



November 10, 2003

Defense Acquisition Regulations Council
Attn: Mr. Steven Cohen
OUSD (AT&L) DPAP (DAR)
IMD 3C132
3062 Pentagon
Washington, DC 20301-3062

Dear Mr. Cohen:

The Aerospace Industries Association appreciates the opportunity to provide comments on the interim rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to add policy pertaining to item identification and valuation (DFARS Case 2003 – D081). We also want to thank the Department for holding a public meeting on November 6, 2003 to explain many of the ramifications of the new rule. The open process used in the pursuit of these significant changes in the identification of all items to be delivered to the government is highly commendable and we would encourage its continued use as this rule proceeds to finalization and possible further refinement after implementation on January 1, 2004.

Our response is comprised of three parts: response to the specific four topics posed in the Background Section of the rule and general comments; recommended line-in-line-out changes to the interim rule (Attachment 1); and modified Contracts Requirements- UID Policy Table (Attachment 2). Due to time constraints imposed by the 30-day comment period, we may supplement these products in the weeks ahead with additional comments to the rule and related processes as other issues arise. We will continue to support the Business Rules teams and provide proposed Business Rules and Frequently Questions in support of the implementation.

Four Topics

The following is our response to the four topics posed in the Background Section:

Topic 1. “The use and definition of the term “item” or some more appropriate term throughout the rule.”

Change “item” to “end item.” As used in 252.211-7003 (a) “End item means a single tangible article, unit or system formed by a grouping of component or constituent parts required

to be delivered and marked in accordance with the terms and conditions of the contract. End items are defined in the form and context of material, repairables, or equipment.”

Topic 2. “The valuation portion of the rule, particularly as it applies to cost-type contracts and the treatment of non-recurring costs.”

Initially, to determine the valuation in cost type contracts use target price as final price and the fee adjustments, nonrecurring costs or trailing costs are to be pooled and allocated by the government. The target price is considered to be the fair value of the end item.

Topic 3. “The statement that the rule does not impose any new information requirements.”

Additional or expanded identification and tracking systems will be required for the contractor’s collection and retention of UID data elements. For example the contractor will be required to maintain part serial number assignments indefinitely to prevent issuance of the same number and to permit tracking for the life of the item. This is not done at the present time. There will also be a requirement to expand status accounting records in order to maintain delivery/billing information for every CLIN/SLIN. The number of these line items and sub-line items is expected to be expanded substantially to permit the valuation of many more items than are included in contracts presently. There is likely to be additional accounting information that will need to be collected to support valuation on cost-type contracts if the rule remains as is.

Topic 4. “The impact of the rule on small business.”

Suppliers that are small businesses may be required to create new systems for identification and marking of their products. More line items may increase the quality control requirements associated with signing off the DD 250. As a result, increased cost to small business is likely.

General Comments

The requirements of this rule should not apply to “all solicitations.” This is too broad an application and will cause confusion among government and contractor contracting personnel. There should be a specific prohibition against inclusion of the clause in solicitations where there is no tangible item to be delivered.

Much of the decision-making with regard to the rule is premised on the availability of a Program Manager (PM) to make these decisions. Not all acquisitions have a PM and this needs to be taken into account in prescribing the responsibilities of the requiring activity. In particular, spares orders that are mechanically issued in the early months of implementation may include the requirement without an effective and timely means to allow the proper management judgment to be made by the government to waive the requirement in order to preclude disruption of supplies to users/ warfighters.

There should be additional information included in the final rule with regard to the applicability of the rule to government furnished property (GFP) and the valuation of GFP incorporated into contract line items delivered to the government.

There needs to be clarification that passage of title does not always equate to "delivery" for purposes of this policy. There also should be coverage of the effect of "delivery in place." It is suggested that a definition of "delivery" be included in Part 202.101 and include an explanation as to what event triggers delivery for purposes of valuation.

