



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

JAN 09 2018

In reply refer to
DARS Tracking Number: 2018-O0009

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: Class Deviation—Pilot Program for Streamlining Awards for Innovative Technology
Projects

Effective immediately, the list of exceptions to certified cost or pricing data requirements at Federal Acquisition Regulation (FAR) 15.403-1(b) is expanded to include contracts, subcontracts, or modifications of contracts or subcontracts valued at less than \$7.5 million awarded to a small business concern or nontraditional defense contractor pursuant to—

- (1) A technical, merit-based selection procedure, such as a broad agency announcement (see FAR 35.016(b)(2));
- (2) The Small Business Innovation Research Program; or
- (3) The Small Business Technology Transfer Program.

In addition, contracts, subcontracts, and modifications of contracts or subcontracts valued at less than \$7.5 million awarded to a small business concern or nontraditional defense contractor pursuant to a technical, merit-based selection procedure or the Small Business Innovation Research Program are exempt from the requirements for audit and records examination under the clause at FAR 52.215-2, Audit and Records—Negotiations. This exemption is not extended to covered contracts, subcontracts, or modifications under the Small Business Technology Transfer Program.

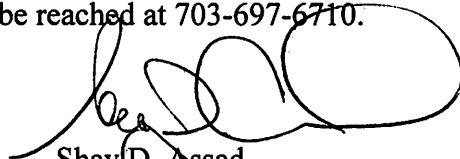
Notwithstanding the exemptions provided by this deviation, the head of the contracting activity (HCA) may determine that the requirements for submission of certified cost or pricing data or audit and records examination is required based on the past performance of the specific small

business or nontraditional defense contractor, or based on analysis of other information specific to the award. If the HCA makes a determination not to apply the exemption from audit and records examination requirements, the performance audit shall be initiated within 18 months of the contract completion. Contracting officers shall notify the small business concern or nontraditional defense contractor of the HCA's determination.

The term "nontraditional defense contractor," as used in this deviation, means an entity that is not currently performing and has not performed any contract or subcontract for DoD that is subject to full coverage under the cost accounting standards prescribed pursuant to 41 U.S.C. 1502 and the regulations implementing such section, for at least the one-year period preceding the solicitation of sources by DoD for the procurement (10 U.S.C. 2302(9)).

This deviation implements section 873 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2016 (Pub. L. 114-92) for the Pilot Program for Streamlining Awards for Innovative Technology Projects, as modified by section 896 of the NDAA for FY 2017 (Pub. L. 114-328).

This class deviation remains in effect until October 1, 2020, or otherwise rescinded. My points of contact are Mr. Roy Smith, DPAP/CPIC, who may be reached at 703-697-8336, and Mr. Larry McLaury, DPAP/CPIC, who may be reached at 703-697-6710.



Shay D. Assad,
Director, Defense Pricing/Defense
Procurement and Acquisition Policy