



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON, DC 20350-1000

MEMORANDUM

01 DEC 2014

SUBJECT: Line Item Structure

The attached Director, Defense Procurement and Acquisition Policy (DPAP) memorandum of November 14, 2014 is forwarded for your information and action, as appropriate. It informs the acquisition and contracting community that Wide Area WorkFlow (WAWF) has incorporated the capabilities of the Item Unique Identification (IUID) Registry for capturing marking and valuation data on delivered items. For contracts issued from fiscal year (FY) 2015 forward, this move will enforce the requirement in Defense Federal Acquisition Regulation Supplement (DFARS) 252.211-7003 that contractors submit IUID data as part of the Material Inspection and Receiving Report, and will reinforce the existing practice where payment systems reject receiving reports that do not match the contract.

The DPAP memorandum highlights that any FY 2015 contract that does not meet the DFARS rules for line item construction will be unable to be processed for payment automatically, which would result in expensive manual invoice processing. Therefore, line item quantity and unit of measure must match the actual deliveries that are required of the contractor to ensure the contractor can report that the terms of the contract have been met.

It is requested that you notify all appropriate contracting personnel that it is critical that FY 2015 contracts for supplies meet these requirements and includes the clauses to facilitate Electronic Submission of Payment Requests and Receiving Reports (DFARS 252.232-7003) and provide Wide Area Workflow Payment Instructions (DFARS 252.232-7006) to avoid incurring interest costs. Further details are provided within the memorandum. My point of contact is  
703-614-9641.

A handwritten signature in black ink, reading "John F. Couture", is positioned above the printed name.

John F. Couture  
CAPT, SC, USN  
Executive Director (Acting)  
DASN (AP)





ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
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NOV 14 2014

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(ACQUISITION AND PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DIRECTOR, ARMY CONTRACTING AGENCY  
DIRECTOR, DEFENSE LOGISTICS AGENCY  
(ATTN: DEPUTY DIRECTOR, LOGISTICS OPERATIONS)  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Line Item Structure

- References: (a) Director, Defense Procurement and Acquisition Policy memorandum, "Mandatory Training Requirement for Contracting Personnel in the Department of Defense," December 29, 2006  
(b) Director, Defense Procurement and Acquisition Policy memorandum, "Contract Line Item Pricing Integrity," October 3, 2011  
(c) Procedures, Guidance, and Information 204.7103, Contract Line Items  
(d) Defense Federal Acquisition Regulation Supplement, Subpart 204.71, Uniform Contract Line Item Numbering System

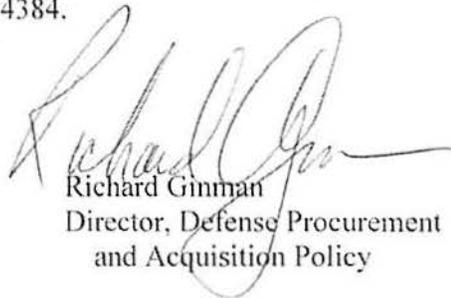
Effective November 3, 2014, Wide Area WorkFlow (WAWF) incorporated the capabilities of the Item Unique Identification (IUID) Registry for capture of marking and valuation data on delivered items (DFARS 252.211-7003). This move will enforce, for contracts issued from fiscal year (FY) 2015 forward, the requirement in the December 2013 version of that clause that the IUID data be submitted "as part of the Material Inspection and Receiving Report." Contractors will no longer be allowed to submit data on delivered end items separately from the acceptance process, as they were under prior versions of this clause. This change has been made to ensure that the values reported by industry for those items can be reviewed by the government acceptor. This change will also reinforce the existing practice where payment systems reject receiving reports that do not match the contract.

Industry has raised concerns that this change will impact contract compliance where contract line item quantity is less than the actual quantity to be delivered. They have raised

concerns about use of line items structured for delivery as a LOT when the program office and contractor anticipate more than one delivery.

Any FY 2015 contract that does not meet the DFARS rules for line item construction will be unable to be processed for payment automatically. These contracts will impede industry's ability to enter data correctly in WAWF and result in expensive manual invoice processing. Proper line item structure is critical to contract administration and financial audit requirements. Line item quantity and unit of measure must match the actual deliveries that are required of the contractor to ensure the contractor can report that the terms of the contract have been met. It is critical that FY 2015 contracts for supplies meet these requirements to avoid incurring interest costs.

Questions and comments may be directed to my action officer,  
or 703-697-4384.



Richard Ginman  
Director, Defense Procurement  
and Acquisition Policy