



ACQUISITION  
AND SUSTAINMENT

OFFICE OF THE ASSISTANT SECRETARY OF WAR  
3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

In reply refer to  
DARS Tracking Number: 2026-O0020

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
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  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Class Deviation—Revolutionary Federal Acquisition Regulation (FAR) Overhaul  
Part 7, Defense FAR Supplement (DFARS) Part 207

Effective February 1, 2026, contracting officers shall use—

- The revised FAR Part 7, Acquisition Planning published on the Revolutionary FAR Overhaul web page at <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-7> in lieu of the text codified at 48 CFR chapter 1 (<https://www.ecfr.gov>).
- The attached DFARS Part 207, Acquisition Planning in lieu of the text codified at 48 CFR chapter 2; and
- The attached DFARS Procedures, Guidance, and Information (PGI) 207, Acquisition Planning in lieu of the PGI text published on the Defense Pricing, Contracting, and Acquisition Policy web page at <https://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

This class deviation implements the following:

- Section 2 of E.O. 14275, Restoring Common Sense to Federal Procurement, which establishes the policy that the FAR “should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed.

- Section 4(a) of E.O. 14265, Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base which requires the Secretary of War to eliminate or revise any unnecessary supplemental regulations or any other internal guidance, such as relevant parts of the Financial Management Regulation and Defense Federal Acquisition Regulation Supplement.
- The Office of Management and Budget memorandum, M-25-26 issued on May 2, 2025, titled, Overhauling the Federal Acquisition Regulation, which provided additional guidance to federal agencies regarding the FAR overhaul.

This class deviation remains in effect until rescinded or incorporated into the FAR, DFARS, and DFARS PGI. Inquiries regarding this class deviation can be addressed to [osd.pentagon.ousd-a-s.mbx.dfars@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.dfars@mail.mil).

John M. Tenaglia  
Principal Director,  
Defense Pricing, Contracting, and  
Acquisition Policy

Attachments:  
As stated

## **PART 207—ACQUISITION PLANNING**

### **SUBPART 207.1—ACQUISITION PLANS**

#### **207.102 Requirements.**

(b)(1) See [212.102](#) regarding requirements for a written determination that the commercial product or commercial service definition has been met when using FAR part 12 procedures.

#### **207.103-70 Agency-head responsibilities.**

(a) Prepare written acquisition plans for—

(1) Acquisitions for development, as defined in FAR 35.001, when the total price of all contracts for the acquisition program is estimated at \$10 million or more;

(2) Acquisitions for production or services when the total price of all contracts for the acquisition program is estimated at \$50 million or more for all fiscal years or \$25 million or more for any fiscal year; and

(3) Any other acquisition considered appropriate by the department or agency.

(b) Written plans are not required for final buy out or one-time buy acquisitions. The terms "final buy out" and "one-time buy" refer to a single contract that covers all known present and future requirements. This exception does not apply to a multiyear contract or a contract with options or phases.

(c) Prepare written acquisition plans for acquisition programs meeting the thresholds of paragraphs (a) of this section on a program basis. Other acquisition plans may be written on either a program or an individual contract basis.

(d) For procurement of conventional ammunition, as defined in DoDD 5160.65, Single Manager for Conventional Ammunition (SMCA), the SMCA will review the acquisition plan to determine if it is consistent with retaining national technology and industrial base capabilities in accordance with 10 U.S.C. 3204(a)(3) and section 806 of Public Law 105-261. The department or agency—

(1) Must submit the acquisition plan to the address in PGI 207.103-70(d); and

(2) Must not proceed with the procurement until the SMCA provides written concurrence with the acquisition plan. In the case of a non-concurrence, the SMCA will resolve issues with the Army Office of the Executive Director for Conventional Ammunition.

#### **207.104-70 General procedures.**

(a) In developing an acquisition plan, agency officials must take into account the requirement for scheduling and conducting a Peer Review in accordance with [201.170](#).

(b) In addition to the requirements of FAR 7.104, planners must follow the procedures at [PGI 207.104\(b\)](#).

**207.106-70 Additional requirements for major systems.**

(a) Contracting officers are prohibited by 10 U.S.C. 3208(d)(1) from requiring offers for development or production of major systems that would enable the Government to use technical data to competitively reprocure identical items or components of the system if the item or component were developed exclusively at private expense, unless the contracting officer determines that—

(1) The original supplier of the item or component will be unable to satisfy program schedule or delivery requirements;

(2) Proposals by the original supplier of the item or component to meet mobilization requirements are insufficient to meet the agency's mobilization needs; or

(3) The Government is otherwise entitled to unlimited rights in technical data.

