

## SUPPORTING STATEMENT

### OMB Control Number 0704-0321: DFARS Part 232, Contract Financing, and the Clause at 252.232-7002, Progress Payments for Foreign Military Sales Acquisitions

#### Summary of Changes from Previously Approved Collection

- Burden hours and cost to the public decreased by 29% from fiscal year 2018 to fiscal year 2021.

#### 1. Need for the Information Collection

This supporting statement covers the following requirements for the collection of information relating to Defense Federal Acquisition Regulation Supplement (DFARS) section 232.502-4-70(a) and the related contract clause at 252.232-7002, Progress Payments for Foreign Military Sales Acquisitions. The Arms Export Control Act requires, in the absence of a special Presidential Finding, that the U.S. Government purchase military equipment for foreign governments using foreign funds and without any charge to U.S. appropriated funds. In order to comply with this requirement, the Government needs to know how much to charge each country as progress payments are made for foreign military sales (FMS) purchases. The Government can only obtain this information from the contractor preparing the progress payment request. The clause at 252.232-7002 requires a contractor whose contract includes FMS requirements to submit a progress payment request with a supporting schedule that clearly distinguishes the contract's FMS requirements from U.S. contract requirements.

a. DFARS 252.232-7002(a) requires contractors to submit a separate progress payment request for each progress payment rate.

b. DFARS 252.232-7002(b) requires contractors to submit a supporting schedule with the payment request showing—

(i) The amount of each request distributed to each country's requirements; and

(ii) Total price per contract line item applicable to each separate progress payment rate.

c. DFARS 252.232-7002(c) requires contractors to identify in each progress payment request the contract requirements to which it applies (i.e., FMS or U.S.).

d. DFARS 252.232-7002(d) requires contractors to calculate each request on the basis of the prices, costs (including costs to complete), subcontractor progress payments, and progress payment liquidations of the contract requirements to which it applies.

e. DFARS 252.232-7002(e) requires contractors to distribute costs among contract line items and countries in a manner acceptable to the administrative contracting officer.

## 2. Use of the Information

The customary progress payment rates for DoD contracts, as prescribed in DFARS part 232, are 80 percent for large business concerns and 90 percent for small business concerns. The information generated by the progress payment submission requirements of DFARS part 232 and the associated clause is used by contracting officers to determine how much to disburse to the contractor. The Government also uses this information to maintain an audit trail and permit verification of calculations. Absent this information, the Government would not be able to pay the FMS portion of the progress payment request, thereby breaching its contractual duties, with subsequent damages payable to the contractor; the Disbursing Officer would commit a statutory violation in wrongfully disbursing U.S. funds contrary to the U.S. Congressional instructions for payments for FMS work; or the U.S. Government would violate its fiduciary duty to the foreign country whose funds are improperly disbursed for some other country's purchases.

## 3. Use of Information Technology

Information technology is used 100% of the time. A procedure has been implemented that allows contractors to submit, and DoD to process, progress payments electronically. This method of collection was adopted to reduce input errors and increase cash flow.

## 4. Non-duplication

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

## 5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

## 6. Less Frequent Collection

The information will be collected no more than once per month, but may be collected less frequently depending on the frequency of the contractor's submission of progress payment requests. The monthly limitation is imposed by FAR 52.232-16, Progress Payments, which is a required clause in contracts under which the Government will provide progress payments based on costs.

## 7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

## 8. Consultation and Public Comments

### a. Public Notice

i. A 60-day notice for the collection was published in the *Federal Register* on Tuesday, November 23, 2021, at [86 FR 66539](#). No comments were received during the 60-day comment period.

ii. A 30-day notice for the collection was published in the *Federal Register* on Friday, February 25, 2022, at [87 FR 10777](#).

### b. Consultation

No additional consultation, apart from soliciting public comments through the *Federal Register*, was conducted for this submission.

## 9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection, other than remuneration to contractors under their contracts.

## 10. Confidentiality

This information is disclosed only to the extent consistent with prudent business practices and current regulatory, statutory, and Freedom of Information Act requirements. No assurance of confidentiality is provided to respondents. A Privacy Act Statement is not required for this collection because DoD is not requesting individuals to furnish personal information for a system of records. A System of Record Notice (SORN) is not required for this collection because records are not retrievable by personally identifiable information (PII). A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

## 11. Sensitive Questions

No questions considered sensitive are being asked in this collection.

