

DFARS Procedures, Guidance, and Information

PGI 217—Special Contracting Methods

(Revised March 25, 2016)

PGI 217.74—UNDEFINITIZED CONTRACT ACTIONS

PGI 217.7404-1 Authorization.

(1) The requiring activity, in coordination with the contracting office, will prepare the request for approval package for an undefinitized contract action (UCA) requirement. The approval package shall—

- (i) Document why a UCA is required (for letter contracts see DFARS [216.603](#));
- (ii) Provide a detailed explanation for the need to begin performance before definitization;
- (iii) Address the adverse impact on agency requirements that would result from delays in beginning performance;
- (iv) Identify the risk of using a UCA and the means by which the Government will mitigate such risk;
- (v) Identify and justify the specific contractual instrument to be used;
- (vi) Establish limitations on the obligation of funds; and
- (vii) Provide the definitization schedule of agreed-upon events that support timely definitization.

(2) A sample format with certain variations for letter contracts is provided at this website: http://www.acq.osd.mil/dpap/dars/pgi/docs/Template_for_UCA_Authorization_Requests.pdf.

PGI 217.7404-2 Price ceiling.

(1) The rationale for the not-to-exceed price will be documented and retained in the contract file. Examples of such supporting rationale include—

- (i) The Independent Government Cost Estimate;
- (ii) Price analysis based on prior buys; and
- (iii) The contractor's proposal.

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(2) The maximum not-to-exceed price is the firm-fixed price for firm-fixed price contracts, the ceiling price for fixed-price incentive contracts, and the estimated cost and fee for cost-reimbursement contracts.

PGI 217.7404-3 Definitization schedule.

In order to meet the definitization dates, the contracting officer shall closely coordinate and monitor each UCA. Contracting officers should frequently communicate with the program office and requiring officials as appropriate to actively manage the definitization of UCAs. The contracting officer should alert the approval authority if, for any reason, the definitization schedule appears to be in jeopardy.

PGI 217.7404-6 Allowable profit.

To improve the documentation and provide guidance on determining the profit for UCAs with substantial incurred cost, contracting officers shall follow the mandatory instructions at DFARS [215.404-71-3\(d\)\(2\)](#) regarding lowering contract type risk assessments for the incurred costs when performing weighted guidelines analysis. Additional guidance on analyzing profit or fee (DAU continuous learning course(CLC) 104, Analyzing Profit or Fee) is provided at this website:

http://icatalog.dau.mil/onlinecatalog/courses.aspx?crs_id=239

PGI 217.7405 Plans and reports.

(1) By October 31 and April 30 of each year, departments and agencies shall submit an updated Consolidated UCA Management Plan, and a Consolidated UCA Management Report, identifying each UCA with a value exceeding \$5 million. In addition, departments and agencies shall submit a copy of the record of weighted guidelines for each definitized UCA with a value of \$100 million or more. If there is no record of weighted guidelines (e.g., not required for a cost plus award fee contract per DFARS [215.404-74](#)), then departments and agencies shall submit alternative documentation that addresses appropriate recognition of the contractor's reduced cost risk during the undefinitized performance period. Submit the required information to—

Deputy Director, Defense Procurement and Acquisition Policy
(Contract Policy and International Contracting)
3060 Defense Pentagon
Washington, DC 20301-3060.

(2) The Consolidated UCA Management Plan and the Consolidated UCA Management Report shall be prepared using the following formats:

(i) *Consolidated UCA Management Plan:*

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Title: Consolidated Undefined Contract Action (UCA) Management Plan
Period Covered:

1. Applicable military department, defense agency, or DoD component.
 - a. Headquarters point of contact.
 - b. Contact information.
2. Description of actions planned and taken to ensure:
 - a. Appropriate use of UCAs.
 - b. Timely definitization of UCAs.
 - c. Minimized obligation amounts at the time of UCA award, consistent with the contractor's requirements for the undefinitized period.
 - d. In determining profit/fee, appropriate recognition of the contractor's reduced cost risk during the undefinitized performance period.
 - e. Documentation of the risk assessment in the contract file.
3. Milestones for completion of planned events.
4. Other.

(ii) *Consolidated UCA Management Report:*

The required format for the Consolidated UCA Management Report is available at this website:

[http://www.acq.osd.mil/dpap/dars/pgi/docs/uca_management_report_2015\(updated22Mar16\).xls](http://www.acq.osd.mil/dpap/dars/pgi/docs/uca_management_report_2015(updated22Mar16).xls).

(3) A list of Frequently Asked Questions about UCA reporting requirements is available at this website: http://www.acq.osd.mil/dpap/dars/pgi/docs/faq_201603.docx.