



DEFENSE CONTRACT MANAGEMENT AGENCY

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FORT LEE, VA 23801-1809

MEMORANDUM FOR COMPONENT HEADS

June 16, 2026

SUBJECT: DCMA Policy-type Memorandum 26-006, “Revolutionary Federal Acquisition Regulation Overhaul Update to DCMA Manual 2201-03, ‘Final Indirect Cost Rates’”

References: (1) DCMA Manual (DCMA-MAN) 4501-01, “Agency Issuance Program,” March 18, 2024, as amended
(2) Executive Order, “Restoring Common Sense to Federal Procurement”
(3) Revolutionary FAR Overhaul Website, <https://www.acquisition.gov/far-overhaul>
(4) Defense Pricing, Contracting, and Acquisition Policy DFARS Revolutionary FAR Overhaul Class Deviations website, https://www.acq.osd.mil/dpap/dars/dfars_far_overhaul_class_deviations.html

Purpose.

The purpose of this DCMA policy-type memorandum (DCMA-PTM) is to implement the modernized Federal Acquisition Regulation (FAR) policy and procedures resulting from the Revolutionary FAR Overhaul (RFO).

This DCMA-PTM meets the definition of a policy-type memorandum pursuant to Paragraph 15.2. of DCMA-MAN 4501-01 by implementing the six FAR deviations published on March 6, 2026, effective March 16, 2026.

This DCMA-PTM amends DCMA-MAN 2201-03, “Final Indirect Cost Rates.”

Applicability.

This DCMA-PTM applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence.

Background.

Pursuant to the President’s Executive Order, “Restoring Common Sense to Federal Procurement,” the Federal Government is undertaking the first-ever comprehensive overhaul of the FAR, which will return the FAR to its statutory roots, rewrite it in plain language, and remove most non-statutory rules. In addition, non-regulatory buying guides will provide practical strategies grounded in common sense while remaining outside the FAR.

On September 30, 2025, the Office of Federal Procurement Policy finished publishing RFO model deviations for all parts (1-53) of the FAR. Departments and Federal agencies were tasked with reviewing and adopting the deviations. As of March 6, 2026, Defense Pricing, Contracting, and Acquisition Policy (DPCAP) announced that DOW has adopted all RFO

deviations, effective March 16, 2026. DPCAP also issued deviations to the corresponding parts in the DFARS and DFARS Procedures, Guidance, and Information.

Policy.

It is DCMA policy to fully embrace and implement the principles and directives of the RFO as the DOW transitions to the new Strategic Acquisition Guidance, which consists of a streamlined FAR and a series of buying guides that emphasize innovative and proven procurement techniques.

Responsibilities.

- DCMA Supervisors.

DCMA supervisors will ensure that deviations from amended FAR and DFARS parts are flowed down and reflected in their employees' contract-related workload, tasks, and actions.

- DCMA Employees.

DCMA employees will follow the DOW Class Deviations for the published FAR and DFARS parts in all acquisition and contract administration actions, effective March 16, 2026

Issuance RFO Updates.

RFO Deviation 2026-O0050 removed FAR 42.706, “Distribution of documents”. The requirements for the distribution of documents were added to each final indirect cost rates (FICR) procedure; FAR 42.505-1, “Contracting officer determination procedure,” and FAR 42.505-2, “Auditor determination procedure.” The change clarified responsibility between the contracting officer and auditor within each procedure for distributing documents. The change in FAR 42.706 requires a corresponding change in Paragraph 3.3.b.(2)(a), “Auditor Determined FICR,” of DCMA-MAN 2201-03 as follows:

Current Language:

(a) The memorandum typically includes a fully executed FICR agreement signed by the contractor and the DCAA auditor. Upon receipt of the low-risk memorandum and the signed FICR agreement, the ACO must verify the DCAA auditor made the appropriate distribution of documents as prescribed in FAR 42.706. If DCAA did not make the appropriate distribution of documents, the ACO must perform the distribution. If the low-risk memorandum does not include a FICR agreement, the ACO must contact the DCAA auditor concerning the FICR determination.

Updated Language:

(a) The memorandum should include a fully executed FICR agreement signed by the contractor and the auditor. The auditor distributes the resultant documents as prescribed in FAR 42.505-2(b)(2)(iii) and (v). If the low-risk memorandum does not include a FICR agreement, the ACO must contact the auditor concerning the FICR agreement.

Labor Codes.

Located on Resource Page

Resource Page.

[https://dod365.sharepoint-mil.us/sites/DCMA-BCF-Negotiation-Intelligence-and-Cost-Evaluation/SitePages/2601-03r-Final-Indirect-Cost-Rates-\(FICR\)-.aspx](https://dod365.sharepoint-mil.us/sites/DCMA-BCF-Negotiation-Intelligence-and-Cost-Evaluation/SitePages/2601-03r-Final-Indirect-Cost-Rates-(FICR)-.aspx)

Releasability.

Cleared for public release.

Effective.

This DCMA-PTM is effective immediately and will be incorporated into DCMA-MAN 2201-03. This DCMA-PTM will expire effective 12 months from the date of issuance.

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