(b) If the contracting officer makes a determination, under paragraphs (a)(1) and (2) of this section, for a competitive solicitation, 10 U.S.C. 3208(d)(2) requires that the evaluation of items developed at private expense be based on an analysis of the total value, in terms of innovative design, life-cycle costs, and other pertinent factors, of incorporating such items in the system.

(c) In accordance with 10 U.S.C. 3774(a) and DoD policy requirements, acquisition plans for major weapon systems and subsystems of major weapon systems must—

(1) Assess the long-term technical data and computer software needs of those systems and subsystems; and

(2) Establish acquisition strategies that provide for the technical data deliverables and associated license rights needed to sustain those systems and subsystems over their life cycle. The strategy may include—

(i) The development of maintenance capabilities within DoD; or

(ii) Competition for contracts for sustainment of the systems or subsystems.

(d) Assessments and corresponding acquisition strategies developed under paragraph (c) of this section must—

(1) Be developed before issuance of a solicitation for the weapon system or subsystem;

(2) In accordance with 10 U.S.C. 4328, to emphasize reliability and maintainability in weapon system design, ensure that reliability and maintainability are included in the performance attributes of the key performance parameters on sustainment during the development of capabilities requirements. For additional guidance see PGI 207.104-70;

(3) Address the merits of including a priced contract option for the future delivery of technical data and computer software, and associated license rights, that were not acquired upon initial contract award;

(4) Address the potential for changes in the sustainment plan over the life cycle of the weapon system or subsystem; and

(5) Apply to weapon systems and subsystems that are to be supported by performance-based logistics arrangements as well as to weapon systems and subsystems that are to be supported by other sustainment approaches.

(e) See part 209 for policy applicable to acquisition strategies that consider the use of lead system integrators.

(f)(1) In accordance with section 202 of the Weapon Systems Acquisition Reform Act of 2009 (Pub. L. 111-23), acquisition plans for major defense acquisition programs as defined in 10 U.S.C. 4201, must include measures that—

(i) Ensure competition, or the option of competition, at both the prime contract level and subcontract level (at such tier or tiers as are appropriate) throughout the program life cycle as a means to improve contractor performance; and

(ii) Document the rationale for the selection of the appropriate subcontract tier or tiers under paragraph (f)(1)(i) of this section, and the measures which will be employed to ensure competition, or the option of competition.

(2) Measures to ensure competition, or the option of competition, may include, but are not limited to, cost-effective measures intended to achieve the following:

(i) Competitive prototyping.

(ii) Dual-sourcing.

(iii) Unbundling of contracts.

(iv) Funding of next-generation prototype systems or subsystems.

(v) Use of modular, open architectures to enable competition for upgrades.

(vi) Use of build-to-print approaches to enable production through multiple sources.

(vii) Acquisition of complete technical data packages.

(viii) Periodic competitions for subsystem upgrades.

(ix) Licensing of additional suppliers.

(x) Periodic system or program reviews to address long-term competitive effects of program decisions.

(3) In order to ensure fair and objective “make-or-buy” decisions by prime contractors, acquisition strategies and resultant solicitations and contracts must—

(i) Require prime contractors to give full and fair consideration to qualified

sources other than the prime contractor for the development or construction of major subsystems and components of major weapon systems;

(ii) Provide for Government surveillance of the process by which prime contractors consider such sources and determine whether to conduct such development or construction in-house or through a subcontract; and

(iii) Provide for the assessment of the extent to which the prime contractor has given full and fair consideration to qualified sources in sourcing decisions as a part of past performance evaluations.

(4) Whenever a source-of-repair decision results in a plan to award a contract for the performance of maintenance and sustainment services on a major weapon system, to the maximum extent practicable and consistent with statutory requirements, the acquisition plan must prescribe that award will be made on a competitive basis after giving full consideration to all sources (including sources that partner or subcontract with public or private sector repair activities).

