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OFFICE OF THE UNDER SECRETARY OF DEFENSE

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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

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DPAP/P

MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR, ACQUISITION, TECHNOLOGY,
AND SUPPLY DIRECTORATE (DLA)
DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: DoD Contract Payments – DFARS 204.7107(e)(3)(i)

A recent GAO review of two contracts (GAO report dated August 8, 2003, GAO Code 192069) asserted that one of those contracts did not contain specific payment instructions on how to allocate payment amounts to ACRNs as required by DFARS 204.7107(e)(3)(i). The review also asserted that, after initial contract award, payment instructions were not modified to reflect ACRNs subsequently added to the contract.

The requirements at DFARS 204.7107(e)(3)(i) read as follows:

> When a contract line item is funded by multiple accounting classification citations, the contracting officer shall provide adequate instructions in section G (Contract Administration Data), under the heading "Payment Instructions for Multiple Accounting Classification Citations," to permit the paying office to charge the accounting classification citations assigned to that contract line item (see 204.7104-1(a)) in a manner that reflects the performance of work on the contract. If additional accounting classification citations are subsequently added, the payment instructions must be modified to include the additional accounting classification citations.

Contracting officers must ensure that all contracts containing multi-funded contract line items include adequate payment instructions to permit the paying office to charge the accounting classification citations assigned to that contract line item. In

addition, contracting officers must ensure that these instructions are revised if additional ACRNs are subsequently added to the contract.

Please ensure this memorandum receives wide distribution to your contracting leaders, contracting officers, and buyers that affect these contracts. Any questions regarding this memorandum should be referred to Mr. David J. Capitano, Defense Procurement & Acquisition Policy/Policy, at 703 847-7486 or david.capitano@osd.mil.

Deidre A. Lee
Director, Defense Procurement and
Acquisition Policy