MEMORANDUM FOR DISTRIBUTION

Subject: ITEM UNIQUE IDENTIFICATION (IUID) DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS) COMPLIANCE BY CONTRACTING OFFICERS DURING ACQUISITION ACTIVITIES

References: (a) DFARS 252.211-7003, “Item Identification and Valuation,” August 2008
(c) DFARS 252.245-7001, “Tagging, Labeling, and Marking of Government-Furnished Property,” February 2011
(d) FARS 211.274-2, “Policy for Unique Item Identification,” September 27, 2010
(e) DoDI 8320.04, “Item Unique Identification (IUID) Standards for Tangible Personal Property,” June 16, 2008
(f) “Item Unique Identification (IUID) of Tangible Personal Property — Policy Refinement for Secondary Items in Use or in Inventory,” December 30, 2010
(g) SECNAVINST 4440.34, “Implementation of Item Unique Identification (IUID) in the Department of Navy,” December 22, 2009

The Department of Defense mandated that acquisition activities include the IUID DFARS requirements, references (a) through (d), established pursuant to references (e) and (f). The requirement for use of IUID throughout the lifecycle is further amplified in references (g) through (k). The Department of Navy has achieved 96% compliance on including the DFARS clauses in our contracts. Statistical sampling by the OSD Office of the Director of Defense Procurement and Acquisition Policy (DPAP) indicates the
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DFARS clauses are not being fully executed based on the reporting of items in the
IUID Registry. Additionally, we have received anecdotal reports of programs bypassing
implementation of the requirement.

Your leadership is critical to ensure full compliance with DFARS requirements
and intent by including appropriate contract language and ensuring delivery of the
requirements. The IUID requirement is mandatory, apart from formal exceptions cited in
OSD policy, references (a) through (f). The Contracting Officer (CO) cannot exempt an
item from IUID, cannot waive the requirement, and should not create and separately price
an IUID Contract Line Item Number (CLIN). The CO should negotiate pricing in good
faith, and acquire an Independent Government Cost Estimate from the Program Manager
when needed. COs shall work with respective Program Managers to ensure each contract
addresses: 1) a Statement of Work that includes appropriate Contract Data
Requirements List (CDRL), Data Item Descriptions (DID), and requests for Engineering
technical data for IUID marks on special items or for special operational environments;
2) a complete list of items to be marked and registered in accordance with references (e)
and (f); 3) accurate registration of the Unique Item Identifiers (UII) and associated data
in the national DoD IUID Registry in accordance with references (a) and (b); and 4)
generation of a Determination and Finding (D&F) and obtaining approval for any
contractor that claims they cannot meet the terms and conditions contained in the contract
for the IUID requirement in accordance with reference (d).

Please ensure that all personnel involved in acquisition contracts are aware of the
policies and procedures set forth in the referenced documents. My point of contact for
this matter is Ms. Mindy Rash-Gehres at mindy.rash-gehres@navy.mil or 703-614-8000.

David F. Baucom
RDML, SC, USN
Deputy Assistant Secretary of the Navy
(Acquisition and Logistics Management)

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