Reference to MIL-STD-130K in the clause should be modified to require that data elements be placed on the items requiring marking in accordance with the version of MIL- STD-130 in effect at the time of contract solicitation rather than a specific version of the military standard. There may be additional revisions of the standard in the future, so that citing a specific revision in the clause will cause unnecessary confusion in pricing and marking. Additionally there is a conflict between MIL-STD-130L and the rule as to precedence. This needs to be resolved before the rule is finalized. A better alternative may be to delete any reference to MIL-STD-130 from the Rule since the statement of work or contract specification, which generally contains referenced requirements, normally invokes such standards.

As discussed at various meetings, there are inconsistencies among the rule, guide, and the Mil Standard that need to be reconciled before the final rule is published.

Delivery and billing instructions in the contract need to be modified to reference the expanded definition of data content in the DD 250, its EDI transaction set and other information requirements to support the planned UID deployment. As it stands today, 15 data elements will be needed, only some of which are currently supplied on DD 250 and related electronic transactions with Wide Area Workflow (WAWF). As WAWF is expanded to include more contractors and additional data elements are introduced to WAWF, contractors should be afforded sufficient time to revise or upgrade their systems to accommodate the added requirements. Changes to existing contracts may be necessary if significant changes in delivery documentation are required. Due to the phase in of WAWF, compliance with UID requirements during its implementation should not impede payment to contractors.

If the government does not adopt the target price as final price for valuation in cost type contracts, contractor acquired and held expensed items should not be fully burdened. In burdening capital items, overhead and general and administrative costs or operating costs are added to the direct costs associated with the item, thus giving a more accurate picture of the cost of the item. Adding these indirect costs to expense items will add significant administrative cost but provide no benefit to the valuation process since these items will not be included in the overall valuation of the government's inventory. Furthermore, burdening according to the Government's own accounting standard concerning PP&E (SFFAS #6) is only applicable to capital items.

Orders under Basic Ordering Agreements (BOAs), options under fixed price contracts, and electronically generated spares orders that do not involve solicitations, need to be addressed. Some orders placed against BOAs may have a solicitation and these would be subject to the inclusion of the marking requirements, but other orders may not. The BOA is an agreement and not an "ongoing contract" subject to policy requiring modification if a business case so justifies. While there was considerable discussion of these issues during the public meeting, those agencies, logistics centers, inventory control points, and contracting individuals who have not had the opportunity to understand the Department's thinking on these topics will need guidance in dealing with them after January 1, 2004. To ease implementation, preclude unnecessary expenditures, and focus on supporting the needs of the warfighter community, reprocurements should not be considered as new solicitations under this policy. Existing BOAs should therefore be treated as legacy contracts after January 1, 2004.

If Issuing Agency Codes (IACs) are not available in time, guidance on using the DUNS number in the interim and then switching to the IAC later should be included in the information accompanying the final rule.

There is still a concern that the electronic infrastructure is not currently in place to implement this new policy; from the availability of the tag generator, to the property management, configuration management, and contract administration systems, as well as WAWF, etc. that must be interoperable and function electronically. It is of utmost importance that manual input be eliminated because the UID field is up to 78 characters with no spell check capability. Errors are certain to occur with every manual operation. Making each deliverable end item a contract line item will add significant administrative cost throughout the supply chain until such capabilities are in place and fully operational.

We strongly recommend that the Contract Data Requirements List (CDRL) and Data Item Description (DID) reported to be under development by the Department, be expedited for release at the earliest possible date so that government and industry may understand how these will be used after January 1, 2004. As a minimum the ability to use a DID/CDRL to provide UID information in lieu of a CLIN/SLIN should be addressed in the Business Rules portion of the UID Guide.

A requirement for submission of an Excel spreadsheet for entry into WAWF was discussed at the public meeting. This information needs to be disseminated as soon as possible and the DFARS rule modified accordingly.

