

U.S. Department  
of Transportation

United States  
Coast Guard



Commandant  
United States Coast Guard

2100 Second St. W.W.  
Washington, DC 20593-0001  
Staff Symbol: G-ELM  
Phone: 202-267-1407

**COMDTINST M4408.8**  
20 NOV 1995

## **COMMANDANT INSTRUCTION M4408.8**

### **Subj: SPARE PARTS BREAKOUT (SPBO) PROGRAM**

**Ref:** (a) Defense Federal Acquisition Regulation Supplement  
(DFARS), Appendix E - DOD Spare Parts Breakout Program

1. **PURPOSE.** This manual provides guidance for Coast Guard Supply Centers (SUPCENs) to accomplish Spare Parts Breakout (SPBO) of all parts subject to breakout within their managed inventory. Through application of these procedures, Equipment Specialists at Inventory Control Points (ICPs) can reduce the prices paid for parts acquisition. In addition to this manual, SUPCENs are expected to develop in-house procedures to accomplish the objectives of reference (a) and this manual.
2. **ACTION.** The commanding officers of the Aircraft Repair and Supply Center (AR&SC), Supply Center Baltimore (SCB), Supply Center Curtis Bay (SCCB), and chiefs of appropriate offices and special staff divisions at Headquarters shall ensure compliance with the provisions of this manual.
3. **DIRECTIVES AFFECTED.** Spare Parts Procurement Initiatives, COMDTINST 4200.21, dated 30 May 1986 and Spare Parts Control Activities at Inventory Control Points, COMDTINST 4408.4, dated 28 February 1992, are cancelled.

COMDTINST M4408.8  
20 NOV 1995

4. **MAJOR CHANGES.** This manual is a major rewrite of SPBO instructions and processes, combining information from two different Commandant Instructions (COMDTINST 4200.21 and 4408.4) and includes additional policies and procedures for management of the program that were extracted from the Defense Federal Acquisition Regulation Supplement (DFARS), Appendix E - DOD Spare Parts Breakout Program. In addition, a more definitive title for the manual was adopted.
5. **REQUEST FOR CHANGES.** Units and individuals may recommend changes to this manual by writing via the chain of command to Commandant (G-ELM-1), U. S. Coast Guard Headquarters, Washington, DC 20593-0001
6. **FORMS/REPORTS.** Due to the SPBO report (RCN-4408-1) being computer generated from the SUPCEN's computers, hard copies and Forms Plus Laser capabilities are not required. In the event a hard copy is required, the report format may be reproduced locally as required.

/s/  
E. J. BARRETT  
Chief, Office of Engineering,  
Logistics and Development

**SPARE PARTS BREAKOUT (SPBO) PROGRAM  
TABLE OF CONTENTS**

**Chapter 1 - INTRODUCTION**

Section A - Purpose.....	1-1
Section B - Background.....	1-1
Section C - Spare Parts Breakout Objective.....	1-1
Section D - Coast Guard Logistics Environment.....	1-1
1. Parts Supplied by other Government Agencies (OGAs).....	1-2
2. Standardization.....	1-2
3. Technical Data Requirements.....	1-2
4. Reverse Engineering.....	1-2
5. Inventory Variations Between SUPCENS.....	1-2
Section E - Policy Summary.....	1-2

**Chapter 2 - DISCUSSION**

Section A - Program Direction.....	2-1
Section B - SUPCEN Scope of Operations.....	2-1
Section C - SPBO's Primary Function.....	2-1
Section D - Successful Breakout.....	2-1
Section E - SPB Application.....	2-1

**Chapter 3 - RESPONSIBILITIES**

Section A - SUPCEN Commanding Officer's Responsibility.....	3-1
Section B - Logistics Management Division (G-ELM).....	3-1
Section C - Internal Control Reviews.....	3-1

**Chapter 4 - COAST GUARD SPARE PARTS BREAKOUT (SPBO) PROGRAM**

Section A - AMC Assignment.....	4-1
Section B - AMC Modification.....	4-1
Section C - Assignment of AMCs.....	4-1
Section D - Master Item Record.....	4-1
Section E - Contracting Officer Relationships.....	4-1
Section F - AMSC.....	4-1
Section G - AMC/AMSC Validation Criteria.....	4-6
Section H - Applicability.....	4-6
Section I - Cost Avoidance.....	4-7
Section J - Full Screening.....	4-7
Section K - Limited Screening.....	4-7
Section L - OGA Sources.....	4-7
Section M - Breakout During Provisioning.....	4-7
Section N - Procurement History Files.....	4-7
1. Cataloging Information.....	4-7
2. Historical Contracting Data.....	4-8
3. Prior Breakout Data.....	4-8
4. Annual Demands.....	4-8
Section O - Files Maintenance.....	4-8
Section P - Annual Buy Forecasts.....	4-8

COMDTINST M4408.8

Section Q - Real World Environment..... 4-8  
    1. Application of Judgement..... 4-8  
    2. Evaluation of Facts..... 4-8  
Section R - Breakout Mandate..... 4-8

**CHAPTER 5 - COMPLETING SPARE PARTS BREAKOUT (SPBO) REPORTS**

Section A - Purpose..... 5-1  
Section B - Scope..... 5-1  
Section C - Discussion..... 5-1  
Section D - SPBO Report Format..... 5-1  
    1. Part I..... 5-1  
    2. Parts II, III and IV..... 5-1  
    3. Part V..... 5-1  
Section E - Reporting Periods..... 5-1  
Section F - Correlation Between Numbers..... 5-2  
Section G - Report Requirements..... 5-2  
    1. SPBO Personnel Strength..... 5-2  
    2. Personnel Changes..... 5-2  
    3. Unusual Activity..... 5-2  
    4. SPBO Details..... 5-2  
    5. Reverse Engineering Projects..... 5-2  
    6. Price Challenges Completed..... 5-2

**CHAPTER 6 - SPBO REPORT/STATISTICAL SECTION STEP-BY-STEP GUIDE**

Section A - Part I - General..... 6-1  
    1. Items Subject to Breakout..... 6-1  
    2. Changes to Inventory Subject to Breakout..... 6-1  
Section B - Part II - Provisioning Activities..... 6-1  
    1. Total New Items Reviewed..... 6-1  
    2. OGA Sources Found..... 6-2  
    3. Added to Coast Guard Managed Inventory..... 6-2  
Section C - Part III- Breakout Activities..... 6-2  
    1. Price Challenges..... 6-2  
    2. Full and Limited Screenings..... 6-2  
    3. Cost Avoidance..... 6-3  
Section D - Part IV - Transaction Analysis..... 6-4  
    1. Purchases (Unit Price) over \$25,000..... 6-4  
    2. Purchases Under \$25,000..... 6-4  
Section E - Part V - End of Report Period Comparative Data... 6-4  
    1. Operating Inventory Analysis..... 6-4  
    2. Operating Inventory by Dollar Values..... 6-4

