



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

MAY 23 2013

ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

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  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(ACQUISITION AND PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

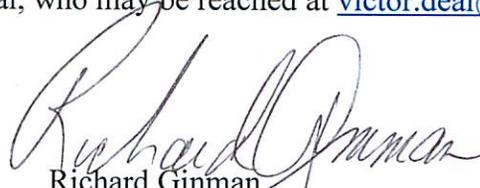
SUBJECT: Other Transaction Authority for Prototype Projects

Section 845 of the National Defense Authorization Act for Fiscal Year 1994, P.L. 103-160 (as amended) temporarily authorizes the Department of Defense to enter into transactions other than contracts, grants, or cooperative agreements for certain prototype projects. Such agreements are commonly referred to as “other transactions or OTs”, and are generally not subject to procurement laws and regulations. This section 845 authority allows the Department to negotiate more flexible business arrangements to attract nontraditional defense contractors.

Congress recently extended this authority by five years to September 30, 2018, and asked the Department to review this authority and make a recommendation as to whether it should be made permanent. In order to support continued use of this acquisition instrument, we must make sure its use is consistent with section 845 and that applicable guidance provides appropriate safeguards against abuse.

I ask you to periodically review your section 845 OT portfolio and, as part of the annual certification process to the Federal Procurement Data System, verify that your data is accurate and complete. I also ask you to assess the adequacy of your safeguards and take appropriate steps to ensure that individuals using this authority have the business acumen, training, and experience needed to operate within a less structured environment. Taking these actions will provide a foundation for not only assessing the need to make section 845 authority permanent in the future but also a basis for doing so.

My point of contact is Mr. Victor Deal, who may be reached at [victor.deal@osd.mil](mailto:victor.deal@osd.mil) or 703-614-4840.

  
Richard Ginman  
Director, Defense Procurement  
and Acquisition Policy