Chapter 36 – Item Unique Identification and Valuation

Authoritative Sources

DFAS 252.211-7003 Item Unique Identification and Valuation

This chapter addresses the following topics:

36-1 Assignment and Allocability Requirements

Item unique identification and valuation is a system of marking and valuing items delivered to DoD. The direct and indirect costs incurred to comply with DFARS 252.211-7003 Item Identification and Valuation are generally allowable, provided they comply with applicable assignment and allocability requirements of CAS and FAR Part 31.

Assignment of Costs to Accounting Periods

Capital Assets: The costs of tangible capital assets should be depreciated in accordance with CAS 404/409 and FAR 31.205-11. The costs of intangible capital assets should be expensed or amortized in accordance with Generally Accepted Accounting Principles.

Other than Capital Assets: Recurring costs and non-recurring costs that would have otherwise been incurred (contract administration, contract oversight, financial and administrative support) shall be expensed in the period in which they are incurred. Non-recurring costs or extraordinary activities that would not have otherwise been incurred shall be separately accumulated as a deferred cost and amortized over a period during which the benefits of the non-recurring costs are expected to accrue, but shall not exceed five years. The parties (the contracting officer and contractor) may agree to expense these costs in the period incurred if such treatment will result in a more equitable assignment of costs. Any deferred costs shall not be included in the computation to determine facilities capital cost of money under CAS 414 or FAR 31.205-10.

Allocation of Costs to Contracts

Costs shall be allocated to contracts based on the relative benefits received or some other equitable relationship. While the item identification may be required for only DoD contracts, any non-DoD contracts should be included in the cost allocation base when those contracts benefit from the item identification.

Pricing Costs in New Contracts

The cost of complying with DFARS 252.211-7003 may be difficult to estimate with reasonable accuracy. When such costs significantly affect the contract price, the

Contracting Officer should consider using a re-opener clause in compliance with applicable agency procedures to adjust for the difference between anticipated and actual costs.

Pricing Costs in Existing Contracts

The Contracting Officer should negotiate an equitable adjustment to the contract price when a contract modification is issued that applies the requirement to comply with DFARS 252.211-7003 and that requirement was not previously included in that contract.