

**Sung\$7Supporting Statement for Information Collection 9000-0132,  
Contractors' Purchasing Systems Reviews**

**A. Justification.**

1. **Administrative requirements.** This is a request for extension of the information collection requirement currently approved under OMB Control Number 9000-0132, Contractors' Purchasing Systems Reviews, (Federal Acquisition Regulation (FAR)) Subpart 44.3.

The objective of a contractor purchasing system review (CPSR), is to evaluate the efficiency and effectiveness with which a contractor spends Government funds and complies with Government policy when subcontracting.

Paragraph (i) of FAR clause 52.244-2, Subcontracts, specifies that the Government reserves the right to review the contractor's purchasing system as set forth in FAR Subpart 44.3. This clause is the mechanism through which the requirements of Subpart 44.3 are applied to contractors. Note: Information Collection 9000-0149 accounts for the burden associated with the advance notification and subcontract consent requirements of clause 52.244-2; it does not include any burden associated with reviews of contractors' purchasing system reviews.

A CPSR is a thorough review of a contractor's existing procurement policies, procedures, management control systems (including internal audit procedures), and documentation. The review provides the administrative contracting officer (ACO) a basis for granting, withholding, or withdrawing approval of a contractor's purchasing system. An approved purchasing system allows the contractor more autonomy in subcontracting actions. Without an approved purchasing system more Government oversight is necessary, and Government consent to subcontract is required.

If a contractor's sales to the Government (excluding competitively awarded firm-fixed-price and competitively awarded fixed-price with economic price adjustment contracts and sales of commercial items in accordance with FAR part 12) are expected to exceed \$25 million during the next 12 months, an ACO may determine that a CPSR is necessary. The ACO's determination as to whether a CPSR is necessary is based on, but not limited to, the past performance of the

contractor, and the volume, complexity and dollar value of subcontracts. Once an initial determination has been made regarding a CPSR, at least every three years, the ACO shall determine whether a CPSR is necessary. If necessary, the cognizant contract administration office will conduct the CPSR.

Generally, a CPSR is not performed for a specific contract. Rather, CPSRs are conducted on contractors based on the factors identified above. For example, the Defense Contract Management Agency (DCMA) Contractor Purchasing System Review Group is a group dedicated to conducting CPSRs for the Department of Defense. As of June 2014 the group's review workload included more than 700 contractors worldwide.

The cognizant ACO is responsible for granting, withholding, or withdrawing approval of a contractor's purchasing system and for promptly notifying the contractor of same (FAR 44.305-1).

Related administrative requirements are as follows:

- FAR 44.305-2(c) requires that when recommendations are made for improvement of an approved system, the contractor shall be requested to reply within 15 days with a position regarding the recommendations.

- FAR 44.305-3(b) requires when approval of the contractor's purchasing system is withheld or withdrawn, the ACO shall within 10 days after completing the in-plant review (1) inform the contractor in writing, (2) specify the deficiencies that must be corrected to qualify the system for approval, and (3) request the contractor to furnish within 15 days a plan for accomplishing the necessary actions. If the plan is accepted, the ACO shall make a follow-up review as soon as the contractor notifies the ACO that the deficiencies have been corrected.

2. **Uses of information.** Information obtained during a CPSR provides the ACO with a basis for granting, withholding, or withdrawing approval of a contractor's purchasing system.

3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically.

4. **Efforts to identify duplication.** This requirement is being issued under the FAR which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** The information collection provides contractors with the opportunity to respond to recommendations for improvement of their purchasing systems, and to develop and submit plans for resolving purchasing system deficiencies cited in CPSRs as notified by the ACO. Without an approved purchasing system more Government oversight is necessary to mitigate risk, and Government consent to subcontract is required. This results in a greater burden to both the Government and the contractor. Similar information, e.g., corrective action plans, is not already available to the ACO.

7. **Special circumstances for collection.** Generally, a CPSR is not performed for a specific contract. Rather, CPSRs are determined necessary by ACOs and conducted on contractors based on a series of risk factors, e.g., the past performance of the contractor, and the volume, complexity and dollar value of subcontracts. Collection of information in response to CPSR reports on a basis other than contractor-by-contractor is not practical. Collection is consistent with guidelines in 5 CFR 1320.6.

8. **Efforts to consult with persons outside the agency.** A 60-day notice was published in the Federal Register at 81 FR 3135 on January 20, 2016. No comments were received. A 30-day notice was published in the Federal Register at 81 FR 19605 on April 5, 2016.

9. **Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.** Not applicable.

10. **Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. **Additional justification for questions of a sensitive nature.** No sensitive questions are involved.

12 & 13. **Estimated total annual public hour and cost burden.** There is no single data collection process or system, e.g., Federal Procurement Data System (FPDS), that identifies the number of CPSRs conducted Governmentwide. For purposes of this clearance, time required for reading and preparing information is estimated at 25 hours per completion.

Annual Reporting Burden

Estimated number of respondents.....	1,580
Estimated number of responses per respondent per year	<u>x 1</u>
Total annual responses.....	1,580
Estimated preparation time per response (hours) .....	<u>x 25</u>
Total response burden hours.....	39,500
Average wage*.....	<u>x \$46</u>
Estimated cost to public.....	1,817,000

\* The Government analyst contacted the Defense Contract Management Agency to verify the accuracy of the estimated number of respondents, estimated number of responses per year, and estimated preparation time. We used a rate equivalent to a GS-12, Step 5 or \$33.72/hour (from the 2016 OPM GS Salary Table), added overhead at 36.25 percent (the OMB-mandated burden rate for A-76 public-private competitions, and rounded the average wage to the nearest whole dollar, or \$46/hour. No adjustments were deemed necessary for the estimated number of respondents, the estimated number of responses per respondent, or the estimated preparation time per response. The total cost per response is approximately \$1,150.

14. **Estimated cost to the Government.** Time required for Governmentwide review is estimated at 40 hours per response.

Annual Recordkeeping Burden and Cost

Total annual responses.....	1,580
-----------------------------	-------

Review time per response (hours).....	<u>x 40</u>
Total burden hours.....	
.....	63,200
Average wages and overhead**.....	<u>x</u>
<u>\$46</u>	
Total Government Cost . . . . .	2,907,200

\*\* We used a rate of \$31.43 an hour based on the OPM 2016 GS Salary Table for a GS-12, Step 5 rate of \$33.72 plus 36.25 percent burden, and rounded the average wages and overhead to the nearest dollar, or \$46 an hour. Here too, the DCMA representative was consulted, and no further adjustments were recommended.

**15. Explain reasons for program changes or adjustments reported in Item 13 or 14.** This submission supports an extension of an information collection requirement in the FAR. Since DCMA has verified that no updates are needed to the estimated number of respondents, estimated number of responses per year, and estimated preparation time, there are no changes to the total burden hours (39,500 hours) from the annual reporting burden published in the Federal Register at 78 FR 17673, on March 22, 2013.

However, for a more current total burden cost, the average wage has been increased to reflect salary from the Office of Personnel Management 2016 GS Salary Table for a GS-12, step 5, instead of the 2012 GS Salary Table. Based on the updated average wage, this information collection will result in a total annual cost of \$1,817,000.

**16. Outline plans for published results of information collections.** Results will not be tabulated or published.

**17. Approval not to display expiration date.** Not applicable.

**18. Explanation of exception to certification statement.** Not applicable.

**B. Collection of Information Employing Statistical Methods.** Statistical methods are not used in this information collection.