SUPPORTING STATEMENT - PART A

OMB Control Number 0704-0250—Defense Federal Acquisition Regulation Supplement (DFARS) Part 242, Contract Administration and Related Clause in DFARS 252

Summary of Changes from Previously Approved Collection

* Decrease in the number of responses due to the use of more recent data.
* Increase in burden due to the use of 2025 labor rates.

1. Need for the Information Collection

 This supporting statement justifies the information collection requirements in the contract clause at DFARS 252.242-7004, Material Management and Accounting System. This clause requires contractors to demonstrate that their material management and accounting system contains no significant deficiencies. DFARS subpart 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 products and commercial services; (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.

2. Use of the Information

 The information required by the clause at DFARS 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

 Information technology is used to the maximum extent practicable. Where both the Government and the offeror or contractor are capable of electronic interchange, the information may be submitted electronically, and the usage of information technology is 100 percent.

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 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

 This collection of information is consistent 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 May 5, 2025, at 90 FR 18970. 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 July xx, 2025, at XX FR XXXX.

 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. DFARS 252.242-7004

 1. Estimation of Respondent Burden

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 material weaknesses. DoD, based on information available in the Procurement Business Intelligence Service (PBIS), estimates approximately 871 contractors (or business units) are required to maintain a MMAS. Of the approximately 871 contractors estimated to be required to maintain a MMAS, it is estimated that about one third of the contractors, or 287, 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.

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| Estimation of Respondent Burden Hours: 252.242-7004 |
| Number of respondents | 287 |
| Number of responses per respondent | 1 |
| Number of total annual responses | 287 |
| Hours per response | 475 |
| Annual respondent burden hours  | 136,325 |

 2. Labor Cost of Respondent Burden

 The labor cost is based on the Office of Personnel Management (OPM) 2025 General Schedule (GS) for the locality pay area, Rest of U.S., Grade 12/Step 5 hourly rate of $48.13 plus 36.25 percent burden (pursuant to OMB Memorandum M-08-13, dated March 11, 2008) of $17.45 ($48.13\*136.25% = $65.58). The hourly rate of $65.58 is rounded to $66.

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| Labor Cost of Respondent Burden: 252.242-7004 |
| Number of total annual responses | 287 |
| Hours per response | 475 |
| Cost per hour (hourly wage) | $66 |
| Labor burden per response  | $31,350 |
| Annual Labor Burden (number of responses X cost per response) | $8,997,450 |

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

14. Cost to the Federal Government

 a. Labor Cost to the Federal Government

 The labor cost is based on the OPM 2025 General Schedule (GS) for the locality pay area, Rest of U.S., Grade 12/Step 5 hourly rate of $48.13 plus 36.25 percent burden (pursuant to OMB Memorandum M-08-13, dated March 11, 2008) of $17.45 ($48.13\*136.25% = $65.58). The hourly rate of $65.58 is rounded to $66.

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| Labor Cost to the Federal Government: 252.242-7004 |
| Number of total annual responses  | 287 |
| Hours per response  | 475 |
| Cost per hour (hourly wage) | $66 |
| Cost per response  | $31,350 |
| Total cost (number of responses X cost per response) | $8,997,450 |

 b. Operational and Maintenance Costs

 There are no operational and maintenance costs for the Federal Government associated with this information collection.

 c. Total Cost to the Federal Government

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| Total labor burden | $8,997,450 |
| Total operational and maintenance costs | $0 |
| Total cost to the Federal Government | $8,997,450 |

15. Reasons for Change in Burden

 The changes to the estimates in paragraphs 12 and 14 above are primarily due to the following: (1) changing the number of respondents based on current data; and (2) using the 2025 OPM hourly rate. The following table summarizes the changes:

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| 0704-0250 |
| Change in Burden | 2022 | 2025 | Difference |
| Number of respondents | 292 | 287 | -5 |
| Total annual responses | 292 | 287 | -5 |
| Total Hours | 138,700 | 136,325 | -2,375 |
| Cost per hour | $59 | $66 | $7 |
| Total Cost | $8,183,300 | $8,997,450 | $814,150 |

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.