

# DFARS Procedures, Guidance, and Information

## PGI 204—Administrative Matters

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### PGI 204.71—UNIFORM CONTRACT LINE ITEM NUMBERING SYSTEM

#### PGI 204.7103-2 Numbering procedures.

(a) Contract line items shall consist of four numeric digits 0001 through 9999. Do not use numbers beyond 9999. Within a given contract, the item numbers shall be sequential but need not be consecutive.

(b) The contract line item number shall be the same as the solicitation line item number unless there is a valid reason for using different numbers.

(c) Once a contract line item number has been assigned, it shall not be assigned to another, different, contract line item in the same contract.

#### PGI 204.7104 Contract subline items.

##### PGI 204.7104-2 Numbering procedures.

(a) Number subline items by adding either two numeric characters or two alpha characters to the basic contract line item number.

(1) *Information subline item numbers.* Use numeric characters only for information subline items, running 01 through 99. Do not use spaces or special characters to separate the subline item number from the contract line item number that is its root. For example, if the contract line item number is 0001, the first three subline items would be 000101, 000102, and 000103. Do not use a designation more than once within a contract line item.

(2) *Separately identified subline items.* Use alpha characters only for separately identified subline items, running AA through ZZ. Do not use spaces or special characters to separate the subline item number from the contract line item number that is its root. For example, if the contract line item number is 0001, the first three subline items would be 0001AA, 0001AB, and 0001AC.

(i) Do not use the letters I or O as alpha characters.

(ii) Use all 24 available alpha characters in the second position before selecting a different alpha character for the first position. For example, AA, AB, AC, through AZ before beginning BA, BB, and BC.

(b) Within a given contract line item, the subline item numbers shall be sequential but need not be consecutive.

(c) Exhibits may be used as an alternative to setting forth in the schedule a long list of contract subline items. If exhibits are used, create a contract subline item citing the exhibit's

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identifier. See DFARS 204.7105.

(d) If a contract line item involves ancillary functions, like packaging and handling, transportation, payment of state or local taxes, or use of reusable containers, and these functions are normally performed by the contractor and the contractor is normally entitled to reimbursement for performing these functions, do not establish a separate subline item solely to account for these functions. However, do identify the functions in the contract schedule. If an offeror separately prices these functions, the contracting officer may establish separate subline items for the functions; however, the separate subline items must conform to the requirements of DFARS 204.7104-1.

(e) The following examples illustrate subline items numbering—

(1) Subline items structured to identify destinations for identical items, identically priced (delivery schedule shall be established for each subline item, not the contract line item).

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	NSN 1615-00-591-6620 Shim, Aluminum Alloy,... Apbl, Rotor, Helicopter PRON A1-9-63821-M1- M1 ACRN:AA				
0001AA	A3168R-9030-4025 A2537M IPD: 2 RDD: 334 PROJ: 501	10	EA	\$100.00	\$1,000.00
0001AB	A3168R-9030-4026 A51AXB M IPD: 2 RDD: 325 PROJ: 502	10	EA	\$100.00	\$1,000.00
0001AC	A3168R-9030-4027 A67KBCM IPD: 2 RDD: 349 PROJ: 503	15	EA	\$100.00	\$1,500.00

(2) Subline items structured to identify destinations for identical items, not identically priced (delivery schedule shall be established for each subline item, not the contract line item).

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ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	NSN 1615-00-591-6620 Shim, Aluminum Alloy,... Appl, Rotor, Helicopter PRON A1-9-63821-M1- M1 ACRN:AA				
0001AA	A3168R-9030-4025 A2537M IPD: 2 RDD: 334 PROJ: 501	10	EA	\$100.00	\$1,000.00
0001AB	A3168R-9030-4026 A51AXBM IPD: 2 RDD: 325 PROJ: 502	20	EA	\$99.00	\$1,980.00
0001AC	A3168R-9030-4027 A67KBCM IPD: 2 RDD: 349 PROJ: 503	30	EA	\$98.00	\$2,940.00

NOTE: Difference in prices for identical items is due to separate destinations for FOB destination delivery.

(3) Subline items structured to identify different sizes of an item that are identically priced (delivery schedule shall be established for each subline item, not the contract line item).