- Encl: (1) Compliance/Inspection Checklist  
      (2) Spare Parts Breakout Report

GLOSSARY OF TERMS..... G-1

## CHAPTER 1. INTRODUCTION

- A. **Purpose.** This manual promulgates policy and procedures for the Federal Government initiated program to improve the procurement cost of Coast Guard managed spare parts under the auspices of the Spare Parts Breakout (SPBO) program.
- B. **Background.** During the early 1980s, the American public became incensed to learn that some commercial contractors routinely overcharged the U.S. Government, especially the military services, for relatively common spare parts. Following a Congressional investigation, stringent measures were taken to ensure that future acquisitions, especially the procurement of military spare parts and equipment, were relegated to the checks and balances of the marketplace. In order to reverse the trend, increasing the competition among suppliers was considered the best means to prevent overcharging. In 1986, Commandant Instruction 4200.21 was published requiring Coast Guard Inventory Control Points (ICPs) to perform breakout on their spare parts inventory. Achieving only limited success, breakout soon diminished. However, in 1989 Congress provided resources for all Federal Supply Agencies to implement a SPBO program that would accomplish that goal. The end result, breakout of all Coast Guard managed spares was implemented, which involves a series of actions that are designed to improve the acquisition cost of spare parts.
- C. **Spare Parts Breakout Objective.** The primary objective of the SPBO program is to reduce the procurement costs of system spares through the competitive procurement of assets directly from actual manufacturers, rather than prime contractors, while maintaining the integrity of the systems in which the parts are used. The SPBO program is based on the application of sound management and engineering judgement in determining the feasibility of acquiring spare parts by competitive means or direct purchase from actual manufacturers and overcoming or removing constraints to breakout identified through the technical review process.
- D. **Coast Guard Logistics Environment.** In order to manage our spare parts more effectively and accomplish the goals of the breakout program, the nature of Coast Guard logistics must be considered. While the original Coast Guard breakout program was modeled on the Navy initiative - and our current program closely follows the Department of Defense (DOD) guidelines as outlined in reference (a), Appendix E - DOD Spare Parts Breakout Program, experience has shown that an effective Coast Guard program must be tailored to meet the unique requirements of the Coast Guard logistics environment. Therefore, certain modifications were made to the DOD programs to reflect these unique requirements. The following factors were considered in developing the Coast Guard program:

1. Parts Supplied by Other Government Agencies (OGAs). Coast Guard Supply Centers (SUPCENs) manage only about 10 percent of the spares they use. The remaining 90 percent are managed and stocked by OGAs. While this limits the extent of control the Coast Guard exercises over its inventory, it also provides a significant benefit. By utilizing parts managed by OGAs, the Coast Guard avoids administrative and operational costs involved in developing, testing and maintaining these parts in the Coast Guard inventory.
  2. Standardization. Since the Coast Guard operates as part of the Navy in times of war, there is an inherent value in standardizing parts and equipment with DOD rather than stocking and using Coast Guard-unique parts. As noted above, standardization of parts yields an additional dividend to the Coast Guard in reduced inventory costs.
  3. Technical Data Requirements. To obtain competitive bids from manufacturers the Coast Guard must possess complete technical data and have unlimited rights to distribute that data. However, obtaining proprietary data is expensive and legally complex. Historically, the Coast Guard has not procured data rights as part of systems acquisitions, and does not possess data rights on most parts in the Coast Guard inventory.
  4. Reverse Engineering. An alternative to purchasing the data rights, reverse engineering, is recreating the data through examination and testing of a part. However, reverse engineering is often very expensive and must be applied prudently for mainly high cost, high volume items. Therefore, a limited number of Coast Guard managed parts justify the expense of reverse engineering.
  5. Inventory Variations Between SUPCENs. The Coast Guard operates three separate SUPCENs, each of them manage different categories of spares. However, acquisition sources vary greatly according to part type. For instance, commercial sources for electronic parts are abundant, while aviation parts are often acquired from sole-source suppliers. Therefore, it is difficult to compare breakout activities between the three activities.
- E. Policy Summary. The Coast Guard SPBO program has two primary objective: 1) to enhance competitive procurement and 2) increase standardization of Coast Guard spare parts. These program objectives overlap and compliment each other. Moreover, both objectives serve as a means of achieving the overall ends of Coast Guard logistics: increased availability, improved reliability and lower cost for spare parts used by the Coast Guard.

## CHAPTER 2. DISCUSSION

- A. **Program Direction.** The SPBO program is directed by the Logistics Management Division, Commandant (G-ELM) at Coast Guard Headquarters. To ensure standardization of operations and compliance with established procedures a SPBO checklist is provided as enclosure (1). This checklist should be used by the SUPCENs to conduct self inspections of their SPBO operations and is used by Headquarters personnel to evaluate compliance during site visits.
- B. **SUPCEN Scope of Operations.** Although Coast Guard SUPCENs manage only 10 percent of the spares used by the Coast Guard, their activities are far more significant in relation to the overall support provided to the fleet. For example, through the provisioning process, the SUPCENs determine the types of parts entering the stock system. Also, in their capacity as item managers for equipment systems, SUPCEN personnel make decisions affecting the allowances supporting each equipment type. Breakout must extend beyond inventory management, as activities must also work closely with other SUPCEN functions such as provisioning, supply support and allowance control.
- C. **SPBO's Primary Function.** The attempted breakout of all Coast Guard managed inventory is the primary responsibility of the SPBO function. DOD defined the breakout process and incorporated the program into the DFARS, Appendix E (reference (a)). The Coast Guard breakout program was modeled upon the corresponding Navy program, and closely follows DOD SPBO guidelines. However, to ensure breakout was tailored to the unique Coast Guard logistics environment, certain modifications were required. More specific information concerning these modifications is addressed in Chapter 4, paragraph B of this manual.
- D. **Successful Breakout.** The breakout process consists of a series of actions designed to improve the acquisition of a part. For Coast Guard purposes a successful breakout will result in one of the following outcomes: Identification of multiple commercial sources, identification of original manufacturer vice sole source distributor or identification of item or substitute within the Federal Stock System (FSS).
- E. **SPBO Application.** SPBO provides a method of exercising direct control not only over items which are already part of the Coast Guard inventory, but also over new items just entering the inventory. Since spare parts procurement is evaluated during the acquisition phase, a subsequent high rate of breakout could indicate a problem in the acquisition process. The SPBO report is a feedback mechanism to detect and document problems for corrective action.

**CHAPTER 3. RESPONSIBILITIES**

- A. **SUPCEN Commanding Officer's Responsibility.** Commanding Officers (COs) at Coast Guard SUPCENs shall ensure optimal use of SPBO funded resources in conducting SPBO under guidance of this manual and reference (a), appendix E. The SUPCENs are the central points for gathering data on spare parts breakout activity. SUPCEN COs shall also ensure that SPBO reports are submitted to Commandant (G-ELM) within 30 days of the end of each annual reporting period, which ends 30 September. SUPCENs shall also assign Acquisition Method Codes (AMC) and Acquisition Method Suffix Code (AMSC) numbers to all spare parts within their respective inventories except-for those few parts not subject to breakout. Specific guidance relative to the breakout process and modifications implemented to adapt the process to Coast Guard needs are provided in Chapter 4, paragraph B of this manual.
  
