



DEFENSE LOGISTICS AGENCY
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JAN 12 2005

IN REPLY
REFER TO J-33

PROCLTR 05-01

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Proper Use of Non-Department of Defense (DOD) Contracts
(Defense Logistics Acquisition Directive (DLAD) Sections 2.101; 7.000; 7.102;
7.104-90; 7.104-91; 7.9001; 7.9002; 7.9003; 8.404-70; 37.105; 37.590-3; 37.590-4)


The purpose of this PROCLTR is to provide DLAD coverage (Attachment 1), including review and approval procedures, pertaining to the use by DLA personnel of non-DOD contracting vehicles to fulfill Agency requirements. It implements and supplements Departmental policy, as set forth in the October 29, 2004 memorandum, subject as above, jointly signed by the Under Secretary of Defense (Acquisition, Technical and Logistics) and the Principal Deputy Under Secretary of Defense (Comptroller) (Attachment 2).

In addition to the above, this PROCLTR reflects the guidelines of the joint DOD-General Services Administration (GSA) initiative, "Get It Right!" The purpose of that program is to ensure that, while Defense personnel continue to have access to and to use GSA's Federal Supply Schedules, they are used only when clearly in the Department's best interests, and strictly in accordance with DOD-unique statutes, regulations, directives and other requirements. Finally, several statutory requirements, including advance approval of services acquired through a contract entered into or task order issued by other than DOD contracting personnel (Section 801 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2002); competition requirements for purchase of services pursuant to multiple award contracts (Section 803 of that same Act); and those applicable to Defense procurements made through contracts of other agencies (Section 854 of the NDAA for FY 2005), are also reflected in the attached coverage.

Defense Federal Acquisition Regulation Supplement (DFARS) coverage will be forthcoming for these various subject matters; since DLAD coverage is being provided in advance of the higher-level regulatory treatment, it is possible that renumbering of our policy will have to be accomplished at a later date to conform with the DFARS numbering. However, the joint-signature memorandum referred to, above, requires the DOD components to establish review and approval procedures to be followed when procuring supplies or services on or after January 1, 2005; it was decided that this could be most effectively accomplished by means of publication in the DLAD. Apart from possible numbering differences, our DLAD guidance is anticipated to be fully consonant with the eventual DFARS rule.



This PROCLTR is effective immediately, and will expire upon incorporation of the coverage into the DLAD. The point of contact is Mary Massaro, J-3311, who can be reached at DSN 427-1366 ((703) 767-1366), or via email addressed to Mary.Massaro@dla.mil.


CLAUDIA S. KNOTT
Component Acquisition Executive

Attachments

PART 2

DEFINITIONS OF WORDS AND TERMS

TABLE OF CONTENTS

SUBPART 2.1 - DEFINITIONS

2.101 Definitions.

"Assisted acquisition" means a contract awarded or task or delivery order placed on behalf of DLA, in an amount over the simplified acquisition threshold and with the use of DLA or DOD funds, by an official of the United States employed by other than a Department of Defense activity. This definition includes situations in which DLA or DOD funds are provided to an acquisition activity which then obligates its own funds on the contract or order.

"Direct acquisition" means a task or delivery order placed by a DLA buyer, contracting officer, ordering officer, or other authorized DLA official, in an amount over the simplified acquisition threshold and with the use of DLA or DOD funds, against a contract vehicle established outside the Department of Defense.

PART 7

ACQUISITION PLANNING

TABLE OF CONTENTS

7.000 Scope of Part.

SUBPART 7.90 - USE OF NON-DOD CONTRACTS

7.9001 General considerations.
7.9002 Policies and procedures pertaining to direct acquisitions.
7.9003 Policies and procedures pertaining to assisted acquisitions.

7.000 Scope of Part.

This part also prescribes policies and procedures for --

(90) Use of non-Department of Defense contract vehicles, including both assisted and direct acquisitions, for acquiring supplies or services.

