



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
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: Delegation of Defective Pricing Authority to the Defense Contract Management Agency

In accordance with Under Secretary of Defense Acquisition and Sustainment memorandum, "Defense Contract Management Agency [DCMA] Mission Changes," dated May 20, 2019, DCMA will provide Department leadership in defective pricing. In response, a new DCMA Defective Pricing Pilot Team will provide support to Government Procuring Contracting Officers (PCOs) in resolving and dispositioning Defense Contract Audit Agency (DCAA) Truth in Negotiations audits.

Effective immediately:

- 1) For defective pricing audits received after the date of this memorandum and certain current backlog audits, PCOs may request DCMA pricing support as follows.
- 2) PCOs may delegate in writing the functions of FAR 15.407-1(b), (d), and (e) to DCMA. DCMA, in coordination with Defense Pricing and Contracting and buying activities, will determine whether to accept or reject each request, considering workload, apparent merits of the matter, or other factors. If the request is rejected, the PCO will retain the responsibilities that were to be delegated.
- 3) Under each accepted delegation, DCMA will take all actions to resolve and disposition the DCAA findings of defective pricing in the Contract Audit Follow Up (CAFU) system; will issue contracting officer final decisions as needed, if no agreement is reached; and will execute any contract modifications necessary to implement final price adjustments, in coordination with the PCO. DCMA will litigate any appeal or case that results from delegated DCMA defective pricing actions. PCOs will retain responsibility to initiate audit requests if they suspect defective pricing pursuant to FAR 15.407-1(c), and update previously reported pricing information in the Federal Awardee Performance and Integrity Information System (FAPIIS) module of the Past Performance

Information Retrieval System (PPIRS). DCMA will disposition the related audit reports in CAFU once all required steps have been completed.

- 4) DCMA contracting officers are hereby authorized to perform the functions identified in FAR 15.407-1(b) and (d), as specified above, under accepted delegations.

PCOs can contact the Defective Pricing Pilot Team for assistance, or to delegate audits for disposition at dema.hanscom.candp-rc.mbx.TiN@mail.mil.

Kim Herrington
Acting Principal Director,
Defense Pricing and Contracting