

**DEFENSE LOGISTICS ACQUISITION DIRECTIVE  
PROCEDURES, GUIDANCE, AND INFORMATION (DLAD PGI)**

*(Revised October 18, 2012 through PROCLTR 2013-01)*

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**DLAD PGI PART 1 – FEDERAL ACQUISITION REGULATIONS SYSTEM**

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**PGI 1.170 Peer reviews.**

(a) Defense Procurement and Acquisition Policy (DPAP) peer reviews.

(1)(90) General procedures. In developing an acquisition plan, contracting officers shall take into account the requirement for scheduling and conducting a DPAP peer review in accordance with this section. The additional time required for each DPAP peer review is a minimum of 15 work days for each phase (see PGI 1.170-2(a) and (b), below, for an explanation of review phases). For a competitive procurement, allow a minimum of 45 work days to cover the three required peer review phases. For a non-competitive procurement allow a minimum of 30 work days to cover the two required peer review phases. This time is in addition to the time required for the integrated acquisition review board (IARB) review process.

(2) In order to plan for peer reviews at the DPAP level, each activity shall provide information regarding acquisitions that meet the \$1 billion threshold. Use the following format to provide information to J73 by the 15th of September, December, March, and June every year in fulfillment of this "rolling forecast" requirement. The report will be updated every quarter; add a new quarter to and delete the oldest quarter from the forecast each period so it always forecasts a year out.

Table 1. Pre-Award – Competitive

Supply Chain/Site Activity and Location	Program/Acquisition Name and Description	Dollar Amount	Supply or Service	Expected Date of solicitation Issuance	Expected Date of Request for Final proposal Revisions	Expected Date of Contract Award

Table 2. Pre-Award – Noncompetitive

Supply Chain/Site Activity and Location	Program/Acquisition Name and Description	Dollar Amount	Supply or Service	Expected Date of Negotiations	Expected Date of Contract Award

Table 3. Post-Award – All Service Contracts

Supply Chain/Site Activity and Location	Program/Acquisition Name and Description	Dollar Amount	Date of Award	Date of Next Option Exercise	Expected Date of Contract Award

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### **PGI 1.170-2 DPAP pre-award peer reviews.**

DPAP peer reviews are required for all acquisitions for supplies and/or services valued at \$1 billion and greater, including options and surge requirements. The threshold is determined by the value of the maximum amount possible to be purchased under the solicitation/program. Individual solicitations that do not meet the \$1 billion threshold but are part of a program that exceeds \$1 billion are required to have a DPAP peer review. Solicitations that are greater than \$1 billion that will result in multiple awards less than \$1 billion are subject to the peer review. The DPAP pre-award review is categorized by competitive and non-competitive actions that have different review requirements I as described below:

(a) Competitive: Pre-award peer reviews shall be conducted in three phases for competitive procurements: 1) prior to issuance of the solicitation; 2) prior to request for final proposal revisions; and 3) prior to contract award. Each phase will require an approved IARB before the documents are provided to DPAP. Phase 1 approval will be accomplished at milestone A and Phase 3 approval will be accomplished at milestone B. Phase 2 approval requires an additional IARB (this is a new requirement).

(b) Noncompetitive: For a non-competitive procurement I there are two phases: 1) prior to negotiation and 2) prior to award. Each phase will require an approved IARB before the documents are provided to DPAP. There is no peer review requirement at milestone A. Phase 1 approval requires an additional IARB (this is a new requirement) and Phase 2 approvals will be accomplished at milestone B.

### **PGI 1.170-3 Post-award DPAP peer reviews of service contracts.**

DPAP post-award peer reviews are required for all contracts for services valued at \$1 billion and greater. The threshold is determined by the value of the maximum estimated amount (including options and surge). Post-award peer reviews shall occur prior to every option period exercise. If the base period of performance is greater than one year I the first post-award peer review should take place at the mid-point of the base period of performance. If the base period of performance is one year or less, the post-award peer review should occur prior to exercise of the first option year. An IARB is required prior to the DPAP peer review to obtain approval of J7. Contracting officers should ensure the IARB and peer review take place at least 3 months prior to the required option exercise date.

### **PGI 1.170-4 Administration of DPAP peer reviews.**

(a) The review recommendations of the DPAP peer review team are advisory in nature. However, significant findings may result in changes to the acquisition.

(b) The DPAP program manager will organize review teams and facilitate reviews. DPAP peer review participants from DLA who will serve on other (non-DLA peer reviews) DoD peer reviews are identified by job title as follows:

Senior Procurement Executive/Component Acquisition Executive  
Acquisition Management Directorate  
Deputy Director for Business Process Management  
Deputy Director for Business Operations  
Contracting and Acquisition Management, Executive Directors at DLA Land and Maritime, DLA Troop Support, and DLA Aviation.

(c) DPAP peer reviews are conducted at the location of the contract action. The CCO is responsible for serving as the focal point for the DPAP program manager. Appropriate entrance and exit briefings shall be conducted. The subject matter experts involved in the acquisition shall be available for consultation while the DPAP peer review team is performing the review.

(d) A list of the documents that must be made available to the review team and the specific elements the team will examine is contained in DFARS PGI 201.170-4 Administration of Peer Reviews. The documents will be forwarded to DPAP by J73.

(e) DPAP peer review team report. The DPAP peer review team will provide immediate verbal feedback to the contracting officer and the senior procurement official upon completion of a review. The written report will generally be provided within 3 work days after completion of the review to the contracting Officer. A copy of the report must be provided to J72 as soon as it is received. If there is a discrepancy between the approved DLA direction and the peer review recommendations, the HCA shall confer with the Director, DLA Acquisition (J7) to determine appropriate action.

(f) The contracting officer shall document the disposition of all DPAP peer review recommendations (i.e., state whether the recommendation will be followed and, if not, why not) by a memorandum for the record in the applicable contract file prior to embarking on the next phase of an acquisition. A copy of the memorandum shall be furnished immediately to J73. J73 will in turn, provide the memorandum to DPAP.

(90) DPAP peer review waivers. Under unusual circumstances request for waiver from the DPAP peer review requirement can be pursued. A waiver may be appropriate for certain acquisitions, such as those that are repetitive in nature. Waivers are generally not granted so there is no standard format or time frame prescribed. Requests for waivers shall be forwarded by the HCA to J72 for processing. Approval by the Director, DLA Acquisition (J7) is required prior to approaching DPAP. Waivers can only be granted by the DPAP Director.

**PGI 1.170-90 Peer review.**

(a) Defense Logistics Agency (DLA) peer review policy.

(1) When developing the acquisition plan, contracting officers shall take into account the requirement for scheduling and conducting a DLA peer review in accordance with this section. The additional time required for each DLA peer review is a minimum of 15 work days for each milestone, A and B. This time is in addition to the time required for the IARB milestone A and B review process.

(2) In order to plan for DLA peer reviews, each activity shall nominate a pre-award acquisition to be reviewed. It must be valued less than \$1 billion and therefore not subject to a DPAP peer review, but represent a significant acquisition for the activity. In addition, the nomination should meet the IARB requirements (if possible), as an IARB review will be required. Use the format at Table 1 to provide information to J72 by August 1st of every year for the next fiscal year. Supply chains should provide a consolidated report that includes their DLR sites, as the DLR sites are required to nominate an acquisition for the DLA peer review program.

**Table 1. Pre-Award Nomination**

Supply Chain/Site/Activity and Location	Program/Acquisition Name and	Dollar Amount	Supply or Service	Expected Date of Solicitation	Expected Date of Contract
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	<b>Description</b>			<b>Issuance</b>	<b>Award</b>

(3) Post-award DLA peer reviews of service contracts. Each activity that has an active service contract will nominate a significant service contract by August 1st of each year to J72. The service contract can be the same acquisition as is nominated for milestone A and B DLA peer review, if the award will be made in a timely manner so a meaningful milestone C DLA peer review can be conducted within the fiscal year. The nomination should be provided in the format at table 2. Consider the timing of the contract when nominating for a peer review. The post-award DLA peer review should take place at the mid-point of the base or option period of performance. A milestone C IARB will follow the DLA peer review. Contracting officers should ensure the IARB and peer review take place at least three months prior to the required option exercise date.

**Table 2. Post-Award Service Contracts**

<b>Supply Chain/Site/Activity and Location</b>	<b>Program/ Acquisition Name and Description</b>	<b>Dollar Amount</b>	<b>Date of Award</b>	<b>Date of Next Option Exercise</b>	<b>Entire Period of Performance – number of years an date contract ends</b>

(b) Administration of DLA peer review program.

(1) The J72 DLA peer review program manager will schedule the DLA peer reviews, organize review teams, and facilitate reviews. DLA peer review teams will be comprised of HQ J7 code and field level contracting leadership personnel -DAWIA Level III in Contracting, (generally 1102 or 1101 -GS 14/15 or YC/YA 02 or 03). This includes such positions as the Director and Deputy of Procurement Operations, the Director and Deputy of Supplier Operations, Chief of the Contracting Office (CCO) and Deputy CCO. The DLA peer review program manager will contact activities to request name(s) be provided for peer reviews as they are scheduled. The teams will be comprised of 3 to 4 members. The same team will review the acquisition at milestone A, B, and C, if appropriate

(2) DLA peer reviews will be conducted at the location of the contract action. The local CCO is responsible for serving as the focal point for the DLA peer review team. Appropriate entrance and exit briefings shall be conducted. The subject matter experts involved in the acquisition shall be available for consultation while the DLA peer review team is performing the review at the location.

(c) Documents. The following documents must be made available to the team. The documents will be emailed to J72 DLA peer review program manager at the time the review is scheduled. The program manager will email documents to the team at least 5 work days prior to the date of the review to allow time for review prior to the team meeting at the contracting location. It is expected that all team members will have reviewed the documents prior to the peer review.

(1) Milestone A. After the IARB and prior to solicitation, the following documents are required to be made available for the Peer Review, if applicable. (Note: The list is not all inclusive):

- (i) The requirements document or purchase request;

- (ii) The acquisition strategy or acquisition plan;
- (iii) The source selection plan;
- (iv) The request for proposals (RFP);
- (v) The determination and finding (D&F) memorandum for single source delivery orders;
- (vi) The justification and approval (J&A) memorandum for use of non-competitive procedures;
- (vii) Consolidation memorandum (if applicable);
- (viii) Business case analysis; and
- (ix) Contract management plan.

Milestone B. Prior to contract award the following documents are required to be made available for the peer review, if applicable. (The list is not all inclusive.)

- (i) The initial RFP and all amendments including any RFP requirements (technical or contractual) that were changed and the reasons why;
- (ii) The source selection evaluation board (SSEB) analysis and findings;
- (iii) Any meeting minutes memorializing discussions between the Government and offerors;
- (iv) All evaluation notices generated as a result of deficiencies in the offerors proposals as well as the offerors responses to those evaluation notices;
- (v) All minutes memorializing the conduct of the source selection advisory council (SSAC) deliberations;
- (vi) The offerors responses to the request for final proposal revisions;
- (vii) The final SSAC deliberations;
- (viii) The final SSA determination and source selection decision;
- (ix) Award/incentive fee arrangements (if applicable);
- (x) Documentation of any required HCA D&Fs regarding non-availability of objective criteria;
- (xi) Documentation of pre-negotiation objectives, cost/price negotiation and the assessment of contractor risk in determining profit or fee; and
- (xii) Price negotiation memorandum.

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Milestone C. Service contracts only - post-award. The following documents are required to be made available for the peer review, if applicable. (The list is not all inclusive.)

- (i) The contract and all modifications;
- (ii) The contract management plan compliance;
- (iii) Subcontract plan;
- (iv) The requirements document or purchase request associated with any modifications;
- (v) Contractor surveillance documentation to include metrics and quality assurance surveillance plans;
- (vi) The business case analysis;
- (vii) Market research documentation;
- (viii) The price negotiation memorandum or business clearance including documentation of cost/price negotiation and the assessment of contractor risk in determining profit or fee; and
- (ix) Price adjustments, economic price adjustments or redetermination documentation.

(d) The DLA peer review team will assess the following areas. This is used as a guide, as the peer review team may review other issues or areas as they determine necessary.

(1) Milestone A -supply acquisitions.

- (i) Are the requirements clearly defined and stated in performance-based terms?
- (ii) Are performance-based characteristics directly tied to program objectives? (These should include consideration of program cost.)
- (iii) Are the critical program objectives reflected in the evaluation criteria?
- (iv) Is there a multi-functional support cadre in place or planned to manage the contract? (The support cadre should include trained and qualified contracting officer representatives.)
- (v) Has the acquisition team developed a tailored quality assurance surveillance plan to monitor contractor performance?
- (vi) Does the acquisition team have a sufficient number of experienced, trained/qualified personnel dedicated and assigned to accomplish the source selection?
- (vii) Does the contracting officer or source selection authority have a plan to provide training to the acquisition team?
- (viii) Is the contract type appropriate? Does the risk analysis address and support the recommendations for contract type, pricing structure or type of source selection?

(ix) If there are special contract requirements are they consistent with law, regulation and other terms of the solicitation?

(x) Has the acquisition team mapped Section L to Section M to the source selection plan to ensure consistency throughout?

(xi) Are minimum thresholds and maximum performance objectives clearly defined?

(xii) Are requirements stated in certain terms such that the evaluators will be able to assess whether the offeror meets or exceeds a particular outcome?

(xiii) Is surge and sustainment included in the acquisition plan?

(xiv) Is competition maintained, protected, or were attempts made to enhance?

(xv) Describe lessons learned, problems encountered, and best practices. The peer review team must obtain a POC for each issue identified, so they may be contracted at a later date if needed.

(2) Milestone A -service acquisitions. The following are mandatory areas that shall be assessed by the DLA peer review team. This data will be provided annually to DPAP in accordance with DPAP Memorandum dated February 18, 2009, Subject: Review Criteria for the Acquisition of Services. The J72 peer review program manager is responsible for collecting this information.

(i) Acquisition strategy. Is there a detailed written and approved acquisition strategy? Service acquisitions should have a comprehensive acquisition strategy that reflects program objectives, leverages spend data to arrive at strategic sourcing solutions for the enterprise being supported, incorporates strategic contracting tools, is developed prior to the issuance of the solicitation (amended as applicable), and is adhered to throughout the performance.

(ii) Clearly defined requirements. Are requirements clearly stated? Service acquisitions should use performance work statements or statement of objectives that clearly defines the services the program seeks to receive.

(iii) Period of performance. Is the length of the contract appropriate? Service acquisitions should employ contract periods of performance of an appropriate length, consistent with the technological dependence, industry standards, and sufficient time to reclaim the program, ownership (in cases with an acquisition history of a single provider) such that fair competition can occur. Service contract length should typically be 3 to 5 years with certain exceptions (e.g., performance-based logistics and energy-savings performance contracts).

(iv) Appropriate contract type. Is the contract type appropriate? Service acquisitions should employ contract types, CLIN and pricing structures that are appropriate for the acquisition situation. Time and materials contracts are the least preferable contract type and must be justified when used and should be used in limited cases (e.g., no more than 10 percent of the contract value).

(v) Socio-economic considerations. Are there small business opportunities? Consider the values of small business contributions and expected maximum opportunities for small business participation.

(vi) Participation decisions points. Are there decision points (on and off ramps) for longer term contracts? Service contracts with longer periods of performance, particularly multiple award

contracts, should provide for decision points (on and off ramps) to ensure that the Government has a qualified pool of contractors that will provide continuous service throughout the life of the contract.

(vii) Competition. Does the approach provide for robust competition? Service acquisition requirements should be articulated in such a way to provide for maximum competition for multiple award contracts, throughout the life of the contract with meaningful competition for orders. Evaluation factors are tied to key program requirements.

(viii) Objective incentives. Are awards/incentives set up to reward effective outcomes? Objective criteria will be utilized, whenever possible, to measure contract performance. Where objective criteria exist, and it is appropriate to also incentivize subjective elements of performance, the most appropriate contract type would be a multiple incentive type contract containing both incentive and award fee criteria.

(ix) Inherently Governmental functions. Are required determinations appropriately executed? Acquisitions for services must address the extent of the agency's reliance on contractors to perform acquisition functions closely associated with inherently governmental functions as defined by FAR Subpart 7.5, and DFARS 207.5.

(x) Conflicts of Interest. Are financial interests of support contractors evaluated as required? When one contractor will provide oversight for another contractor or direct work to another contractor, the acquisition documentation should address measures to reduce /eliminate potential conflict of interest.

(xi) Performance management. Are meaningful performance measures in place? Service acquisitions should utilize performance based characteristics to the maximum extent practicable to include measures that are directly tied to program objectives.

(xii) Contract surveillance. Are appropriate Government oversight personnel in place? Service acquisitions must have assigned contracting officer representatives (CORs) that use tailored quality assurance surveillance plans to monitor contractor performance.

(xiii) Describe lessons learned, problems encountered, and best practices. Provide a point of contact for each issue identified for later contact to implement DLA policy and/or procedure.

(3) Milestone B - supply and service acquisitions.

- (i) Source selection was carried out in accordance with the source selection plan and RFP;
  - (ii) The SSEB evaluation was clearly documented;
  - (iii) The SSAC advisory panel recommendation was clearly documented;
  - (iv) The SSA decision was clearly derived from the conduct of the source selection process;
  - (v) Did the evaluation team follow/comply with Sections L and M of the RFP, the source selection evaluation guide (if used), and source selection plan?
  - (vi) Was there consistency and fairness in evaluating each offer against Section M (evaluation criteria)?
  - (vii) Was there consistency in applying the ratings across the offerors?
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(viii) What clarifications and/or communications, if any, were conducted?

(ix) Were there appropriate clarifications and/or communications?

(x) If discussions were held, were they meaningful and was the communication open so the offeror and Government clearly understood each other's position and assumptions? (It is not sufficient to handle discussions in a way that is only for the benefit of the Government to understand the offeror's proposal.)

(xi) Did the evaluation team apply any standards or undisclosed evaluation criteria to their evaluation of proposals or past performance?

(xii) Does the documentation memorialize deficiencies, weaknesses, significant weaknesses, and adverse past performance described in the evaluation notices? Were assumptions addressed as appropriate or acceptable?

(xiii) Does the supporting documentation describe details of the evaluations?

(xiv) Were discussions conducted in accordance with sections L and M?

(xv) Does the supporting documentation adequately describe the basis and justification for the ratings?

(xvi) Do the interim ratings prior to final evaluation support the degree of discussions held with each offeror? (For example, there must be no misunderstanding by the offeror that the contracting officer clearly discussed the issues that resulted in the red or yellow ratings.)

(xvii) Is the documentation complete so the SSA has the complete picture from approval to establish competitive range to completion of meaningful discussions (with or without releasing of interim ratings)?

(xviii) If interim ratings were not released prior to final proposal revision request, has the contracting officer clearly articulated his/her rationale?

(xix) If an offeror's proposal is no longer be in the competitive range, does the documentation support the recommendation to eliminate it from consideration for award?

(xx) Did the SSEB complete proposal evaluation, incorporate information provided through discussions and final proposal revisions in accordance with section M?

(xxi) Is the proposal analysis report (PAR) (or similar document) reflective of the evaluations and justification documents?

(xxii). Is the source selection decision document reflective of the SBA's integrated assessment and own personal decision leading to the selection of a contractor(s)?

(xxiii) Does the documentation clearly summarize and justify the evaluation results?

(xxiv) If a PAR is not used, does the documentation contain adequate details of the evaluation results and a comparative analysis (cost/price, past performance, mission capability, proposal risk, and a source selection recommendation) of the competitive offers?

(xxv) Can the SSA make an integrated assessment best value decision based on the information presented in the documentation?

(xxvi) Can the information in the documentation be used, as applicable, for the source selection decision document?

(xxv) Can the SSA make an integrated assessment best value decision based on the information presented in the documentation?

(xxvi) Can the information in the documentation be used, as applicable, for the source selection decision documents?

(xxvii) Overall, does the documentation of the acquisition support decisions/justifications?

(xxviii) Describe lessons learned, problems encountered, and best practices. Provide a POC for each issue identified.

(4) Milestone C - service contracts. The following are mandatory areas that shall be assessed by the DLA peer review team to be provided to DPAP in accordance with DPAP Memorandum dated February 18, 2009, Subject: Review Criteria for the Acquisition of Services.

(i) Contractor performance assessment. Does the program meet or exceed established cost, schedule and performance criteria? Service acquisitions undergo periodic reviews to ensure the program is on course with respect to cost, schedule and performance requirements: and any necessary adjustments are made.

(ii) Maintaining competition. Is there robust competition for orders? Was appropriate contract type used (e.g., could a firm fixed price contract be used when a cost reimbursement or other type of contract was used -or vice versa)? Are the requirements well defined? Were appropriate cost/pricing methods used? Multiple award services acquisitions use contracting mechanisms, including the use of competition, the contract structure and type, the definition of contract requirements, cost price methods, the award and negotiation of task orders, and managing and oversight mechanisms.

(iii) Contractor's subcontract management. Is the contractor's subcontract management evaluated? Service acquisitions undergo periodic reviews to monitor the contractor's use, management, and oversight of subcontractors.

(iv) Contract surveillance - Are appropriate government oversight personnel in place? Service acquisitions undergo periodic reviews to ensure the appropriate staffing of government contract management and oversight functions to include CORs.

(v) Assessment of excessive pass-through charges - Are contractor pass-through charges evaluated? Service acquisitions undergo periodic review to evaluate the extent of any pass-through and excessive pass-through charges by the contractor.

(vi) Inherently Governmental functions - Are appropriate performance of contractor functions evaluated as required? For service acquisitions under which one contractor provides oversight for services performed by other contractors, periodic reviews evaluate the extent of the agency's reliance on the contractor to perform acquisition functions closely associated with inherently governmental functions as defined in section 2383 (b) (3) of title 10, United States Code.

(vii) Conflicts of interest (financial) - Are financial interests of support contractors evaluated as required? For service acquisitions under which one contractor provides oversight for services performed by other contractors, periodic reviews evaluate the financial interests of any prime contractor.

(viii) Objective incentives - Are award/incentive fees paid in a manner consistent with DoD policy, or with a corrective action plan in place to address past inconsistencies? For contracts with award and/or incentive fee, objective criteria will be utilized, whenever possible, to measure contract performance. Where objective criteria exist, and it is appropriate to also incentivize subjective elements of performance, the most appropriate contract type would be a multiple incentive type contract containing both incentive and award fee criteria.

(ix) Describe lessons learned, problems encountered, and best practices. Provide a point of contact for each issue identified.

(e) The review recommendations of the DLA peer review team are advisory in nature. However, significant findings may result in changes to the acquisition. The DLA peer review report for the subject milestone will be provided within 3 work days after completion of the review to the HCA/CCO as applicable, at the activity. A copy of the report must be provided to J72 by the peer review team. If there is a discrepancy between the HCA/CCO direction and the peer review recommendations, the HCA shall confer with the Director, DLA Acquisition (J7) to determine appropriate action.

(f) The contracting officer shall document the disposition of all DLA peer review recommendations (i.e., state whether the recommendation will be followed and, if not, why not) by a memorandum for the record in the applicable contract file prior to embarking on the next phase of an acquisition. A copy of the memorandum shall be furnished to J72.

(g) An IARB is required following a DLA peer review to ensure J7 is updated on the peer review program progress (except for milestone A, where the Peer review can only take place after the milestone A IARB so documents can be prepared.) The Peer Review Team members will participate in the milestone B and C IARB by either VTC, telecom, or in person. The DLA peer review program manager or a DLA peer review team member will present the findings at the IARB. Pertinent comments and/or recommendations will be included in the IARB minutes to document the peer review.

(h) The DLA peer review program manager will build a data base of best practices, lessons learned, and trends for all peer reviews. An annual report will be issued that captures this information. Adjustments to the program may be made based on the results of the reviews.

### **PGI SUBPART 1.3 – AGENCY ACQUISITION REGULATIONS**

*(Revised September 27, 2011 through PROCLTR 2011-45)*

#### **PGI 1.301 Policy.**

##### **PGI 1.301-90 Procurement letters (PROCLTRs).**

(a) There are three types of PROCLTRs as determined by the Chief, Acquisition Policy and Systems Division (J71):

(1) Standard. Provides DLAD supplementation due to new or changed policy promulgated by DLA, OSD or other authority. Also includes revisions that alter the substantive meaning of any coverage in the DLAD. PROCLTRs are not used to approve deviations to the FAR, DFARS, or DLAD.

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PROCLTRs with DLAD coverage are not used to restate statutes, executive orders, or higher level acquisition regulations. The PROCLTRs provide any DLA-unique aspects to such policy or regulation. Revisions to the PGI are also made by standard PROCLTR. A standard PROCLTR is signed by the Director, DLA Acquisition.

(2) Exhortatory. Reminds the target audience of an existing policy requirement and provides no DLAD supplementation. An exhortatory PROCLTR is signed by the Director, DLA Acquisition.

(3) Technical. Editorial, stylistic, administrative or other revisions that have no impact on the basic meaning of the coverage being revised. A technical PROCLTR may be signed by the Director, DLA Acquisition, or Chief, DLA Acquisition Policy and Systems Division (J71).

(b) Unnumbered multiple-address letters may be issued for one-time requests for comments or reports, announcements of procurement conferences and other meetings. These are not considered PROCLTRs and no implementation beyond the action requested is contemplated.

(c) Numbering. PROCLTRs will be assigned sequential PROCLTR numbers for each year (e.g., PROCLTR 2011-01) and tracked in the PROCLTR Index located at the PROCLTR website on the Common Access Card (CAC) – enabled DLA Acquisition (J7) E-Workplace site. Once a PROCLTR number has been assigned, it cannot be reissued or reassigned if the PROCLTR is withdrawn or otherwise no longer required before it has been completed, signed and issued. In this situation, the DLAD Editor will note the disposition of the affected PROCLTR in the PROCLTR Index.

(d) Responsibilities.

(1) DLA Headquarters Action Officer (HQ AO). Reviews the need for a PROCLTR, drafts the PROCLTR, and coordinates the PROCLTR package with the appropriate areas of the DLA enterprise for review, impact on DLA, including policy and systems, comments, draft revisions, concurrences, and signature. If the DLAD and/or clauses are impacted, coordinates with the DLAD Editor.

(2) DLA Acquisition Programs and Business Operations Division (J74) Business Office. Coordinates final PROCLTR package for appropriate signature and date, and returns the final file after signature to the DLAD Editor.

(3) Subject matter experts. Includes DLA Acquisition Division Chiefs, Field Policy Chiefs, process owners and DLA General Counsel (DG). Review, provide comments, and coordinate on PROCLTR package.

(4) DLAD Editor. Reviews the PROCLTR package, assigns the PROCLTR number, issues and distributes the PROCLTR, and updates the DLAD and/or DLAD PGI as appropriate, as well as the PROCLTR index.

(5) DLA Acquisition Systems (J71). Reviews the draft PROCLTR and determines systems impact. Coordinates necessary systems updates to implement the final PROCLTR.

(e) Drafting guidelines. PROCLTRs will follow the PROCLTR template and the FAR Operating Guide and FAR Drafting Guide (see (f) below).

(f) Documents. PROCLTR templates and checklists, along with instructions and samples, are located at the PROCLTR website on the Common Access Card (CAC) – enabled DLA Acquisition (J7) E-Workplace site. The following is a list of documents to be used for the PROCLTR process:

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- (1) PROCLTR overview checklist.
- (2) PROCLTR template.
- (3) FAR operating guide.
- (4) FAR drafting guide.
- (5) PROCLTR DLA impact checklist.
- (6) PROCLTR clause prescription checklist.
- (7) PROCLTR coordination checklist.
- (8) PROCLTR comment matrix.
- (9) PROCLTR file checklist.
- (10) PROCLTR DLAD editor's checklist.

(g) Process.

(1) When the need for a PROCLTR is identified, a J7 division chief assigns a HQ AO and notifies the Chief, DLA Acquisition Policy and Systems (J71) and the team lead, DLA Acquisition Policy. The HQ AO will then notify and coordinate further activities with the J71 procurement analyst responsible for the associated DLAD part(s). The HQ AO shall complete the PROCLTR overview checklist for all standard PROCLTRs.

(2) The HQ AO drafts the PROCLTR (preliminary draft) with the appropriate signature block and supporting documents. Changes in other areas of the DLAD or DLAD PGI shall be included in the preliminary draft PROCLTR as appropriate (i.e., DLAD referenced sections, PGI, clauses, forms, appendices). The PROCLTR template shall be used for all preliminary drafts. The original text of the DLAD and/or DLAD PGI that is being revised with marked changes and the conformed copy shall be included in all standard PROCLTRs, as applicable.

(3) The HQ AO shall review the impact that the guidance in a PROCLTR may have on DLA, including policy and systems. Coordinate with the procurement systems group (J71) for any systems impact from the intended change, including any needed resolution. Complete the PROCLTR DLA impact checklist. Update the preliminary draft PROCLTR with results of the discussion as appropriate and include the completed PROCLTR DLA impact checklist with notes as appropriate.

(4) The HQ AO shall ensure any clause prescription in the coverage describes its use accurately and with specificity, including restricting use to particular supply chains when appropriate. Complete the PROCLTR clause prescription checklist.

(5) The HQ AO shall electronically coordinate with the field and HQ contacts as appropriate. Complete the PROCLTR coordination checklist.

(i) All PROCLTRs shall be coordinated with DLA General Counsel (DG) and the DLAD editor.

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(ii) Standard and exhortatory PROCLTRs will be coordinated with DLA Acquisition Policy and Systems Division Chief (J71), DLA Acquisition Operations Division Chief (J72), DLA Compliance Oversight and Acquisition Workforce Division Chief (J73), and DLA Acquisition Programs and Business Operations Division Chief (J74).

(iii) Technical PROCLTRs will be coordinated with the Chief, DLA Acquisition Policy and Systems Division Chief (J71).

(iv) Identify other stakeholders, such as other J-codes and the PLFAs, and provide the proposed PROCLTR for comment. The Chief, DLA Acquisition Policy and Systems Division (J71), may waive this requirement when it is clear that there are no other stakeholders that will be significantly affected by the PROCLTR or in cases of unusual urgency (in these latter cases, stakeholders should still be afforded the opportunity to comment to the extent practicable under the circumstances). Identify stakeholders based on the purpose and effect of the proposed PROCLTR. For example, if a PROCLTR proposes to delete a PLFA clause or otherwise significantly impacts PLFA contracting, the affected PLFAs would be stakeholders; if a PROCLTR affects payment procedures, DLA Finance (J8) would be a stakeholder.

(v) Specify a suspense date, normally three to five business days. An initial no response at this stage will be presumed to be concurrence, with the exception of DLA General Counsel (DG).

(vi) Reconcile and incorporate comments as received. If anyone non-concurs on the proposed contents of the PROCLTR, they must provide the rationale for non-concurrence to the HQ AO.

(vii) After comments are considered and any revisions made, send draft PROCLTR via e-mail again to field and HQ contacts so that they can see all the changes made. Seek new concurrence if changes are significant.

(6) The HQ AO works with the DLAD Editor to compile the official PROCLTR file (final draft) and coordinates with the DLA Acquisition business office for review and signature, including the staff summary sheet. Complete and attach the PROCLTR file checklist and the PROCLTR DLAD editor's checklist.

(7) The DLA Acquisition business office obtains the signature of the Director, DLA Acquisition, on the hard copy of the final PROCLTR and returns it with the official PROCLTR file to the DLAD editor.

(8) The DLAD editor shall complete administration of the PROCLTR and file, which includes assigning a PROCLTR number and updating the PROCLTR index, revising the DLAD and/or DLAD PGI, issuing the PROCLTR, posting the final PROCLTR on the PROCLTR website on the common access card (CAC) – enabled [DLA Acquisition \(J7\) E-Workplace](#) site and archiving the file.

(9) DLA Acquisition Systems (J71) coordinates systems updates to implement the PROCLTR as appropriate.

**PGI 1.390 [Reserved.]**

## **PGI SUBPART 1.6 – CAREER DEVELOPMENT, CONTRACTING AUTHORITY AND RESPONSIBILITIES**

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*(Revised September 19, 2012 through PROCLTR 2012-49)*

**PGI 1.601-90 Critical acquisition responsibilities.**

(b)(3)(iv) DLA automated procurement systems internal controls (APSIC) process.

(A) Definition. “Automated procurement system” means a contract-writing system that uses automated solicitation, evaluation, and award processes to execute purchase orders and applies electronic contracting officer signatures to fully-automated awards.

(B) Purpose. The APSIC process standardizes the review of DLA automated procurement system functional outcomes, pricing parameters, and contracting officer training. Functional outcomes must comply with all requirements of law, executive orders, regulations, and other applicable procedures, consistent with procedures and outcomes that would have occurred if the award had been processed manually.

(1) The review also includes an assessment of pricing parameter settings to determine if adjustments have been made consistent with market changes. Contracting officer completion of mandatory training and consent to use of their electronic signature with the intent to bind the Government must be adequately documented (see 1.602-2(92)).

(2) The APSIC process complements the reviews of all proposed procurement policy changes conducted by DLA acquisition systems (J71) in accordance with PGI 1.301-90(d)(5) to determine anticipated impact on system logic and implement any needed system changes. It also complements the on-going technical updates of system logic conducted by DLA Information Operations, to include the systems change request (SCR) process and regression testing that follows any changes in system logic to ensure other system logic outcomes have not been adversely affected.

(C) Team composition. The APSIC team will be led by a pricing analyst from the DLA Acquisition Operations Division (J72) and be comprised of J72 pricing analysts located at the sites using automated acquisition systems. The team will be supplemented with subject matter experts (SMEs) from the automated procurement systems team, the Office of Small Business Programs, General Counsel, and the supply chains. Supply chain SMEs will include contracting officers whose electronic signatures are applied to fully-automated awards.

(E) Process. The APSIC process is under the cognizance of the Director, DLA Acquisition (J7). (APSIC reviews are separate from the monthly simplified acquisition reviews required at 1.601-90(b)(3).)

(1) J72 is responsible for the APSIC process. The DLA procurement management review (PMR) and J72 pricing team review processes will overlay the APSIC process. J72 will coordinate APSIC reviews with any concurrent PMR or J72 pricing team reviews.

(2) During biennial PMRs, the PMR teams will evaluate supply chain compliance with APSIC process requirements. Findings regarding automated procurement system compliance with the APSIC process will be included in PMR reports, and management plan of corrective action (MPCA) will be required in response to those findings.

(F) Frequency. APSIC reviews will occur semi-annually.

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(G) Sampling. The APSIC team lead will select a statistically-valid sample from the total number of enterprise fully-automated awards processed during the semi-annual period prior to the review to achieve a 90% confidence level with a 10% error rate. A statistical program such as EZ-Quant will be used to compile the sample.

(H) Review and documentation. The APSIC team lead will review the sample of acquisitions solicited, evaluated, and awarded through DLA automated procurement systems to ensure that awards met all requirements of law, executive orders, regulations, and other applicable procedures, based on review of the specific information in the checklist below. An individual checklist will be completed for each award that is reviewed.

	<u>Item</u>	<u>Comments</u>
1	Contract file PIIN	
2	Small business set-aside decision consistent w/regulation	
3	Award in ECF reflects all quotes received	
4	Abstract reflects all quoters and their ABVS scores	
5	Awardee vendor CAGE	
6	Dollar value	
7	Award date	
9	National stock number (NSN)	
10	Synopsis (over \$25K)	
11	Department of Defense (DD) form 2579 (over \$10K)	
12	Request for quote (RFQ)	
13	All quotes in ECF	
14	Accurate pricing reasonableness code (PRC) assigned	
15	Price reasonableness code (PRC) complies with pricing logic	
16	Valid basis for price comparison used (FAR 15.404-1(b)(2)(ii))	
17	Basis for prior award documented on purchase request document (PRD)	
18	Representations and certifications complete	
19	Notification of award included/issued timely	
20	First time buy approved at level above contracting officer	
21	Independent dealer/OEM pricing (as applicable)	
21a	Evidence of Independent Pricing from Quote(s)	
21b	Contracting officer determination of independent pricing documented	
21c	Contracting officer certification to HCA in accordance with DFARS 217.7505, Limitation on Price Increases for Replenishment Spare Parts	
22	Basis for determination of responsibility adequately documented	
23	Justification for limited or sole source	
24	Other	

(I) Reporting. Within 30 days of completion of the APSIC review, J7 will issue a final report to the respective supply chain HCAs and AEs. A copy of the report will also be forwarded to the DLA Land and Maritime HCA and AE for action if any changes in system logic are required. The report will cite systemic and/or significant issues and recommendations. The supply chain AE(s) will be required to submit a management plan of corrective action within 30 days from the date of the APSIC report. J72 will track APSIC corrective actions in the monthly J7 review and analysis metrics reports.

(J) Training. Any contracting officer whose electronic signature is applied to fully-automated awards generated by an automated procurement system must have completed mandatory

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annual training that provides a detailed review of the system logic. The learning management system (LMS) training module entitled “DLA Automated Procurement Systems” satisfies this training requirement. To document successful completion of the training, contracting officers must place a signed and dated certificate of completion in their contracting officer warrant records file.

**PGI 1.601-90(b)(8)**

(a) Contract administration training requirements for all contracting personnel are as follows:

EMPLOYEE POSITION	INITIAL TRAINING - Must be completed within 1 year	REFRESHER TRAINING - Must be completed within 2 years of initial training	FOCUS AREAS By Level of Certification
Contract Administrator  Supervisory Contract Administrator	Mandatory 4-5 day “Contract Administration” or “Advanced Contract Administration” classroom training (May be courses currently offered by ESI or Management Concepts or equivalent). CON 112 (DAU) is an acceptable equivalent.	Approximately 50% of the continuous learning points (CLPs) required to be completed every 2 years (or 40 CLPs) must focus on post award training. CLPs may be obtained through classroom training, continuous learning courses, forums, seminars, on-the-job training, job rotation, college courses, or other training determined to be acceptable by the employee’s supervisor.  Approximately 50% of the continuous learning points required to be completed every 2 years (or 40 CLPs) must focus on pre-award training and/or professional, business, and leadership skill training.	Level I certified in contracting (GS 5-7)  Focus on basic training courses and OJT Level II certified in contracting (GS 9-12)  Focus on more advanced training courses and more complex OJT Level III certified in contracting (GS 13 and above)  Focus on diverse concepts, high level management and oversight courses
Pre-Award Contract Specialist and Supervisory Contract Specialist  Cradle-to-Grave Contract Specialist and Supervisory Contract Specialist	Mandatory 4-5 day “Contract Administration” or “Advanced Contract Administration” classroom training (May be courses currently offered by ESI or Management Concepts or equivalent). CON 112 (DAU) is an acceptable equivalent.	Approximately 25% of the continuous learning points required to be completed every 2 years (or 20 CLPs) must focus on post award training. CLPs may be obtained through classroom training, continuous learning courses, forums, seminars, on-the-job training, job rotation, college courses, or other training determined to be acceptable by the employee’s supervisor.	Level I certified in contracting (GS 5-7)  Focus on basic training courses and OJT Level II certified in contracting (GS 9-12)  Focus on more advanced training courses and more complex OJT Level III certified in contracting (GS 13 and above)

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EMPLOYEE POSITION	INITIAL TRAINING - Must be completed within 1 year	REFRESHER TRAINING - Must be completed within 2 years of initial training	FOCUS AREAS By Level of Certification
Procurement Analyst Price Analyst Small Business Specialist		Approximately 75% of the continuous learning points required to be completed every 2 years (or 60 CLPs) must focus on pre-award training and/or professional, business, and leadership skill training.	Focus on diverse concepts, high level management and oversight courses

(b) Employees and their supervisors are required to record/track CLPs in ACQTAS. Local training coordinators are responsible for monitoring compliance with contract administration training requirements for their activities.

(c) The objective of the required training in paragraph (a) of this section is to provide diverse, well-rounded training for all employees, regardless of their current positions, for career development planning. Training should provide exposure to all facets of contracting, and help employees design individual development plans to develop competencies beyond those required for their current jobs. In addition to enhancing career development, rotational assignments for contracting personnel (including interns) will ensure that employees are permanently assigned to positions that best utilize their skills.

(d) Local training coordinators at each activity should be consulted for sources of approved contract administration training courses. Activities should review and redevelop the main focus of training each year based on employee capability assessments, procurement management review findings, and acquisition integrity dashboard results. DAU approved contract administration training courses are available on the DAU course website at <https://learn.dau.mil/html/clc/Clc1.jsp?cl=>. DAU equivalency courses from other DOD/federal agencies, civilian organizations and professional societies, and commercial vendors are available on the DAU website at <http://www.dau.mil/learning/appg.aspx>. Approved DLA training center (DTC) contract administration training courses are available on the DTC website at <http://www.hr.dla.mil/resources/index.html> under “Training.”

**PGI 1.602-2-90 Requirements for the Contracting Officers' Representative (COR).**

(a) Definition of COR. The COR is the Government individual designated in writing by the contracting officer to act as the contracting officer's authorized representative to monitor specific aspects of the contract and take action as authorized in the letter of designation. COR responsibilities and limitations are established by the contracting officer, who is responsible for identifying the complexity of the requirement, whether type A, B, or C, as detailed in paragraph (b)(1)(i) through (iii) of this section.

(b) COR training prior to designation.

(1) The following courses are the minimum training requirements for DLA COR certification in accordance with the Under Secretary of Defense, Acquisition Technology and Logistics memorandum dated March 29, 2010, Subject: DoD Standard for Certification of Contracting Officer's Representatives for Services Acquisitions. The coursework is required for all CORs, regardless of whether the acquisition is for supplies or services.

(i) Type A COR.

COR duties and/or responsibilities are generally limited to minimal technical and/or administrative monitoring of the contract. The COR works with fixed price, low performance risk requirements without incentives (for example, no identifiable risk factors, limited technical expertise required, low likelihood of modifications, or a follow-on contract versus new effort).

Initial training required:

CLC 106, Contracting officer's representative with a mission focus, or equivalent;  
CLC 206, Contracting officer's representatives in a contingency environment, when applicable;

CLM 003, Overview of acquisition ethics;  
CLM 049, Procurement fraud indicators; and

Any additional training either mandated by DLA, and/or requested by the designating contracting officer, such as wide area workflow (WAWF).

Refresher training required from the date of designation:

A minimum of 8 hours of COR specific training every 3 years or prior to assuming COR responsibilities, if the individual has not served as a COR within the last 2 years (the coursework may include a refresher course on Procurement Fraud Indicators);

CLM 003, Overview of acquisition ethics, annually; and

Any additional training either mandated by DLA, such as Combatting Trafficking in Persons, and/or requested by the designating contracting officer.

(ii) Type B COR.

COR duties and/or responsibilities are of increasing complexity from Type A (however, the duties are not considered as complex as those for Type C). The COR provides technical support and contract administration duties of moderate difficulty. The COR may work with non-fixed price, higher performance risk requirements, with or without incentives, either in CONUS or OCONUS (for example, the effort is performed in multiple regions, in remote geographic locations, or is a contingency effort; procurements may include cost-type services acquisitions and T&M/LH contracts).

Initial Training required:

CLC 206, Contracting officer's representatives in a contingency environment, when applicable;

CLC 222, Contracting officers representative (COR) online training;

CLM 003, Overview of acquisition ethics; and  
CLM 049, Procurement fraud indicators; and

Any additional training either mandated by DLA, and/or requested by the designating contracting officer, such as WAWF .

Refresher training required from the date of designation:

A minimum of 16 hours of COR specific training every 3 years or prior to assuming COR responsibilities, if the individual has not served as a COR within the last 2 years (the coursework may include a refresher course on Procurement Fraud Indicators);

CLM 003, Overview of acquisition ethics, annually; and

Any additional training either mandated by DLA, such as Combatting Trafficking in Persons, and/or requested by the designating contracting officer.

(iii) Type C COR.

COR duties and/or responsibilities are highly complex or specialized. The COR works with unique contract requirements that necessitate specialized training, a professional license, or higher education.

Initial training required:

CLC 206, Contracting officer's representatives in a contingency environment, when applicable;

CLC 222, Contracting officers representative (COR) online training;

CLM 003, Overview of acquisition ethics;

CLM 049, Procurement fraud indicators; and

Any additional training either mandated by DLA and/or requested by the designating contracting officer, such as WAWF ; and

Mandatory specialized or technical training as determined by the agency.

Refresher training required from the date of designation:

A minimum of 16 hours of COR specific training every 3 years or prior to assuming COR responsibilities, if the individual has not served as a COR within the last 2 years (the coursework may include a refresher course on Procurement Fraud Indicators);

CLM 003, Overview of acquisition ethics, annually; and

Any additional training either mandated by DLA, such as Combatting Trafficking in Persons, and/or requested by the designating contracting officer.

(2) Training.

(i) Local training coordinators should be consulted for sources of approved COR training courses, to include use of the CORT Tool. Contact the DLA HQ J73 subject matter expert as necessary for further guidance on use of the DoD CORT Tool.

(ii) Defense Acquisition University (DAU) approved COR training courses are available on the DAU course website at [www.dau.mil](http://www.dau.mil).

(iii) DAU equivalency courses from other DOD/federal agencies, civilian organizations and professional societies, and commercial vendors are available on the DAU website at <http://icatalog.dau.mil/appg.aspx>.

(iv) Approved DLA training center (DTC) COR training courses are available on the DTC website at <http://www.hr.dla.mil/> under "Training."

(iv) In accordance with the Under Secretary of Defense, Acquisition Technology and Logistics memorandum dated March 29, 2010, Subject: DoD Standard for Certification of Contracting Officer's Representatives for Services Acquisitions, component-sponsored and commercial training must be equivalent to the DAU baseline training for COR types B and C.

(c) Designation.

(1) The contracting officer may designate any DoD member with Internet access and an Army or Defense knowledge online (AKO/DKO) account who is a Government employee, military or civilian, to act as the contracting officer's authorized representative (COR) on a contract subject to the authority and limitations outlined in the letter of designation and subject to the following designation guidance.

(i) In designating a Government individual as an authorized representative, the contracting officer shall ensure that the individual possesses qualifications, training and experience commensurate with the authority which the COR will exercise. The individual's program management skills should also be considered when designating a COR, if the requirement is complex.

(ii) The contracting officer will designate the initial COR no later than the date of contract award. To facilitate the COR's designation, personnel shall be nominated and trained before contract award.