SUBPART 7.1 - ACQUISITION PLANS

7.102 Policy.

(b) Planning to ensure that the Government meets its needs in the most effective, economical, and timely manner sometimes includes consideration of the use of contract vehicles not originally put in place by DOD personnel (e.g., Federal Supply Schedules). The considerations for use of these vehicles, as well as the procedures to be followed and safeguards to be employed when sending contracting dollars outside the Department, are set forth in Subpart 7.90, below.

(90) Written acquisition plans are required for all acquisitions expected to exceed the simplified acquisition threshold, including those accomplished by means of non-DOD contract vehicles; see Subpart 7.90, below. This does not apply to orders against contracts when the acquisition plan is adequate to cover all anticipated orders. Acquisition plans shall be prepared, as applicable, in accordance with FAR 7.105, DFARS 207.105, DLAD 90.1101, and 90.1102, and be approved at a level above the buyer, as established by the Chief of the Contracting Office (CCO), except that acquisition plans shall be reviewed and approved by the CCO prior to solicitation for all actions that are not long term with a value equal to or greater than \$2 million, and for all long term actions with a cumulative value equal to or greater than \$10 million. (For acquisitions accomplished by means of non-DOD contract vehicles, including placement of orders against Federal Supply Schedules, this review and approval must be at a level above the buyer; see 7.90, below.) Approval prior to solicitation can be waived per local guidance for urgent requirements. The format at DLAD 90.1102 may be modified to suit the needs of the contracting office. A standard DLA-wide form is not prescribed in order to permit use of local forms or formats. However, as a minimum, the subject areas identified in the Advance Acquisition Planning Template (see 90.1103) shall be considered and addressed in the acquisition plan when applicable.

7.104-90 Integrated Acquisition Review Board (I-ARB)

(a) The I-ARB will review all proposed performance based logistics (PBL) acquisitions (see 90.1501, Appendix A for definitions), proposed service acquisitions; supply acquisitions proposed to be fulfilled through use of non-DOD contracting vehicles (see Subpart 7.90, below), and supporting BCAs, if appropriate, in accordance with the thresholds below. Additionally, all bundled requirements (see DLAD 7.107) resulting in a proposed acquisition of more than \$1 million shall be approved by the I-ARB.

TABLE 1: Acquisitions Requiring I-ARB Review (Less Supplies Acquired Via Non-DOD Contract Vehicles, and Services, Regardless of How Acquired)

\$ Threshold (2)	Other Criteria	Review/Coordinate	Acquisition & BCA Approval Level
> \$5M - \$20M		Field Activity Level	Chief of the Contracting Office

> \$20 - \$50M		Field Activity Level	Head of Contracting Activity or designee (2)
> \$50M		HQ DLA/J-3312	I-ARB
All	DLA/Military Service Partnerships	HQ DLA/J-3312	I-ARB

TABLE 2: Acquisition of Supplies Acquired Via Non-DOD Contract Vehicles (1), and of Services, Regardless of How Acquired

\$ Threshold (2)	Other Criteria	Review/Coordinate	Acquisition & BCA Approval Level
> \$100K - \$5M		Field Activity Level (includes DES)	No lower than one level above contracting officer
> \$5M - \$20M		Field Activity Level (includes DES)	Chief of the Contracting Office
> \$20M - \$50M	DESC, DSCP, DSCC, DSCR	Field Activity Level	Head of Contracting Activity or designee (3)
> \$20M - \$50M	All Other Activities	HQ DLA/J-3312	Streamlined I-ARB (4)
> \$50M		HQ DLA/J-3312	I-ARB or streamlined I-ARB
> \$0.5B - \$2B		HQ DLA/J-3312	Component Acquisition Executive or designee (5)
> \$2B		HQ DLA/J-3312	USD (AT&L) (5)

Note (1) IAW joint USD(AT&L)/PDUSD(C) memorandum, October 29, 2004, "Proper Use of Non-DOD Contracts"

Note (2) Total planned dollar value of base period and option periods.

Note (3) Delegable to a level above the Chief of the Contracting Office.

