

OMB Case 0704-0250
SUPPORTING STATEMENT

A. Justification

1. This is a request for extension of OMB Control Number 0704-0250. DoD proposes that OMB extend its approval for use, with no change in the substance or method of collection. The information collection includes the requirements relating to DFARS Part 242, Contract Administration, and related clauses and forms.

a. DFARS 242.11, Production Surveillance and Reporting, requires the cognizant contract administration office to monitor contract progress and identify potential contract delinquencies in accordance with the production surveillance plan. Contractors are required to support the review. FAR 42.1106(a) allows contracting officers to require contractors to submit production progress reports, but specifies that reporting requirements shall be limited to essential information and shall take the maximum advantage of data output generated by contractor management systems. DFARS 242-1107 specifies the information to be requested in the contract schedule in conjunction with FAR 52,242-2, Production Progress Reports.

b. DFARS 242.1404-2-70(b) prescribes use of the clause at DFARS 252.242-7003, Application for U.S. Government Shipping Documentation/Instructions, which requires contractors to request Government Bills of Lading by submitting a DD Form 1659.

c. DFARS 242.73 describes the requirements for conducting a Contractor Insurance/Pension review. Contractors are required to provide documentation to support the reviews.

d. DFARS 252.242-7004 requires contractors to demonstrate that their material management and accounting system (MMAS) contains no significant deficiencies. Contractors are required to disclose and demonstrate their system.

2. The information is used for the following purposes:

a. The contract administration office uses the information required by DFARS 242.1106(b)(i) to determine contractor progress and to identify any factors that may delay performance.

b. The contract administration office or the transportation officer uses the information required by DFARS 252.242-7003 in providing U.S. Government Bills of Lading to contractors.

c. The Administrative Contracting Officer uses the information generated by DFARS 242.73 as an aid in determining the allowability of insurance/pension costs in Government contracts.

d. The contracting officer uses the information required by DFARS 252.242-7004 to determine if contractors' Material Management and Accounting Systems conform to established DoD standards.

3. Improved information technology is used to the maximum extent practicable. The DD Form 1659 is available online for completion in a fillable Adobe PDF format.

4. As a matter of policy, we review the Federal Acquisition Regulation to determine if adequate language already exists. The language in DFARS Part 242 applies solely to DoD and is not considered duplicative of the language in FAR Part 42. Similar information is not readily available.

5. The burden applied to small business is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. The frequency for collecting this information was reviewed by the DoD specialists who are most knowledgeable of the requirements and the need for the information. Every attempt has been made to keep the frequency of collection to a minimum without jeopardizing the ability of the Government to assure that contractors are performing their contractual requirements. Collecting this information less frequency would impede contracting officers from performing their administrative functions in an effective and efficient manner.

7. Collection of this information does not require any of the characteristics of collection cited at 5 CFR 1320.5(d)(2).

8. Collection is consistent with the guidelines in 5 CFR 1320.6. Public comments were solicited in the Federal Register (FR 74, 39064) August 5, 2009. No comments were received.

9. No payment or gift will be provided to respondents, other than remuneration of contractors under their contracts.

10. This information is disclosed only to the extent consistent with prudent business practices and current regulations and statutory requirements.

11. No sensitive questions are involved.

12. Estimate of public burden. We discussed the burden requirements with contracting specialists who are familiar with the requirements of DFARS Part 242. Where definitive information was available, we used it. In those instances where definitive information was not available, we relied on the judgment and expertise of those specialists. Please note that all extrapolations are rounded and are not exact.

a. DFARS 242.1106 requires production surveillance and reporting based on a risk assessment. Contractors must interface with Government contract administration personnel during production surveillance and submit production progress reports when required. On-site surveillance is usually performed on contracts that have a high degree of visibility or are very complex. Defense Contract Management Agency (DCMA) specialists indicate that approximately 19,000 contracts per year receive on-site surveillance. We estimate that it takes approximately 10 hours per contract for the contractor to provide the information requested during an on-site surveillance. Telephonic or mail surveillance may be performed on less critical contracts. DCMA specialists indicate that approximately 2,375 contracts per year receive mail or telephonic surveillance. We estimate that it takes approximately 2.5 hours per contract for contractors to respond to telephonic or mail surveillance requests. The information that is required is information contractors maintain in the normal course of their business.

	High Risk (On-site)	Low Risk Mail/Tele	Total
1. Number of respondents			15,049
2. Responses per respondent			1.3
3. Total annual responses	19,000	2375	21,375
4. Hours per response	10	2.5	9.2*
5. Total Hours	190,000	5938	195,938
6. Cost per hour			\$38.35**
7. Total annual cost to respondents			\$7,514,222
* Based on dividing 5 by 3 and rounding off.			
** Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009(\$31.70 X 121% = \$38.35).			

b. DFARS 252.242-7003 requires contractors to use the DD Form 1659 to request Government Bills of Lading. According to DCMA, there are approximately 84,158 contractor requests for Government Bills of Lading processed per year. Since DCMA conducts business with an average of 15,049 contractors per year, we calculated the number of responses per contractor by dividing the number of requests received by the number of contractors. We estimate that it takes contractors approximately .25 hours to complete and transmit the form by electronic media.

1. Number of respondents	15,049
2. Responses per respondent	5.6*
3. Total annual responses	84,158
4. Hours per response	.25
5. Total hours	21,040
6. Cost per hour	\$38.35**
7. Total annual cost to respondents	\$806,884

* Based on dividing 3 by 1 and rounding off.

** Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009 (\$31.70 X 121% = \$38.35).

c. DFARS 242.73. According to DCMA specialists who conduct Insurance/Pension reviews, they estimate that approximately 100 Insurance/Pension reviews will be conducted per year. They further estimate that it takes approximately 100 hours for the contractor to put the information together. Much of the information can be obtained from existing contractor automated records.

1. Number of respondents	100
2. Responses per respondent	1
3. Total annual responses	100
4. Hours per response	100
5. Total hours	10,000
6. Cost per hour	\$38.35*
7. Total annual cost to respondents	\$383,500

* Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009 (\$31.70 X 121%= \$38.35).

d. DFARS 252.242-7004. The requirements of this clause apply to any contractor that in its preceding fiscal year received DoD prime contracts or subcontracts totaling \$70 million or more, or between \$30 million and \$70 million, and the

contracting officer determines that it is in the best interest of the Government to require the contractor to have such a system. The initial disclosure and demonstration has been satisfied for all contractors meeting the clause thresholds. The contractors are required to disclose and demonstrate any changes to their MMAS system. We estimate that of the approximately 300 contractors who are required to maintain a MMAS, approximately 115 of those contractors per year will be required to redisclose and redemonstrate their MMAS. We estimate that it will take a contractor approximately 433* hours (2.5 man-months) of effort to redisclose and redemonstrate.

1. Number of respondents	115
2. Responses per respondent	1
3. Total annual responses	115
4. Hours per response	433*
5. Total hours	49,795
6. Cost per hour	\$38.35**
7. Total annual cost to respondents	\$1,909,638
* 2080 man-hours per year/12 months x 2.5 man-months = 433 hours.	

** Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009 (\$31.70 X 121% = \$38.35).

e. Estimated annual total burden to the public.

1. Number of respondents	35,049*
2. Responses per respondent	7.0**
3. Total annual responses	105,748
4. Hours per response	2.6***
5. Total burden hours	276,773
6. Total annual cost to respondents	\$10,614,244

* The respondents for each requirement are the same respondents.

** Based on dividing 3 by 1 and rounding off.

*** Based on dividing 5 by 3 and rounding off.

13. None.

14. Estimated annual cost to the Government. The time required for Government review is based on receiving, reviewing, and analyzing the information submitted by the contractor.

a. DFARS 242.1106(b)(i). According to production surveillance specialists at the Defense Contract Management Agency (DCMA), there are approximately 19,000 contracts per year that require on-site production surveillance. On-site surveillance includes visual observation, review of contractors' manufacturing and scheduling records, and meetings as necessary, with contractor personnel. Some surveillance is more extensive than others, depending on the program and the criticality of the item involved. We estimate that it takes approximately 10 hours per contract to perform on-site surveillance. In addition, DCMA indicates that there are approximately 2,375 contracts per year that require minimal surveillance, which can usually be performed by mail or by telephone. We estimate that it takes, on average, a .5 hour per contract to perform mail or telephonic surveillance.

	<u>On-site</u>	<u>Mail/Tele</u>	<u>Total</u>
A. Total annual responses	19,000	2375	21,375
B. Hours per response	10	.5	8.9*
C. Total annual hours	190,000	1188	190,238
D. Cost per hour			\$38.35
E. Total Cost			\$7,295,627

* Based on dividing C by A and rounding off.

** Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009 ($\$31.70 \times 121\% = \38.35).

b. DFARS 252.242-7003. According to the DCMA transportation specialists, contractors process approximately 84,158 DD Forms 1659 per year. We estimate that it takes the Government approximately 1 hour to review and fulfill the request.

A. Total annual hours	84,158
B. Cost per hour	\$38.35
C. Total annual cost to Government	\$3,227,459

*Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009 ($\$31.70 \times 121\% = \38.35).

c. DFARS 242.73. We estimate that approximately 100 Insurance/Pension reviews are conducted per year. We further

estimate that it takes approximately 140 hours (3.5 people, 1 week each) to review the data submitted by the contractor.

A. Total annual hours	14,000
B. Cost per hour	\$38.35*
C. Total annual cost to Government	\$536,900

* Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009 ($\$31.70 \times 121\% = \38.35).

d. DFARS 252.242-7004. It is estimated that it will take approximately 33,750 hours to evaluate and validate the 115 contractor MMAS systems.

A. Total annual hours	33,750
B. Cost per hour	\$38.35*
C. Total annual cost Government	\$1,294,312

* Based on mid-point of Professional/Analytical (YA) Pay Band 2 salary for 2009 plus 21.0% Other Defense Agencies civilian personnel fringe benefit rate for 2009 ($\$31.70 \times 121\% = \38.35).

e. Sum Total-Government Cost

A. DFARS 242.1106(b)(i)	\$7,295,627
B. DFARS 252.242-7003	\$3,227,459
C. DFARS 242.73	\$ 536,900
D. DFARS 252.242-7004	<u>\$1,294,312</u>
E. Total Annual Government Cost	\$12,354,298

15. This is a request for extension of a currently approved collection.

16. Results of this collection will not be published.

17. We do not seek approval to not display the expiration dates for OMB approval of the information collection.

18. There are no exceptions to the certification accompanying this Paperwork Reduction Act submission.

B. Collections of Information Employing Statistical Methods.

Statistical methods will not be employed.