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## DOD to Require Unique Item Identification for All Property: Impact of New Rule for Defense Contractors

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A unique item identification (UID) of all tangible property delivered to the government will be mandatory in all solicitations issued beginning January 1, 2004. (68 Fed. Reg. 58631). The DOD argues this is necessary to permit integrated management of tangible goods by enabling the differentiation of one individual item from all others throughout the DOD supply chain, beginning with acquisition and terminating with utilization. The UID requirement could have serious ramifications for defense contractors.

### New Requirements

As a result of the interim rule, defense contractors will be required to:

- Provide a UID for all “items,” including component parts, rather than requiring a UID only for “end items.”
- Determine the valuation for all “items,” including in cost type contracts.
- Comply with the rule for contracts awarded under FAR Part 12 (commercial products) and FAR Part 15.
- Collect and retain UID data to identify and track items and to prevent multiple uses of the same number.
- Maintain delivery and billing information for every CLIN/SLIN.
- Increase the quality control requirements for small businesses associated with signing off the DD 250.



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This new requirement raises many issues to be considered by contractors attempting to comply with the new requirement:

- How will responsibilities be allocated if an acquisition does not have a Program Manager?
- How does the rule apply to the valuation of government furnished property (GFP) incorporated into contract line items delivered to the government?
- What definition triggers delivery for purposes of valuation?
- How will the rule apply to orders under Basic Ordering Agreements (BOAs), options under fixed price contracts, and electronically generated spares orders that do not involve solicitations?
- If Issuing Agency Codes (IACs) are not available in time, will contractors be able to use the DUNS number in the interim and then switch to the IAC later?
- Will the Contract Data Requirements List (CDRL) and Data Item Description (DID) be released before the rule becomes effective so that both government and industry may have a better understanding of how these will be used after January 1, 2004?

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