(2) The COR shall complete approved training prior to being issued a letter of designation. See PGI 1.602-2-90(b) for required initial and refresher training. Based on contract administration requirements of the acquisition, the designating contracting officer may add to the COR nominee's training requirements. Local training coordinators should be consulted for sources of approved courses.

(3) A COR shall be designated by the contracting officer both by formal written letter and using the DoD contracting officer representative tracking (CORT) tool. The contracting officer is required to first register within the CORT tool; see paragraph (d)(1) of this section for procedures. Designation of a COR shall be in writing and shall clearly define the scope and limitations of authority.

(i) The extent of the authority and limitations of the COR for each individual contract is determined by the contracting officer and stated within the COR's designation letter.

(ii) Changes in the scope and limitation of authority may be made either by the contracting officer by issuing a new COR designation letter or by amending the existing COR designation letter.

(iii) When one COR is designated for more than one contract, a separate COR designation letter shall be issued for each contract.

(iv) If the COR's designation covers more than one contract, the contracting officer may elect to issue a blanket designation letter rather than a separate COR designation letters for each contract file. Each contract number must be identified in the blanket designation letter and a copy placed in each contract file. The letter of designation specifies the duties and/or responsibilities the COR is required to perform for each contract.

(4) A sample letter of designation for a COR is provided in Table 1 of this section. The letter should be tailored as necessary, depending on duties delegated to the COR by the contracting officer. The COR shall acknowledge the designation, while acknowledgement by the contractor is considered a best practice.

Table 1. Sample Letter of Designation for a COR.

<p>SUBJECT: Designation as Contracting Officer's Representative for Contract/ Purchase Order / Delivery Order Number _____.</p> <p>TO: (Address to individual, indicating rank or grade, branch, division, activity, and location.)</p> <p>1. Under the authority vested in me by my warrant dated _____, and pursuant to paragraph 1.602-2-90 of the Defense Logistics Acquisition Directive (DLAD), you are hereby designated contracting officer's representative (COR) with authority conferred by the contracting officer. Your authority as a COR shall not be delegated.</p> <p>2. Duties will vary with the type of contract and complexity of the acquisition. In general, you are responsible for the following areas during contract performance:</p> <ul style="list-style-type: none"><li>a. Monitoring the contractor's performance to assure compliance with technical requirements of the contract (see DLAD PGI 1.602-2-90 for guidance).</li><li>b. Reviewing and approving invoices, progress and financial reports, and other items as required. Notify the contracting officer if required deliverables are not received within the designated timeframes or if reports or other items submitted are to be rejected.</li><li>c. Notifying the contracting officer if performance is not proceeding satisfactorily or if problems are anticipated. Complete and provide past performance reports as required, including input of contractor performance assessment reports (CPARS) to the past performance information retrieval system (PPIRS) at <a href="http://www.ppirs.gov/">http://www.ppirs.gov/</a>.</li><li>d. Advising the contractor to submit requests for changes in writing to the contracting officer, indicating the effect the change will have on the contract terms and conditions.</li><li>e. Assuring that changes in work under a contract are not implemented before written authorization or a contract modification is issued by the contracting officer.</li><li>f. Keeping the contracting officer informed of communication with the contractor in order to prevent possible misunderstandings or situations that could become a basis for future claims against the Government.</li></ul>
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g. Recommending contract modifications and terminations, documenting receipt and acceptance of supplies/services, and accomplishing other tasks required by the contract or contracting officer.

h. Notifying the contracting officer if contractor appears to be performing an inherently Governmental function for a DLA contract.

i. Overseeing the Contractor's use of Government property and facilities, when authorized under the contract.

j. Specific areas of responsibility:

(1) Complete required periodic training.

(2) Maintain files properly and completely as required within the CORT Tool.

(3) Complete the annual COR file inspection checklist with the CORT tool together with the undersigned as the contracting officer.

(specify other areas as necessary)

3. The scope of your authority is subject to the following limitations. You are not authorized to:

a. Alter the contract in any way, either directly or by implication.

b. Issue instructions to the contractor to stop or start work.

c. Order or accept goods or services not expressly within the scope of the contract unless the contracting officer confirms in writing that the items are within scope.

d. Render a decision under the Disputes clause.

e. Authorize delivery or disposition of Government property not authorized by the contract.

f. Discuss acquisition plans or provide any advance information that might give one contractor an advantage over another contractor in forthcoming procurements.

g. Sign any contract, including delivery orders, purchase orders, or communication service authorizations (CSAs), or to modify a contract, or in any way, obligate payment funds by the Government.

h. Take any action which may have an impact on contract or delivery orders, schedules, funds, or scope of work.

i. Additional limitations on the COR's authority: (specify)

4. This letter of designation shall be in full force and effect until revoked by me or my successor in the same manner as it is hereby granted, or upon your transfer from the (branch, division, activity, and location).

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Date _____	Contracting officer's signature _____
Acknowledgement:	
Date _____	Contracting officer representative's signature with organization address/ location and phone number _____
Date _____	Contractor representative's signature with company address/ location and phone number _____

(6) The contracting officer shall ensure that a copy of the COR's designation letter is provided to the DLA support team (DST) commander when that COR is within the commander's area of responsibility (AOR).

(i) The contracting officer shall clearly identify to the DST commander the specific duties and responsibilities of the COR, such as periodic, daily, weekly, quarterly, and yearly inspections, reports, and other deliverables.

(ii) A COR under the cognizance of a DST command has dual reporting responsibilities, both to the contracting officer and to the DST commander.

(iii) The COR may receive security, transportation, and other assistance from the DST command for performing oversight of contractors and investigating potential issues with a contract.

(iv) The COR will work with the contracting officer and DST command to resolve any possible conflict in duties and responsibilities which the COR is required to perform.

(7) The designation of a COR shall remain in effect through the life of the contract unless revoked by the contracting officer, the contracting officer's successor, or in the event of reassignment or departure from the organization of the individual designated.

(i) The contracting officer shall be notified immediately in writing by the COR's supervisor, if the individual designated as COR is transferred, reassigned, will be absent for an extended period, or is otherwise unable to fulfill the responsibilities of the position.

(ii) The contracting officer will work with the requiring activity to ensure continued performance of those duties performed by the COR, until a replacement COR may be designated.

(d) Responsibilities of the COR.

(1) General responsibilities.

(i) Responsibilities will vary with the type of contract and complexity of the acquisition. For a contract of any complexity, the COR's duties include monitoring of progress and performance by the contractor, overseeing the Contractor's use of Government property and facilities, when authorized under the contract, recommending contract modifications and terminations, documenting receipt of supplies/services, and accomplishing other tasks required by the contract or the contracting officer.

(ii) The COR will identify contractor effort that is or appears to involve performance of inherently Governmental functions, such as accepting goods or services. The COR will notify his/her contracting officer and DST commander immediately if a contractor appears to be performing an inherently Governmental function for a DLA contract.

(iii) The COR is responsible for registering his/her common-access card (CAC) and creating an Army knowledge on-line (AKO)/defense knowledge on-line (DKO) account at <https://www.us.army.mil>. The COR will then create a COR profile in the DoD CORT tool and complete the self-nomination process at <http://www.acq.osd.mil/dpap/pdi/eb/cor.html>.

(iv) In fulfilling responsibilities, the contracting officer shall require the COR to:

(A) Read and have available, electronically, a copy of the contract with modifications and delivery or task orders, as applicable, provided by the contracting officer;

(B) Become thoroughly familiar with the terms and conditions of the contract to ensure the contractor's compliance; and

(C) Promptly inform the contracting officer of any delay in the progress of work or any problem encountered that may require a contract modification or other administrative action.

(D) Maintain files related to the contract. Refer to paragraph (f) within this section for detail on contents of the COR files.

(2) Specific responsibilities.

(i) Each contract must be treated on an individual basis, since the COR may have responsibilities unique to that contract.

(ii) The COR should pay particular attention to specific responsibilities outlined in the letter of designation and limitations on authority.

(iii) Specific responsibilities that the COR performs on nearly every contract include monitoring technical compliance. The COR must ensure that the contractor complies with all technical requirements of the contract, including the submission of required reports or other documentation. In performing this function, the COR shall:

(A) Notify the contracting officer of potential or actual performance problems and recommend remedial action. If discussion of performance issues is held with the contractor, the COR shall notify the contracting officer in writing.

(B) Assist in meeting the Government's contractual obligations to the contractor, which includes arranging to supply Government-furnished equipment, facilities, and services called for in the contract, and providing timely Government comment on, or inspection and acceptance of, draft/final contract deliverables if required by the contracting officer or contract. If included in the designation, perform inspection and acceptance of supplies/services, and review and document whether invoices are consistent with actual performance.

(C) Report any instance of suspected conflict of interest or fraud, waste, and abuse to the local Office of Counsel.

(D) Inform the contracting officer in writing of any needed change in the scope of work in the contract so that a modification may be issued, as appropriate.

(E) It is the COR's responsibility to ensure that the services and/or supplies have been received and are acceptable.

(1) Report unacceptable deliverables and/or performance. If the work is deemed unsatisfactory, the COR shall report all deficiencies in writing to the contracting officer, who will determine what further actions are required.

(2) Report all acceptable deliverables and/or performance.

(i) The COR shall provide written notification to the contracting officer when the contractual requirements have been fulfilled and are technically acceptable; this may be accomplished using WAWF, if available.

(ii) The acceptance of contractor performance and verification of receipt may be documented on a DD Form 250, a letter of acceptance, or other acceptance document submitted through WAWF. (These documents also serve as supporting documents in making payment. Although contractors may send invoices directly to the disbursing office, the disbursing office will only make payment with the signature of a Government individual authorized to approve the invoice as being proper in accordance with the applicable contract terms and conditions.)

(F) Provide technical interpretation of the requirements.

(1) The COR is authorized to provide assistance to the contractor on technical matters within the scope of the contract. Any technical assistance given to the contractor by the COR should be documented in the contract file. For significant matters, the information shall be provided to the contractor in writing.

(2) The COR shall notify the contracting officer immediately whenever the contractor disagrees with or refuses to comply with any technical aspects of the contract as interpreted by the COR.

(3) The contracting officer shall provide final resolution in cases of disagreement between the COR and the contractor.

(G) Request deobligation of excess funds. The COR who is documenting receipt of supplies and/or services will ensure that expenditures are compared with funds obligated on the contract. The procedure for requesting the deobligation of funds is to notify the contracting officer by letter that there are excess funds on the contract. Funds can be deobligated from a contract only by a contract modification signed by the contracting officer.

(H) If performing in-theater, be familiar with and utilize the reference for CORs, the Defense contingency contracting handbook found at the Office of the Secretary of Defense (OSD), Defense Procurement and Acquisition Policy (DPAP) website, <http://www.acq.osd.mil/dpap/ccap/cc/corhb/index.html>. This website and handbook are designed to provide essential information, tools, and training for DoD contingency contracting officers and their CORs to meet challenges due to their mission or environment.

(e) Limitations on the authority of the COR.

(1) The authority vested in a COR is subject to the following limitations, since all contractual agreements, commitments or modifications which involve prices, quantities, quality, or delivery schedules shall be made only by the contracting officer.

(i) The COR is not empowered to sign any contract, including delivery or task orders, purchase orders, or communication service authorizations (CSAs), to modify a contract, or in any way, obligate the Government.

(ii) The COR may not take any action which may have an impact on contract or delivery order schedules, funds, or scope of work.

(2) The COR is further not authorized to:

(i) Alter the contract in any way, either directly or by implication;

(ii) Issue instructions to the contractor to start or stop work;

(iii) Order or accept goods or services not expressly required by or within the scope of the contract, except as confirmed in writing by the contracting officer to be within scope;

(iv) Authorize delivery or disposition of Government property not authorized by the contract;

(v) Render a decision under the Disputes clause; or

(vi) Discuss acquisition plans or provide any advance information that might give one contractor an advantage over another contractor in forthcoming procurements.

(3) While the COR limitations can be stated, assuring that the COR does not exceed the authority granted is complex. In the course of performing COR responsibilities, situations may result in an implied change to the contract which may impact the delivery schedule, funds, or other areas outside the authority of the COR. Through inaction or improper action, the COR may exceed the scope of his/her authority; in such case, the contracting officer may decide to suspend or terminate the COR's designation.

(f) Contents of the COR file.

(1) The COR is required to document all actions taken in regard to the contract.

(i) To the extent that contractual documents do not explain all actions taken, suitable records must be prepared promptly and placed in the COR file.

(ii) The importance of maintaining complete and orderly files is critical to transfer of responsibility if the COR is changed during the term of the contract.

(2) Required documentation. The following documents and information are required for the effective performance of COR functions and to establish the COR file. (Refer also to FAR 1.604 and DFARS PGI 201.602-2 (ii) for minimum required documentation.)

(i) Letter of designation and any correspondence from the contracting officer which amends the letter of designation;

(ii) The names, locations, phone numbers and/or e-mail addresses of technical and administrative personnel;

(iii) Documentation indicating that the COR has attended and/or completed an annual ethics briefing or training on the applicable conflict of interest information included in DoD Directive 5500.7-R, Joint Ethics Regulation and has filed an Office of Government Ethics (OGE) 450 report annually, as required.

(iv) Records of inspections and all receiving and acceptance documents, to include certification of invoices (when authorized);

(v) Correspondence to and from the contracting officer and the contractor; as well as memoranda of phone conversations, meetings, discussions, and trip reports relating to the contract (see (3) and (4) below);

(vi) Progress reports, inspection and evaluation reports;

(vii) Any other significant document pertaining to the contract, such as a claim or inquiry.

(3) When holding discussions or conducting business with contractors, the COR shall prepare a memorandum for record (MFR) of any meeting, trip, and/or telephone conversation relating to the contract citing the contract number.

(i) A copy of all actions or correspondence shall be furnished to the contracting officer and all other interested Government parties having a need to know.

(ii) Documents that may contain contractor proprietary data or other business-sensitive information should not be released outside the Government without approval of the contracting officer.

(4) The COR shall keep a separate electronic file for each award or contract using the DoD contracting officer representative tracking (CORT) tool.

(i) The documentation listed in Table 2 of this section is required as a minimum to be placed within the CORT Tool file by the COR. (For more detailed guidance, refer to Appendix F of the DOD Contracting Officer Representative Handbook.)

Table 2. CORT Tool Documentation.

COR training documents, certificates and/or professional licenses
COR nomination package with documented experience
COR designation letter
Required contractual documents to include the quality control plan, quality assurance surveillance plan, surveillance schedule and checklist
Plans - environmental, maintenance, work, safety
Reports - test, status, deficiency
Government furnished equipment (GFE) inventory, GFE property validation
COR memoranda for record, correspondence, email , telephone conversation records, trip reports and varied or miscellaneous related documents

(ii) The COR shall never place classified documents within the CORT Tool.

(g) References for the COR are included in the following table.

Table 3. COR References.

Document(s)	Location
Copy of the contract, all modifications, and task or delivery orders, as applicable	Electronic data access (EDA) or eProcurement or DLA pre-award contracting system (DPACS)
Contract data requirements list (CDRL)	EDA or eProcurement
All DD 250s, Material inspection and receiving reports, and all invoices	Wide area workflow (WAWF) at <a href="http://www.dla.mil/wideareaworkflow/pages/default.aspx">http://www.dla.mil/wideareaworkflow/pages/default.aspx</a>
Contractor performance assessment reports (CPARS)	Past performance information retrieval system (PPIRS) at <a href="http://www.ppirs.gov/">http://www.ppirs.gov/</a>
Required regulations to include the FAR, DFARS, and DLAD	<a href="http://farsite.hill.af.mil/">http://farsite.hill.af.mil/</a> and <a href="https://today.dla.mil/">https://today.dla.mil/</a> and/or <a href="https://eworkplace.dla.mil/">https://eworkplace.dla.mil/</a>
CORT Tool (links to the Under Secretary of Defense (Acquisition, Logistics, and Technology) (USD(AT&L)), Defense Procurement and Acquisition Policy (DPAP)	<a href="http://www.acq.osd.mil/dpap/">http://www.acq.osd.mil/dpap/</a>
DOD COR Handbook	<a href="http://www.acq.osd.mil/dpap/cpic/cp/docs/USA001390-12_DoD_COR_Handbook_Signed_w_Active_Links.pdf">http://www.acq.osd.mil/dpap/cpic/cp/docs/USA001390-12 DoD COR Handbook Signed w Active Links.pdf</a>
Defense Contingency COR Handbook	<a href="http://www.acq.osd.mil/dpap/ccap/cc/corhb/index.html">http://www.acq.osd.mil/dpap/ccap/cc/corhb/index.html</a>

(h) Evaluation.

(1) The contracting officer shall monitor the COR by completing the annual COR file inspection checklist with the CORT tool; a sample is provided as follows and should be tailored to the complexity of the procurement. The purpose is to record and maintain the results of review conducted annually by the contracting officer of the COR's contract related activities.

Table 4. Sample Annual COR File Inspection Checklist

Annual COR File Inspection Checklist	(Respond "Yes / No / N/A" for each area inspected.)
<p>Contract/ Purchase Order / Delivery Order Number _____.</p> <p>(i) Maintains files within the CORT Tool as required. (DLAD and PGI 1.602-2-90), to include training certifications.</p> <p>(ii) Completes all required training (from the date of designation).</p> <p>(iii) Files show evidence of performing required duties and responsibilities per the COR's designation letter to include the following:</p> <p style="padding-left: 40px;">(A) Monitors the contractor's performance to assure compliance with technical requirements of the contract and assists with contractor performance assessment reports (CPARS).</p>	

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<p>(B) Reviews and approves invoices, required progress and other reports or items.</p> <p>(C) Notifies the contracting officer if required deliverables are not received within the designated timeframes or if reports or other items submitted are to be rejected.</p> <p>(D) Notifies the contracting officer if performance is not proceeding satisfactorily or if problems are anticipated.</p> <p>(E) Advises the contractor to submit requests for changes in writing to the contracting officer.</p> <p>(F) Keeps the contracting officer informed of communication with the contractor.</p> <p>(G) Recommends contract modifications.</p> <p>(H) Certifies receipt of supplies and/or services.</p> <p>(I) Oversees the Contractor's use of Government property and facilities, when authorized under the contract.</p> <p>(J) Comments/remarks, to include accomplishing other tasks required by the contract.</p>	
<p style="text-align: right;">_____ Date</p>	<p style="text-align: center;">_____ Contracting officer's signature</p>
<p>Acknowledgement: _____</p> <p style="text-align: right;">_____ Date</p>	<p style="text-align: center;">_____ Contracting officer representative's signature</p>

(2) The contracting officer shall annually evaluate and document the performance of the COR and provide a copy of this evaluation to the COR's organizational head and to the DST commander who has that COR within the commander's AOR.

(i) The contracting officer shall evaluate the COR's success in performing all duties and responsibilities specified in the COR's letter of designation when completing the annual COR evaluation.

(ii) For CORs located in contingency areas, the contracting officer will consult with the relevant DST commander for input into the annual evaluation.

(iii) If the contract performance period is less than 1 year, this evaluation shall be conducted prior to contract closeout.

(i) Termination. A sample letter for terminating the designation of a COR follows and may be tailored.

SUBJECT: Termination of Designation as Contracting Officer's Representative (COR) for Contract Number \_\_\_\_\_.

TO: (Address to individual, indicating rank or grade, branch, division, activity, and location.)

1. Your designation as a contracting officer's representative contained in letter of designation dated \_\_\_\_\_ is hereby terminated effective \_\_\_(date)\_\_\_\_\_.
2. Reason: (specify, for example, departure from the agency or retirement)

\_\_\_\_\_  
Date Contracting officer's signature

(j) Disposition of completed COR files.

(1) DoD maintains responsibility for disposition of electronic records contained within the CORT Tool.

(2) Since the COR is an authorized representative of the contracting officer, any hard-copy records to include duplicate records maintained in the CORT Tool and maintained by the COR are a part of the post-award contract file and shall be forwarded, clearly identified, to the contracting officer for retirement with the official contract file upon completion of the contract.

**PGI 1.602-2-91 [Reserved.]**

**PGI 1.602-2(92) Contracting officer's electronic signature on a procurement system utilizing automated solicitation, evaluation, and award processes to execute purchase orders.**

(a) Any contracting officer whose electronic signature is applied to fully-automated awards generated by a procurement system that uses automated solicitation, evaluation, and award processes to execute purchase orders shall submit a memorandum to the CCO affirming that he/she has met the requirements in 1.602-2(92) (see format at PGI 1.602-2(92)(b)). This memorandum shall be updated annually to reflect compliance with the annual training requirement.

(b) Format for memorandum from the contracting officer to the CCO.

TO: *(Insert Name of the CCO)*

SUBJECT: Responsibilities as Designated Contracting Officer for Procurement System Utilizing Automated Solicitation, Evaluation, and Award Processes to Execute Purchase Orders

I hereby affirm the following:

(1) I have successfully completed the mandatory training requirements in DLAD PGI 1.601-90(b)(3)(iv) and placed the signed and dated certificate of completion in my contracting officer warrant records file;

(2) I have an understanding of the automated procurement system logic requirements associated with solicitation, evaluation and award, and I agree that the system logic, to the best of my knowledge, satisfies the requirements that are applicable to me as contracting officer;

(3) I hereby designate the automated procurement system as my electronic agent for the

purposes of soliciting, evaluating, and awarding purchase orders, and I consent to the application of my electronic signature on fully-automated awards generated by that system;

(4) I am aware of the operations of the automated procurement system and that it will process fully-automated solicitations, evaluations, and awards without my direct intervention but with my general knowledge and intention to be bound;

(5) I recognize that fully-automated awards will be legally binding on the Government to the same extent that they would be if I had manually processed and signed the awards. The automated placement of my electronic signature on fully-automated awards is made with my knowledge and consent and with the intention that all such awards will be legally binding on the Government; and

(6) I will review my authorized awards monthly and elevate any problems I identify with automated procurement system logic or operations to you for referral to the Head of the Contracting Activity in accordance with 1.601-90(b)(3)(iii).

This memorandum will be placed in my contracting officer warrant records file.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contracting Officer signature

**PGI 1.602-3 Ratifications of unauthorized commitments.**

(b)(4)(ii) Ratification checklist. Follow the process detailed in this subparagraph.

**Ratification of Unauthorized Commitments – Checklist of Actions to be Accomplished**

I. Responsibilities of the Office that made the Unauthorized Commitment.

1.  The office that made the unauthorized commitment must provide a signed statement describing the circumstances that led to the unauthorized commitment. More than one statement may be necessary depending on the facts. The statement(s) must detail how the commitment occurred and should not be a generalized discussion about the requirement. Without a commitment, the action may not be a ratification.

2. The statement(s) must also address the following concerns.

a.  Who was the person who made the commitment, and on what date?

b.  What bona fide Government requirement necessitated the commitment?

c.  Why were normal procurement procedures not followed?

d.  Did the Government derive any benefit from the goods or services received?

e.  What is the cost of the goods or services?

f.  Any other pertinent facts.

3.  Provide all orders, original invoices, and other documentary evidence of the transaction.

4.  If evidence of a commitment cannot be obtained (e.g. employees have left or lack of recall), a letter should be written to the company asking them why they performed without a contract. The response they provide may help determine whether the action is a ratification (i.e., direction by the Government) or a quantum meruit (i.e., no direction by the Government). Provide the documented contractor's response to the contracting officer for use in the D&F as outlined in subparagraph III.2. below.

II. Responsibilities of the supervisor of the employee who made the unauthorized commitment.

1.  Provides to the contracting officer, an endorsement concurring that the commitment should be ratified. The endorsement includes the following information.

a.  Verifies the accuracy and completeness of the documentation.

b.  Describes the measures taken to prevent a recurrence of an unauthorized commitment within the command.

2.  Provides a complete purchase request and appropriate funding for ratifying the contract. Funding generally must be from the Fiscal Year in which the Unauthorized Commitment took place if such funds are available. Otherwise, currently available funds may be used. Consult local Counsel for funding questions.

III. Responsibilities of the contracting officer.

1.  Review the documentation and endorsement to ascertain whether there are any doubtful questions of fact. There should be an unambiguous understanding of how the unauthorized commitment occurred.

2.  Prepare a contracting officer's determinations and findings (D&F). Conclusory statements that repeat the FAR are not enough; the D&F must stand on its own and follow the format of Introductory/Summary paragraph, a Facts/Background paragraph (that is, explaining what happened), an Analysis paragraph explaining how the FAR 1.602-3 criteria have been met, and a Recommendation paragraph, concluding the D&F with a request for relief.

3. The D&F must address the following:

a.  The Unauthorized Commitment was not made to circumvent or evade procurement statutes and regulations.

b.  Supplies or services have been provided to and accepted by the Government, or the Government otherwise has obtained or will obtain a benefit resulting from performance of the unauthorized commitment.

c.  The ratifying official has the authority to enter into a contractual commitment.

d.  The resulting contract would otherwise have been proper if made by an appropriate contracting officer. The Government was not otherwise precluded by law from procuring the supplies/services.

- e.  The contracting officer reviewing the unauthorized commitment determines the price to be fair and reasonable.
  - f.  Payment is not for unallowable costs.
  - g.  The Contracting Officer recommends payment.
  - h.  Proper type of funds are available and were available at the time the Unauthorized Commitment was made. (The obligation is chargeable to the fiscal year in which the need arose and the work was performed as a result of the Unauthorized Commitment. Funding must be from the fiscal year in which the Unauthorized Commitment took place if such funds are available. Otherwise, currently available funds may be utilized.)
  - i.  The ratification is in accordance with any other limitations prescribed under local/regional procedures.
4.  Prepare a recommendation to the ratifying official and appropriate contractual documents citing funds available at the time the Unauthorized Commitment occurred.
  5.  Forward the package to local Office of Counsel for opinion and comment.
  6. Ensure the ratification receives the required level of review and approval; further document the contract file..

(b)(4)(iii) Quantum meruit checklist. Follow the process detailed in this subparagraph.

**Quantum Meruit Checklist**

- I. The Contracting Officer shall ensure the action is a quantum meruit, specifically, there was no Government inducement for contractor performance; otherwise, the action could be an unauthorized commitment/ratification situation. The contractor's performance should have been voluntary without Government direction to perform without a contract.
1.  Obtain a written statement from the office that received the voluntary services without a contract. The statement(s) should detail the circumstances that led to contractor performance without a contract. There could be multiple statements depending on the facts and employees involved.
  2.  Obtain any correspondence or e-mail that pertain to how the services were provided without a contract and/or what led to a lapse in contract coverage.
  3.  Obtain a statement from the contractor that explains the company's knowledge or understanding regarding a lack of contract, and why the contractor, especially if knowledgeable in Government contracting, performed/allowed performance without a contract. The contractor's claim can suffice if it also answers these questions in full. (See also section IV. of this checklist for explanatory detail of the contractor's claim.)
  4.  Consult local Office of Counsel after obtaining all information to help determine whether the circumstances warrant further processing as a Quantum Meruit.

II. Justification. The Contracting Officer shall ensure that the Quantum Meruit package contains a written justification, which should include the following information.

1.  An introductory/summary paragraph, which provides a brief overview of the Quantum Meruit claim.

2.  A facts/background paragraph, explaining in detail how the lapse in contract coverage occurred. Include factual information regarding the knowledge of the Government employees involved and also what led to the contractor performing without a contract. Include relevant dates of the various events as outlined in this section. Ensure the facts support that the criteria for Quantum Meruit been met. The justification must explain how the following criteria are met, and not simply re-state the criteria.

a.  The goods or services would have been a permissible procurement had correct procedures been followed;

b.  The Government received and accepted a benefit;

c.  The contractor acted in good faith; and

d.  The amount to be paid represents a reasonable value of the benefit received.

3.  An analysis paragraph explaining how the Quantum Meruit criteria above have been met given the facts that have been outlined.

4.  A recommendation paragraph, concluding the justification with a request for relief.

5.  Corrective action. The justification must address, with supporting documentation, the corrective action taken/proposed by supervisor/commander to prevent recurrence. Address both individual corrective action and systemic corrective action. No personnel disciplinary action should be detailed in the file as this is Privacy Act protected.

6.  The contracting officer signs the justification, with the package being forwarded to DLA HQ Acquisition Operations Division (J72), after coordination through the contracting activity's chain of command, including local Office of Counsel. Ensure that attachments cited in section I of this checklist (i.e. outlined above) are in the package.

IV.  The contracting officer shall ensure that there is a claim from the contractor. This must be included as an attachment as well as summarized in the Justification. Invoices are not claims, but should be in the file. The contractor also needs to state why it performed without a contract, why and under what theory it believes it is entitled to relief, and why its performance without a contract meets the good faith test. Ensure the contractor's and their counsel's (if applicable) address and contact information are in the file, as a notice and determination is sent to them from the CAE.

V.  Funding. The contracting officer shall ensure that funding is obtained. Funding generally must be from the fiscal year in which the quantum meruit took place if such funds are available. Otherwise, currently available funds may be used. Consult with local counsel for funding questions.

VI.  Package Routing. The Contracting Officer shall ensure that once the package is complete,

local review and approvals are obtained and that the package is sent to DLA HQ Acquisition Operations Division (J72) for processing and review, then signature by the CAE.

**PGI 1.603-90 Selection, appointment, and termination of appointment/designation.**

**PGI 1.603-93(b) Appraisals.**

(1) In most cases, contracting personnel who are not contracting officers will still receive their first level performance appraisal by a Government individual in the contracting career field, even though not required to do so. DoDI 5000.66, paragraph 5.3.11 applies to all DAWIA career fields. 1.603.93(b) implements that requirement for only the contracting career field.

(2) The intent is to provide those in the contracting career field, who do not receive their performance appraisal from a DAWIA certified contracting professional, an opportunity to have their performance appraisal reviewed by a designated individual in the contracting career field, who has achieved DAWIA certification at a level not lower than the individual being reviewed. The purpose for making this opportunity available is two-fold.

(i) First, it provides an avenue for feedback on performance issues related to technical competence and for advice on professional development.

(ii) Second, it provides a safeguard against compliance with the technical competency requirements of the job being compromised toward some other end, such as expediency.

(3) The coverage is not intended to provide a routine venue through which individuals can have their performance appraisal “second-guessed.” If the reviewing official finds evidence that the professional development or technical competence of the individual being evaluated are being compromised, the reviewer should bring the matter to the attention of the evaluating official, and if necessary elevate it through contracting channels to the chief of the contracting office.

**PGI 1.690-1 General.**

(c) Clearance standards. The following standards will be employed in the operation of a clearance and oversight process:

(1) Oversight is to focus on improvement in all phases of the contracting process. Oversight of preaward and postaward contract administration procedures are equal in importance and shall receive equal emphasis.

(2) Reviews will be conducted based on risk, complexity, and quality considerations.

(3) Procedures are to be in place to identify the need for review at any critical stage of an acquisition, including solicitation, pre-negotiation, pre-award, post-award, and contract administration reviews.

(4) The oversight process will be designed to identify potential and actual problems early in the acquisition cycle, as well as during contract performance.

(5) Oversight is to be increased or decreased based upon issues that arise, results from audits and procurement reviews, and business considerations.

(6) Contracting personnel are to participate in developing initiatives or plans to assure contracting quality, accountability, and the integrity of the procurement system. The CCO will determine the level of oversight required based on the soundness of the initiatives or plans, and shall monitor the contracting process through an established review process.

(7) The clearance and oversight process requires a feedback system which provides timely information to all organizational levels. Feedback should address strengths, weaknesses, and significant findings, and provide techniques to ensure overall process improvement and accountability. Management is to determine the adequacy of initiatives taken to resolve quality issues identified through the feedback system.

(8) All contracting officers shall have their procurements reviewed periodically under a system of process improvement developed by the Head of the Contracting Activity (HCA) or CCO for activities for which the Director, DLA Acquisition, is the HCA, and to enhance accountability.

**PGI 1.690-7 Acquisition strategy review panel (ASRP) and integrated acquisition review board (IARB).**

(a) General.

(1) The ASRP is conducted as the first DLA Headquarters-level review in the acquisition process with the purpose of determining whether the proposed contracting approach is sound for DoD, the DLA enterprise, and the requiring activity.

(2) The ASRP shall take place as early as possible in the acquisition planning process to develop a systematic and disciplined approach to achieve an efficient, effective acquisition. The ASRP shall be held prior to completion of any formal acquisition documents, including the business case analysis (BCA) when applicable, the acquisition plan, and the solicitation.

(3) The ASRP will assist in developing major aspects of the acquisition strategy for the contemplated procurement well in advance of substantial expenditure of effort to develop the required acquisition documentation.

(4) An IARB is conducted with the purpose of ensuring that –

(i) The approved acquisition strategy is being effectively implemented;

(ii) The solicitation, request for proposal, discussions, negotiation, and other related procurement actions result in business arrangements that are in the best interest of DoD and DLA;

(iii) The acquisition documents, including solicitation and request for proposals, and discussions, negotiation, and other related procurement actions are consistent with applicable laws, regulations, and policies; and

(iv) An independent review and assessment by the clearance authority for the contract actions is accomplished.

(5) An IARB is conducted at key decision points during the acquisition as a phase, either 1, 2, 3, or 4, that correspond to the phases of a DPAP peer review. (See DFARS PGI 201.170.)

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(6) The field activity will coordinate all pricing including review of the type of acquisition throughout all phases with the DLA Acquisition Center of Excellence for Pricing (COEP), HQ J72 Pricing, while developing initial planning documents for the ASRP and acquisition documents for the IARB.

(7) The preferable approach is for the field activity to submit required documents, after local review and approval, for the ASRP and IARB in editable electronic form and post the documents to eWorkplace within a collaboration room managed by DLA Acquisition Operations (J72). Any revisions to documents will be identified and noted by the field activity, which will maintain version control of all documents.

(8) DLA Acquisition Operations (J72) coordinates, manages, and facilitates the ASRP and IARB.

(b) ASRP.

(1) Membership. The ASRP is chaired by the Senior Procurement Executive (SPE) or designee, and will normally be composed of senior level executives or management only. Based on the unique requirements of each acquisition, the ASRP chairman shall determine the membership for each ASRP that he/she chairs. Membership includes the following executives or management:

Representative	Office	Position
Chairman	DLA HQ	SPE or designee (J7)
Member	DLA HQ	Director, DLA Logistics Operations, or designee (J3)
Member	DLA HQ	Director, DLA Information Operations or designee (J6)
Member	DLA HQ	Comptroller or designee, DLA Finance (J8)
Member	Field activity	HCA and/or Director or Commander of procuring activity or activities
Member	Field activity	Technical, program, or service manager
Member	Service	Program or technical manager
Advisor	DLA HQ	General Counsel or designee
Advisor	DLA HQ	Director, DLA Small Business Programs or designee

(2) Responsibilities.

(i) ASRP chairman.

(A) The ASRP chairman has the authority to tailor the requirement for an ASRP.

(B) The ASRP chairman is the acquisition strategy clearance authority.

(C) Upon request from the field activity with justification and/or rationale, the ASRP chairman may delegate in writing the authority to review, approve, and/or release pre-solicitation and/or pre-award documentation, to the field activity HCA, designee, or CCO for those activities for which the Director, DLA Acquisition (J7) is the HCA.

(ii) Field activity.

(A) The contracting officer and acquisition or contract specialist from the field activity are responsible for the formal presentation to the ASRP. The CCO, program management and/or technical representatives may assist in the briefing, as appropriate.

(B) At the conclusion of the briefing, the contracting officer responsible for the acquisition shall assist DLA Acquisition Operations (J72) in preparing minutes to confirm the ASRP proceedings.

(C) When a depot level repairable (DLR) site or supply, storage, and distribution (SS&D) depot's acquisition is being reviewed:

(1) The cognizant field activity is responsible for coordinating participation of service representatives. Participation as a member of the ASRP is the service's decision, and is strongly encouraged.

(2) The field activity HCA may request a tailored approach, including membership, based on the circumstances of the acquisition. The field activity will coordinate with HQ J72 and provide one point of contact to coordinate the reviews and provide responses to comments.

(c) IARB.

(1) Membership. The IARB is chaired by the Senior Procurement Executive (SPE) or designee, and will normally be composed of senior level executives or management. IARB membership includes the DLA executives or managers identified below, or their designated representatives, and field activity executives and representatives. Based on the unique requirements of each acquisition, the IARB chairman shall determine the membership for each IARB that he/she chairs, and may determine to re-designate advisors to member status.

Representative	Office	Position
Chairman	DLA HQ	SPE or designee (J7)
Member	DLA HQ	Director, DLA Logistics Operations, or designee (J3)
Member	DLA HQ	Director, DLA Information Operations or designee (J6)
Member	DLA HQ	Comptroller or designee, DLA Finance (J8)
Member	Field activity	HCA or designee, and/or Director or Commander of the procuring activity or activities or designee
Member	Field activity	Technical, program, or service manager, or designated representative from the field activity or procuring activity
Member	Service	Program or technical manager, or designated representative, to include those for DLR and SS&D sites
Advisor	DLA HQ	General Counsel or designee
Advisor	DLA HQ	Director, DLA Small Business Programs or designee
Advisor	Field activity	Field activity counsel
Advisor	DLA HQ	Competition Advocate, J7
Advisor	Field activity	Field activity competition advocate
Advisor	DLA HQ	Center of Excellence for Pricing (COEP), J72
Advisor	Field activity	Field activity price analyst(s)
Advisor	DLA HQ	DLA Acquisition division chiefs or deputy chiefs and/or

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		analysts, J71, J72, J73, J74
Advisor	DLA HQ	DLA Acquisition peer review manager, J72

(2) Responsibilities.

(i) The IARB chairman is the business and contract clearance authority.

(ii) Field activity.

(A) The contracting officer and acquisition or contract specialist from the field activity are responsible for the formal presentation to the IARB. The CCO, program management and/or technical representatives may assist in the briefing, as appropriate.

(B) At the conclusion of the briefing, the contracting officer responsible for the acquisition shall assist DLA Acquisition Operations (J72) in preparing minutes to confirm the IARB proceedings.

(C) When a DLR or SS&D site's acquisition is being reviewed:

(1) The cognizant field activity is responsible for coordinating participation of service representatives. Participation as a member of the IARB is the service's decision, and is strongly encouraged.

(2) The field activity HCA may request a tailored approach for the IARB, including membership, based on the circumstances of the acquisition. The tailored approach will be coordinated between the field activity and HQ J72. The field activity shall provide one point of contact to coordinate IARB related activities.

(d) Procedures. Table 1 outlines the ASRP and IARB process followed by details.

Table 1. ASRP and IARB Process
Pre-ASRP preparation
<ul style="list-style-type: none"> <li>• The field activity board (or similar) is held and approval obtained, including any small business coordination and legal counsel (according to required acquisition need date and prior to solicitation release)</li> <li>• The field activity submits documents to HQ J72 and requests the ASRP at least 20 business days prior to the planned date (and as early as possible in the acquisition planning process)</li> </ul>
HQ J72 Document review and approval
<ul style="list-style-type: none"> <li>• Coordinated by HQ J72</li> <li>• Documents required:               <ol style="list-style-type: none"> <li>1. ASRP briefing                   <ol style="list-style-type: none"> <li>a. Objectives</li> <li>b. Concept of operations</li> <li>c. Proposed acquisition strategy, including:                       <ol style="list-style-type: none"> <li>i. Market research</li> <li>ii. Total estimated maximum contract value</li> <li>iii. Performance metrics</li> </ol> </li> </ol> </li> </ol> </li> </ul>

<ul style="list-style-type: none"> <li>d. Information technology (IT) systems requirements and capabilities</li> <li>e. Procurement timeline</li> </ul> <ol style="list-style-type: none"> <li>2. Acquisition plan (AP), if available</li> <li>3. Business case analysis (BCA) or analysis of alternatives (AoA), as applicable and if available</li> <li>4. Field activity board approval</li> </ol> <ul style="list-style-type: none"> <li>• Distribution of HQ J72 approval or disapproval of document review with any action items</li> </ul>
<ul style="list-style-type: none"> <li>• The field activity revises documents and addresses any action items to HQ J72</li> </ul>
<p>Schedule the ASRP (coordinated by HQ J72)</p>

<p>ASRP</p> <ul style="list-style-type: none"> <li>• Chaired by the ASRP chairman</li> <li>• Attended by appropriate offices and field activities</li> <li>• Presentation of the briefing by the field activity</li> <li>• Discussion with resolution of issues and concerns, to include results of document review</li> <li>• Capture action items in minutes (HQ J72 with the acquisition contracting officer)</li> <li>• Approval and distribution of minutes (HQ J72)</li> </ul> <p>► Decision point: Business clearance approval by the ASRP chairman or designee to proceed with the acquisition</p>
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<p>Pre-phase 1 IARB preparation – Prior to issuing the solicitation (competitive) or requesting the proposal (non-competitive)</p>	
<ul style="list-style-type: none"> <li>• The field activity develops appropriate documents and submits documents to HQ J72 and requests the IARB at least 20 business days prior to the planned IARB date</li> </ul>	
Competitive	Non-competitive
<p>HQ J72 Document review and approval</p> <ul style="list-style-type: none"> <li>• Coordinated by HQ J72</li> <li>• Documents required:                             <ol style="list-style-type: none"> <li>1. Acquisition strategy and acquisition plan</li> <li>2. Source selection plan (SSP)</li> <li>3. Business case analysis or AoA, if applicable</li> <li>4. Consolidation/bundling analysis, if applicable</li> <li>5. Solicitation</li> <li>6. Resolution of action items from the document review and/or ASRP</li> <li>7. ASRP summary and approval</li> <li>8. Other documents required by HQ J72, as applicable to the procurement</li> </ol> </li> <li>• Distribution of HQ J72 approval or</li> </ul>	<p>HQ J72 Document review and approval</p> <ul style="list-style-type: none"> <li>• Coordinated by HQ J72</li> <li>• Documents required:                             <ol style="list-style-type: none"> <li>1. Acquisition strategy and acquisition plan</li> <li>2. Request for proposal</li> <li>3. Consolidation/bundling analysis, if applicable</li> <li>4. Justification and approval (J&amp;A)</li> <li>5. Resolution of any action items from the document review and/or ASRP</li> <li>6. ASRP summary and approval</li> <li>7. Other documents required by J72, as applicable to the procurement, to include any required determination and findings (D&amp;F)</li> </ol> </li> <li>• Distribution of HQ J72 approval or disapproval of documents with action items</li> </ul>

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disapproval of documents with action items	
<ul style="list-style-type: none"> <li>The field activity revises documents if necessary and addresses any action items</li> </ul>	
Schedule the phase 1 IARB (coordinated by HQ J72)	

Phase 1 IARB – Prior to issuing the solicitation (competitive) or requesting the proposal (non-competitive)
<ul style="list-style-type: none"> <li>Chaired by the IARB chairman</li> <li>Attended by appropriate offices and field activities</li> <li>Review the ASRP and approval</li> <li>Review the acquisition strategy</li> <li>Resolve issues and concerns, to include results of document review</li> <li>Capture action items and minutes (HQ J72 with the acquisition contracting officer)</li> <li>Approval and distribution of minutes (HQ J72)</li> </ul>
<p>► Decision point: Business clearance approval by the IARB chairman to issue the solicitation (competitive) or request the proposal (non-competitive)</p>

Pre-phase 2 IARB preparation – Prior to the request for final proposal revisions (competitive), or negotiation (non-competitive)				
<ul style="list-style-type: none"> <li>The field activity addresses any action items and proceeds with issuance of solicitation or request for proposal and establishes the closing date for the solicitation or proposal</li> </ul>				
Competitive	Non-competitive			
<ul style="list-style-type: none"> <li>Determine whether to award with or without discussions (Discussion should occur with the contracting officer, SSEB chairperson, SSA, legal, and cognizant HQ J72 personnel, at a minimum)</li> </ul>	<ul style="list-style-type: none"> <li>Receive proposal               <ol style="list-style-type: none"> <li>Evaluate proposal</li> <li>Prenegotiation objective developed</li> <li>Determine contract terms and conditions</li> </ol> </li> </ul>			
Award without discussions	Award with discussions			
No phase 2: Awarding without discussions – proceed with phase 3.	<ul style="list-style-type: none"> <li>The field activity submits required documents to HQ J72 and requests phase 2 IARB at least 20 business days prior to the planned IARB date</li> </ul>			
	<table border="1"> <tr> <td>HQ J72 document review and approval</td> <td>HQ J72 document review and approval</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Coordinated by HQ J72</li> <li>Documents required:               <ol style="list-style-type: none"> <li>Evaluation documents, including:                   <ol style="list-style-type: none"> <li>Technical report</li> <li>Past performance report</li> <li>Draft PBM /PNM</li> </ol> </li> </ol> </li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Coordinated by HQ J72</li> <li>Documents required:               <ol style="list-style-type: none"> <li>Proposal evaluation documents</li> <li>Prenegotiation objective, draft PBM/PNM, field pricing support</li> </ol> </li> </ul> </td> </tr> </table>	HQ J72 document review and approval	HQ J72 document review and approval	<ul style="list-style-type: none"> <li>Coordinated by HQ J72</li> <li>Documents required:               <ol style="list-style-type: none"> <li>Evaluation documents, including:                   <ol style="list-style-type: none"> <li>Technical report</li> <li>Past performance report</li> <li>Draft PBM /PNM</li> </ol> </li> </ol> </li> </ul>
HQ J72 document review and approval	HQ J72 document review and approval			
<ul style="list-style-type: none"> <li>Coordinated by HQ J72</li> <li>Documents required:               <ol style="list-style-type: none"> <li>Evaluation documents, including:                   <ol style="list-style-type: none"> <li>Technical report</li> <li>Past performance report</li> <li>Draft PBM /PNM</li> </ol> </li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Coordinated by HQ J72</li> <li>Documents required:               <ol style="list-style-type: none"> <li>Proposal evaluation documents</li> <li>Prenegotiation objective, draft PBM/PNM, field pricing support</li> </ol> </li> </ul>			

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	<p align="center">or price analysis</p> <ol style="list-style-type: none"> <li>2. Evaluation notices</li> <li>3. Competitive range determination</li> <li>4. Source selection team presentation</li> <li>5. Resolution of action items from the document review and/or prior IARB</li> <li>6. Other documents required by HQ J72, as applicable to the procurement</li> </ol>	<ol style="list-style-type: none"> <li>3. Terms and conditions</li> <li>4. Other documents required by HQ J72, as applicable to the procurement</li> </ol>
	<ul style="list-style-type: none"> <li>• The field activity revises documents if necessary and addresses action items</li> </ul>	
	<p align="center">Schedule phase 2 IARB (coordinated by HQ J72)</p>	

	<p>Phase 2 IARB – Prior to request for final proposal revisions (FPR)</p> <ul style="list-style-type: none"> <li>• Chaired by the IARB chairman</li> <li>• Attended by appropriate offices and field activities</li> <li>• Review of phase I IARB minutes</li> <li>• Resolve issues and concerns</li> <li>• Capture action items, minutes (HQ J72 with acquisition contracting officer)</li> <li>• Approval and distribution of minutes (HQ J72)</li> </ul> <p>▶ Decision point: Business clearance approval by the IARB chairman to request FPRs.</p>	<p>Phase 2 IARB – Prior to negotiation</p> <ul style="list-style-type: none"> <li>• Chaired by the IARB chairman</li> <li>• Attended by appropriate offices and field activities</li> <li>• Review phase 1 IARB minutes</li> <li>• Resolve issues and concerns</li> <li>• Capture action items, minutes (HQ J72 with acquisition contracting officer)</li> <li>• Approval and distribution of minutes (HQ J72)</li> </ul> <p>▶ Decision point: Business clearance approval by the IARB chairman to enter into negotiation.</p>
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Pre-phase 3 IARB preparation – prior to contract award	
Competitive	Non-competitive

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Award without discussions	Award with discussions	
Activity submits documents to HQ J72 and requests phase 3 IARB at least 20 business days prior to the planned IARB date		
<p>HQ J72 Document review and approval</p> <ul style="list-style-type: none"> <li>• Coordinated by HQ J72</li> <li>• Documents required:               <ol style="list-style-type: none"> <li>1. SSDD – include in package:                   <ol style="list-style-type: none"> <li>a. Technical report</li> <li>b. Past performance report</li> <li>c. Price assessment</li> </ol> </li> <li>2. SSA decision brief, including:                   <ol style="list-style-type: none"> <li>a. Summary of evaluation</li> <li>b. Summary of offerors</li> <li>c. Evaluation assessment with assigned ratings:                       <ol style="list-style-type: none"> <li>i. By offeror</li> <li>ii. By offeror with price overlay</li> </ol> </li> </ol> </li> <li>3. Resolution of action items from the document review and/or prior IARB</li> <li>4. Contract document, includes:                   <ol style="list-style-type: none"> <li>a. Price</li> <li>b. Delivery</li> <li>c. Terms and conditions</li> <li>d. Special clauses</li> <li>e. Statement of Work</li> <li>f. Contract data requirements list (CDRL)</li> </ol> </li> <li>5. Other documents required by HQ J72,</li> </ol> </li> </ul>	<p>HQ J72 Document review and approval</p> <ul style="list-style-type: none"> <li>• Coordinated by HQ J72</li> <li>• Documents required:               <ol style="list-style-type: none"> <li>1. SSDD – include in package:                   <ol style="list-style-type: none"> <li>a. Technical report</li> <li>b. Past performance report</li> <li>c. Price assessment</li> </ol> </li> <li>2. SSA decision brief, including:                   <ol style="list-style-type: none"> <li>a. Summary of evaluation</li> <li>b. Summary of offerors</li> <li>c. Final evaluation assessment with assigned ratings:                       <ol style="list-style-type: none"> <li>d. By offeror</li> <li>e. By offeror with price overlay</li> </ol> </li> </ol> </li> <li>3. Resolution of action items from the document review and/or prior IARB</li> <li>4. Contract document, includes:                   <ol style="list-style-type: none"> <li>a. Price</li> <li>b. Delivery</li> <li>c. Terms and conditions</li> <li>d. Special clauses</li> <li>e. Statement of work</li> <li>f. Contract data requirements list (CDRL)</li> </ol> </li> <li>5. Other documents required by HQ J72, as applicable to the procurement</li> </ol> </li> </ul>	<p>HQ J72 Document review and approval</p> <ul style="list-style-type: none"> <li>• Coordinated by HQ J72</li> <li>• Documents required:               <ol style="list-style-type: none"> <li>1. Final price negotiation memorandum (PNM)</li> <li>2. Contract document, includes:                   <ol style="list-style-type: none"> <li>a. Price</li> <li>b. Delivery</li> <li>c. Terms and conditions</li> <li>d. Special clauses</li> <li>e. Statement of work</li> <li>f. Contract data requirements list (CDRL)</li> </ol> </li> <li>3. Summary brief</li> <li>4. Resolution of action items from the document review and/or prior IARB</li> <li>5. Other documents required by HQ J72, as applicable to the procurement</li> </ol> </li> </ul>

as applicable to the procurement (Note: Upon document review, a decision may be made requiring discussions before award.)		
<ul style="list-style-type: none"> <li>The field activity revises documents and addresses any action items</li> </ul>		
Schedule phase 3 IARB (coordinated by HQ J72)		

Phase 3 IARB – prior to contract award
<ul style="list-style-type: none"> <li>Chaired by the IARB chairman</li> <li>Attended by appropriate offices and field activities</li> <li>Review of prior IARB minutes (Phase 1 or 2 as appropriate)</li> <li>Competitive or non-competitive brief</li> <li>Resolve issues and concerns</li> <li>Capture action items, minutes (HQ J72 with acquisition contracting officer)</li> <li>Approval and distribution of minutes (HQ J72)</li> </ul>
► Decision point: Contract clearance by the IARB chairman to award
<ul style="list-style-type: none"> <li>The field activity addresses any action items</li> </ul>
<ul style="list-style-type: none"> <li>Contract award</li> </ul>

Pre-phase 4 IARB preparation – Postaward and prior to exercising option for services contracts
The field activity submits documents to J72 and requests the phase 4 IARB at least 20 business days prior to the planned IARB date.
Document review and approval
<ul style="list-style-type: none"> <li>Coordinated by HQ J72</li> <li>Documents required:                         <ol style="list-style-type: none"> <li>Determination and Findings (D&amp;F) for option exercise, with statements regarding:                                 <ol style="list-style-type: none"> <li>Bona fide need/requirement</li> <li>Past performance on the contract</li> <li>Pricing still valid</li> </ol> </li> <li>Contractor performance assessment report system (CPARS) report</li> <li>Other documents required by HQ J72, as applicable to the procurement</li> </ol> </li> </ul>
<ul style="list-style-type: none"> <li>The field activity revises documents and addresses any action items</li> </ul>
Schedule the phase 4 IARB (coordinated by HQ J72)

Phase 4 IARB – Postaward and prior to exercising option for services contracts
<ul style="list-style-type: none"> <li>Chaired by the IARB chairman</li> <li>Attended by appropriate offices and field activities</li> <li>Resolve issues and concerns</li> <li>Capture action items, minutes (HQ J72 with acquisition contracting officer)</li> <li>Approval and distribution of minutes (HQ J72)</li> </ul>

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▶ Decision point: Contract clearance by the IARB chairman to exercise option
• The field activity addresses any action items
• The field activity exercises the option, when applicable

(e) Planning, scheduling, and conducting the ASRP and IARB.