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0013	Boots Insulated, Cold Weather White, Type II, Class 1				
0013AA	8430-00-655-5541 Size 5N	50			
0013AB	8430-00-655-5544 Size 8N	70			
0013AC	8430-00-655-5551 Size 9N	30			
0013AD	8430-00-655-5535 Size 9R	200			

NOTE: Unit price and total amount shown at line item level rather than at subline item level.

(4) Subline items structured to identify different sizes of an item that are not identically priced (delivery schedule shall be established for each subline item, not the contract line item).

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ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002	Body Armor Ground Troops Variable Type Small Arms, Fragmentation Protective Nylon Felt Vest, Front and Back Plates, Ceramic Plate, Type I				
0002AA	First Article	1	LO	NSP	
0002AB	8470-00-141-0935 Medium Regular	1936	SE	\$331.77	\$642,306.72
0002AC	8470-00-141-0936 Large Regular	625	SE	\$355.77	\$222,356.25
0002AD	8470-00-141-0937, Medium Long	1237	SE	\$346.77	\$428,954.49
0002AE	8470-00-141-0938, Large Long	804	SE	\$365.77	\$294,079.08

(5) Subline items structured to provide the capability for relating subordinate separately priced packaging costs to the overall contract line item. (Separate delivery schedules shall be established for the subline item identifying the contractor's product and for the subline item identifying packaging. No schedule will be established for the contract line item.)

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	6105-00-635-6568 50380 Ref No 63504-WZ Armature Motor ACRN: AA				
0001AA	6105-00-635-6568 50380 Ref No 63504-WZ Armature Motor ACRN: AA	2	EA	\$2,895.87	\$5,791.74
0001AB	Packaging ACRN:AA	2	EA	\$289.58	\$579.16

(6) Subline items structured to identify different accounting classifications for identical items (delivery schedule shall be established for each subline item, not the contract line item).

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AJ: 17X150518350315069100000192B00000000000000000000

AK: 17X150518370317569100000192B00000000000000000000

AL: 17X150519350314369100000192B00000000000000000000

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002	Pulse Decoder KY-312/A5Q-19	2	EA	\$3,037.40	\$6,074.80
0002AA	Pulse Decoder KY-312/A5Q-19 ACRN: AJ				
0002AB	Pulse Decoder KY-312/A5Q-19 ACRN: AK	6			\$18,224.40
0002AC	Pulse Decoder KY-312/A5Q-19 ACRN: AL	2			\$6,074.80

NOTE: Unit price may be shown at line item level and total amounts shown at subline item level.

(7) Informational subline items established to identify multiple accounting classification citations assigned to a single contract line item.

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Air Vehicle 000101 ACRN:AA \$3,300,000 000102 ACRN:AB \$2,000,000 000103 ACRN:AC \$1,400,000	1	EA	\$6,700,000	\$6,700,000

(8) Subline items structured to identify parts of an assembly (delivery schedule and price shall be established for each identified part at the subline item level, not for the assembly at the contract line item level).

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ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0003	Automatic Degaussing System Consisting of: (2 ea @ \$52,061; \$104,122 total)				
0003AA	Switchboard	2	EA	\$52,061.00	\$104,122.00
0003AB	Remote Control Panel	2	EA	NSP	
0003AC	Power Supply (M Coil) SSM Type 145 Amps, 220 V DC)	2	EA	NSP	
*	*                      *			*	*
0003AF	Power Supply (A Coil) SSM Type (118 Amps, 220 V DC)	2	EA	NSP	

(9) Subline items structured to identify parts of a kit (delivery schedule and price shall be established for each identified part at the subline item level, not for the kit at the contract line item level).

ITEM NO.	SUPPLIES/ SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0031	Conversion Kit to Convert Torpedo MK 45 Mod 0 to Torpedo MK 45 Mod 1 (50 Kt @ \$10,868.52; \$543,426 total)				
0031AA	Integrator Assy LD 620106	50	EA	\$10,868.52	\$543,426.00
0031AB	Pulse Generator Assy LD 587569	50	EA	NSP	
0031AC	Drive Shaft Assy LD 587559	50	EA	NSP	
*	*                      *			*	
0031BF	Actual Panel Assy LD 542924	50	EA	NSP	

NOTE: In this example, the prices of subline items 0031AB through 0031BF are included in the Integrator Assembly.

