla.mil](mailto:john.ryan@dla.mil)
- Defense Information Systems Agency (DISA)—Lynne Maue, [mauel@scott.disa.mil](mailto:mauel@scott.disa.mil)
- Other Defense Agencies—Lisa Romney, [lisa.romney@osd.mil](mailto:lisa.romney@osd.mil)
- Standard Procurement Systems (SPS) Joint Program Management Office (JPMO)—Joyce Allen, [joyce.allen@eis.army.mil](mailto:joyce.allen@eis.army.mil)

My action officer regarding this subject is Lisa Romney, 703-614-3883, [lisa.romney@osd.mil](mailto:lisa.romney@osd.mil).

Deidre A. Lee  
Director, Defense Procurement  
and Acquisition Policy



ACQUISITION,  
TECHNOLOGY AND  
LOGISTICS

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

JAN 24 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  
EXECUTIVE DIRECTOR, LOGISTICS POLICY AND ACQUISITION  
MANAGEMENT (DLA)

SUBJECT: Suspension of the Price Evaluation Adjustment for Small Disadvantaged Businesses

Effective 30 days after the date of this memorandum, all Department of Defense (DoD) contracting activities shall continue to suspend the use of the price evaluation adjustment for small disadvantaged businesses (SDBs) in DoD procurement, as prescribed in the Federal Acquisition Regulation (FAR) subpart 19.11 and Defense Federal Acquisition Regulation Supplement (DFARS) subpart 219.11.

Subsection 2323(e) of title 10, United States Code (U.S.C.), as amended by section 801 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 and section 816 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003, require DoD to suspend the regulation implementing the authority to enter into a contract for a price exceeding fair market cost if the Secretary determines at the beginning of the fiscal year that DoD achieved the 5 percent goal established in 10 U.S.C. 2323(a) in the most recent fiscal year for which data are available. Based on the most recent data for Fiscal Year 2004, the determination was made that DoD exceeded the 5 percent goal established in 10 U.S.C. 2323(a) for contract awards to SDBs. Accordingly, use of the price evaluation adjustment prescribed in FAR 19.11 and DFARS 219.11 is suspended for DoD.

This suspension applies to all solicitations issued from February 24, 2005, to February 23, 2006.

Deidre A. Lee  
Director, Defense Procurement  
and Acquisition Policy

cc: DSMC





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



ACQUISITION,  
TECHNOLOGY AND  
LOGISTICS

DPAP/EB

JAN 24 2005

MEMORANDUM FOR DIRECTOR, ADMINISTRATION AND MANAGEMENT  
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  
DEPUTY DIRECTOR FOR LOGISTICS OPERATIONS (DLA)

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) transition to the Federal Procurement Data System—Next Generation (FPDS-NG). I also want to recognize the hard work and dedication displayed by those many individuals who have contributed to the significant progress made to date.

On December 20, 2004, DoD became the first government agency to certify that it completed submission of its FY04 contract reporting data to the General Services Administration (GSA) for loading into FPDS-NG. Since DoD is the source for over 60 percent of contract reporting information for the entire federal government, this accomplishment signifies completion of a major milestone. Following the certification of other agencies, FPDS-NG <<https://www.fpds.gov>> was made available on December 27, 2004, to the public for queries and reports on government contract actions. Also during December, the first DoD contracting office, Fort Sill, began reporting FY05 transactions via the Standard Procurement System's (SPS') machine-to-machine interface with FPDS-NG. SPS provides contract reporting capability for the majority of our DoD contracting offices, and their timely completion of this important work positions us well for the next phase of the overall transition.

Although much transition work is complete, we continue to take a conservative approach. We are committed to ensuring the transition is handled in such a way as to minimize the impact on our people's ability to report timely and accurate information, as well as on the ability of the public and Congress to access that data. At this time, FPDS-NG's schedule to implement all the critical items necessary for DoD to complete migration to the machine-to-machine reporting environment extends further into the year than originally planned. Accordingly, I want to highlight for you several important issues and changes we are enacting to our transition schedule as a result.





First, the majority of DoD contracting activities will continue to use DD Form 350s to report contract actions greater than \$2,500 through FY05. Summary reporting DD Form 1057s will not be accepted for FY05 actions. DoD will use the feeder system infrastructure already in place and a similar migration process for loading its F05 data into FPDS-NG as that used for FY97-04. This allows DoD to maintain report generation capability through our Statistical Information Analysis Division (SIAD) (formerly the Directorate for Information Operations and Reports (DIOR)), while finetuning continues on FPDS-NG capabilities. Meanwhile, there will be a small number of contracting activities identified, with your concurrence, to transition to the machine-to-machine environment this fiscal year in order to monitor the capabilities offered.

Second, it is essential that our contracting offices focus on eliminating any reporting backlog accumulated in FY05, as we are committed to making our data available to the public SIAD Web site within the next several weeks. However, it is equally important that the data being entered via the DD Form 3502 are accurate. Given the current operating environment is in transition, it becomes even more important to ensure DoD reports our contracting actions in a timely and accurate manner.

Finally, DoD contract writing systems are still required to complete the FPDS-NG interface certification process by February 1, 2005. SPS completed this process in October 2004. In my last update memo to you, I requested you submit a detailed contingency plan by December 17, 2004, if you anticipated any issue with successfully achieving this milestone. For those who have not responded, please notify my action officer, Lisa Romney, (703) 614-3883, [lisa.romney@osd.mil](mailto:lisa.romney@osd.mil), immediately.

I thank you for all for your continued cooperation, patience, and support in this very complex transition to the new federal system. Again, my action officer for FPDS-NG is Lisa Romney. If you have specific Component questions, please contact your designated DoD FPDS-NG Transition Team representative below:

- Department of Army and Other Defense Agencies: Brian Davidson, [brian.davidson@hqda.army.mil](mailto:brian.davidson@hqda.army.mil), 703-681-9781
- Department of Navy—Patricia Coffey, [patricia.coffey@navy.mil](mailto:patricia.coffey@navy.mil), 202-685-1279
- Department of Air Force—Kathryn Ekberg, [kathryn.ekberg@pentagon.af.mil](mailto:kathryn.ekberg@pentagon.af.mil), 703-588-7033
- Defense Logistics Agency (DLA)—Judy Lee, [judy.lee@dla.mil](mailto:judy.lee@dla.mil), 703-767-1376
- Defense Contracts Management Agency: Barbara Roberson, [barbara.roberson@dcma.mil](mailto:barbara.roberson@dcma.mil), 703-428-0856
- Standard Procurement System: Joyce Allen, [joyce.allen@eis.army.mil](mailto:joyce.allen@eis.army.mil), 703-460-1507

Deidre A. Lee  
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