A chart "Contract Requirements – UID Policy" was distributed at the public meeting. We have amended a copy of the chart to reflect clarifications discussed at the public meeting and a copy is attached. Specifically, the reference to "(e.g., lowest reparable or replaceable unit by DOD)" should be added in the third row, center column. We recommend that the content of this chart be clearly stated in the final DFARS Rule, and the UID Guide's Business Rules.

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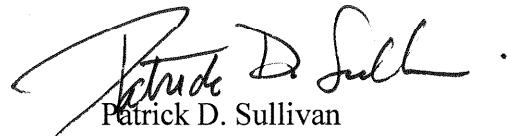
We strongly recommend that awards under FAR Part 12 be exempt from application of the DFARS marking rule. FAR Part 12 was specifically created to make it easier and more economical to sell commercial products to the Federal government. Already these contracts are becoming more like contracts awarded under FAR Part 15 – burdened with unique government requirements. Contractors selling commercial products should be permitted to provide identification and valuation according to their existing systems. If the government wishes to add UID to these items, they can do so at the receiving activity level.

Adoption of the above comments and recommendations will require, in a number of instances, changes to the Rule. In addition, some comments may need to be addressed in the Business Rules of the Guide on UID that is currently being developed. We suggest that expanded use of Frequently Asked Questions (FAQs) in the Guide on these issues would also be beneficial for implementation.

With the newness of the policy and the difficulty of both government and industry to fully implement it, we recommend that all audits and analyses of the systems being used to comply with the policy be suspended until such time as both parties have gained a full understanding of what is required.

Thank you for this opportunity to provide our comments on this very important rule. If there are any questions, or if we can be of further assistance, please do not hesitate to contact the undersigned at (703) 358-1045.

Sincerely,



Patrick D. Sullivan
Assistant Vice President
Procurement and Finance

Attachments:
Line-in-line-out Changes
Contract Requirements- UID Policy

COMMENTS ON DFARS INTERIM RULE ON UNIQUE IDENTIFICATION (UID)

Line	DFARS	Suggested Change	Comments
110	(ii) The requiring activity determines that unique identification is necessary for the item (e.g., serially managed mission equipment or controlled inventory piece of consumable item or material where permanent identification is required, or a component of a delivered item).	(ii) The requiring activity determines that unique identification is necessary for the end item (e.g., serially managed mission essential, or a repairable item, a consumable item or material where permanent identification is required, or a component of a delivered item).	<p style="text-align: center;">Deleted:</p>
112	211.274-2 Government's acquisition cost of items.	(a) Contracts shall identify the Government's acquisition cost for all items delivered. The preferred approach for identifying the Government's acquisition cost of items is separate pricing under a contract line item or subline item.	<p>Contracts shall identify the Government's acquisition cost for all end items delivered that require a unique item identifier in accordance with <u>211.274-1(a)(2)(ii)</u>.</p> <p>The preferred approach for identifying the Government's acquisition cost of items is separate pricing under a contract line item or subline item.</p>
113			

COMMENTS ON DFARS INTERIM RULE ON UNIQUE IDENTIFICATION (UID)

Line	DFARS	Suggested Change	Comments
		end items is separate pricing under a contract line item or subline item.	<p>Deleted: practical</p>
114	(b) When separately priced contract line items or subline items are clearly not practicable, establish separate informational subline items (see 204.7104-1 (a)) for identifying the Government's acquisition cost.	are clearly not practical, establish separate informational subline items	"Practical" is a better word choice for what DoD is trying to do. Separately pricing line items is practicable but it is not practical.
	(c) The Government's acquisition cost for items delivered under -	The Government's acquisition cost for end items delivered under	See Business Rule #10
117	(1) Fixed-price contracts is the unit price identified at contract award, updated by any contract modifications.	Fixed-price contracts is the CLIN end item price identified at contract award, updated by any contract modifications.	"Unit" is defined in MIL-STD-130L as a component, "item" is a better word choice Under cost plus contracts these are also referred to as "items".
118	(2) Cost-type contracts is the contractor's fully burdened actual cost for each item, plus a proportionate amount of the fee at the time the item is delivered to the Government.	(2) Cost-type contracts, is the target price as final price and the fee adjustments, nonrecurring costs or trailing costs are to be pooled and allocated by the	<p>Deleted: unit</p> <p>Deleted: ,</p> <p>See Business Rule #2. Fixed Price contracts should use the CLIN price.</p>
119			<p>Deleted: unit</p> <p>Deleted: ,</p> <p>See Business Rule #6</p> <p>If target price is unacceptable as an alternative wording, then recommend that (c) (2) be worded as "An estimate derived from recorded cost, plus an appropriate portion</p>