Note (4) As specified by the SPE

Note (5) OSD guidance per USD memorandum, 31 May 2002, "Acquisition of Services"

(e) When an I-ARB review is required, the Chief of the Contracting Office (CCO) shall submit both hard and electronic copies of the following documents to J-3312 for evaluation: Acquisition plans (see 90.1101) reviewed and coordinated by appropriate field functional elements; source selection plan; incentive plan; justification and approval, as applicable; the solicitation; and an abbreviated (rough order of magnitude (ROM)) business case analysis, if appropriate. An Advance Acquisition Planning Template is not required for proposed acquisitions submitted for I-ARB review (e.g., PBL and services acquisitions). Upon receipt of the documentation previously listed, J-3312 will schedule an I-ARB meeting, at which the contracting activity will formally brief the acquisition. Additional requirements for specified milestone reviews for PBL acquisitions are addressed in 90.1501.

7.104-91 Advance Acquisition Planning Template.

(a) An Advance Acquisition Planning Template (AAPT) (formerly the Advance Notice of Initiative for Potential APEC Review) (see 90.1103) shall be completed for all proposed acquisitions requiring review/approval at DLA HQ that meet the criteria and the dollar thresholds identified below. Templates must be electronically submitted to J-3312 for review and approval once the contracting activity has sufficient information to complete the template. Excluded from this requirement are those acquisitions identified in paragraph 7.104-90. Once J-3312 reviews the template, the contracting activity will be advised whether they have authority to proceed with the acquisition. All templates submitted to DLA HQ for review must be coordinated with the contracting activity's Director of Small Business and Office of Counsel and be approved by the Chief of the Contracting Office. (Orders under proposed acquisitions for which the maximum anticipated value was included in a previously submitted template with a single all-inclusive acquisition plan need not be submitted for approval separately.)

Contracting Activity	An advance acquisition planning template is not required for acquisitions that meet the criteria for the Integrated Acquisition Review Board (IARB) (see DLAD 7.104-90).
	An advance acquisition planning template is required when:
ALL	<ul style="list-style-type: none"> • Any bundled acquisition* < \$1 million; or <p>Regardless of estimated acquisition value of the resulting contract, any of the following:</p> <ul style="list-style-type: none"> • The program or proposed acquisition is identified by HQ DLA as high interest. • There is known OSD, Congressional, or White House interest or a high potential to attract such interest. • The acquisition involves strategies or processes that are expected to significantly impact the traditional supplier base or established customer practices. This includes efforts that may cause reductions in the industrial

	<p>supplier base; significantly influence a market segment, supply chain, or commodity group; initiate a test or pilot program; or cause a significant increase/decrease in the DLA business volume.</p> <ul style="list-style-type: none"> • Requesting a waiver to the IARB. • The acquisition does not require an IARB and one of the conditions specific to a contracting activity (see below) is applicable:
DSCC DSCR DSCP	<ul style="list-style-type: none"> • Total estimated acquisition value* > \$50 million
DESC	<ul style="list-style-type: none"> • Proposed natural gas acquisitions with value* > \$100 million
DDC, DRMS, DNCS, DAPS, DES, DMC	<ul style="list-style-type: none"> • Total estimated acquisition value* > \$5 million
* includes base and all option periods.	

SUBPART 7.90 - USE OF NON-DOD CONTRACTS

7.9001 General considerations.

(a) The use of non-DOD contracts by DLA personnel, via either direct or assisted acquisitions (see definitions at 2.101), to procure supplies and services is often an effective way to accomplish acquisitions in support of the Agency mission. Because of this, the use of these vehicles, including but not limited to the Federal Supply Schedules awarded by the General Services Administration or the multiple award contracts put in place by the Department of the Interior, Department of the Treasury, or any other federal activity, is encouraged when it is determined to be the best method of procurement to meet DLA requirements. However, acquisition planning must be done for all buys valued at amounts greater than the simplified acquisition threshold to determine whether using such a vehicle is actually the best method for satisfying the requirement. Market research and the early involvement of financial management and requirements personnel are essential steps in the process. Contracting personnel must take care to ensure that non-DOD contracts are not used to circumvent conditions and limitations imposed by DOD Authorization Acts and other legislation on the use of funds; to ignore other Defense-specific programs and policies; or to compensate for poor or non-existent acquisition planning.