- B. **Logistics Management Division (G-ELM).** The Logistics Management Division, Commandant (G-ELM), evaluates the SPBO functions performed at the SUPCENs to ensure optimal use of SPBO human resources and compliance with SPBO policies and procedures. In addition, Commandant (G-ELM) evaluates the effectiveness of SPBO by providing feedback and guidance to the SUPCENs. This evaluation is accomplished by conducting on-site annual SPBO compliance reviews and analyzing each Performance Indicator report submitted by the SUPCENs. Annual Performance Indicator evaluations are based on the computation of performance indicators described below

PERFORMANCE INDICATORS

INDICATOR	FORMULA
OGA SPLIT	$\frac{\text{OGA Items Identified}}{\text{Total Items Reviewed}}$
ACQUISITION MIX	$\frac{\text{AMCs 1, 3 \& 5 Cataloged}}{\text{Total Added to Inventory}}$
BREAKOUT RATE	$\frac{\text{Total Parts Screened}}{\text{Total Parts Subject to B/O}}$
BREAKOUT SUCCESS	$\frac{\text{Number of Parts Broken Out}}{\text{Total Parts Screened}}$
PURCHASE MIX	$\frac{\text{AMCs 1, 3 \& 5 Purchased}}{\text{Total Purchases}}$
INVENTORY MIX	$\frac{\text{Number Of AMCs 1, 3 \& 5}}{\text{Total Inventory}}$

- C. **Internal Control Reviews.** To ensure compliance with the Office of Management and Budget (OMB) Circular A-123, Internal Control Reviews shall be established at each Coast Guard SUPCEN as specified in COMDTINST M5700.8, Chapter 3, Internal Control Reviews and Follow-up.

**CHAPTER 4. COAST GUARD SPARE PARTS BREAKOUT (SPBO) PROGRAM**

- A. **AMC Assignment.** AMC and AMSC are assigned to each spare part in the FSS. At Coast Guard SUPCENs, AMCs and AMSCs are assigned during the provisioning and/or breakout process. All spare parts in the Coast Guard inventory must be assigned an AMC and AMSC except for those parts that are not subject to breakout. AMC and AMSC designators shall be used by contracting personnel when determining the method of obtaining spare parts for Coast Guard use.
- B. **AMC Modification.** Although the DFAR defines five AMC numbers, only three (1, 3 and 5) are used regularly by the Coast Guard SUPCENs. Numbers 2 and 4 are transitional, and are not cost effective for Coast Guard use. Parts in these categories will be labeled 1 and 3 respectively. For spare parts managed by Coast Guard SUPCENs, the following AMC definitions apply (authorized AMC/AMSC combinations are listed in paragraph G of this Chapter).
1. AMC 1 - Suitable for Competitive Acquisition.
  2. AMC 3 - Acquire Directly from Manufacturer.
  3. AMC 5 - Acquire from Sole Source Contractor which is not the Original Manufacturer.
- C. **Assignment of AMCs.** Breakout and assignment of AMCs to new items entering inventory will be accomplished at the time of in-house provisioning. For new items added as a result of contractor provisioning, breakout and assignment of AMCs should be accomplished prior to reprourement.
- D. **Master Item Record.** AMCs are assigned based on results of the screening efforts. Upon assignment, such codes will be included in the Master Item Record.
- E. **Contracting Officer Relationships.** Contracting Officers responsible for acquisition of spare parts shall utilize the AMC/AMSC when developing the method of contracting, the list of sources to be solicited and the type of contract. When their information is inconsistent with the assigned AMC/AMSC (e.g., availability of technical data or possible sources), the SPBO activity responsible for the code assignment shall be contacted requesting immediate evaluation of the added information. However, an urgent buy need not be delayed if an evaluation of the additional information cannot be completed in time to meet the required delivery date.
- F. **AMSC.** The following AMSCs shall be assigned by Coast Guard ICPs to further describe the AMC:

1. AMSC A. The government's right to use the data in its possession is questionable. This code is only applicable to parts under immediate buy requirements and while the rights to data are still under review for resolution and appropriate coding. This code is assigned only at the conclusion of limited screening, and remains assigned until the full screening process resolves government's rights to use the data and results in the assignment of a different AMSC. If only one source is available, AMCs 3 or 5 are valid. If at least two sources exist, AMC 1 is valid.
2. AMSC B. Part must be acquired from manufacturing sources specified on a source control or selected item drawing as defined by current DOD-STD-100. Suitable technical data, government data rights or manufacturing knowledge are not available to permit acquisition from other sources, nor the qualification testing of another part, nor use of a second source part in intended application. Although, by DOD-STD-100 definition, altered items shall have an adequate technical data package, data review discloses that required data or data rights are not in government possession and cannot be economically obtained. If only one source is available, AMCs 3 or 5 are valid. If at least two sources exist, AMC 1 is valid.
3. AMSC C. This part requires engineering source approval by the design control activity in order to maintain the quality of the part. Existing design capability, engineering skills and manufacturing knowledge by the qualified source(s) requires acquisition from approved source(s). The approved source(s) retain data rights, manufacturing knowledge or technical data that's not economically available to the government, and the data or knowledge is essential to maintain quality of the part. An alternate source must qualify in accordance with the design control activity's procedures, as approved by the cognizant government engineering activity. Qualification procedures must be approved by the government engineering activity having jurisdiction over the part in intended application. If one source is approved, AMCs 3 or 5 are valid. If at least two sources are approved or if data is adequate for alternate source to qualify In Accordance With (IAW) the design control activity's procedures, AMC 1 is valid.
4. AMSC D. The data required to obtain this part from a competitive source is not physically available, it cannot be obtained economically, nor is it possible to draft adequate specifications or other adequate, economical descriptions of the materiel to submit a competitive solicitation to a vendor. AMCs 3 or 5 are valid.

