



DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
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FORT BELVOIR, VIRGINIA 22060-6222

IN REPLY
REFER TO

DESC-CPA

SEP 8 2004

CONTRACTING INSTRUCTION (CI): 04-19
MEMORANDUM FOR CI DISTRIBUTION

SUBJECT: Class Deviation DFARS 204.7004(d) Supplementary Procurement Instrument
Identification Numbers (SPII)

The purpose of this CI is to disseminate the Defense Logistics Agency FARS Deviation 04-04 dated 3 August 2004 found in the attachment. The subject DFARS coverage describes the required SPII numbering configuration. DESC delivery order numbers, or SPII numbers, generated for contract vehicles utilizing Defense Fuels Automated Management System (DFAMS) or the Fuels Automated Systems (FAS) are unable to comply with the subject regulation.

DFARS 204.7004(d)(1) and subparagraph (2) describe the required numbering configuration for procurements not using DFAMS or FAS. Contracting Officers are encouraged to review this regulatory coverage and ensure compliance.

Questions or problems relating to this process change should be directed to Larry Rice at 767-8679, or Cheryl Creason at 767-8471.

This CI is informational only and expires upon dissemination.

Gabriella M. Earhardt
GABRIELLA M. EARHARDT
Center Senior Procurement Official

Attachment





DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY J-33
REFER TO FARS DEV 04- 04

AUG 3 2004

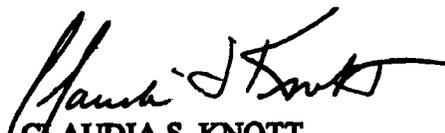
MEMORANDUM FOR DIRECTOR, DEFENSE ENERGY SUPPORT CENTER (DESC)

SUBJECT: Class Deviation from Defense Federal Acquisition Regulation Supplement (DFARS) 204.7004(d) – Delivery Orders Under Indefinite Delivery Contracts, Orders Under Basic Ordering Agreements, and Calls Under Blanket Purchase Agreements

A class deviation is approved for the DESC to use the Procurement Instrument Identification Number (PIIN) assigned by its Defense Fuels Automated System (DFAMS) and Fuel Automated Systems (FAS) in lieu of the PIIN numbering requirements identified at DFARS 204.7004(d).

DESC's request stated that the internal logic used by DFAMS and its replacement system, FAS, can not assign delivery order Procurement Instrument Identification Numbers (PIIN) in the exact format specified by the DFARS. The internal logic being utilized in these systems to generate and assign orders is commercial-off-the-shelf technology, and the associated costs of modifying and maintaining the system to account for the unique requirements of the DFARS would be cost prohibitive to the Government. Also, it was indicated that all orders numbered under these systems are identifiable to the system user, and by association, the organizational activity.

This deviation is effective immediately and shall remain in effect until FAS functionality is merged into the Business Systems Modernization. If you have any questions regarding this matter, please contact Mr. Frank Pane at either (703) 767-1461 (DSN 427) or francis.pane@dla.mil.


CLAUDIA S. KNOTT
Senior Procurement Executive



**MEMORANDUM FOR EXECUTIVE DIRECTOR LOGISTICS POLICY &
ACQUISITION MANAGEMENT**

**SUBJECT: Request for a Permanent Deviation Approval from Defense Federal
Acquisition Regulation Supplement (DFARS) 204.7004(d)(2)**

I. PROBLEM

DFARS 204.7004(d)(1) and DFARS 204.7004(d)(2) require that the first and second positions of the supplementary Procurement Instrument Identification (SPII) number assigned to delivery orders placed against a contract either: 1) do not contain any alpha characters, or 2) contain the call/order code assigned to the ordering office by the department/agency monitor. The Defense Logistics Agency (DLA), Acquisition Operations Team is the executive agent for maintenance of code assignments and as such, distributes blocks of two-character order codes to the department/agency monitor. This requirement represents an obstacle in the development and implementation of the Defense Energy Support Center's (DESC) Fuel Automated System (FAS).

II. RECOMMENDATION

In order to successfully implement e-commerce initiatives without incurring additional software modification and costs, DESC requests approval to allow FAS to automatically generate and assign a sequential intelligent four position alphanumeric delivery order number. The delivery order number is for orders placed by ordering offices against DESC contracts using FAS. Energy supplies ordered using FAS are primarily affected by this requirement. Delivery orders placed against contracts using the older system, Defense Fuels Automated Management System (DFAMS) are also similarly affected.

In accordance with DFARS 201.404(b)(ii), the senior procurement executive for the Defense Logistics Agency (DLA) may approve this permanent deviation.

