

## SUPPORTING STATEMENT

### OMB Control Number 0704-0250—Defense Federal Acquisition Regulation Supplement (DFARS) Part 242, Contract Administration and Related Clause in DFARS 252

#### A. JUSTIFICATION

##### 1. Need for the Information Collection

This justification supports revision of Office of Management and Budget (OMB) Control Number 0704-0250, DFARS Part 242, Contract Administration and Related Clauses. Note, the title of this clearance requires revision to reflect that there are no longer any forms associated with this OMB Control Number.

This information collection includes the following two requirements:

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. Per DFARS 242.1104, the cognizant contract administration office performs production surveillance on all contractors who have Criticality Designator A or B contracts, and do not perform surveillance for Criticality Designator C contracts, unless specifically requested by the contracting officer. Federal Acquisition Regulation (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 252.242-7004, Material Management and Accounting System, requires contractors to demonstrate that their material management and accounting system contains no significant deficiencies. DFARS 242.72 prescribes the use of the clause. The requirements of this clause apply to any contract: (1) exceeding the simplified acquisition threshold; (2) for requirements other than commercial items; (3) not awarded to a small business, educational institution, or nonprofit organization; and (4) that is either a cost-reimbursement contract or fixed-price contract with progress payments made on the basis of costs incurred as the work progresses.

Note, the information collection requirement (ICR) for DFARS clause 252.247-7028, Application for U.S. Government Shipping Documentation/Instructions, is removed from this supporting statement for the 2016 renewal cycle. This clause, which permits use of the DD Form 1659, Application for U.S. Government Shipping Documentation/Instructions, has been realigned under DFARS part 247 and the information collection burdens have already been incorporated into OMB Control Number 0704-0245, DFARS Part 247, Transportation and Related Clauses, which expires November 30, 2017. Accordingly, the burden for the clause, and the associated DD Form 1659, has been removed from this justification.

## 2. Use of the Information

The information in this collection is used for the following purposes:

- a. The information required by DFARS subpart 242.11 is used by contract administration offices to monitor contract progress, identify factors that may delay contract performance, and to ascertain potential contract delinquencies.
- b. The information required by DFARS 252.242-7004 is used by contracting officers to determine if contractor material management and accounting systems conform to the established DoD standards.

## 3. Use of Information Technology

Improved information technology is used to the maximum extent practicable. This request for information collection complies with the Government Paperwork Elimination Act (Pub. L. 105-277, Title XVII).

## 4. Non-duplication

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

## 5. Burden on Small Business

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

## 6. Less Frequent Collection

The frequency of collection 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. Less frequent collection of this information would impede contracting officers from performing their administrative functions in an effective and efficient manner.

## 7. Paperwork Reduction Act Guidelines

There are no special circumstances for collection. Collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

## 8. Consultation and Public Comments

Collection is consistent with the guidelines in 5 CFR 1320.8(d). Public comments were solicited in the *Federal Register* at [80 FR 79033](#) on December 18, 2015. No comments were received. A 30-day notice was published in the *Federal Register* on April 7, 2016, at [81 FR 20374](#).

## 9. Gifts or Payment

No payment or gifts will be provided to respondents to this information collection requirement, other than remuneration of contractors.

## 10. Confidentiality

This information collected is disclosed only to the extent consistent with prudent business practices, current regulations, and in accordance with the requirements of the Freedom of Information Act. No assurance of confidentiality is provided to respondents.

## 11. Sensitive Questions

No sensitive questions are involved.

## 12. Respondent Burden, and its Labor Costs

The burden requirements were discussed with the contracting and functional specialists who are familiar with the requirements of DFARS parts 242. Information used includes definitive data and the judgment and expertise of the functional specialists. Please note that all extrapolations are rounded and are not exact.

a. DFARS 242.1106. Contractors are required to provide 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. The Defense Contract Management Agency (DCMA) has primary responsibility for this function within DoD. DCMA determined the total number of respondents affected by this surveillance to be 7,157 contractors. Data was provided by a Mechanization of Contract Administration Services (MOCAS) query for the Commercial and Government Entity (CAGE) codes with a high criticality designator code. Onsite surveillance is usually performed on contracts that have a high degree of visibility or are very complex. Based on experience and extrapolation from recent years' data, DCMA specialists indicate that approximately 59,629 onsite surveillance visits are conducted a year. The estimated time for a contractor to provide information requested during onsite surveillance is approximately 1 hour per visit. Telephonic or email surveillance may be performed on less critical contracts. DCMA specialists indicate that approximately 35,073 of these requests are made each year. The estimated time that it takes for a contractor to respond to telephonic or email surveillance requests is approximately 0.25 hours per contract. The data that is required is information contractors maintain in the normal course of their business.

Estimation of Respondent Burden Hours and Labor Costs			
	High Risk Onsite	Low Risk Mail/Phone	Total
Number of respondents			7,157
Responses per respondent			13.2*
Total annual responses	59,629	35,073	94,702
Hours per response	1	0.25	0.72**
Total Hours	59,629	8,768	68,397
Cost per hour (hourly wage) *			\$38***
Annual public burden (estimated hours multiplied by cost per hour)			\$2,599,086

\* Based on dividing line 3 by line 1.

\*\* Based on dividing line 5 by line 3.

