



**DEPARTMENT OF THE NAVY**  
OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH, DEVELOPMENT AND ACQUISITION  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

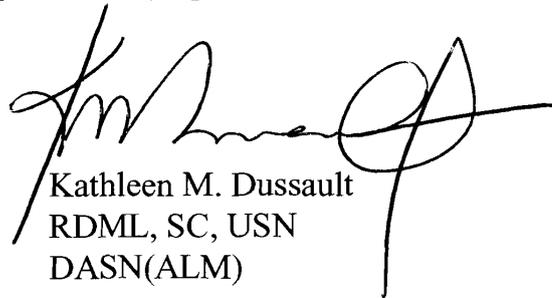
MAY 15 2007

MEMORANDUM FOR HEADS OF THE CONTRACTING ACTIVITIES

Subj: CONTRACTS FOR SERVICES

Encl: (1) D, DPAP memorandum of March 2, 2007

Enclosure (1) reemphasizes the need to ensure that service contracts are not improperly used to acquire products or facilities not required for, or incidental to, performance of those services. Section 37.103 of the Federal Acquisition Regulation states that contracting officers are responsible for ensuring that use of a service contract is proper and appropriate. Contracting officers should review procurement requests and ensure that contracts are structured to prevent improper acquisition of products or facilities.



Kathleen M. Dussault  
RDML, SC, USN  
DASN(ALM)



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

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

MAR 02 2007

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.

*Richard Gunman*  
Shay D. Assad  
Director, Defense Procurement and  
Acquisition Policy



Enclosure (1)  
to DASN(ALM)  
memorandum of  
MAY 15 2007