(b) Any acquisition of services via a non-DOD multiple-award contract vehicle must be consistent with the requirements of Section 803 of the National Defense Authorization Act for Fiscal Year 2002, Competition Requirements for Purchase of Services Pursuant to Multiple Award Contracts (implemented in DFARS 208.404-70 and 216.505-70). This section is concerned with the "fair opportunity to compete" and "fair notice of intent" requirements and exceptions pertaining to multiple-award contracts (MACs). The rule "follows the money;" civilian agencies that receive DOD funds to obtain services for DOD must comply with DFARS 208.404-70, Additional ordering procedures for services, and 216.505-70, Orders for services under multiple-award contracts. However, there is a distinction made between GSA FSS and all other non-DOD MACs. For the former, the contracting officer is required to contact as many schedule holders as practicable to ensure that at least three responses are received. For the latter, all contractors offering under the MAC must be given a fair notice of intent to make the purchase, and all must be afforded an opportunity to make an offer and have it fairly considered. See DLAD 8.404-70(c)(1) and DFARS 208.404-70, DFARS 216.505-70, and DLAD 37.105, Competition in service contracting, for further information.

(c) Nothing in this subpart is intended to affect the applicability of FAR Section 8.002, Priorities for Use of Government Supply Sources, FAR 8.405-6, Sole Source Justification and Approval (for orders against FSS), FAR Subpart 17.5, Interagency acquisitions under the Economy Act, or DOD Instruction 4000.19, Interservice and Intragovernmental Support.

(d) Financial management personnel are responsible for ensuring:

(1) That the individual preparing the documentation required in 7.9002(b) and 7.9003(b) certifies that all applicable DLA review and approval policies have been followed.

(2) That funds are available and appropriate for the procurement action.

7.9002 Policies and procedures pertaining to direct acquisitions.

(a) All direct acquisitions of supplies or services shall comply with Integrated Acquisition Review Board (I-ARB) procedures, as set forth in 7.104-90(a), Table 2 (above). Direct acquisitions of services shall also comply with the review and approval requirements of Subpart 37.5.

(b) For all direct acquisition orders for supplies or services placed against non-DOD contracts (including GSA Federal Supply Schedule (FSS) orders), and for each Blanket Purchase Agreement issued against a GSA FSS, the buyer, contracting officer, ordering officer or other authorized DLA official shall document the file to reflect that:

(1) The order is in the best interests of DLA. Consider such factors as satisfying customer requirements; cost effectiveness (taking into account discounts and fees) and price; delivery schedule; non-availability of a suitable contract within DOD; contract administration/oversight; small business opportunities; and any other factors, as applicable.

(2) Supplies or services to be provided are within the scope of the (non-DOD) contract.

(3) Funding is available and appropriate for the acquisition. (The documentation shall reflect that the financial management organization validated that funds are appropriate for the acquisition; see 7.9001(d)(2), above.)

(4) Any terms, conditions and/or requirements unique to DOD or DLA are incorporated into the order to comply with applicable statutes, regulations and directives (e.g., the requirement that the items listed in DFARS 225.7002-1, pertaining to restrictions on food, clothing, fabrics, specialty metals, and hand or measuring tools, and that are procured with DOD funds, be of domestic origin).

(5) All procedures contained in this subpart, and in 7.104-90 and 37.5, as applicable, have been followed. A signed certification to this effect shall be included in the file; see 7.9001(d)(1), above.

7.9003 Policies and procedures pertaining to assisted acquisitions.

(a) All assisted acquisitions of supplies or services shall comply with Integrated Acquisition Review Board (I-ARB) procedures, as set forth in 7.104-90(a), Table 2 (above). Assisted acquisitions of services shall also comply with the review and approval requirements of Subpart 37.5.