COMMENTS ON DFARS INTERIM RULE ON UNIQUE IDENTIFICATION (UID)

Line	DFARS	Suggested Change	Comments
		<p>Government. The target price is considered the fair value of the end item. contractor's fully burdened actual cost for each item plus a proportionate amount of the fee at the time the item is delivered to the Government</p> <p>of the fee, may be used when it is impractical to assign discrete cost accounts for individual items typically purchased in a Lot.” Under (c) (2) (ii), we recommend amending this to read – “Items valued below \$5,000 may be combined under a contract line item or subline item; however, the contractor must report the Government’s acquisition cost of each item that requires a unique item identifier in accordance with 211.274-1(a)(2)(ii).”</p> <p>Rationale: Items that do not require a UID should also not require individual valuation, and to clarify that no additional cost accounting visibility beyond that required for CAS and/or TINA compliance is required for the purposes of establishing item valuation.</p>	<p>of the fee, may be used when it is impractical to assign discrete cost accounts for individual items typically purchased in a Lot.” Under (c) (2) (ii), we recommend amending this to read – “Items valued below \$5,000 may be combined under a contract line item or subline item.</p> <p>Deleted: I</p>
120		<p>(i) Items valued at \$5,000 or more shall be identified in a separate contract line item or subline item.</p>	<p>If the intent of this rule is to comply with the Act, there must be recognition of items of Government owned property in</p>

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Line	DFARS	Suggested Change	Comments
		item.	the custody of Government contractors.
121	(d) Modify the contract to establish separate contract line items or subline items prior to delivery of items that were not identified as contract deliverables at the time of contract award.	(d) Modify the contract to establish separate contract line items or subline items prior to delivery of <u>end items</u> that were not identified as contract deliverables at the time of contract award.	Business Rule #10.
122	(e) The Government's acquisition cost of components delivered within end items need not be identified.		
123	211.274-3 Contract Clause.		
124	Use the clause at 252.211-7003, Item Identification and Valuation, in solicitations and contracts that require delivery of one or more "items" as defined at 252.211-7003 (a).	Use the clause at 252.211-7003, Item Identification and Valuation, in solicitations and contracts that require delivery of one or more "end items" as defined at 252.211-7003 (a).	Revise or add business rule to note that "tbd" is acceptable entry when information is not known at the time of solicitation or contract award.
125	Complete paragraph (b) of the clause with the contract line item number or subline item number and description of the item(s) requiring unique identification.		See Business Rule #14.

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Line	DFARS	Suggested Change	Comments
	PART 212 - ACQUISITION OF COMMERCIAL ITEMS		
126		UID requirement should not normally apply to FAR Part 12 contracts ... in most cases; the receiving activity should take the action to mark upon delivery unless there is already a commonly accepted commercial mark that DoD can use.	
		See Business Rules #8 and 9	
129	(f) III (vii) Use the clause at 252.211-7003, Item Identification, as prescribed at 211.274-3.	This may conflict with MIL-STD-130L 5.1.2. There need to be business rules to determine when and when not to use commercial marks. See Business Rule 8 and 9.	
130			
131	PART 243 - CONTRACT MODIFICATIONS 243.171 Obligation or deobligation of funds. *****		This paragraph conflicts with the proposed accounting treatment of writing off immaterial cost for final overhead and fee determinations. Consider deleting this paragraph.
135	(b) When changes in the value of the contract result in changes to the Government's acquisition cost of delivered items, the contracting officer shall allocate those changes to the acquisition cost of those items.	When changes in the value of the contract result in changes to the Government's acquisition cost of delivered items, the contracting officer shall allocate those changes to the appropriate changes to the acquisition cost of those items.	See Business Rule #2.
136			

