



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

APR 18 2005

In reply refer to:
I-05/00438-BUSOPS

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Determination - Contract Administrative Surcharge (CAS) Applicability for the Parts and Repair Ordering System II (PROS) Procurements

REFERENCES: (a) SAF/IA memo dated 21 May 2004, Subject: Request for Determination – Applicability of Contract Administrative Surcharge (CAS) for Parts and Repair Ordering System II (PROS) Procurements
(b) AFSAC/IA memo dated 15 April 2004, Subject: Request for Determination – Applicability of Contract Administration Surcharge (CAS) for Parts and Repair Ordering System II (PROS) Procurements
(c) AFSAC/COSP memo dated 1 April 2004, Subject: Request for Determination – Applicability of Contract Administration Surcharge (CAS) for Parts and Repair Ordering System II (PROS) Procurements, Contract (F33657-01-D-2014)

Reference (a) requests DSCA determine that all elements of CAS are not applicable to PROS II and grant a waiver of CAS charges.

A waiver for CAS services is not applicable in this circumstance and cannot be granted by DSCA. CAS waivers are applicable only for NATO member countries with reciprocal waiver agreements pursuant to section 21(h) of the Arms Export Control Act. CAS waivers are granted only by the OSD/AT&L.

However, it appears that what is actually requested is a determination that the CAS charge does not apply. The rationale provided in supporting memos (References (b) and (c)) state that the full administration of PROS II is provided through a contracted program office and that no additional services for contract administration, quality assurance or contract audit are provided or anticipated. We confirmed with DCMA that no CAS work had been performed on the PROS II contract and that no charges for CAS work had been submitted for reimbursement from the CAS surcharge account.

Therefore, we concur the CAS surcharge is not applicable to PROS II procurements, given the circumstances described in your memo. LOA lines for PROS II procurements may be priced without the CAS surcharge, and performance transactions may be reported with coding that will preclude DIFS from computing and charging the CAS surcharge. This determination regarding CAS on PROS II is effective for the processing of future orders only and is not retroactive. CAS that has already been applied to prior orders should not be reversed.

If any DCAA or DCMA CAS services are required subsequent to this agreement, AFSAC/IA must fund the costs of the services from the PROS II program fee on a case-by-case basis. The DSCA CAS surcharge account must not be charged for any CAS services for the PROS II program.

Should you have any questions, please contact Mr. Bill Kramer, DSCA/BUSOPS-FPS, 303-676-6178, e-mail william.kramer@dfas.mil, or Ms. Jan Rakickas, DSCA/BUSOPS-FPS, 303-676-6172, e-mail jan.rakickas@dfas.mil.


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