

# **PART 202 - DEFINITIONS OF WORDS AND TERMS**

## Table of Contents

### [PART 202 - DEFINITIONS OF WORDS AND TERMS](#)

#### [SUBPART 202.1--DEFINITIONS](#)

##### [202.101 Definitions.](#)

## SUBPART 202.1--DEFINITIONS

*(Revised November 27, 2019)*

### **202.101 Definitions.**

Authorized aftermarket manufacturer means an organization that fabricates an electronic part under a contract with, or with the express written authority of, the original component manufacturer based on the original component manufacturer s designs, formulas, and/or specifications.

Compromise means disclosure of information to unauthorized persons, or a violation of the security policy of a system, in which unauthorized intentional or unintentional disclosure, modification, destruction, or loss of an object, or the copying of information to unauthorized media may have occurred.

Congressional defense committees means—

(1) In accordance with 10 U.S.C. 101(a)(16), except as otherwise specified in paragraph (2) of this definition or as otherwise specified by statute for particular applications—

- (i) The Committee on Armed Services of the Senate;
- (ii) The Subcommittee on Defense of the Committee on Appropriations of the Senate;
- (iii) The Committee on Armed Services of the House of Representatives; and
- (iv) The Subcommittee on Defense of the Committee on Appropriations of the House of Representatives.

(2) For use in subpart [217.1](#), see the definition at [217.103](#).

Contract administration office also means a contract management office of the Defense Contract Management Agency.

Contract manufacturer means a company that produces goods under contract for another company under the label or brand name of that company.

Contracting activity for DoD also means elements designated by the director of a defense agency which has been delegated contracting authority through its agency charter. DoD contracting activities are listed at [PGI 202.101](#).

Contracting officer's representative means an individual designated and authorized in writing by the contracting officer to perform specific technical or administrative functions.

Contractor-approved supplier means a supplier that does not have a contractual agreement with the original component manufacturer for a transaction, but has been identified as trustworthy by a contractor or subcontractor.

Counterfeit electronic part means an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

Cyber incident means actions taken through the use of computer networks that result in a compromise or an actual or potentially adverse effect on an information system and/or the information residing therein.

Departments and agencies, as used in DFARS, means the military departments and the defense agencies. The military departments are the Departments of the Army, Navy, and Air Force (the Marine Corps is a part of the Department of the Navy). The defense agencies are the Defense Advanced Research Projects Agency, the Defense Commissary Agency, the Defense Contract Management Agency, the Defense Finance and Accounting Service, the Defense Information Systems Agency, the Defense Intelligence Agency, the Defense Logistics Agency, the Defense Security Cooperation Agency, the Defense Security Service, the Defense Threat Reduction Agency, the Missile Defense Agency, the National Geospatial-Intelligence Agency, the National Security Agency, the United States Special Operations Command, and the United States Transportation Command.

Department of Defense (DoD), as used in DFARS, means the Department of Defense, the military departments, and the defense agencies.

Electronic part means an integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode), or a circuit assembly (section 818(f)(2) of Pub. L. 112-81).

Executive agency means for DoD, the Department of Defense, the Department of the Army, the Department of the Navy, and the Department of the Air Force.

Head of the agency means, for DoD, the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force. Subject to the direction of the Secretary of Defense, the Under Secretary of Defense (Acquisition, Technology, and Logistics), and the Director of Defense Procurement and Acquisition Policy, the directors of the defense agencies have been delegated authority to act as head of the agency for their respective agencies (i.e., to perform functions under the FAR or DFARS reserved to a head of agency or agency head), except for such actions that by terms of statute, or any delegation, must be exercised within the Office of the Secretary of Defense. (For emergency acquisition flexibilities, see [218.270](#).)

Major defense acquisition program is defined in 10 U.S.C. 2430(a).

Micro-purchase threshold, for DoD acquisition of supplies or services funded by DoD appropriations, in lieu of the definition at FAR 2.101, means \$5,000 (10 U.S.C. 2338), except—

(1) For DoD acquisition of supplies or services for basic research programs and for activities of the DoD science and technology reinvention laboratories ([https://www.acq.osd.mil/rd/laboratories/labs/list\\_strl.html](https://www.acq.osd.mil/rd/laboratories/labs/list_strl.html)), it means \$10,000 (10 U.S.C.