5. AMSC E. (Reserved)
6. AMSC F. (Reserved)
7. AMSC G. The Government has rights to the technical data, the data package is complete and there are no technical data, engineering, tooling or manufacturing restrictions on the item. (This is the only AMSC that implies that the parts are candidates for full and open competition. Other AMSCs such as K, M, N, Q and S may imply limited competition when two or more independent sources exist yet the technical data package is inadequate for full and open competition.) AMC 1 is valid.
8. AMSC H. The Government does not physically have in its possession sufficient, accurate or legible data to purchase this part from other than current source(s). This code is applicable only to parts currently under immediate buy requirements and only for as long thereafter as the deficiency is under review for resolution and appropriate recording. This code is only assigned at the conclusion of limited screening and it remains assigned until the full screening process resolves physical data questions which results in the assignment of a different AMSC. If only one source is available, AMCs 3 or 5 are valid. If at least two sources exist, AMC 1 is valid.
9. AMSC I. (Not authorized)
10. AMSC J. (Reserved)
11. AMSC K. This part must be produced from class 1 castings and similar type forgings as approved (controlled) by the procedures contained in MIL-STD-2175. If one source has such castings and cannot provide them to other sources, AMCs 3 or 5 are valid. If at least two sources have such castings or they can be provided to other sources, AMC 1 is valid.
12. AMSC L. The annual buy value of this part falls below the screening threshold established by DOD components and field activities. However, this part has been screened for additional known sources, resulting in confirmation that the initial source exists or that other sources may supply the part. No additional screening was performed to identify the competitive or noncompetitive conditions that would result in assignment of a different AMSC. This code shall not be used when screening parts entering the inventory. This code shall be used only to replace AMSC O for parts under the established screening threshold. If only one source is available, AMCs 3 or 5 are valid. If at least two sources exist, AMC 1 is valid.

13. AMSC M. The manufacture of this part requires the use of master or coordinated tooling. If only one set of master or coordinated tooling exist and cannot be made available to another source for manufacture of this part, AMCs 3 or 5 are valid. When the availability of existent or refurbishable tooling is available to two or more sources, then AMC 1 is valid.
14. AMSC N. Manufacture of this part requires special test and/or inspection facilities to determine and maintain ultra-precision quality for its function or system integrity. The substantiation and inspection of the precision or quality cannot be accomplished without specialized test or inspection facilities. If the test cannot be made available for the competitive manufacture of the part, the required test or inspection knowledge cannot be documented for reliable replication, or the required physical test or inspection facilities and processes cannot be economically documented. Valid AMCs are 3 or 5. If facilities or tests can be made available to two or more competitive sources, AMC 1 is valid.
15. AMSC O. The part was not assigned an AMSC Code when it entered the inventory, nor has it ever completed limited or full screening. Maximum effort to determine the applicability of an alternate AMSC is the objective. No valid AMC.
16. AMSC P. The right to use the data needed to purchase this part from additional source(s) is not owned by the government and cannot be purchased, developed or otherwise obtained. It is also uneconomical to reverse engineer this part. This code is used in situations where the government has the data but does not own the rights to the data. If only one source has the rights or data to manufacture this item, AMCs 3 or 5 are valid. If two or more sources have the rights or data to manufacture this item, AMC 1 is valid.
17. AMSC Q. The government does not have adequate data, lacks rights to data or both which is needed to purchase this part from additional sources. The government has not been able to economically buy the data or rights to the data, although the part has been undergoing full screening for 12 or more months. Breakout to competition has not been achieved, but current, continuing actions to obtain necessary data rights or adequate, reprocurment technical data indicate breakout to competition is expected to be achieved. This part may be a candidate for reverse engineering or other techniques to obtain technical data. If one source is available, AMCs 3 or 5 are valid. If two or more sources have the rights or data to manufacture this item, AMC 1 is valid.

18. AMSC R. The government does not own the data or the rights to the data needed to purchase this part from additional sources. It is uneconomical to buy the data or rights to the data. It is also uneconomical to reverse engineer the part. This code is utilized when the government did not initially purchase the data and/or rights. If only one source has the rights or data to manufacture this item, AMCs 3 or 5 are valid. If two or more sources have the rights or data to manufacture this item, AMC 1 is valid.
19. AMSC S. The acquisition of this item is restricted to government approved source(s) because production involves unclassified but military sensitive technology. If only one source is available, AMCs 3 or 5 are valid. If at least two sources are approved, AMC 1 is valid.
20. AMSC T. The acquisition of this part is controlled by Qualified Products List (QPL) procedures. Competition for this part is limited to sources which are listed on or are qualified for listing on the QPL at the time of award (see DFARS Part 209). AMC 1 is valid.
21. AMSC U. The cost to the government to breakout this part and acquire it competitively was determined to exceed the projected savings over the life span of the part. If one source is available, AMC 3 or 5 is valid. If two or more sources exist, AMC 1 is valid.
22. AMSC V. This part has been designated a high reliability part under a formal reliability program. Probability of failure would be unacceptable from the standpoint of safety of personnel and/or equipment. The cognizant engineering activity has determined that data to define and control reliability limits cannot be obtained nor is it possible to draft adequate specifications for this purpose. If one source is available, AMCs 3 or 5 are valid. If two sources are available, AMC 1 is valid.
23. AMSC W. (Reserved)
24. AMSC X. (Not authorized)
25. AMSC Y. The design of this part is unstable. The engineering or performance characteristics indicate that the required design objectives have not been achieved. Major changes are contemplated because the part has a low process yield or has demonstrated marginal performance during tests or service use. These changes will render the present part obsolete and unusable in its present configuration. Limited acquisition from the present source is anticipated pending configuration changes. If one source is available, AMCs 3 or 5 are valid. If at least two sources exist, AMC 1 is valid.

26. AMSC Z. This part is a commercial, nondevelopmental, off-the-shelf item. Commercial item descriptions, commercial vendor catalog price lists or commercial manuals assigned a technical manual number apply. If one source is available, AMCs 3 or 5 are valid. If at least two sources are available, AMC i is valid.

G. AMC/AMSC Validation Criteria. The following is a correlation table reflecting valid AMC and AMSC combinations that may be assigned to reflect breakout decisions:

**Valid AMC/AMSC Combinations**

<b>ACQUISITION METHOD CODES</b>			
<b>AMSC</b>	<b>1</b>	<b>3</b>	<b>5</b>
A	*	*	*
B	*	*	*
C	*	*	*
D	X	*	*
G	*	X	X
H	*	*	*
K	*	*	*
L	*	*	*
M	*	*	*
N	*	*	*
O	X	X	X
P	*	*	*
Q	*	*	*
R	*	*	*
S	*	*	*
T	*	X	X
U	*	*	*
V	*	*	*
Y	*	*	*
Z	*	*	*

\* = Valid Combination  
 X = Invalid Combination

H. Applicability. The SPBO procedures contained herein apply to any centrally managed replenishment or provisioned part obtained by the FSS for use on military systems and equipment. SPBO does not apply to:

1. Component Breakout (see reference (a), Appendix D)
2. Foreign Military Sales Peculiar Items
3. Insurance Items
4. Obsolete Items
5. Phase Out Items
6. Parts Acquired Under Initial Supply Support Programs
7. Parts Acquired Through Local Purchase