(5) In accordance with 10 U.S.C. 4328, acquisition plans for engineering manufacturing and development and production of major systems defined in 10 U.S.C. 3041(a) and 4202 and for major defense acquisition programs, must include performance measures that are developed using best practices for responding to the positive or negative performance of a contractor for the engineering and manufacturing development or production of a weapon system, including embedded software. At a minimum the contracting officer must—

(i) Encourage the use of incentive fees and penalties as appropriate; and

(ii) Allow the program manager or comparable requiring activity official exercising program management responsibilities, to base determinations of a contractor's performance on reliability and maintainability data collected during the program. Such data collection and associated evaluation metrics must be described in detail in the contract; and to the maximum extent practicable, the data must be shared with appropriate contractor and Government organizations.

(g) In accordance with section 815 of the National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417) and DoD policy requirements, acquisition plans for major weapons systems must include a plan for the preservation and storage of special tooling associated with the production of hardware for major defense acquisition programs through the end of the service life of the related weapons system. The plan must include the identification of any contract clauses, facilities, and funding required for the preservation and storage of such tooling. The Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) may waive this requirement if USD(A&S) determines that it is in the best interest of DoD.

(h) When selecting contract type, see [234.004](#) (section 811 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-239)).

#### **207.108 Additional requirements for teleworking.**

See [PGI 207.108](#) for additional guidance concerning places of performance.

**207.170 Public-Private Competitions.**

See [PGI 207.170](#) for policy on the Governmentwide moratorium and restrictions on public-private competitions conducted pursuant to Office of Management and Budget (OMB) Circular A-76.

**207.171 Component breakout.**

See PGI 207.171 for component breakout policy and procedures.

**207.172 Human research.**

Any DoD component sponsoring research involving human subjects—

(a) Is responsible for oversight of compliance with 32 CFR Part 219, Protection of Human Subjects; and

(b) Must have a Human Research Protection Official, as defined in the clause at [252.235-7004](#), Protection of Human Subjects, and identified in the DoD component's Human Research Protection Management Plan. This official is responsible for the oversight and execution of the requirements of the clause at [252.235-7004](#) and must be identified in the written acquisition plan.

**SUBPART 207.4—EQUIPMENT ACQUISITION**

**207.401 Acquisition considerations.**

If an equipment lease is expected to exceed 60 days, the requiring activity must provide the contracting officer with the justification supporting the decision to lease or purchase.

**207.470 Statutory requirements.**

(a) The contracting officer must not enter into any contract for the lease or charter of any vessel, aircraft, or combat vehicle, or any contract for services that would require the use of the contractor's vessel, aircraft, or combat vehicle, unless the Secretary of the military department concerned has satisfied the requirements of 10 U.S.C. 3671-3677, when—

(1) The contract will be a long-term lease or charter as defined in 10 U.S.C. 3674(a)(1); or

(2) The terms of the contract provide for a substantial termination liability as defined in 10 U.S.C. 3674(b). Also see [PGI 207.470](#).

(b) As required by 10 U.S.C. 3678, the contracting officer must not enter into any contract for any vessel, aircraft, or vehicle, through a lease, charter, or similar agreement with a term of 18 months or more, or extend or renew any such contract for a term of 18 months or more, unless the head of the contracting activity has—

(1) Considered all costs of such a contract (including estimated termination liability); and

(2) Determined in writing that the contract is in the best interest of the Government.

(c) Except as provided in paragraphs (a) and (b) of this section, the contracting officer may use leasing in the acquisition of commercial vehicles and associated equipment whenever the contracting officer determines that leasing of such vehicles is practicable and efficient (10 U.S.C. 3681).

**207.471 Funding requirements.**

(a) Fund leases in accordance with DoD Financial Management Regulation (FMR) 7000.14-R, Volume 2A, Chapter 1.

(b) DoD leases are either capital leases or operating leases. See FMR 7000.14-R, Volume 4, Chapter 6, Section 060206.

(c) Use procurement funds for capital leases, as these are essentially installment purchases of property.

**SUBPART 207.5—INHERENTLY GOVERNMENTAL FUNCTIONS**

**207.500 Scope of subpart.**

This subpart also implements 10 U.S.C. 4508.

**207.503-70 Policy.**

(a) *Agency Determinations.* The written determination required by FAR 7.503(e) must—

(1) Be prepared using DoD Instruction 1100.22, Guidance for Determining Workforce Mix; and

(2) Include a determination that none of the functions to be performed are exempt from private sector performance, as addressed in DoD Instruction 1100.22.