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Line	DFARS	Suggested Change	Comments
137	PART 252 – SOLICITATION PROVISIONS AND CONTRACT CLAUSES		
138	8. section 252.211-7003 is added to read as follows:		
139	252.211-7003 Item Identification and Valuation.		
150	Enterprise means the entity (i.e. a manufacturer or vendor) responsible for assigning unique item identifiers to items.	Enterprise means the entity (i.e. a manufacturer or vendor) responsible for assigning unique item identifiers to end items.	
152	Government's acquisition cost means-	For fixed-price contracts, the unit price identified at contract award, updated by any contract modifications; and	
153	(1) For fixed-price contracts, the unit price identified at contract award, updated by any contract modifications; and	For fixed-price contracts, the unit price identified at contract award, updated by any contract modifications; and	
154	(2) For cost-type contracts, the contractor's fully burdened actual cost that has been accumulated, plus a proportionate amount of fee for each item at the time the item is delivered.	(2) For Cost-type contracts, the target price. Or, if target price is not acceptable, change to read "an estimate derived from recorded cost, plus an appropriate portion of the target fee,	

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Line	DFARS	Suggested Change	Comments
		may be used when it is impractical to assign discrete cost accounts for individual items typically purchased in a Lot."	
155	Issuing agency code means a code that designates the registration (or controlling) authority.	Item means a single article or unit formed by a grouping of component or constituent parts required to be delivered in accordance with the items and conditions of this contract.	"End item" means a single tangible article, unit or a system formed by a grouping of component or constituent parts required to be delivered and marked in accordance with the terms and conditions of this contract. End items are defined in the form and context of materiel, repairables, or equipment
156			This definition applies only to material items and does not apply to equipment or repairables.
157	Under this contract, an item is any article produced, stocked, sorted, issued, or used; or any product, including systems, materiel, parts, subassemblies, sets, or accessories.		

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Line	DFARS	Suggested Change	Comments
		subassemblies, sets, or accessories.	
159	"Original part number" is a combination of numbers or letters assigned by the enterprise i.e., a manufacturer or vendor at asset creation to a class of items with the same form, fit, function, and interface.	"Original part number" is a combination of numbers or letters assigned by the enterprise i.e., a manufacturer or vendor at <u>asset end item creation to a class</u> of items with the same form, fit, function, and interface	
161	Serial number within the enterprise identifier or unique serial number means a combination of numbers, letters, or symbols assigned by the enterprise to an item that provides for the differentiation of that item from any other like and unlike item and is never used again with the enterprise.	Serial number within the enterprise identifier or unique serial number means a combination of numbers, letters, or symbols assigned by the enterprise to an item that provides for the differentiation of that item from any other like and unlike item and is never used again with the enterprise.	
162	Serial number with the part number or serial number means a combination of numbers or letters assigned by the		

