



ACQUISITION  
AND SUSTAINMENT

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

In reply refer to  
DARS Tracking Number: 2021-O0007

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Class Deviation—Peer Reviews of Acquisitions for Supplies and Services

Effective immediately, this class deviation rescinds and supersedes Class Deviation 2019-O0010, issued on August 20, 2019. This deviation updates the peer review requirements, increases the threshold for preaward peer reviews of noncompetitive procurements, and provides further guidance to be used in identifying actions subject to peer reviews.

Defense Pricing and Contracting (DPC) will conduct peer reviews for noncompetitive contract actions (e.g., new contracts, modifications to existing contracts, requests for equitable adjustment, claims) valued at \$1 billion or more or for any other contract action designated by the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) as requiring a peer review, regardless of value. DPC-led peer reviews may be requested for contract actions valued below the \$1 billion threshold and will be conducted upon approval by the Director, Price, Cost and Finance.

Preaward peer reviews for competitive procurements will be conducted for all procurements under major defense acquisition programs for which USD(A&S) is the milestone decision authority with an estimated value at \$1 billion or more. Additionally, preaward peer reviews of competitive procurements will be conducted for procurements designated by USD(A&S) as requiring a peer review, regardless of value. DPC-led peer reviews may be requested for acquisitions valued below the \$1 billion threshold and will be conducted upon approval by the Director, Contract Policy.

The following guidance is provided for the identification of actions that are subject to peer review (see also FAR 1.108(c)):

- If the not-to-exceed amount for an undefinitized contract action or an unpriced change order exceeds the peer review threshold, then the resultant definitization modification(s) will be subject to peer review irrespective of actual performance up to the point of definitization.
- For indefinite-delivery, indefinite-quantity (IDIQ) contracts that will establish pricing terms that apply to orders, the contract value for purposes of the peer review threshold should be calculated at the total maximum quantity or cost ceiling. IDIQ contracts that will not establish pricing terms in the basic contract are not subject to peer review, but individual orders that exceed the threshold are subject to peer review.
- For non-competitive acquisitions, use the greater of the following when considering the firm requirement for all supplies or services:
  - The approved Government objective amount.
  - The contractor proposed amount.

DPC will no longer conduct, as a matter of course, postaward peer reviews for acquisitions of services with a total estimated value greater than \$1 billion in accordance with DFARS 201.170(a)(1)(iii). Independent management reviews of contracts for services are still required in accordance with section 808 of the National Defense Authorization Act for Fiscal Year 2008 (Pub. L. 110-181). Therefore, DoD components should continue to use the procedures they have developed for the independent management reviews.

This class deviation remains in effect until incorporated in the DFARS, or until the class deviation is otherwise rescinded. For questions about noncompetitive peer reviews, please send a note to [osd.pentagon.ousd-a-s.mbx.dpc-pcf@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.dpc-pcf@mail.mil) and for competitive peer reviews, [osd.pentagon.ousd-a-s.mbx.dpc-cp@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.dpc-cp@mail.mil).

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