- I. **Cost Avoidance.** This figure represents an estimate of the potential annual savings which may be realized through a decrease in the price of a spare part as a result of breakout or deletion of an inactive item record. Cost avoidance shall be calculated for each spare part which is successfully broken out or item record deleted. Methods for calculating cost avoidance are provided in Chapter 6, section C, paragraph 3 of this manual.
- J. **Full Screening.** Full screening is an advanced form of breakout consisting of data Collection, data evaluation, technical evaluation, economic evaluation and supply feedback, which is designed to obtain Level III drawings suitable to offer manufacturers for competitive bidding. Full screening may involve reverse engineering or eventual purchase of technical data rights. As a general rule of thumb, full screen breakouts should be initiated on items having a future annual buy forecast of \$10,000 or greater, and not coded with an AMC/AMSC of 1G, 1K, 1M, 1N, 1T or 1Z.
- K. **Limited Screenings.** The primary objective of limited screenings is a parts breakout process to conduct a basic review covering only selected points of data to determine the feasibility of improving the procurement status of a part. A secondary objective is to check the AMC/AMSC assignment. Limited screenings procedures are appropriate when the full screening process cannot be completed for a part in sufficient time to support an immediate buy requirement.
- L. **OGA Sources.** For Coast Guard purposes, breakout includes both identification of multiple commercial sources as well as the location of a source of supply within the FSS. In other words, spare parts may be "broken out" from sole source procurement by finding either OGA sources or alternate commercial sources.
- M. **Breakout During Provisioning.** The definition of breakout has been expanded to include not only parts which already exist within Coast Guard inventories, but also for spare parts just entering the supply system during the provisioning process. (AMCs shall be assigned during the provisioning process and provisioning data shall be included in the breakout report.)
- N. **Procurement History Files.** Each SUPCEN shall assemble and maintain a procurement history file for each replenishment part they manage. As a minimum the file will include:
1. **Cataloging Information.**
    - (a) Stock Number
    - (b) Nomenclature
    - (c) Part Number

- (d) Description of Available Technical Data
  - (e) Acquisition Method Code and Date Assigned
  - (f) All Known Sources of Supply
2. Historical Contracting Data.
- (a) Contract/Purchase Order Number
  - (b) Name of Actual Manufacturer(s)
  - (c) Quantity Procured and Unit Price Paid
  - (d) Activity Having Design Control Over the Part
3. Prior Breakout Data. Maintain a record of any prior breakout reviews and results.
4. Annual Demands. Compute and retain annual demand data.
- O. **Files Maintenance.** The procurement history files may be maintained manually or incorporated into other data base records as each SUPCEN chooses. However, the data must be provided to the contracting office and files updated upon completion of any procurement action.
- P. **Annual Buy Forecasts.** Annually, SUPCENs shall prepare lists that identify parts projected for purchase during the subsequent 12 months. Priority should be provided to parts with the greatest expected return given their annual buy value and the likelihood of successful breakout considering the technical characteristics and performance stability and availability of technical data.
- Q. **Real World Environment.** In the real word environment, it is understood that no set of procedures will provide complete guidance to every situation that may occur for accomplishing breakout and subsequent assignment of AMCs/AMSCs. Therefore, it is important to remember that:
- 1. Application of Judgement. Responsible judgement is applied to all elements involved in the review of a part.
  - 2. Evaluation of Facts. All necessary facts affecting the breakout must be produced, considered, recorded and filed.
- R. **Breakout Mandate.** In as much as SPBO was mandated and funded by Congress, the initiatives, policy and procedures cited herein are mandatory for all program and support managers, the ICPs and their respective procurement offices. In addition, each SUPCEN must sustain a fully manned staff of breakout personnel whose duties are dedicated solely to SPBO activities.

## CHAPTER 5. COMPLETING SPARE PARTS BREAKOUT (SPBO) REPORTS

- A. **Purpose.** The SPBO report serves as a management tool for administrators at the SUPCENs -- as well as at Headquarters. The report depicts not only the immediate results of SPBO activities, but also the long-term impacts of these activities. All the data required in the report should be easily retrievable from the SUPCEN's Information Resource Management system. The SPBO report format was designed to allow managers to monitor breakout performance and identify potential problem areas through comparative analysis. The primary objective of the report is to improve productivity by increasing management's oversight capability.
- B. **Scope.** The SPBO report seeks information on Coast Guard-managed items only.
- C. **Discussion.** The design of the SPBO report takes several elements from standard business reporting methods. Like a business report, the SPBO report is designed to facilitate comparative analysis of various breakout statistics. Several types of inventory management statistics are presented to allow analysis of various perspectives. This is important because, viewed in isolation, some of these figures might give a misleading impression. An example is the cost avoidance category. While a high reported total for cost avoidance may indicate an aggressive breakout program, it may also indicate a failure at an earlier stage of the logistics process.
- D. **SPBO Report Format.** Since segments of the SPBO reports are modeled on a business report format, as in a business report, the two column format used allows a quick comparison of past, verses current, figures for each category. The five sections are broken down as follows:
1. **Part I.** Contains general information relative to the number of items managed and stocked at each respective SUPCEN.
  2. **Parts II, III and IV.** Resembles a standard Income Statement in that they record those activities taking place over a period of time.
  3. **Part V.** Provides a snapshot view of conditions at a point in time (end of the reporting period), similar to a balance sheet.
- E. **Reporting Periods.** Reporting periods are annual, ending 30 September of each year. Reports shall arrive at Coast Guard Headquarters, Commandant (G-ELM), not later than the end of the following month of each respective report period.

- F. **Correlation Between Numbers.** The SPBO report looks at the inventory several different ways. Therefore, there are interrelations between the figures in different sections of the report. Some numbers will be repeated, others may only be elements in formulas for calculating other figures.
- G. **Report Requirements.** The report consists of two parts, a narrative and a statistical section. The narrative part should address any significant program issues management deems appropriate but each report must address the following:
1. **SPBO Personnel Strengths.** Provide number of personnel working in SPBO.
  2. **Personnel Changes.** Indicate changes in staffing or management since last report.
  3. **Unusual Activity.** List any unusual SPBO activities accomplished during the report period.
  4. **SPBO Details.** Provide details of breakouts yielding cost avoidance.
  5. **Reverse Engineering Projects.** Detail reverse engineering projects completed.
  6. **Price Challenges Completed.** Provide details on price challenges completed during the report period.

## CHAPTER 6. SPBO REPORT/STATISTICAL SECTION STEP-BY-STEP GUIDE

A. **Part I - General.** This section provides an overview of the entire inventory stocked at each SUPCEN and identifies the number of items stocked that are subject to breakout. It also shows the difference between inventory totals at the beginning and end of the report period by reconciling those items added or deleted. Specific information for completing each line on the breakout report is provided as follows (references correlate to each line on the SPBO report (enclosure (2))):

1. Items Subject to Breakout.

- a. Total Line Items Managed by ICP. This number represents only those items directly managed by the ICP.
- b. Items Not Subject to Breakout. Includes items such as forms and publications, Headquarters controlled items, project materiel or items where demand is negligible (e.g., insurance items).
- c. Total Items Subject to Breakout. Section A, line 1.a. minus line 1.b.