(1) The field activity shall plan to present their acquisition strategy to the ASRP up to 12 months prior to solicitation release, with additional lead time if DPAP peer review is expected.

(2) The field activity shall obtain field level board approval (or similar), including small business and legal counsel coordination, of the acquisition for all acquisitions meeting the criteria for an ASRP and for each phase for an IARB.

(3) ASRP procedures.

(i) For the ASRP, the field activity submits the required documents to HQ J72 (see table 2) with a request, as early as possible in the acquisition planning process, at least 20 business days prior to the planned ASRP date.

Document	Description
ASRP briefing, which includes:	
	Customer objectives - Describe the requirement, identify the customer(s), the customer's objectives, and desired outcomes, including key performance indicators (KPIs), summary of initiative, scope, and total estimated value.
	Concept of operations - Describe the general concept of operations and/or provide the context for the procurement.
	Acquisition strategy - <ul style="list-style-type: none"> <li>• Describe how the strategy will meet the customer's objectives and desired outcomes.</li> <li>• Identify the contract type best suited to the identified acquisition strategy.</li> <li>• Outline the contract administration plan and additional resources needed.</li> <li>• Describe market research results.</li> <li>• Outline socio-economic considerations as well as any bundling and consolidation issues.</li> <li>• Outline challenges and risks, including how they will be addressed.</li> </ul>
	IT systems requirements and compatibilities - Identify system requirements and systems compatibility – e.g., Enterprise Business System (EBS), eProcurement, electronic data interchange (EDI), and/or wide-area workflow (WAWF).
	Procurement timeline

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	<ul style="list-style-type: none"> <li>• Identify key target dates for the procurement.</li> <li>• Identify transition concerns, including any need for a continued contract or contract extension.</li> <li>• Indicate if a DPAP or DLA peer review, or other DoD review is required and include time to accommodate the reviews.</li> </ul>
Acquisition plan (AP)	If available. (See FAR 7.1, DFARS 207.1, DLAD 7.1 and DLAD PGI 7.1.)
Business case analysis (BCA), when applicable	Include: <ul style="list-style-type: none"> <li>• Cost and benefit, or savings.</li> <li>• Assessment of the situation, with identification of causes or problems</li> <li>• Statement of goals, objectives, and desired outcomes or outputs of alternatives</li> <li>• Discussion of consequences of not pursuing the initiative</li> <li>• Identification of viable alternatives with risk identification and risk mitigation measures</li> <li>• Comparison of alternatives and recommended course of action</li> </ul> (See DLA Instruction (DLAI) 2101, Acquisition Business Case Analysis.)
Field activity board approval	Documented approval from the field activity board for the acquisition.

(ii) HQ J72 coordinates document review of the required documents, providing approval with any action items, and schedules the ASRP.

(iii) The field activity revises documents and addresses any action items as appropriate.

(iv) The ASRP is conducted at DLA HQ as follows.

(A) Reviews acquisition.

(B) Resolves any issues and concerns.

(C) Captures minutes, including any action items.

(D) Business clearance is given by the ASRP chairman to proceed with acquisition, which is a key decision point.

(E) HQ J72 and the acquisition contracting officer finalize minutes, including any action items, and HQ J72 distributes minutes with clearance results within 3 business days.

(v) Post-ASRP/pre-IARB. The field activity develops appropriate acquisition documents following ASRP business clearance, incorporating resolution of any action items from the ASRP, also identifying the changes.

(4) IARBs for competitive procurements.

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(i) The phase 1 IARB occurs prior to issuance of the solicitation, which is equivalent to phase 1 of DPAP preaward peer review for competitive procurements.

(A) The field activity submits the required documents to HQ J72 (see table 3) with a request for the IARB, at least 20 business days prior to the planned IARB date.

Table 3. Required phase 1 IARB documents for competitive procurements	
Acquisition plan (AP)	<p>Include:</p> <ul style="list-style-type: none"> <li>• Summary of initiative</li> <li>• Scope</li> <li>• Customers</li> <li>• Estimated value</li> <li>• Competition aspects</li> <li>• Contract type</li> <li>• Plan of action and milestones (POA&amp;M)</li> <li>• Evaluation strategy</li> <li>• Method and level of monitoring contract performance</li> <li>• Exit criteria</li> <li>• Address efforts to enhance competition, fair opportunity ordering procedures (if applicable), and preference for multiple awards</li> <li>• Address socio-economic issues such as any impact on small business and provide an analysis of whether the procurement will constitute a bundling and/or consolidation (see 7.105-90(b)(1), 7.107, and 1.170..</li> <li>• If the BCA is not required, a financial assessment that describes potential costs and impact to organizational operations in workload, staffing, and other resources.</li> </ul> <p>(See FAR 7.105, DFARS 207.105, and DLAD 7.105)</p>
Source selection plan (SSP)	
Business case analysis (BCA)	When applicable (see DLAI 2101)
Consolidation/bundling analysis	<ul style="list-style-type: none"> <li>• Address any bundling or consolidation, including analysis or justification (see 7.107 and 7.170)</li> </ul>
Solicitation	
ASRP summary and approval	With evidence of resolution of action items from the document review and/or ASRP
Field activity board approval	Evidence of review and approval for all key documents

(B) HQ J72 coordinates document review of the required documents, providing approval with any action items, and schedules the phase 1 IARB.

(C) The field activity revises documents and addresses any action items as appropriate.

(D) The phase 1 IARB is conducted at DLA HQ as follows.

- (1) Reviews the ASRP and approval.
- (2) Resolves any issues and concerns.
- (3) Captures minutes, including any action items.

(4) Business clearance provided by the IARB chairman to issue the solicitation, which is a key decision point.

(E) HQ J72 and the acquisition contracting officer finalize minutes, including any action items, and HQ J72 distributes minutes with clearance results within 3 business days.

(ii) Post phase 1 IARB, the field activity–

(A) Addresses any action items and proceeds, including issuing the solicitation;

(B) Receives and evaluates the proposals according to the source selection plan (SSP), and prepares the evaluation team results, including team discussions and initial ratings (in accordance with DoD Source Selection Procedures, effective July 1, 2011);

(C) Resolves any clarifications; and

(D) Determines whether to award with or without discussions.

(iii) Phase 2 IARB.

(A) For award without discussions, there is no phase 2 IARB.

(B) For award with discussions–

(1) The phase 2 IARB occurs prior to request for final proposal revisions, which is equivalent to Phase 2 of DPAP preaward peer review for competitive procurements.

(i) The field activity submits the required documents to HQ J72 (see table 4) with a request for the IARB at least 20 business days prior to the planned IARB date.

Table 4. Phase 2 IARB documents for competitive procurements with discussions
<ul style="list-style-type: none"> <li>• Revised evaluation documents, including:                             <ul style="list-style-type: none"> <li>• Technical report</li> <li>• Past performance report</li> <li>• Price analysis report</li> </ul> </li> </ul>
• Evaluation notices
• Pre negotiation briefing memorandum or similar document establishing negotiation goals
• Competitive range determination
• Source selection team briefing
• Resolution of any action items from any prior IARB
• DPAP peer review report, if applicable, with evidence of resolution of comments
• Field activity board approval with evidence of review for all key documents

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| <ul style="list-style-type: none"><li>• Other documents required by HQ J72, as applicable to the procurement</li></ul> |
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(ii) HQ J72 coordinates document review of the required documents, providing approval with any action items, and schedules the phase 2 IARB.

(iii) The field activity revises documents and addresses any action items as appropriate.

(2) The phase 2 IARB is conducted at DLA HQ as follows.

(i) Reviews phase 1 IARB minutes.

(ii) Brief SSD results.

(iii) Resolve issues and concerns

(iv) Captures minutes, including any action items.

(v) Business clearance is provided by the IARB chairman to request final proposal revisions (FPRs), which is a key decision point.

(vi) HQ J72 and the acquisition contracting officer finalize minutes, including any action items, and HQ J72 distributes minutes with clearance results within 3 business days.

(3) Post phase 2 IARB, the field activity–

(i) Addresses any action items and proceeds, requesting FPRs;

(ii) Receives FPRs, evaluates FPRs according to the SSP, and prepares evaluation team results;

(iii) Resolves clarifications and/or discussion points; and

(iv) Prepares and reviews the source selection decision document (SSDD), and prepares the source selection authority (SSA) decision brief.

(iv) The phase 3 IARB occurs prior to contract award, which is equivalent to phase 3 of the DPAP preaward peer review for competitive procurements.

(A) The field activity submits the required documents to HQ J72 (see table 5) with a request for the IARB, at least 20 business days prior to the planned IARB date.

Table 5. Required phase 3 IARB documents for competitive procurements
<ul style="list-style-type: none"><li>• SSDD and supporting documents, including:<ul style="list-style-type: none"><li>• Technical report</li><li>• Past performance report</li><li>• Price assessment</li></ul></li></ul>
<ul style="list-style-type: none"><li>• SSA decision brief, including:<ul style="list-style-type: none"><li>• Summary of evaluation and offerors</li></ul></li></ul>

<ul style="list-style-type: none"> <li>• Final evaluation assessment with assigned ratings (for both major factors and sub-factors)</li> <li>• By offeror and by offeror with price overlay</li> </ul>
<ul style="list-style-type: none"> <li>• PNM or other pricing memorandum, as applicable</li> </ul>
<ul style="list-style-type: none"> <li>• Resolution of any action items from prior IARBs</li> </ul>
<ul style="list-style-type: none"> <li>• DPAP peer review report, if applicable, with evidence of resolution of any comments</li> </ul>
<ul style="list-style-type: none"> <li>• Field activity board approval with evidence of review and approval for all key documents</li> </ul>
<ul style="list-style-type: none"> <li>• Other documents required by HQ J72, as applicable to the procurement</li> </ul>
<p>Note: For competitive procurements without discussions, upon document review, a decision may be made to move forward.</p>

(B) HQ J72 coordinates document review of the required documents, providing approval with any action items and schedules the phase 3 IARB.

(C) The field activity revises documents and addresses any action items as appropriate.

(D) The phase 3 IARB is conducted at DLA HQ.

(1) Reviews phase 2 IARB minutes.

(2) Resolves any issues and concerns.

(3) Captures minutes, including any action items.

(4) Contract clearance provided by the IARB chairman to award the contract, which is a key decision point.

(E) HQ J72 and the acquisition contracting officer finalize minutes, including any action items, and HQ J72 distributes the minutes with clearance results within 3 business days.

(v) Post phase 3 IARB, the field activity–

(A) Addresses any action items; and

(B) Awards the contract.

(5) For non-competitive procurements–

(i) The phase 1 IARB occurs prior to issuing the request for proposal. (There is no equivalent DPAP pre-award peer review for non-competitive procurements.)

(A) The field activity submits the required documents to HQ J72 (see table 6) with a request for the IARB, at least 20 business days prior to the planned IARB date.

<p>Table 6. Required phase 1 IARB documents for non-competitive procurements</p>
<ul style="list-style-type: none"> <li>• Acquisition strategy</li> </ul>

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• Acquisition plan
• Request for proposal
• Justification and approval (J&A)
• Resolution of action items from the document review and/or ASRP
• ASRP summary and approval
• Field activity board approval with evidence of review for all key documents
• Other documents required by HQ J72, as applicable to the procurement

(B) HQ J72 coordinates document review of the required documents, providing approval with any action items, and schedules the phase 1 IARB.

(C) The field activity revises documents and addresses any action items as appropriate.

(D) The phase 1 IARB is conducted at DLA HQ as follows.

(1) Reviews the ASRP and approval.

(2) Resolves any issues and concerns.

(3) Captures minutes, including any action items.

(4) Business clearance is provided by the IARB chairman to request the proposal, which is a key decision point.

(E) HQ J72 and the acquisition contracting officer finalize minutes, including any action items and HQ J72 distributes minutes with clearance results within 3 business days.

(ii) Post phase 1 IARB, the field activity—

(A) Addresses any action items and proceeds, including requesting a proposal; and

(B) Receives and evaluates the proposal, develops the prenegotiation objective, and determines contract terms and conditions.

(iii) The phase 2 IARB occurs prior to negotiation, which is equivalent to Phase 1 DPAP preaward peer review for non-competitive procurements.

(A) The field activity submits to HQ J72 the required documents (see table 7) with a request for the IARB, at least 20 business days prior to the planned IARB date.

Table 7. Required phase 2 IARB documents for non-competitive procurements
• Evaluation documents
• Prenegotiation objective
• Terms and conditions
• Field activity board approval with evidence of review for all key documents
• Other documents required by HQ J72, as applicable to the procurement

(B) HQ J72 coordinates document review of the required documents, providing approval with any action items, and schedules the phase 2 IARB.

(C) The field activity revises documents and addresses any action items as appropriate.

(D) The phase 2 IARB is conducted at DLA HQ as follows.

(1) Reviews phase 1 IARB minutes.

(2) Resolves any issues and concerns.

(3) Captures minutes, including any action items.

(4) Business clearance is provided by the IARB chairman to enter into negotiation, which is a key decision point.

(E) HQ J72 and the acquisition contracting officer finalize minutes, including any action items, and HQ J72 distributes minutes with clearance results within 3 business days.

(iv) Post phase 2 IARB, the field activity–

(A) Addresses any action items; and

(B) Conduct, conclude and document the negotiation.

(v) The phase 3 IARB occurs prior to contract award and is equivalent to phase 2 of the DPAP preaward peer review for non-competitive procurements.

(A) The field activity submits the required documents to HQ J72 (see table 8) with a request for the IARB at least 20 business days prior to the planned IARB date.

Table 8. Required phase 3 IARB documents for non-competitive procurements
• Summary briefing
• Final price negotiation memorandum (PNM)
• Contract document, which includes: <ul style="list-style-type: none"> <li>• Price, delivery, terms and conditions, special clauses, statement of work, and contract data requirements list (CDRL)</li> </ul>
• Resolution of any action items from prior IARBs
• DPAP peer review report, if applicable, with evidence of resolving comments
• Field activity board approval with evidence of review for all key documents
• Other documents required by HQ J72, as applicable to the procurement, such as determinations and findings (D&Fs)

(B) HQ J72 coordinates document review of the required documents, providing approval with any action items, and schedules the phase 3 IARB.

(C) The field activity revises documents and addresses any action items as appropriate.

(D) The phase 3 IARB is conducted at DLA HQ.

- (1) Reviews phase 2 IARB minutes.
- (2) Resolves any issues and concerns.
- (3) Captures minutes, including any action items.

(4) Contract clearance by the IARB chairman to award contract, which is a key decision point.

(E) HQ J72 and the acquisition contracting officer finalize minutes, including any action items, and HQ J72 distributes minutes with clearance results within 3 business days.

(v) Post phase 3 IARB, the field activity–

- (A) Addresses any action items; and
- (B) Awards contract.

(6) The phase 4 IARB occurs postaward, prior to exercising each option for services contracts, which is equivalent to phase 4 of DPAP postaward peer review for services contracts.

(i) The field activity submits the required documents to HQ J72 (see table 9) with a request for the IARB, at least 20 business days prior to the planned IARB date.

Table 9. Required phase 4 IARB documents
<ul style="list-style-type: none"> <li>• Determination and findings (D&amp;F) for the option, including:                             <ul style="list-style-type: none"> <li>• Bonafide need/requirement exists</li> <li>• Past performance on the contract</li> <li>• Pricing is still valid</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Contractor performance assessment report system (CPARS) report</li> </ul>
<ul style="list-style-type: none"> <li>• DPAP peer review report, if applicable, with evidence of resolution of comments</li> </ul>
<ul style="list-style-type: none"> <li>• Field activity board approval with evidence of review for all key documents</li> </ul>
<ul style="list-style-type: none"> <li>• Other documents required by HQ J72, as applicable to the procurement</li> </ul>

(ii) HQ J72 coordinates document review of the required documents, providing approval with any action items, and schedules the phase 4 IARB.

(iii) The field activity revises documents and addresses any action items as appropriate.

(iv) The phase 4 IARB is conducted at DLA HQ as follows.

- (A) Reviews phase 3 IARB minutes.
- (B) Resolves any issues and concerns.
- (C) Captures minutes, including any action items.

(D) Contract clearance by the IARB chairman to exercise option, which is a key decision point.

(v) HQ J72 and the acquisition contracting officer finalize minutes, including any action items, and HQ J72 distributes minutes with clearance results within 3 business days.

(7) Post phase 4 IARB, the field activity–

(i) Addresses any action items; and

(ii) Exercises the option, when applicable.

(f) Emergency IARB.

(1) The field activity may request an emergency IARB, since there may be a situation where the customer's requirements cannot be delayed regardless of administrative and oversight requirements, such as an urgent acquisition for contingency operation support.

(2) The IARB process will then be tailored by HQ J72 with approval from the SPE or designee following a written request from at least the level of the CCO.

(g) IARBs with program-wide approval.

(1) Upon request to the SPE through HQ J72 from the HCA, HCA designee, or CCO at an activity for which the Director, DLA Acquisition is the HCA, a program-wide approval may be granted at the ASRP for an acquisition with multiple regions or roll-out increments.

(i) The program-wide briefing shall identify all regions, sites, increments, and/or roll-outs.

(ii) In addition, total estimated maximum program-wide value must be addressed, in addition to the first region, site, and/or increment roll-out, with special considerations identified and described.

(2) Program-wide approval is contingent upon–

(i) The strategy, structure, and metrics in all regions, sites, increments, and/or roll-outs remaining unchanged; and

(ii) The solicitation documents being identical, except for specific details on the regions, sites, increments, and/or roll-outs; the acquisition strategy cannot vary significantly between regions, sites, increments, and/or roll-outs.

(3) IARBs following the program-wide approval may be tailored by HQ J72 with approval of the SPE or designee, in conjunction with the field activity, depending on the acquisition. The IARBs will generally follow the procedures in paragraph (e) of this section.

(4) The SPE or designee will decide whether an IARB will be held for each solicitation and resulting contract, or otherwise, by program. HQ J72 will send the SPE's decision in writing to the HCA, HCA designee, or CCO at an activity for which the Director, DLA Acquisition, is the HCA.

(h) Waiver of an ASRP and/or IARB review.

(1) Submit waiver requests, providing the following information sent from the HCA or CCO, when J7 is the HCA, through HQ J72 to the SPE:

- (i) Activity name requesting waiver.
- (ii) Brief description of why the waiver is required.
- (iii) Local review and clearance.
- (iv) Solicitation number.
- (v) Proposed contract number.
- (vi) Type of contract action proposed.
- (vii) Estimated acquisition value.
- (viii) Item or services to be acquired.
- (ix) Name of contract specialist and contracting officer.

(2) Granting a waiver is solely procedural and does not constitute approval of the action or any deviations from applicable laws and regulations.

(h) Forecast of ASRPs and IARBs. To facilitate planning and tracking, as well as actual scheduling of ASRPs and IARBs, field activities shall provide a rolling annual forecast. The forecast shall–

(1) Be submitted in electronic spreadsheet format from at least the level of CCO or designee to HQ J72 at the end of each quarter (i.e., December 31, March 31, June 30, and September 30);

(2) Include all acquisitions meeting ASRP and IARB criteria as provided in 1.690-3(d);

(3) Update the forecast as necessary;

(4) Include acquisitions when there is sufficient information to determine that the acquisition is likely to occur or, as a minimum, at least three months in advance of a planned ASRP or IARB; and

(5) Include the following information at a minimum–

(i) Name of the field activity;

(ii) Description of the procurement;

(iii) Procurement item identification number (PIIN) of the acquisition, as a solicitation, contract, or order;

(iv) Total maximum value, including options and surge;

(v) Anticipated solicitation and award dates, with period of performance; and

(vi) Planned milestones, when possible.

**DLAD PGI PART 3 - IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST**

*(Revised September 11, 2012 through PROCLTR 2012-25R)*

**PGI SUBPART 3.2 - Contractor Gratuities to Government Personnel**

**PGI 3.203 Reporting suspected violations of the FAR Gratuities clause 52.203-3.**

(a) When the contracting officer receives information indicating that action under the Gratuities clause may be appropriate, follow all applicable procedures set forth in DFARS 203.070. Additionally, send information related to the suspected violation for initial evaluation and appropriate action to the cognizant chief of the contracting office (CCO). A courtesy copy of the information will also be provided to the local field activity office of counsel.

(1) If the initial evaluation by the CCO supports a finding that action may be taken under the contract's Gratuities clause, the CCO will refer the matter directly to the cognizant HCA and to local field activity business integrity/fraud counsel with the following information:

(i) The name and address of the contractor, with a statement as to form of organization, including names and addresses of principals.

(ii) Complete contract data, including number, date, estimated day of completion of performance, general description of supplies or services procured, dollar amount, status of performance and payment, urgency of requirements and availability of the supplies or services from other sources.

(iii) A summary of the facts concerning the suspected violation, with names and addresses, dates and references to documentary evidence available.

(iv) The status of any ongoing investigation with the name of the agency conducting the investigation, with an estimated date upon which the report of investigation will be submitted.

(2) The contracting officer will fully cooperate with local field activity business integrity/fraud counsel, and is reminded to carefully preserve documentary evidence and exhibits, since action adverse to a contractor under the Gratuities clause is subject to review by a competent court.

(3) Local field activity business integrity/fraud counsel will identify the appropriate organization responsible for conducting an investigation of the suspected violation and will coordinate with that organization to obtain a copy of a written report outlining the findings of the investigation conducted. A copy of the report will be provided to the cognizant field activity HCA or CCO for contracting offices where the Director DLA Acquisition (J7) is the HCA.

(4) The HCA or CCO, as applicable, will coordinate with local business integrity/fraud counsel after receiving the report of investigation from the appropriate organization responsible for conducting an investigation of the suspected violation to determine whether further action is necessary.

(i) If no further action is necessary, the HCA or CCO will issue a written determination stating that no action will be taken against the contractor under the Gratuities clause and the basis for such a determination.

(ii) If further action is necessary, the HCA or CCO will coordinate with local business integrity/fraud counsel to provide the contractor appropriate notice and opportunity for hearing.

## DLAD PGI PART 4 – ADMINISTRATIVE MATTERS

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(A) If the contractor requests a hearing, the HCA or CCO will schedule and conduct a hearing in coordination with local business integrity/fraud counsel. Information submitted by the contractor during the hearing will be considered in reaching a final decision.

(B) If the contractor elects not to have a hearing but submits information, that information will be considered in reaching a final decision.

(5) After the contractor is given appropriate notice and opportunity for hearing and a hearing has occurred, the contractor did not request a hearing but submitted information, the contractor did not request a hearing, or failed to appear after requesting a hearing and did not submit information, the HCA or CCO, as applicable, will coordinate with local business integrity/fraud counsel to determine whether further action is necessary.

(i) If no further action is necessary, the HCA or CCO will issue a written determination stating that no action will be taken against the contractor under the Gratuities clause and the basis for such a determination.

(ii) If further action is necessary, the HCA or CCO will coordinate with local business integrity/fraud counsel and draft a written determination and findings outlining the basis for the determination and the amount of exemplary damages, in accordance with the requirements of FAR 52.203-3(c)(2).

(6) In determining the appropriate action that should be taken, the HCA or CCO, as applicable, will:

(i) Provide a draft copy of the written determination with supporting documentation along with a report summarizing the hearing offered to the contractor and any information provided by the contractor, to the Director, DLA Acquisition (J7) for headquarters review and comment by J7 divisions, and DG.

(7) The determinations required by FAR 52.203-2(a) and FAR 52.203-3(c)(2) will be made by the HCA of each DLA contracting activity.

(8) HCAs approve and sign the determination for their contracting activity. CCOs for contracting offices for which the Director, DLA Acquisition (J7) is the HCA, will forward draft determinations with supporting documentation, including the DLA IG Report and the CCO's recommendation, to the Director, DLA Acquisition (J7), who is the approval authority, for those contracting offices.

**DLAD PGI PART 4 – ADMINISTRATIVE MATTERS**

**PGI SUBPART 4.70 – UNIFORM PROCUREMENT INSTRUMENT IDENTIFICATION NUMBERS**

*(Revised December 21, 2011 through PROCLTR 2012-13)*

**PGI 4.7004-90 Supplementary procurement instrument identification numbers.**

(a) Corporate contracts.

(1) For existing (or legacy) corporate contracts, delivery orders for items in enterprise business system (EBS) shall be issued using the procurement instrument identification number (PIIN) designated by the issuing inventory control point (ICP) as the true basic contract PIIN. In addition, for legacy issued (existing) corporate contracts, the contract administrator for the basic contract may issue an administrative modification to advise the vendor that future delivery orders may be received from different ordering office with the same PIIN.

(2) Once all items on a corporate contract have converted from legacy to EBS, non-awarding ICP PIINs for corporate contract outline agreements, with two or more option years remaining shall be changed in SAP to be compliant with 4.7003-90. The contractor shall be informed of the PIIN change in the modification or letter to exercise the option.

(3) The contracting officer of the basic corporate contract, at the time of award, shall immediately disseminate a copy of the contract to each ICP that has items on the contract. The copy of the basic contract shall be provided to the acquisition specialist at each ICP who manages the outline agreement in SAP.

(4) For corporate contracts covered by SAP outline agreements, a separate outline agreement shall be loaded in the system by each ICP that issues a delivery order against the corporate contract. Each ICP will be responsible for loading and managing their outline agreement. The number and management responsibilities of outline agreements loaded into the system shall have the approval of the basic contract administrative contracting officer and of the supervisor of the acquisition specialist whose workload is affected.

(5) Acquisition specialists shall ensure that all supply planners, within their supply chains, who have items on the contract, are informed of the contract terms for ordering, including any minimum or maximum order quantities, dollar values or any special terms needed for ordering.

(6) Modifications to the basic contract shall only be made by the contract administrator of the awarding activity for the basic contract. The contract administrator of the basic shall inform and supply a copy of all modifications to the contract administrators at the other ICPs. If a contract administrator at one of the other ICPs has a need for a modification to the basic contract, that contract administrator should send that request to the contract administrator of the basic contract.

(7) When the acquisition specialist determines that there may be a need for more than one PIIN (other than exhaustion of SPIINs), the specialist will coordinate with the procurement systems and procedures division to determine if there is a solution to the situation. Results will be documented in the contract file. Exceptions to the single PIIN rule (other than exhaustion of SPIINs) must be approved by the Chief of the Systems and Procedures Division.

## DLAD PGI PART 4 – ADMINISTRATIVE MATTERS

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### PGI SUBPART 4.71 – UNIFORM CONTRACT LINE ITEM NUMBERING SYSTEM

#### PGI 4.7104 Contract subline items.

#### PGI 4.7104-1(b)(90) Format of sub-contract line-item (CLIN).

The following sub-CLIN to CLIN format shall be used for solicitation and award documents in enterprise business system (EBS), business systems modernization (BSM) and BSM BOSS.

Legacy CLIN/sub-CLIN	BSM CLIN
0001	0001
0001AA	0002
0001AB	0003
0002	0004
0002AA	0005

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**DLAD PGI PART 6 – COMPETITION REQUIREMENTS**

**PGI SUBPART 6.3 – OTHER THAN FULL AND OPEN COMPETITION**

**PGI 6.303-2 Content.**

(a)(11) (i) Detailed policy guidance for product specialists is provided in the DLA Technical-Quality Policy and Procedures Deskbook, which is maintained by the technical and quality policy division, J3. During the normal technical review of all national stock numbers (NSNs) being considered for new long term contracts (LTCs), all recommended national stock numbers (NSNs) with an acquisition method suffix code (AMSC) of A or H are to be reviewed in accordance with DFARS PGI 217.7506 and assigned a more permanent acquisition method suffix code prior to solicitation.

(ii) Those NSNs that cannot be assigned a more permanent AMSC should be removed from consideration for the LTC until a more permanent AMSC can be assigned, or the contracting officer must justify the reason(s) initial screening of the AMSC coding for the NSN(s) did not result in a resolution or appropriate code and reasons why it should be included on the LTC.

(iii) Because these are temporary codes, the justification must be concurred with by the contracting activity competition advocate for locally-approved justifications. Any items with these codes that are included on the LTC should be reviewed within 12 months of the initial coding to determine whether an appropriate permanent AMSC can be assigned. If this cannot be accomplished for AMSC A, then continue to review on an annual basis for resolution and appropriate coding.

(iv) If an appropriate permanent AMSC cannot be assigned for AMSC H coded items within the later of one year of the J&A or one year of placement on a contract covered by a J&A, the contracting officer shall remove the items from the contract.

(a)(S-90) J&As and coding.

(6)(a) Note: When the J&A will include items coded AMSC A and/or H, the following shall be inserted:

(1) Items identified by AMSC A or H on long term contracts are subject to review for possible assignment of a different or permanent AMSC. These items shall be continually reviewed, not less than annually, in part to determine if technical data is available to allow for assignment of a more permanent AMSC. Any item determined to be competitively available before contract award will be removed from the acquisition. Any item determined to be competitively available after contract award may be deleted from the contract and competitively re-solicited.

(2) The results of the reviews and reclassification actions for AMSC A and H items will be reported by the contracting officer to the local competition advocate, and may be reported to DLA HQ, competition advocate, J72, in accordance with DLA HQ J7 requirements.

(3) If the review of an item classified as AMSC H does not result in the assignment of a more permanent AMSC within the later of one year of approval of this justification or one year of the item's placement on a contract covered by this justification, the Contracting Officer shall remove the item from the contract.

Note: Add the following when the initial award under the J&A will not include all items covered by the J&A:

(4) To add other sole source parts covered by this justification to the initial award items identified in [insert section number], the review process described in an attachment to this justification must demonstrate that the parts are sole source to [insert name of contractor] at the time they are proposed for addition.

**PGI 6.305 Availability of the justification.**

(c) Disclosure of information in a posted J&A.

(2)(i) General. J&As shall be carefully screened to redact information exempt from public disclosure under FOIA, including but not limited to proprietary information, classified information, trade secrets, and Independent Government Cost Estimates and other source selection information.

(ii) Consult the servicing office of counsel for guidance on whether a legal basis exists for redacting logistical details that could provide strategic information to the public that requiring activities would not want known, market research details specific to a contractor's capacity, references to specific sole source parts needed for weapons systems, and other information, the disclosure of which could be used, either alone or in combination with other publicly available information, to the detriment of U.S. interests.

(iii) Titles, names, and signatures. Current DLA policy is to disclose only the names of the contracting officer, approval/review chain officials, and the approving official. When posting the approved J&A, only the signature of the approving official needs to be included in the posted J&A, and signatures below the approving official should be redacted. Names and signatures of persons outside the approval/review chain, such as technical certifying personnel, should be redacted. Consult the servicing office of counsel for assistance in this area.

**PGI SUBPART 6.5 – COMPETITION ADVOCATES**

**PGI 6.502 Duties and responsibilities.**

(S-90) Agency competition advocate.

(a) In addition to the duties and responsibilities outlined in FAR 6.502(a), the agency competition advocate shall perform the following additional duties and responsibilities-

(1) Review the annual competition goals submitted by activity competition advocates and establish DLA competition goals for the fiscal year no later than 30 days after the deadline established for receiving those goals from the activity competition advocates.

(2) Analyze the annual reports submitted by activity competition advocates. Identify common concerns and impediments to competition and include these in the agency annual report to the SPE, along with recommended solutions, if applicable.

(3) Prepare the agency annual report for submission to the SPE.

(4) In the absence of the activity competition advocate, if there is no alternate activity competition advocate, the agency competition advocate shall serve as the alternate for an activity

competition advocate when there is an urgent issue requiring participation by the activity competition advocate.

(S-91) Activity competition advocate.

(a) In addition to the duties and responsibilities outlined in FAR 6.502(a), the activity competition advocate shall perform the following additional duties and responsibilities - -

(1) Act as advisor and have direct access to the head of the contracting activity or, at DLA Strategic Materials, DLA Enterprise Support, DLA Document Services, and DLA Distribution, have direct access to the activity Commander or Director, on competition matters and act as a focal point for promoting competition.

(2) Challenge barriers to competition, including unnecessarily detailed specifications and unnecessarily restrictive statements of need.

(3) Identify items or groups of items for which competition would provide the greatest benefits in terms of cost, schedule, and performance. Initiate efforts to develop competition for these items.

(4) Recognize individuals who have made significant contributions to competition by establishing an award program or by recommending them for recognition in existing award programs.

(5) Promote market research efforts, including identifying manufacturers, attendance at conferences and workshops, web research, and contacting industrial, professional, and manufacturers associations for membership references.

(6) Establish annual competition goals for each fiscal year and prepare an annual report for submission to the agency competition advocate. In establishing annual competition goals, the activity competition advocate shall consider various categories of congressionally-mandated socioeconomic programs such as small business, small disadvantaged business, service-disabled veteran owned small business, small business innovative research, and the establishment of minority business goals. The procuring activity must use competitive procedures to the maximum extent possible, including when it utilizes commercial practices and implements prime vendor and long term contracting initiatives. Both the annual competition goals and the annual report shall be submitted jointly using the format detailed in PGI 6.503.

**PGI 6.503-90 Annual reporting requirements - competition advocate.**

(a) The report shall be submitted to the agency competition advocate no later than 15 November of each year.

(b) Where more than one competition advocate is assigned for a procuring activity, the manager of the competition advocacy program shall forward combined goals and the annual report which shall be broken out by supply chain, if appropriate.

(c) The annual report shall cover the previous fiscal year and shall be broken out by supply chain responsibilities, if appropriate. The report shall cover the following major topics:

<b>Annual Advocacy Report for FYXX Defense Logistics Agency (DLA)</b>
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## DLAD PGI

In accordance with FAR 6.502(b)(2), \_\_\_\_\_ submits the following report.

1. Competition rate achieved. Show the level of competition achieved against the approved goals. The information cited below will match the established Federal procurement data system next generation (FPDS-NG).

- a. FY XX competition goals (by activity)
  - a. \_\_\_\_\_% of total procurement actions
  - b. \_\_\_\_\_% of total dollars obligated
- b. FY XX competition rates Achieved (by activity)
  - c. \_\_\_\_\_% of total procurement actions
  - d. \_\_\_\_\_% of total dollars obligated

2. Advocate's activities. Provide a brief synopsis of procurements or activities where competition was instrumental in achieving substantial cost savings or other benefits.

3. New initiatives required. Describe plans for improving competition, such as identifying change in contracting techniques or other operational procedures which will enhance the competitive aspects of procurement.

- a. to increase the acquisition of commercial items
- b. to increase competition
- c. to ensure requirements are stated in terms of functions to be performed, performance required or essential physical characteristics

4. Any barriers to the acquisition of commercial items or competition that remain. If applicable, provide the reasons (conditions, actions, impediments) for not attaining these goals or mitigating actions/measures taken or planned to resolve the problems.

5. Other ways in which the agency has emphasized the acquisition of commercial items and competition in areas such as acquisition training and research. Describe other efforts or accomplishments for improving competition, such as identifying change in contracting techniques or other operational procedures which will enhance the competitive aspects of procurement. List workshops or conferences conducted or attended and tangible benefits derived from them.

6. Proposed FYXX competition goals for actions and dollars (by activity). The submission shall include the supporting rationale for establishing the goals. When projecting goals, previous fiscal year competition statistics, projected obligations, and performance statistics from FPDS-NG shall be considered.

Include a discussion of any significant obstacles encountered and/or issues experienced in the previous fiscal year which are expected to continue into the current fiscal year.

- a. \_\_\_\_\_% of total procurement actions
- b. \_\_\_\_\_% of total dollars obligated
- c. Projected expenditure

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d. Supporting rationale for the proposed competition goals

e. Plans for increasing competition on a fiscal year basis

The point of contact is \_\_\_\_\_, title, telephone number \_\_\_\_\_ or email \_\_\_\_\_.

**DLAD PGI PART 7 – ACQUISITION PLANNING**

**PGI SUBPART 7.1 – ACQUISITION PLANS**

*(Revised September 19, 2012 through PROCLTR 2012-49)*

**PGI 7.104-90 [Reserved.]**

**PGI 7.104-91 [Reserved.]**

**DLAD PGI PART 8 – REQUIRED SOURCES OF SUPPLIES AND SERVICES**

**PGI SUBPART 8.4 – FEDERAL SUPPLY SCHEDULE**

*(Revised August 15, 2011 through PROCLTR 2011-31)*

**PGI 8.406-4 Termination for cause.**

(e)(S-90) Reporting.

(1) Each DLA activity shall identify a point of contact (POC) or POCs responsible for entering information relating to terminations in the Federal Awardee Performance and Integrity Information System (FAPIS) in accordance with FAR 8.406(e). Activities that have satellite contracting offices (e.g., DLR sites) may designate separate POCs at each individual location. The contracting officer or acquisition specialist shall provide the required information to their FAPIS POC in sufficient time for the information to be reported in the Federal Awardee Performance and Integrity Information System. Reference material to include the FAPIS Users Manual is available at <http://www.cpars.csd.disa.mil/fapiismain.htm>.

(2) FAPIS POCs are responsible for entering the record in FAPIS within the time frame specified in FAR 42.1503(f). FAPIS POCs shall notify the contracting officer when the record has been submitted. The contracting officer shall document the contract file to show that the action was reported to the Federal Awardee Performance and Integrity Information System.

(3) The DLA activity also shall report the termination via email to DLA HQ Acquisition Policy and Systems Division (J71) within three (3) working days after the termination is reported to the Federal Awardee Performance and Integrity Information System. The email shall be sent to [HQJ71.Reports@dla.mil](mailto:HQJ71.Reports@dla.mil) and include the contract number, date and type of termination, any change, and date data was reported to the Federal Awardee Performance and Integrity Information System.

**SUBPART 8.73 USE OF GOVERNMENT-OWNED PRECIOUS METALS**

*(Revised March 22, 2012 through PROCLTR 2012-30)*

**8.7303 Procedures.**

In accordance with DoD 4160.21-M, Defense Materiel Disposition Manual, Chapter 11, Precious Metals Recovery Program (PMRP), the following procedures apply:

(a) Prior to soliciting offers for awards of contracts requiring precious metals, the contracting officer shall contact the DLA Troop Support precious metals supply planner, DLA Troop Support-FCBC, phone: 215-737-8579, fax: 215-737-8588, indicating the item, quantity, and grade of precious metal required for the acquisition. If the required amount is available, request in writing to DLA Troop Support-FCBC that the required quantity be reserved to cover the acquisition including the estimated delivery schedule. DLA Troop Support-FCBC will reserve requested quantities of precious metals for 120 days. The precious metal national stock number (NSNs) managed by DLA Troop Support-FCBC are as follows:

NSN	Nomenclature	Unit of Issue
9660-00-042-7768	Platinum granules.....	Troy ounce.
9660-00-151-4050	Platinum sponge.....	Troy ounce.
9660-00-042-7733	Gold bullion/granules....	Troy ounce.
9660-00-042-7765	Palladium granulations..	Troy ounce.

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9660-01-039-0320	Palladium sponge.....Troy ounce.
9660-00-106-9432	Silver bullion/granules...Troy ounce.
9660-01-010-2625	Rhodium.....Troy ounce.
9660-01-011-1937	Iridium sponge.....Troy ounce.
9660-01-039-0313	Ruthenium sponge.....Troy ounce.

