

## SUPPORTING STATEMENT

### Subcontracting Policies and Procedures -- DoD FAR Supplement Part 244 OMB Control Number 0704-0253

#### A. JUSTIFICATION

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

a. This justification supports renewal of OMB Control Number 0704-0253. This information collection concerns Defense Federal Acquisition Regulation Supplement (DFARS) subpart 244.2, Contractors' Purchasing Systems Reviews, which prescribes the use of the following clause and its alternate clause:

i. DFARS clause 252.244-7001, Contractor Purchasing System Administration—Basic, which is prescribed for use in solicitations and contracts containing the clause at FAR 52.244-2, Subcontracts.

ii. DFARS clause 252.244-7001, Contractor Purchasing System Administration—Alternate I, which is prescribed for use in solicitations and contracts that contain the clause at 252.246-7007, Contractor Counterfeit Electronic Part Detection and Avoidance System, but do not contain FAR 52.244-2, Subcontracts.

b. The basic clause and its alternate identifies the criteria necessary for contractors to establish an acceptable purchasing system and imposes the following information collection requirements:

i. Paragraph (d) of the clause requires the contracting officer to provide an initial determination to the contractor, in writing, of any significant deficiencies in the contractor's purchasing system. Significant deficiency, as defined at paragraph (a) of the clauses, means "a shortcoming in the (contractor's) system that materially affects the ability of officials at the Department of Defense to rely upon information produced by the system that is needed for management purposes." The initial determination will describe the deficiency in sufficient detail to allow the contractor to understand the deficiency. Paragraph (d)(2) requires the contractor to respond within 30 days to the contracting officer's written initial determination that significant deficiencies exist in the contractor's purchasing system. If the Contractor disagrees with the initial determination, the Contractor shall state, in writing, its rationale for disagreeing.

ii. Paragraph (e) of both the clause and its Alternate requires the contractor to respond within 45 days to the contracting officer's final determination that significant deficiencies exist, and to either correct the significant deficiencies or submit an acceptable corrective action plan showing milestones and actions.

iii. The requirements of paragraphs (d) (2) and (e) are necessary to the extent the contracting officer (in consultation with the purchase system specialist or auditor) determines that initial/final system determinations are necessary. The requirements of paragraphs (d) (2) and (e) do not otherwise apply, i.e., where the contractor's purchase system is acceptable and approved, and no significant deficiencies exist.

## **2. Use of the Information**

The contracting officer uses the information provided in the contractor's responses as a basis for either approving or disapproving the contractor's purchasing system; the contracting officer evaluates the contractor's response to an initial written determination that significant deficiencies exist and notify the contractor, in writing, of the contracting officer's final determination concerning—

- a. Remaining significant deficiencies;
- b. The adequacy of any proposed or completed corrective action; and
- c. System disapproval (if the Contracting Officer determines that one or more significant deficiencies remain).

## **3. Use of Information Technology**

Information technology is used to collect the information (100%). Contractors typically submit corrective action plans electronically via email. The contractor must sign the plan; however, electronic signature is accepted.

## **4. Non-duplication**

As a matter of policy, DoD reviews the DFARS to determine whether adequate language already exists. This information collection does not duplicate any other requirement.

## **5. Burden on Small Business**

This collection is not expected to impose a burden on small businesses, because contractor purchasing system reviews general apply only to contractors whose sales to the Government (excluding sales under contracts awarded using Federal Acquisition Regulation (FAR) part 14 sealed bid procedures and under contracts for commercial items awarded using FAR part 12 procedures) are expected to exceed \$25 million annually.

## **6. Less Frequent Collection**

The collection of this information is necessary to allow the administrative contracting officer to decide whether to approve or disapprove a contractor's purchasing system. Less frequent collection of the information would not permit contracting officers to render a sound and timely purchasing system approval. In addition, review and approval of the contractor's

purchasing system in accordance with FAR 44.3 allows the “consent to subcontract requirements” at FAR 44.2 to be waived, thereby eliminating the requirement for the contracting officer’s written consent for prime contractors to enter into particular subcontracts. If the requirement for consent is not waived, the contractor may not be able to meet contract terms, adversely impacting both parties (Government and contractor).

#### **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 December 22, 2016 ([81 FR 93907](#)). No comments were received in response to this notice.

b. Subject matter experts at the Defense Contract Management Agency (DCMA) were consulted regarding the renewal of this information collection.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on March 27, 2017 ([82 FR 15192](#)).

#### **9. Gifts or Payment**

DoD will not provide a payment or gift to respondents under 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.

#### **12. Respondent Burden and its Labor Costs**

The estimated respondent burdens and labor costs are shown in the following table. The number of respondents (36) is based on the number of contractors whose purchasing systems are currently in a disapproved status (26) plus 40% of the remaining number of contractor purchasing systems not yet evaluated (10).

Estimation of Respondent Burden: 252.244-7001 (Basic and Alternate)	
Number of respondents (1)	36
Responses per respondent	2
Number of responses	72
Hours per response	8
Estimated hours (number of responses multiplied by hours per response)	576
Cost per hour (hourly wage) (2)	\$46
Annual public burden (estimated hours multiplied by cost per hour)	\$26,496

*Notes:* The cost per hour is based on the Office of Personnel Management(OPM) General Schedule (GS) hourly rate of \$33.72 for a GS-12, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13 (\$33.72 + \$12.22 = \$45.94, rounded to the nearest dollar).

### 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 Government

The estimated cost to the Government is shown in the following table. It is estimated that it will take the Government one hour to review and verify the information contained in each response. This estimate was developed by the DCMA specialists involved in the management of contract purchasing system reviews, and was based on current activity.

Estimation of Cost to the Government: 252.244-7001	
Number of responses	72
Hours per response (1)	1
Estimated hours (number of responses multiplied by hours per response)	72
Cost per hour (hourly wage) (2)	\$46
Annual public burden (estimated hours multiplied by cost per hour)	\$3,312

*Notes:* The cost per hour is based on the OPM GS hourly rate of \$33.72 for a GS-12, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13, rounded to the nearest dollar).

## 15. Reasons for Change in Burden

The revisions to the change in burden are based on data obtained from subject matter experts at DCMA responsible for conducting purchasing system reviews and an analysis of the impact of corrective action plans implemented by the contractors. Specifically, contracting officer determinations are required only to the extent that the contractor's purchasing system is found to contain significant deficiencies. Accordingly, the need for information collection decreases as contractor purchasing systems improve and gain contracting officer approval. The hourly rate is based on GS-12 vice previous burden estimates based on GS-11. DCMA subject matter experts state that workload is primarily administered by individuals at the GS-12 level. A summary of the revision is provided in the following table:

Change in Burden	2013	2017	Difference
Number of respondents	90	36	-54
Responses/respondent	1	2	+1
Total annual responses	90	72	-18
Hours per response	16	8	-8
Total Hours	1,440	576	-864
Cost per hour	\$37	\$46	+\$9
Total Cost	\$53,280	\$26,496	-\$26,784

## 16. Publication of Results

Results of this information will not be tabulated or published.

## 17. Expiration Date

DoD does 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.