2. Changes to Inventory Subject to Breakout.

- a. Line Items Managed at Start of Period. Obtain this figure from enclosure (2), section E, paragraph 1.b of previous annual SPBO report.
- b. Line Items Deleted During Report Period. Represents line items deleted from Coast Guard inventory through breakout to OGA, obsolescence, etc.
- c. Line Items Added During Report Period. List those items added to managed inventory through the provisioning/cataloging process.
- d. Line Items Managed at End of Report Period. Section A, line 2.a. minus line 2.b. plus line 2.c.

B. **Part II - Provisioning Activities.** All spare parts enter the Coast Guard inventory through the provisioning/cataloging process. It is also at this stage that AMCs/AMSCs are initially assigned. This review is the first occasion for SUPCENs to identify alternative sources for acquisition of spare parts, including OGA. Therefore, monitoring this process is vital to the breakout system.

- 1. Total New Items Reviewed. Obtain this figure by adding section B, line 2. plus line 3.d.

2. OGA Sources Found. These other government agency sources include the Air Force, Army, Navy and Marine Corps, as well as the Defense Logistics Agency (DLA) and the General Services Administration (GSA).
3. Added to Coast Guard-Managed Inventory.
  - a. AMC 1
  - b. AMC 3
  - c. AMC 5
  - d. Total (Sum lines a-c)

C. **Part III- Breakout Activities.** This section reflects the results of breakout activities performed during the period.

1. Price Challenges. This represents those price challenges submitted to SUPCENs for Coast Guard unique items they manage.
  - a. Total Processed. All price challenges received shall be investigated and written feedback concerning the findings provided to the challenger and Commandant (G-ELM). In cases requiring over one month to investigate, the challenger must be notified of the case status within 30 days of receipt of the challenge.
  - b. Number Successful. Price challenges resulting in a cost avoidance for the Coast Guard.
2. Full and Limited Screenings. List the separate number of full and limited screenings conducted in accordance with reference (a), Appendix E.
  - a. Resulting in No Change. List number of item records screened with no resulting change in AMC number.
  - b. Broken Out to OGA. Items for which an OGA source was identified. These items should be deleted from the Coast Guard inventory.
  - c. AMC Codes Changed. Screenings that resulted in an improvement of acquisition method, i.e., lowering of AMC number to 1 or 3.
  - d. Total. Self-explanatory.

3. Cost Avoidance. This figure reflects the annual savings the Coast Guard is projected to realize through breakout conducted during the period. Remember, except for improved reliability cost avoidance, this represents projected, not realized, savings. A separate sheet shall be attached to the breakout report detailing each cost avoidance identified during the report period and whether the breakout was the result of "limited" or "full" screening.
- a. Broken Out to Competition (Multiple Sources). For parts broken out to multiple sources when the price is known, multiply the annual demand times the price differential. When the new price is not known, the annual demand is multiplied by 25 percent of the original purchase price. The resulting calculation is then multiplied by the previous year's demand.
  - b. Original Manufacturer Identified. If possible, the actual cost avoidance from the price differential should be multiplied by the annual demand. However, if the cost is not available, use the 25 percent formula above.
  - c. OGA Source Found. Savings are realized from two different sources:
    - (1) Inventory Carrying Costs. For every line item deleted from the inventory, savings are produced by avoiding administrative, maintenance and storage costs. For each item broken out to OGA, take 16 percent of extended value of inventory at time of disposition or \$1,000, whichever is greater, in cost avoidance.
    - (2) Price Differential. Savings for items broken out to OGA are multiplied by the annual demand rate.
  - d. Improved Reliability. When a replacement item is found that exceeds the life expectancy of the item presently in use, a cost avoidance may be realized based on the products improved service life and reliability. With a reduction in demands, a cost avoidance could occur even if the new item purchase price is greater than the original item purchase price. While this method provides another avenue to capture cost savings, documentation must be acquired and maintained to substantiate an improvement in the life span of the item. For example, if a prime contractor authorized an increase in the life expectancy of an item based on product improvement, a documented reduction in usage for a period of one year would justify a cost avoidance based on the funds saved. Therefore, a claim for cost avoidance

under improved reliability is submitted after the fact.

- e. Inactive Item Record Deleted. For each inactive item record deleted from the inventory due to zero demands for 730 days or less, multiply the extended value of the inventory on hand at time of disposition by 16 percent or \$1,000, whichever is greater, for cost avoidance computation. The deletion of item records with no demands over 730 days is not considered as a proactive management decision to delete "dead" items from the inventory and no cost avoidance is allowed.
  - f. Total Cost Avoidance. Enter total cost avoidance computed from above entries.
- D. **PART IV - Transaction Analysis.** This section shows what type of parts move fastest through the inventory. Some parts turn over quickly, while others move more slowly. There is little to gain by breaking out 90 percent of the parts from the inventory if the remaining 10 percent represents the majority of usage.
1. Purchases (Unit Price) Over \$25,000. Those transactions where the unit price for one item (not the total order cost) exceeded \$25,000.
  2. Purchases Under \$25,000. Involves all those transactions not identified above.
- E. **PART V - End of Report Period Comparative Data.** This section depicts the "balance sheet" for the end of the reporting period.
1. Operating Inventory Analysis. This represents the total inventory subject to breakout by AMC.
    - a. Distribution by AMC:
      - (1) Number of AMC 1 Items
      - (2) Number of AMC 3 Items
      - (3) Number of AMC 5 Items
      - (4) Number Other
    - b. Total Line Items Managed. Total section E, paragraph 1.a.(1) through (4).
  2. Operating Inventory by Dollar Values. These figures represent the dollar values of the inventory broken down by AMC.

- a. Distribution by AMC:
  - (1) Value of AMC 1 Items
  - (2) Value of AMC 3 Items
  - (3) Value of AMC 5 Items
  - (4) Value Other
  
- b. Value of Total Items Managed. Add section E, paragraphs 2.a.(1) through (4) for total value of inventory.

**COMPLIANCE/INSPECTION CHECKLIST**

- |   | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| 1. Is reverse engineering being prudently applied to mainly high cost, high volume items? (Chapter 1, section D, paragraph 4, Reverse Engineering)  | ___        | ___       |
| 2. If there is an unexplained high rate of breakout, is the acquisition process examined as a possible cause of the high rate? (Chapter 2, section B, Breakout Applications)                  | ___        | ___       |
| 3. Is a Spare Parts Breakout (SPBO) report submitted to G-ELM annually? (Chapter 3, section A, SUPCEN CO's Responsibility)  | ___        | ___       |
| 4. Are breakout reports submitted to G-ELM within 30 days of the reporting period which ends 30 September each year? (Chapter 3, section A, SUPCEN CO's Responsibility)                       | ___        | ___       |
| 5. Does each breakout report address the total number of personnel working in spare parts breakout and changes in staffing since the last report? (Chapter 5, section G, Report Requirements) | ___        | ___       |
| 6. Is the Commanding Officer ensuring the optimal use of SPBO resources to conduct spare parts breakout? (Chapter 3, section A, SUPCEN CO's Responsibility)                                   | ___        | ___       |
| 7. Is each SUPCEN sustaining a fully manned staff of breakout personnel whose duties are dedicated solely to SPBO activities? (Chapter 4, section R, Breakout Mandate)                        | ___        | ___       |
| 8. Are all parts managed assigned an AMC/AMSC except for those parts that are not subject to breakout? (Chapter 4, section A, AMC Assignment)   | ___        | ___       |
| 9. Are AMC/AMSC designators used by the contracting office to determine the method to obtain each spare part? (Chapter 4, section A, AMC Assignment)  | ___        | ___       |
| 10. When new items are added as a result of contractor provisioning, is breakout and assignment of AMCs accomplished prior to reprocurement? (Chapter 4, section C, Assignment of AMCs)       | ___        | ___       |
| 11. Are Acquisition Method Codes that are assigned as a result of screening efforts included in the Master Item Record? (Chapter 4, section D, Master Item Record)                            | ___        | ___       |