(b) To requisition precious metals, the contracting officer shall submit a military standard requisitioning and issue procedure (MILSTRIP) requisition to DLA Troop Support-FCBC. The requisition shall cite full troy ounces (partial ounces shall be rounded off to the nearest whole ounce). See instructions in 8.7303(d) for how to calculate. Exception data shall be cited in the “remarks” section of the requisition. The exception data are:

(1) An unclassified "ship to" address specifying exact location (building, office, and individual) and applicable zip code. The DoDAAC is not always sufficient for delivery;

(2) The number of the contract or work order on which the precious metal is to be used, for control and audit purposes;

(3) The end item application, the NSN, the part number, or any other data that identifies the item or component in which the precious metal shall be used, as well as the quantity of precious metal which shall be used for each item or component, if known ; and

(4) Name and telephone number of a point of contact at the requisitioning activity, to resolve any problem, as required.

(c) The Defense working capital fund issue price to the requiring activity is established by DLA Troop Support based on PMRP recovery costs plus an authorized surcharge (such as for administration, insurance, and transportation). Transportation is usually accomplished by premium method (armored van); therefore, multiple requisitions to the same destination should be consolidated whenever possible. Delivery normally will be accomplished within 3 weeks after receipt of the requisition by the DLA Troop Support supply planner.

(d) The formulas for computing the number of troy ounces of Government-Furnished (GF) precious metal are provided in 8.7303(d)(1)-(3). Quantities are rounded to the nearest whole number.

(1) If the end item being procured is in troy ounces: Multiply the number of end items being procured by the percent of precious metal in the end item.

Example: Requirement is for 30,000 troy ounces of precious metal brazing alloy, and each troy ounce of the alloy has a 31% precious metal content.

$$30,000 \times .31 = 9,300 \text{ troy ounces of GF precious metal}$$

(2) If the end item being procured is in avoirdupois (avoir) pounds (American pound weight): Multiply the total number of pounds being procured by the percent of precious metal in the end items; then multiply that total by 14.583 (equivalency used to convert avoir pound weight to troy ounces).

Example: Requirement is for 26,538 pounds of precious metal brazing alloy, and each pound of alloy has a 15.5% precious metal content.

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$$26,538 \times .155 = 4,113.39 \text{ (avoir pound of precious metal needed)}$$

$$4,113.39 \times 14.583 = 59,985.56 \text{ or } 59,986 \text{ troy ounces of GF precious metal}$$

(3) If the end item being procured is in troy pounds: Multiply the total number of troy pounds being procured by the percent of precious metal in the end item; then multiply the number of troy pounds of precious metal by 12 (number of troy ounces in a troy pound).

Example: Requirement is for 12,156 troy pound of precious metal brazing alloy, and each troy pound of alloy has a 15.5% precious metal content.

$$12,156 \times .155 = 1,884.18 \text{ (troy pounds of precious metal)}$$

$$1,884.18 \times 12 = 22,610.16 \text{ or } 22,610 \text{ troy ounces of GF precious metal}$$

**DLAD PGI PART 9 – CONTRACTOR QUALIFICATIONS**

**PGI SUBPART 9.1 – RESPONSIBLE PROSPECTIVE CONTRACTORS**

**PGI 9.105-2 Determinations and documentation.**

**PGI 9.105-2(b)(2)(i)(S-90).**

(1) Each DLA activity shall identify a point of contact (POC) responsible for entering non-responsibility determinations into FAPIIS. Activities that have satellite contracting offices to include DLR and SS&D sites may designate separate POCs at each individual location.

(2) Once the contracting officer or acquisition specialist has coordinated with their local counsel on the determination, they shall notify their FAPIIS POC that they have a non-responsibility determination that is required to be reported in FAPIIS. The contracting officer or acquisition specialist shall provide the following information to their FAPIIS POC:

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| <p>Action date (date the determination was signed by the contracting officer)<br/>Solicitation number<br/>NAICS code:<br/>Product/service code<br/>Contractor’s DUNS number<br/>Contractor’s CAGE code<br/>Contractor’s name<br/>Contractor’s address<br/>Contracting officer’s DODAAC<br/>Contracting officer’s name, phone number, and email address<br/>Copy of the final determination (Note: Attachments must be properly marked; e.g. “For Official Use Only/Source Selection Sensitive – FAR 2.101 and 3.104)<br/>Written confirmation that the determination was reviewed by local counsel (no privileged information should be included in the documentation provided to the FAPIIS POC).</p> |
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(3) FAPIIS POCs are responsible for entering the record in FAPIIS within three working days from the action date. FAPIIS POCs shall notify the contracting officer when the record has been submitted. The contracting officer shall document the contract file to show that the non-responsibility determination was reported to FAPIIS.

**DLAD PGI PART 10 – MARKET RESEARCH**  
*(Revised August 13, 2012 through PROCLTR 2012-46)*

**PGI 10.002-90 Procedures**

(a) General.

(1) Market research to develop or enhance competition is normally conducted by contracting personnel, small business specialists, and local competition advocates, often with assistance from the local market research office, which supports the entire scope of local market research and analysis needs. Otherwise, assistance for specified market research may be requested from the DLA Office of Operations Research and Resource Analysis (DORRA), which has responsibility for providing such support.

(2) "Market research" in accordance with FAR Part 10, DFARS Part 210, and in this section includes, but is not limited to, joint efforts by:

(i) Technical personnel to accomplish research and analysis in connection with developing specifications and purchase descriptions, as well as to determine the availability of commercial products to meet the Government's functional requirements;

(ii) Supply personnel to identify techniques or actions to assure or enhance supply availability and the timing and quantities for economic purchases; and

(iii) Contracting, small business, and competition advocate personnel to research and develop sources (see also 6.3, 7.1, 12.1, 15.2, and 25.1).

(b) Considerations for performing market research.

(1) Buying activities may consider issues such as problems with customer wait time and/or pricing, dollar value, volume, and whether the required item or service is commercially available in structuring their approach to market research.

(2) To gain familiarity and knowledge of the most current capabilities of the domestic marketplace, buying activities shall conduct market research on an ongoing basis and to the extent practicable, to identify potential domestic sources for acquisitions to which DFARS 225.7002-2 and/or FAR 25.104, apply.

(3) Items which are designated as export controlled will be included and identified in the market research approach, since this impacts the eligibility of potential vendors to have access to technical data.

(c) Small business set-asides.

(1) Market research in support of a bundling analysis is not required for procurements below the simplified acquisition threshold (SAT) unless it is determined that the procurement is not suitable for award to small business. Market research may, however, be required to make this determination.

(2) If market research is required, the market research requirement can generally be satisfied by:

(i) Identifying two or three small businesses that recently provided the item or service; or

(ii) If only one or no small business responded, contacting the small businesses who previously provided the item(s) to determine the reason for lack of response to the request for quotations.

(3) To determine whether there are two or more small businesses capable of performing the requirement, utilize the central contractor registration (CCR). Contracting officers who relied on SBA's PRO-Net as the authoritative source for vendors certified in SBA's 8(a) business development program, HUBZone empowerment contracting program and small disadvantaged business program will now access this information through CCR.

(i) To conduct market research and confirm eligibility for SBA's procurement preference programs, go to the CCR web site at <http://www.ccr.gov/> and use the "dynamic small business search" for options and information.

(ii) If this search fails to yield any small business sources, an analysis may need to be performed to determine whether the requirement is bundled or consolidated.

(4) For bundled acquisitions, the procuring activity must notify each affected small business concern pursuant to FAR 10.001(c)(2). This notification must be accomplished by separate written notification to each affected small business, that is, each small business that received an award the last time any portion of the now-combined requirement was procured, including procurements occurring during the planning for the current solicitation.

(d) Market research to determine a potential bundled or consolidated contract.

Market research must be performed before the contracting officer may proceed with an acquisition strategy that could lead to a bundled or consolidated contract. Market research must be conducted to determine whether the aggregation constitutes a bundled or consolidated procurement and, if it does, whether the consolidation of requirements is necessary and justified. See 7.107 and 7.170 for policy regarding bundling and consolidation.

(e) Commercial item determination.

(1) Market research must be used to determine whether an item or service meets the commercial item definition in FAR 2.101.

(i) Contracting offices shall include complete and adequate documentation of the market research and rationale supporting the commercial item determination within the contract file.

(ii) Market research may also be used in determining whether a customary commercial practice exists and whether a solicitation requirement is consistent with customary commercial practice.

(2) Market research for determining commerciality on a group basis.

(i) Buying activities should determine commerciality on a group basis whenever it is impractical to conduct individual reviews, such as when a large number of items or services will be included on a solicitation.

(ii) Buying activities should conduct commerciality reviews on a group basis when possible to accelerate the pace at which items and services can be identified as commercial.

(iii) Buying activities should ensure that the results of market research efforts are entered into the material master classification or contracting technical data file, when utilized by the buying activity.

(iv) When possible, buying activities should identify logical groupings of items or services that can reasonably be presumed to be commercial or non-commercial and that can be identified in an automated system. Buying activities can then code those entire groups of items or services in the system without conducting an individual technical review. Groupings of items that could logically be presumed to be commercial are:

(A) Items or services that use industry standards;

(B) Items described by commercial item descriptions;

(C) Items with acquisition method suffix code (AMSC) “Z,” which includes commercial, non-developmental, and off-the-shelf items; and

(D) Federal stock classes (FSCs) that can reasonably be presumed to be commercial in their entirety.

(v) The contracting officer is responsible for making the final determination of commerciality and customary commercial practice for the item or service being acquired.

(f) Sampling in market research.

(1) Acquiring large populations of items on a single contract makes it impracticable to conduct a review of the results of market research for each individual item. As an alternative, buying activities can identify a sample of items that is representative of the requirement and only conduct market research and a review for each of the items in the sample.

(2) The sample size must be sufficient to achieve a 90% confidence level with a 10% error rate; consider using a statistical program such as EZ-Quant to compile the sample.

(g) Long term contract market research. For market research requirements related to establishing and maintaining long term contracts (LTCs), see 11.302.

(h) Market research and analysis involves acquiring information from various sources relevant and applicable to the procurement; examples of market research methods are listed in the following table.

Table 1. Market research methods.

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| <ul style="list-style-type: none"><li>- When conditions permit, publish a “sources sought” synopsis in the FedBizOpps. The time allotted for the synopsis shall be sufficient for potential sources to respond and the contracting officer to conduct follow-up actions.</li><li>- Consider sponsoring a “domestic sourcing” conference, which will bring together customers, suppliers, industry groups/trade associations, and agency personnel to address the issues that are influencing the domestic nonavailability and explore ways to resolve these challenges. A special effort shall be made to ensure small businesses participate in such conferences.</li><li>- Consider contacting other sources such as industry and trade associations and</li></ul> |
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researching sources such as business and financial periodicals, trade publications, statistical and financial service reports such as Dun and Bradstreet or the Thomas Register, for information which includes:

- Trends in technology, materials utilization, and industry practice including manufacturing processes, economic order quantities, production lead times, and channels of distribution;
- Economic and price trends and conditions, market statistics and indicators, and major policies or seasonal considerations affecting supply, past demand analysis, future demand projections, and outlook for major product categories;
- Compatibility with economic production runs, economic buys, industry capacity, and industry interest;
- Industry marketing, commercial contracting, contract financing, and pricing practices;
- Potential impact of the acquisition(s) on domestic and international markets; and
- Impediments to effective competition.

(i) DOD guidance for performing market research is listed in Table 2.

Table 2. DOD market research guides.

Defense Standardization Program document SD-5, Market Research, <http://dsp.dla.mil/> or [https://assist.daps.dla.mil/quicksearch/basic\\_profile.cfm?ident\\_number=106786](https://assist.daps.dla.mil/quicksearch/basic_profile.cfm?ident_number=106786)

Defense Acquisition University, continuous learning module CLC004, “Market Research,” <http://www.dau.mil/clc/default.aspx>

Office of the Secretary of Defense for Acquisition, Technology and Logistics (Acquisition Initiatives), Commercial Item handbook, <http://www.acq.osd.mil/dpap/Docs/cihandbooks.pdf>

Armed Services Pricing Manual, Volume II, Chapter 12, <https://acc.dau.mil/CommunityBrowser.aspx?id=406579&lang=en-US>

**DLAD PGI PART 11 – DESCRIBING AGENCY NEEDS**

**PGI SUBPART 11.2 – USING AND MAINTAINING REQUIREMENTS DOCUMENTS**

**PGI 11.274-2(b)(2)(ii) Determination and findings.**

The contracting officer will forward copies of the determination and findings to the DoD item unique identification (IUID) program office at the mailing address at DFARS 211.274-2(b)(ii), and to the DLA Acquisition Policy and Systems Division, J71.

**PGI SUBPART 11.3 - ACCEPTABLE MATERIAL**

*(Revised August 3, 2012 through PROCLTR 2012-45)*

**PGI 11.302-92 Obtaining and Assessing Adequacy of Traceability Documentation.**

(a) General.

(1) It is critically important for contracting officers to be able to confirm a documentation trail from the supplier to the approved manufacturer. Accordingly, contracting officers shall request traceability documentation whenever additional information is needed to ensure product conformance and whenever they have any reason to be suspicious that offerors or contractors may be attempting to defraud the Government.

(2) It is not possible to identify all indicators of risk. This PGI is intended to provide information based on past experience to assist contracting officers in identifying suspicious circumstances.

(b) Traceability documentation shall be obtained and associated actions shall be taken as specified in this section, when—

(1) The offeror provided a quote as traceability documentation prior to award.

(i) It is common practice for independent distributors and brokers, who do not keep inventory, to procure the offered product only after they are awarded the contract. Under such circumstances, the offeror typically furnishes a quote from the approved source or an authorized distributor, which is considered an acceptable form of traceability prior to award. When this has occurred, the post-award acquisition specialist shall ask the contractor to provide full traceability documentation demonstrating the complete line of ownership before the product is shipped.

(ii) If the awardee does not have full traceability information, the acquisition specialist shall contact the product specialist to recommend that product verification testing be invoked in accordance with the clause at 52.246-9004, Product Verification Testing (PVT).

(2) Potential indicators of risk are present. Potential indicators of fraud include, but are not limited to, the following:

(i) The supplier has no past DLA history;

(ii) The price offered is lower than price of approved source or its authorized distributor;

(iii) The price offered is out of line with other quotes or past pricing history;

(iv) The price offered for new product is lower than price offered for surplus material;

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(v) The manufacturer's contractor and Government entity (CAGE) code identified in offer differs from CAGE code of approved manufacturing source in solicitation;

(vi) The offeror/contractor is reluctant or unable to provide traceability documentation;

(vii) The offeror's/contractor's phone number, address, e-mail, or other vital information is missing, invalid, or suspicious; and/or

(viii) The contractor invoices without delivering the supplies.

(3) Protest is received questioning awardee's ability or intention to supply exact product at price awarded.

(i) The acquisition specialist shall immediately request traceability documentation from the awardee upon receipt of a protest when the protestor has questioned the awardee's ability or intention of supplying the exact product at the price awarded.

(ii) By immediately requesting traceability, the response back to the protestor from the cognizant office of counsel will include the status/disposition of the award, based on the information received from the awardee.

(4) The contractor requests a modification changing the part number or other information related to its exact product representation.

(i) The post-award acquisition specialist shall carefully evaluate any requests for modifications from a contractor requesting a change to the part number or any other information pertaining to the exact product representation in its original quote.

(ii) The post-award acquisition specialist shall place any contractor that misrepresented its exact product status on the DCRL as special attention reason code Q and provide a detailed explanation as to how the contractor has misrepresented its product in the remarks field to alert pre-award acquisition specialists to require additional information from that supplier upon receipt of a quote on future procurements.

(iii) Placing the contractor on the Defense contractor review list (DCRL) as special attention reason code Q will ensure the contractor will not receive any procurement automated contract evaluation (PACE) awards without a manual review by the second look team. In most cases, the second look team will reject the file from PACE and refer to the manual acquisition specialist.

(c) Recourse when adequate traceability documentation not provided.

(1) If traceability documentation is requested prior to award and the offeror fails to provide sufficient information within the time frame requested, the pre-award acquisition specialist shall consider the offer technically unacceptable and make award to the offeror next in line for award.

(2) If traceability documentation is requested after award and the contractor fails to provide sufficient information within the time frame requested, this is grounds for cancellation of the award.

(3) If it is not in the Government's best interest to cancel the award, the pre-award acquisition specialist may contact the product specialist to recommend that product verification testing be invoked in accordance with the clause at 52.246-9004, Product Verification Testing (PVT).

(d) Assessing adequacy of traceability documentation.

(1) The contracting officer, at his or her sole discretion, determines the acceptability and sufficiency of traceability documentation or any other evidence of product authenticity. Therefore, the contracting officer may request whatever additional documentation he or she deems reasonably necessary to support a determination that the identity of the offered product and its manufacturing source has been adequately documented.

(2) When reviewing traceability documentation, the contracting officer shall read the entire document and check to ensure—

- (i) The letterhead is correct and/or unaltered;
- (ii) Signatures are legible and provided by authorized personnel;
- (iii) There is no evidence of alteration by cutting and pasting/white out/scanning (see paragraph (e) of this section);
- (iv) There are no missing documents;
- (v) Dates are current;
- (vi) Phone numbers are accurate;
- (vii) Font styles are consistent;
- (viii) There are no handwritten annotations on a typed document;
- (ix) Line items reflect correct part numbers and quantities;
- (x) Documents do not appear to have been reproduced repeatedly;
- (xi) Documents do not have shaded areas, which may indicate information was covered up and the document recopied;
- (xii) Correct division of manufacturing source is cited; and
- (xiii) There are no disclaimers in the document (e.g., stating parts cannot be traced to the actual manufacturer or to any specific revision of the part, etc.).

(e) Unacceptability of redacted traceability documentation.

(1) When a pre-award or post-award acquisition specialist requires an offeror or contractor to submit traceability documentation, the acquisition specialist shall specifically require that the traceability documentation be unredacted. The offeror or contractor may not obscure or delete prices, dates, or any other information from traceability documents. The acquisition specialist shall reject traceability documentation that has been redacted.

(2) If any objections are raised, the acquisition specialist shall inform the offeror or contractor that failure to provide traceability documentation that is deemed acceptable by the contracting officer is a cause for rejection of its quote or offer or cancellation of its award and that redacted traceability documentation is unacceptable.

(3) The acquisition specialist may further advise the contractor that it may stamp its documentation as proprietary to protect it from release.

(4) In all cases, any traceability documentation provided by offerors or contractors shall be treated as proprietary information.

### **PGI SUBPART 11.4 – DELIVERY OR PERFORMANCE SCHEDULES**

#### **PGI 11.402(a)(S-90) Expedite process.**

The expedite process will generally be initiated by the supply planner or customer account specialist, who would typically be the point of receipt for revised “need date” information from the customer. If the acquisition specialist becomes aware of a customer’s need for an earlier delivery, he/she can provide this information to the supply planner or customer account specialist. If the supply planner or customer account specialist asks the acquisition specialist to attempt to expedite delivery, the following procedures apply:

(1) If a purchase request (PR) has not yet been solicited, the acquisition specialist may elect to include delivery as an evaluation factor in the solicitation.

(2) If an acquisition is in the solicitation phase, the acquisition specialist may elect to issue a solicitation amendment to consider delivery in the evaluation of quotes/offers. This decision should be based on factors such as whether the estimated acquisition lead time (ALT) makes it practicable to issue a solicitation amendment (e.g., in the case of a long term contract (LTC)). For an acquisition that has been solicited and is a candidate for automated award, the acquisition specialist may elect to withdraw the acquisition from the automated system and award manually. If a solicitation amendment is done, the information will be reflected in the PR prioritization report, which assists acquisition specialists by identifying the week when a PR should be awarded in order to meet the required delivery date (RDD) consistent with attainment to plan (ATP). If the acquisition specialist elects not to issue a solicitation amendment, see PGI 11.402(a)(90)(3).

(3) If a contract has been awarded, the acquisition specialist shall contact the contractor and attempt to negotiate an earlier delivery date.

(i) If the contractor is willing to make a formal commitment to deliver on an earlier date, the acquisition specialist shall execute a contract modification, so the new contract delivery date (CDD) will be reflected in the automated systems.

(ii) If the contractor is only willing to make an informal agreement to attempt to provide an earlier delivery, the acquisition specialist shall e-mail the supply planner or customer account specialist to provide this information. The supply planner or customer account specialist can then advise the customer that there is a possibility of an improved estimated ship date (ESD). No contract modification is required under these circumstances.



**DLAD PGI PART 12 – ACQUISITION OF COMMERCIAL ITEMS**

**PGI SUBPART 12.4 – UNIQUE REQUIREMENTS REGARDING TERMS AND CONDITIONS  
FOR COMMERCIAL ITEMS**

*(Revised August 15, 2011 through PROCLTR 2011-31)*

**PGI 12.403 Termination.**

(c)(4)(S-90) Termination for cause.

(1) Each DLA activity shall identify a point of contact (POC) or POCs responsible for entering information relating to terminations in FAPIIS in accordance with FAR 12.403(c)(4). Activities that have satellite contracting offices (e.g., DLR sites) may designate separate POCs at each individual location. The contracting officer or acquisition specialist shall provide the required information to their Federal awardee performance and integrity information system (FAPIIS) POC in sufficient time for the information to be reported in FAPIIS. Reference material to include the FAPIIS Users Manual is available at <http://www.cpars.csd.disa.mil/fapiismain.htm>.

(2) FAPIIS POCs are responsible for entering the record in FAPIIS within the time frame specified in FAR 42.1503(f). FAPIIS POCs shall notify the contracting officer when the record has been submitted. The contracting officer shall document the contract file to show that the action was reported to FAPIIS.

(3) The DLA activity also shall report the termination via email to DLA HQ Acquisition Policy and Systems Division (J71) within three (3) working days after the termination is reported to FAPIIS. The email shall be sent to [HQJ71.Reports@dla.mil](mailto:HQJ71.Reports@dla.mil) and include the contract number, date and type of termination, any change, and date data was reported to FAPIIS.

**DLAD PGI PART 13 – SIMPLIFIED ACQUISITION PROCEDURES**

*(Revised September 21, 2012 through PROCLTR 2012-50)*

**PGI 13.003(e)(S-90) Exclusions from automated procurement.**

(i) Only those acquisitions that meet the following criteria are authorized to be excluded from automated procurement processes:

- (A) Total dollar value exceeds the simplified acquisition threshold;
- (B) Place of inspection code (PIC) equals 3 or 4;
- (C) Essential national stock number (NSN) or material data is missing, to include
  - (1) no approved sources on part number NSNs/materials;
  - (2) acquisition method suffix code (AMSC) B, G, or T without basic document;
  - (3) no procurement history when the NSN or material previously purchased;
  - (4) no PIC; or
  - (5) no packaging data.
- (D) Government-furnished material/property/tooling applies;
- (E) First article testing applies;
- (F) Items are flight safety critical;
- (G) Items are life support equipment;
- (H) Export control restrictions apply;
- (I) Special data licensing agreements apply; or
- (J) Document type equals one of the following:
  - (1) ZRO – Rush purchase order;
  - (2) ZTAV – Order fulfillment;
  - (3) ZSFC – STORES/FFAVORS customer direct;
  - (4) ZSFD – STORES/FFAVORS DLA direct;
  - (5) ZN – Order fulfillment TAV processing (request for quote (RFQ));
  - (6) ZP – Order fulfillment procurement offset or RFQ;

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(7) AN – Standard request for quote (RFQ); or

(8) Request for GP bid or RFQ.

(ii) Process for authorizing additional exclusions.

(A) Approval level. The Acquisition Executive must approve any exclusions other than those identified in PGI 13.003(e)(S-90)(i). Approval of the exceptions must be in writing, and a copy of the exception to policy shall be kept in all contract files to which it is applicable. This authority is not delegable.

(1) Exclusion determinations shall include the following information:

(i) Point of contact;

(ii) Exclusion criteria: National stock number (NSN)/ federal supply class (FSC)/quality control code (QCC) or purchase request (PR);

(iii) Level of automation exclusion: Solicitation, evaluation, and/or award;

(iv) Exclusion code – See Appendix A, Automated Procurement Exclusion Codes;

(v) Duration of exclusion: temporary or permanent; and

(vi) Justification for exclusion.

(2) Implementation of approved exclusions. The Acquisition Executive shall forward copies of the determination and justification to the Deputy Director, DLA Acquisition, J7, to the procurement systems process owner, J71, and to the automated solicitation/evaluation/award sub-process owner at DLA Land and Maritime for entry of the following data into the automated procurement exclusion tables:

(i) Federal supply class (FSC);

(ii) NSN;

(iii) Weapon system designator code;

(iv) Project code;

(v) Foreign military sales country code;

(vi) Special procedure code;

(vii) PR number;

(viii) Acquisition method suffix code (AMSC) and FSC combination;

(ix) Quality control code;

(x) Priority and project (all priority 01 and priority 02 and 03 with 999 required delivery dates are excluded agency-wide);

(xi) Advice code (2T or 2F are excluded agency-wide);

(xii) Precious metal indicator code – other than A, U, or null; and

(xiii) Document type.

(3) Reporting. Each supply chain shall submit a quarterly report providing status information and outcomes associated with their automated exclusions list as part of DLA Acquisition's review and analysis (R&A) metrics review.

### **PGI SUBPART 13.1 – PROCEDURES**

*(Revised September 21, 2012 through PROCLTR 2012-50)*

#### **PGI 13.106-2 Evaluation of quotations or offers.**

#### **PGI 13.106-2(b)(3)(D)(S-90) Past performance evaluation and past performance information systems.**

(a) Scope. This subsection prescribes the mandatory procedures, guidance, and instructions for using past performance information systems in evaluating contractor past performance as an evaluation factor for simplified acquisitions.

(b) Definitions.

(1) "Score(s)" as used in this subsection refer to ABVS assessments of a contractor's delivery and quality performance on DLA contracts.

(2) "Classification(s)" as used in this subsection refer to the PPIRS-SR assessment of a contractor's delivery and quality performance on past DoD contracts, including DLA contracts.

(i) Classifications are comprised of a delivery score and a quality color ranking.

(c) General past performance information.

(1) Contracting officers are advised not to rely solely on the ABVS, PPIRS-SR, PPIRS-RC or other performance scores/classifications, and should consider reviewing the data used to construct the past performance score if the circumstances of the procurement dictate (e.g., significant price differential or close past performance assessments).

(2) Past performance information used in source selection is confidential source selection information and as such, is protected from release under the procurement integrity rules (see FAR 3.104-4 and 3.104-5). The information is available only to the business entity to which it applies. The past performance information used in the source selection process must carry a restrictive legend substantially the same as the following: "Source Selection Information – see FAR 2.101 and 3.104." This legend must appear on all hard-copy printouts. Release of past performance information to any non-DLA

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Governmental entities must have the concurrence of the local counsel. Release to any private entities shall be strictly limited, have the concurrence of the local counsel, and be in accordance with Freedom of Information Act (FOIA, 5 U.S.C. 552) guidelines (see FAR Subpart 24.2, Freedom of Information Act, and DFARS 224.2, Freedom of Information Act). Any FOIA decision to release performance data to other contractors will be made on a case-by-case basis.

(d) Automated best value system (ABVS)

(1) ABVS is a DLA computerized system that collects a contractor's existing past performance data and translates it into a numeric score. The contracting officer may use the score in evaluating past performance when conducting a comparative evaluation of offers. DLA is migrating from the use of ABVS to the PPIRS-SR.

(2) ABVS Scores:

(i) Contractors receive DLA-assigned ABVS scores for their past performance in each Federal Supply Class (FSC scores). The FSC scores are based on DLA consolidated performance history. A contractor may have multiple FSC scores but will have only one DLA score, which is a compilation of the contractor's FSC scores for all business conducted with DLA.

(ii) The ABVS score is a combination of a vendor's delivery and quality scores, and the scores range from zero to a perfect score of 100. If a vendor's score is less than 100, DLA provides the contractor the negative data upon which its score is based. These scores are displayed on the "choose awardee" screen in the DLA preaward contracting system (DPACS) for all entered quotes/offers. Higher numerical scores represent high past performance assessments and lower associated risk. Lower numerical scores indicate low past performance assessments and higher risk.

(iii) Scores are calculated daily based upon two years of data.

(iv) Delivery scores are comprised of and calculated as follows:

- Delivery delinquencies
- Number
- Severity
- Contractor caused terminations, cancellations, and withdrawals

<u>Formulas for Delivery Performance</u>	
<u>Formula</u>	<u>Legend</u>
$DS = (OW * OS) + (AW * AS)$	DS = Delivery score OW = On-time weight OS = On-time score AW = Average days late weight AS = Average days late score
$OS = 100 * O / L$	OS = On-time score O = Number of line shipped on-time during rating period L = Number of line shipped during rating period
$AS = \text{greater of } ((100 - (D/L)) \text{ or } 0)$	AS = Average Days Late Score (AS range is 0 to 100)

	<p>D = Total days late during rating period                  L = Number of line shipped during rating period                  Delivery scores are derived from two sub-factors; percent on time and average days late. The relative weights of those factors are set at 0.6 and 0.4, respectively.</p>
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For administrative purposes, the delivery rating period excludes the most recent 60 days. For ABVS purposes, delinquent lines represent shipments not shipped and/or received in their entirety by the Contract Delivery Date (CDD). Contractor caused delivery extensions, regardless of consideration paid, will be reflected in the delivery score.

(v) Quality scores are comprised of and calculated as follows:

- Quality complaints
- Product nonconformances
- Packaging nonconformances

<u>Formulas for Quality Performance</u>	
<u>Formula</u>	<u>Legend</u>
$QS = (PRW * PRS) + (PAW * PAS)$	QS = Quality score PRW = Product weight PRS = Product score PAW = Packaging weight PAS = Packaging score
$PRS = 100 * (1 - (PRC / L))$	PRS = Product score PRC = Number of product complaints during rating period L = Number of lines shipped during rating period
$PAS = 100 * (1 - (PAC / L))$	PAS = Packaging score PAC = Number of packaging complaints during rating period  Quality scores are derived from two sub-factors; product complaints and packaging complaints. The relative weights of those factors are set at 0.8 and 0.2, respectively.  Contractors having no data in the rating period are assigned scores of 999.9.

For administrative purposes, the quality rating period excludes the most recent 30 days. Repair, replacement, or reimbursement of quality and packaging defects will not provide relief of negative ABVS data.

The above 60 and 30 day offset periods are not grace periods. Contractor caused discrepancies or delinquencies will be reflected in the ABVS as an indicator of past performance.

(3) Data challenges.

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(i) If a contractor's ABVS FSC score is being challenged, indicated by a "C" on the "choose awardee" screen, contracting officers may wish to consult the ABVS site administrator to assess the magnitude of the challenge and its impact on the contractor's score.]

(ii) DLA will make negative quality and delivery data reflected in the ABVS score available to contractors daily via the ABVS Website. The contractor's negative performance data will be posted before it is reflected in the ABVS score (preview period), to give contractors an opportunity to review and verify data. A contractor must challenge any negative data within the preview period to assure corrections are posted before calculation of the score. Contractors must submit challenges and substantiating evidence (e.g. invoices, DD Form 250s, modifications) to the ABVS administrator. The "center" field will identify the appropriate focal point.

(A) For those identified as "DLA Aviation" send challenges to:

DLA Aviation  
Attention: DLA Aviation-BPSC (ABVS)  
8000 Jefferson-Davis Highway  
Richmond, Virginia 23297-5516  
Telephone Number: (804) 279-5375  
Facsimile (FAX) Number: (804) 279-5042  
Email: [DSCRABVS@dla.mil](mailto:DSCRABVS@dla.mil)

(B) For those identified as "DLA Land and Maritime," send challenges to:

DLA Land and Maritime  
Attention: DLA Land and Maritime -BPSF (ABVS)  
Post office box 3990  
Columbus, Ohio 43218-3990  
Telephone numbers: (614) 692-3383  
Facsimile number: (614) 692-4170  
Email: [DSCCABVS@dla.mil](mailto:DSCCABVS@dla.mil)

(C) For those identified as "DLA Troop Support," send challenges to:

DLA Troop Support  
Attention: DLA Troop Support-BPSA (ABVS)  
700 Robbins Avenue  
Philadelphia, Pennsylvania 19111-5096  
Telephone number: (215) 737-7844  
Facsimile number: (215) 737-7949  
Email: [DSCPABVS@dla.mil](mailto:DSCPABVS@dla.mil)

(D) The ABVS administrator shall make every effort to resolve data challenges within ten working days. If the contractor and the ABVS Administrator can not arrive at a mutual agreement on challenged data, it becomes disputed data. Disputes which cannot be resolved will be elevated. Authority for resolution of disputed data is one level above the contracting officer. Award decisions resulting from reliance on disputed data must also be approved one level above the contracting officer.

(E) For further details concerning ABVS score calculations and contractor data challenge procedures, refer to the ABVS website at <http://www.aviation.dla.mil/UserWeb/proc/ABVM/Abvm.htm>

(e) Past performance information retrieval system – statistical reporting–(PPIRS-SR).

(1) PPIRS-SR is a web-enabled, government-wide application that collects quantifiable delivery and quality contractor past performance information from Federal contracting activities.

(2) PPIRS-SR classifications:

(i) Delivery is represented numerically on a 100-point scale, 100 being perfect. Quality assessments, however, are based upon a color-coded, percentile ranking of comparative scores among all contractors with award information for the subject FSC.

(ii) High numbers represent high on-time delivery performance. Lower numbers equate to low on-time deliveries.

(iii) Quality assessments are ranked only for contractors in which inspection records are present for the subject FSC. This is a significant departure from the quality methodology employed by DLA through ABVS. In ABVS, contractors with award history are presumed to demonstrate satisfactory quality, unless discrepant records are received. Conversely, PPIRS-SR only assesses quality for awards in which Government inspection records are required and received. If inspection is not required, the award is not counted in the contractor’s quality assessment.

(iv) Contractors with delivery records but no quality records for an FSC are ranked in the “green” color ranking. Additionally, when no quality records exist for a contractor within an FSC, an asterisk (\*) will be displayed in the “quality score” column on the “solicitation inquiry report”.

(v) Because there are occasions when contractors having no quality records may ultimately demonstrate better quality and less performance risk than a contractor in a higher percentile group (“dark blue” and “purple”), absence of quality records does not preclude award to a contractor.

(vi) Information concerning PPIRS-SR classification calculations and contractor data challenge procedures, please refer to the PPIRS-SR procedural guide for application development at: <http://www.ppirs.gov/ppirsfiles/pdf/procedural102004.pdf>

(3) Access to PPIRS-SR classifications is accomplished through the PPIRS-SR website: <http://www.ppirs.gov/>. Contractor classifications may be reviewed and analyzed utilizing the “solicitation inquiry” report.

(i) PPIRS-SR classifications are established on a Federal Supply Classification (FSC) SR basis.

(ii) Classifications are calculated monthly based upon three years of data.

(iii) Delivery performance is based on the total number of contract line items received and the percent of contract line items with on-time deliveries. Late deliveries have an added weight assessed based upon days late (shown in below table).

<u>Formulas for Delivery Performance</u>	
<u>Formula</u>	<u>Inputs</u>
((1-(Total weight for late deliveries / total line	Days late:      Late delivery weight:

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item number)) X 100)	6-30 days late	1
	31-60 days late	1.5
	61-90 days late	2
	> 90 days late	2.5

(iv) Quality performance formula follows:

(Positive weighted data minus negative weighted data) / Contract FSC line item total

Contractor quality performance is based on a comparison among all contractors within an FSC. Contractors will be grouped by color, representing their ranking within the FSC.

Color rankings are shown in below table:

<u>Color</u>	<u>Percent group</u>
Dark blue	High five percent
Purple	Next 10 percent
Green	Next 70 percent
Yellow	Next 10 percent
Red	Last five percent

Note: If there is only one percentage group for an entire FSC, the group will be classified as green.

Quality performance records to be used and the weight factors for each:

<u>Record</u>	<u>Service</u>	<u>Positive Weight</u>	<u>Negative weight</u>
Bulletins	Navy	N/A	-1.0 (Red) - 0.7 (Yellow)
DCMA CAR records (Level III and IV corrective actions – formerly method C/D)	DCMA	N/A	-1.0 (Level 4) -0.7 (Level 3)
DLA quality records Depot new contract def (doc type 9) Direct vendor delivery def (doc type 6) Medical (doc type B, C and D)	DLA	N/A N/A N/A	- 0.4 - 0.4 - 1.0
GIDEP alerts	All	N/A	-1.0 (critical) -0.7 (major) -0.2 (minor)
* Lab tests (doc type 4)	DLA	+2/ +1	-1.0 (critical) -0.7 (major) -0.1 (min)
Material inspection records (MIRs)	Navy	+ 1	-1.0 (critical) -0.7 (major) -0.2 (min)
PQDRs - category 1 (DLA doc type 0)	All	N/A	-1.0 (Cat 1 or Doc Type 0) -0.7 (Cat 2 or Doc Type 1)

			-0.2 (Info)
Surveys (excluding pre-award surveys)	DCMA and Navy	+0.7	-0.7 (others)
Test reports (1st article, production, etc.)	Navy	+0.5	-0.5

(f) Evaluation using ABVS scores and PPIRS-SR classifications.

(1) The below procedures provide information for using/assessing the information in ABVS and PPIRS-SR. The contracting officer will first evaluate contractors using their ABVS scores for the solicited FSC in effect at the time of evaluation. The contracting officer will use a contractor’s DLA score to evaluate a contractor without an FSC score for that particular FSC. The contracting officer may consider the volume of business on which the FSC score is based as a measure of confidence in the score’s indication of performance risk. The contracting officer may choose to use the DLA score if the volume of business would tend to make the FSC-specific score an inadequate indicator of performance risk. The contracting officer also may use the DLA score if the FSC scores among contractors are relatively equal. For non-NSN items, the contracting officer will evaluate using a contractor’s DLA score in effect at the time of evaluation. Contractors with no performance history will not be evaluated favorably or unfavorably and will be assigned a “999.9” in ABVS. A “999.9” is used to designate those instances wherein the contractor has no past performance history, has no history for the particular FSC or has no history for the timeframe being rated.

(2) In order for the Government to assess performance risk, if the quoter/offeror having the lowest evaluated price also has an ABVS FSC score below 70 and would potentially be bypassed under best value in favor of a higher priced quoter/offeror with a higher ABVS FSC score, then past performance evaluation will be accomplished using PPIRS-SR information, in lieu of ABVS, for all quotes/offers received.

(3) Evaluation of PPIRS-SR delivery assessments will be based upon a contractor’s score on a numerical scale ranging from 1 (low) to 100 (high). High numbers represent high on-time delivery performance. Lower numbers equate to lower on-time deliveries. A ‘0’ (zero) score with ‘0’ (zero) lines is used to designate those instances where the contractor has no history for the particular FSC being rated.

(4) In PPIRS-SR, contractor quality will be assessed based upon color/percentile groups. Contractor quality assessments will be evaluated as follows:

- Dark blue assessments will be evaluated more favorably than purple assessments;
- Purple assessments will be evaluated more favorably than green assessments;
- Green assessments will be evaluated more favorably than yellow assessments; and,
- Yellow assessments will be evaluated more favorably than red assessments.

(5) Contractors with delivery records but no quality records for an FSC are ranked in the “Green” color ranking. Additionally, when no quality records exist for a contractor within an FSC, an asterisk (\*) will be displayed instead of an actual quality score. Contractors with delivery records but without quality records will be evaluated as having no negative quality records within the PPIRS-SR.

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(6) In the case of a contractor without a record of relevant past performance or for whom information on past performance is not available in the PPIRS-SR, the contractor will be evaluated neither favorably nor unfavorably on past performance.

(h) Award justification.

(1) Contract files must be documented with the rationale supporting all award decisions. The award decision must demonstrate how paying more than low price reduces performance risk or otherwise benefits the government. The award justification must be commensurate with the price difference between the awardee and the low quote/offer, i.e., the greater the difference in price, the stronger the award justification importance.

(2) For ABVS and PPIRS-SR awards, justification templates are available in DPACS to assist in file documentation. Choose the award justification template that most closely represents the particulars of the current award and enter requested information. These forms may be supplemented with additional information, as necessary.

**PGI 13.106-3(b) File documentation and retention.**

(90)(a)(i) Sample format.

<b>Simplified Acquisition Pricing Memorandum</b>	
Purchase request or call/order number: _____ PRC: _____	
Item number and name: _____	
Price reasonableness based on (check one or more):	
Price comparability with prior purchase prices (adjusted as appropriate):	
Yes _____ No _____ Not Applicable _____	
Explain: _____	
_____ Adequate price competition (attach quotes/abstract) involving:	
_____ One manufacturer's part or _____ parts of various manufacturers	
Identify type competition (manufacturer(s)/dealer(s)/both), competitive range of offers, etc.:	
_____	
_____ Comparison with prior purchase price(s) of similar item name and number: _____	
Contract and call/order number _____	
Vendor _____ award date _____	
Unit of issue _____ unit price _____ quantity _____	
Explain adjustments and basis for determining prior price reasonable:	
_____	
_____ Commercial catalog/price list for: _____ Same item or _____ similar item	

Name/number _____	
Date _____	Page _____
Explain differences: _____	
_____ Established market price:	
Means of verification: _____	
_____ Value/visual/cost analysis by buyer/user/technical personnel (attach or reference the review of technical data, examination of sample, etc.):	
Explain: _____	
_____ Other (explain specific reason, e.g., valid purchase request estimate, minimum order quantity, high priority delivery, special packaging/markings, etc.): _____	
_____	_____
Signature of contracting officer	Date

**PGI SUBPART 13.4 – FAST PAYMENT PROCEDURES**

**PGI 13.402 Conditions for use.**

(f)(1)(91)(A) Use of fast pay requires a true and complete documentary reconciliation process by which receipt documentation (receipt acknowledgement or receiving report) is compared with contracting (purchase order or requisition) and accounting and payment data (invoice), after payment has been made by the Defense Finance and Accounting Service (DFAS). Actual receipts must be compared with order/contract requirements and actual payments to determine whether the vendor was paid properly.

While 100-percent matching of these transactions for verification purposes may not be feasible, lack of adequate reconciliation could constitute an Anti-Deficiency Act violation. The minimum acceptable verification or post-disbursement matching, is review of a statistically valid sample of acquisitions valued up to \$100,000, and of OCONUS subsistence transactions up to \$200,000, for which fast pay has been used.

Every non-subsistence transaction in fast pay acquisitions with values greater than \$100,000 and, for subsistence, greater than \$200,000, must undergo this reconciliation process; sampling is not permitted for these acquisitions.

Except for tires, OCONUS subsistence and OCONUS medical, fast pay shall not be used for transactions greater than \$100,000. Fast pay shall not be used for transactions where the underlying contract does not contain FAR clause 52.213-1 and DLAD clause 52.213-9009 (both titled Fast Payment Procedure and, for commercial item acquisitions, DLAD clause 52.212-9001.

(B) Acquisition specialists, with the assistance of DLA customer account specialists and order fulfillment resolution specialists, are to perform fast-pay validations. The contracting personnel are responsible for resolving delinquent contract lines; order fulfillment specialists deal with sales order closures. The debt-collection aspect of fast-pay reconciliation (for a contractor's failure to repair, replace, or correct supplies that were lost, damaged, or not conforming to purchase requirements) is the

responsibility of the contracting officer. This is an essential part of the overall contract closeout process, even for simplified acquisitions. Assistance may also be requested from financial customer liaisons and other financial operations (J8) personnel (who track down missing receipts), and from DFAS, as required.

(C) Verification shall be performed by each supply chain on a quarterly basis beginning with the start of the fiscal year. Every fast-pay payment for transactions valued at \$100,000 (\$200,000 for OCONUS Subsistence) or less that has been made since the last verification period shall have an equal opportunity of being included in the random sample for reconciliation. For each quarter, all such fast-pay payments made over that quarter shall be included in the pool from which the sample is selected for verification.

To the extent that fast pay is featured in automated, as well as manual, transactions, both automated and manual transactions shall be included in the universe from which the random sample is selected. As stated in subparagraph (f)(1)(91)(B), above, all transactions valued at greater than \$100,000 (\$200,000 for OCONUS Subsistence) shall be individually reconciled (that is, all BRAC tire acquisitions, any Medical OCONUS DVDs, and OCONUS Subsistence awards greater than \$200,000); they shall not be included in the universe for random sampling purposes. The pool from which transactions will be selected for verification is not limited to those on which non-receipts and non-conformances have previously been brought to the contractor's attention for resolution, or which are otherwise problematic (e.g., orders for which the customer never sent in a receipt acknowledgement).

Sampling shall not be performed on a "management by exception" basis. Consideration should be given to increasing the sample size or performing a 100% review for suppliers/customers with a problematic record.

(D) DCAA's "E-Z Quant" methodology constitutes a standardized sampling plan that satisfies the requirements for randomness, confidence, and statistical validity, and that provides for sampling on an automated or manual basis. Use of this method will produce an appropriate sample for submittal to the reconciliation process.

(i) Once the sample has been obtained via E-Z Quant, contracting personnel shall perform receipt validation on each of the orders in the sample. The preferred method of receipt verification is evidence of a material receipt acknowledgement (MRA). The MRA is a systems driven transaction generated when the receiving activity's accountable record is updated. For the purposes of fast pay validations, evidence of an MRA signifies delivery of the requisitioned material by the vendor. Supply chains may pull MRA data as part of a comprehensive data pull to support fast pay verifications or they may utilize the EBS report entitled "missing goods receipt for fast pay orders." Those with missing or partial MRAs must be further researched to determine whether the customer received the items.

(ii) Past experience has shown that there are systemic issues which may prevent the MRA from posting in SAP, thus, contracting personnel must have the ability to validate customer receipt through alternative means. When an MRA is not available, contracting personnel may validate receipt via a receiving report in wide area workflow (WAWF), proof of delivery (POD) from the transporter, acknowledgement of receipt by the requisitioner or through some other means of verifying that the customer has received the material. The method of validation must be noted in the verification reports provided to J71.

(E) Reconciliation results shall be reported by each supply chain to J7, attention: J71, within 45 days of the close of the verification period. Reports will follow a one quarter lag. For example, the verification report for the first quarter, October through December, will be due to J71 45 days after the

close of the second quarter verification period. The lag is intended to allow for sufficient time for customer receipts to post. J71 will review the results for negative trends and assess the need for potential corrective actions. J71 will also share results with J73 for inclusion in the “acquisition integrity dashboard” and as supporting data to procurement management reviews.

