



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

DPAP/P

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

25 NOV 2002

MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
ACTING DEPUTY ASSISTANT SECRETARY OF THE
ARMY (POLICY AND PROCUREMENT), ASA(RD&A)
DEPUTY FOR ACQUISITION AND BUSINESS
MANAGEMENT, ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR, LOGISTICS POLICY &
ACQUISITION MANAGEMENT (DLA)

SUBJECT: Accurate Coding of DD Form 350, Individual Contracting Action Report

It has been brought to my attention that my memorandum (attached) of November 1, 2002, requires some clarification regarding the correct coding of Block C3 of DD Forms 350. My memorandum indicated that Block C3 should be coded as "B" (not available for competition) if only one offer is submitted on a competitive procurement and it is later determined that only one contractor was in a position to submit an offer. Those actions should in fact be coded as "D" (not competed). Code "B" is reserved for actions where competition would not have been attempted in the first place, due to the specific circumstances listed in DFARS 253.204-70(c)(4)(iii)(B).

The following repeats the applicable paragraph from my November 1, 2002, memorandum, but with the foregoing clarification noted therein:

- Entering "A" (competed action) in Block C3 (Extent Competed), while also entering "1" in Block C7 (Number of Offers Received), to reflect a competitive procurement where only one offer was received. This combination should only be used when FAR 15.403-1(c)(1)(ii) guidance is applicable. Do not use this combination if it is later determined that only one offer was received because there was not a realistic expectation of competition. Even when competitive procedures were initially used, Block C3 should be coded as "D" (not competed) if it is later determined that only one contractor was in a position to submit an offer.



I regret any confusion this may have caused. Questions should be directed to my staff POC for this action, Mr. Richard G. Brown; his email address is Richard.G.Brown@osd.mil and he may be reached by phone at 703-695-7197.

Donna Richbourg
for Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated



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DP/CPA

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ACTING DEPUTY ASSISTANT SECRETARY OF THE
ARMY (POLICY AND PROCUREMENT), ASA(RD&A)
DEPUTY FOR ACQUISITION AND BUSINESS
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EXECUTIVE DIRECTOR, LOGISTICS POLICY &
ACQUISITION MANAGEMENT (DLA)

SUBJECT: Accurate Coding of DD Form 350, Individual Contracting Action Report

My memorandum of May 30, 2002, requested a review of large dollar actions reported in Fiscal Year 2001 to the Defense Contract Action Data System (DCADS) as competitive, but with only one offer received. I asked you to ensure that these actions were properly characterized as competitive, and that the DD Form 350 reports submitted for these actions were correctly coded. Indeed, your reviews subsequently identified actions miscoded as competitive when in fact they were not available for competition.

This follows my previous request, expressed in my memorandum to you of June 28, 2002, that you initiate necessary action to correct widespread miscoding of block C11 of the DD Form 350. Block C11 identifies whether an action was subject to Truth in Negotiation Act (TINA) requirements for submittal of certified cost or pricing data, exempt from that requirement, or whether that requirement received a waiver from the Head of the Contracting Activity (HCA). The DoD Inspector General identified a 93 percent error rate in the coding of actions as waivers that were in fact exempt from TINA.

Miscoding of DD Forms 350 is more than a minor irritation. Mistakes in coding can provide a distorted picture of how the Department is doing business. Conclusions drawn from our DCADS data have even led to legislative proposals designed to address problems that we feel were based on mistaken impressions created by our own DD 350 data.

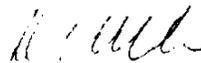
Some of you have advised me of actions taken to ensure accurate DD 350 coding. I request you initiate a more comprehensive effort to ensure that DD 350 reports are



accurate in every respect, with particular focus on areas that experience has shown are prone to miscoding. They include:

- Block B1C (Bundled Contract) - code as "Yes" only when a contract meets the definition of a "bundled contract" at FAR 2.101 and the contract value exceeds \$5 million.
- Block B5A (Contractor Identification Number) - for all contractors subject to the requirement for Central Contractor Registration (CCR), do not enter a contractor's DUNS number unless it has been validated against the CCR database. DD350 data cannot be processed without use of a valid DUNS number.
- Entering "A" (competed action) in Block C3 (Extent Competed), while also entering "1" in Block C7 (Number of Offers Received), to reflect a competitive procurement where only one offer was received. This combination should only be used when FAR 15.403-1(c)(1)(ii) guidance is applicable. Do not use this combination if it is later determined that only one offer was received because there was not a realistic expectation of competition. Even when competitive procedures were initially used, Block C3 should be coded as "B" (not available for competition) if it is later determined that only one contractor was in a position to submit an offer.
- Block C11 (Certified Cost or Pricing Data) - do not use code "W" (waiver) unless a waiver of submittal of certified cost or pricing data was approved by the HCA, per FAR 15.403-1(c)(4). All other exceptions to TINA should be reflected by entering code "N" (not obtained) when certified cost or pricing data was not obtained for the contract action.

My staff POC for this action is Richard G. Brown. His email address is Richard.G.Brown@osd.mil and he may be reached by phone at 703-695-7197.



Deidre A. Lee
Director, Defense Procurement