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Line	DFARS	Comments
Line	Suggested Change	Comments
	enterprise to an item that provides for the differentiation of that item from any other like item within a part number assignment.	
163	Serialization within the enterprise identifier means each item produced is assigned a serial number that is unique among all the tangible items produced by the enterprise and is never used again.	<p>Deleted: Serialization within the enterprise identifier means each item produced is assigned a serial number that is unique among all the tangible items produced by the enterprise and is never used again.</p>
164	The enterprise is responsible for ensuring unique serialization within the enterprise identifier.	
165	Serialization within the part number mean each item of a particular part number is assigned a unique serial number within that part number assignment.	<p>Appears to be the same as paragraph 161.</p>
166	The enterprise is responsible for ensuring unique serialization within the part number within the enterprise identifier.	<p>Appears to be the same as paragraph 162.</p>
167	Unique item identification means marking an item with machine-readable data elements to distinguish it from all other like and unlike items.	<p>Appears to be the same as paragraph 162.</p>
168	Unique item identifier means a set of data marked on items that is globally unique, unambiguous, and robust enough to ensure data information quality throughout life and to support multi-faceted business applications and users.	<p>Deleted: Serialization within the part number mean each item produced is assigned a serial number that is unique among all the tangible items produced by the enterprise and is never used again.</p> <p>Deleted: Serialization within the part number mean each item of a particular part number is assigned a unique serial number within that part number assignment.</p> <p>Deleted: Serialization within the part number mean each item of a particular part number is assigned a unique serial number within that part number assignment.</p> <p>Appears to be the same as paragraph 162.</p> <p>Appears to be the same as paragraph 162.</p> <p>Line 162 covers the issue.</p> <p>Line 162 covers the issue.</p> <p>Unique item identifier means a set of data marked on items marked on end items in a machine readable format that is globally unique, unambiguous, and robust enough to ensure data information quality throughout life and to support multi-faceted business applications and users.</p>

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Line	DFARS	Suggested Change	Comments
		faceted business applications and users.	It is not clear that a 78 character UID does NOT have to be marked on an end item but rather "a set of data" that when read by a machine will comprise the UID.
169	(a) Unique item identification.		
170	(1) The Contractor shall provide unique item identification marking, or a DoD recognized unique identification equivalent (if one is not already marked), for -		
	(i) All items delivered under this contract for which the Government's acquisition cost is \$5,000 or more; and	All end items delivered under this contract for which the Government's acquisition cost is \$5,000 or more; and	
172	(ii) the following items to be delivered under this contract:		
173	Contract Line Item Description	Include "Target Price" in the table.	
174	(2) the unique item identifier and the component data elements of the unique item identifier shall not change over the life of the item.	the unique item identifier and the component data elements of the unique item identifier shall not change over the life of the item.	
175	(3) Data elements.		
176	(i) for items that are serialized within the enterprise identifier, the unique identifier shall include the data elements of issuing agency	for end items that are serialized within the enterprise identifier, the unique identifier, the	

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Line	DFARS	Suggested Change	Comments
	code, enterprise identifier, and a unique serial number.	unique identifier shall include the data elements of issuing agency code, enterprise identifier, and a unique serial number.	
177	(ii) For items that are serialized within the part number within the enterprise identifier, the unique identifier shall include the data elements of issuing agency code, enterprise identifier, the original part number, and the serial number.	For <u>end</u> items that are serialized within the part number within the enterprise identifier, the unique identifier shall include the data elements of issuing agency code, enterprise identifier, the original part number, and the serial number.	
178	(iii) The issuing agency code shall be derived from the data qualifier for the enterprise identifier. (iv) The issuing agency code shall not be placed on the item.	The issuing agency code shall not be placed on the <u>end</u> item in <u>human readable</u> format.	It may or may not be on the item but in machine-readable format only.
182	(i) Mark the encoded data elements (except issuing agency code) on the item using any of the following three types of data qualifiers, as specified elsewhere in the contract:	(i) Mark the encoded data elements (except issuing agency code) on the <u>end</u> item using any of the following	