(b) For all assisted acquisitions of supplies or services placed against non-DOD contracts (including GSA Federal Supply Schedule (FSS) orders), the buyer, contracting officer, ordering officer or other authorized DLA official shall document the file to reflect that:

(1) The use of a non-DOD contract is in the best interests of DLA. Consider such factors as satisfying customer requirements; cost effectiveness (taking into account discounts and fees) and price; delivery schedule; non-availability of a suitable contract within DOD; contract administration/oversight; small business opportunities; and any other factors, as applicable.

(2) Supplies or services to be provided are within the scope of the (non-DOD) contract to be used. Coordinate with the non-DOD contracting officer to verify the requirement is within the scope of the assisting agency's selected contract.

(3) The funding appropriation is legal and proper for the acquisition and used in accordance with any appropriation limitations. (The documentation shall reflect that the financial management organization validated that funds are appropriate for the acquisition; see 7.9001(d)(2), above.)

(4) Any terms, conditions and/or requirements unique to DOD or DLA are incorporated into the order or contract to comply with applicable statutes, regulations and directives (e.g., the requirement that the items listed in DFARS 225.7002-1, pertaining to restrictions on food, clothing, fabrics, specialty metals, and hand or measuring tools, and that are procured with DOD funds, be of domestic origin).

(5) All procedures contained in this subpart, and in 7.104-90 and 37.5, as applicable, have been followed. A signed certification to this effect shall be included in the file; see 7.9001(d)(1), above.

(6)(A) For interagency acquisitions subject to the Economy Act (31 U.S.C. 1535), comply with the determination and findings (D&F) requirements at FAR 17.503, and provide the D&F to the servicing activity (i.e., the non-DOD activity whose contract is being or shall be used) in accordance with FAR 17.504 and DFARS 217.504.

(B) Assisted acquisitions by GSA are generally authorized by other statutes, such as the Federal Property and Administrative Services Act or the Clinger-Cohen Act, and are therefore not subject to the Economy Act; no D&F is required to be prepared. To the extent other non-DOD contracts are authorized under other statutes (e.g., GNACS authorized under 40 U.S.C.1412(e)), the Economy Act does not apply, and D&Fs are not required to be prepared.

(7) Departmental policy, as set forth in the October 29, 2004 memorandum, Proper Use of Non-DOD Contracts, jointly signed by USD(AT&L) and the Principal Deputy Under Secretary of Defense (Comptroller), reflects the requirements of Section 854 of the National Defense Authorization Act for Fiscal Year 2005. Among other things, that section requires data to be collected and reported on the use of assisted acquisitions throughout the Department of Defense, specifically

with reference to service charges imposed on these purchases by the assisting (non-DOD) activity. The Federal Procurement Data System - Next Generation (FPDS-NG) will eventually provide the automated reporting capability to fulfill this requirement. Until DLA is a full participant in the FPDS-NG system, each contracting activity shall locally maintain a list of all assisted acquisitions placed on their behalf, with the service charge identified for each. This list shall be submitted to J-3311 on a fiscal-year basis no later than October 31st each year.

PART 8

REQUIRED SOURCES OF SUPPLIES AND SERVICES

TABLE OF CONTENTS

SUBPART 8.4 - FEDERAL SUPPLY SCHEDULES

8.404-70 Additional ordering procedures for services.

(c)(1) The requirement from Section 803 of the FT 2002 National Defense Authorization Act (P.L. 107-107) to provide for notice to "as many (schedule) contractors as practicable" can be fulfilled by using the General Services Administration's e-Buy web site at www.gsaAdvantage.gov. E-Buy is an electronic RFQ system that automatically notifies vendors of solicitations from agencies for goods and services.

(90) For additional requirements pertaining to use of Federal Supply Schedules, see Subpart 7.90.