(b) *Contracts for acquisition functions.*

(1) In accordance with 10 U.S.C. 4508, the head of an agency may enter into a contract for performance of the acquisition functions closely associated with inherently governmental functions that are listed at FAR 7.503(d) only if—

(i) The contracting officer determines that appropriate military or civilian DoD personnel—

(A) Cannot reasonably be made available to perform the functions;

(B) Will oversee contractor performance of the contract; and

(C) Will perform all inherently governmental functions associated with the functions to be performed under the contract; and

(ii) The contracting officer ensures that the agency addresses any potential organizational conflict of interest of the contractor in the performance of the functions under the contract (see FAR Subpart 9.5).



(c) See related information at PGI 207.503-70.

## **SUBPART 207.70—BUY-TO-BUDGET—ADDITIONAL QUANTITIES OF END ITEMS**

### **207.7001 Definition.**

“End item,” as used in this subpart, means a production product assembled, completed, and ready for issue or deployment.

### **207.7002 Authority to acquire additional quantities of end items.**

10 U.S.C. 3069 authorizes DoD to use available funds for the acquisition of an end item at a higher quantity than the quantity specified in a law providing the funding for the specific end item, if the head of an agency determines that—

(a) The agency has an established requirement for the end item that is expected to remain substantially unchanged throughout the period of the acquisition;

(b) It is possible to acquire the higher quantity of the end item without additional funding because of production efficiencies or other cost reductions;

(c) The amount of funds used for the acquisition of the higher quantity of the end item will not exceed the amount provided under that law for the acquisition of the end item; and

(d) The amount provided under that law for the acquisition of the end item is sufficient to ensure that each unit of the end item acquired within the higher quantity is fully funded as a complete end item.

### **207.7003 Limitation.**

In accordance with 10 U.S.C. 3069, the acquisition of additional quantities is limited to not more than 10 percent of the quantity approved in the justification and approval of the use of other than competitive procedures prepared in accordance with FAR Part 6.

## **PGI 207—ACQUISITION PLANNING**

### **PGI 207.1—ACQUISITION PLANS**

#### **PGI 207.103-70 Agency-head responsibilities.**

- (d) Submit acquisition plans for procurement of conventional ammunition to—

Joint Program Executive Office Armaments and Ammunition  
ATTN: SFAE-AA  
Building 1  
Picatinny Arsenal, NJ 07806-5000

Telephone: Commercial 973-724-7101; DSN 880-7101  
Email: [usarmy.pica.peo-ammo.list.zjs-section-806@army.mil](mailto:usarmy.pica.peo-ammo.list.zjs-section-806@army.mil)

#### **PGI 207.104-70 General procedures.**

(b) For acquisitions covered by DFARS 207.103-70(a)(1) and (2), correlate the plan to the DoD Future Years Defense Program, applicable budget submissions, and the decision coordinating paper/program memorandum, as appropriate. It is incumbent upon the program manager to coordinate the plan with all those who have a responsibility for the development, management, or administration of the acquisition. The acquisition plan should be provided to the contract administration organization to facilitate resource allocation and planning for the evaluation, identification, and management of contractor performance risk.

- (1) *Acquisition background and objectives.*

- (i) *Statement of need.* Include—

(A) Applicability of an acquisition decision document, a milestone decision review, or a service review, as appropriate.

(B) The date approval for operational use has been or will be obtained. If waivers are requested, describe the need for the waivers.

(C) A milestone chart depicting the acquisition objectives.

(D) Milestones for updating the acquisition plan. Indicate when the plan will be updated. Program managers should schedule recurring reviews and updates to coincide with DAB reviews and the transition from one phase to another (e.g., system development and demonstration to production and deployment).

(E) *Supplies and services.* To determine if acquisitions for supplies or services are covered by DFARS 208.2, acquisition officials must use the AbilityOne Program Procurement List published by the Committee for Purchase From People Who Are Blind or Severely Disabled at [http://www.abilityone.gov/procurement\\_list/index.html](http://www.abilityone.gov/procurement_list/index.html) (see FAR Part 8.2).

(ii) *Life-cycle cost.* When acquiring tents or other temporary structures, consider total life-cycle costs in accordance with DFARS [215.101](#).

(iii) *Acquisition streamlining.* See DoDD 5000.1, The Defense Acquisition System, and guidebooks at <https://aaf.dau.edu/guidebooks/>.

(2) *Plan of action.*

(i) *Competition.* For information on various approaches that may be used to competitively fulfill DoD requirements, see the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics [Actions to Improve Competition](#).

