



ACQUISITION  
AND SUSTAINMENT

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

DEC 0 6 2018

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

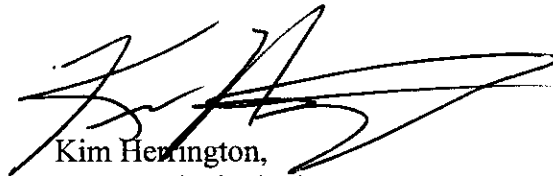
SUBJECT: Documentation Requirements on Contractor Pricing Proposals Deemed Inadequate  
by Defense Contract Audit Agency

The Department of Defense Inspector General (DoDIG) recently evaluated whether contracting officers took actions that were appropriate and complied with Federal Acquisition Regulation (FAR) Subpart 15.4, "Contract Pricing," when Defense Contract Audit Agency (DCAA) determined that a contractor's price proposal was inadequate. The DoDIG's evaluation consisted of a review of 23 contractor price proposals across the Department valued at \$6.4 billion that DCAA determined were inadequate because they did not comply with FAR Subpart 15.4. The DoDIG found that contracting officers did take appropriate actions to address the proposal inadequacies in all 23 proposals. However, the DoDIG found contracting officers did not comply with the requirements in FAR 15.406-3, "Documenting the Negotiation" because contracting officers had not adequately documented the contractor price proposal inadequacies or the actions taken to address the inadequacies in the contract file.

Based on these DoDIG findings, Department contracting officers are reminded that they must comply with the documentation requirements for each phase of the negotiation process as outlined in FAR 15.406, "Documentation." Specifically, contracting officers are required to document all DCAA identified inadequacies in the negotiation memorandum or another part of the contract file. Contracting officers also must document why the actions taken appropriately address the contractor price proposal inadequacies. By doing so, contracting officers will have properly accounted for any issues of noncompliance or other discrepancies identified in the DCAA audit.

In addition, contracting officers have the primary responsibility for adding Procurement Contracting Officer (PCO) Business Clearance Records (e.g., price negotiation memoranda) to DCMA's Contract Business Analysis Repository (CBAR) database at <https://eadf.dcmamil/ewam2/registration/setup> no later than 30 days after award of the contract action associated with the negotiation. PCOs can view full finalized Business Clearance Records within their DoDAACs and can request new DoDAACs be added to their profile by sending a request through CBAR to the PCO administrator.

If you have any questions concerning the above, please contact my action officer, Mr. Roy Smith, (703) 697-0895 or via e-mail: [leroy.d.smith3.civ@mail.mil](mailto:leroy.d.smith3.civ@mail.mil)



Kim Herrington,  
Acting Principal Director,  
Defense Pricing and Contracting