(i) If the reconciliation exposes discrepancies (including, but not limited to, unmatched disbursements, overages, underage’s, or uncorrected goods nonconformance’s) between the actual customer receipts and either vendor invoices or receipts generated by the system, or both, in more than 5 percent of the sample, an additional sample, of the same size as the original group subjected to reconciliation, and excluding the transactions previously sampled, shall undergo the verification process. If more than 5 percent of this second sample is also discrepant, J7 may require verification of additional or all transactions.

(F) In addition to the post-payment verification reports to be performed by each supply chain, proper application of fast payment procedures (i.e. all conditions met and clauses included) and documentation of the contract files as required by (f)(1) will be a part of all regular procurement management reviews.

**DLAD PGI PART 15 – CONTRACTING BY NEGOTIATION**

**PGI SUBPART 15.3 – SOURCE SELECTION**

*(Revised September 21, 2012 through PROCLTR 2012-50)*

**PGI 15.300-90 Scope.** When the DoD SSP applies, the DLA supplement to the DoD SSP at Appendix C is mandatory.

**PGI 15.304-90 Automated systems supporting contractor past performance evaluation and past performance information systems.**

(a) Scope. This section prescribes the mandatory procedures, guidance, and instructions for using past performance information systems in evaluating contractor past performance as non-cost factor in negotiated competitive best value acquisitions.

(b) General past performance information.

(1) When used in competitive negotiated best value source selections, past performance information will be evaluated based upon each offeror's demonstrated recent and relevant (relevancy) record of performance in order to reach the final performance confidence assessment rating.

(2) Contracting officers are advised not to rely solely on the ABVS, PPIRS-SR, PPIRS-RC or other performance assessments/ratings, and should consider reviewing the data used to construct the performance score if the circumstances of the procurement dictate (e.g., significant price differential or close past performance assessments).

(3) Past Performance information used in source selection is confidential source selection information, and as such, is protected from release under the procurement integrity rules (see FAR 3.104-4 and 3.104-5). The information is available only to the business entity to which it applies. The past performance information used in the source selection process must carry a restrictive legend substantially the same as the following: "Source Selection Information – see FAR 2.1.1 and 3.104". This legend must appear on all hard-copy printouts. Release of past performance information to non-DLA Governmental entities must have the concurrence of the local counsel. Release to private entities shall be strictly limited, have the concurrence of the local counsel, and be in accordance with Freedom of Information Act (FOIA, 5 U.S.C. 552) guidelines (see FAR Subpart 24.2, Freedom of Information Act, and DFARS 224.2, Freedom of Information Act). Any FOIA decision to release performance data to other contractors will be made on a case-by-case basis.

(c) Automated best value system (ABVS)

(1) Information on ABVS to include how ABVS delivery and quality scores are calculated/determined and contractor data challenges can be found in PGI 13.106-2(b)(3)(D)(S-90)(e).

(e) Evaluation using ABVS scores and PPIRS-SR classifications

(1) Information on understanding and using ABVS scores and PPIRS-SR classifications is located at 13.106-2(b)(3)(D)(S-90)(f). When ABVS scores and PPIRS-SR classifications are used to evaluate past performance, if applicable the DoD SSP as supplemented by Appendix C shall be followed. A comparison of ABVS scores or PPIRS-SR classifications between contractors is prohibited.

**PGI SUBPART 15.4 – CONTRACT PRICING**  
(Revised July 6, 2012 through PROCLTR 2012-33)

**PGI 15.402-90 Instructions for completing form “reporting requirements for purchases from exclusive distributors/dealers”.**

(a) The form “reporting requirement for purchases from exclusive distributors and/or dealers” which has been loaded into the DLA preaward contracting system (DPACS) for completion by the contracting officer will include the following information:

- (1) Contractor name and data universal numbering system (DUNS) number for the exclusive/distributor/dealer;
- (2) Subcontractor name and DUNS number (e.g., original equipment manufacturer (OEM) or actual manufacturer);
- (3) Contract number, modification or order number if applicable;
- (4) Date and amount of the contract action;
- (5) Steps taken to attempt price analysis without requiring cost-type data;
- (6) Contractor’s rationale for refusing to provide the data;
- (7) Actions taken by the contracting activity to obtain the data;
- (8) Data used to determine price reasonableness and the resulting determination; and,
- (9) Actions planned to avoid this situation in the future.

(b) DLA contracting activities will report this information on a quarterly basis by January 30 for October 1 – December 31 actions; April 30 for January 1 – March 31 actions; July 30 for April 1 – June 30 actions; and October 30 for July 1 - September 30 actions. J73 will ensure the completeness of the form and submit results through J7 to DPAP by March 15 for October 1 – December 30 actions; June 15 for January 1 – March 31 actions; September 15 for April 1 – June 30 actions and December 15 for July 1 – September 30 actions.

**PGI 15.402-91 Procedures for performing price analysis on commercial catalogs to be added to DoD electronic mall (EMALL).**

The contracting officer shall use the procedures below as applicable when adding a new commercial catalog to DoD EMALL, adding additional items to existing catalogs, or renewal of such a catalog.

(a) The offeror should provide unit prices for all catalog items in an electronic format that can be sorted in Excel from high to low dollar amounts.

(b) The offeror must describe the basis or methodology for determining how prices in their catalog were established. This information may include, for example, evidence of prices on a GSA schedule held by the contractor, evidence of commercial sales at the prices quoted, invoices from suppliers, and the overhead and profit factors added by the contractor to derive the catalog price. This information will be reviewed and discussed in the price negotiation memorandum.

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(c) If the proposed catalog is extremely voluminous, consider requesting the vendor to separate it into manageable segments and award the segments separately.

Type of EMALL commercial catalog contract	Pre-award price reasonableness determination	Post-award price reasonableness determination
New catalog	<p>For items selected for 100% review using stratification, the contracting officer will perform price analysis using the techniques in FAR 15.404-1(b) to determine the price reasonableness of each item evaluated.</p> <p>For any item selected for 100% review where the contracting officer is unable to determine that the price is fair and reasonable, the item will be prohibited from being ordered, until either the vendor revises the offered price to a fair and reasonable price or adequately justifies to the contracting officer’s satisfaction that the price is fair and reasonable.</p> <p>The contracting officer shall select a statistically valid sample of remaining catalog items (using DCAA EZ Quant software) and perform price analysis on the items in the sample using techniques listed at FAR 15.404-1(b) to determine general reasonableness of the catalog prices. The sample should be selected to produce a 95% confidence level with a presumed error rate of 10%.</p> <p>The random number feature of DCAA EZ-Quant software shall be used to ensure that no personal bias or subjective consideration is used in selection of the catalog items to be evaluated.</p> <p>The EZ-Quant physical unit sample selection option shall be used to select a physical unit sample. The EZ-Quant dollar unit sample selection option shall be used to select a dollar unit sample.</p>	<p>The contracting officer will perform a post award review of those items which are being ordered by EMALL customers in large dollar amounts (i.e., more than \$25,000 in a fiscal year), and that were not selected for review during the pre-award sampling process.</p> <p>This procedure shall be supplemented by performing a statistical analysis similar to that performed in the pre-award phase for other items not examined during the pre-award sampling process.</p>
New catalog	<p>When selecting items for comparison or developing the aggregate comparison price the contracting officer shall first use the price analysis techniques discussed in FAR 15.404-1(b).</p> <p>These include:</p> <p>(i) Comparison of proposed prices received on the solicitation such as catalogs for similar items.</p>	

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Type of EMALL commercial catalog contract	Pre-award price reasonableness determination	Post-award price reasonableness determination
	<p>(ii) Comparison of previously proposed prices and previous Government and commercial contract prices for the same or similar items, (if both the validity of the comparison and the reasonableness of the previous price(s) can be established.</p> <p>(iii) Use of parametric estimating methods/application of rough yardsticks (such as dollars per pound, or per horsepower, or other units) to highlight significant inconsistencies that warrant additional pricing inquiry)</p> <p>(iv) Comparison with competitive published price lists, published market prices of commodities, and similar indexes).</p> <p>(v) Comparison of proposed prices with Independent Government Cost Estimate (IGCE).</p> <p>(vi) Comparison of proposed prices with prices obtained through market research for the same or similar item. If none of these price analysis techniques provides an adequate comparison then the contracting officer shall request other than certified cost and price data and perform cost analysis using techniques discussed in FAR 15.404-1(c).</p> <p>If the comparison reveals that the vendor's total proposed aggregate price (for all items in the statistical sample) to be less than the total aggregate price that the contracting officer's (CO) used in their price reasonableness comparison (for the same or similar items) then no action needs to be taken on the universe of items not selected for review. However, the contracting officer needs to take action on any individual item in the statistical sample exceeding the CO's determination of fair and reasonable prices as outlined below.</p> <p>If the comparison reveals that the vendor's total proposed aggregate price (for all items in the statistical sample) exceeds the total aggregate price that the contracting officer's (CO) used in their price reasonableness comparison (for the same or similar items) then the CO will negotiate a reduction to the entire universe of items. The CO will also address</p>	

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Type of EMALL commercial catalog contract	Pre-award price reasonableness determination	Post-award price reasonableness determination
	<p>any individual items exceeding the CO's determination of fair and reasonable pricing as outlined below.</p> <p>For any item in the catalog where the contracting officer is unable to determine that the price is fair and reasonable, the item will be prohibited from being ordered, until either the vendor revises the offered price to a fair and reasonable price or adequately justifies to the contracting officer's satisfaction that the price is fair and reasonable.</p>	

Type of EMALL commercial catalog contract	Pre-award price reasonableness determination	Post-award price reasonableness determination for new items added to catalog.
<p>New items added to catalog after initial price reasonableness determination was made.</p>	<p>The price reasonableness determination and testing for new items added to existing catalogs will follow the same techniques as the review of the initial catalog.</p> <p>However, the universe of items selected for 100% review (using stratification of high dollar items) or statistical sampling will consist of only the new items added since the initial catalog price reasonableness determination was made.</p>	<p>The contracting officer will perform a post award review of those items which are being ordered by EMALL customers in large dollar amounts (i.e., more than \$25,000 in a fiscal year), and that were not selected for review during the pre-award sampling process.</p> <p>This procedure should be supplemented by performing a statistical analysis similar to that performed in the pre-award phase for other items not examined during the pre-award sampling process.</p>
<p>Re-solicitation and award of contract when it expires or reaches maximum ordering limit.</p>	<p>The price reasonableness determination for renewal catalogs will use the same process as for new catalogs. However, the contracting officer should also consider using the results of previous pre-award and post award reviews in the risk assessment used in selecting items for 100% (or stratified review).</p> <p>Additionally the contracting officer should consider using applicable producer price index (PPI) changes from the old price timeframe to develop estimated fair and reasonable prices for items in the renewal catalog and</p>	<p>The contracting officer will perform a post award review of those items which are being ordered by EMALL customers in large dollar amounts (i.e., more than \$25,000 in a fiscal year), and that were not selected for review during the pre-award sampling process.</p> <p>This procedure should be supplemented by performing a statistical analysis similar to that performed in the pre-award phase for other items not examined</p>

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	compare this to the contractor's proposed prices.	during the pre-award sampling process.
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### **PGI 15.402-92 Acquisitions for sole-source items subject to limited competition.**

Contracting officers shall use the following guidelines in making the determination required by 15.402-92(a):

(a) Assessing "Extent of Competition." In acquisitions for sole-source items that are subject to limited competition, a major factor that must be considered is whether the OEM exerts control over the competitors in the procurement, especially with regard to pricing, or whether the nature of the business relationship otherwise results in the OEM's competitors' pricing being directly dependent on the OEM's pricing without significant independent pricing decisions by the competitors. For example, if the OEM exerts control over dealers or distributors by controlling the resale prices that dealers or distributors may charge, adequate price competition does not exist. If, however, the dealers and distributors have access to adequate supplies of the OEM's product and may set their own prices (even if those prices, by virtue of economic exigencies, vary very little from one dealer or distributor to another), then adequate price competition may be found to exist for TINA purposes and for buys where TINA would not apply.

(1) OEM strategies. There are a variety of different alternatives employed by OEMs for selling/distributing products, including:

- (i) selling directly to all customers;
- (ii) selling through their own financially-affiliated network of dealers/distributors;
- (iii) selling to multiple independent (not financially affiliated) dealers/distributors; and/or

(iv) entering into a sole dealer/distributor relationships (often found to lack transparency not conducive to independence and is often characterized by both parties refusing to make available the OEM's cost data to substantiate atypical rapid growth in prices to the Government over time).

(2) OEM Control. The assessment should examine whether there is a financial (organizational) relationship under common ownership or control, or other business relationship not conducive to dealer/distributor independence and objectivity because the OEM exerts control over dealers or distributors. OEMs in situations involving competition with independent dealers/distributors may disclose cost details of their price.

(i) If the OEM does not provide a detailed breakdown of direct material, direct labor, overhead, along with general and administrative costs (G&A) to dealers/distributors, this could be an indication of OEM control over the dealer(s)/distributor(s). In this type of situation the contracting officer may not have enough information to determine price reasonableness of the item being purchased.

(ii) Dealers/distributors should generally:

(A) conduct appropriate cost or price analysis on the OEM (that may be acting as a subcontractor to the dealer/distributor) to establish the reasonableness of the proposed price (DFARS PGI 15.404-3); and

(B) include the results of this analysis in its price proposal.

(iii) In instances when the OEM is unwilling to furnish data required for this analysis to the dealer/distributor, higher tier subcontractor/contractor, or directly to the Government; or if the dealer/distributor is unable or unwilling to perform the analysis, this could be considered an indication of control by the OEM and a sign that adequate price competition does not exist.

(iv) The unwillingness to provide, or unavailability of, a written contract/agreement documenting an OEM's business relationship with a dealer/distributor may also provide further evidence indicating the absence of an arm's-length business relationship, which in turn may be indicative of a lack of a competitive market for sole-source parts offered by the dealer(s)/distributor(s).

(b) Determining price reasonableness. In situations where sole-source items are subject to limited competition, consider the low offerer's price in comparison to historical prices paid, along with the need for information on the offerer's systems, which may be useful indicators of price realism and/or reasonableness.

(1) Historical price comparison.

(i) An explanation of the basis and frequency of the OEM's price increases to dealers/distributors should be requested and considered when the contracting officer is basing a price reasonableness determination on a price comparison to previous prices.

(ii) A pattern of frequent/substantial price increases since the inception of a dealer/distributor relationship may indicate the absence of an arm's-length business relationship. For example, if a dealer/distributor increases prices by 20 percent annually, but the applicable producer price index (PPI) or cost indexes for material and labor increased at a significantly lower rate, this should be investigated.

(iii) Where available, price increase information for both the dealer/distributor and OEM (that may be acting as a subcontractor) should be evaluated to determine the reasonableness of proposed price increases. If the OEM is proposing price increases significantly higher than the applicable independent measure(s) of cost/price growth by the dealer/distributor, and if the OEM refuses to provide appropriate documentation to support its proposed costs to the dealer/distributor, this could be viewed as an indication of OEM control over the dealer(s)/distributor(s) and indicate that adequate price competition may not exist.

(2) Contractor purchasing system. For acquisitions involving sole-source items subject to limited competition that exceed the truth in negotiation act (TINA) threshold, the contracting officer should consider:

(i) Obtaining current contractor purchasing system review (CPSR) status information from the cost and price office/analyst (see 15.404-1(a)(90)(5)), or direct from the cognizant Defense Contract Management Agency administrative contracting officer (ACO) of the most recent completed, pending, or planned review; and

(ii) If the contractor does not have an approved purchasing system, or if the system has not been reviewed, consider requesting that the ACO evaluate whether the OEM's projected sales to Government during the next 12 months meet the FAR 44.302 criteria, to determine if a contractor purchasing system review should be performed.

(iii) If a contractor purchasing system review should be performed, the contracting officer should request that the ACO perform this review so that the information is available to the contracting officer.

(iv) Documentation related to the contractor purchasing system review status, any request for a CPSR review or eligibility assessment, and the contractor purchasing system review report shall be included in the contract file supporting the award, and a copy furnished the cognizant local pricing office that is responsible for providing support for the acquisition.

(3) Contractor estimating system review (CESR). For acquisitions of sole-source items subject to limited competition that exceed the TINA threshold and will result in an award to a large business, the contracting officer should consider obtaining current contractor estimating system review status information of the proposed large business awardee from the cost and price office/analyst or direct from the cognizant Defense Contract Management Agency ACO (DFARS 215.407-5). This information shall be documented in the contract award file supporting the award.

**PGI 15.404-1(c)(91) One pass pricing.**

(i) The OPP process may be used by the contracting officer to price sole-source items in establishing a long-term contract (LTC), addition/modification to an existing LTC, or a stand alone fixed quantity contract. The process is supported by a Memorandum of Agreement (MOA) which establishes the procedures for OPP agreed to by the contractor and the government.

(ii) The following criteria apply when using the OPP process:

(A) The contractor should:

(1) Be an active registrant in the Central Contractor Registration (CCR)

(2) Maintain acceptable purchasing, estimating, and accounting systems, approved by DCMA. Any system deficiencies noted by DCAA or DCMA which might have a material impact on price should be addressed and/or resolved prior to conducting OPP pricing sessions. If the contractor does not have approved system(s), the contractor will submit information to support that their systems will provide sufficient information to support the simultaneous proposal preparation, proposal analysis and agreement on price.

(3) For contractors with CAS covered contracts, provide the impact of any CAS non-compliances on the pricing action.

(4) Provide current, accurate, and complete cost and pricing information at each pricing session (e.g., material costs, labor hours, etc.) and supporting documentation at the item level.

(5) Have a Forward Pricing Rate Agreement (FPRA), or other agreement, for all direct and indirect rates.

(6) Sign an OPP Memorandum of Agreement (MOA) prepared in accordance with paragraph (iii) below.

(B) The contracting officer shall:

(1) Comply with Part 1 review and approval thresholds and as supplemented by local policy.

(2) Discuss OPP in the Acquisition Plan or Advance Acquisition Planning Template (AAPT) for new contract actions when anticipating using the process for the acquisition.

(3) Ensure the contract file contains documentation that supports the decisions and rationale used in the development and approval of the MOA. This includes a Pre-Negotiation Business Memorandum/Price Negotiation Memorandum (PBM/PNM) that supports the rates and profit rate cited in the MOA .

(4) Establish an OPP team with the appropriate personnel to provide the broad “skill set” necessary to evaluate information at the OPP pricing session to support “real-time” decisions. At a minimum the team shall consist of the contracting officer and the cost/price analyst. Other team members may include a product specialist and/or DCMA representative.

(5) Determine if there are any system deficiencies and/or CAS non-compliances noted by DCAA or DCMA which may have a material impact on the pricing action. OPP pricing sessions should not be conducted until such conditions are resolved. All system deficiencies and/or CAS non-compliances will be addressed in the PBM/PNM, including materiality and resolution.

(6) Contact DCMA to obtain the most recent FPRA and/or to request assistance and coordination in evaluating the contractor’s proposed rates in order to establish an agreement on rates.

(7) Request a DCAA audit or other field pricing assistance as applicable to the OPP action.

(8) Document the application of the OPP process in a PBM/PNM. The PBM/PNM shall comply with requirements of FAR 15.406, DLAD Part 1 and local guidance.

(9) Ensure the following information (at a minimum) are documented for each NSN in the PBM/PNM

(i) Annual demand quantity (ADQ);

(ii) Minimum order quantity;

(iii) Selected comparison award (award number, PRC, quantity, award date, and unit price);

(iv) Adjusted comparison price which is the selected comparison award unit price adjusted for current circumstances (e.g., quantity, time and basis for adjustment);

(v) Annual demand value (ADQ times adjusted comparison price);

(vi) Exchange of information between the government and the contractor relevant to the developed price;

(vii) Variance between the proposed price and the adjusted comparison price;

(viii) Price analyst's recommendation on price reasonableness;

(ix) Contracting officer's decision on price reasonableness; and

(x) Detail explanation if the price analyst's recommendation and the contracting officer's decision on price reasonableness differ.

(10) Provide a spreadsheet to the field pricing office analyst listing each NSN, the required or annual quantity, and the minimum order quantity, if applicable, at least 30 days prior to the OPP pricing session to allow sufficient time for the pricing office to select comparison prices from the procurement history and calculate adjusted comparison prices for each NSN. Additional time may be required depending on the number of NSNs to be addressed during the pricing session.

(11) Ensure prior to an OPP pricing session an agreement on rates and profit has been reached between the contractor and the contracting officer. The contracting officer shall review the criteria used for the profit rate in the MOA and ensure it is applicable to each OPP pricing session.

(12) After approval by the Chief of the Contracting Office, sign an OPP Memorandum of Agreement (MOA) prepared in accordance with paragraph (iii) below.

(C) The Chief of the Contracting Office (CCO) shall

(1) Establish review procedures for OPP MOA that includes legal counsel and any stakeholders, e.g. DCMA, DODIG, etc.

(2) Ensure a price analysis report is prepared by the pricing office and provided to the contracting officer for each NSN to be addressed during the OPP pricing session.

(3) Include OPP actions in all local procurement management reviews (PMRs).

(4) Ensure approval of OPP team membership at least two levels above the contracting officer prior to the OPP sessions.

(D) The Component Acquisition Executive (CAE) shall ensure OPP actions are included in DLA HQ Procurement Management Reviews.

(E) The center of excellence for pricing will conduct reviews of OPP pricing sessions and documentation to ensure compliance with the OPP policy and procedures.

(iii) The OPP Memorandum of Agreement (MOA) is an agreement signed by the contractor and the government which defines the application of the OPP process for sole-source items. A template is provided for reference. The elements of the MOA should include, but is not limited to the following:

(A) Definitions of terms used in the MOA and during the application of the OPP procurement process.

(B) The conditions under which the agreement can be terminated.

(C) Reference the agreed upon rates and factors and how they are applied to the cost data or cost information used to develop prices.

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- (D) Recommended profit rate and criteria for application of this rate.
  - (F) The procedures for engaging in the OPP process.
  - (G) How the items are identified and prioritized for the OPP process (e.g., strategic material sourcing (SMS) items, items with unfulfilled orders (UFOs), high-frequency items).
  - (H) How items will be handled if a fair and reasonable price cannot be agreed upon by both parties (e.g., table for a future pricing session, remove from consideration for an LTC).
  - (I) Any FAR, DFARS, DLAD, or local regulations applicable to the process (e.g. DFARS 215.404-1?).
  - (J) Special conditions that may be unique to the items or the particular contractor.
  - (K) Identify by name or by position the individuals authorized and required to sign the MOA and the effective date of the agreement.
- (iv) The steps in the OPP process are:
- (A) Engage the contractor to explain the OPP process.
  - (B) Create a draft MOA.
  - (C) Conduct a “mock” or practice pricing session by selecting a small group of items and walking through the OPP process as defined in the MOA.
  - (D) Finalize the MOA.
  - (E) Request and receive an independent audit opinion, as applicable.
  - (F) Conduct “live” pricing sessions.
  - (G) Discuss the underlying pricing data/information during the live session that results in adequate documentation to support a recommendation to award without negotiations at fair and reasonable prices.
  - (H) If required, obtain a certificate of current cost or pricing data.
  - (I) Document the results of the OPP pricing sessions in the combined Pre-Briefing Memorandum/Price Negotiation Memorandum (PBM/PNM) and reviewed in accordance with DLAD and local guidance.
  - (J) Continue periodic live pricing sessions until:
    - (1) All viable items for the OPP process have been considered, or
    - (2) One or both parties decide to discontinue the OPP process.

### **PGI 15.406-1 Prenegotiation objectives.**

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(a) Procedures for resolving audit disagreements.

(1) Applicability: Contract proposals valued at \$10 million or more.

(2) Definition: Significant disagreement – The situation that occurs when the contracting officer’s prenegotiation objective plans to sustain less than 75 percent of the total recommended questioned costs in the DCAA audit report. This does not include costs classified as “unsupported” in the audit report.

(3) Contracting officers are charged with making informed decisions utilizing the advice of specialists in audit, law, engineering, etc., to ensure we fulfill the requirements of our warfighters while obtaining the best business deal for the taxpayers. While the contracting officer and the auditor may not necessarily agree on every issue, it is expected that they will work together recognizing that it is the contracting officer’s ultimate responsibility to determine fair and reasonable contract value. This PGI establishes the DLA procedures for attempting to resolve significant disagreements in accordance with DoD policy.

(4) Resolution of contract audit disagreements.

(i) Prior to establishing the prenegotiation objectives, the contracting officer shall discuss the results of the audit report with the auditor to attempt to resolve disagreements.

(ii) The contracting officer shall document the results of the discussion with the auditor and the reasons for disagreement with specific elements of costs questioned by DCAA.

(iii) Approval of the prenegotiation objectives memorandum in accordance with local procedures confirms that the discussion with DCAA and the contracting officer’s basis for deviating from the audit recommendations has been adequately documented and supported.

(iv) If the approved prenegotiation objectives memorandum does not plan to sustain at least 75 percent of the total audit recommended questioned costs, the contracting officer shall notify the auditor in writing (email notification is acceptable). The notification will require DCAA to advise within 3 days if a higher level management review is requested. If DCAA confirms (in writing) to the contracting officer that a higher level review is requested, the contracting officer will provide the contact information of the higher level review authority (the HCA) and begin planning for discussions. Concurrent with providing the higher level review information to the auditor, the contracting officer shall notify their HCA through their chain of command that a higher level review has been requested by DCAA (activities for which J7 is the HCA shall notify the J73 Division Chief who notify the Director, DLA Acquisition (J7)). After all parties have been notified of the request for a higher level review, it is within the discretion of the contracting officer and his/her chain of command to decide whether negotiations should proceed or be suspended pending final resolution of the disagreement.

(v) Concurrent with notification to their HCA, DLA Energy, DLA Troop Support, DLA Land and Maritime, and DLA Aviation contracting officers shall also notify the J73 Division Chief of the request for higher level review. J73 will track the frequency and disposition of audit resolution issues.

(vi) At the HCA level, a review will attempt to determine if the auditor’s and the contracting officer’s positions can be reconciled. The contracting officer shall document the disposition of the higher level review of the disagreement(s) in a memorandum for the contract file.

(vii) If the HCA is other than J7 and is unable to resolve the differences with DCAA, the approving authority shall notify J73 with copies of the contracting officer's documentation of the issue. In turn, J73 shall inform the Director of Acquisition Management, J7, of the unresolved audit and the possibility of discussions with the DCAA Director prior to any DCAA referral to the Director, Defense Procurement and Acquisition Policy.

**PGI 15.406-3 Documenting the negotiation.**

(a)(11) The price reasonableness code (PRC), a two position code incorporated into DLA's enterprise business system (EBS), consists of a first position reviewer code and a second position type analysis code, as follows:

<u>First Position:</u>	<u>Reviewer Code:</u>
B	Buyer Analysis only.
C	Complete Pricing Support to buyer (field cost/price analysis, audit and/or technical reports included as part of the pricing office's report).
F	Field Pricing Support to buyer. (One or more to include field cost/price analysis, audit and/or technical review.)
P	Local Contract Pricing Office Support to buyer. (Does not include field audit, pricing or technical assistance reports.)
V	Local Value Engineering Office support to buyer.
X	Price reasonableness determination accomplished using pricing logic of the automated purchase procedure.

Second Position:    Type Analysis Code:  
Instant buy price(s) determined reasonable because of:

A	Adequate price competition from at least two independent manufacturers of the item.
B	Adequate price competition from at least one manufacturer plus at least one independent non-manufacturing source for the item or involving two or more independent non-manufacturing sources.
C	Catalog priced item sold in substantial quantities to the general public.
D	Market priced item sold in substantial quantities to the general public.
E	Item price set by law or regulation.
F	Cost analysis of offeror's/contractor's cost or pricing data, e.g. for UCA definitizations. (For exclusive distributors/dealers and other non-manufacturers, such cost analysis must include review of manufacturing costs from their source of supply.)
G	Price comparison to prior price(s) determined reasonable via valid price analysis.

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- H Independent Government cost estimate.
- I Other cost analysis or price analysis technique(s) (includes reviews of limited cost data).
- Y Contracting officer's determination that prices are fair and reasonable in accordance with FAR 13.106.3 or when 13.202(a)(3) applies. Used only for manual awards below the simplified acquisition threshold. Not to be used for awards using PACE or other automated procedures. For future acquisitions, actions coded with "Y" shall not be used for comparison in determining price reasonableness.

Instant buy price(s) determined reasonable based on comparison to:

- J Adequate price competition occurring in a recent procurement in comparable quantities, terms and conditions for the same item where quotes/offers were received from at least two independent manufacturers of the item.
- K Adequate price competition occurring in a recent procurement in comparable quantities, terms and conditions for the same item where quotes/offers were received from one manufacturer plus at least one independent non-manufacturing source of the item or from two or more independent nonmanufacturing sources.
- L Adequate price competition occurring in a recent procurement in comparable quantities, terms and conditions for substantially the same item where quotes/offers were received from at least two independent manufacturers.
- M Adequate price competition occurring in a recent procurement in comparable quantities, terms and conditions for substantially the same item where quotes/offers were received from either one manufacturer plus at least one independent non-manufacturing source of the item or from two or more independent non-manufacturing sources.
- N Catalog price for the same item sold in substantial quantities to the general public.
- O Catalog price for substantially the same item sold in substantial quantities to the general public.
- P Market price for the same item sold in substantial quantities to the general public.
- Q Market price for substantially the same item sold in substantial quantities to the general public.
- R Item price set by law or regulation.
- S\* Analysis of cost and pricing data submitted by the offeror for a recent buy of the same item (including ACO approved Government parts catalogs and formula arrangements covering parts for which a TINA waiver was not granted).

T\* Analysis of cost or pricing data submitted by the offeror of a recent buy of substantially the same item (including ACO approved Government parts catalogs and formula pricing arrangements covering parts for which a TINA waiver was not granted).

Instant buy price(s) reasonableness not required because:

W Award is an unpriced purchase order or undefinitized contract action. (Use with Reviewer Code B only. Price reasonableness determination shall be made at time of contract/order definitization.

X Price not reviewed for price reasonableness by pricing logic of automated purchase procedures. Code is only applied by the automated system if a price reasonableness threshold is used/set in the initial logic. System will use with Reviewer Code X only. Not to be used for manual awards.

\* Restricted to noncompetitive negotiated contract actions not exceeding the Truth in Negotiations Act (TINA) threshold (FAR 15.403-1(b)(4)) unless cost or pricing data and certification are obtained for the new buy or the offeror identifies its previous cost or pricing data submission and certifies it is still current, accurate and complete for purposes of pricing the current contractual action.

**PGI 15.408-90(c) Reverse auction candidate selection criteria and weekly reporting requirement.**

(1) There is a weekly reporting requirement when the provision at 52.215-9023 or the clause at 52.215-9033 are used and Reverse Auctions (RA) are conducted by a DLA contracting activity. Each DLA contracting activity or office will email the reports to DLA HQ J74, Acquisition Programs and Business Operations Division, by the close of business each Friday. Direct savings will be calculated as the difference between the lowest pre-auction price and the lowest post-auction price, adjusted for quantity, escalation, and other factors necessary to achieve comparability. Definitions, calculation instructions, and reporting data elements are given in the following paragraph, (i) through (v).

(i) Definitions for direct savings calculations:

(A) Lowest pre-auction price: Lowest price offered prior to the auction, within the competitive range. This price may be obtained from the initial offer, revised offer, amendment, or other discussions or negotiations.

(B) Lowest post-auction price: Lowest price at the time the auction closes. This price may be from a different offeror than the lowest pre-auction offeror and may not be the award price.

(C) Total direct savings: Comparison of the lowest pre-auction price within the competitive range to the lowest post-auction price.

(ii) Total direct savings calculation:

(A) Lowest pre-auction price – lowest post-auction price = unit price savings

(B) Unit price savings X quantity = total direct savings

(iii) Historical savings calculation:

(A) Last price paid – final auction price = unit price savings

(B) Unit price savings X quantity = total historical savings

(iv) Long-term contracts (LTC) with estimated annual quantities savings: Report using lower case “e” when auction is performed. Report adjusted savings using plus (“+”) or minus (“-”) sign after lower case “r” once quantities are actualized (defined quantity is purchased) at end of base period or option year.

(v) Reporting data elements:

(A) Primary level field activity (PLFA) identifier;

(B) Date of report;

(C) Date of auction;

(D) Cumulative, by fiscal year, yearly number of auctions;

(E) Item with the NSN and nomenclature;

(F) Quantity as an annual estimated quantity or maximum quantity for LTCs;

(G) Reporting of RA savings by base year + options or reported in the year accrued;

(H) Type of acquisition, lowest price technically acceptable (LPTA) or best value;

(I) Final total auction price for LPTA or final award price for best value;

(J) Dollar savings or increase;

(K) Percentage savings or increase;

(L) Single award, task order on LTC or other, identified; and

(M) Comments.

(2) Criteria for selecting reverse auction candidates.

(i) General guidance:

(A) Reverse auctioning is an Internet-based or electronic commerce acquisition tool following traditional auction principles that allows the Government to procure goods and services from vendors/suppliers in a competitive and dynamic environment where the sellers successively bid prices down until the auction completes. A contract can be awarded to the winner provided it represents the best value and the rest of the offer is technically acceptable.

(B) Reverse auctions work well for competing for a delivery order for hardware or services on DoD, General Services Administration (GSA) schedules and other multiple-award type indefinite delivery/ indefinite quantity (IDIQ) type contracts. Reverse auctions are best suited for high

volume, commodity type commercial items or commodity-like services, which do not need exact or lengthy specifications, are available off the shelf, and are based on competing by the price alone.

(ii) Reverse auction appears to be the best tool in certain procurements:

(A) In bulk commodity type procurements where the requirements can be well-defined or are universally understood (e.g., IT type equipment). Well-defined requirements for many forms of complex service type procurements are difficult to develop.

(B) Where the solicitation documents can be standardized with respect to procedures for the auction such as cut-off time, duration, extensions, communication interrupt procedures.

(C) Where there is a well-established supplier base for the goods.

(D) In situations where the award evaluation criteria is not subject to much interpretation, e.g., on low price versus more than one criteria that may involve trade-offs and subjective judgments.

(iii) Approach the reverse auction determination model by asking a series of questions:

(A) Is the procurement for a commodity or commodity-like service?

(B) Does the FAR allow those types of procurements?

(C) Does a reverse auction fit into the acquisition strategy?

(D) Can the requirement be defined well in a solicitation?

(E) Do the advantages outweigh the disadvantages?

(F) Has this type of item and/or service been done in a reverse auction before?

(G) What were the results and lessons learned?

(H) What is a fair auction starting price?

(I) Is there an established vendor base or price baseline?

(J) What type of market research needs to be done?

(K) How long will the process take?

(L) Do contracting vehicles exist for conducting a reverse auction that can easily be used?

(M) Is enough known about how to structure the solicitation instructions in Sections L and M?

(N) Can a reasonable estimate be made of what the auction will cost?

(O) Can the level of cost savings be estimated?

(P) Has consideration been given to the indirect or administrative costs when deciding whether the use of a reverse auction makes sense for the procurement?

**PGI SUBPART 15.6 -- UNSOLICITED PROPOSALS**

*(Revised August 21, 2012 through PROCLTR 2012-47)*

**PGI 15.604-90 Agency procedures for handling of unsolicited proposals.**

(a) DLA organizations that receive submissions from interested parties that appear to be within the scope of the unsolicited proposal (UP) coverage in FAR Subpart 15.6 shall forward them to their unsolicited proposal coordinator, as listed in (b) below. Upon receipt of a submission, whether from within the organization or directly from a submitter, the unsolicited proposal coordinator will immediately notify DLA Acquisition, J72 unsolicited proposal program manager that an unsolicited proposal has been received. For those unsolicited proposals received at HQ DLA Acquisition, the J72 unsolicited proposal program manager will determine the appropriate unsolicited proposal coordinator(s) for evaluation and processing.

(b) Unless otherwise directed by J72, the following are the unsolicited proposal coordinators responsible for receipt and disposition of unsolicited proposal, including providing DLA's response to submitters, in accordance with (c) below.

(1) DLA Land and Maritime – Competition Advocate (primary) and Directorate of Procurement Process (alternate).

(2) DLA Troop Support – Chief, Pricing and Strategy Division.

(3) DLA Aviation – Chief, Pricing Division.

(4) DLA Energy –Associate Director, Acquisition Policy and Oversight.

(5) DLA Disposition Services – Chief, Acquisition Procedures Division.

(6) DLA Distribution – Chief, Acquisition Policy

(7) DLA Strategic Materials – Directorate of Contracting.

(8) DLA Logistics Information Service – Chief of the Contracting Office.

(9) DLA Contracting Services Office – Chief, Contract Clearance, Oversight, and Administration Office.

(10) DLA Document Services – Chief, Contracting Policy, Plans and Programs.

(c) Unsolicited proposal coordinators will:

(1) Be responsible for coordinating and processing unsolicited proposals in accordance with PGI 15.606-90.

- (2) Protect the unsolicited proposal from unauthorized disclosure in accordance with FAR 15.602(a) and 15.609. Use the cover sheet at PGI 15.606-90(e).
- (3) Contact the J72 unsolicited proposal program manager if it is determined that a unsolicited proposal may require wider consideration within DLA.
- (4) Maintain an accurate and complete record of the disposition of all unsolicited proposals received.
- (5) Ensure all affected evaluation offices and personnel are aware of the FAR guidance for evaluating unsolicited proposals and the prohibitions and rules regarding copying, disclosing, and using restricted data contained in the submission (see FAR 15.608 and 15.609).
- (6) Ensure evaluators provide supporting rationale for their conclusions and recommendations. If the recommendation is to accept the submission as a unsolicited proposal, ensure evaluators indicate whether funds are currently available or programmed.
- (7) Provide to any entity expressing interest to any DLA organization about submitting a unsolicited proposal the information covered by FAR 15.604(a)(1) through (6), as appropriate.

**PGI 15.606-90 Agency procedures for review and evaluation of unsolicited proposals.**

(a) The unsolicited proposal coordinator will review the submission and determine if it meets all unsolicited proposal requirements in accordance with FAR Part 15.606-1. The unsolicited proposal coordinator will notify the submitter in writing in accordance with FAR 15.606-1(b) or (c), depending on whether the submission is found to meet or not meet the requirements, no later than 10 business days after the unsolicited proposal coordinator's receipt of the submission.

(1) If this initial letter provides an interim response stating that more review is required, it will state that the final response is expected to be completed within 30 business days from receipt of the submission, but that a further interim response will be provided at that time if evaluation cannot be completed within the 30 days, giving the estimated time for completion.

(2) In no event should the process take longer than 90 days from receipt of the submission; if it appears it will take longer, the unsolicited proposal coordinator will notify the J72 unsolicited proposal program manager and provide a complete explanation for the delay. J72 will then determine the final date for completing the evaluation and notifying the submitter.

(b) If necessary, the unsolicited proposal coordinator will forward the submission to the appropriate technical or other personnel for evaluation in accordance with FAR 15.606-2. If the evaluators request further information, the unsolicited proposal coordinator shall inform the submitter of the needed information, and that submission of the information will be at the submitter's risk and expense, and shall create no obligation on the part of the Government. The J72 unsolicited proposal program manager will be advised that additional information from the submitter has been requested in order to complete the evaluation. After the evaluators have completed their analysis, they will advise the unsolicited proposal coordinator of their recommendation.

(c) Following the evaluation, the unsolicited proposal coordinator will inform the submitter by letter of the final determination concerning the submission.

(1) If the submission is not a valid unsolicited proposal or is otherwise unacceptable, the letter will state that determination and give an explanation of the rationale for the determination in accordance with FAR 15.603(c) and 15.607(a), as applicable.

(2) If the submission is determined to be a valid unsolicited proposal, the unsolicited proposal coordinator will inform the submitter of this but include a caution, in accordance with FAR 15.607(a), that a favorable comprehensive evaluation of an unsolicited proposal does not, in itself, justify awarding a contract without providing for full and open competition and that the unsolicited proposal will be provided to an appropriate contracting officer for a determination of whether further action is appropriate in accordance with FAR 15.607(b).

(3) A copy of the letter to the submitter indicating the disposition of the proposal will be provided to J72 unsolicited proposal program manager and maintained by the unsolicited proposal coordinator.

(d) Upon receipt of a valid unsolicited proposal from the unsolicited proposal coordinator, the responsible contracting officer will determine, in accordance with FAR 15.607(b) and in coordination with the appropriate requiring activity, whether contract action is appropriate. The contracting officer will notify the submitter in writing whether he/she is commencing negotiations on a sole source basis or will not commence negotiations because the requirements of FAR 15.607(b) are not met.

(e) A sample cover sheet is provided in Table 1 as follows and shall be used in all stages of the Government's handling of an unsolicited proposal.

Table 1. Sample Cover Sheet for an Unsolicited Proposal.

Unsolicited Proposal --- Use Of Data Limited
<p>When this proposal is evaluated, all personnel must exercise extreme care to ensure that the information in this proposal is not disclosed to an individual who has not been authorized access to such data in accordance with FAR 3.104. This proposal should not be duplicated, used, or disclosed in whole or in part for any purpose other than evaluation of the proposal, without the written permission of the offeror.</p>
<p>Written permission must be obtained from the submitter of the proposal before the proposal is released to an evaluator outside the Government. A written agreement shall be obtained from the evaluator not to reproduce, use, or disclose any information in the proposal.</p>
<p>This notice does not limit the Government's right to use information contained in the proposal if it is obtainable from another source without restriction. This is a Government notice, and shall not by itself be construed to impose any liability upon the Government or Government personnel for disclosure or use of data contained in this proposal.</p>
<p>May Contain Proprietary Information</p>
<p>Do Not Detach From Correspondence</p>

**DLAD PGI PART 16 – TYPES OF CONTRACTS**

**PGI SUBPART 16.1 – SELECTING CONTRACT TYPES**

**PGI 16.190 Long-term contracting (LTC).**

(a) This LTC guidance standardizes procedures for initiating and creating long-term supply contracts below \$650,000. It is applicable to the contracts described in DLAD 16.190. The objective is to streamline the LTC process and provide standards as a basis to measure progress when creating long-term contracts.

(b) Push system for project selection.

(1) In a push system, management assigns available packages to the acquisition specialists (AS). The responsibility of tracking, monitoring, and ensuring that the organization goal is met and that each acquisition specialist is processing the appropriate type, amount, and priority remains with the immediate supervisor. The acquisition lead-time standards are provided below as a guide for management to use to monitor progress. In addition, the standard provides the Agency a way to pinpoint or identify where efficiencies can be applied in the acquisition process for future lean events.

(2) The acquisition process begins when the acquisition specialist initiates the LTC project within the LTC project tracker under the create/add project data tab and view/update project data tab. The system generates a project number and the development start date.

(c) Pre-solicitation stage.

(1) Chronology sheet or medical acquisition timeline (MAT), also known as the DLA Troop Support acquisition timeline, for the medical supply chain.

(i) The acquisition specialist documents the chronology sheet in the DLA preaward contracting system (DPACS) or the MAT for each LTC project for milestone events, beginning with the project development and through the life of the contract. The chronology sheet or the MAT is used to document the process flow, to communicate the acquisition events to all stakeholders, and establish touch-point accountability. Documentation must include major events and updates. Chiefs of contracting offices (CCOs) and supervisors use the chronology sheet or MAT to determine whether the LTC procedures and instructions at this PGI section are being met.

(ii) Acquisition milestones and timeline must be carefully developed because these are the key components to measuring progress and success against the standards.

(2) Market research. Market research is conducted in accordance with FAR, DFARS, and DLAD Part 10. The acquisition specialist conducts market research to determine the competitive environment and commerciality and develop the acquisition strategy. The acquisition specialist documents the acquisition plan with the type of market research conducted and the results.

(3) Bidders list. The bidders list is developed and established based on the results of the market research, including historical sources in DPACS. The acquisition specialist may validate the list of suppliers using the central contractor registration (CCR) database. Refer to FAR Subpart 4.11 for guidance on CCR policy. The bidders list identifies potential sources and is used as the mailing list for the solicitation. This process takes less than one day to complete.

(4) Upon completion of the pre-solicitation stage, the acquisition specialist documents the Chronology sheet or the MAT.

(d) Acquisition planning.

(1) Written acquisition plan. Refer to FAR, DLAD Part 7 for acquisition planning guidance and requirements. Per 7.102, a written acquisition plan is required for all acquisitions expected to exceed the simplified acquisition threshold. Depending on the complexity of the acquisition, the acquisition plan document takes less than one day to complete. The estimated dollar value of the procurement determines the review level needed. Refer to the acquisition response time summary table below for the review and approval requirements. A written acquisition plan template is provided in DPACS.

(i) Use one of the best value techniques found in FAR 15.101 as the basis for source selection.

(ii) The acquisition specialist will use DPACS when completing all pertinent forms associated with acquisition planning. The acquisition specialist ensures that a copy of any document or form completed outside of DPACS is posted in the electronic contract file (ECF).

(2) Surge and sustainment (S&S) requirements. Refer to 17.93 for policies, procedures, clauses and provisions relating to S&S requirements. S&S items are to be considered in all LTC projects above \$100,000. The acquisition specialist validates using the appropriate industrial base tool (e.g. IBMS, SPIDERS, and RMA) and incorporates surge requirements in the solicitation as appropriate. This process takes less than one day to complete. The acquisition specialist consults and works with the local Industrial Specialist for assistance on S&S requirements. The acquisition specialist documents the acquisition plan on how S&S coverage will or will not be supported.

(3) DD 2579, Small Business Coordination Record. The acquisition specialist initiates and completes the small business form DD 2579 in DPACS. Initiating and completing this form takes less than one day. The small business representative reviews the DD 2579 and provides a response within six days. This response time includes reviews by the contracting officer, small business office, and Small Business Administration (SBA). For further information on the use of DD 2579s in DLA, see 19.201. Refer to FAR Subpart 19.5 and DLAD 19.502 for guidance on small business set-asides.

(4) Justification and approval (J&A). A J&A or equivalent is required on all procurements using other than full and open competition procedures. Initiating and completing the J&A takes one day or less. See response time below for approval. The competition advocate has two days to review and sign the J&A. The J&A template is provided in DPACS.

(5) Solicitation development. Prior to initiating the solicitation document, the acquisition specialist uploads the LTC project from the LTC project tracker into DPACS. The acquisition specialist utilizes DPACS to initiate and complete the solicitation and supporting documents. Any Microsoft word document or excel sheets can be incorporated as a separate attachment or can be cut-and-pasted into the "Remarks Page" of the solicitation in DPACS. The acquisition specialist selects appropriate provisions/clauses in DPACS. If provisions/clauses are not available in DPACS, the information can be incorporated into the "remarks page" or the work statement with the appropriate uniform contract format section marking. Initiating and completing the solicitation document takes one to three days, depending on the complexity of the acquisition.