\*\*\* Based on mid-point (step 5) of General Schedule (GS) Pay for a GS-11 salary for 2015 plus 36.25% Civilian Position Full Fringe Benefit Cost Factor per Office of Management and Budget (OMB) Memo M-08-13 dated March 11, 2008, rounded to the nearest dollar (\$27.85 X 136.25% = \$37.94, or \$38).

b. DFARS 252.242-7004. Contractors are required to disclose and demonstrate any changes to their Material Management and Accounting System (MMAS) and to respond to any contracting officer determinations of significant deficiencies. An Electronic Data Access (EDA) data pull for fiscal year (fy) 2015 contract actions containing the DFARS clause 252.242-7004 showed that approximately 783 contractors (or business units) are required to maintain a MMAS. Of the approximately 783 contractors estimated to be required to maintain a MMAS, DCAA estimates that about 261 contractors will be required each year to redisclose and redemonstrate their MMAS. This is an increase over the 2012 estimate by approximately 12 percent due to DoD's stringent requirements for MMAS and contractors' ability to demonstrate compliance. DCAA estimates that it will take a contractor approximately 475 hours of effort to redisclose and redemonstrate. Information used includes EDA data and the judgment and expertise of the functional specialist. Please note that all extrapolations are rounded and are not exact.

Estimation of Respondent Burden Hours and Labor Costs	
Number of respondents	261
Responses per respondent	1
Number of responses	261
Hours per response	475*
Estimated hours (number of responses multiplied hours per response)	123,975
Cost per hour (hourly wage) *	\$45**
Annual public burden (estimated hours multiplied by cost per hour)	\$5,578,875

\* 2040 man-hours per year/12 months \*2.8 man-months = 475 hours.

\*\* Based on mid-point (step 5) of GS Pay for a GS-12 salary for 2015 plus 36.25% Civilian Position Full Fringe Benefit Cost Factor per OMB Memo M-08-13 dated March 11, 2008, rounded to the nearest dollar ( $\$33.39 \times 136.25\% = \$45.49$  or \$45).

c. Estimated Total Annual Public Burden.

Estimated Total Annual Public Burden	
Number of respondents	7,418
Responses per respondent	12.8*
Number of responses	94,963
Hours per response	2.02**
Estimated hours (number of responses multiplied hours per response)	192,372
Cost per hour (hourly wage) *	\$43***
Annual public burden (estimated hours multiplied by cost per hour)	\$8,177,961****

\* Based on dividing 3 by 1 and rounding

\*\* Based on dividing 5 by 3 and rounding

\*\*\* Based on dividing 7 by 5 and rounding up to \$43

\*\*\*\* Sum of 12.a. and 12.b.

13. Respondent Costs Other Than Burden Hour Costs

DoD does not estimate any annual cost burden apart from the hour burden in Item 12.

14. Cost to the Federal 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) and (ii). DCMA MOCAS data indicates an average of 74,825 contracts that require production surveillance at 7,157 sites. Onsite surveillance includes visual observation/floor checks, review of contractors' manufacturing and scheduling records, and meetings with contractor personnel, as necessary. Some surveillance is more extensive than others, depending on the program and the complexity. DCMA estimates 1 hour per visit to conduct onsite surveillance and reporting reviews, 59,629 visits for 39,752 high criticality contracts, and 0.5 hours per contract to conduct surveillance by telephone or email and analyze and report results for 35,073 contracts requiring less surveillance.

Cost to the Federal Government			
	High Risk Onsite	Low Risk Mail/Phone	Total
Total annual responses	59,629	35,073	94,702
Hours per response	1	0.50	0.81*
Total hours	59,629	17,537	77,166
Cost per hour (hourly wage)			\$38**
Total cost			\$2,932,308

\* Based on dividing line 3 by line 1.

\*\* Based on mid-point (step 5) of GS Pay for a GS-11 salary for 2015 plus 36.25% Civilian Position Full Fringe Benefit Cost Factor per OMB Memo M-08-13 dated March 11, 2008, rounded to the nearest dollar ( $\$27.85 \times 136.25\% = \$37.94$ , or \$38).

b. DFARS 252.242-7004. It is estimated that it will take approximately 123,975 hours to evaluate and validate the 261 contractor MMAS systems.

Cost to the Federal Government	
Total annual responses	261
Hours per response	475
Total hours	123,975
Cost per hour (hourly wage)	\$45*
Total cost	\$5,578,875

\*Based on mid-point (step 5) of GS Pay for a GS-12 salary for 2015 plus 36.25% Civilian Position Full Fringe Benefit Cost Factor per OMB Memo M-08-13 dated March 11, 2008, rounded to the nearest dollar ( $\$33.39 \times 136.25\% = \$45.49$  or \$45).

c. Estimated annual total burden to the Government.

Estimated Annual Total Cost to the Federal Government	
Total annual responses	94,963
Hours per response	2.12*
Total hours	201,141
Cost per hour (hourly wage)	\$43**
Total cost	\$8,511,183***

\* Based on dividing 3 by 1 and rounding.

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

\*\*\* Sum of 14.a. and 14b.

15. Reasons for Change in Burden

The changes to the estimates in paragraphs 12. and 14. above are primarily due to: (1) removing the burden for DFARS clause 252.247-7028 and the associated DD Form 1659; and (2) using current data. The burden hours for DFARS clause 252.247-7028 have already been transferred to OMB Control Number 0704-0245 as discussed in paragraph 1 above.

The following table summarizes the changes reflected on the OMB Form 83-I and included in this supporting statement. The adjustments and revisions result in an overall decrease of 9,731 hours in the annual reporting and recordkeeping OMB inventory.

Adjustments	2012	Transferred out	Increase	2016	Net Change
Hours	202,103	-45,000	+35,269	192,372	-9,731
Dollars	\$9,145,693	-\$2,295,000	+\$1,421,3030	\$8,177,961	-\$967,732

16. Publication of Results

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

17. Non-Display of OMB Expiration Date

DoD does not seek approval to not display the expiration dates for OMB approval of the information collection.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

DoD is able to certify compliance with all provisions under Item 19 of OMB Form 83-I.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods will not be employed.