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### PGI 204.7107 Contract accounting classification reference number (ACRN).

(a) The contracting office issuing the contract is responsible for assigning ACRNs. This authority shall not be delegated. If more than one office will use the contract (e.g., ordering officers, other contracting officers), the contract must contain instructions for assigning ACRNs.

(b) *Procedures for establishing ACRNs.* ACRNs shall be established in accordance with the following guidelines:

(1) Do not use the letters I and O.

(2) In no case shall an ACRN apply to more than one accounting classification citation, nor shall more than one ACRN be assigned to one accounting classification citation.

(c) *Using the ACRN in the contract.*

(1) Show the ACRN as a detached prefix to the accounting classification citation in the accounting and appropriations data block or, if there are too many accounting classification citations to fit reasonably in that block, in section G (Contract Administration Data).

(2) ACRNs need not prefix accounting classification citations if the accounting classification citations are present in the contract only for the transportation officer to cite to Government bills of lading.

(3) If the contracting officer is making a modification to a contract and using the same accounting classification citations, which have had ACRNs assigned to them, the modification need cite only the ACRNs in the accounting and appropriations data block or on the continuation sheets.

(d) *Showing the ACRN in the contract.* If there is more than one ACRN in a contract, all the ACRNs will appear in several places in the schedule (e.g., ACRN:AA).

(1) Ship-to/mark-for block. Show the ACRN beside the identity code of each activity in the ship-to/mark-for block unless only one accounting classification citation applies to a line item or subline item. Only one ACRN may be assigned to the same ship-to/mark-for within the same contract line or subline item number unless multiple accounting classification citations apply to a single nonseverable deliverable unit such that the item cannot be related to an individual accounting classification citation.

(2) Supplies/services column.

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(i) If only one accounting classification citation applies to a line item or a subline item, the ACRN may be shown in the supplies/services column near the item description.

(ii) If more than one accounting classification citation applies to a single contract line item, identify each assigned ACRN and the amount of associated funds using informational subline items (see DFARS 204.7104-1(a)).

### **PGI 204.7108 Payment instructions.**

(a) *Scope.* This section applies to contracts that--

(1) Include contract line items that are funded by multiple accounting classification citations for which a contract line item or items are not broken out into separately identifiable subline items (informational subline items are not separately identifiable subline items);

(2) Contain cost-reimbursement or time-and-materials/labor-hour line items; or

(3) Authorize financing payments.

(b) For contracts covered by this subpart, the contracting officer shall establish instructions in Section G (Contract Administration Data), under the heading "Payment Instructions for Multiple Accounting Classification Citations," to permit the paying office to charge the accounting classification citations assigned to that contract line item (see DFARS 204.7104-1(a)) in a manner that reflects the performance of work on the contract. If additional accounting classification citations are subsequently added, the payment instructions must be modified to include the additional accounting classification citations.

(c) *Payment instructions—*

(1) Shall provide a methodology for the payment office to assign payments to the appropriate accounting classification citation(s), based on anticipated contract work performance;

(2) Shall be consistent with the reasons for the establishment of separate contract line items.

(3) For contracts other than those that provide for progress payments based on costs, shall be selected from those provided in paragraph (d) of this section;

(4) For contracts that provide for progress payments based on costs, shall use the instructions in paragraph (d)(11) of this section unless the administrative contracting officer authorizes use of one of the other options in paragraph (d);

(5) Shall be revised to address the impact of changes to contract funding or



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significant disparities between existing instructions and actual contract performance.

(6) Shall state at what level (contract, contract line, subline, exhibit line, or ACRN) the payment instructions should be applied.

(7) Shall not be mixed within a level by contract type. For example, if the instructions apply at the contract level, there can be only one payment instruction for each contract type. If the instructions apply at the contract line or subline level, there can only be one payment instruction per contract line or subline item.