(ii) *Acquisition considerations.* When supplies or services will be acquired by placing an order under a non-DoD contract (e.g., a Federal Supply Schedule contract), regardless of whether the order is placed by DoD or by another agency on behalf of DoD, address the method of ensuring that the order will be consistent with DoD statutory and regulatory requirements applicable to the acquisition and the requirements for use of DoD appropriated funds.

(iii) *Budgeting and funding.* Include specific references to budget line items and program elements, where applicable, estimated production unit cost, and the total cost for remaining production.

(iv) *Product or service descriptions.* For development acquisitions, describe the market research undertaken to identify commercial products or commercial services, commercial products or commercial services with modifications, or nondevelopmental items other than commercial products (see FAR part 10) that could satisfy the acquisition objectives.

(v) *Logistics considerations.*

(A) Describe the extent of integrated logistics support planning, including total life cycle system management and performance-based logistics. Reference approved plans. See [PGI 245.103-73](#) for information on reporting requirements for Government inventory held by contractors under sustainment contracts in accordance with DoD Manual 4140.01, Volume 6, DoD Supply Chain Materiel Management Procedures: Materiel Returns, Retention, and Disposition.

(B)(1) Discuss the mission profile, reliability, and maintainability (R&M) program plan, R&M predictions, redundancy, qualified parts lists, parts and material qualification, R&M requirements imposed on vendors, failure analysis, corrective action and feedback, and R&M design reviews and trade-off studies. Also discuss corrosion prevention and mitigation plans.

(2) See the Under Secretary of Defense Acquisition and Sustainment Policy Memo, dated January 31, 2019, entitled "[Implementation of 10 U.S.C. 2443—Sustainment Factors in Weapon System Design](#)" and DoD Instruction 5000.02, Operation of the Adaptive Acquisition Framework, policies and procedures.

(C) For all acquisitions, see part [227](#) regarding technical data and associated license rights, and computer software and associated license rights. For acquisitions involving major weapon systems and subsystems of major weapon systems, see the additional requirements at DFARS 207.106-70.

(D) See DoD 4120.24-M, Defense Standardization Program (DSP) Policies and Procedures.

(E) Describe the extent of Computer-Aided Acquisition and Logistics Support (CALS) implementation (see MIL-STD-1840C, Automated Interchange of Technical Information).

(vi) *Environmental and energy conservation objectives.*

(A) Discuss actions taken to ensure either elimination of or authorization to use class I ozone-depleting chemicals and substances (see DFARS part 223).

(B) Ensure compliance with DoDI 4715.23, Integrated Recycling and Solid Waste Management.

(vii) *Other considerations.*

(A) *National Technology and Industrial Base.* For major defense acquisition programs, address the following (10 U.S.C. 4811(c))—

(1) An analysis of the capabilities of the national technology and industrial base to develop, produce, maintain, and support such program, including consideration of the following factors related to foreign dependency (10 U.S.C. 4816)—

(i) The availability of essential raw materials, special alloys, composite materials, components, tooling, and production test equipment for the sustained production of systems fully capable of meeting the performance objectives established for those systems; the uninterrupted maintenance and repair of such systems; and the sustained operation of such systems.

(ii) The identification of items specified in paragraph (b)(19)(A)(1)(i) of this section that are available only from sources outside the national technology and industrial base.

(iii) The availability of alternatives for obtaining such items from within the national technology and industrial base if such items become unavailable from sources outside the national technology and industrial base; and an analysis of any military vulnerability that could result from the lack of reasonable alternatives.

(iv) The effects on the national technology and industrial base that result from foreign acquisition of firms in the United States.

(2) Consideration of requirements for efficient manufacture during the design and production of the systems to be procured under the program.

(3) The use of advanced manufacturing technology, processes, and systems during the research and development phase and the production phase of the program.

(4) To the maximum extent practicable, the use of contract solicitations that encourage competing offerors to acquire, for use in the performance of the contract, modern technology, production equipment, and production systems (including hardware and software) that increase the productivity of the offerors and reduce the life-cycle costs.

(5) Methods to encourage investment by U.S. domestic sources in advanced manufacturing technology production equipment and processes through—

(i) Recognition of the contractor's investment in advanced manufacturing technology production equipment, processes, and organization of work systems that build on workers' skill and experience, and work force skill development in the development of the contract objective; and

(ii) Increased emphasis in source selection on the efficiency of production.

