



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

November 6, 2001

MEMORANDUM FOR DIRECTOR, DEFENSE ACQUISITION REGULATION COUNCIL

SUBJECT: Defense Federal Acquisition Regulation Supplement Case 2000-D020, Balance of Payments Program

We have reviewed the proposal for Defense Federal Acquisition Regulation Supplement (DFARS) case 2000-D020, "Balance of Payments Program" and have the following suggestions.

We believe that the proposed policy at DFARS 225.7501(a)(5) should require that any determination made by the contracting officer that a requirement can best be filled by a foreign end product or construction material be made in writing. Although most contracting officers will document their decisions, a few may not. That could cause difficulties later, particularly if the contracting officer is no longer employed in the office or his or her recollection of events becomes unclear. In addition, we believe that the proposed policy at DFARS 225.7501(c) should require that any determination made by the head of an agency that it is not in the public interest to apply the restrictions of the Balance of Payments Program to the end product of construction material be made in writing. We suggest that the proposed language be revised to include the underlined words, as follows:

DFARS 225.7501(a)(5)

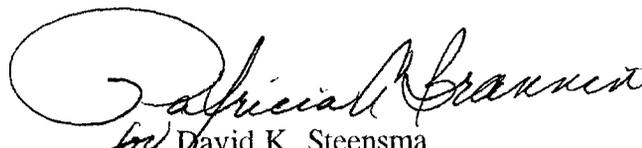
"The contracting officer determines in writing that . . ."

DFARS 225.7501(c)

". . . the head of the agency determines in writing that . . ."

Thank you for the opportunity to comment on the proposal. If you have any questions, please contact Ms. Catherine Schneiter (cschneiter@dodig.osd.mil) at (703) 604-8762.

Sincerely,


for David K. Steensma
Acting Assistant Inspector General
for Auditing