

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

DFARS clause 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 for DFARS 242.11 previously justified under this OMB Control Number is removed in the 2019 renewal cycle. Per DFARS 242.1104, the contract administration office performs production surveillance on all contractors who have Criticality Designator A or B contracts, as well as those with Criticality Designator C contracts if 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 merely provides additional instruction that the production progress report authorized by FAR 42.1106(a) must be included in the contract schedule in conjunction with FAR 52.242-2, Production Progress Reports. As such, the report would be a contract deliverable in response to a Contract Data Requirements List (CDRL), which is covered by OMB Control Number 0704-0188, for the ASSIST database.

2. Use of the Information

The information required by DFARS clause 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 [84 FR 9508](#) on March 15, 2019. No comments were received. A 30-day notice was published in the *Federal Register* at [84 FR 24766](#) on May 29, 2019.

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

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. DoD estimates 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, it is estimated that about 261 contractors will be required each year to redisclose and redemonstrate their MMAS. It is further estimated that it will take a contractor approximately 475 hours of effort to redisclose and redemonstrate.

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) *	\$54**
Annual public burden (estimated hours multiplied by cost per hour)	\$6,694,650

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

** Based on mid-point (step 5) of General Schedule-12 hourly rate for 2019 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 ($\$39.85 \times 136.25\% = \54.30 or \$54).

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. 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)	\$54*
Total cost	\$6,694,650

*Based on mid-point (step 5) of GS Pay for a GS-12 salary for 2019 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 ($\$39.85 \times 136.25\% = \54.30 or \$54).

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 242.11; and (2) using the 2019 OPM hourly rate. The following table summarizes the changes:

Adjustments	2016	2019	Net Change
Hours	192,372	123,975	-68,397
Dollars	\$8,177,961	\$6,694,650	-\$1,483,311

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.