(8) For contracts that contain a combination of fixed-price, cost-reimbursement, and/or time-and-materials/labor-hour line items, shall at a minimum include separate instructions for each contract type of contract line item (e.g., contract-wide proration for fixed-price line items and contract-wide ACRN level for cost-reimbursement line items).

(9) For contracts that contain foreign military sales requirements, shall include instructions for distribution of the contract financing payments to each country's account.

(10) Shall use one of the standard payment instructions in paragraphs (d)(7) through (11) of this section unless the contracting officer documents in the contract file that there are significant benefits of requiring contractor identification of the contract line item on the payment request.

(d) Include one or more of the following payment instructions in Section G in accordance with the requirements of this section:

(1) *Line item specific: single funding.* If there is only one source of funding for the contract line item (i.e., one ACRN), the payment office will make payment using the ACRN funding of the line item being billed.

(2) *Line item specific: sequential ACRN order.* If there is more than one ACRN within a contract line item, the payment office will make payment in sequential ACRN order within the line item, exhausting all funds in the previous ACRN before paying from the next ACRN using the following sequential order: Alpha/Alpha; Alpha/numeric; numeric/alpha; and numeric/numeric.

(3) *Line item specific: contracting officer specified ACRN order.* If there is more than one ACRN within a contract line item, the payment office will make payment within the line item in the sequence ACRN order specified by the contracting officer, exhausting all funds in the previous ACRN before paying from the next ACRN.

(4) *Line item specific: by fiscal year.* If there is more than one ACRN within a contract line item, the payment office will make payment using the oldest fiscal year

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appropriations first, exhausting all funds in the previous fiscal year before disbursing from the next fiscal year. In the event there is more than one ACRN associated with the same fiscal year, the payment amount shall be disbursed from each ACRN within a fiscal year in the same proportion as the amount of funding obligated for each ACRN within the fiscal year.

(5) *Line item specific: by cancellation date.* If there is more than one ACRN within a contract line item, the payment office will make payment using the ACRN with the earliest cancellation date first, exhausting all funds in that ACRN before disbursing funds from the next. In the event there is more than one ACRN associated with the same cancellation date, the payment amount shall be disbursed from each ACRN with the same cancellation date in the same proportion as the amount of funding obligated for each ACRN with the same cancellation date.

(6) *Line item specific: proration.* If there is more than one ACRN within a contract line item, the payment office will make payment from each ACRN in the same proportion as the amount of funding currently unliquidated for each ACRN.

(7) *Contract-wide: sequential ACRN order.* The payment office will make payment in sequential ACRN order within the contract, exhausting all funds in the previous ACRN before paying from the next ACRN using the following sequential order: alpha/alpha; alpha/numeric; numeric/alpha; and numeric/numeric.

(8) *Contract-wide: contracting officer specified ACRN order.* The payment office will make payment in sequential ACRN order within the contract, exhausting all funds in the previous ACRN before paying from the next ACRN in the sequence order specified by the contracting officer.

(9) *Contract-wide: by fiscal year.* The payment office will make payment using the oldest fiscal year appropriations first, exhausting all funds in the previous fiscal year before disbursing from the next fiscal year. In the event there is more than one ACRN associated with the same fiscal year, the payment amount shall be disbursed from each ACRN within a fiscal year in the same proportion as the amount of funding obligated for each ACRN within the fiscal year.

(10) *Contract-wide: by cancellation date.* The payment office will make payment using the ACRN with the earliest cancellation date first, exhausting all funds in that ACRN before disbursing funds from the next. In the event there is more than one ACRN associated with the same cancellation date, the payment amount shall be disbursed from each ACRN with the same cancellation date in the same proportion as the amount of funding obligated for each ACRN with the same cancellation date.

(11) *Contract-wide: proration.* The payment office will make payment from each ACRN within the contract in the same proportion as the amount of funding currently

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unliquidated for each ACRN.

(12) *Other.* If none of the standard payment instructions identified in paragraphs (d)(1) through (11) of this section are appropriate, the contracting officer may insert other payment instructions, provided the other payment instructions--

(i) Provide a significantly better reflection of how funds will be expended in support of contract performance; and

(ii) Are agreed to by the payment office and the contract administration office.