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Line	DFARS	Suggested Change	Comments
		three types of data qualifiers, as specified elsewhere in the contract:	
186	(Note: The DoD collaborative solution is described in Appendix D of the DoD guide to Uniquely Identifying Tangible Items, available at http://www.acq.osd.mil/uid .)	<p>Note: The DoD collaborative solution is described in Appendix D of the DoD guide to Uniquely Identifying Tangible Items, available at http://www.acq.osd.mil/uid, which provides guidance in item marking, evaluation and other business rules.</p>	<p>Deleted: Use high capacity automatic identification devices in unique identifiers that conform to ISO/IEC International Standard 15434, Information Technology – Syntax for High Capacity Automatic Data Capture Media.</p>
187	(ii) Use high capacity automatic identification devices in unique identifiers that conform to ISO/IEC International Standard 15434, Information Technology – Syntax for High Capacity Automatic Data Capture Media.	Recommend deleting this altogether ... this is more properly covered in MIL-STD-130L	
188	(4) Marking items.	Mark items in accordance with specific instructions as provided elsewhere in this contract.	
189	Unless otherwise specified in the contract, data elements for unique identification (enterprise identifier, serial number, and, for serialization within the part number only, original part number shall be placed on items requiring marking by paragraph (b) (1) of this clause in accordance with the standard practice of MIL-STD-130K, Identification Marking of U.S. Military	Delete any reference to MIL-STD-130 from the Rule since the statement of work or contract specification as a reference requirement normally invokes such standards.	

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Line	DFARS	Suggested Change	Comments
	Property.		
190	(b) Commonly accepted commercial marks.	The Contractor shall provide commonly accepted commercial making for items delivered under this contract that are not required to have unique item identification or a DoD-recognized unique identification equivalent under paragraph (b) of this clause.	The business rules must further define how items that are not marked with UID's are marked. See Business Rule #8
191		The Contractor shall provide commonly accepted commercial making for <u>end items</u> delivered under this contract that	
192	(c) Item records.	Records of all items delivered to the Government shall include, at a minimum, the following information:	
193		Records of all <u>end items</u> delivered to the Government shall include, at a minimum, the following information:	
194	(1) Description.		
195	(2) Unique item identifier concatenated or other approved item identifier.	Unique item identifier, or other approved item identifier.	Deleted: concatenated
203	Original part number.	Original part <u>or</u> model number	Equipment is usually identified with a model number rather than a part number. UID is still maintained while maintaining the current practice of identifying the model number with equipment.
204	(e) Valuation.		
205	The Contractor shall report the Government's acquisition cost of items delivered under this contract as	The Contractor shall report the Government's	Rationale - items that do not require a UID should not also require individual

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Line	DFARS	Suggested Change	Comments
	<p>follows:</p> <p>(1) Except as specified in paragraph (e)(3)(ii) of this clause, the Contractor shall report the Government's acquisition cost of items under separately priced contract line item numbers, subtitle item numbers, or informational subtitle item numbers.</p>	<p>acquisition cost of end items that require a UID in accordance with 211.274-1(a)(2)(iii) delivered under this contract as follows:</p> <p>Except as specified in paragraph (e)(3)(ii) of this clause, the Contractor shall report the Government's acquisition cost of items under separately priced contract line item numbers, subtitle item numbers, or informational subtitle item numbers or Contract Data Requirements Lists.</p>	<p>This change will provide the using community a way to comply with the rule in an effective and efficient manner</p> <p>See Business Rule #10.</p> <p>The idea of a CDRL report is to provide this information directly to the government's UID and valuation database in lieu of using CLIN structure, DD 250's and WAWF, or using WAWF as a transmittal system only. It is recognized that the DOD might be concerned with contractors who might not faithfully submit all CDRL reports - however, there is a significant extra cost to the government and its contractors resulting from the choice to use CLIN structure and DD 250's as the valuation collection mechanism. If nothing else,</p>
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Line	DFARS	Suggested Change	Comments
		as this policy evolves, pilots should be undertaken to permit alternatively data collection methods - or have selected contractors with demonstrated system reliability have the opportunity to supply data in other streamlined approaches.	See Business Rule #6.
208	(3) The Contractor shall normally report the Government's acquisition cost for items under cost-type contract to the Contracting Officer at the time of delivery, but in no event later than the close of the Contractor's fiscal period during which the delivery was made.	The Contractor shall normally report the Government's acquisition cost for end items under cost-type contracts to the Contracting Officer at the time of delivery based on target price. (This does not apply to contractor held and acquired accountable expense items i.e., production material, Special Tooling, Special Test Equipment, etc.)	The Government's accounting procedures should also define the accounting treatment.
209	(i) When a unique item identifier is required, the Contractor shall report the actual cost that has been accumulated for each item identified in paragraph (b)	When a unique item identifier is required, the Contractor shall report the target price or CLIN/SLIN	Suggest changing this to