Encl. (1) to COMDTINST M4408.8

Yes No

12. Is cost avoidance calculated for each spare part which is successfully broken out? (Chapter 4, section I, Cost Avoidance)
13. Are full screen breakouts initiated primarily for items with an annual buy forecast of \$10,000 or more, and not assigned any restricted AMC/AMSC combinations? (Chapter 4, section J, Full Screening)
14. To track breakout actions for new parts entering the supply system, is accurate provisioning data included in each breakout report? (Chapter 4, section M, Breakout During Provisioning)
15. Are procurement history files assembled and maintained for each part managed? (Chapter 4, section N, Procurement History Files)
16. Does each procurement history file contain at least the minimum data as specified in this COMDTINST? (Chapter 4, section N, Procurement History Files)
17. Is procurement history file data provided to the Contracting Office, and files updated upon the completion of any procurement action? (Chapter 4, section O, Files Maintenance)
18. Does each report also provide details on breakouts yielding cost avoidance, reverse engineering projects completed, and details on price challenges completed? (Chapter 4, Section G, Report Requirements)
19. Are all price challenges investigated and written feedback provided to the challenger and G-ELM? (Chapter 6, section C, para 1(a), Breakout Activities)
20. For price challenges requiring more than one month to investigate, is the challenger notified of this delay within 30 days of receipt of the challenge? (Chapter 6, section C, para 1(a), Breakout Activities)
21. Is a separate sheet attached to the breakout report detailing each projected cost avoidance achieved during the report period? (Chapter 6, section C, paragraph 3, Breakout Activities)

**SPARE PARTS BREAKOUT REPORT**

(RCN-4408-1)

Reporting period from \_\_\_\_\_ to \_\_\_\_\_

**A. PART I. GENERAL (End of Period unless otherwise noted)**

- 1. Items Subject to Breakout:
  - a. Total line items managed by ICP \_\_\_\_\_
  - b. Items not subject to breakout \_\_\_\_\_
  - c. Total items subject to breakout \_\_\_\_\_
- 2. Changes to Inventory Subject to Breakout:
  - a. Line items managed at start of period \_\_\_\_\_
  - b. Line items deleted during report period \_\_\_\_\_
  - c. Line items added during report period \_\_\_\_\_
  - d. Line items managed at end of report period \_\_\_\_\_

**B. PART II. PROVISIONING ACTIVITY**      LAST PERIOD      THIS PERIOD

- 1. Total New Items Reviewed \_\_\_\_\_
- 2. OGA Source Found \_\_\_\_\_
- 3. Added to CG-Managed Inventory:
  - a. AMC 1 \_\_\_\_\_
  - b. AMC 3 \_\_\_\_\_
  - c. AMC 5 \_\_\_\_\_
  - d. TOTAL (Sum lines a-c) \_\_\_\_\_

**C. PART III. BREAKOUT ACTIVITY**

- 1. Price Challenges:
  - a. Total Processed \_\_\_\_\_
  - b. Number Successful \_\_\_\_\_
- 2. Full \_\_\_\_\_ Limited \_\_\_\_\_ Screenings:
  - a. Resulting in no change \_\_\_\_\_
  - b. Broken out to OGA \_\_\_\_\_
  - c. AMC codes changed:
    - (1) Reassigned AMC 1 \_\_\_\_\_
    - (2) Reassigned AMC 3 \_\_\_\_\_
    - (3) Total AMCs Reassigned \_\_\_\_\_
  - d. TOTAL (Sum lines a, b, & c(3)) \_\_\_\_\_
- 3. Cost Avoidance:
  - a. Broken out to Competition (Multiple Sources Identified)
    - (1) AMC 3 changed to AMC 1 \_\_\_\_\_
    - (2) AMC 5 changed to AMC 1 \_\_\_\_\_
  - b. Original Manufacturer Identified (AMC 5 changed to AMC 3) \_\_\_\_\_
  - c. OGA Source Found
    - (1) Inventory carrying cost \_\_\_\_\_
    - (2) Price Differential \_\_\_\_\_
  - d. Improved Reliability \_\_\_\_\_
  - e. Inactive Item Records Deleted \_\_\_\_\_
  - f. Total Cost Avoidance \_\_\_\_\_

**SPARE PARTS BREAKOUT REPORT (continued)**

**D. PART IV. TRANSACTION ANALYSIS**

	<u>LAST PERIOD</u>	<u>THIS PERIOD</u>
1. Purchases Over \$25,000:		
a. Number AMC 1	_____	_____
b. Number AMC 3	_____	_____
c. Number AMC 5	_____	_____
d. Number Other	_____	_____
e. Number of total purchases	_____	_____
f. Value of AMC 1 purchases	_____	_____
g. Value of AMC 3 purchases	_____	_____
h. Value of AMC 5 purchases	_____	_____
i. Value Other	_____	_____
j. Value of total purchases	_____	_____
2. Purchases Under \$25,000:		
a. Number AMC 1	_____	_____
b. Number AMC 3	_____	_____
c. Number AMC 5	_____	_____
d. Number Other	_____	_____
e. Number of total purchases	_____	_____
f. Value of AMC 1 purchases	_____	_____
g. Value of AMC 3 purchases	_____	_____
h. Value of AMC.5 purchases	_____	_____
i. Value Other	_____	_____
j. Value of total purchases	_____	_____

**E. PART V. END OF REPORT PERIOD COMPARATIVE DATA**

	<u>LAST PERIOD</u>	<u>THIS PERIOD</u>
1. Operating Inventory Analysis		
a. Distribution by AMC:		
(1) Number of AMC 1 items	_____	_____
(2) Number of AMC 3 items	_____	_____
(3) Number of AMC 5 items	_____	_____
(4) Number Other	_____	_____
b. Total line items managed	_____	_____
2. Operating Inventory by Dollar Values		
a. Distribution by AMC:		
(1) Value of AMC 1 items	_____	_____
(2) Value of AMC 3 items	_____	_____
(3) Value of AMC 5 items	_____	_____
(4) Value Other	_____	_____
b. Value of total items managed	_____	_____