(i) The acquisition specialist utilizes IBMS to obtain the S&S requirements. The acquisition specialist incorporates the associated S&S CLINS as a separate attachment or in the "Remarks Page" of

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the solicitation in DPACS. Refer to 17.93 for the appropriate clauses/provisions when including the S&S items in the solicitation.

(6) Synopsis. The acquisition specialist issues the synopsis in FedBizOps at <http://www.fbo.gov/>. Refer to FAR 5.203 for notice publication requirements. Typically, the notice is published 15 days before the issuance of a solicitation except for acquisition of commercial items, when the contracting officer may establish a shorter period for issuance of the solicitation, or use the combined synopsis and solicitation procedure. For other qualifying exceptions of publicizing less than 15 days, refer to FAR 5.203.

(e) Solicitation stage.

(1) Solicitation issuance. The acquisition specialist issues the solicitation upon receiving approval from the contracting officer. The solicitation is published for 30 days unless an exception applies. Refer to FAR, DFARS and DLAD Subpart 5.2 for solicitation publication requirements and exceptions. The acquisition specialist uses the DLA internet bid board system (DIBBS) or ECF to publicize the solicitation. The acquisition specialist updates the chronology sheet in DPACS or the MAT and the LTC project tracker if necessary.

(2) Solicitation amendment. Refer to FAR 15.206 when amending the solicitation. If solicitation amendment is required, the acquisition specialist initiates and completes the Standard Form 30 in DPACS. If the amendment contains attachments, the acquisition specialist shall import the amendment and attachments to the ECF. Initiation, approval, and publication of amendments take less than one day to complete. The acquisition specialist updates the chronology sheet in DPACS or the MAT. The acquisition specialist also updates the LTC project tracker if changes affect the solicitation close date and item population.

(3) Solicitation distribution.

(i) The acquisition specialist issues the solicitation in DPACS or imports the solicitation to the ECF, which will then post the solicitation to DIBBS. The acquisition specialist refers all interested parties to DIBBS for access to the solicitation and any amendments.

(ii) No manual distribution to interested parties will be done, to maximize use of paperless environment and to facilitate effective electronic exchange.

(iii) Refer to FAR Subpart 4.5 for guidance on electronic commerce in contracting.

(4) Proposal handling.

(i) Refer to FAR 15.207 for appropriate handling of proposals and information. Proposals are safeguarded from unauthorized disclosure throughout the source selection process.

(ii) Refer to FAR 3.104 regarding the disclosure of source selection information (41 U.S.C. 423) and procurement integrity. The proposals are received at the location specified in the solicitation. If the solicitation specified a designated bid room, the bid custodian collects the proposals and creates an abstract showing the contractor's name, address, and cage code. The bid custodian makes the abstracts and proposals available to the acquisition specialist within one to two days of the solicitation closing date. If a designated bid room/bid custodian is not available or does not exist, the proposals are

sent directly to the acquisition specialist or contracting officer. The acquisition specialist documents the chronology sheet in DPACS or the MAT.

(f) Proposal evaluation.

(1) Refer to FAR 3.104-4 for safeguarding the vendor's information. Refer also to 15.300-90-for guidance when evaluating the proposals and FAR 15.307 for guidance on proposal revisions. The acquisition specialist has 3-5 days to review and evaluate the proposals, depending on the number of offers received.

(2) Alternate offers. If an alternate offer is received, the acquisition specialist sends the proposal to the appropriate product specialist. The product specialist has one day to determine acceptability or unacceptability of the alternate offer. If the product specialist is unable to make a determination in 1 day and additional research is required to make a determination, the acquisition specialist continues to evaluate other fully compliant offers and treats the alternate offer in accordance with the applicable solicitation clause for future procurements.

(3) Contract pricing. Per FAR 15.402, prices must be determined fair and reasonable. Refer to FAR and DLAD 15.404-1 for proposal analysis techniques. Per FAR 15.406-1(b), the contracting officer shall establish pre-negotiation objectives before the negotiation of any pricing action. The acquisition specialist has one to three days to conduct and complete price analysis.

(4) Surge and sustainment evaluation. Refer to 17.93 for S&S evaluation requirements. The acquisition specialist will submit the capability assessment plan (CAP) to the supporting industrial specialist (IS) for review. The industrial specialist validates the CAP using the appropriate industrial base tool (e.g. eCAP, SPIDERS, and RMA). This process takes less than 1 day to complete.

(5) Subcontracting plan. Refer to FAR 19.702(a)(1) for guidance when requiring a subcontracting plan. In negotiated acquisitions, each solicitation of offers to perform a contract or contract modification that individually is expected to exceed \$550,000 (\$1,000,000 for construction) and that has subcontracting possibilities shall require the apparently successful offeror to submit an acceptable subcontracting plan. The acquisition specialist should submit the offeror subcontracting plan to the small business office for approval. There is an on-line tool that contractors are required to use to submit reports of their performance against subcontracting plans; it is available at <https://www.esrs.gov/>. The acquisition specialist must include appropriate clauses requiring use of this electronic subcontracting reporting system (eSRS) in all applicable contracts. The acquisition specialist has less than one day to submit the subcontracting plan to the small business office for approval. The total response time for the subcontracting plan segment/small business review is 7 days; see 19.705-4(d)(7) for additional information.

(g) Pre-negotiations.

(1) Pre-negotiation briefing memorandum (PBM). Refer to FAR 15.406-1 for guidance on pre-negotiation objectives and refer to FAR 15.306(c) for guidance when establishing the competitive range. The competitive range is documented in the prenegotiation briefing memorandum (PBM). The acquisition specialist initiates and completes the PBM to develop the Government's initial pre-negotiation position. The PBM is written clearly and concisely. The acquisition specialist has one to two days to initiate and complete the PBM, depending on the complexity and the number of items. Whether the PBM review and approval level, which may vary, depending on the supply chain, is at the contracting-officer level or one level above that, the response time is the same: 1-2 days. A PBM template is provided in DPACS.

(i) Note that there may be times when discussion/negotiation is not necessary (e.g., vendor met all the terms and conditions of the solicitation and the proposed prices are lower than the independent government estimate). If discussion/negotiation is not necessary, the acquisition specialist initiates a combined PBM/PNM and the acquisition specialist has one to two days, depending on the complexity of the acquisition, to initiate and complete the combined PBM/PNM. The review and approval for a combined memorandum is the same as above. A combined PBM/PNM template is provided in DPACS.

(h) Discussions/negotiations.

(1) Conducting discussions/negotiations. Upon receiving approval of PBM from the contracting officer, the acquisition specialist begins the negotiations. Refer to FAR 15.405 for guidance on price negotiations and FAR 15.306 for guidance when exchanging information with the supplier after the receipt of proposals. Discussions/negotiations take no longer than three to five days to complete. If discussions/negotiations extend beyond five days, the acquisition specialist elevates the issues to the appropriate chain of command beginning with the immediate supervisor. The acquisition specialist updates the chronology sheet in DPACS or the MAT.

(2) Final proposal revision (FPR). Refer to FAR 15.307 for guidance when obtaining the final proposal revision. The acquisition specialist initiates a letter to close discussion/negotiation and obtain the final proposal revision. The final proposal revision letter takes less than one day. The final proposal revision process takes two days or less. The acquisition specialist documents the chronology sheet in DPACS or the MAT.

(3) Price negotiation memorandum (PNM). Refer to FAR 15.406-3 for guidance when documenting the results of the discussions/negotiations. The PNM describes the final prices agreed to by the contractor and the Government, which includes documentation of the best value decision. The PNM is written clearly and concisely. The initiation and completion of the PNM takes one to two days, depending on the complexity of the acquisition. Use the PNM template provided in DPACS. Refer to FAR 15.406-3 for the elements of the PNM. For forward pricing rate agreements, refer to FAR 15.407-3.

(4) Contractor responsibility determination and performance record. Contractor responsibility and performance record determination will be in accordance with FAR Subpart 9.1. The acquisition specialist maximizes the use of the existing past performance tools available (local, DLA-wide, DOD-wide) when conducting contractor responsibility determinations. The acquisition specialist shall review the EPLS and may use DCRL, Dun and Bradstreet, pre-award surveys, automated best value system, requests for contract performance history (CPH) to be completed by the product and industrial specialist, CCR, and other DOD past performance information. The acquisition specialist use DPACS to initiate and complete the contractor responsibility determination template. If a pre-award survey is needed, the acquisition specialist has less than one day to complete the pre-award survey form in DPACS and submit to the industrial specialist. The acquisition specialist will follow-up with the industrial specialist and document the chronology sheet in DPACS or the MAT.

(i) Go to <https://www.ppirs.gov/> to access the past performance information retrieval system (PPIRS). Refer to <http://www.epls.gov/> for the excluded parties list system (EPLS).

(i) Award stage.

(1) Upon receiving approval from the contracting officer, the acquisition specialist proceeds with the award of the acquisition. The acquisition specialist uses DPACS to initiate and complete all of the

necessary award documents. Documents that are not available in DPACS may be added as an attachment to the contract. Initiating and completing all of the award documents take two to five days, depending on the complexity of the acquisition. For award challenges or protests, the acquisition specialist documents the chronology sheet or MAT to include action taken, response dates or any anticipated resolution dates. Refer to FAR and DLAD Part 33 for guidance on protests, disputes, and appeals. See FAR, DFARS, and DLAD 5.303 and the DLA issuance for the timing and content of public and Congressional announcement of awards.

(2) The acquisition specialist documents the chronology sheet in DPACS or the MAT; completes the contract action report (CAR); establishes the guaranteed minimum funding purchase order (if not issuing a delivery order in the amount of the guaranteed minimum at the time of award of the basic contract), loads the outline agreement in SAP; provides a copy or a notice of the contract to the awardee; and ensures documents are posted in the ECF if applicable. This process takes one to two days to complete.

(j) Acquisition support technician (AST) functions. If an AST is assigned to assist the buyer, the AST performs the following tasks below. If no AST assistance is available, the buyer performs these tasks. All awards will be initiated and completed in DPACS. This process takes two days to complete.

(1) Complete letter(s) in DPACS for any unsuccessful offerors; fax or mail them.

(2) Complete small business challenge letter(s) (if applicable); fax or mail them.

(3) Update synopsis on FedBizOps website with award information.

(4) Complete guaranteed minimum funding purchase order (if not issuing a delivery order in the amount of the guaranteed minimum at the time of award of the basic contract) and establish an Outline Agreement in SAP (no later than two days after contract award).

(5) Scan pertinent documents in ECF.

(k) Elevation of issues. The acquisition specialist elevates the issues that cause the milestone to slip or cause a delay in the process. Discuss with the supervisor and elevate through the chain of command, as appropriate. Some examples of known issues causing delay include technical description issues, non-cooperation of contractors, changes in workload, extended leave, or inter-office coordination problems.

(l) Management involvement.

(1) Supervisors and managers utilize the LTC metrics as a tool to track and monitor how well the supply chain is performing when establishing LTCs, and to identify areas of improvement in the acquisition process. Also, managers and supervisors use the time standards to effectively monitor the acquisition progress and determine appropriate management involvement.

(2) Buyers, supervisors, and managers utilize the LTC Project Tracker (which replaced the LTC Database) to effectively track and monitor LTC projects. This tool provides various reports, such as aging projects and LTC project in-process, to stakeholders. It can also be used as a tool to proactively identify issues, discuss progress, prevent delays in the acquisition process, and for planning purposes.

(3) The below chart is used to track and monitor Supply Chain performance. Associated reports for tracking and monitoring LTC projects are available in the LTC Project Tracker.

## DLAD PGI

Stage	Green	Yellow	Red
Development	5 days	10 days or less	> 10 days
Pre-Solicitation	40 days	50 days or less	> 50 days
Issued Solicitation, Not Closed	31 days	40 days or less	> 40 days
Closed Solicitation, Not Awarded	44 days	50 days or less	> 50 days
Total	120 Days	150 Days	180 days or more

(m) Coordination response time summary. The table below provides the time standard guide for review, approval, and coordination response time. In addition to the time standards for initiating and completing the acquisition documents, the acquisition specialist also factors in the response times below when developing and establishing the acquisition milestones. The acquisition specialist documents the Chronology sheet or MAT for response times not met since these time standards are used to track and monitor the acquisition progress.

Acquisition Process	Response Times
Package Development	5 days
Market Research	7 days
Small Business Coordination	6 days
Acquisition Planning (Acquisition Plan, J&A, RFP, S&S etc.)	5 days
Competition Advocate Review	2 days
Contracting Officer Review	3 days
Synopsis	15 days
Solicitation	30 days
Amendment (if necessary)	
CO review (if required)	1 day
Proposal Evaluation and Cost/Price Analysis	6 days
PPI Information	1 day
Establishes Low and High	2 days
S&S Evaluation	1 day
Subcontracting Plan	7 days
Pre-Negotiation Briefing Review/Approval	2 days
Contracting Officer Review	2 days
Negotiations	5 days
Final Proposal Revision (FPR)	2 days
Price Negotiation Review/Approval	2 days
Contracting Officer Review	3 days
Contractor Responsibility Determination	1 day
Award	5 days
Small Business Challenge Letter	1 day
Unsuccessful notices	1 day
Contracting Officer Review	3 days
Loading of OA (outline agreement); DPACS award documents, establish guaranteed minimum funding in SAP, and other updates (ECF, etc.)	2 days
Total Acquisition Response Time	120 days

NOTE: Commercial solicitations may take less time for any given segment than indicated in the Table.

(n) All acquisition documents shall be sent to the Electronic Contract File (ECF) except proprietary/sensitive information.

**PGI SUBPART 16.5 – INDEFINITE-DELIVERY CONTRACTS**

**PGI 16.504 Indefinite-quantity contracts.**

(c)(1)(ii)(D) (1) (S-90) Single awards over \$103 million.

(a) Preferably within the early stages of the acquisition process, but no less than 21 days before contract award, the contracting activity responsible for the acquisition shall submit a one page draft Determination and Findings (D&F) document to DLA HQ J72, substantially the same as the template(s) provided in PROCLTR 2009-14, for a single award D&F - Fixed Price Orders and Single Award DF - Sole Source. Note that a D&F can specify the solicitation number, so that any single award contract over \$103 million that results will be covered.

(b) Included with the draft D&F shall be a memorandum to the Director, DLA Acquisition (J7), from the Supply Chain HCA or equivalent containing a clear, reasoned, and detailed discussion that justifies not using a multiple award strategy for the acquisition. Discussion points should include, at a minimum, the circumstances that require a task or delivery order contract, alternative acquisition strategies considered, impact on delivery or performance schedule, program costs, and mission impact if not allowed to make a single award, and any future plans to pursue a multiple award or other alternative strategy that will promote competition. The contracting officer's determination under FAR 16.504(c)(1)(ii)(C) should be included as an enclosure; it can be provided as an extract if part of a larger document.

(c) It is anticipated that many determinations in DLA will utilize the FAR 16.504(c)(1)(ii)(D)(1)(ii) exception for contracts providing only firm fixed price task or delivery orders. Fixed price contracts utilizing an economic price adjustment or price redetermination clause qualify for this exception if the individual delivery or task orders under the contracts are firm-fixed priced using prices established in the contracts.

**DLAD PGI PART 17 – SPECIAL CONTRACTING METHODS**

**PGI SUBPART 17.74 – LIMITATIONS.**

*(Revised September 15, 2011 through PROCLTR 2011-41)*

**PGI 17.7400 Scope.**

PROCLTR 11-41 contains the DLA Guide to Understanding Undefined Contract Actions and Unpriced Change Orders for training purposes and summarizes the information (in PowerPoint form for training) provided in the following section, PGI 17.7404-3.

**PGI 17.7404-3 Definitization schedule.**

(a)(2) To ensure timely approval, submit all proposed undefinitized contract actions (UCAs), regardless of value, or unpriced change orders with an estimated value exceeding \$5 million to J72 a minimum of two weeks prior to proposed issuance date in order to permit J7 and General Counsel review and DLA Director approval. Requests for DLA HQ review and approval of a letter contract or other UCA, regardless of value, or unpriced change order with an estimated value exceeding \$5 million shall be prepared in accordance with DFARS Subpart 217.74 and DLAD 17.74. The proposed action must be as complete and definite as practicable under the particular circumstances, including all supply chain and/or contracting activity review, coordination, and approval. HCAs for activities with an assigned HCA shall review requests for UCAs or unpriced change orders and may disapprove requests or forward them to J72 for further processing.

(b) At a minimum, requests for approval shall include:

- (1) An acquisition plan;
- (2) Any required justification and approvals or determination and findings;
- (3) A written statement of urgency supporting the requirement for a UCA or unpriced change order, including:
  - (i) The quantities, dates and priorities of existing and projected requirements to be filled by the buy;
  - (ii) The date that the requirement was first known to exist;
  - (iii) Why the interests of national defense demand that a contractor be given a binding commitment so that work can begin immediately, including the adverse impact on agency requirements resulting from delays in beginning performance;
  - (iv) Why negotiation of a definitive contract or priced order did not and cannot occur in sufficient time to meet the acquisition need; and
  - (v) The determination required by FAR 16.603-3 (letter contracts only);
- (4) The contracting officer's responsibility determination concerning the prospective contractor (FAR 9.103); and
- (5) A price negotiation memorandum that includes the not-to-exceed ceiling total price and ceiling unit price(s) to be included.

(6) A funding document that includes the offeror's proposed obligation amount by period prior to definitization, interim billing price, and the predefinitization limits of the Government's liability under the UCA or change order;

(7) A discussion of any requirement for progress payments, provisional payments, and options for increased quantity or performance period;

(8) The proposed definitization schedule including dates for

(i) Proposed obligation rate against the not-to-exceed ceiling price;

(ii) Receipt of the contractor's proposal;

(iii) Beginning of negotiations;

(iv) Completion of negotiations;

(v) Target date for definitization; and

(9) The following additional milestone dates (unless another contract management activity will definitize):

(i) Receipt of field pricing report;

(ii) Receipt of the local price or cost/price analysis; and

(iii) Submission of the proposed definitive contract/change order and supporting file for DLA HQ review and approval, pursuant to 1.690-6(c)(6).

(10) The delivery schedule.

(c) A copy of a signed letter contract shall be forwarded to DLA HQ, attention: J73 within 1 week of execution.

## **PGI SUBPART 17.75 – ACQUISITION OF REPLENISHMENT PARTS**

*(Revised December 23, 2011 through PROCLTR 2012-14)*

### **PGI 17.7506 – Spare parts breakout program.**

This DLAD section follows the DFARS in topics and structure.

Part 1 – General.

1-101 Applicability.

(a)(1) All DLA except that DLA Energy and DLA Troop Support clothing and textile (C&T) and medical and subsistence will implement only those portions of the DFARS as is feasible in the reduction of noncompetitive parts.

Part 2 – Break-out coding.

2-202 Assignment of codes.

2-202-90 Assignment of codes.

(a) A competitive AMC (1 or 2) shall be assigned to a part when a complete technical data package is available, or when there are two or more approved independent manufacturing sources, or when a non-manufacturing prime and the actual manufacturer both independently contend for contracts.

(b) When parts are received that are coded AMC 5, care shall be taken to assure that solicitation is accomplished only with the identified prime contractor despite the CAGE identification to the actual manufacturer. These parts should be considered likely candidates for breakout to direct purchase from AMC 5 to AMC 4.

(c) In the case of parts with an assigned AMSC of U or V, if another source is approved, but a complete technical data package for unrestricted competition is not available, the AMC will be changed to 2 and the AMSC will be changed to AMSC C or R, or other, as appropriate. Only valid combinations of AMC/AMSCs shall be entered into the contracting technical data file.

2-203 Improving part status.

(b) Code suspense dates.

A 1-year code suspense validation date will be assigned to parts with an AMSC or A, H, or Y regardless of the AMC.

A 3-year suspense date will be assigned to parts having an AMSC of C, U, or V.

A 5-year suspense date will be assigned to parts with an AMSC of B, P, or R and parts with an AMC/AMSC of M or 4M. Parts with an assigned AMC/AMSC of 1G, 2G, 1K, 2K, 1M, 2M, 1N, 2N, 1T, or 2T and those with an AMC/AMSC of 1G, 2G, 1K, 2K, 1M, 2M, 1N, 2N, 1T, or 2T and those with an AMSC of L need not be subject to the code suspense validation.

Exceptions may be made on a case-by-case basis as necessary.

Suspense dates should not be changed merely to update the assigned date but should be made in conjunction with a review or screen based upon an anticipated forecast or immediate buy action. Buys shall not be held up simply to review the part for application of a new suspense date, unless the contracting officer determines that the buy can be held up until the review and any breakout action is completed (see DFARS PGI 217.7506 1-105 (e)(2)).

Part 3 – Identification, selection, and screening of parts.

3-301 Identification and selection procedures.

3-301.2 Annual buy forecasts.

An annual projection of estimated buy activity prepared quarterly shall be used to initially list parts in descending buy dollar order down to \$5,000 reflecting projections for the next 12 months. These projections shall be the basis for selecting items to be screened for possible breakout. Care shall be taken

to assure that an item selected in this manner is not redundant with planned or ongoing breakout activity in another program or effort, such as, but not limited to, value engineering and evaluation of alternate offers.

3-302 Screening.

(a) When results of a screening action indicate there is no expectation of breakout, consideration should be given, where applicable, to any other ongoing programs that may improve price or lead time. Examples of such other programs include, but are not limited to, value engineering and the competition advocate program. A folder shall be maintained for all screened parts to include any pertinent reports, analysis, or documents that relate to the assigned AMC/AMSC (see DFARS PGI 217.7506 3-302(i)).

3-303 Full screening procedure.

3-303.2 Data evaluation phase (steps 2 -14).

(c)(4) Step 5. Prior to expenditure of funds for acquisition of technical data to effect a breakout action, a review of data requirements shall be conducted in accordance with DLA Procedures. When there is any doubt as to acceptability by the cognizant military service of data to be acquired to effect the desired AMC/AMSC change, the data shall not be procured. Instead, all breakout activity for the part shall be summarized and forwarded to the cognizant Military Service activity with a recommendation that they pursue acquisition of the necessary data (see DFARS PGI 217.7506 3-303.2(c)(4)).

Part 5 – Reporting system

5-502 Reporting procedures.

(c) ICPs shall forward reports to DLA HQ, attention: DLA spare parts breakout program manager, DLA Acquisition (J7), no later than 30 days after the end of each period designated.

**PGI SUBPART 17.93 – SURGE AND SUSTAINMENT (S&S)**

*(Revised September 11, 2012 through PROCLTR 2012-41R)*

**PGI 17.9303 S&S implementation procedures for contracting officers.**

(a) This section details procedures, to be adapted as necessary for individual procurements, for obtaining surge and sustainment (S&S) coverage through acquisition planning and long-term contracting. Refer to DLA Instruction 1214, Industrial Capabilities Surge and Sustainment, for more detailed process guidance on the industrial specialist's involvement and responsibilities.

(b) These procedures will enable contracting officers to implement S&S in the acquisition process. The supporting buyer and industrial specialist shall assist the contracting officer with implementation to ensure appropriate S&S coverage is obtained. System procedures are detailed in paragraph (c) of this section. (The term 'buyer' is used in this section and also denotes the acquisition specialist, both pre-award and post-award, and/or post-award contract administrator, as applicable.)

(1) Presolicitation phase.

(i) The contracting officer shall conduct market research, which includes the historical surge plan and performance, and collaborate with the industrial specialist to determine the appropriate strategy to obtain S&S coverage. (See Part 10.)

(A) If market research clearly shows that surge quantities and delivery schedule can be met through the long term contract (LTC) maximum and required delivery, and can satisfy both peacetime and wartime requirements, the contracting officer shall consult the industrial specialist to determine if surge-specific provisions can be excluded, in part or as a whole, from the solicitation.

(B) The contracting officer shall only exclude surge-specific provisions after receiving concurrence from the industrial specialist through the waiver process described in paragraph (5)(xii) of this section, and will clearly document the market research result, surge coverage decision, and concurrence in the acquisition plan.

(ii) The contracting officer will ensure that the LTC population is verified and validated for surge requirements using the appropriate industrial base (IB) tool or by consulting the industrial specialist to determine surge requirements. Methods for incorporating surge requirements into the LTC include the following. (Refer also to paragraph (c)(2) of this section for detailed system procedures.)

(A) Include surge requirements using MWR or D1-D6 in the solicitation/contract under a separate contract line item (CLIN); or

(B) Include the surge quantity option (see 17.9304), either as a percent increase of the base contract delivery rate or an exact quantity above the base contract delivery amount, that will result in sustainable delivery as required in the contract or order for items that are market ready, commercial, or non-national stock number (NSN) vendor part numbered, such as cataloged commercial items under a prime vendor arrangement. The exact quantity or percent for the surge quantity option can be calculated based on historical consumption data or other appropriate demand data.

(C) If the acquisition is for a long term contract, with more than 25 percent of the NSNs in the solicitation having surge items and the contract ceiling exceeds \$10 million, or the procurement will require approval by a field- or HQ-level acquisition review board in accordance with 7.104-90, the contracting officer shall request revalidation of surge requirements through collaboration between the industrial specialist and the military service(s).

(iii) The contracting officer will collaborate with the industrial specialist when developing the evaluation criteria for S&S requirements for inclusion to the solicitation.

(A) For tradeoff best value source selection, the buyer, in collaboration with the industrial specialist, selects and includes appropriate S&S evaluation criteria in the solicitation as either an evaluation factor or sub-factor, depending on its significance. (See FAR 15.304).

(B) For lowest price technically acceptable (LPTA) and automated best value system (ABVS) procurements, the buyer, in collaboration with the industrial specialist, determines an appropriate evaluation factor or sub-factor, depending on its significance, to evaluate the CAP for technical acceptability.

(iv) The contracting officer shall obtain industrial specialist concurrence with the S&S coverage strategy, which will be documented in the acquisition plan.

(2) Solicitation phase.

(i) When surge requirements apply, the contracting officer shall include the monthly wartime rate (MWR), D1-D6, or surge quantity option CLINS, and insert appropriate provisions, clauses, and evaluation criteria in the solicitation. (See 17.9304.)

(ii) The contracting officer will ensure that the solicitation includes a requirement for a CAP from the offeror; the solicitation should state that the CAP must include an exit strategy.

(iii) The contracting officer shall notify the industrial specialist immediately upon issuing the solicitation (see paragraph (c)(2) of this section for related system procedures).

(iv) The contracting officer shall collaborate with the industrial specialist prior to making changes, such as an increase, decrease, or deletion, to surge requirements and coverage in the solicitation to assess the impact of the proposed change.

(A) The industrial specialist assesses the impact of the proposed change to surge requirements and will advise the contracting officer.

(B) The contracting officer proceeds with the amendment or change if appropriate, with adjustments as based on industrial specialist feedback.

(C) The contracting officer shall notify the industrial specialist when an amendment is issued affecting surge coverage, close dates, and/or LTC population.

(v) Solicitation closing. The vendors are required to submit the following with their proposals:

(A) Prices for the surge quantity, either in dollars or as a percentage, as specified in the solicitation;

(B) When surge pricing exceeds non-surge contract pricing for the same item(s), the contracting officer shall require information other than cost or pricing, or, if applicable, certified cost or pricing data to determine price reasonableness or cost realism in accordance with clause 52.217-9009;

(C) A copy of the CAP. Refer to paragraph (c)(4) of this section for system procedures.

(3) Evaluation.

(i) The contracting officer shall ensure the offeror's capability assessment plan (CAP) is submitted to the industrial specialist for evaluation and a recommendation:

(A) The industrial specialist reviews the CAP and determines the application of warstopper or Government investment, then advises the contracting officer;

(B) If warstopper or Government investment applies, the buyer notifies all vendors competing in the acquisition during negotiations or issues an amendment to include the investment;

(C) When evaluating the surge quantity, the contracting officer, buyer and industrial specialist will perform a pricing evaluation as detailed in paragraph (4) of this section.

(D) The contracting officer shall ensure that the CAP includes an exit strategy and that the proposed exit strategy is in the Government's best interest. Refer also to paragraph (5) of this section for exit strategy alternatives.

(4) Pricing evaluation.

(i) The contracting officer shall evaluate surge pricing for the surge quantity in accordance with FAR 15.404-1 to determine price reasonableness (see FAR 15.403 and DFARS 215.403 for guidance on requiring certified cost or pricing data or data other than certified cost or pricing data).

(ii) If the contracting officer cannot independently justify the surge price, the contracting officer shall ensure offerors submit information other than certified cost or pricing data or, if applicable, certified cost or pricing data, as circumstances require, that sufficiently explain causes of price difference between surge and peacetime quantities, in accordance with 52.217-9009. The information may be submitted in the offeror's own format unless the contracting officer requests a specific format in the solicitation.

(iii) The contracting officer shall consider the unique factors affecting S&S pricing when evaluating prices for the surge quantity, which may cause higher pricing than peacetime quantities since S&S involves increased production and accelerated delivery time, usually 30 days or less, during contingency operations. In addition, S&S pricing is often based on vendors' estimates of future costs or projections since contingency operations are unpredictable and there is uncertainty when or if the Government will exercise surge. Certified cost or pricing data will not always apply to S&S. Instead, information other than certified cost or pricing data as described in FAR 15.402(a)(2) may apply. The vendor may have other costs in addition to the normal peacetime costs to support S&S requirements, such as:

(A) premium pay for overtime and/or additional shifts to fulfill increased production to support surge;

(B) additional costs for expedited delivery of materials from sub-tier vendors to meet the accelerated delivery requirement of surge;

(C) the cost to order minimum purchase quantity from sub-tier suppliers, in addition to peacetime ordering, to pre-position materials required to produce or supply S&S quantities, with a factor for the risk that the Government will not issue a surge order and/or buy-back any excess or unconsumed materials before contract expiration or termination;

(D) maintaining reserve production capacity that otherwise would generate revenue;  
and/or

(E) maintaining extra inventory, raw materials, or components specifically to support surge requirements.

(iv) Another consideration in determining price reasonableness is the risk assumed by the contractor. The Government is not obligated to exercise the surge CLINS during the contracted performance period. The suppliers are therefore assuming all the risks of incurring additional costs and holding additional inventory to support S&S coverage, until the Government executes a surge order to support contingency operations and other emergencies.

(v) In addition to allowing for extra costs, the contracting officer should consider whether to allow for additional profit over and above any amount for the peacetime requirement. When the weighted guidelines method is applied in accordance with DFARS 215.404-71, the contracting officer should review, in addition to other relevant factors.

(vi) A review of the S&S capability plan may assist in analyzing the surge price in comparison to the peacetime price, since it may indicate costs that the offeror expects to incur if the S&S requirement is invoked.

(vii) The contracting officer shall also consider guidance in DFARS 217.7505(b)(2) and the definition of S&SPR under 17.93, if applicable, when evaluating the surge prices that are higher than the non-surge contract prices, since the Services' go-to-war requirements directly support the national security interests of the United States.

(viii) Removing the surge requirement. If surge prices are deemed unreasonable or if surge negotiations will cause the delay of contract award, the contracting officer may submit a waiver request to the industrial specialist for concurrence with removing surge requirement, in part or as a whole, from the solicitation/contract. (Refer to paragraph (5)(xii) of this section for the waiver procedure.)

(ix) The buyer documents the industrial specialist's recommendation and surge price objectives in the pre-negotiation briefing memorandum (PBM). The total surge price is not added in the overall comparative price evaluation due to varying factors affecting surge pricing;

(5) Negotiations/discussions phase. (See FAR 15.306.)

(i) When the vendor's capability assessment plan (as per clause 52.217-9006 surge and sustainment requirements) does not meet the stated solicitation surge requirements, the contracting officer shall conduct discussions to obtain the required surge coverage. If unable to reach agreement through discussions, the contracting officer shall collaborate with the industrial specialist for assistance in developing an alternate surge strategy, if necessary. (Refer to paragraph (5)(xiii) of this section regarding alternate surge strategy.) Surge coverage includes the following factors and considerations:

(A) Negotiating surge prices;

(B) Using the exit strategy, for example, surge asset buy-back for high demand items, surge asset ramp down, as leverage or a negotiating tool to obtain surge coverage;

(C) Considering alternate packaging or guaranteed minimum for surge items, if appropriate and/or applicable;

(D) Engaging the industrial specialist during negotiations to determine an alternate surge strategy to obtain coverage;

(E) Collaborating with the industrial specialist to determine if Government investment can be applied to obtain surge coverage.

(F) Obtaining surge coverage and considering the vendor's proposed alternative(s) to support the Services' go-to-war items in accordance with 17.9302.

(ii) The contracting officer shall consult the industrial specialist for a warstopper or Government investment determination and recommendation when an industrial capability issue (ICI) is

identified by the supplier and/or if the supplier is requesting Government investment. (Refer to paragraphs (5)(viii) and (5)(ix) of this section for warstopper or Government investment determinations.)

(iii) The contracting officer shall ensure that approved warstopper or Government investment is offered to all suppliers competing in the acquisition.

(iv) The contracting officer shall negotiate an exit strategy that is in the Government's best interest.

(v) The vendor is required to include an exit strategy in accordance with clause 52.217-9006. If the vendor's CAP doesn't adequately address an exit strategy, the contracting officer will develop an exit strategy with the vendor during negotiations or discussion.

(vi) When warstopper or Government investment does not apply, the contracting officer, in conjunction with the industrial specialist, will consider the following exit strategies.

(A) Surge asset ramp-down before contract expiration date (e.g., ramp-down 6-12 months before contract expiration);

(B) Asset buy-back for high demand or backordered items based on historical stock position, or to have inventory on-hand until follow-on contract can be established;

(C) Asset buy-back guaranteed minimum applied in percent, dollar amount, or quantity based on historical demand patterns and/or items with long lead times;

(D) Shifting of assets to other contracts if applicable.

(vii) When warstopper investment applies, the contracting officer will consider the following exit strategies or other alternate strategy that is in the Government's best interest:

(A) Transferring investment to the next contract;

(B) Placing investments into production to produce finished goods and offset price for Government furnished property, material, or equipment;

(C) Salvaging investment to be used for other Government projects; or

(D) Returning funds to the U.S. Treasury through the warstopper program manager at DLA HQ J74.

(viii) For Government investment application:

(A) The supplier may request Government investment in its proposal or during negotiation or discussion.

(B) The contracting officer consults the industrial specialist to determine if Government investment can be applied.

(C) The contracting officer will limit or conserve use of Government investment when obtaining S&S coverage. The contracting officer will only authorize or allow Government investment to overcome an S&S shortfall and/or to obtain coverage. Refer to 52.217-9006 for shortfall conditions.

(D) With the industrial specialist's concurrence, the contracting officer approves the contractor's request for Government investment only when it is in the Government's best interest to do so.

(E) The contracting officer ensures an exit strategy is included when Government investment applies. (Refer to paragraph (b)(5)(xiii) of this section for exit strategy alternatives.)

(ix) For warstopper investment application:

(A) Warstopper application is determined and approved by the DLA HQ J7 warstopper program manager.

(B) When warstopper investment applies, the contracting officer ensures that the solicitation contains a statement to that effect. Refer to 52.217-9010 Limitation on Use of S&S Government Investment.

(C) The contracting officer negotiates and includes surge coverage with warstopper investment only when approved by the DLA HQ J7 warstopper program manager.

(D) When the DLA HQ J7 warstopper program manager approves use of warstopper investment, the contracting officer consults the industrial specialist to process the investment:

(1) The industrial specialist processes the request and advises the contracting officer of warstopper funding approval;

(2) Upon receiving funding approval, the contracting officer:

(i) Includes the warstopper CLIN 9965 and not-to-exceed amount in the contract;

(ii) Incorporates an appropriate exit strategy.

(3) If warstopper or Government funding is approved before contract award, the contracting officer notifies all vendors competing in the acquisition of the approved investment amount by amendment of the solicitation and includes explicit written language describing use and limitation of Government investment (to be incorporated to the resulting contract).

(4) If warstopper or Government funding approval occurred after contract award, the contracting officer notifies and advises the supplier of approval by issuing a bilateral contract modification with the approved dollar amount using CLIN 9965 and explicit written language describing use and limitation of Government investment, to which the contractor is required to agree as consideration for receipt of the funding.

(x) As a result of successful negotiation, the contracting officer will:

(A) Proceed with awarding surge coverage at a fair and reasonable price;

(B) Include appropriate surge CLINS, the monthly wartime rate (MWR) or D1-D6 prices, exit strategy, and warstopper investment, if applicable, in the contract;

(C) Document the price negotiation memorandum (PNM) with the surge negotiation /discussion results to include basis for determining surge prices fair and reasonable, delivery terms, ramp-up time if applicable, and exit strategy.

(xi) When negotiation is unsuccessful,

(A) After making every attempt to obtain surge coverage and the vendor refuses to support surge, and/or negotiation becomes extended, and/or surge prices are unreasonable, the buyer elevates the issue to the contracting officer for a waiver request decision and describes attempts made to obtain surge coverage;

(B) The contracting officer consults the industrial specialist for alternate solutions or recommends excluding surge requirement, in part or as whole, via a waiver request; and/or

(C) The industrial specialist recommends an alternate solution if any or concurs with the waiver request.

(xii) Surge waiver process.

(A) When surge coverage is unobtainable and/or negotiations or discussions are unsuccessful, or, when the contracting officer, in collaboration with the industrial specialist, determines that it is in the Government's best interest to exclude surge in part or as a whole, the contracting officer shall submit a written waiver request to the industrial specialist for concurrence prior to excluding the surge item(s) and/or requirements from the solicitation. The contracting officer's waiver request will include the following information:

(1) Description of attempts made to obtain surge coverage;

(2) Discussion of whether the contract maximum in quantity or dollar value can sustain potential increase in demands in the event of future contingency or emergency;

(3) Recommendation to exclude surge, in part or as a whole; and

(4) Relevant information concerning surge coverage or item(s) being excluded from the LTC.

(B) The industrial specialist may recommend other alternatives, if any, or concurs with the waiver request in writing and forwards a copy to DLA HQ J74.

(C) The contracting officer shall only exclude surge-specific provisions, in part or as a whole, from the solicitation and contract upon receiving concurrence from industrial specialist and shall document the waiver concurrence in the contract file.

(D) Upon receiving the industrial specialist's concurrence to remove surge-specific provisions in part or as whole, the contracting officer shall factor surge quantities into the contract maximum calculation, that is, ensures the contract maximum (quantity or dollar value) can cover potential

surge in demands in the event of future contingencies to prevent untimely contract expiration, and obtains an accelerated delivery schedule that will satisfy both peacetime and wartime requirements.

(E) The industrial specialist will notify the strategic material sourcing group (SMSG) or integrated supplier team (IST) lead in writing of the surge provision exclusion for a determination of an alternate support strategy for the Services' go-to-war items or notification that a potential unsupported item issue (UII) exists.

(F) The buyer excludes surge coverage or item(s) as a requirement after receiving concurrence from the industrial specialist and documents the price negotiation memorandum (PNM), also including the waiver in the contract file.

(G) Surge policy provides for waivers to surge clauses, however, the contracting officer will include a requirement in the solicitation and resulting contract for an informational eCAP to provide the industrial specialist an opportunity to determine the total production capacity of the mandatory source during wartime.

(xiii) Determination of an alternate surge support strategy.

(A) The industrial specialist coordinates with the strategic material sourcing group (SMSG) or industrial specialist team (IST) lead for alternate surge support strategy for the excluded surge coverage or item(s) with consideration for the following alternatives:

(1) Corporate exigency contracts (CECs);

(2) Minimum sustaining rate (MSR) contracts (this type of contract may generate protected inventory that can be used to meet contingency demands as free issue);

(3) Industrial base maintenance contracts (IBMCs);

(4) Vendor managed inventory (VMI); and/or

(5) Agreements common in some industries (for example, subsistence), to include a memorandum of understanding, memorandum of agreement or blanket purchase agreement.

(B) If using alternate support strategies listed above in paragraph (A), subpart 17.93 Surge and Sustainment does not apply. Terms, conditions, and provisions for these alternatives will be developed and established by the contracting officer and the industrial specialist based upon the specific contingency support needs of the customer(s).

(C) When the alternative methods to obtain S&S coverage also fail, the industrial specialist notifies DLA HQ J74 and the Services that an unsupported item issue (UII) exists. The industrial specialist relays the information to the SMSG/IST lead for future acquisition planning and strategy.

(D) The contracting officer documents the UII and unsuccessful attempts to obtain surge coverage in the contract file.

(6) Award phase.

(i) The contracting officer shall incorporate the approved CAP, exit strategy, and, if applicable, CLIN 9965 for the approved Government investment amount, and explicit written language in the contract regarding limited use of investment.

(ii) The contracting officer notifies the industrial specialist when the contract, with surge items, is awarded. (Refer to paragraph (c)(6) of this section for system procedures.)

(7) Post-award phase.

(i) The contracting officer will coordinate with the industrial specialist before making any changes to the surge coverage after contract award, shall modify the contract as appropriate, and shall document the contract file with any changes.

(ii) Exercising option periods.

(A) The contracting officer shall consult the industrial specialist for changes in industry capability. Refer to paragraph (c)(7)(v) of this section when exercising the contract's option period with surge. (Also refer to 17.207.)

(B) The contracting officer notifies the industrial specialist before making any changes to the surge coverage i.e., add/delete items or increase/decrease) and then follows the procedures under paragraph (b)(7)(iii) of this section, when adding, deleting, increasing, or decreasing surge coverage.

(iii) Additions or deletions. Increasing or decreasing monthly wartime rate (MWR) and/or surge coverage. Refer to paragraph (c)(7) of this section for system procedures.

(A) If the contracting officer intends to decrease or increase the surge coverage, notify the industrial specialist before making any changes;

(B) The industrial specialist reviews and determines the impact to the customer, surge support, and warstopper investment (if applicable);

(C) The industrial specialist collaborates with the Services if necessary and advises the contracting officer in writing;

(D) The contracting officer proceeds with decreasing or increasing surge coverage after receiving the industrial specialist's recommendation.

(i) Additions. Adding items (phased pricing).

(a) The contracting officer will conduct surge check when pricing additions to LTC items in accordance with the Add/Delete Clause, then request and obtain surge pricing for MWR or D1-D6 and an updated CAP from the vendor.

(b) The contracting officer evaluates the surge pricing and the industrial specialist reviews the CAP and advises the contracting officer. Refer to paragraphs (b)(3) and (b)(4) of this section for procedures on CAP and surge price evaluation.

(c) The contracting officer negotiates if necessary to obtain surge coverage for the added items. Refer to paragraph (b)(5) of this section for negotiation procedures. If increasing the

monthly wartime rate (MWR) or D1-D6, the contracting officer will negotiate with the vendor if necessary to lower surge prices and update the CAP;

(d) The contracting officer incorporates surge coverage via a modification and documents the contract file. Follow system procedures under paragraph (c)(7) of this section when adding surge coverage or item(s).

(ii) Deletions. Deleting surge items such as obsolete items or item no longer needed, in accordance with the Add/Delete Clause.

(a) The contracting officer notifies the industrial specialist in writing before deleting surge coverage or item(s) from the LTC;

(b) The contracting officer follows the surge waiver process under paragraph (b)(5)(xii) of this section when excluding or deleting surge coverage or item(s) from the LTC;

(c) The industrial specialist assesses and determines impact to surge support and warstopper investment (if applicable), and advises the contracting officer;

(d) The contracting officer proceeds with deleting surge coverage or item(s) from the LTC via a modification after receiving concurrence from the industrial specialist. The modification will include disposition and instructions for warstopper or Government investment, if applicable);

(e) The contracting officer ensures the contract file is documented by including the waiver request, industrial specialist concurrence and a copy of the modification.

(2) The contracting officer issues the modification reflecting the change and includes instruction for Warstopper investment adjustment (if applicable);

(D) The contracting officer ensures that the outline agreement is updated and the contract file documented when changes are made to surge coverage.

(8) Surge execution.

(i) The contracting officer shall invoke and execute a surge order when supporting project coded requisitions for the following events. (Refer to paragraph (c)(8) of this section for related system procedures.)

(A) Wartime or contingency operations;

(B) Reconstitution of contingency resources following wartime operations or a major exercise;

(C) Not mission capable-supply (NMCS), mission capability (MICAP), or unusual and compelling requirements;

(D) Senior leadership determines executing and invoking surge are appropriate to prepare the agency for anticipated increases in demand due to a national emergency via a memorandum or other written authorization;

(E) Recognizing a peacetime support issue where inventories and peacetime delivery rates alone cannot or will not support total demand. A peacetime support issue may exist prior to the establishment of a JCS project code. Under such circumstance, DLA HQ J7, in coordination with J3, provides the supply chain with authorization to execute and invoke surge to support a peacetime issue; or

(F) Testing, validating, or maintaining the operability of the S&S capability. Under these circumstances, DLA HQ J74 authorization is required prior to invoking and executing surge.

(ii) The contracting officer shall only exercise and execute surge with warstopper investment when one or more of the conditions below apply. The contracting officer shall consult the industrial specialist before executing surge when there is warstopper-funded property, equipment, or materials involved. Free issue of consumable items involving warstopper investments requires DLA HQ J74 concurrence.

(A) Deploying or deployed troops shall be in an actual or anticipated contingency (including a declared contingency with or without a project code);

(B) A buildup of troops is in process in preparation for a contingency;

(C) Call up of reserves for deployment is in process; or,

(D) Any other preparation events intended to place DoD resources in a contingency, or at a higher than normal operations tempo.

(iii) The contracting officer shall invoke and execute surge for peacetime support issue on a case-by-case basis and only when authorized by DLA HQ J7.

(iv) The contracting officer shall only invoke and execute surge when it is in the Government's best interest (see (v)(C) below) and shall consider the following:

(A) Any premium costs associated with exercising S&S compared with other options such as expedited delivery, spot buys, diversion, redistribution orders, reclamation;

(B) Whether the supplier is contractually obligated to provide S&S coverage and consider surge ramp-up and/or recovery time after S&S activations;

(C) Availability of funds and priorities.