PART 37

SERVICE CONTRACTING

TABLE OF CONTENTS

SUBPART 37.1 - Service Contracts -- General

37.105 Competition in Service Contracting.

(90) See DFARS 216.505-70, Orders for services under multiple award contracts, for competition and "fair opportunity" requirements for all services exceeding \$100,000 acquired under these vehicles, and 8.404-70(c)(1) and DFARS 208.404-70, Additional ordering procedures for services, regarding use of orders against GSA Federal Supply Schedules for services valued at greater than \$100,000. **See subpart 7.90 for additional requirements for services acquired via non-DOD contract vehicles.**

SUBPART 37.5 - MANAGEMENT OVERSIGHT OF SERVICE CONTRACTS

37.590-3 Policy.

(a)(i) Create a documented acquisition strategy in support of each proposed service acquisition valued above \$100,000, to be updated when changes occur. This strategy should ensure that services are acquired by business arrangements that are in the best interests of the Department and DLA, that reflect a strategic approach, in terms of overall spending on services, and that are entered into or issued and managed in compliance with applicable statutes, regulations, directives, and other requirements. It should also guarantee enterprise-wide approaches to procurement and development of new ways of doing business. Approval of the appropriate decision authority (see 37.590-4, below) shall be obtained for each acquisition strategy prior to **the contracting office's** initiating any action to commit the Government to the strategy. In addition to the following, see Subparts 7.1, 7.90, and 90.11 for guidance in preparing this documentation.

(ii) The acquisition strategy shall address the following (modified, as appropriate, on the basis of complexity and dollar value of the acquisition):

(iii) Further guidance on acquisition strategy for information technology acquisitions may be found in FAR Part 39 and DFARS Part 239. In addition, all IT acquisitions for services will be processed in accordance with J-6's One Book chapters, "Information Technology Acquisition Requirements Planning" and "IT Portfolio Management **Process.**"

(c) Accurately report required data regarding each service acquisition having a value greater than \$25,000 via the DD 350 system; this requirement includes services pertaining to information technology. Applicable data to be collected via the DD 350 include the following:

(1) Services purchased.

(ii) Total dollar amount.

(iii) Form of contracting action.

(iv) Whether the purchase was performance-based and fixed price; performance-based, other than fixed price; or not performance-based.

(v) For a purchase made through an agency other than the Department of Defense, the agency through which it was made. **Separately maintain (via other than DD 350 reporting) a listing of any assisted acquisition and the service charge associated with each. See 7.9003(b)(7).**

(vi) Extent of competition provided, and whether there was more than one offer.

(vii) Whether the purchase was made from a small business concern; a small disadvantaged business concern; or a woman-owned small business concern.

37.590-4 Decision Authority.

The decision authority (review and approval) level associated with each dollar range for

service acquisitions valued above \$100,000, as depicted in **Table 2** at 7.104-90 and described more fully, below, shall ensure that each such acquisition is reviewed and approved at a level above the contracting officer. Also, to ensure the appropriate level of interest and strategic decision-making, local procedures should require that service acquisitions greater than the simplified acquisition threshold be reviewed and coordinated at the highest levels practicable.

(d) All acquisitions with a total planned dollar value below \$50 million shall be reviewed and coordinated in accordance with field activity/DSS management structure and dollar threshold review/approval procedures, except that all activities other than DESC, DSCP, DSCC, and **DSCR** must submit acquisitions valued between \$20 million and \$50 million to J-3312 for review and coordination. Minimum acquisition and business case analysis (BCA) approval levels are as follows:

(i) For acquisitions valued between \$100,000 and \$5 million: no lower than one level above the contracting officer. **However, non-performance-based services acquired through a DoD contract or task order need to be given greater attention, in order to comply with statutory requirements. Therefore, review and approval at the next higher level (i.e., Chief of the Contracting Office, as required in (ii), below) is strongly encouraged. Additionally, any service acquisition, whether or not performance-based, acquired by contract or task order awarded by an agency other than DoD, needs to conform with the requirements of subpart 7.90, as well as with this subpart. Note that all service acquisitions, even in this range of values, are subject to the I-ARB process, as described in 7.104-90.**



OFFICE OF THE SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1000



OCT 29 2004

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Proper Use of Non-DoD Contracts

Each year billions of Department of Defense (DoD) dollars are spent using non-DoD contracts to procure supplies and services. In many cases this represents an effective way to accomplish acquisitions in support of DoD's mission. For this reason, the use of non-DoD contracts is encouraged when it is the best method of procurement to meet DoD requirements. However, recent DoD and General Services Administration Inspector General reports identified several issues associated with the Department's use of non-DoD contracts for the acquisition of certain supplies and services. Non-DoD contracts may not be used to circumvent conditions and limitations imposed on the use of funds, nor are they a substitute for poor acquisition planning.

