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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

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MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR, ACQUISITION, TECHNOLOGY
AND SUPPLY DIRECTORATE (DLA)

SUBJECT: Contracts for Services

Recent post-award reviews of contracts for services in support of Department of Defense (DoD) requirements have identified a number of instances in which contracts for services are being used to obtain products, supplies and facilities not required for, or incidental to, the performance of those services contracts. The inappropriate use of contracts for services is of such significance that Congress has addressed the issue in recent legislation.

It is important to ensure that contracts for services acquire end items consistent with the definition of a services contract. The Federal Acquisition Regulation (FAR), in Part 37, Service Contracting, defines a service contract as "a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply." The use of a service contract for the primary purpose of obtaining such end items as office space or a military aircraft simulator would not be consistent with the FAR definition and, therefore, would be inappropriate.

This policy applies to services acquired for DoD, regardless of whether the services are acquired through a DoD contract or task order, or a contract or task order awarded or issued by an agency other than DoD. My point-of-contact for this issue is Ms. Linda W. Neilson who can be reached at linda.neilson@osd.mil or at 703-697-8334.

for Richard Ginman
Shay D. Assad
Director, Defense Procurement and
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