Procure-to-Pay Capability Summary

SUBJECT: Contract Line Items

In order to consistently identify the goods and services being procured across the Federal Government, as well as the funding sources associated with each purchase, there needs to be greater rigor and standardization governing the fashion in which contracts are written. Based on this need, the Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA) collaborated to update the Federal Acquisition Regulation (FAR) to establish uniform use of line items in Federal procurement. The uniform line item structure is designed to improve the accuracy, traceability, and usability of procurement data. This rule establishes the structure needed in the contract to track the expenditure to the outcome. Lack of standards for identifying and tracing tax dollars across the acquisition contributes to duplication in spending, gaps in reporting, and inefficiencies in management decisions. The implementation of these standards will facilitate the identification and traceability of spending from appropriation through expenditure and support automated collection of information using key identifiers.

POLICY: In August 2014, DoD, GSA, and NASA published a proposed change to FAR 4.10 to create uniform requirements for line item creation. This case was published as a final rule in January 2017, with an implementation date of October 1, 2019.

DATA STANDARDS: With this new rule, the Federal procurement community continues to enhance contract data uniformity and consistency across the Federal government. Critical to meeting DATA Act and Transparency requirements, this new rule will ensure that goods/services being purchased, delivered, and accounted for are separately identifiable and traceable from requirement generation through payment. It also established minimum required data elements for each line item. Applying longstanding DoD rules governing contract data organization across all Federal contract actions promotes clear, accurate, and accountable contract award documents.

INFORMATION TECHNOLOGY INFRASTRUCTURE: While the DoD has long required that contract writing and interfacing systems be capable of structuring procurement data in line items, now all Federal contract writing systems are required to manage and output data in these formats. These changes will improve interoperability and funds traceability across the Federal Government.

IMPACT: The Contract Line Item requirements enable the Federal procurement community to improve the standardization of a unique instrument identifier, supporting the goal of enhancing the uniformity and consistency of data. The implementation of these standards facilitate the identification and traceability of spending from appropriation through expenditure, facilitating DATA Act and Transparency requirements.

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