

SUPPORTING STATEMENT
U.S. Department of Commerce
Bureau of Industry and Security
Procedures for Acceptance or Rejection of a Rated Order
OMB CONTROL NO. 0694-0092

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary.

This information is necessary in support of the President's priorities and allocations authority under the **Defense Production Act of 1950 (DPA)**, as amended (50 U.S.C. App. 2061, *et seq.*), and his priorities authorities under the Selective Service Act of 1948 (50 U.S.C. App. 468), as implemented by the Defense Priorities and Allocations System (DPAS) regulation (15 CFR 700). The purpose of this authority is to ensure the timely delivery of goods and services to meet current national defense and emergency preparedness program requirements in support of approved national defense programs.

Section 704 of the DPA authorizes the President to make such regulations and issue such orders as the President determines to be appropriate to carry out the provisions of the Act. Section 705 of the DPA authorizes the President to obtain information by regulation, subpoena or otherwise as may be necessary or appropriate to the enforcement or the administration of the Act and implementing regulations. The DPA also provides for criminal sanctions and certain civil remedies.

This authority has been delegated by the President to the Secretary of Commerce for industrial resources and is administered by the Office of Strategic Industries and Economic Security (SIES), Bureau of Industry and Security, through the DPAS.

To help ensure the timely delivery of goods and services in support of approved national defense programs, DPAS section 700.13 requires suppliers to accept or reject defense rated orders for these goods and services which are placed with them by their customers. DPAS section 700.13(d)(2) requires that if after acceptance of a rated order, the supplier discovers that shipment or performance against the order will be delayed, the supplier must notify the customer immediately in writing, giving the reasons for the delay, and advising the customer of a new shipment or performance date. This collection of information primarily involves order communications between a Government prime contractor and its subcontractors.

2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.

Because timely delivery or performance is critical under the DPAS, the information is used by the customer who placed the rated order with a supplier to help track the status of the rated order from initial receipt by the supplier to shipment or performance of the needed goods or services. It also would be used by the Department of Defense (DOD) and its associated agencies, the Department of Energy (DOE) and SIES, as part of the information required to provide assistance to the customer in the event that the supplier cannot or will not make timely delivery or performance of the needed goods or services.

No form is required for use by the supplier and the supplier may use any type of non-verbal communication (e.g., Electronic Data Transmission, written) to provide a response to the customer. However, if the supplier rejects the customer's rated order, or if shipment of goods or performance of services will be delayed, the reasons therefore must be given to the customer in writing.

The Section 515 Information Quality Guidelines apply to this information collection and comply with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and specific operating unit guidelines.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.

This collection involves the transfer of information between customers and suppliers. The Government does not specify a format for this information exchange and the majority of companies are free to use standard electronic formats.

4. Describe efforts to identify duplication.

The suppliers receiving rated orders are the only known source of the required information. There is no similar information available from any source other than the supplier's customer.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

All business entities keep records of their transactions and most of them, both large and small, have integrated defense rated order recordkeeping into their general recordkeeping systems.

The information required to be provided by the supplier to the customer is readily available from these records. Therefore, the additional burden on a smaller entity is minimal, and the overall burden is further minimized by computerized recordkeeping.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

The DPAS is designed to ensure the timely delivery of goods and services to meet current national defense and emergency preparedness program requirements in support of approved national defense programs. If this collection were not conducted or conducted less frequently, the supply of critical goods and services to the Government may be delayed or disrupted.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

There are no special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

8. Provide information of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The notice requesting public comment was published in the Federal Register on November 27, 2007, pp. 66134-66135. No comments were received.

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

There are no plans to provide payments or gifts to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

Confidentiality of the information provided by suppliers is safe-guarded under Section 705(d) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2155). This section provides a criminal penalty for any person who willfully publishes or discloses information collected under the authority of the Act which is deemed confidential or with reference to which a request for confidential treatment is made by the person furnishing the information. This information is provided to the respondent during the process.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

There are no questions of a sensitive nature.

12. Provide an estimate in hours of the burden of the collection of information.

The annual public burden for this collection of information is 21,380 hours.

The number of defense rated orders placed by customers on their suppliers continuously varies, making it difficult to estimate the quantity of such orders received throughout the U.S. defense industrial base during any particular period of time. It has been roughly and conservatively estimated by the Department of Defense that there are approximately **700,000** defense-rated orders received by a respondent universe of approximately 18,000 entities in a year.

This estimate reflects a reduced estimate of the U.S. defense industrial base and rated orders cited in the DPAS authority (OMB Control No. 0694-0053).

It is estimated that of the 700,000 rated orders placed annually, 99 percent (**693,000**) will require 1 minute to notify the customer of the acceptance of the rated order. The remaining 1 percent (**7,000**) will be rejected, requiring 10 minutes to respond to the customer. In addition to acceptance and rejection, 5 percent of the accepted orders (**34,650**) will encounter a delay in delivery, requiring 15 minutes for the supplier to provide to the customer reasons for delayed shipment or performance against the rated order.

The following summarizes the 3 activities associated with this collection of information:

99% Accepted orders:	693,000 x 1 minute =	11,550 hours
1% Rejected orders:	7,000 x 10 minutes =	1,167 hours

5% Delayed orders:	<u>34,650</u> x 15 minutes =	<u>8,663</u> hours
Total =	734,650	21,380 hours

The cost to the respondents is **\$534,500**. This is based on 21,380 burden hours at \$25.00 per hour.

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).

Since no special equipment is required for this activity, there are no capitalized costs associated with this collection of information. It is believed that most customers and suppliers will store order records electronically as part of their standard business process, therefore record-keeping costs of this collection are negligible.

14. Provide estimates of annualized cost to the Federal government.

Since the Government does not typically receive information under this collection, there is no cost to the Federal Government associated with this information collection requirement.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB 83-I.

The increase in the number of responses from 700,000 to 734,650 is due to an error in the previous submission and is being reported as an agency adjustment. There is no change the burden hours.

16. For collections whose results will be published, outline the plans for tabulation and publication.

There are no plans to publish information obtained under this collection.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

Not applicable.

18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not utilize statistical methods.