## GLOSSARY OF TERMS

<b>Acquisition Method Code (AMC)</b>	A single-digit numeric code, assigned to a spare part by the Inventory Control Point managing that part, which describes the results of a technical review of the part. The AMC number indicates to the contracting officer whether the part may be procured competitively.
<b>Acquisition Method Suffix Code (AMSC)</b>	A single-digit alpha code, assigned by the Inventory Control Point to provide the contracting office with engineering, manufacturing and technical information which is considered in the acquisition process.
<b>Actual Manufacturer</b>	An individual, activity or organization that performs the physical fabrication processes that produce the part or other items of supply for the government. The actual manufacturer must produce the parts in-house. The actual manufacturer may or may not be the design control activity.
<b>Annual Buy Quantity</b>	The forecast quantity of a part required for the next 12 months.
<b>Annual Buy Value</b>	Cost of an item multiplied by the annual demand for that item.
<b>Breakout</b>	The improvement of the acquisition status of a part resulting from a technical review and a deliberate management decision. Examples are the competitive acquisition of a spare part previously purchased noncompetitively and the direct purchase of a part previously purchased from a prime contractor who is not the actual manufacturer of the part.
<b>Competition</b>	A contract action where two or more responsible sources, acting independently, can be solicited to satisfy the government's requirements. (See definitions for limited competition and full and open competition.)
<b>Competition Advocate</b>	The Competition in Contracting Act (CICA) of 1984, established Competition Advocates for government agencies and their respective contracting offices. Competition Advocates foster full competition by challenging barriers to competition, such as, unnecessarily detailed specifications or excessively restrictive statements of need.
<b>Contractor Technical Information Code (CTIC)</b>	A two digit alpha code assigned to a part by a prime contractor to furnish specific information regarding the engineering, manufacturing and technical aspects of that part.

<b>Cost Avoidance</b>	The future annual savings the Coast Guard should realize through breakout activities. This represents projected, not realized, savings.
<b>Design Control Activity</b>	A contractor or government activity having responsibility for the design of a given part, and for the preparation and currency of engineering drawings and other technical data for that part.
<b>Direct Purchase</b>	The acquisition of a part from actual manufacturer, including a prime contractor who is an actual manufacturer of the part.
<b>Extended Dollar Value</b>	The contract unit price for a part multiplied by the quantity purchased.
<b>Federal Acquisition Regulations (FAR)</b>	Body of regulations forming Title 48 of the Code of Federal Regulations encompassing the rules for applying and complying with laws governing acquisition by agencies of the Federal Government
<b>Full &amp; Open Competition</b>	A contract action where all responsible sources are permitted to compete.
<b>Full Screening</b>	A detailed parts breakout process including data collection, data evaluation, technical evaluation, economic evaluation and supply feedback, used to determine if parts can be purchased directly from the actual manufacturer(s) or can be competed.
<b>Immediate Buy</b>	A buy which must be executed as soon as possible to prevent unacceptable equipment readiness reduction, unacceptable disruption in operational capability, increased safety risks or to avoid other costs.
<b>Inventory Control Points (ICPs)</b>	Activities which provision and manage spare and replenishment parts for an operational agency. Coast Guard ICPs also serve as Supply Centers which stock, maintain and distribute the parts they manage. The Coast Guard operates three ICPs/Supply Centers.
<b>Life Cycle Buy Value</b>	The total dollar value of all procurements that are estimated to occur over a part's life cycle.
<b>Limited Competition</b>	A competitive contract action where the provisions of full and open competition do not exist.
<b>Limited Screening</b>	A parts breakout process covering only selected points of data and technical evaluations and should only be used to support immediate buy requirements.

<b>Manufacture</b>	The physical fabrication process that produces a part or other item of supply. The physical fabrication processes include, but are not limited to, machining, welding, soldering, brazing, heat treating, braking, riveting, pressing, etc.
<b>Other Government Agency (OGA)</b>	A non-Coast Guard government agency supplier of spare parts, generally a Department of Defense (DOD) agency.
<b>Price Challenge Program</b>	Program which provides for end-users of spare parts to report and correct occurrences of overpricing in the Federal Supply System. Reports or "challenges" on Department of Defense parts are processed by the Navy Price Challenge Office, while challenges to Coast Guard-managed spare parts are handled by the cognizant Inventory Control Point. The Navy program employs the use of standard reporting forms, a 24-hour hotline and an awards system for challengers. Successful challenges on Coast Guard-managed parts are followed up through the Idea Express system.
<b>Price Fighters</b>	Navy project aimed at improving the spare parts acquisition process and reducing the cost of spare parts, includes Price Challenge program.
<b>Prime Contractor</b>	A contractor having responsibility for design control and/or delivery of a system/equipment such as aircraft, engines, ships, tanks, vehicles, guns and missiles, ground communications and electronics systems and test equipment.
<b>Procurement History</b>	History relative to prior buys of an item, part or component. It includes, but is not limited to, price paid, number of units bought, date of purchase, special considerations, etc.
<b>Provisioning</b>	The process of determining and acquiring the type and quantity of support items needed to operate and maintain a piece of equipment or system for an initial period of service.
<b>Replenishment Part</b>	A part, repairable or consumable, purchased after provisioning of that part for the replacement, replenishment of stock or use in the maintenance, overhaul and repair of equipment such as aircraft engines, ships, tanks vehicles, guns and missiles, ground communications and electronic systems, ground support and test equipment.

<b>Reverse Engineering</b>	A process by which parts are examined and analyzed to determine how they were manufactured for the purpose of developing a complete technical data package. The normally expected result of reverse engineering is the creation of a technical data package suitable for manufacture of an item by new sources.
<b>Screening (Full and Limited)</b>	The spare parts breakout process described in detail in the Department of Defense Federal Acquisition Regulation, Appendix E. (See Full Screening and Limited Screening.)
<b>Sole Source</b>	The only contractor who can manufacture an item or component, whether due to time constraints, warranties or patent rights.
<b>Source</b>	Any commercial or noncommercial organization which can supply a specified part. For coding purposes, sources include actual manufacturers, prime contractors, vendors, dealers, distributors and other firms.
<b>Source Approval</b>	The government review which must be completed prior to a contract award.
<b>Standardization</b>	A process to reduce costs for new equipment by maximizing the use of parts already cataloged in the Federal Stock System. Standardization facilitates competition by creating an atmosphere where competition can thrive through ensuring a high demand and a stable market. Standardization also has the added benefits of saving design, testing, procurement and inventory carrying costs.
<b>Technical Data</b>	Specifications, plans, drawings, standards, purchase descriptions and other such data to describe the government's requirements for acquisition. Level III data is the most comprehensive data package. Possession of Level III data for a spare part, and the rights to use the data, allows the owner to offer that item for bids by competing manufacturers.