COMMENTS ON DFARS INTERIM RULE ON UNIQUE IDENTIFICATION (UID)

Line	DFARS	Suggested Change	Comments
	of this clause and set forth in a contract line item or subline item.	price...for each item identified in paragraph (b) of this clause and set forth in a contract line item or subline item.	coincide with the draft business rules #2, 6, and 7.
210	(ii) when a commonly accepted commercial mark is required, the Contractor shall report the actual cost that has been accumulated for each item, whether or not listed in paragraph (b) of this clause.	when a commonly accepted commercial mark is required, the Contractor shall report the CLIN/SLIN estimated cost that has been accumulated for each end item, whether or not listed in paragraph (b) of this clause.	Finite accounting rules do not apply to immaterial items. Extensive cost accumulation systems are expensive and should not be used or required for immaterial items. See Business Rule #2.
211	In many cases, such items will have been combined under a single contract line item or subline item.		
212	(f) Subcontracts.	The Contractor shall include the requirements of this clause in all subcontracts that will result in delivery of items under this contract.	The burden to direct the subcontractor shall be on the contractor. The marking of items should not be blindly flowed down to subcontractors. Contractors are in the best position to direct their overall manufacturing and supply chain to fulfill the UID Deleted: all

COMMENTS ON DFARS INTERIM RULE ON UNIQUE IDENTIFICATION (UID)

Line	DFARS	Suggested Change	Comments
		under this contract	requirements. See MIL-STD-130L – paragraph 5 of the Foreword.
214	(End of Clause)]		
	[FR Doc 03-25827 Filed 10-9-03; 8:45am] BILLING CODE 5001-08-P		

COMMENTS ON DFARS INTERIM RULE ON UNIQUE IDENTIFICATION (UID)

Line	DFARS	Suggested Change	Comments
<u>ITEMS SUPPLIES / SERVICE</u>			
0031	Spares for Torpedo MK 45 Mod 1	50	LOT
			\$56,860.57
003101	Integrator Assy LD Acq Cost: \$16,742.25	50	EA
			NSP
003102	Pulse Generator Assy LD Acq Cost: \$8,357.56	50	EA
			NSP
003103	Drive Shaft Assy LD Acq Cost: \$6,365.12	50	EA
*	*	*	*
003116	Actual Panel Assy LD Acq Cost: \$5,730.56	50	EA
003117	Pulse Decoder Acq Cost: <\$5000	50	EA
99.			NSP
100.	(11) Subline items structured to capture the acquisition cost of spares that will require unique item identifiers under a cost-type contract.		

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Contracts Requirements – UID Policy

Deliverable	UID or UID Equivalent Required	Unit Acquisition Cost (or price) Required	Valuation Method (Contract type)
CLIN/SLIN Items requiring UID or UID Equivalent	Yes. All items valued over \$5K/unit value. Use DoD decision tree to determine requirements under \$5K/unit value	Yes	Fixed Price- use CLIN/SLIN values Cost Type-use target prices. Gov't will address delta \$ from final total price
Sub items contained within CLIN/SLIN delivered end items. (LRU/Spares/ROR)	Yes. Application of maintenance plan (e.g. lowest repairable or replaceable unit by DoD); No dollar threshold for applicability.	No	N/A
Other commercially marked items. (CLIN/SLIN)	No. The Government shall accept existing commercial markings as the UID equivalent	Yes – All delivered items must be valued/unit.	Use CLIN/SLIN value or target price if cost type