



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-3000

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
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
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Department of Defense Contract Finance Study

This memorandum issues the Department of Defense (DoD) Contract Finance Study. The Study was the first comprehensive review of contract financing since 1985. Defense Pricing and Contracting (DPC) performed the Study in response to a Government Accountability Office (GAO) recommendation that the Department conduct a comprehensive assessment of the effect that its contract financing and profit policies have on the defense industry. The Study report includes 16 recommendations for action within the following seven tenets:

1. Recognize the role of profit and cash flow in a healthy defense industrial base;
2. Improve means to ensure timely payments to subcontractors;
3. Ensure progress payment rates reflect the business environment;
4. Assist small businesses on defense contracts with financing;
5. Address perceived challenges with government accounting system;
6. Determine effectiveness of performance-based payments; and
7. Understand the role of interest.

The report with its associated appendices is available on the DPC website at <https://www.acq.osd.mil/asda/dpc/pcf/finance-study.html>.

John M. Tenaglia
Principal Director,
Defense Pricing and Contracting