

SUPPORTING STATEMENT

OMB Control Number 0704-0441 — Defense Federal Acquisition Regulation Supplement, Part 246, Quality Assurance, and Related Clauses in DFARS 252.246

A. JUSTIFICATION

1. Need for the Information Collection

This justification supports a request for renewal of OMB Control Number 0704-0441. This renewal includes the incorporation of OMB Control Number 0704-0481, which necessitates that the title of 0704-0441 be revised to reflect the additional coverage and read “Defense Federal Acquisition Regulation Supplement (DFARS), Part 246, Quality Assurance, and Related Clauses in DFARS 252.246.” The information collections under OMB Control Number 0704-0441 are expanded to pertain to all information that offerors or contractors must submit related to DFARS contract quality assurance programs. (See paragraph 4 below.) Specific circumstances requiring information collections under 0704-0441 are as follows:

a. 252.246-7003, Notification of Potential Safety Issues, requires contractors to provide notification of (1) all nonconformances for parts identified as critical safety items acquired by the Government under the contract, and (2) all nonconformances or deficiencies that may result in a safety impact for systems, or subsystems, assemblies, subassemblies, or parts integral to a system acquired by or serviced for the Government under the contract.

b. 252.246-7005, Notice of Warranty Tracking of Serialized Items, requires an offeror to provide with its offer, for each contract line item number, warranty tracking information for each warranted item. (Transferred in from 0704-0481.)

c. 252.246-7006, Warranty Tracking of Serialized Items, requires contractors, for warranted items, to provide (1) the unique item identifier, and (2) the warranty repair source information and instructions. (Transferred in from 0704-0481.)

2. Use of the Information

a. 252.246-7003, Notification of Potential Safety Issues. Contracting officers require timely notification of potential safety defects so that (1) systems and equipment likely affected by the situation can be readily identified, and (2) appropriate engineering investigation and follow-on actions can be taken to establish and mitigate risk.

b. 252.246-7005, Notice of Warranty Tracking of Serialized Items. The information provided by offerors under this provision alerts contracting officers in those cases where the offeror is proposing to provide a warranty for an individual contract line item for which DoD has not specified a warranty in the solicitation. The warranty notice will permit the Government to recognize and utilize any warranty after contract award.

c. 252.246-7006, Warranty Tracking of Serialized Items. The information provided by contractors allows DoD to track warranties for item unique item identification (IUID) required items in the IUID registry to obtain maximum utility of warranties provided on contracted items. The identification and enforcement of warranties is essential to the effectiveness and efficiency of DoD's material readiness. Providing visibility and accountability of warranty data associated with acquired goods, from the identification of the requirement to the expiration date of the warranted item, significantly enhances DoD's ability to take full advantage of warranties, resulting in—

- (1) Reduced costs;
- (2) Ability to recognize benefits included at no additional cost;
- (3) Ability to compare performance against Government-specified warranties; and
- (4) Identification of sufficient durations for warranties for specific goods.

3. Use of Information Technology

Information technology is used to the maximum extent practicable and 100 percent of the responses are anticipated to be collected electronically. Contractors are required to submit their warranty data in electronic format that is accessible via the Product Data Reporting and Evaluation Program (PEDREP) to record the warranty and source of repair information. Use of the electronic PEDREP formats ensures that the data elements for warranty terms are effectively transmitted through various systems, such as Electronic Document Access, Wide Area WorkFlow, the Invoice, Receipt, Acceptance and Property Transfer module and the PEDREP Warranty Tracking database.

4. Non-duplication

As a matter of policy, DoD reviews the Federal Acquisition Regulation to determine if adequate language already exists. The language in DFARS part 246 applies solely to DoD and is not considered duplicative of the language in FAR part 46. Since the nature of the reporting requirement is contract specific, similar information is not readily available.

DoD strives to streamline management of Paperwork Reduction Act requirements and looks for opportunities to consolidate the number of individual renewals required for each DFARS part during the three-year renewal cycle. Accordingly, the information collection requirement approved under OMB Control Number 0704-0481, which expires June 30, 2017, is being included in this justification for inclusion under 0704-0441. Upon the approval of the expansion and extension of OMB Control Number 0704-0441, OMB will be requested to discontinue 0704-0481.

5. Burden on Small Business

The collection of this information is not expected to have a significant impact on a substantial number of small businesses or other small entities. The requirements for information collection are only occasional as the circumstances dictate. The burden applied to small business

is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. Less Frequent Collection

Since the nature of the reporting requirement is contract specific, similar information is not readily available elsewhere; therefore, collection is required on a case-by-case basis pursuant to the solicitation provision or contract clause requirements. The consequence of not collecting the information in this manner is the potential for safety repercussions or the loss of warranties for contracted items.