(6) Expanded use of commercial manufacturing processes rather than processes specified by DoD.

(7) Elimination of barriers to, and facilitation of, the integrated manufacture of commercial products or commercial services and items being produced under DoD contracts.

(8) Expanded use of commercial products or commercial services, commercial products or commercial services with modifications, or to the extent commercial products or commercial services that meet the agency's needs are not available, nondevelopmental items other than commercial products (see FAR part 10).

(9) Acquisition of major weapon systems as commercial products (see DFARS part 234).

(B) *Industrial capability (IC).*

(1) Provide the program's IC strategy that assesses the capability of the U.S. industrial base to achieve identified surge and mobilization goals. If no IC strategy has been developed, provide supporting rationale for this position.

(2) If, in the IC strategy, the development of a detailed IC plan was determined to be applicable, include the plan by text or by reference. If the development of the IC plan was determined not to be applicable, summarize the details of the analysis forming the basis of this decision.

(3) If the program involves peacetime and wartime hardware configurations that are supported by logistics support plans, identify their impact on the IC plan.

(C) *Special considerations for acquisition planning for crisis situations.* Ensure that the requirements of DoD Instruction 1100.22, Policy and Procedures for Determining Workforce Mix, are addressed. Also—

(1) Acquisition planning must consider whether a contract is likely to be performed in crisis situations outside the United States and must develop appropriately

detailed measures for inclusion in the contract. Combatant commanders establish operational plans identifying essential services that must continue during crisis. DoDI 1100.22 requires Combatant Commanders to develop contingency plans if they have a reasonable doubt that a contractor will continue to provide essential services during a mobilization or crisis. When planning the acquisition, consider these operational plans and the resources available to carry out these plans.

(2) During acquisition planning, identify which services have been declared so essential that they must continue during a crisis situation. A best practice is to create a separate section, paragraph, line, or other designation in the contract for these essential services so they can be tracked to an option or separate contract line item.

(3) The requirements for the contractor written plan for continuity of essential services and the criteria for assessing the sufficiency of the plan will be determined/tailored for each acquisition of essential services by the contracting officer in coordination with the functional manager. The contractor's written plan, including prices/cost, shall be considered and evaluated in conjunction with the technical evaluation of offers.

(4) Operational-specific contractor policies and requirements resulting from combatant commander "integrated planning" will be described in operation plans (OPLAN), operation orders (OPORD) or separate annexes, and must be incorporated into applicable contracts. The plans may include rules for theater entry, country clearance, use of weapons, living on-base, etc. Therefore, the requiring activity is responsible for obtaining pertinent OPLANs, OPORDs, and annexes (or unclassified extracts) from the affected combatant command or military service element or component and for ensuring that the contract is consistent with the theater OPLAN and OPORD.

(5) Ask the requiring activity to confirm that the appropriate personnel department has determined that inherently Governmental functions are not included in the contract requirements. If contract services will become inherently Governmental during a time of crisis, ensure that the contract states that work will be removed from the contract (temporarily or permanently) upon the occurrence of a triggering event (specified in the contract) or upon notice from the contracting officer that informs the contractor when its responsibility to perform affected duties will stop or restart. The contract should require the contractor to have a plan for restarting performance after the crisis ends.

(6) If the combatant commander's contingency plan requires military members to replace contractor employees during a crisis or contingency, acquisition planning must consider whether the contract should require the contractor to train military members to do that.

(7) For acquisitions that have or may have some portion of delivery of items or performance in a foreign country, address considerations and requirements set forth in DFARS 225.770, Contracts requiring performance or delivery in a foreign country; 225.771, Contractor personnel supporting U.S. Armed Forces deployed outside the United States; 225.772, Antiterrorism/force protection, and 225.773, Contract administration in support of contingency operations.

(8) Contract administration planning considerations for contracts in support of contingency operations.

(i) When delegation of contract administration services to a contracting officer located in a different geographic area to support a contract for the delivery of items or performance in a joint operations area will or may occur, address the resourcing of contract administration and oversight personnel, including administrative contracting officers, quality assurance specialists, contract administrators, property administrators, and contracting officers' representatives.

(ii) If contract delivery of items or performance in support of contingency operations will or may occur in an austere, uncertain, or hostile environment, address the need for logistics support of contract administration and oversight personnel.

