



ACQUISITION
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

APR 14 2008

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA (ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT),
ASN (RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTOR, DEFENSE AGENCIES
DIRECTOR, DOD FIELD ACTIVITIES

SUBJECT: Approving Payments under Cost-Reimbursement, Time-and-Materials, and
Labor-Hour Contracts

The purpose of this memorandum is to reiterate the Department's policy on approving payments under cost-reimbursement, time-and-materials (T&M), and labor-hour (LH) contracts. For these contract types:

- DCAA has sole authority for verifying claimed costs and approving interim payment requests.
- The Administrative Contracting Officer (ACO) has the sole authority for approving final payment requests.

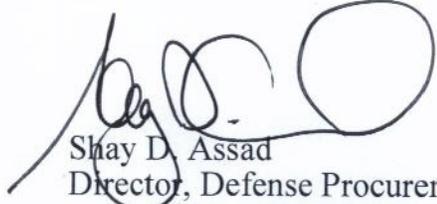
Contracting Officer's Representatives (CORs) shall not be delegated authority to approve these types of payments. In accordance with Defense Federal Acquisition Regulations Supplement (DFARS) 242.803, these functions are the responsibility of DCAA and ACOs. Although CORs may review contractor billings as part of their contract performance surveillance (e.g., hours billed and labor mix are commensurate with contract effort performed/ accomplished), the COR is expected to coordinate with DCAA when any cost verification of data is necessary in support of the COR's surveillance responsibilities.

Also, I want to clarify that the same requirements apply to payments on commercial T&M and LH contracts. Like noncommercial T&M and LH contracts, commercial T&M and LH contracts provide for disallowing costs during the course of performance after the costs have been incurred. Therefore, DCAA approves interim



payment requests, ACOs approve final payment request, and CORs coordinate with DCAA if any cost verification is needed in support of their surveillance.

Please ensure your acquisition workforce, including the CORs, are aware of this policy. The point of contact for this memorandum is Ms. Robin Schulze, Senior Procurement Analyst, who can be reached at 703-602-0326 or via e-mail at robin.schulze@osd.mil.

A handwritten signature in black ink, appearing to read 'Shay D. Assad', with a large circular flourish at the end.

Shay D. Assad
Director, Defense Procurement,
Acquisition Policy and
Strategic Sourcing