



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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SEP 22 2003

DPAP/P

MEMORANDUM FOR TECHNICAL DIRECTOR, AUDIT FOLLOWUP &
GAO AFFAIRS, DODIG

THROUGH: DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS

SUBJECT: Follow-up on GAO Report GAO 01-515R, Internal Controls: C-17
Payment Procedures Can be Improved, May 30,2001 (OSD Case No. 3071)

In my response to Recommendation 2 of subject report, I stated that Defense Management Agency (DCMA) Directive 1 would be revised to (a) include a requirement for Administrative Contracting Officers to submit approved Performance-Based Payment (PBP) requests by facsimile to the Defense Finance and Accounting Service Payment Office, and (b) require that ACO's perform post-payment monitoring of PBP amounts still in process.

Attached is a copy of an October 9,2002, DCMA Policy Change Notice No. 03-018, which includes a summary of changes made to DCMA Directive 1 that became effective November 1, 2002. This policy change (a) provides instructions for submission by facsimile of PBP requests to the payment office, as the preferred submission method, and (b) addresses the use of post-payment reviews, for low risk contractors, to verify the completion of performance events. Based on this, Recommendation 2 requires no further action and should be closed out.

If you have any questions regarding this memorandum, please contact my point of contact Mr. David J. Capitano, at 703-847-7486, or at david.capitano@osd.mil.

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