(v) Prior to executing surge, the contracting officer shall make a written determination that addresses the following:

(A) It is in the Government's best interest to execute surge in lieu of other support that may be more cost effective, for example, expedited delivery, spot buys, diversion, or redistribution orders, and with consideration for delivery, customer readiness, and vendor performance record.

(B) The requirement is determined to meet one or more of the criteria in the preceding paragraphs (i) through (iii); and

(C) The buyer has validated surge coverage in the LTC ECF and verifies the monthly wartime rate (MWR), D1-D6, or the surge quantity option, and ramp-up time requirement (see paragraph (c)(8) in this section for system procedures).

(vi) The contracting officer notifies the vendor and industrial specialist immediately by emailing a copy of the order with subject title “surge order – read immediately”; the order will include the PIIN, order number, and other information deemed necessary to bring immediate attention to the order for processing.

(vii) The contracting officer will report surge execution to the industrial specialist within 30 days for tracking and reporting purposes. Refer to paragraph (c) (8) of this section for detailed system surge execution procedures.

(9) Supplier’s change in S&S capability.

(i) The contracting officer immediately notifies and consults the industrial specialist for assessment and recommended courses of action when the supplier(s) requests a change to surge capability or can no longer meet surge coverage obligation in the contract due to unexpected supply chain interruption, such as extreme market conditions, a natural disaster, or labor dispute.

(A) The industrial specialist reviews and assesses the impact to the customer and warstopper investment (if applicable), and advises the contracting officer.

(B) The contracting officer takes action based upon the industrial specialist’s recommendation, negotiates as necessary to keep the surge coverage if possible, documents the contract file, and updates the surge coverage in the outline agreement.

(C) If surge coverage includes warstopper or Government investments, the contracting officer shall make adjustments to the investment as necessary when changes are made to the CAP.

(D) If the supplier can no longer support surge coverage, for example, due to bankruptcy, and/or the contract is being terminated, the contracting officer shall exercise the exit strategy.

(E) With assistance from the industrial specialist, the contracting officer will recoup warstopper or Government investment, specifically, funds, raw material, or finished goods, to the maximum extent possible. The contracting officer will issue a modification with instructions on investment disposition, and document the surge coverage change and the results of exit strategy in the contract file.

(F) Refer to paragraph (b)(7)(iii) of this section if making changes to surge coverage, specifically, decreasing, increasing, and/or deleting.

(G) The industrial specialist works with the SMSG or IST lead to determine an alternate or follow-on surge support strategy.

(10) Contract expiration or termination.

(i) The contracting officer shall exercise the exit strategy specified in the contract prior to termination or expiration to recoup warstopper or Government investment or to ramp-down the supplier’s surge inventory, if applicable.

(A) If the contract includes warstopper investment,

(1) The contracting officer consults the industrial specialist for assistance if needed when exercising the exit strategy involving warstopper investment;

(2) The contracting officer ensures all investments (i.e., funds, raw materials, or finished good) are recouped and recovered to the maximum extent possible; and

(3) The contracting officer exercises the S&S exit strategy as stated in the contract and recovers all Government investment. If Government investment cannot be recouped or recovered due to unforeseen circumstance such as bankruptcy, and the existing exit strategy cannot be applied, the contracting officer can exercise an alternate exit strategy that is in the best interest of the Government. The contracting officer also then consults the industrial specialist for assistance and elevates the issue to DLA HQ J74 if necessary for alternatives.

(B) If the contract does not include Government investment,

(1) The contracting officer exercises the exit strategy in accordance with the contract and documents the result of the exit strategy in the contract file for future use as lessons learned.;

(2) In collaboration with the industrial specialist, the contracting officer considers the Government's stock position and the lead time for establishing a follow-on contract when exercising the exit strategy. Consideration is also given to backorder, stock-out, customer support gap, and the acquisition timeline when determining the disposition of surge coverage.

(3) If terminating the contract, the contracting officer notifies the industrial specialist immediately to determine an alternate surge support strategy.

(11) Program control measures. The effectiveness in obtaining surge coverage will be assessed, measured, and tracked by DLA HQ J74 in accordance with DLA Instruction 1214, Industrial Capability Program – Surge and Sustainment.

(c) System procedures for S&S throughout the acquisition process.

(1) Detailed system tasks to be performed by the contracting officer, buyer, offeror or contractor, industrial specialist, and/or supply planner, are provided in the following table. (The term buyer also refers to the acquisition specialist.)

(2) Systems and/or applications utilized for S&S procedures include:

(i) Surge and sustainment database (S&S DB) found within the industrial base management system (IBMS) at <https://headquarters.dla.mil/APPS/IBMS>.

(ii) Support Planning Integrated Data Enterprise Readiness System (SPIDERS) website at <https://spiders.dla.mil/>.

(iii) Readiness management application (RMA) available through DLA Troop Support Medical's website at <https://www.medical.dla.mil/Portal/>.

Table 1. S&S Procedures from Pre-solicitation through Post Award – System and Related Tasks.

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(1) Pre-solicitation. Refer to paragraphs (b)(1) and (2) of this section for administrative procedures.

(i) See requirements under PGI 17.9303(b)(1) on conduct of market research and inclusion of surge contract line-items (CLINS).

(ii) With assistance from the industrial specialist, the buyer conducts surge check using the industrial base management system (IBMS), readiness management application (RMA), or support planning integrated data enterprise readiness system (SPIDERS) as applicable and as described below.

(A) Go to the S&S database at <https://headquarters.dla.mil/APPS/IBMS>. Refer to the download section in IBMS for surge check procedures and other guidance on using IBMS.

(B) Enter the national stock number (NSN) or national item identification number (NIIN), and/or the LTC population in the IBMS.

(C) IBMS will provide surge requirements expressed as a monthly wartime rate (MWR) to include estimated procurement lead time (PLT).

(D) Export surge results from IBMS to Excel.

(E) Save the Excel sheet and use the solicitation or request for proposal (RFP) number and project name to title surge requirements in IBMS.

(F) Edit the Excel sheet to meet required CLIN format. Add columns for the 9900 series CLINS (9961, 9962, 9963, and 9964), unit of issue (UI), and for pricing MWR. Estimated procurement lead time (PLT) is provided to the buyer as information only and should not be included in the solicitation. Refer to IBMS for a CLIN sample and 4.7103-2(a)(90).

(iii) For medical procurements, buyers will consult the DLA Troop Support medical contingency contracting office to validate surge requirements on LTC item candidates and surge coverage recommendation. DLA Troop Support medical uses the readiness management application (RMA) as the industrial base (IB) tool to identify S&S requirements.

(iv) For subsistence and clothing and textiles (C&T) procurements, buyers will consult the industrial specialist to validate surge requirements on LTC item candidates and surge coverage recommendation. DLA Troop Support subsistence and C&T use SPIDERS or IBMS to identify S&S requirements.

(A) For subsistence procurements, buyers include the surge quantity option in percent or exact number to identify surge requirements. The surge quantity option is calculated using historical demand data or other appropriate data.

(B) Buyers identify the surge quantity option using a regular CLIN and include the 9900 series CLINS (9961, 9962, 9963, and 9964). Refer to IBMS for the surge quantity option CLIN sample and 4.7103-1(a)(90).

(C) For C&T procurements, buyers include the D1-D6 schedule to identify surge

requirements. Surge requirements are obtained from SPIDERS or IBMS.

(D) Buyers identify the D1-D6 schedule using regular CLINS and include the 9900 series CLINS (9961, 9962, 9963, and 9964). Refer to IBMS for a D1-D6 CLIN sample and 4.7103-1(a)(90).

(2) Solicitation.

(i) Refer to paragraph (b)(2) of this section for administrative procedures.

(ii) When surge requirements apply, the contracting officer includes the following in the solicitation:

(A) S&S clauses in accordance with 17.9304; and

(B) S&S CLINS 9960, 9961, 9962, and 9963, in accordance with 4.7103-1(a)(90); and

(C) Include the monthly wartime rate (MWR) or D1-D6 using regular CLINS (i.e., 0001, 0002, etc.) to identify surge requirements. Refer to IBMS for a CLIN structure sample.

(iii) For prime vendor arrangements for commercial, market ready items, non-NSN, or part numbered items, the contracting officer includes the following in the solicitation:

(A) S&S alternate clauses in accordance with 17.9304;

(B) S&S CLINS 9960, 9961, 9962, and 9963. Refer to IBMS for a CLIN structure sample.

(C) Include the surge quantity option expressed as a percent increase of the base delivery rate or an exact quantity above the base delivery rate using a regular CLIN. Refer to IBMS, Exhibit 2C, for a CLIN structure example.

(iv) The buyer notifies the industrial specialist immediately via email when the solicitation is issued and/or available in the electronic contract file (ECF).

(v) The industrial specialist will obtain a copy of the solicitation from the ECF to update the appropriate industrial base (IB) tool.

(3) Solicitation amendment – changes.

(i) Refer to paragraph (b) (2) of this section for administrative procedures and contracting officer considerations prior to issuing an amendment.

(ii) When the amendment is posted in the ECF, the buyer notifies the industrial specialist, who will obtain a copy and update the appropriate IB tool.

(4) Solicitation closing.

(i) Refer to paragraph (b)(2) of this section for administrative procedures.

(ii) The supplier is required to submit the capability assessment plan (CAP) using the

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<p>applicable IB tool, WICAP, eCAP or SPIDERS, as specified in clause 52.217-9007 or the alternate clause.</p>
<p>(5) Negotiation or discussion(s).</p> <ul style="list-style-type: none"><li>(i) Refer to paragraph (b)(5) of this section for administrative procedures.</li><li>(ii) The industrial specialist takes the appropriate action to notify the Service(s) and document any UII in the appropriate IB tool (i.e., IBMS, SPIDERS, or RMA).</li></ul>
<p>(6) Award.</p> <ul style="list-style-type: none"><li>(i) Refer to paragraph (b)(6) of this section for administrative procedures.</li><li>(ii) The industrial specialist obtains a copy of the awarded contract from ECF to update the appropriate IB tool, either IBMS or SPIDERS.</li><li>(iii) The contracting officer ensures that the appropriate surge CLINS (i.e., MWR, D1-D6, surge quantity option, and/or the 9900 series) are loaded in the SAP outline agreement (OA) to ensure proper sourcing of surge line items or orders in the enterprise business system (EBS). Refer to the S&amp;S procurement job aid in enterprise business system (EBS) online help for instructions when loading surge information.</li></ul>
<p>(7) Post award.</p> <ul style="list-style-type: none"><li>(i) Refer to paragraph (b)(7) of this section for administrative procedures.</li><li>(ii) Removing items in accordance with the add/delete clause.<ul style="list-style-type: none"><li>(A) The contracting officer ensures that the outline agreement (OA) is updated in SAP by removing the surge coverage or item(s) from the LTC;</li><li>(B) The industrial specialist obtains a copy of the modification from ECF after notification by the buyer, updates the appropriate IB tool, and advises the Services.</li></ul></li><li>(iii) Adding items (phased pricing) in accordance with the add/delete clause.<ul style="list-style-type: none"><li>(A) The contracting officer conducts surge check using the appropriate IB tool or by consulting the industrial specialist. Refer to paragraph (c)(1)(ii) of this section for the surge check procedure.</li><li>(B) The contracting officer notifies the industrial specialist when the modification with the awarded surge items is available in the ECF.</li><li>(C) The industrial specialist obtains a copy of the modification from the ECF and updates the appropriate IB tool.</li></ul></li><li>(iv) Decreasing or increasing the monthly wartime rate (MWR) and/or surge coverage.<ul style="list-style-type: none"><li>(A) The contracting officer documents the contract file by incorporating related correspondence in the ECF and ensures that surge coverage is updated in the SAP outline</li></ul></li></ul>

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agreement when changes are made.

(B) When the modification is available in ECF, the buyer notifies the industrial specialist, who updates the appropriate IB tool.

(v) Exercising option periods.

When the option modification is available in the ECF, the contracting officer notifies the industrial specialist who will update the appropriate IB tool.

(8) S&S execution.

(i) Refer to paragraph (b)(8) of this section for administrative procedures.

(ii) Prior to executing surge, the buyer validates surge coverage in the LTC ECF and verifies the monthly wartime rate (MWR), D1-D6, or the surge quantity option, and ramp-up time requirement;

(iii) Surge trigger or input to invoke or execute may come from the following sources:

(A) Internal input.

(1) Manual – The contracting officer, the buyer, supply planner, customer account specialist, industrial specialist, seniors leaders, DLA HQ J74;

(2) Automated – Industrial base management system (IBMS) or SAP. Refer also to the job aid in EBS on-line help.

(B) External input – customers or services.

(iv) Executing surge for DLA direct items:

(A) The supply planner performs the following actions.

(1) Validates the backorder, due-in, stock-out situation, and criteria under paragraph (b)(8) of this section prior to generating a surge purchase request (PR) for manual sourcing.

(2) Identifies the PR as a “surge PR” and notifies the contracting officer of the surge PR for immediate processing. Refer to the job aid “creating a surge purchase requisition” in EBS online help for instructions.

(B) The contracting officer ensures the following actions are performed.

(1) Retrieves the surge PR sent by the supply planner and validates the surge PR against the email sent by the supply planner.

(2) Sources the surge PR against the appropriate surge CLIN(s) in the outline agreement and includes a remark stating “This is a surge order”.

(3) The contracting officer notifies the contractor and the industrial specialist

immediately by emailing a copy of the order with subject title “surge order – read immediately” and also including the procurement instrument identification number (PIIN), order number, and other information necessary to bring immediate attention to the order for processing.

(C) The industrial specialist tracks and reports surge execution.

(v) Invoking or executing surge for customer direct items.

The contracting officer coordinates surge execution with the customer account specialist and industrial specialist.

(A) Customer account specialist.

(1) Uses surge CLIN(S) to source customer direct requisitions that meet the criteria under paragraph (b)(8) of this section.

(2) Project coded requisition can be sourced automatically in SAP by loading the appropriate surge CLIN(S) in the outline agreement and inclusions and/or exclusions.

(3) The customer account specialist consults the contracting officer to validate surge coverage in LTC and to load the surge CLINS in the SAP outline agreement (if not already loaded).

(B) The contracting officer will ensure surge CLIN(s) are entered into the SAP outline agreement.

(9) Supplier change in S&S capability.

(i) Refer to paragraph (b)(9) of this section for administrative procedures.

(ii) The contracting officer instructs the supplier to update the CAP using the appropriate IB tool.

(iii) When the modification becomes available in the ECF, the contracting officer notifies the industrial specialist who retrieves a copy and updates the appropriate IB tool.

## PGI SUBPART 17.95 – TAILORED LOGISTICS SUPPORT CONTRACTING

### **PGI 17.9502 Tailored logistics support contracting program of instruction.**

The following courses are suggested as part of a core curriculum. Supply chains should tailor the suggested curriculum with training pertinent to the acquisition at hand, such as units of instruction reflective of the commodities or industries involved, standard operating procedures to be followed within a program, and specific examples of fraud schemes encountered within the supply chain.

Core curriculum suggestions:

- Price reasonableness and negotiation skills practicum
- Commercial item determination –on-line course (CLC 020)
- Commercial item pricing (CLC 131)
- Procurement fraud indicators (CLM 049)

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- Contract pricing refresher
- Pricing catalogs for prime vendor programs
- Contract administration (including closeout, CORs and COTRs)
- Domestic content update and refresher (see also the DAU Course “Berry Amendment” (CLC 125)
- Wide area work flow
- CQMPs and the acquisition review board process
- Contract documentation requirements

### **PGI 17.9503(e) Contract management plan.**

Examples of contract management plans can be found on the DLA Troop Support procurement process support, compliance division website.

### **PGI 17.9504 Pricing.**

(a) A prime vendor (PV) contract must be able to comply fully with one of the following established PV pricing models:

Pricing Model	Initial Price Reasonableness Determination	Post-Award Price Reasonableness Determination	Audits
Fixed price utilizing distribution and pricing agreement (DAPA) and Federal Supply Schedule (FSS) pricing* *e.g. medical/surgical and pharmaceutical  Variation: Medical/surgical items not covered by DAPA e.g. ACPOP	Competitively awarded using best value. All prices are determined fair and reasonable by contracting officer before time of award.  Contracts are awarded, but items are unpriced until becoming a part of the 1,000 item Core List.	The contracting officer makes 100% fair and reasonable determinations for new items and price changes.  The contracting officer identifies the historical items constituting 75% of the total dollar value, determines them fair and reasonable, and creates a 1,000 item Core List.  Items in the 1,000 Core List change monthly based on usage frequency from prior months. All items in the 1,000 item Core List must be determined fair and reasonable before being ordered.  For items not in the 1,000 Core List, with an extended	Monthly pricing reviews, quarterly contract audits, annually audit  Monthly pricing reviews, quarterly contract audits, annually audit

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Pricing Model	Initial Price Reasonableness Determination	Post-Award Price Reasonableness Determination	Audits
		value less than “ the micropurchase threshold “, a representative statistical sampling of lines sufficient to provide a 90% confidence level shall be reviewed for fair and reasonable pricing on a post-award basis no later than 60 days after award.	
Fixed price utilizing market basket* * e.g. garrison feeding	Competitively awarded using best value. Market basket items must represent at least 75% of the anticipated dollar value of the planned acquisition. The prices of all market basket items are determined fair and reasonable by contracting officer before time of award. NAPA and Central Contract pricing may apply.	The contracting officer makes 100% fair and reasonable determinations for new items and price changes.	Monthly pricing reviews, quarterly contract audits, annually audit

(b) A modified PV contract or other tailored logistics support contract must be able to comply fully with one of the following pricing models:

Pricing Model	Initial Price Reasonableness Determination	Post-Award Price Reasonableness Determination	Audits
Fixed price utilizing market basket* * e.g. MRO supplies	Competitively awarded using best value. Market basket items must represent at least 75% of the anticipated dollar value of the planned acquisition. The prices of all market basket items are determined fair and	If the tailored logistics support purchasing review clause is applicable, and the contractor complies with the clause, the contracting officer makes fair and reasonable determinations as follows for new items, price changes, and those items not included in the market basket:	Monthly pricing reviews, quarterly contract audits, annually audit

**DLAD PGI**

Pricing Model	Initial Price Reasonableness Determination	Post-Award Price Reasonableness Determination	Audits
<p>Variation: fixed price utilizing market basket, &gt;“ the micropurchase threshold “ e.g. Metals</p>	<p>reasonable by contracting officer before time of award.</p> <p>Competitively awarded using best value.</p> <p>Market basket items must represent at least 75% of the anticipated dollar value of the planned acquisition.</p> <p>The extended value of all market basket items over “ the micropurchase threshold “ are determined fair and</p>	<p>- For line items with an extended value of less than “ \$2,500 “, a representative statistical sampling of lines sufficient to provide a 90% confidence level shall be reviewed on post-award basis no later than 60 days after award.</p> <p>- For line items with an extended value of “ \$2,500 “ to \$24,999, 100% of the items with a percentage of determinations performed pre-order and the remainder post-order. The minimum percentage for pre-order is 30%, with the remainder done no later than 60 days after award.</p> <p>- For line items with an extended value greater than \$25,000, 100% of the items shall be determined fair and reasonable prior to any order being processed.</p> <p>If the tailored logistics support purchasing review clause is not applicable, the contracting officer makes 100% fair and reasonable determinations for new items and price changes.</p> <p>The contracting officer reviews 100% of incidental services and negotiates proper scope, pricing, and rates of labor categories prior to commencement of services.</p> <p>If the Tailored Logistics Support Purchasing Review</p>	<p>Monthly pricing reviews, quarterly contract audits, annually audit</p>

**DLAD PGI**

Pricing Model	Initial Price Reasonableness Determination	Post-Award Price Reasonableness Determination	Audits
	<p>reasonable by contracting officer before time of award.</p>	<p>clause is applicable, and the contractor complies with the clause, the contracting officer makes fair and reasonable determinations as follows for new items, price changes, and those items not included in the market basket:</p> <p>-For line items with an extended value of less than “ the micropurchase threshold “, a representative statistical sampling of lines sufficient to provide a 90% confidence level shall be reviewed on post-award basis no later than 60 days after award.</p> <p>-For line items with an extended value of “ the micropurchase threshold “ or greater, the contracting officer makes 100% fair and reasonable determinations of items.</p> <p>If the tailored logistics support purchasing review clause is not applicable, the contracting officer makes 100% fair and reasonable determinations for new items and price changes.</p> <p>The contracting officer reviews 100% of incidental services and negotiates proper scope, pricing, and rates of labor categories prior to commencement of services.</p>	
Fixed price	Competitively awarded	The contracting officer	Monthly pricing

**DLAD PGI**

Pricing Model	Initial Price Reasonableness Determination	Post-Award Price Reasonableness Determination	Audits
<p>utilizing market basket and competition of each order* * e.g. special ops, MRO CENTCOM, Fire Fighting and Emergency Services, Lumber</p>	<p>using best value. Market basket items must represent at least 75% of the anticipated dollar value of the planned acquisition. The prices of all market basket items are determined fair and reasonable by contracting officer before time of award.</p>	<p>competes each order among prime vendors.  [For special operations, fair opportunity is provided to all contractors for all orders “ the micropurchase threshold “ or greater.]  The contracting officer makes 100% fair and reasonable determinations for new items, price changes, and those items not included in the market basket.  The contracting officer reviews 100% of incidental services and negotiates proper scope, pricing, and rates of labor categories prior to commencement of services.</p>	<p>reviews, quarterly contract audits, annually audit</p>
<p>Fixed price utilizing pre-priced core list e.g. integrated prime vendor (IPV)</p>	<p>Competitively awarded core list using best value.  Core list is a percentage of the total item requirements.  Initial Core List items are determined fair and reasonable by contracting officer before time of award.  Only items on the Core List may then be ordered.  Unpriced items representing the balance of total requirements are placed on a Schedule of Unpriced items, which</p>	<p>The contracting officer makes 100% fair and reasonable determinations for price changes or adding an item to the core list from the schedule of unpriced items.  Over time, eventually all requirements identified are expected to be included in the Core List. Only items on the Core List may be ordered.  The contracting officer also reviews 100% of incidental services and negotiates proper scope, pricing, and rates of labor categories prior to commencement of services.</p>	<p>Monthly pricing reviews, quarterly contract audits, annually audit</p>

**DLAD PGI**

Pricing Model	Initial Price Reasonableness Determination	Post-Award Price Reasonableness Determination	Audits
	are not available until priced.		
Tailored logistics support service contract with competition of each order* * e.g. MRO Services	Competitively awarded using best value. Vendors evaluated on price using sample tasks.	The contracting officer competes each order among vendors.	Monthly pricing reviews, quarterly contract audits, annually audit

**PGI 17.9505(a)** Pre-award tools.

Pre-award tools include, but are not limited to, those found at PV tools.

**PGI 17.9507(c)(ii)** Price review tools.

Price review tools include, but are not limited to, those summarized below.

<p>Tailored logistics support contracting:</p> <p>DLA Troop Support may provide a sample of a contract management plan from their subsistence CONUS PV program upon request.</p> <p>Pre-award tools include, but are not limited to the catalog generator, the pre-award competitive pricing tool, the catalog access data base, and the contracting officer portal.</p> <p>Description of tools:</p> <ol style="list-style-type: none"> <li>1. Catalog generator. This tool is used to audit prices and sales. It pulls the entire history of transactions and produces a catalog of all items purchased through the program including the most recently paid price. It is utilized for checking that the scope of the contract is not exceeded and for updating GSA schedule prices.</li> <li>2. Pre-award competitive pricing tool. This tool is used to ensure only appropriate items are requested from vendors and that all items are competitively priced. The tool forwards the request for offers to multiple vendors, receives the offers, flags low prices and shortest lead times, allows the contracting officer to email successful offerors their award information and maintains a history of all offers.</li> <li>3. Catalog access data base. This tool is used to review weekly catalog updates for both price and non-price data. Cross checks for inflations of price in any time period.</li> <li>4. Contracting officer portal. See J71 systems.</li> </ol>
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Price review tools include but are not limited:

1. The quantity variance report.
2. The price exception report.
3. The price audit assistant
4. The vendor markup analysis report.
5. The item price history report.
6. The daily/monthly outlier report.
7. The pricing management application.
8. Contracting officer pricing tool

Description of tools:

1. Quantity variance report. This tool is used to police quantity overage incidents per vendor for each contract. While vendors can increase or decrease order quantities in order to ship in a bundle or truckload, the practice can lead to abuses. The report classifies all transactions into one of 3 categories:
  - A. Ship Quantity < 95% Order Quantity
  - B. Ship Quantity  $\geq$  95% Order Quantity and Ship Quantity  $\leq$  105% Order Quantity
  - C. Ship Quantity > 105% Order Quantity
2. Price exception report. This tool is used to identify transactions at the contract level where the data is incorrect or the vendor has charged more than a fair and reasonable price. It ranks the common items by their change in price over two distinct time periods (in descending order). It also shows the change in price for a particular item from order to order.
3. Price audit assistant. This tool is used to perform monthly price reviews of items purchased recently by customers. The reports show the cost savings/loss at the item level and month level, and help identify instances of paying more than fair and reasonable prices.
4. Vendor markup analysis report. This tool measures the rate of markup from unburdened price to burdened price. Unburdened price reflects the vendor's costs to acquire and manage the items while under its control. Burdened price adds to the unburdened price the profit/overhead and distribution fees of the vendor and the DLA surcharge. Since vendors are required to pass along savings to the customer, the tool is used to ensure customers not pay excessive markup on items. As order price increases, the percent of markup should decrease.
5. Item price history report. This tool is used to review historical item pricing. It identifies items purchased more than once within the specified date range and shows the transactions for each item. A weighted average price is calculated which is used to compare to each transaction's price.
6. Daily/monthly outlier reports. These tools review awarded NSNs and compare unit prices to previously awarded unit prices. A 3% inflation rate is applied to unit prices in the previous year. A NSN is flagged as an outlier if the current unit price

exceeds a previous unit price by 5% or more.

7. Pricing management application. This tool is used to evaluate prices charged against burdened catalog prices for those items. Burdened catalog prices include the DLA cost recovery rate as well as the vendor's distribution fee added to the catalog price.

8. Contracting officer pricing tool. The tool is automated. See the local price analyst and/or J71 systems.

**PGI 17.9507(c)(v) Management tools.**

Management tools for oversight include, but are not limited to the item catalog data base, pricing reviews, pricing audits, refunds, compliance audits, and fill rates.

**PGI SUBPART 17.96 – NON-ECONOMY ACT INTERAGENCY ACQUISITIONS**

**PGI 17.9602 Ordering procedures.**

(a) Non-Economy Act assisted acquisition orders for work and services outside the Department of Defense should ordinarily be executed by issuance to the non-DOD agency of a DD Form 448, "Military Interdepartmental Purchase Request (MIPR)." In those instances where an alternative document such as a DD 1348-1 or -6 is used, it must provide information consistent with the MIPR, to include the purchase request number and the Activity Address Code (DoDAAC). A non-Economy Act order placed by DLA for its own use or in support of a military customer shall comply with the documentation standards in Volume 11A, Chapter 1 of the DOD Financial Management Regulations (FMR).

(b) Non-Economy Act orders using either assisted or direct acquisition methods must be supported with the following, which are the responsibility of the requesting official in a DLA or other Defense activity, with assistance from the DLA contracting activity:

- (1) Conduct market research;
- (2) Perform acquisition planning;
- (3) Prepare the independent Government cost estimate (IGCE);
- (4) Prepare the statement of work (SOW);
- (5) Establish the basis for award, including evaluation criteria;
- (6) Ensure the receipt and compliance of MIPR (or other execution document) acceptance by the supporting non-DOD activity;
- (7) Assist in the technical evaluation;
- (8) Establish the quality assurance plan, which addresses the following:
  - (A) COR/COTR responsibilities for receiving reports/invoices and inspection and acceptance duties;

(B) Contract data requirements list (CDRL) procedures, required reports, deliverables, and contract performance reports;

(C) Property/equipment management;

(D) Contract oversight. (The requesting official will not only include this in the QAP, but will also retain some share of responsibility for oversight of contract performance. See DLA PGI 17.9605(a), below.)

(9) Perform funds management/record-keeping duties, to include:

(A) Draw-down of funds;

(B) Contract reconciliation;

(C) Initiation of action to deobligate unused funds;

(D) Oversight of billing/reporting.

(10) Update all POCs as necessary throughout the acquisition.

(c) Assisted- or direct-acquisition non-Economy Act orders from a customer to DLA must include the following, as must assisted acquisition orders from DLA to a non-DOD agency:

(1) A firm, clear, specific, and complete description of the goods or services ordered. The use of generic descriptions is not acceptable. If the description is contained in more than one document, such as an item listing on one page and a price list on another, the documents should refer to one another, and the obligation document (e.g., MIPR or manual requisition) should be signed by a responsible official from the requesting activity.

(2) Specific delivery or performance requirements.

(3) A proper fund citation.

(4) Payment terms and conditions (e.g., direct cite or reimbursement; provisions of advanced payments).

(5) Department of Defense Activity Address Code (DoDAAC).

(6) In the case of assisted acquisition orders, the DLA order to the non-DOD agency must also include specific non-Economy Act statutory authority, such as the Acquisition Services Fund, through which purchases are authorized to be made from the General Services Administration (GSA) (see 41 U.S.C. 251 et seq. and 40 U.S.C. 501); or Franchise Fund authority (first established by P.L. 103-356, Title IV, section 403; see 31 U.S.C. 501 note), by which other Federal agencies may enlist the support of the Departments of the Treasury or Interior, among others.

(d) For non-Economy Act orders valued greater than the simplified acquisition threshold, the requesting official must provide, for both assisted and direct acquisitions:

(1) Market research and acquisition planning. The DLA contracting officer or other contracting official must either receive the market research and acquisition planning from the requiring activity, or accomplish them him- or herself, and prepare or provide documentation thereof for inclusion in the contract file.

(2) A statement of work that is specific, definite, and certain in terms of both the work encompassed by the order and the terms of the order itself.

(3) Terms, conditions, and requirements to comply with applicable DOD-unique statutes, regulations, directives and other requirements.

**PGI 17.9605 Follow-up procedures for non-Economy Act transactions.**

(a) Oversight. The DLA contracting officer shall ensure, in both assisted and direct acquisitions that the requesting official has established a satisfactory quality surveillance plan for non-Economy Act orders in excess of \$100,000 to facilitate the oversight of the goods provided or services performed by the performing agency. If DLA is making a direct or assisted acquisition on behalf of a customer activity, the DLA contracting officer must ensure that the requestor produces this plan. The plan should include:

(1) Contract administration oversight in accordance with the surveillance plan;

(2) A process for receipt and review of receiving reports and invoices from the performing agency/contractor;

(3) Reconciliation of receiving reports and invoices; and

(4) Requirements for documenting acceptance of the goods received or services performed.

(b) Fund status monitoring. The requesting official (i.e. the customer or program manager, with the assistance of the DLA contracting officer or post-award contracting official, as appropriate) must monitor fund status to:

(1) Monitor balances with the performing agency;

(2) Conduct tri-annual reviews of non-Economy Act orders in accordance with the Financial Management Regulation, Volume 3, Chapter 8, Section 0804, "Tri-Annual Review of Commitments and Obligations," in conjunction with the Financial Management/J8 organization;

(3) Confirm open balances with the performing agency;

(4) Coordinate the return of funds from the non-DOD performing agency in accordance with 17.9604(e); and

(5) Coordinate with the accounting office to ensure timely deobligation of funds.

(c) Payment. In assisted acquisitions, payment shall be made promptly upon the written request or billing of the performing agency/contractor. In assisted acquisitions and under specific conditions, payment to the performing agency may be made in advance or upon delivery of the supplies or services ordered, and shall be for any part of the estimated or actual cost, as determined by the performing agency.

(1) The requesting official and supporting DLA contracting or program office must be cognizant of the performing agency's payment method. Should the performing agency elect to receive advances or conduct advance billing prior to providing goods or services, the requesting official and/or DLA contracting or program office, as appropriate, must comply with the requirements pertaining to advances of public money outlined in Volume 4, Chapter 5 of the "DOD Financial Management Regulation," which implements the general prohibition against advance payments contained in 31 U.S.C. 3324 and 10 U.S.C. 2307. When the conditions under which the advance was made are satisfied, the specific appropriation or law authorizing the advance must be cited on the order, and any unused amounts of the advance shall be collected from the performing agency immediately and returned to the fund from which originally made.

(2) Payments made for services rendered or supplies furnished may be credited to the appropriation or fund of the agency performing the reimbursable work.

(d) Order close-out. All non-Economy Act orders shall be reviewed by the requesting official to determine if they are complete. Completed orders shall be fiscally closed out. The requesting official (or DLA contracting or program office, as appropriate) shall reconcile funds and coordinate the return of excess or expired funds held by the performing agency. This review shall include:

- (1) Determination and identification, if applicable, of any outstanding invoices;
- (2) Determination and identification of existence of excess or expired funds;
- (3) Coordination of return of funds from the non-DOD performing agency, in accordance with 17.9604(e); and
- (4) Coordination with the accounting office to ensure the deobligation of funds.

**DLAD PGI PART 19 – SMALL BUSINESS PROGRAMS**

*(Revised April 18, 2012 through PROCLTR 2012-32)*

**PGI SUBPART 19.14--SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS  
PROCUREMENT PROGRAM**

**PGI 19.1405-90 Service-disabled veteran-owned small business (SDVOSB) set-aside procedures.**

(a) Proper reporting of the use of SDVOSB set-asides in either a manual or an automated environment shall be accomplished through the DLA contract action reporting system (DCARS). See pertinent line-by-line reporting instructions at 53.204-70(c) and (d).

(b) See 19.508 and 19.590 for further guidance on use of the SDVOSB set-aside in the EBS environment and in legacy systems having the capability to apply “cascading logic.”

(c) When market research indicates that only one SDVOSB exists for a given acquisition, the primary criterion for an SDVOSB set-aside (i.e., reasonable expectation of receipt of offers from two or more eligible firms) cannot be fulfilled. In this situation, application of cascading logic could actually prevent award to the SDVOSB, because award will likely be made under the successive set-asides. If diligently performed market research fails to identify two or more SDVOSBs for an item or class of items, it may be appropriate for the contracting officer to remove those buys from automated processing (at the solicitation, as well as the evaluation phase), thus permitting application of SDVOSB sole-source authority.

(d) FAR 19.1405(c) requires that an SDVOSB set-aside shall be withdrawn if no acceptable offers are received from SDVOSB concerns and that, if the requirement remains valid, the procurement will be set aside for small business concerns as appropriate. Approval for the determination that no offers are acceptable, that the requirement remains valid, and whether the requirement will be set aside for small business concerns shall be obtained at one level above the contracting officer, and include written concurrence from the contracting activity’s or office’s small business office on the DD 2579 form.

**DLAD PGI PART 25 – FOREIGN ACQUISITION**

**PGI SUBPART 25.8 - OTHER INTERNATIONAL AGREEMENTS AND COORDINATION**

**PGI 25.802-71 (S-90) End use certificates (EUCs).**

(b) Requests to DLA HQ for EUCs shall show coordination through appropriate local command levels to include supply/demand planning, local Office of Counsel, the HCA or equivalent, and be signed by the Commander or Director. Requests for category I or category II EUC authorization; or a waiver for category III will include:

- (1) Memorandum to J7 requesting authorization of the category I or category II EUC; or a memorandum requesting a Category III waiver from the OUSD,
- (2) Executive summary,
- (3) Draft category I or II EUC for Director, DLA to approve, or
- (4) Draft category III waiver request for Director, DLA to approve.

J72 will process EUC requests or waivers and coordinate within HQ to include J3, DG, and J71. J71 will provide copies of signed EUCs in any of the categories to the appropriate office within OUSD.

(e) Category I EUCs.

(1) The Director, DLA may authorize and sign a category I EUC, or authorize the category I EUC and then delegate signature to the Component Acquisition Executive to sign the individual EUC.

(f) Category II EUCs.

(1) Category II EUCs are sent to OUSD(AT&L), who will notify DLA HQ of any further action required before final authorization of the EUC; otherwise, concurrence can be assumed after expiration of the 21 day period. After the 21 day period or receipt of concurrence by OUSD(AT&L), whichever comes first, the DLA Director may authorize and sign the “Declaration of End Use” or authorize execution of the individual EUC and then delegate signature to the Component Acquisition Executive.

(g) Category III EUCs.

(1) OUSD may likely specify that the agency establish procedures to ensure that any possible transfer of the equipment does not occur without obtaining prior approval from the country that requested the EUC.

(i) It is mandatory that field activities discuss how these restrictions on possible transfer will be met in the memorandum to J7 requesting the waiver and in the Executive Summary.

(ii) If required and necessary, the supply chain/contracting activity may prescribe mandatory labeling, training of customers, and/or certifications from requiring activities, that would make a prior approval requirement highly visible to the customer.

(iii) If DLA cannot ensure that there is a process in place, OUSD may not approve the waiver and/or the Director, DLA may not authorize the EUC.

(2) As specified in 6.1.3, Category III, of the DOD Directive, 2040.3, End Use Certificates, the requests for waiver shall address the following:

- (i) The reason(s) that it is in the best interests of the U.S. Government to procure the item.
- (ii) The limitations to be imposed by the exporting government and a justification for acceptance of those limitations by the U.S. Government.
- (iii) A statement that no satisfactory alternative to the item, considering cost, schedule, or operational requirements, is available from domestic or foreign sources without equivalent limitations.

(3) Once the waiver is approved, DLA HQ J72 will prepare the Category III EUC for approval by the DLA Director who may sign or direct the Component Acquisition Executive to sign the individual EUC.

**PGI SUBPART 25.70 – AUTHORIZATION ACTS, APPROPRIATIONS ACTS, AND OTHER STATUTORY RESTRICTIONS ON FOREIGN PURCHASES**

**PGI 25.7002-2 Exceptions (domestic non-availability determinations).**

(S-90) Requirement.

(a) The Berry Amendment requires designated items be of domestic origin, domestic content, and be manufactured or produced in the United States or its possessions unless an exception applies or unless a determination is made that the product cannot be acquired as and when needed in satisfactory quality and sufficient quantity at U.S. market prices (see DFARS 225.7002-1 for the restriction and 225.7002-2 for exceptions). This general requirement applies to any item of food, clothing (including the materials and components thereof; see DFARS PGI 225.7002-1 for examples distinguishing clothing from non-clothing items), tents, tarpaulins, covers, cotton, and other natural fiber products, woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, including all textile fibers and yarns that are for use in such fabrics, canvas products, or wool, certain items of individual equipment, and hand or measuring tools. The Director, DLA is authorized to make a domestic non-availability determination (DNAD) that will allow purchase of a covered item. Specialty metals, however, are now subject to a separate domestic sourcing restriction contained in 10 U.S.C. 2533b, and nonavailability determinations for specialty metals require USD(AT&L) approval.

(b) When a contracting activity has a requirement for an item covered by the Berry Amendment for which no exception exists, it cannot be bought unless a DNAD is approved. Formal DNAD requests must be submitted to DLA HQ (J72). Contracting activities must first route DNADs through local coordination and review channels. J7 will review the DNAD request, obtain appropriate coordination, and, if appropriate, forward it to the Director, DLA for approval. The contracting activity should submit the entire DNAD package, including the completed Service certifications (see DFARS 225.7002-2(b)(2)(ii)), at least two months before it is needed. Also, if the domestic non-availability is anticipated to be permanent and no alternatives are possible, the field activity should separately prepare a corresponding FAR case for a permanent waiver request to add the item to FAR 25.104, Nonavailable articles, and include reference to that case in the determination and finding document, and the report and recommendation of the contracting activity. As described in more detail below, a DNAD package consists of the following documents: executive summary; determination and findings; letters to the

requiring activities with alternatives; written, certified responses from the requiring activities; report and recommendation of the contracting activity Commander or Director; and warstopper analysis.

(1) Determination and Findings (D&F): This document must concisely focus on the specifics for concluding the item is unavailable domestically. This document must be summary in nature, be no longer than 2 pages, and be prepared with the times new roman 13 point font. Further relevant and supporting details must be included in the report and recommendation of the contracting activity Commander or Director. The D&F must:

(i) Identify the articles or items (or class of items, if applicable) being procured and their domestic availability status.

(ii) Explain whether any Berry Amendment exceptions are applicable and, if they are, explain why they are not adequate to support the requirement.

(iii) Discuss current market research and its results (e.g., market research has not revealed any domestic sources.) A more detailed discussion of the market research efforts and results can be presented in the report and recommendation of the contracting activity Commander or Director.

(iv) Identify the total quantity (including readiness quantities) to be procured and length of time the waiver is needed (e.g., period of contract performance).

(v) Address the DEPSECDEF requirement in DFARS 225.7002-2(b)(2) that the contracting activity analyze alternatives not requiring a Berry Amendment waiver, and the customers' certified written responses that domestic alternatives are not a satisfactory substitute for the requirement.

(vi) Clearly specify any limiting criteria for use of the requested DNAD, such as restricted to a particular contracting program, weapon system, time period, or other condition. DNAD determinations should generally not be limited to a particular garment or item so as to preclude use in a similar garment or item, if the market research and nature of the requirement demonstrate that the nonavailable item or material can reasonably be determined nonavailable for similar garments or items.

(2) The contracting activity's letter to the requiring activity (and all other branches of the services that use the item): 1) advising that the required item requires a waiver to the Berry Amendment; and, 2) describing alternatives that do not require a waiver under the Berry Amendment.

(3) The requiring activity's written response (and written responses from other branches of the Military services that use that item, as applicable), certifying that the proposed alternatives and any other known alternatives not requiring a Berry Amendment waiver are unacceptable and explaining why they are unacceptable. The responses must be signed by an individual with the authority to approve use of an alternate item for the service(s).

(4) Report and recommendation of the contracting activity Commander or Director. This document should be signed by the Commander or Director of the contracting activity (or individual acting in that capacity). It provides for a more comprehensive and lengthy discussion of the facts than the D&F. There is no limit on the length of the report and recommendation of the activity Commander or Director. This report should describe in reasonable detail:

(i) The supply and procurement situation; the contractor's commercial practices; any special or unusual circumstances; results of market research conducted and constraints, if any; the reasonable

conclusions drawn; exchanges between engineering support activities and customers concerning the possible existence of alternative items that do not require a Berry Amendment waiver. Attach copies of market research related documents and any other records, and letters from contractors that explain why they are unable to either obtain the product domestically or identify the source of their product or components (more relevant for prime vendor procurements), as appropriate.

(ii) Potential political ramifications, Congressional involvement, morale issues, small business concerns, mission failure, troop support issues, etc., as appropriate. The discussion must include a procurement impact statement that describes the outcome if the DNAD is not approved.

(iii) The activity Commander or Director must include a finding that the analysis of alternatives and customer's certification that no alternatives are satisfactory is reasonable and acceptable based on the activity's knowledge of the item and market research.

(5) Warstopper analysis. Prior to submitting the DNAD request, ensure an analysis was conducted on the item to determine if the item is a candidate for a Warstopper investment that would result in obtaining domestic availability. Include with the package, even if it did not receive further approval from J74 to proceed as a warstopper project, a clear statement that the item has or does not have wartime demand or Service identified war reserve material requirements and a statement by the Chief of the Industrial Base group that the item has or does not have a reasonable opportunity to implement an industrial base measure that meets the requirements found in the industrial capability program – warstopper program management issuance, program description and approval document.

(c) The contracting activity will provide a copy of their executive summary to J72 as part of their DNAD request, including coordination by the HCA or equivalent and chief or supply chain counsel. A DNAD package will be assembled by J72 for the DLA HQ Senior Procurement Executive's (SPE) submission to the Director, DLA. DLA HQ (J72) will staff the DNAD package for coordination with DLA Acquisition Policy Division (J71), Acquisition Programs and Industrial Capabilities Division (J74), DLA Office of General Counsel (DLA-DG), and DLA Office of Small Business Programs, and process for SPE signature to transmit it to the Director, DLA.

(d) Once the SPE signs the DNAD package, it will be forwarded to the Director, DLA. The Director, DLA will approve or disapprove the DNAD request and advise the DLA SPE of the decision. The SPE will then advise the contracting activity of the decision. J71 will provide a copy of each approved DNAD to USD(AT&L) within 10 days of receiving the determination.

(e) For each DNAD that is granted, the contracting activity is required to submit an annual report in accordance with 25.7002-2(S-90)(c).

(f) The requestor of the DNAD shall also conduct follow-on discussions with J74 concerning the feasibility of a warstopper project that could serve to limit the duration of the DNAD's use.

(S-91) Minimizing Berry Amendment or specialty metals violations.

(a) DLA contractors are becoming aware of the increased attention and visibility that the Berry Amendment domestic source restrictions are receiving, and of the restrictions imposed by this statute, and the DFARS implementing guidance. This heightened awareness has resulted in a number of contractors notifying DLA of their violation of this statute and requesting DLA grant a "waiver."

(b) Identification of potential violations after contract award.

(1) Once aware of a violation, DLA is presented with the challenge of not accepting the non-conforming end item(s) pending waiver consideration in order to ensure no Anti-Deficiency Act (ADA) violation occurs. This not only can result in delayed delivery to the customer, it also may place the contractor in an untenable financial position.

(2) To minimize the impact, the affected contracting activity must quickly analyze the market to verify that no domestic source is available and prepare a DNAD. In this situation, contracting officers must ensure that any DNAD requested is for the minimum time frame needed (but not exceeding the maximum reasonable time period needed) for a contractor or industry to become compliant, if it found that the contractor(s) was unaware of the requirement, but once made aware, can comply with a domestic source within a suitable start-up period.

(3) Specialty metals is now a separate domestic sourcing restriction contained in 10 U.S.C. 2533b, requiring USD(AT&L) approval for any DNADs requested by DLA.

(c) The following preaward steps should serve to minimize potential Berry Amendment or specialty metals violations after contract award. While the potential use of the suggestions below may depend on the size and complexity of the procurement, the suggestions provide a guide for use.

(1) Pre-proposal conference: If a Berry Amendment or specialty metal covered item is to be procured and a pre-proposal conference held, the domestic source restrictions should be highlighted to the attendees. This highlights the importance to the attendees, and allows for the correction of misunderstandings (e.g., different from the Buy American Act).

