



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE, OHIO

19 SEP 1995

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MEMORANDUM FOR SEE DISTRIBUTION

FROM: AFMC/CV
4375 Chidlaw Road, Suite 1
Wright-Patterson AFB OH 45433-5001

Rec
10/16/95
Jee

SUBJECT: Management of Undefined Contractual Actions (UCAs)

1. The Air Force Audit Agency (AFAA) has recognized improvements in our management of UCAs. The AFAA has also identified a few areas that need continued emphasis. Related changes to the AFMC Federal Acquisition Regulation Supplement (AFMCFARS) are forthcoming. During the interim, disseminate this letter throughout your center, especially to single manager, system support manager (SSM), development system manager (DSM) organizations and contracting officers. Offices maintaining a copy of the FAR should file this letter at AFMCFARS 5317.74 until superseded.

2. Additional emphasis is warranted in the following areas:

a. UCA Justification. 10 U.S. Code 2326 states that the head of an agency cannot authorize or approve a UCA, unless the authorization request adequately describes the anticipated adverse effect on military requirements if a delay in beginning the contractor effort occurs. When developing, documenting, and approving a UCA, ensure the narrative statements in the justification capture specific operational or program impacts that would result from disapproval of the UCA request.

b. UCA Definitization. We need a more aggressive management approach to meeting UCA definitization timelines. Increase use of incentives to encourage contractors, especially habitual offenders, to meet the proposal submission schedule as required in the UCA. Incentives described in AFMCFARS 5317.7404-3, such as withholding progress payments and decrements to award fees, are appropriate tools. The contracting team should also follow up on late technical, audit, and pricing reports in a more timely manner.

c. Definitization Extensions (AFFARS 5317.7404-3). Notify the UCA approval authority before exceeding definitization schedules. When it is necessary to revise a definitization schedule, the contract file must document the justification, approved at a level no lower than the initial approval authority.

CH 95-11E (FAR 17) Post to DFARS 217.74, AFFARS 5317.74 and AFMCFARS 5317.74 by circling the references and noting in the margin: "70-41, atch 95-11E." Then file this atch behind the sups to FAR 17.

d. Reducing Funds Commitments (AFMCFARS 5317.7404-2). Adjust price ceilings and remove excess funds on a UCA when a contractor's proposal is substantially less than the original not-to-exceed price. However, procuring contracting officers and single managers, SSMS, or DSMs must have the flexibility to retain funding they believe may be necessary to cover proposal updates or minor scope changes anticipated prior to definitization. Nevertheless, all acquisition personnel should be sensitive to the need to deobligate and decommit excess funds when appropriate and to document the file carefully when deobligation is not prudent.

3. UCAs continue to be a valuable acquisition tool to support urgent operational needs. However, the execution of our financial stewardship demands that we continue to manage and measure the UCA process. The emphasis we put on the UCA process will enhance our ability to satisfy our customer's requirements as we enhance the excellence of our business practices.



LAWRENCE P. FARRELL, JR.

Lieutenant General, USAF

Vice Commander