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MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
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DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
JOINT STRIKE FIGHTER PROGRAM

SUBJECT: Letter of Offer and Acceptance (LOA) Revised Pricing Guidance, DSCA 19-06,
Security Assistance Management Manual (SAMM) E-Change 421

References: (a) Pricing Policy Clarification – Amendments and Modifications, DSCA Policy 08-10
(b) Clarification of Pricing Policy, DSCA Policy 13-25
(c) Clarification of Pricing Element Review Related to Letters of Offer and Acceptance (LOAs), DSCA Policy 14-08

DSCA, in conjunction with the Military Departments (MILDEPs), has identified pricing initiatives in the Letter of Offer and Acceptance (LOA) generation, review, and issuance process that could potentially result in time savings for LOA development. This policy memorandum revises currently policy in order to implement these changes.

- a. Pricing Estimates from Vendors: Reference (b) identifies the requirement to obtain a contractor estimate, where necessary, for LOAs with Anticipated Offer Dates (AODs) relative to Groups B, C, and D. Delay in receiving contractor estimates, however, may adversely affect the MILDEP's ability to offer LOAs in a timely manner. Effective immediately, when developing an LOA document that requires a vendor estimate, the standard timeframe to wait for the vendor estimate is 20 days from the date of the MILDEP request. Absent the vendor estimate, the MILDEP should develop the estimate of the item(s) cost using the mechanisms identified in reference (b). This timeframe is not a "hard-stop"; the MILDEP may, at its discretion, allow

for a longer time for a vendor response when warranted by the circumstances (e.g., first sale of an item, more unique/complicated version, non-standard or country-unique requirements, etc. where the MILDEP would be unable to develop a reasonably accurate estimate).

- b. Untouched Lines: Reference (c) defines untouched lines as “any implemented line that is not part of the Amendment or Modification.” Current practice, in accordance with SAMM C5.4.13.1.1 and C5.4.13.2, is for the IAs to review the LOA data information prior to submitting the LOA package to DSCA Case Writing Division (CWD) and CWD to conduct a final quality assurance review of the entire case, including untouched lines, respectively, when processing Amendments and Modifications. Reference (a) states that any incorrectly-priced line item not being revised on the Amendment or Modification (untouched line) must be added to the document and the pricing fixed. Absent the Amendment or Modification being processed, the coding/information relating to these untouched lines would continue unchanged, with no adverse impact on case execution. Effective immediately, DSCA will only review coding/information for lines included on the Amendment or Modification (touched lines). SAMM C5.4.13.2 is hereby changed from “...and conducting a final quality assurance review on the entire LOA version before...” to “...and conducting a final quality assurance review on the submitted LOA document before....” (Emphasis added to highlight the change.)

There may be instances when a LOA document is approved even when untouched lines contain pricing errors. DSCA Policy 14-08 remains in effect that changes to correct pricing errors must be included on the next Amendment or Modification processed.

- c. DSAMS Pricing Coding: Reference (c) states that pricing and pricing coding which do not conform to current policy/guidance must be corrected. Special emphasis is placed on pricing coding reflecting Apply (AP)-0% and Waive (WC) codes used for Individual Pricing Components (IPCs) for Nonrecurring Cost (NC), Contract Administration Services (CAS), FMS Administrative Surcharge, and Transportation Surcharge. The key aspect of an IPC is to assign the correct estimate for that surcharge. Effective immediately, pricing coding of AP-0%, WC, or Not Applicable (NA) are now all acceptable pricing coding for IPCs, since the net result is \$0.

Nothing in this policy eliminates the requirement for the MILDEPs to periodically review their LOAs and take appropriate steps to ensure the LOAs are priced accurately and in accordance with existing policy. If you have questions or would like additional information, please contact Mr. Stephen Suh, DBO/FPA, Stephen.w.suh.civ@mail.mil, (703) 697-8899.



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