(2) Full text clause inclusion: The Berry Amendment is implemented by DFARS clause 252.225.7012 (252.225-7014 and its ALT 1 for specialty metals are separate restrictions from Berry) and 252.225-7015 for hand or measuring tools. Many activities incorporate these clauses by reference which requires the contractor to actively research the content of the clause. While it is the responsibility of the contractor to adequately understand all solicitation requirements, including the contents of 252.225-7012/7014/7015, the statutory background of the clause, the heightened attention compliance with the clause is receiving, and the significant difficulties non-compliance presents makes the clause an ideal candidate for full text inclusion in the solicitation.

(3) Plain language: The development and inclusion in solicitations of “plain language” that spells out the Berry Amendment and other domestic source restrictions is a consideration. However, such language must be used with caution and must have DLA HQ approval. Subtle changes in the wording of the domestic source restrictions could be legally and contractually misinterpreted by the contractor, causing conflict with the exact requirements of the clauses at DFARS 252.225-7012/7014/7015. Any such “plain language” wording would need to have significant legal review to confirm that nothing in the developed wording modifies the requirements of the clauses. Additionally, the “plain language” should only address the part of the Berry Amendment or domestic sourcing restriction that applies to the commodity being solicited.

(4) Mandatory discussion Item: When negotiated procurements are conducted for Berry Amendment covered items, domestic source restrictions as identified in DFARS 252.225-7012/7014/7015 should be a mandatory discussion item with the contractor. Contractors should be asked to confirm their understanding of the requirement in the documentation submitted with their final proposal revisions or other submitted documentation.

(5) Preaward surveys: If a preaward survey is required in accordance with FAR 9.106, the contracting activity should consider requesting the survey to also confirm the prospective contractor's ability to trace the origin of materials incorporated into the end product being acquired.

(6) Evaluation factor: The contracting activity can consider whether use of an evaluation factor that determines the contractor's ability to verify the source of materials is appropriate. Additionally, such a factor should be used judiciously, considering the complexity of the manufacturing process and size of the procurement so as not to unduly burden less "at risk" procurements.

(7) Additional considerations: The development or use of a formal contractor certification verifying compliance with the requirements of the Berry Amendment is not authorized (see FAR 1.107). If, however, there is any reason to doubt an offeror's compliance with Berry Amendment requirements during the source selection process, the contracting officer must take steps to verify the offeror's ability and willingness to comply, including making inquiry to the offeror and following up to ensure that offeror responses are adequate to support compliance.

(d) Post award actions relative to the domestic source restrictions of the Berry Amendment or specialty metals restriction fall into 2 general categories: 1) actions that may be taken to ensure continued contractor compliance during contract performance; and 2) action that should be taken once a potential violation is detected. Although it is clearly the performing contractor's responsibility to ensure full compliance with all contract requirements, including the domestic sourcing restrictions specified in DFARS 252.225-7012/7014/7015, DLA can take reasonable steps, where appropriate, to validate the contractor's continuing compliance. Such actions may reduce the potential for violations during performance. Violations detected during performance could result in Government non-acceptance of materials, delaying support to the warfighter, and non-payment to the contractor for the non-conforming items.

(e) Potential actions to ensure continued contractor compliance include:

(1) Domestic sourcing restrictions, especially Berry Amendment and specialty metal compliance should be a discussion item at post award conferences.

(2) The Defense Contract Management Agency (DMCA) is delegated responsibility to review, approve or disapprove, and maintain surveillance of the contractor's purchasing system per FAR 42.302(a)(50). The contracting activities should consider requesting additional on-going DCMA emphasis of the contractor purchasing system's ability to implement domestic source restrictions, and continuing verification of such through random records audits, etc.

(3) Prime vendor (PV) contracts present a unique challenge due to the multitude of parts and supplies that are frequently involved. The opportunity for domestic sourcing violations, particularly Berry Amendment violations, is even greater because of the commerciality of the products provided under these contracts. Contracting activities should consider developing contract provisions that require the PV contractor to periodically assess their suppliers' compliance with Berry Amendment and other applicable domestic source restrictions. The nature and extent of the provisions would depend upon the particulars (i.e., number of items under contract, length of period of performance, extent that supplies to be provided are subject to Berry Amendment restrictions, etc.). Potential alternatives include periodic (e.g., quarterly) review of a certain percentage of total items under contract. The review could be as straightforward as the PV contractor sending the suppliers a standardized sheets explaining the restrictions of the Berry Amendment and other domestic sourcing restrictions and requiring the supplier to notify the prime contractor of any potential violation. The supplier could also be required to acknowledge receipt of the document by signing and returning it to the prime.

(f) Actions taken after contractor notification of a potential Berry Amendment or specialty metals violation:

(1) Verification: Ensure the item in question is subject to the restrictions of the Berry Amendment or other domestic sourcing restriction. Direct the contractor to positively determine the origin of the item in question.

(2) Suspend Government acceptance: The Government, in accordance with FAR 46.407, should not accept items that have non-domestic content in violation of the Berry Amendment or specialty metals restriction. Continued Government acceptance without the required DNAD could create an ADA violation under the Berry Amendment. The contracting activity should consider the issuance of a stop work order pending resolution of the violation. Allowing the contractor to continue performance after notification of the violation could subject the Government to additional claimed contract costs and further exacerbate the violation.

(3) Suspend payment: The contracting activity should ensure the Defense Finance and Accounting Service does not issue payment for non-conforming products nor make any new unauthorized progress payments pending resolution.

(4) Market research: Determine whether the item in question has a domestic source available.

(5) Substitute Product: For those items where it is subsequently determined a domestic source is not available, contracting activities should coordinate the potential use of an alternate item with the technical specification office of primary responsibility.

**PGI 25.7003-2-91 Specialty Metals.**

(a) Refer to Undersecretary of Defense (AT&L) memorandum, “Berry Amendment Compliance for Specialty Metals”, June 1, 2006.

(b) Refer to DCMA instruction of March 10, 2006, “Interim Instruction: Noncompliance with the Preference for Domestic Specialty Metals Clause, DFARS 252.225-7014”.

**PGI SUBPART 25.74 - DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES**

**PGI 25.7402 Contractor operations in the U.S. Central Command (CENTCOM) Area of Operations (AOR).**

**PGI 25.7402-4 Contract clauses.**

(a) In accordance with DFARS PGI 225.7402-4, use the clause provided by Class Deviation 2007-00010, Implementation of the Synchronized Predeployment and Operational Tracker (SPOT) to Account for Contractor Personnel Performing in the United States Central Command Area of Responsibility, that require contractor personnel to perform in the U.S. Central Command (USCENTCOM) Area of Responsibility (AOR), unless - -

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(1) DFARS clause 252.225-7040, Contractor Personnel Authorized to Accompany the U.S. Armed Forces, is already included in the contract and all personnel performing under the contract are covered by the clause;

(2) Both the DFARS clause 252.225-7040 and the clause provided by DoD Class Deviation 2007-O0010 are not required as described in DFARS PGI 225.7402-4(a)(ii);

(3) The total dollar value of the acquisition is \$25,000 or less and the period of performance is less than 30 days, (Note: for subcontracts whose period of performance is less than 30 days the requirements of clause in Class Deviation 2007-O0010, paragraph (g) are not applicable); or,

(4) The personnel are solely engaged in the production of supplies or their associated overhead functions. (Note that personnel performing services associated with the acquisition of supplies, such as delivery services, are covered.)

(b) CENTCOM AOR countries are listed in the USCENTCOM AOR document.

### **PGI 25.7402-90 Procedures for submission of private security contractor (PSC) plans.**

(a) Requests for PSC plans may apply at any contractor or subcontractor tier.

(1) The supply chain/contracting office, with the concurrence of local counsel, shall submit a complete request package to DLA General Counsel with notification to DLA Acquisition (J7). The Director, DLA Acquisition (J7), shall provide management and oversight of the review and approval process. DLA General Counsel shall review and approve any PSC plans before they can be submitted to CENTCOM for its final review and approval.

(2) The most recent version of the Contracting Officer's Guide to Special Contract Requirements for Iraq/Afghanistan Theater Business Clearance Dated: November 25, 2007, (PSC clause on page 16) provides information on supplemental DFARS clause language and statement of work text for solicitations and contracts requiring PSC plans. See also the USCENTCOM PSC policy for civilian and contractor arming and delegation of authority for Iraq and Afghanistan as found in the November 6 and 7, 2007 USCENTCOM messages.

(3) Updates to an approved PSC. For changes to existing approved PSC plans, such as updating the list of guard personnel:

(b) The contracting officer shall submit a request for approval of a revised plan to local Office of Counsel. If the update concerns guard personnel, the request will include any prior authorization memos for the guards and private security company, a spreadsheet showing the previously approved guards who should be removed from the list and the new guards being proposed, individual files for each current or proposed guard, and a letter from the PSC verifying the guards on the updated plan are employees of the company and are authorized to carry a firearm in Iraq or Afghanistan.

(c) After local Office of Counsel has reviewed, submit to HQ DG for review/approval.

(d) DLA HQ General Counsel shall submit approved plan updates to CENTCOM (MNC-I or CJTF-82).

(e) Contract administration delegation procedures.

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(1) For submission of contract administration delegations, provide the following items to JCC-I/A and follow the OUSD (AT&L)/ DPAP memo of February 26, 2008:

- (i) Sample delegation request,
- (ii) Contract administration tracker,
- (iii) Matrix of functions,
- (iv) Data package for contract delegation, and

(v) Sample SF30 for further assignment of contract administration to DCMA if indicated by JCC-I/A. If a FAR 42.302(a) function in the matrix does not apply, there is no need to note this; just specify the functions not to be delegated.

### **PGI 25.7403-1 General.**

(e) For information and guidance relating to DoD antiterrorism/force protection policy for DLA contracts that require performance or travel outside the United States contact DES-SO, antiterrorism program manager, DSN 427-5400 or commercial (703) 767-5400.

### **PGI SUBPART 25.78- ACQUISITIONS IN SUPPORT OF GEOGRAPHIC COMBATANT COMMAND'S THEATER SECURITY COOPERATION EFFORTS**

#### **PGI 25.7801-90 (c) Vendor registration and vetting.**

(1) The contracting officer shall ensure that all solicitations and resulting contracts with performance requirements in the CENTCOM Theater of Operations shall include written notice that all non-U.S. offerors, and all proposed non-U.S. subcontractors, must be registered online at the Joint Contingency Contracting System (JCCS) website in order to be eligible for award.

(i) Contracting officers issuing a solicitation for contracts with performance requirements in the CENTCOM theater of operations must register for an account in JCCS and must complete system training requirements prior to release of the solicitation. Instructions for account registration and training can be found online at <http://www.jccs.gov>.

(ii) Prior to the award of any contract with a performance requirement in the CENTCOM theater of operations, to a non-U.S. company, the contracting officer shall use the information obtained from JCCS to assist in conducting a responsibility determination of the company in accordance with FAR Part 9.

(A) In accordance with FAR 9.104-4, the contracting officers may directly determine a prospective subcontractor's responsibility. DLA contracting officers shall use the information obtained from JCCS to assist in conducting a responsibility determination for all non-U.S. subcontractors being proposed by prime contractors in responses to solicitations with performance requirements in the CENTCOM theater of operations.

(B) Information from JCCS shall be used to assist the contracting officer in determining whether a contractor meets the general standards outlined for responsibility found in FAR 9.104-1, and shall not be used to establish undisclosed evaluation award criteria.

(2) The contracting officer should proceed to award the contract when he/she is able to make a determination that a prospective contractor is presently responsible and information received from JCCS supports such a determination (i.e. C2X approved). Information received from JCCS to support the award determination shall be included in the official contract file with the contracting officer's determination of responsibility.

(3) The contracting officer shall withhold award of a contract to a prospective contractor and coordinate with J72 when information from JCCS does not support a finding that a prospective contractor is presently responsible or when a prospective contractor, or its subcontractor, has not registered in JCCS (i.e. not sent to C2X, C2X rejected, or sent to C2X). When communicating on this matter, extreme care shall be taken not to discuss specific details over non-secure means.

(4) If the contracting officer determines the need to pursue additional vetting, then the following steps will be taken:

(i) Request for expedited vetting:

(A) After ensuring all required vendor data has been entered into JCCS, the contracting officer will immediately alert their assigned DLA HQ J72 analyst and DLA HQ DI (NiPR email: [diacounterintelligence@dla.mil](mailto:diacounterintelligence@dla.mil)) before forwarding requests for expedited vetting. The assigned DLA HQ J72 analyst after consulting with DLA HQ DI will instruct the contracting officer on how to submit the request (specific email addresses) and recommend an appropriate security classification in accordance with Department of Defense Instruction (DODI) 5200.01.

(B) The request includes either initially urgent requests or normal requests that become urgent. A request is considered urgent when the customer informs the contracting officer in writing that a delay will have cause severe operational impacts outweighing the risk of awarding to a potential rejected contractor.

(C) Once the request is received, the DLA HQ J72 analyst and DLA HQ DI representative will consult with the senior contracting office – Afghanistan (SCO-A) vetting representative to ascertain the criticality of the requirement.

(1) If all concur, the DLA HQ J72 analyst will forward the request to the DLA HQ J7 Director for coordination before officially submitting to the SCO-A vetting representative.

(2) If not, then the DLA HQ J72 analyst and DLA HQ DI representative will contact the contracting officer to discuss and determine whether additional information is needed and/or the request cannot be forwarded to SCO-A at the present time.

(D) Request for re-vetting or re-assessment:

(1) In the event the apparently successful offeror or contracting officers become aware of any contractors or subcontractors on existing contracts who have been vetted and are given "rejected" eligibility, the contracting officer will immediately contact their assigned DLA HQ J72 analyst. Being careful not to disclose sensitive or classified information, the contracting officer will convey the fact, he/she would like to discuss, "a C2X rejected vendor associated with [provide solicitation number or

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name of acquisition].” The J72 analyst will set-up and schedule a secure means to communicate with the contracting officer and gather additional information.

(2) The assigned DLA HQ J72 analyst will contact DLA HQ DI and the senior contracting official – Afghanistan’s (SCO-A) vetting representative to confirm the apparently successful offeror is rejected. If time permits, the J72 analyst or DI may request U.S. CENTCOM re-assess the rejected vendor. Re-assessments normally take at least 90 days to complete.

(3) Once the rejection is confirmed, the assigned DLA HQ J72 analyst will coordinate with the contracting officer, DLA HQ DI, General Counsel, and other concerned offices as required, to schedule a secure conference to discuss the matter.

(4) The contracting officer will file the request(s) in the official contract file.

(5) The contracting officer will have the following information ready to discuss as a minimum:

(i) Executive overview of the program and acquisition;

(ii) Brief history of the competition; and

(iii) The desired outcome, for example, either pursuing an exception to policy or awarding to the next apparently successful offeror with a C2X approved rating, along with justification supporting the position.

(6) The contracting officer will carry out the action decided at the meeting with the assistance, as needed, of DLA HQ J72 analysts and DLA HQ DI, and document the file accordingly, to include documentation of requests.

(5) Applicable clauses.

(i) The following clauses are to be incorporated into solicitations and contracts with an estimated value of more than \$100,000 that are being, or will be, performed in the U.S. Central Command Theater of operations. This requirement applies to all such contracts that will be awarded on or before December 31, 2014.

(A) DFARS 252.225-7993, Prohibition on Contracting with the Enemy in the United States Central Command Theater of Operations (DEVIATION 2012-O0005)(JAN 2012)

(B) DFARS 252.225-7994, Additional Access to Contractor and Subcontractor Records in the United States Central Command Theater of Operations (DEVIATION 2012-O0005)(JAN 2012)

(6) Reporting requirements.

(i) Sections 841(e) and 842(b) of the fiscal year (FY) 2012 National Defense Authorization Act (NDAA) require the Secretary of Defense to submit a report of the use of these authorities each year, no later than March 1, in calendar years 2013, 2014 and 2015. Department of Defense (DoD) components shall submit their information to Defense Procurement and Acquisition Policy (DPAP) for a departmental report.

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(A) DLA Headquarters (HQ) J71 will consolidate the reporting information for submission by DLA HQ J7 to DPAP.

(B) Each contracting office component shall submit the following information to DLA HQ J71 by January 15, in calendar years 2013, 2014 and 2015. Once all responses are received, DLA HQ J7 will submit a consolidated enterprise response not later than February 1 in calendar years 2013, 2014 and 2015.

(ii) Reporting period and due dates: Reports are to be submitted to DPAP covering each of the periods:

(A) January 1, 2012-December 31, 2012 - due to DPAP not later than January 31, 2013.

(B) January 1, 2013-December 31, 2013 - due to DPAP not later than January 31, 2014.

(C) January 1, 2014-December 31, 2014 - due to DPAP not later than January 31, 2015.

(iii) The reports will contain the following information:

(A) Section 841: The number of instances in which this authority was exercised to restrict, terminate, or void contracts, grants and cooperative agreements, and the basis for the actions taken for each instance.

(B) Section 842: The number of instances in which this authority was exercised to examine records. The basis for the action taken for each instance and a summary of the results of any examination of records so undertaken.

(iv) Reporting format: Reports are to be submitted to J71 as a Microsoft word document and contain the following:

(A) The reporting period.

(B) Instances in which the authority was exercised during reporting period with the following information:

(1) Contract number and value of each instance;

(2) Description of action taken for each instance; and

(3) Results of action taken for each instance,

(v) DLA HQ J71 will consolidate the information into a single report and add the official cover letter to be signed by the Director, DLA Acquisition.

**DLAD PGI PART 28 – BONDS AND INSURANCE**

**PGI SUBPART 28.3 – INSURANCE**

**PGI 28.305 Overseas workers compensation and war hazard insurance.**

(a) Requests for waiver of Defense Base Act requirements must be made in writing on Form BEC 565, Request for Waiver - Defense Base Act. Prepare requests in accordance with FAR 28.305(d) and DFARS PGI 228.305(d). Contracting offices seeking a waiver shall prepare the request for waiver, staff it in accordance with local policy (including, at a minimum, coordination by the servicing Office of Counsel), and send it to the Agency labor advisor in the Acquisition Policy Division, J71, who will staff it for signature. Requests for waiver will be signed by the Director, DLA Acquisition (J7), who has delegated agency head authority. Following signature, J71 will send the Form BEC 565 and other pertinent information to the Director, OWCP, U.S. Department of Labor, ESA/OWCP, Division of Longshore and Harbor Workers' Compensation, 200 Constitution Avenue NW, Room C-4315, Washington, DC 20210, with a copy to the DPAP staff. J71 will notify the contracting office when approval or disapproval is received from the Department of Labor.

(b) Copies of the Form BEC 565 may be obtained in writing from the Director, Division of Longshore and Harbor Workers' Compensation, at the address above, by e-mail, or by calling (202) 693-0038. For detailed answers to questions about the Defense Base Act see the DOL website: <http://www.dol.gov/esa/owcp/dlhwc/DBAFaqs.htm#content> .

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**DLAD PGI PART 32 – CONTRACT FINANCING**

**PGI SUBPART 32.9 – PROMPT PAYMENT**

*(Revised June 7, 2012 through PROCLTR 2012-37)*

**PGI 32.908-92 Constructive acceptance.**

(a) The buyer shall fill in the blank based on the requisition’s stated number of calendar days needed for acceptance. The buyer may question the need for extending the period for constructive acceptance and ask for justification from the requiring activity.

(b) The following matrix can be used to determine the number of days needed for constructive acceptance based on the inspection code cited on the requisition. Contracting officers may use a different period than those stated in the table, if a more appropriate period is determined.

Constructive Acceptance Matrix Nonnuclear

Inspection Level	Standard acceptance days allowed
1	40
2	60
3	25
4	7
5	60
6	7
7	30

Code definitions for inspection level:

- 1 – All non-nuclear level 1 material. Inspection is in accordance with applicable receipt inspection procedure (RIP).
- 2 – Non-nuclear level 1 material for which an RIP is invoked.
- 3 – Non-nuclear level 1 material with no RIP, but technical receipt inspection is desired.
- 4 – General receipt inspection-all items not covered above.
- 5 – Used to identify class 3 or 4 industrial plant equipment which is to be inspected at the end use location by code 380 personnel.
- 6 – To be determined by DLA Land and Maritime
- 7 – Hazardous material, as defined in the technical data.

**DLAD PGI PART 39 – ACQUISITION OF INFORMATION TECHNOLOGY**

**PGI SUBPART 39.90 – PROCEDURES, APPROVALS, AND TOOLS**

**PGI 39.9003 IT Miscellaneous portals and tools.**

The following provides references to IT laws and regulations (for FAR and DFARS links, see the beginning of Part 39), policy and procedures in alphabetical order. In addition, various IT tools are located here

Brand Name Specification acquisitions have special posting, solicitation, documentation and approval requirements (see FAR 5.102 and 11.105). Concerning Federal Supply Schedules(FSS), see FAR 8.405-1 and 8.405-6; for non-FSS see FAR 6.302-1, 13.106-1 or 13.501. See 39.9001 (i)(1) and 39.9002 (a)(6).

Information Technology Capability Request (ITCR) web form managed within the DLA IT Investment Portfolio. The ITCR captures a description of required capability, mission need, capability gaps, market research, funding information, security and compliance.

Defense Acquisition Guidebook – The purpose of the Guidebook is to provide members of the acquisition community and our industry partners with an interactive, on-line reference to policy and discretionary best practice. Consider the Guidebook a valuable resource as you design your program.

DLA Information Technology Solutions Document – IT Solutions are components that are identified and used as common building blocks across DLA to provide services that support the DLA mission.

The objectives of these solutions are to: reduce acquisition costs, increase security, ensure interoperability, and promote information sharing. Common IT solutions represent solutions that have been widely accepted both within the market and within DLA.

The purpose of presenting solutions as part of the DLA Information Technology Architecture is to simplify procurement decisions at all levels and to promote seamless interoperability both within DLA and between DLA and the greater Department of Defense community.

While there will always be niche, specialized requirements, the common support solutions presented here should satisfy about 95 percent of user’s functional information technology requirements. Section 2 of this document identifies a set of minimum configurations for various types and classes of computing platforms used within the Agency. The remaining sections describe common support solutions in four broad categories: web environment solutions, corporate applications solutions, infrastructure solutions, and solutions related to specific DoD level systems.

Solutions must respond to a myriad of complex functional requirements depending upon the specific organization environment and mission needs. Elements of one solution may also be part of other solutions. For example, Microsoft Outlook 2003 is part of the Productivity solution in the office environment. It is also the solution to workflow and group scheduling. See 39.9001 (i).

DLA Issuances – Documents DLA policies, processes, and procedures on a single web site. DLAD 5025.30, a major component of the DLA Issuances System, is comprised of many process chapters. See 39.9001 (g) and 39.9002 (b).

DLA Issuance on IT Requirements Analysis: The purpose of this chapter is to document the steps involved in introducing Enterprise IT requirements and solutions into the Agency and performing a

capabilities analysis prior to approval and implementation. It describes mandatory and discretionary steps, and management controls for analyzing proposed IT investments and requirements.

DoD 5000 Series – The DoD Directive 5000.1, Defense Acquisition System, the DoD Instruction 5000.2, Operation of the Defense Acquisition System and much more.

DoD Directives 8500.1 and 8500.2 – Information Assurance and Implementation.

DoD Enterprise Integration Toolkit – Contains a Roadmap to follow in the development of your component architecture and COTS acquisition and implementation projects. It includes templates, checklists, and other tools to help one's project be successful.

DoD Enterprise Software Initiative (ESI), SmartBuy, and Enterprise Resource Planning. See 39.9001(g).

The Enterprise Software Initiative (ESI) is a joint initiative designed to implement an enterprise software management process within the Department of Defense (DoD).

All software purchases within DoD, regardless of the dollar amount or payment method, must be made via an Enterprise Software Agreement (ESA), if one exists covering the requirement (see DFARS 208.74 and DFARS PGI 208.7403), unless the acquiring activity obtains a waiver from ESI per DFARS 208.74 and DFARS PGI 208.7403(5)(iii).

ESAs are agreements negotiated by the DoD ESI team with software vendors for the DoD and often for the GSA SmartBUY program as well. The Navy is the Executive Agent for ESI but each participating Component has a designated technical area of responsibility for contracting activities. By pooling software requirements and presenting a single negotiating position to leading software vendors, ESI provides pricing advantages not otherwise available to individual services and agencies. Over the course of seven years, ESI has resulted in over a billion dollars in savings attributable to cost avoidance.

SmartBuy is a federal Government-wide software enterprise-licensing project developed by the General Services Administration (GSA), in coordination with the Office of Management and Budget. Its purpose is to consolidate the purchasing power of the federal government by focusing volume requirements to obtain optimal pricing and preferred terms and conditions for widely used commercial-off-the-shelf software. This effort was formally begun on June 5, 2003, with the release of the OMB SmartBUY letter to all agencies. GSA is the Executive Agent for SmartBUY, and is leading the interagency team in negotiating government-wide licenses for software.

Enterprise Resource Planning (ERP) is most commonly referenced in the context of commercially available software systems. ERP systems provide an integrated suite of information technology applications that support the operations of an enterprise; they are not limited to planning functions. The activities supported by ERP systems include all core functions of an enterprise, including financial management, human resources management, and operations. Increasingly, ERP vendors are offering “bolt-on” products that provide specialized functionality to augment the core, such as Advanced Planning and Scheduling and Customer Relationship Management.

Escrow Service Agreements – Triparty agreements in which a third party holds the source code of software in escrow and only releases it to either other party based on specific terms of the agreement. Here is a sample escrow service agreement.

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General Services Administration (GSA) – Here is a link to the GSA, which provides many services and functions. Specifically, it provides for GSA contracts (including IT contracts) and schedules (Multiple Award Contracts and Federal Supply Schedules) See 39.201 (b) and 39.9001 (b).

Privacy Act - The Act requires that when an agency contracts for the design, development, or operation of a system of records on individuals on behalf of the agency to accomplish an agency function the agency must apply the requirements of the Act to the contractor and its employees working on the contract. Review FAR 24.1 and DFARS 224.1.

**DLAD PGI PART 47 – TRANSPORTATION**

**PGI SUBPART 47.3 – TRANSPORTATION IN SUPPLY CONTRACTS**

**PGI 47.305-8 Distribution planning and management system (DPMS) contract candidates.**

For DPMS contract candidates for which the contractor agrees to participate, use a bilateral modification to delete FAR clause 52.247-32 F.O.B. Origin Freight Prepaid and/or 52.247-65, F.O.B. Origin Freight Prepaid Small Package Shipments, as applicable, and insert FAR clause 52.247-29 F.O.B. Origin, and Clause 52.247-9011 Distribution Planning and Management System (DPMS) Pilot.

**PGI 47.305-10 Shipping instructions.**

(a) These instructions are published for informational purposes to assist the contractor/carrier in assuring proper delivery at the freight destination designated in the contract. Information is subject to change without notice; therefore, applicable carriers' tariffs should be consulted. Due to limited unloading accommodations at most receiving activities, failure to comply with delivery scheduling requirements can delay unloading and receipt and may result in refusal/rescheduling of delivery.

(b) F.o.b. destination offerors are cautioned that selection of mode of transportation is their option unless other shipping instructions are directed. Shipments from contractor sources under f.o.b. destination terms will strictly adhere to tailgate delivery of truck shipments. Destinations shown in the solicitation/award or hereunder apply for all modes of transportation unless specifically designated. Rail carriers shown opposite the applicable mode destination have direct physical interchange with Government trackage. Tariffs must be consulted for other rail carriers when reciprocal switching applies.

(c) Important: Commercial and government shipping documents must be annotated to alert the carrier, when required as noted below, to coordinate and schedule movement of supplies to consignee. Except as otherwise provided, shipping documents and freight shipments will be mailed and/or consigned to the transportation officer. Shipper will advise carrier of any charges for services required or detention incurred by the consignee. Those charges will be billed to the consignee by the delivering carrier.

(d) Unless otherwise provided, all shipments to contiguous United States (CONUS) storage and receiving activities require a report of shipment (Repship) for all carload/truckload shipments weighing 20,000 pounds or more or a shipment of less weight which occupies the full visible capacity of conveyance utilized. To preclude refusal of shipments and avoidance of demurrage or accessorial charges, contractor's Repship notice (FAR clause 52.242-12) shall be transmitted by rapid means to be received by the consignee transportation officer at least 24 hours prior to arrival of the shipment.

(e) The following information is requested on all shipping documents consigned to stock locations listed in paragraph (f) below to accommodate proper scheduling and receipt: bill of lading number, shipper's name, consignee, total number of pieces, weight and cube of each shipment, national stock number (NSN), procurement contract number, and contract line item number. These instructions are in addition to any listed below for individual locations.

(f) Additional instructions for CONUS activities, if any, are set forth below.

FY2030 deleted, see SW3211

FY2041 deleted with no replacement

FY2050 deleted with no replacement

FY2060 deleted, see SW3119

MMSA01 deleted, see SW3121

N00146 deleted, see SW3113

N00189 deleted, see SW3117

N00244 deleted, see SW3218

N00406 deleted, see SW3216

N68836 deleted, see SW3122

SW0400 Transportation Officer  
Defense Distribution Depot Richmond  
Chippenham Parkway, Route 150 Entrance  
Gate 13, Building 54, B Bay, 2<sup>nd</sup> Street  
Richmond, Virginia 23297-5900

(a) Contractors anticipating multiple truckload shipments should call to schedule appointments as far in advance as possible to the specified contract delivery date (CDD) indicated in the contract/purchase order by calling the appointment desk at (804) 279-3834/3835. The following information is required when calling: Commodity, carrier (if known), total number of shipping containers, and gross weight. The appointment number must be displayed on shipping papers (bills of lading), when delivery is made.

(b) A shipment of 10,000 pounds or more must be scheduled at least 24 hours in advance. Appointment dates will be the first available date, depending on shipments already scheduled and depot receiving capability. Receiving hours for bulk deliveries are from 0730 to 1430. Call for delivery appointment 24 hours in advance. Pickups are from 0730 to 1700. Annotate bills of lading with the following: "Call (804) 279-3834/3835 in advance to schedule delivery and obtain an appointment number." The following information is required when calling: Commodity, carrier, total number of shipping containers, and gross weight. The appointment number must be displayed on shipping papers or bills of lading, when delivery is made.

(c) Carriers making deliveries will use only Gate 13, located off State Route 150, Chippenham Parkway, 1/4 mile west of U.S. Highway 1 and 301, between 7:00 a.m. and 2:00 p.m., Monday through Friday, excluding holidays.

SW0700  
Transportation Officer  
Defense Distribution Depot Columbus, Building 41-1  
3990 East Broad Street  
Columbus, Ohio 43213-5000

Truck entrance is on Yearling Road, off Outerbelt 270, North Hamilton Road Exit. Delivery hours are between 7:00 a.m. and 2:00 p.m., Monday through Friday, excluding holidays. Any deviation to the above must be with the dispatcher, telephone (614) 692-3358.

SW3113

Defense Distribution Depot Cherry Point  
Langley Road, , Building 147, Bay A  
Cherry Point, North Carolina 28533-5040

Receiving hours are 0630-1100 for closed van TL/LTL shipments. There are no exceptions. Receiving hours are 0700 - 1330 for flatbeds. A delivery appointment is required for unload all TL / LTL shipments. The appointment must be made 24 hours in advance. Drivers will be allotted a time slot with a 10 minute lead. Air freight does not required an appointment. Call (252) 466-2664 for an appointment. Arrival must check in at the inbound receiving office. Carriers delivering A&E are required to call ordnance at least 30 minutes prior to arrival by calling (252) 466-6725. After hours, A&E carriers should call (252) 466-3616. All ordnance shipments will be delivered to building 1290.

SW3117  
Receiving Officer DDNV E  
Defense Distribution Depot Norfolk  
1968 Gilbert Street, Building 135, Dwy 10  
Norfolk, Virginia 23512-0100

No prelodgement required for 3 pallets or less and/or 1500 pounds or less. Note: Deliveries in excess of 3 pallets must schedule an appointment 24 hours in advance prior to 11 a.m. for delivery on the next business day. Call (757) 443-3160 or (757) 443-3161. Refer to note 11. Use SV3117 for inbound classified shipments only.

Attention drivers: Trucks with four or more axles will be banned from 4 p.m. until 6 a.m. on Hampton Boulevard, between Norfolk International Terminals and the Midtown Tunnel. Trucks will also be banned during the same hours on all of Granby Street and most of Church Street. Trucks will be banned at all hours on Colley Avenue from the north end of the bridge over Colley Bay in Larchmont to downtown and also on small portions of Jamestown and Surrey crescents. Truckers violating the ban will receive a traffic ticket with a fine.

SW3119  
Transportation Officer  
Defense Distribution Depot Warner Robins  
455 Byron Street, Building 376  
Robins Air Force Base, Georgia 31098-1887

Warner Robins, Georgia (Rail) (GSF)

Delivery is by appointment only. Carriers must call (478) 926-2325 or (478) 926-4045, 24 hours in advance of delivery for an appointment. Carriers arriving without an appointment will receive an appointment for the earliest available delivery time. Fax Repships to (478) 926-6134/DSN 468-6134. Normal receiving hours are 0730-1330 Monday through Friday, excluding holidays. Normal shipping hours are 0730-1830 hours Monday through Friday, 0730 – 1500 hours Saturday.

Consign unclassified materiel to FB2065.  
Consign classified materiel to FY2066.  
Consign SBSS materiel to FE2067.  
Consign materiel marked for FX Account to FX2065.  
Consign weapon shipments to SW3120.

Aircraft engine shipments: Request exclusive use of vehicles when shipping aircraft engines to Robins Air Force Base, Georgia.

Note 1, Note 3, Note 4, Note 11: Shippers of Radomes-C130-Nose Cones; Blades-Propeller Helicopter; Stabilizers-C-130 and C5 aircraft; and skin - A/C C130 and C140 aircraft are requested to utilize flatbed trailers for movement to Robins Air Force Base (AFB).

SW3121  
Transportation Officer  
Defense Distribution Depot Albany  
814 Radford Boulevard, Building 1221, Bay 5  
Albany, Georgia 31704-1128

Dosage, Georgia (Rail) (CSX, SOU)

Note 1, Note 5, Note 11: The carrier needs to call 24 hours in advance for delivery appointment. The commercial phone is (229) 639-5860. Hours of receiving operation are 0730 to 1500 Monday through Friday. Appointments are mandatory. Carriers without appointments must go to the end of the line. If there is a problem, contact the Transportation Lead at (229) 639-5913/5874 or call (229) 639-5848. All DOD shipping activities when shipping 20/40 foot containers will notify DDAG 48 hours in advance so equipment can be set up for offloading.

Motor segment has (fill-in special instructions). All inbound T/L deliveries require an appointment 24 hours in advance. Call the dispatcher at (229) 639-5860. Leave a message after hours. Receiving hours are 0730-1300 Eastern Standard Time (EST).

Rail segment has (fill in special instructions). MCLB Albany has the capacity to stage up to 500 rail cars in our yard. GFRR is the local short line.

SW3122  
Transportation Officer  
Defense Distribution Depot Jacksonville  
Swan Road, Building 175  
Naval Air Station  
Jacksonville, Florida 32212-0103

Carrier/Vendor must obtain appointment by calling (904) 542-0189. There is no Friday delivery.

SW3210  
Distribution Depot Hill (UP)  
7537 Wardleigh Road, Building 849w  
Hill Air Force Base, Utah 84056-5734

Classified material is shipped to SW3220 DDHU-SAB, building 845 Bay H, 7837 Wardleigh Way, Hill Air Force Base, Utah 84056-5713. Receiving hours for Building 845 and the Central Receiving Building 849 are 0700-1430 Monday through Friday. DDHU has the capability to handle sealift containers without a chassis.

Motor segment has (fill in special instructions). Receiving hours are 0700-1430 Monday through Friday. The ammunition shipment driver needs to arrive on base no later than 12 noon.

SW3211  
Central Receiving  
Defense Distribution Depot Oklahoma

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**DLAD PGI**

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3301 F Avenue, Building 506, Door 22  
Tinker Air Force Base, Oklahoma 73145-8000

All commercial trucks (except Ammo) must enter through Gate 33. Take I-240 to South Air Depot Boulevard exit (exit #9), go north to Southeast 59th Street, turn right to gate.

Shipping Duty Hours are 0700-1700 hours Monday through Friday. The location is the northwest end of Building 506, Avenue "H". Receiving Duty Hours are 0700-1330 hours Monday through Friday. Appointments are required 24 hours in advance for FAK shipments. Appointments are required 48 hours in advance for Hazmat and Classified shipments. For receiving hours for "MICAP" or "Expedited Service" shipments arriving after 1330 or on weekends, call DLA Command Post at (405) 739-2488 for delivery disposition. The base entrance for AA&E shipments is Gate 29 on Douglas Boulevard off of Interstate-40. After duty hours, contact the DLA Command Post at DSN: 339-2488/2768 or Commercial phone number (405) 739-2488/2768.

SW3215  
Defense Distribution Region West  
Distribution Depot Barstow  
Central Receiving Warehouse 7  
Barstow, California 92311-5014

Yermo, California (Rail) (ATSF, UP)

Receiving hours are 730-1430 Monday thru Friday. This installation can offload containers with or without chassis. Consign any rolling stock or any cargo requiring crane off load to SW3115 - this is the annex base. Classified cargo should be consigned to SV3215.

Note: This installation does not allow any explosives on base. Contact (760) 577-6521 or (760) 577-6304 prior to consigning any amount of explosives to this depot. There are no exceptions to this requirement. Shipments that are misconsigned to this installation with explosives will not be accepted.

Motor segment has (fill in special instructions). Receiving hours 730-1430 Monday thru Friday. This installation can offload containers with or without chassis.

Rail segment has (fill in special instructions). Consign rail shipments to West Yermo Annex. Repship required.

Air segment has (fill in special instructions). Call 24 hours in advance for delivery appointment. For rolling stock, security material, hazardous or radioactive shipments, call (760) 577-7698 or -7699. For all other cargo, call (760) 577-6667 or -6442.

SW3216 (BN)  
Receiving Officer  
Defense Distribution Depot Puget Sound  
Building 467, W Street  
Bremerton, Washington 98314-5130

Note 11: Receiving hours are 0700-1100 Monday through Friday. FedEx carriers will call for a delivery appointment to (360) 476-7850. Foreign national drivers not accepted. AA&E is not accepted. Host security requires copy of I-9 Form and originals of supporting documentation for entry. Truck inspection hours are 0600-1630 for ingress, 0600-1730 for egress.

SW3218  
(ATSF, DIV)  
Receiving Office  
Defense Distribution Depot San Diego  
2680 Woden Street, Building 3304  
San Diego, California 92136-5491

Note 6: All AA&Es consigned to N00246 should be delivered to NAS NI Weapons Dept., B-744, San Diego, CA 92135, Phone DSN 735-9396 or Commercial (619) 545-9396.

Note 11: Classified material for SW3218 and SW3205 is to be delivered to DDDC Central Receiving Building 3304, 2680 Woden Street, San Diego CA 92136.

Notes 11, 12 REPSHIP is to be faxed to (619) 556-7453 (receiving) and also fax to the classified custodian at (619) 556-9085 or email information. Receiving hours are 0600-1200 Mon-Fri (except holidays). The phone is (619) 556-7878 / 5272. TL and LTL vanload shipments shall be received at Building 3581. Flatbeds, stake beds and other non-van loads check in at Building 3581 for area offload assignment. Small parcel shipments shall be delivered to building 3304. MPC small parcel shipments shall be received at Building 3304, Door 7. MTIS material shall be received at Building 322. Menlo Worldwide is on site at DTCI Coordinator Building 3581, phone (619) 556-2982.

Motor segment has (fill in special instructions). All AA&Es consigned to N00246 should be delivered to NAS North Island Weapons Dept. B-744, Naval Air Station (NAS) North Island, San Diego, CA 92135. Call DSN 735-9396 or Commercial (619) 545-9396 to arrange delivery. All deliveries for SW3218 should be delivered to B-3581 Naval Station, San Diego, California. The carrier will enter the base through Gate 7 located at Harbor Drive and Vesta Street. Receiving hours are 0600-1200 Monday - Friday excluding holidays. Phone (619) 556-7878 for a delivery appointment. The receiving fax is (619) 556-7453.

SW3222  
Defense Distribution Depot Corpus Christi DDCT-SO  
540 First Street Southeast Building 1846  
Corpus Christi, Texas 78419-5255

All carriers must use the south gate located on N.A.S. Drive off of I-37 South. Take 358 East (exit 4) and follow the signs for CCAD and NAS Corpus Christi. 358 east turns into NAS Drive, which runs right to the gate. Carriers are requested to call (361) 961-5109, 24 hours ahead of arrival to schedule a delivery time to the depot. Receiving hours are 0700 – 1400 Monday – Friday. Carriers making pickups will be allowed access to the NAS until 1800, but may experience a delay after 1600 while awaiting a security team for inspection. Note 11, Note 12

Motor segment has (fill in special instructions). Normal receiving hours 0715 - 1400 unless prior arrangements are made.

SW3227  
Defense Distribution Depot Red River  
Receiving Building 499  
10<sup>th</sup> Street And K Avenue  
Texarkana, Texas 75507-5000

Defense, Texas (Rail/Motor) (SSW, MP)

These deliver instructions do not apply to ammunition shipments or shipments of ammunition related components. See DODAAC "W45G19" for delivery instructions for these items. Shipping hours are 0700-1530 on Monday and Saturday; shipping hours are 0700 to 1730 on Tuesday through Friday. DDRT does not have the capability to handle sealift containers without being on a chassis. Phone (903) 334-3060 for directions to the installation. Normal receiving hours are 0700 to 1300. Monday through Friday. No appointments are required for loading or unloading and will be first come, first served.

The motor segment has (fill in special instructions). Normal receiving hours for the Defense Distribution Depot Red River are 0700 to 1300 hours Monday through Friday. Drivers may call (903) 334-3060 for instructions on directions to the installation. For an appointment for tires only, call (903) 334-2683/2012.

W25G1U  
Transportation Officer (Cr)  
Defense Distribution Depot Susquehanna  
2001 Mission Drive, Door 113-134  
New Cumberland, Pennsylvania 17070-5001

Annotate the bill of lading: "Carrier will call the Transport Control Branch, 1-800-307-8496 or (717) 770-6969, Monday through Friday, 7:30 a.m. through 3:00 p.m. for an appointment 24 hours in advance of delivery. Deliver through the South Gate only. Notification is required if the carrier will be unable to keep the designated appointment and a new appointment must be made."

W45G19 Deleted, See SW3227

W62G2T  
Defense Distribution Depot San Joaquin  
25600 South Chrisman Road  
Receiving Warehouse 10  
Tracy, California 95376-5000

The freight address zip code has changed for this DoDAAC to 95304-9150. The mailing address has not changed. For a CCP delivery appointment, call (209) 839-5028, 24 hours in advance, Limited and Contingent rail service available. Call DSN 462-4709 or Commercial (209) 839-4709 for coordination. No rail engine available on depot. Notice: For deliveries (mission) other than CCP (overseas), call (209) 839-4307. Notice: For deliveries to CCP (overseas), call (209) 839-5028. Hazmat must be delivered to warehouse 28 and segregated from all other material.

The following are exclusions for receipt of material at CCP and will not be accepted. Shipments or combinations which fill a SeaVan for a single customer, usually 10,000 lbs or 75% or more of a 40-foot SeaVan, Single items more than L=456"xW=89"xH=88". Air eligible items outsized to a single 463L pallet (L=96"xW=87"xH=90") or over 10,000 lbs. Navy CASREPS and hi-priority shipments to "mobile" units, specifically TP1/TP2, designated 999, 777, 555, N \_\_, E \_\_, RDD's less than 21 days.

This motor segment has receiving hours (mission) or 0500 to 1330, Monday through Friday. Call 24 hours prior for an appointment to (209) 839-4307. The central receiving has moved to building 16B, Section 3. Receiving hours (CCP – overseas) are 0500-1330, Monday through Friday. Call 24 hours prior for an appointment to (209) 839-5028. CCP bulk receiving is in warehouse 29. Notify receiving on all expedite shipments - AOG, MICAP, CASREP.

**DLAD PGI**

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This rail segment has limited or contingent rail service available. Call DSN: 462-5065/4709 or commercial number (209) 839-5065/4709 for coordination. There is no rail engine available on the depot

W45H08 deleted, see SW3222

**DLAD PGI PART 49 – TERMINATIONS OF CONTRACTS**

**PGI SUBPART 49.4 – TERMINATION FOR DEFAULT**

*(Revised August 15, 2011 through PROCLTR 2011-31)*

**PGI 49.402 Termination of fixed price contracts for default.**

**PGI 49.402-8 Reporting instructions.**

(90)(a) Reporting terminations for default. Each DLA activity shall identify a point of contact (POC) or POCs responsible for entering information relating to the termination in Federal Awardee Performance and Integrity Information System (FAPIS) in accordance with FAR 42.1503(f). Activities that have satellite contracting offices (e.g., DLR sites) may designate separate POCs at each individual location. The contracting officer or acquisition specialist shall provide the required information to their FAPIS POC in sufficient time for the information to be reported in FAPIS. Reference material to include the FAPIS users' manual is available at the following website:  
<http://www.cpars.csd.disa.mil/fapismain.htm>.

(b) FAPIS POCs are responsible for entering the record in FAPIS within the time frame specified in FAR 42.1503(f). FAPIS POCs shall notify the contracting officer when the record has been submitted. The contracting officer shall document the contract file to show that the action was reported to FAPIS.

(c) The DLA activity also shall report the termination via email to DLA HQ Acquisition Policy and Systems Division (J71) within three working days after the termination is reported to FAPIS. The email shall be sent to [HQJ71.Reports@dla.mil](mailto:HQJ71.Reports@dla.mil) and include the contract number, date and type of termination, any change, and date data was reported to FAPIS.

**PGI 49.403 Termination of cost reimbursement contracts for default.**

(c)(90) The reporting procedures at PGI 49.402-8(90) will be followed for reporting terminations for default of a cost-reimbursement contract.

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**DLAD PGI PART 90 – SUPPLEMENTAL PROCEDURES**

**PGI SUBPART 90.19 – COMPETITIVE SOURCING AND HIGH PERFORMING ORGANIZATIONS (HPOS)**

**PGI 90.1902(b) Letters of obligation (LoO) change requests for most efficient organizations (MEO) and high performing organizations (HPOs).**

In accordance with 90.1902(b), LoO change requests must be submitted using the template provided in PROCLTR 08-04 or a similar written format.

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