III. DISCUSSION

DFARS Subpart 204 prescribes policies and procedures for assigning numbers to all solicitations, contracts and related instruments. These are known as the Uniform Procurement Instrument Identification Numbers. DFARS 204.7003(a) describes the basic PII number, which consists of 13 alpha-numeric characters grouped to convey certain information. Positions 1 through 6 identify the department/agency and office issuing the instrument. Positions 7 through 8 are the last two digits of the fiscal year in which the PII number is assigned. Position 9 indicates the type of instrument. Positions 10 through 13 are the serial number of the instrument.

DFARS 204.7004 describes supplementary PII numbers for use with the basic PII to identify solicitations amendments, contract modifications or orders under contracts. DFARS 204.7004 (d)(1) prohibits the use of alpha characters in the first and second positions of the supplementary PII number. DFARS 204.7004 (d)(2) requires that the first and second positions of the supplementary PII number assigned to delivery orders placed against another activity's contract contain the order code assigned the ordering office by the agency monitor of DLA.

FAS is designed to provide all worldwide energy contract, order, distribution, inventory and sales functions required by Department of Defense (DoD) activities and participating federal, state and local authorized customers. FAS brings state-of-the-art commercial best practices to DESC using a combination of commercial off-the-shelf (COTS) and specialty applications. Authorized users of FAS will have a complete suite of automated paperless processes to facilitate business processes and provide required DoD contract controls, financial controls and reporting requirements.

Under FAS, orders will be placed against DESC contracts using Oil Enterprise Downstream (OED), a COTS system. OED will provide the master records for all DoD energy related transactions worldwide, ensuring that orders for specific deliveries are validated against the contract terms identified in the system. OED's software for issuing orders does not contain any functionality for assigning an ordering activity's order code from the agency monitor to the order. Instead, users rely upon the OED system to internally generate a sequential intelligent number for the order. This results in accurate tracking and identification information for the Government. This assignment of all order numbers by the master system is critical to the proper matching of transactions from the integrated COTS and special applications.

Requiring the OED system to comply with DFARS 204.7004 and DFARS 204.7005 would require modifying the COTS system at a substantial cost for the Government. In addition to the cost of modifying the COTS system, the Government will incur increased system maintenance costs over the life of FAS. To the extent it was intended to provide controls, the deviation will not impact this need, since FAS provides all necessary contract, inventory, management and financial controls. If DFARS 204.7004 and DFARS 204.7005 requirements were driven by the perceived need to identify ordering offices through the supplementary PII, this functional requirement is also satisfied by the FAS system, as all orders are immediately identified to the system user and, by association, the activity creating the order. This is similar to the apparent intent of the assignment of codes by an agency monitor (e.g., to identify the ordering activity). As for other purposes behind this requirement, DESC is not aware of any external reporting or statistical requirements based on the executive agent/agency monitor requirement. The executive agent ordering office codes are incorporated into existing legacy information system management exception reports used internally by DESC. However, the OED system has an extensive management information system that supports these internal requirements.

For these reasons, DESC requests approval of this permanent deviation for all DESC energy contracts using FAS and DFAMS.

IV. COLLATERALS

Collateral requirements are addressed as follows:

- a. In accordance with DLAD 1.490(b), this proposed permanent deviation does not require publication in the Federal Register since it has no significant cost or administrative impact upon contractors or offerors. The permanent deviation requested is one that would allow the electronic submission of delivery orders without the agency monitor's activity order number in the first two digits of the supplementary PII, which will be automatically entered and validated by the OED computerized application.
- b. For the reasons discussed above, that FAS provides all necessary contract, inventory, management and financial controls, FAS immediately identifies to the system user and, by association, the activity creating the order the identity of ordering offices and the deviation will not have a significant impact beyond the internal operating procedures of DESC/DLA.
- c. This permanent deviation is best categorized by FAR 1.401(a) since it involves the use of a procedure that is inconsistent with an express provision with the DFARS.
- d. The proposed permanent deviation does not impose any paperwork burden or information collection requirements. Small business participation in DESC acquisitions is not affected. Thus the paperwork reduction and regulatory flexibility analysis is not required.
- e. Legal counsel has reviewed this permanent deviation and concurs with the request herein contained.
- f. This is the first time DESC has requested this type of DFARS permanent deviation.
- g. This deviation is to be included in the DLAD. Proposed language attached.

4.7004 Supplementary PII numbers

(90) The Supplementary PII number for energy related commodity contracts at the Defense Energy Support Center will be assigned by the Defense Fuels Automated Management System and Fuels Automated System instead of the department/agency code monitor of DLA.