



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY MEDICAL COMMAND
HEALTH CARE ACQUISITION ACTIVITY
2050 WORTH ROAD, SUITE 37
FORT SAM HOUSTON, TEXAS 78234-6037

MCAA

1 February 2002

MEMORANDUM FOR CHIEFS, MEDCOM HCAA CONTRACTING OFFICES

SUBJECT: Guidance on Lot Issues, Operating Instruction 02-02

1. Purpose. To provide guidance on Lot Issues.
2. Definitions. For purposes of this OI, a Lot is defined as the Schedule A identified unit of issue which groups, but does not specifically identify or itemize, a series of Contract Line Items (CLIN) or SubCLINs. Contract/Contract Order terminology other than Lot (i.e., Job) which employs the same methodology shall be referred to as Lot for the purpose of this OI and does not exclude such variant terminology from effect of this OI.
3. Background. DFAS CAPS-W payment system is incapable of making partial payment on a quantity of one without manual manipulation. Traditionally, DFAS SA-OPLOC has effected payment of orders written in this manner by transposing quantity and unit price, (i.e., 1 Lot @ \$100,000 became 100,000 Lots @ \$1.00). DFAS SA-OPLOC notified HCAA that they would no longer perform this manipulation of contract CLINs to effect payment.
4. Policy.
 - a. Construction and cost-type contracts shall continue to employ the "Lot" methodology where appropriate at the discretion of the Contracting Officer. Payments will be made in percentages per FAR 32 and DFARS 232. Continue to include the appropriate clauses and payment terms.
 - b. Contracts (including all contract orders placed against those contracts irrespective of the effective date of the order) signed on or before 1 Feb 02 are exempt from this OI with the exception of any contracts/contract orders which are specifically identified by mutual agreement of HCAA and SA-OPLOC for conversion to a multi-CLIN structure via modification.
 - c. Contract/contract orders which require a onetime only invoice (e.g., a single payment) are effectively exempt from

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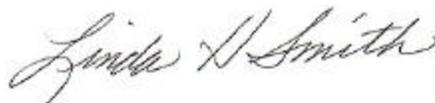
this OI because they do not require manipulation by DFAS personnel to pay correctly.

d. Except as identified by paragraphs 4a through 4c, contracts/contract orders shall not be written as "Lot." However, some components of contracts such as travel expense which by their nature can not be sufficiently anticipated to devise a more definitive CLIN structure may be included by Lot or not-to-exceed if no other CLIN structure is practicable. Contracting Officers must ensure that no contract sub-component is written in this manner if there is a viable alternative.

e. Failure to adhere to these procedures *will* cause untimely payments and associated interest. Except as noted in this OI, DFAS *will not* pay contracts/contract orders on a lot basis, and modification to effect a revised CLIN structure will be required.

f. These procedures are in effect for all contract/contract orders irrespective of the cognizant DFAS OPLOC.

5. Our point of contact is Ms. Deanna Ochoa, DSN 471-4412, or Mr. Albert Jacob, DSN 471-3342.



LINDA H. SMITH
Chief of Staff