2339);

(2) For acquisitions of construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction), \$2,000;

(3) For acquisitions of services subject to 41 U.S.C. chapter 67, Service Contract Labor Standards, \$2,500; and

(4) For acquisitions of supplies or services that, as determined by the head of the contracting activity, are to be used to support a contingency operation; or to facilitate defense against or recovery from cyber, nuclear, biological, chemical or radiological attack; to support a request from the Secretary of State or the Administrator of the United States Agency for International Development to facilitate provision of international disaster assistance pursuant to 22 U.S.C. 2292 et seq.; or to support response to an emergency, or major disaster (42 U.S.C. 5122), as described in 13.201(g)(1), except for construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction) (41 U.S.C. 1903)—

(i) \$20,000 in the case of any contract to be awarded and performed, or purchase to be made, inside the United States; and

(ii) \$30,000 in the case of any contract to be awarded and performed, or purchase to be made, outside the United States.

Milestone decision authority, with respect to a major defense acquisition program, major automated information system, or major system, means the official within the Department of Defense designated with the overall responsibility and authority for acquisition decisions for the program or system, including authority to approve entry of the program or system into the next phase of the acquisition process (10 U.S.C. 2431a).

Non-Government sales means sales of the supplies or services to non-Governmental entities for purposes other than governmental purposes.

Obsolete electronic part means an electronic part that is no longer available from the original manufacturer or an authorized aftermarket manufacturer.

Offset means a benefit or obligation agreed to by a contractor and a foreign government or international organization as an inducement or condition to purchase supplies or services pursuant to a foreign military sale (FMS). There are two types of offsets: direct offsets and indirect offsets.

(1) A direct offset involves benefits or obligations, including supplies or services that are directly related to the item(s) being purchased and are integral to the deliverable of the FMS contract. For example, as a condition of a foreign military sale, the contractor may require or agree to permit the customer to produce in its country certain components or subsystems of the item being sold. Generally, direct offsets must be performed within a specified period, because they are integral to the deliverable of the FMS contract.

(2) An indirect offset involves benefits or obligations, including supplies or services that are not directly related to the specific item(s) being purchased and are not integral to the deliverable of the FMS contract. For example, as a condition of a foreign military sale, the contractor may agree to purchase certain manufactured products, agricultural commodities, raw materials, or services, or make an equity investment or grant of equipment required by the FMS customer, or may agree to build a school, road or other facility. Indirect offsets would also include projects that are related to the FMS contract but not purchased under said contract (e.g., a project to develop or advance a capability, technology transfer, or know-how in a foreign company). Indirect offsets may be accomplished without a clearly defined period of performance.

Offset costs means the costs to the contractor of providing any direct or indirect offsets required (explicitly or implicitly) as a condition of a foreign military sale.

Original component manufacturer means an organization that designs and/or engineers a part and is

entitled to any intellectual property rights to that part.

Original equipment manufacturer means a company that manufactures products that it has designed from purchased components and sells those products under the company's brand name.

Original manufacturer means the original component manufacturer, the original equipment manufacturer, or the contract manufacturer.

Procedures, Guidance, and Information (PGI) means a companion resource to the DFARS that—

- (1) Contains mandatory internal DoD procedures. The DFARS will direct compliance with mandatory procedures using imperative language such as Follow the procedures at... or similar directive language;
- (2) Contains non-mandatory internal DoD procedures and guidance and supplemental information to be used at the discretion of the contracting officer. The DFARS will point to non-mandatory procedures, guidance, and information using permissive language such as The contracting officer may use... or Additional information is available at... or other similar language;
- (3) Is numbered similarly to the DFARS, except that each PGI numerical designation is preceded by the letters PGI ; and
- (4) Is available electronically at <http://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

Senior procurement executive means, for DoD—Department of Defense (including the defense agencies)--Under Secretary of Defense (Acquisition, Technology, and Logistics);Department of the Army--Assistant Secretary of the Army (Acquisition, Logistics and Technology);Department of the Navy--Assistant Secretary of the Navy (Research, Development and Acquisition);Department of the Air Force--Assistant Secretary of the Air Force

(Acquisition).

The directors of the defense agencies have been delegated authority to act as senior procurement executive for their respective agencies, except for such actions that by terms of statute, or any delegation, must be exercised by the Under Secretary of Defense (Acquisition, Technology, and Logistics).

**Sufficient non-Government sales means relevant sales data that reflects market pricing and contains enough information to make adjustments covered by FAR 15.404-1(b)(2)(ii)(B).**

**Suspect counterfeit electronic part means an electronic part for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the electronic part is authentic.**

Tiered evaluation of offers, also known as cascading evaluation of offers, means a procedure used in negotiated acquisitions, when market research is inconclusive for justifying limiting competition to small business concerns, whereby the contracting officer—

- (1) Solicits and receives offers from both small and other than small business concerns;
- (2) Establishes a tiered or cascading order of precedence for evaluating offers that is specified in the solicitation; and
- (3) If no award can be made at the first tier, evaluates offers at the next lower tier, until award can be made.

Uncertified cost data means the subset of data other than certified cost or pricing data (see FAR

2.101) that relates to cost.

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