(iii) When some portion of contract delivery of items or performance may take place in a contingency area, address pertinent combatant commander or joint force commander requirements and considerations for contract administration. Such requirements will be maintained on the particular combatant commander operational contract support website, <https://www.acq.osd.mil/asda/dpc/cp/cc/aor.html>.

(iv) When contracts are awarded for performance in a contingency area, the head of the contracting activity is responsible for planning to ensure that contingency contracts will be closed in a timely manner considering personnel turnover and preaward, contract administration, and other contracting workload. A plan for reachback support of contract closeouts should be included, if required.

(9) For contracts that will incorporate the clause at DFARS 252.225-7040, Contractor Personnel Supporting U.S. Armed Forces Deployed Outside the United States, in accordance with DFARS 225.771-5(a), or otherwise require accountability for contractor personnel, consider the requirements and resources necessary for both the Government and contractor to keep the Synchronized Predeployment and Operational Tracker (SPOT) current in accordance with the SPOT business rules available at the website provided at <https://www.acq.osd.mil/asds/log/cso/ocs/spot.html>.

(10) For contracts that will incorporate the clause at FAR 52.222-50, Combating Trafficking in Persons, consider the requirements and resources necessary for both the Government and contractor to implement and maintain compliance with Federal and DoD trafficking in persons requirements, including PGI 222.1703.

(D) *Software and software maintenance*. When acquiring software or software maintenance, see DFARS 212.

(E) *Procurement Support for Theater Security Cooperation Efforts*. When planning procurement support for theater security cooperation efforts (e.g., military exercises/training, base operations, weapons procurement, aviation fuels, construction, or the President's Emergency Plan for Aids Relief projects), planners should be aware that Department of State (DoS) missions (embassies and consulates) do not provide such contracting support; however, these missions can provide support for routine, non-complex services and supplies used by U.S. Government personnel, even if funded with foreign-military-sales case money (see DFARS PGI 225.78). Planners shall take the following steps:

- (1) Become familiar with DoS Cable 11 STATE 030953, "Procurement Roles and Responsibilities – General Services Officer and DoD Personnel" (see also DFARS PGI 225.78).
- (2) Request general guidance from the combatant-command coordinator on past practices in the particular location for which procurement support is to be requested;
- (3) Contact the Defense Attaché Office and/or General Services Officer (normally the embassy/consulate contracting officer) at the DoS mission at least 60 days prior to the requirement, or as soon as practicable, to obtain information on—
  - (i) Availability of, and procedures associated with, requesting DoS mission procurement support;
  - (ii) Local sources of supplies and services; and
  - (iii) Business payment practices to support DoD procurement of specific theater security cooperation procurement requirements.
- (4) Ascertain whether payment support is available from the DoS mission.
- (5) When DoS contracting support is determined to be unavailable or not allowed, ensure the party of DoD military and/or civilians deploying to support the particular Theater Security Cooperation effort either pre-arranges DoD contracting support through reach-back, if possible, or if necessary, includes a warranted contracting officer, field-ordering officer, or credit-card holder, and, if necessary, a paying agent.

**PGI 207.108 Additional requirements for teleworking.**

Contracting officers should avoid specifying unnecessarily restrictive places of performance, to the maximum extent practicable, in accordance with section 875 of the National Defense Authorization Act for Fiscal Year 2022.

**PGI 207.170 Public-Private competitions.**

**PGI 207.170 Policy.**

See the memorandum from Assistant Secretary of Defense (Manpower and Reserve Affairs) dated April 21, 2016, entitled "[Update on OMB Circular A-76 Public-Private Competition Prohibitions-FY 2016](#)," regarding the ongoing Governmentwide moratorium and restrictions on public-private competitions. The restrictions prohibit the conversion of any work currently performed (or designated for performance) by civilian personnel to contract perform

**PGI 207.171 Component breakout.**

DoD policy is to break out components of weapons systems or other major end items under certain circumstances.

- (a) When it is anticipated that a prime contract will be awarded without adequate price competition, and the prime contractor is expected to acquire any component without adequate price competition, the agency must break out that component if—



- (1) Substantial net cost savings probably will be achieved; and
  - (2) Breakout action will not jeopardize the quality, reliability, performance, or timely delivery of the end item.
- (b) Even when either or both the prime contract and the component will be acquired with adequate price competition, the agency must consider breakout of the component if substantial net cost savings will result from—
- (1) Greater quantity acquisitions; or
  - (2) Such factors as improved logistics support (through reduction in varieties of spare parts) and economies in operations and training (through standardization of design).
- (c) Breakout normally is not justified for a component that is not expected to exceed \$1 million for the current year's requirement.

