



DEFENSE CONTRACT MANAGEMENT AGENCY

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FORT LEE, VIRGINIA 23801-1809

13 May 2020

Mr. John Luddy
Vice President
National Security Policy
Aerospace Industries Association
1000 Wilson Boulevard, Suite 1700
Arlington, VA 22209-3928

Dear Mr. Luddy,

The Department understands the effects the COVID-19 pandemic will likely have on the defense industrial base (DIB), including contractor requirements to submit final vouchers within the 120 day timeframe stated in the Allowable Cost and Payment clause, FAR 52.216-7. However, the contracting officer has the authority to extend this timeframe, per FAR 42.705(b), and should be doing so in a prudent manner across assigned contracts. To that point, DCMA recently reminded ACOs of this authority in light of COVID-19 impacts to individual suppliers.

DoD and AIA are well aware that persistent delays across the DIB in submitting these final vouchers has taken place for years and has negatively impacted contract closeout rate along with rigorous oversight of funds at risk of expiring (or cancelling if in the fifth year). Signing a blanket waiver allowing additional, approved delays in these submissions to continue, solely based on COVID-19, assumes every contractor is experiencing the same level and extent of altered business environment directly associated with this pandemic. DoD is tracking DIB impacts and the data does not support this assumption. Therefore, the Department does not agree that requests for extensions are an administrative obstacle. Instead, documentation supporting varying extension timeframes will provide the contracting officers the assurance that prime contractors are controlling for unnecessary delays and utilizing efficient procedures and historical data to negotiate settlements with subcontractors.

As discussed in several AIA meetings with DCMA and DCAA personnel, there may be feasible recommendations supporting alternate procedures for dealing with these delayed submissions of final vouchers, which, again, have been taking place for years – well before COVID-19 had any influence on the DOD supply chain. The Department is amenable to socializing these recommendations. It is certainly a beneficial approach now, and post-COVID-19, to consider innovative processes that will positively impact contract closeout rates and optimal funds management.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Lyle", is positioned above the typed name and title.

John M. Lyle, SES
Deputy Director