## 12. Respondent Burden and its Labor Costs

### a. Estimation of Respondent Burden

The estimates below are based on information available in the Federal Procurement Data System (FPDS) for fiscal year (FY) 2018 through FY 2021. The respondents are contractors selling products and services through FMS arrangements and obtaining progress-payment financing. In particular, on average across the three sampled FYs, 149 unique firms (respondents) received 244 total actions per year. The total annual number of actions consists of the average number of contract actions valued at greater than \$25,000 with FMS funding and

progress payment financing for the period FY 2018 through FY 2021 (244 actions) multiplied by 12 submissions per action (2,928 responses). DoD estimates that respondents would take about 1.5 hours per response, including maintenance of the information, preparation of the response, and submission to the contracting officer.

Estimation of Respondent Burden Hours	
Number of respondents	149
Number of responses per respondent (rounded from 19.65)	20
Number of total annual responses	2,928
Hours per response	1.5
Annual respondent burden hours	4,392

b. Labor Cost of Respondent Burden

The total labor cost is the number of responses multiplied by response time multiplied by the hourly wage. The respondent hourly wage is a composite rate that reflects a General Schedule (GS) grade 7, step 5 salary for 2021 for the Rest of U.S. locality area for maintenance of the information and a GS-11, step 5 salary for 2021 for preparation of submittal of the response to the clause. A Civilian Position Full Fringe Benefit Cost Factor of 36.25% is added per OMB Memo M-08-13 ( $\$23.72 * 136.25\% = \$32.32$ , rounded to \$32 per hour;  $\$35.11 * 136.25\% = \$47.84$ , rounded to \$48 per hour). The composite rate is \$37.33 per hour.

Labor Cost of Respondent Burden: 252.232-7002	
Number of total annual responses	2,928
Hours per response	1.5
Cost per hour (hourly wage)	\$37.33
Labor burden per response	\$56
Annual Labor Burden	\$163,953

13. Respondent Costs Other Than Burden Hour Costs

DoD estimates that there are no nonrecurring expenses (e.g., capital and start-up, or operation and maintenance costs). The clause at DFARS 252.232-7002 is authorized for use when the clause at FAR 52.232-16, Progress Payments, is used as a method of contract financing and the contract includes FMS requirements. Paragraph (f) states, “The Contractor shall maintain an accounting system and controls adequate for the proper administration of this clause.” DoD’s assessment is that this system and related controls are normally in place prior to obtaining a contract for FMS supplies and services, since they are required in order for the contractor to

receive progress payments for U.S. supplies and services; therefore, there is no additional nonrecurring charge needed to establish or revise accounting systems already in place.

14. Cost to the Federal Government

a. Labor Cost to the Federal Government

Labor Cost to the Federal Government <sup>1</sup> : DFARS 252.232-7002	
Number of total annual responses	2,928
Hours per response	1.0
Cost per hours (hourly wage)	\$48
Cost per response <sup>2</sup>	\$48
Total cost <sup>3</sup>	\$140,544

b. Operational and Maintenance Costs

Equipment	\$0
Printing	\$0
Postage	\$0
Software Purchases	\$0
Licensing Costs	\$0
Other	\$0
Total Operational and Maintenance Costs	\$0

c. Total Cost to the Federal Government

Total labor burden	\$140,544
Total operational and maintenance costs	\$0
Total cost to the Federal Government	\$140,544

15. Reasons for Change in Burden

The estimate of public burden hours is decreased as a result of using the most recent data available in the FPDS. The average number of respondents and contract awards for this

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<sup>1</sup> The time estimates are based on receiving, reviewing, and analyzing the information submitted by the contractor.  
<sup>2</sup> The cost to process a response equals the processing time per response multiplied by the hourly wage of worker(s) processing the response.  
<sup>3</sup> The total cost equals the cost to process each response multiplied by the number of responses.

submission is based on FPDS data for FY 2018 through FY 2021, which is 149 unique contractors (based on DUNS numbers) representing 244 contract actions on an annual basis. These 244 contract actions would each entail 12 monthly reports during the year, equaling 2,928 required responses. In addition, current wage rates from OPM for GS employee equivalents were used. The following table reflects the change in burden:

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Change in Burden	2019	2022	Difference
Number of respondents	144	149	+5
Responses per respondent	30	20	-10
Total annual responses	4,320	2,928	-1,392
Hours per response	1.5	1.5	-
Total hours	6,480	4,392	-2,088
Total annual cost to public	\$231,120	\$163,953	-\$67,167

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

DoD is not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

DoD is not requesting any exemptions to the provisions stated in 5 CFR 1320.9.