**PGI 207.171-1 Procedures.**

- (1) *Responsibility.*
  - (i) Agencies are responsible for ensuring that—
    - (A) Breakout reviews are performed on components meeting the criteria in PGI 207.171(a) and (b);
    - (B) Components susceptible to breakout are earmarked for consideration in future acquisitions;
    - (C) Components earmarked for breakout are considered during requirements determination and appropriate decisions are made; and
    - (D) Components are broken out when required.
  - (ii) The program manager or other official responsible for the material program concerned is responsible for breakout selection, review, and decision.
  - (iii) The contracting officer or buyer and other specialists (e.g., small business specialist, engineering, production, logistics, and maintenance) support the program manager in implementing the breakout program.
- (2) *Breakout review and decision.*
  - (i) A breakout review and decision includes—
    - (A) An assessment of the potential risks to the end item from possibilities such as delayed delivery and reduced reliability of the component;
    - (B) A calculation of estimated net cost savings (i.e., estimated acquisition savings less any offsetting costs); and

(C) An analysis of the technical, operational, logistics, and administrative factors involved.

(ii) The decision must be supported by adequate explanatory information, including an assessment by the end item contractor when feasible.

(iii) The following questions should be used in the decision process:

(A) Is the end item contractor likely to do further design or engineering effort on the component?

(B) Is a suitable data package available with rights to use it for Government acquisition? (Note that breakout may be warranted even though competitive acquisition is not possible.)

(C) Can any quality control and reliability problems of the component be resolved without requiring effort by the end item contractor?

(D) Will the component require further technical support (e.g., development of specifications, testing requirements, or quality assurance requirements)? If so, does the Government have the resources (manpower, technical competence, facilities, etc.) to provide such support? Or, can the support be obtained from the end item contractor (even though the component is broken out) or other source?

(E) Will breakout impair logistics support (e.g., by jeopardizing standardization of components)?

(F) Will breakout unduly fragment administration, management, or performance of the end item contract (e.g., by complicating production scheduling or preventing identification of responsibility for end item failure caused by a defective component)?

(G) Can breakout be accomplished without jeopardizing delivery requirements of the end item?

(H) If a decision is made to break out a component, can advance acquisition funds be made available to provide the new source any necessary additional lead time?

(I) Is there a source other than the present manufacturer capable of supplying the component?

(J) Has the component been (or is it going to be) acquired directly by the Government as a support item in the supply system or as Government-furnished equipment in other end items?

(K) Will the financial risks and other responsibilities assumed by the Government after breakout be acceptable?

(L) Will breakout result in substantial net cost savings? Develop estimates of probable savings in cost considering all offsetting costs such as increases in the cost of requirements determination and control, contracting, contract administration, data package

purchase, material inspection, qualification or preproduction testing, ground support and test equipment, transportation, security, storage, distribution, and technical support.

(iv) If answers to the questions reveal conditions unfavorable to breakout, the program manager should explore whether the unfavorable conditions can be eliminated. For example, where adequate technical support is not available from Government resources, consider contracting for the necessary services from the end item contractor or other qualified source.

(3) *Records.*

(i) The contracting activity shall maintain records on components reviewed for breakout. Records should evidence whether the components—

- (A) Have no potential for breakout;
- (B) Have been earmarked as potential breakout candidates; or
- (C) Have been, or will be, broken out.

(ii) The program manager or other designated official must sign the records.

(iii) Records must reflect the facts and conditions of the case, including any assessment by the contractor, and the basis for the decision. The records must contain the assessments, calculations, and analyses discussed in paragraph 2 of this section, including the trade-off analysis between savings and increased risk to the Government because of responsibility for Government-furnished equipment.

## **PGI 207.4—EQUIPMENT ACQUISITION**

### **PGI 207.470 Statutory requirements.**

Contracting officers should obtain additional information on the definition of “substantial termination liability” by contacting their respective legal adviser.

## **PGI 207.5—INHERENTLY GOVERNMENTAL FUNCTIONS**

### **PGI 207.503-70 Policy.**

Section 804 of the National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375) limits contractor performance of acquisition functions closely associated with inherently Governmental functions.