

Warranty Tracking of Serialized Items
DFARS Case 2009-D018
Draft Final Rule
Paperwork Reduction Act Analysis
Supporting Statement

A. Justification

1. The Undersecretary of Defense for Acquisition, Technology and Logistics (AT&L) issued a policy memorandum dated February 6, 2007, which instructed the Director of Defense Procurement and Acquisition Policy (DPAP) to define the requirements to track warranties for Item Unique Item Identification (IUID)-required items in the IUID registry. The memorandum stressed that the enforcement of warranties is essential to the effectiveness and efficiency of DoD's material readiness.

DoD requires a more effective way to track warranties for IUID items. Presently, DoD lacks the enterprise capability that would provide visibility and accountability of warranty data associated with acquired goods. The tracking of warranties, from the identification of the requirement to the expiration date of the warranted item, will significantly enhance the ability of DoD to take full advantage of warranties when they are part of an acquisition, resulting in-

- (a) Reduced costs;
- (b) Ability to recognize benefits included for free;
- (c) Ability to compare performance against Government-specified warranties;
- (d) Sufficient durations of warranties for specific goods.

DoD will address the requirement to track warranties with the following DFARS provision and clause:

- (1) 252.246-7005, Notice of Warranty Tracking of Serialized Items
- (2) 252.246-7006, Warranty Tracking of Serialized Items

2. This rule will require contractors to provide data to facilitate the tracking of warranties, enabling DoD to comply with the Office of the Undersecretary of Defense (AT&L) policy memorandum for warranty tracking. It will also allow DoD to

advance its efforts to support its mission critical needs for material readiness and warranty enforceability.

3. Contractors may submit their warranty data in electronic format.

4. As a matter of policy, DoD reviewed the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS) to determine if adequate language already exists. This rule implements a unique provision and does not duplicate any other requirement.

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

6. The consequence of not collecting this data is that warranty management of mission critical assets is not optimized, which may have significant impact during time of war or in response to contingencies. When this capability is developed, it is expected that warranty information will be collected and shared by acquisition organizations to document and improve warranty management. The warranty information will be collected in the Contract Writing System, in databases, or as specified by the agencies to enable automated data collection.

Every attempt has been made to keep the frequency of collection to a minimum without jeopardizing the ability of the Government to determine level of preparedness for military operations.

7. There are no special circumstances that require the collection of information to be conducted in any manner listed in 5 CFR 1320.5(d)(2).

8. This information collection is consistent with the guidelines in 5 CFR 1320.5(d). We solicited public comments in the Federal Register at 75 FR 52917 on August 30, 2010, as required by 5 CFR 1320.8(d). We received no comments in regards to this information collection requirement.

9. No payment or gift will be provided to respondents.

10. The information collected will be disclosed only to the extent consistent with prudent business practice, current regulations, and statutory requirements. No assurance of confidentiality is provided to respondents.

11. No sensitive questions are involved.

12. In FY 2009, DoD issued approximately 16,000 solicitations that use the warranty clauses. In response to those solicitations, approximately 76,000 offers will be received (66,000 from small businesses, 10,000 from other than small businesses). DoD estimates that the Government will provide the required warranty information for 50%, or 38,000, of these offers. With the Government providing 50% of the warranty information, DoD estimates the public burden to be 19,000 hours (0.5 hour per offer for 38,000 offerors (33,000 small businesses and 5,000 other than small businesses)).

Of the 16,000 contracts to be awarded (11,000 to small businesses and 5,000 to other than small businesses), DoD estimates 0.5 hour per response, for a total of 8,000 total public burden hours. This information collection requirement should not impose a significant burden on contractors as they will usually have warranty management information available as a normal part of the contract. The benefit to the Government of having this information available is that the Government will be better able to realize the full benefit offered by these warranties for the upkeep of its equipment.

The total estimated burden to the public is 27,000 hours (\$837,000).

| | Provision 252.246-7005 | Clause 252.246-7006 | Total |
|---|-----------------------------------|--------------------------------|--------------|
| A. Number of respondents | 38,000 | 16,000 | 38,000 |
| B. Responses per respondent | 1 | 1 | 1.4 |
| C. Total annual responses | 38,000 | 16,000 | 54,000 |
| D. Hours per response | 0.5 | 0.5 | 0.5 |
| E. Total public burden hours | 19,000 | 8,000 | 27,000 |
| F. Cost per hour ¹ | | | \$31 |
| G. Total estimate of annual public burden | | | \$837,000 |

¹ 1. Based on GS-09 step-5 salary (\$22.57) plus 36.25 percent burden, rounded to the nearest dollar. This burden rate was derived from Office of Personnel Management information (updated through transmittal memorandum dated January 2010).

13. DoD does not estimate any burden hours apart from the hours estimated in items 12 and 14.

14. Annual cost to the Government. The time estimates are based on receiving, reviewing, and analyzing the information submitted by the contractor. DoD estimates that the time associated with this task is one half hour per response.

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|-------------------------------|-----------|
| A. Total annual responses | 54,000 |
| B. Hours per response | 0.5 |
| C. Total hours | 27,000 |
| D. Cost per hour ² | \$31 |
| E. Total amount | \$837,000 |

DoD estimates that it will take the Government one half hour per response to review warranty data, and that the total annual cost is approximately \$837,000.

15. This is a new requirement to submit warranty data.

16. Results of this information collection will not be tabulated or published.

17. DoD does not seek approval to not display the expiration date 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.

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2. Ibid.