Military Departments and Defense Agencies must establish procedures for reviewing and approving the use of non-DoD contract vehicles when procuring supplies and services on or after January 1, 2005, for amounts greater than the simplified acquisition threshold. This requirement applies to both direct (*i.e.* orders placed by DoD) and assisted acquisitions (*i.e.* contracts awarded or orders placed by non-DoD entities, including franchise funds, on behalf of DoD), using DoD funds. These procedures must include:

- evaluating whether using a non-DoD contract for such actions is in the best interest of the DoD. Factors to be considered include:
 - satisfying customer requirements;
 - schedule;
 - cost effectiveness (taking into account discounts and fees); and
 - contract administration (including oversight);
- determining that the tasks to be accomplished or supplies to be provided are within the scope of the contract to be used;
- reviewing funding to ensure it is used in accordance with appropriation limitations;
- providing unique terms, conditions and requirements to the assisting agency for incorporation into the order or contract as appropriate to comply with all applicable DoD-unique statutes, regulations, directives and other requirements, (*e.g.* the requirement that all clothing procured with DoD funding be of domestic origin); and
- collecting data on the use of assisted acquisitions for analysis.

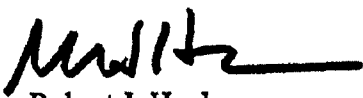


This new policy satisfies the requirements of Section 2330(b)(1)(C)(ii) of Title 10, United States Code as amended by Section 801 of the National Defense Authorization Act for Fiscal Year 2002. Section 801 requires advance approval to buy services via use of a "contract entered into or a task order issued, by an official of the United States outside of the DoD." Although Section 801 applies only to the procurement of services, we are applying this requirement to supplies in order to achieve consistency and discipline in the DoD acquisition process. The Defense Acquisition Regulation Council will issue coverage for the Defense Federal Acquisition Regulation Supplement that is consistent with the requirements of this memorandum.

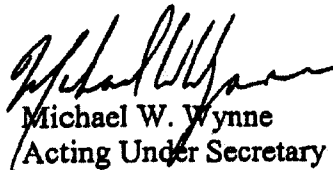
The use of multiple award contracts must be consistent with the requirements of Section 803 of the National Defense Authorization Act for Fiscal Year 2002 (Competition Requirements for Purchase of Services Pursuant to Multiple Award Contracts); Federal Acquisition Regulation (FAR) Part 8.002 (Priorities for Use of Government Supply Sources); FAR Part 17.5 (Interagency Acquisitions under the Economy Act); FAR Part 7(Acquisition Planning); and DoD Instruction 4000.19 (Interservice and Intragovernmental Support).

While the Program Manager or requirements official has primary responsibility to ensure compliance with this policy, success will not be achieved without a team approach and specific support from the financial management and contracting communities. For example, the financial management community shall: (1) ensure the program manager or other appropriate individual has certified that the procedures established by the Military Department or Defense Agency have been followed and (2) ensure that funds are available and appropriate for the procurement action.

Please ensure widest dissemination of this memorandum and the procedures you establish. It is imperative that when non-DoD contracts are utilized to meet DoD requirements, they are utilized properly. The point of contact on this matter is Mr. Michael Canales. He can be reached at (703) 695-8571 or via email at michael.canales@osd.mil.



Robert J. Henke
Principal Deputy Under Secretary
of Defense (Comptroller)



Michael W. Wynne
Acting Under Secretary of Defense
(Acquisition, Technology, and Logistics)

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