

TMA Procedures, Guidance, and Information (PGI)

TMA PGI 215 – CONTRACTING BY NEGOTIATION

(July 19, 2012)

PGI 215.4 – Contract Pricing

PGI 215.406-90 – Resolving Contract Audit Recommendations

- (1) The purpose of [TRICARE Acquisition Directive \(TAD\) 15-04, “Resolving Contract Audit Recommendations.”](#) is to establish TRICARE Management Activity (TMA) policy for resolving Significant Disagreements with Defense Contract Audit Agency (DCAA) contract audit recommendations.

Overview –

At TMA, there is a specific escalation chain that the Contracting Officer (CO) is required to follow to resolve Significant Disagreements. This escalation chain is outlined in the Directive. Further procedures, guidance, and information are outlined below.

- (2) For purposes of [TAD 15-04](#), the “contractor proposal valued at \$10 million or more” refers to the aggregate value of the proposal, inclusive of options.
- (3) After discussing the basis of the Significant Disagreement with the DCAA auditor, the CO shall document the discussion and the basis for any resulting agreement or continuing unresolved Significant Disagreement with the auditor in the Pre-negotiation Price Negotiation Memorandum (PNM).
- (4) In the event of a continuing unresolved Significant Disagreement, the CO shall excerpt pertinent language from the Pre-PNM and include it in an email to the DCAA auditor. The email should request delivery and read receipts. The CO may proceed with a BOR per Reference (g), and if the BOR approves, begin negotiations on only those technical or price/cost elements not subject to the Significant Disagreement.
- (5) Pursuant to [AT&L memo “Resolving Contract Audit Recommendations.”](#) DCAA has three business days after documented receipt of the CO’s email communication to request higher-level TMA review.
- (6) If DCAA management does not request a higher-level TMA review, the CO shall proceed with a BOR, if required, and negotiations.
- (7) If DCAA management requests a higher-level TMA review, the CO will prepare documentation of the Significant Disagreement and provide this documentation to the TMA Acquisition Management and Support (AM&S) personnel identified in Section 4.2 of the Directive. This documentation should include, but is not limited to:
 - a. The draft Pre-PNM, which includes the Significant Disagreements between the CO and DCAA;

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- b. Other supporting documentation of the auditor discussion;
 - c. A copy of the CO's email to DCAA; and
 - d. The DCAA management request.
- (8) TMA AM&S personnel receiving the referral shall engage in discussion with the DCAA management official making the request for higher-level review (or other individual designated as the DCAA point of contact) and attempt to resolve the Significant Disagreement. Should this attempt at resolution fail DCAA management may contact individuals identified in Section 4.3 of the Directive.
- (9) Once the Significant Disagreement is resolved, the CO shall document the disagreement and disposition of the reviews, including the higher-level review of the Significant Disagreement in the PNM, and then proceed with a BOR, in accordance with References (g) of the Directive; and negotiations.