7. Paperwork Reduction Act Guidelines

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

8. Consultation and Public Comments

a. This information collection is consistent with the guidelines in 5 CFR 1320.6. Public comments were solicited in the Federal Register on May 13, 2016 ([81 FR 29850](#)). No comments were received in response to this notice.

b. The Defense Contract Management Agency (DCMA) chair of the DFARS Quality Assurance Committee was requested to review the validity of the information collection requirements for the three clauses and to provide updated estimates of the public burdens. The burdens, included in paragraph 12 below, reflect the validation of the need for the collection requirements, judgement, and best estimates of the DCMA subject matter expert.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on July 29, 2016 ([81 FR 49963](#)).

9. Gifts or Payment

DoD will not provide a payment or gift to respondents to this information collection requirement.

10. Confidentiality

This information is disclosed only to the extent consistent with statutory requirements, current regulations, and prudent business practices. The collection of information does not include any personally identifiable information; therefore, no Privacy Impact Assessment or Privacy Act System of Records Notice is required.

11. Sensitive Questions

No sensitive questions are involved in the information collection.

12. Respondent Burden and its Labor Costs

The estimated burdens shown in the following table include burdens previously incorporated under 0704-0481 for information collected for warranties under the DFARS provision 252.246-7005 and clause 252.246-7006. A discussion of the burdens for each clause is also provided below the table.

0704-0441		ESTIMATED COST TO PUBLIC					
	Respondents	Response / Respondent	Total Annual Responses	Hours per Respondent	Total Annual Hours	Rate	Total Annual Cost to Public
252.246							
-7003	250	1	250	1	250	\$ 46	\$ 11,500
-7005	38,000	1	38,000	0.5	19,000	\$ 46	\$ 874,000
-7006	16,000	1	16,000	0.5	8,000	\$ 46	\$ 368,000
TOTAL	54,250	1	54,250	0.50	27,250	\$ 46	\$1,253,500

Note: The hourly rate was developed by using the 2016 Office of Personnel Management GS-12, step 5, rate of \$33.72 x 1.3625 O/H rate = \$45.9435 rounded to \$46.

a. DFARS 252.246-7003, Notification of Potential Safety Issues. While, there is no centralized database that records the reports that are provided to the individual procuring contracting officer and the administrative contracting officer, the DCMA subject matter expert estimates that there are approximately 250 reports submitted each year. One hour is considered to be a reasonable amount of time for contractor personnel to create a report that includes the following five required items:

- (1) A summary of the defect or nonconformance.
- (2) A chronology of pertinent events.
- (3) The identification of potentially affected items to the extent known.
- (4) A point of contact to coordinate problem analysis and resolution.
- (5) Any other relevant information.

b. DFARS 252.246-7005, Notice of Warranty Tracking of Serialized Items. It is estimated that DoD issues approximately 16,000 solicitation each year that use the warranty provision, and that on average 4.8 proposals are received in response to each solicitation. Of the estimated 76,800 proposals, approximately 50 percent or 38,000 will include warranty information that will take approximately one-half hour to provide.

c. DFARS 252.246-7006, Warranty Tracking of Serialized Items. DoD estimates that approximately 16,000 contracts will be awarded that include the clause. The response time of 0.5 per hour for each response totals 8,000 total public burden hours for reporting.

13. Respondent Costs Other Than Burden Hour Costs

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

14. Cost to the Federal Government

The time required for Government review was verified by the DCMA Chair, DFARS Quality Assurance Committee, and is based on receiving, reviewing, and notifying affected parties of the information submitted by the contractor. Required Government actions are clear cut and require a minimum investment of time to provide notice and obtain points of contact which would consist of telephone interaction or notice by email.

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15. Reasons for Change in Burden

The estimates are revised to accommodate the inclusion of the burden previously accounted for under OMB Control Number 0704-0481 that is being rolled into this OMB Control Number 0704-0441 effective with this 2016 renewal cycle.

2013 Estimates			2016 Estimate	Difference/ Addition
16. Publication of Results	0704-0441	0704-0481	Combined Total	
Change in Burden				
Number of respondents	250	54,000	54,250	54,000
Responses/respondent	Results of this collection will not be published.		1	1
Total annual responses	250	54,000	54,250	54,000
17. Non-Display of OMB Expiration Date				
Hours per response	1	1		
Total hours	250	27,000	27,250	27,000
Total annual cost to public	\$11,250	\$1,014,660	\$1,253,500	\$1,242,250

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"

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

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods will not be employed.