DEPARTMENT OF DEFENSE
Defense Contract Management Agency

IMMEDIATE POLICY CHANGE

Contract Receipt and Review

Contracts Directorate	**DCMA-INST 118 (IPC-2)**
OPR: DCMA-AQ	**June 17, 2015**

1. POLICY. This Immediate Policy Change (IPC) implements changes to DCMA-INST 118, "Contract Receipt and Review," June 25, 2013.

2. PURPOSE. This IPC incorporates changes to the Trusted Agents procedures for maintaining the 360-based DCMA 1797 Register.

3. APPLICABILITY. This IPC applies to all DCMA activities that prepare, manage, review, validate, approve, and use DCMA policies.

4. NEW GUIDANCE.

a. Delete paragraph 3.2.5.3.2.2.1 in its entirety.

b. Add new paragraph 3.2.5.3.2.2.1:

3.2.5.3.2.2.1. Trusted Agents shall record all transactions resulting from the contract receipt and review process (Section III of the DCMA Form 1797) in the DCMA 1797 register on DCMA 360.   A link to the DCMA 360-based register can be found on the Resource Page of Instruction 118, Contract Receipt and Review. The date the DCMA Form 1797 was issued and the date the requested disposition was completed and verified must be recorded in the register. ODO contracts are exempt from this requirement. The form shall be uploaded into the Electronic Document Records Management System contract file.

c. Delete paragraph 3.2.5.3.2.2.2. in its entirety.
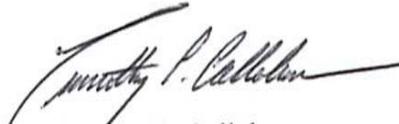
d. Add new paragraph 3.2.5.3.2.2.2.:

3.2.5.3.2.2.2. All actions from paragraph 3.2.5.3.2.2.1 directed to DCMA personnel must be completed or rejected within 7 calendar days.

e. Delete paragraph 3.2.5.3.2.2.3. in its entirety.

f. Add new paragraph 3.2.5.3.2.2.3.:

3.2.5.3.2.2.3. All actions from paragraph 3.2.5.3.2.2.1 directed to DFAS shall contain a suspense date of 30 calendar days or less from the date the DCMA Form 1797 was issued. Follow-up communication with DFAS must be recorded in the register.

5. RELEASABILITY – UNLIMITED. This IPC is approved for public release and is located on DCMA's Internet Web site.

6. EFFECTIVE DATE. By order of the Director, DCMA, this IPC is effective immediately and shall remain in effect until rescinded, superseded, or incorporated in a DCMA policy, whichever is sooner.

Timothy P. Callahan
Executive Director, Contracts

IMMEDIATE POLICY CHANGE

Contract Receipt and Review

1. POLICY. This Immediate Policy Change (IPC) implements changes to DCMA-INST 118, "Contract Receipt and Review," June 25, 2013.

2. PURPOSE. This IPC incorporates additional FAR references and changes to DCMA Instructions.

3. APPLICABILITY. This IPC applies to all DCMA activities that prepare, manage, review, validate, approve, and use DCMA policies.

4. NEW GUIDANCE.

a. Add the following new references to the Reference page:

(ck) FAR 52.227-1, "Authorization and Consent"
(cl) FAR 52.227-2, "Notice and Assistance Regarding Patent and Copyright Infringement"
(cm) FAR 52.227-3, "Patent Indemnity"
(cn) FAR 52.227-5, "Waiver of Indemnity"
(co) FAR 52.227-6, "Royalty Information"
(cp) FAR 52.227-7, "Patents - Notice of Government Licensee"
(cq) FAR 52.227-10, "Filing of Patent Applications - Classified Subject Matter"

b. Delete paragraph 2.1.1. in its entirety.

c. Add new paragraph 2.1.1.:

2.1.1. Verify Contract Management Office (CMO) assignment and the contract management team (CMT) are correct. Issue a modification to correct incorrect CMO assignment. Notify appropriate supervisor of errors in the assignment of CMT members.

d. Paragraph 3.2.2.4.1. is changed as follows:

3.2.2.4.1. During initial CR, the ACO/CA shall review all contracts for any patents or royalty clauses, such as:

* *FAR 52.227-1, Authorization and Consent" (Reference (ck))*

- *FAR 52.227-2, "Notice and Assistance Regarding Patent and Copyright Infringement" (Reference (cl))*
- *FAR 52.227-3, "Patent Indemnity" (Reference (cm))*
- *FAR 52.227-5, "Waiver of Indemnity" (Reference (cn))*
- *FAR 52.227-6, "Royalty Information" (Reference (co))*
- *FAR 52.227-7, "Patents - Notice of Government Licensee" (Reference (cp))*
- *FAR 52.227-10, "Filing of Patent Applications - Classified Subject Matter" (Reference (cq))*
- FAR 52.227-9, Refund of Royalties (Reference (br))
- FAR 52.227-11, Patent Rights – Ownership by the Contractor (Reference (bs))
- FAR 52.227-13, Patent Rights – Ownership by the Government (Reference (bt))
- DFARS 252.227-7038, Patent Rights – Ownership by the Contractor (Large Business) (Reference (bu))
- DFARS 252.227-7039, Patents – Reporting of Subject Inventions (Reference (bv))

e. Delete paragraph 3.2.5.1.2 in its entirety.f. Delete paragraph 3.4.1 in its entirety.

g. Change paragraph 3.4.1.1. to read:

3.4.1.1.~~1.~~ DCMA employs a risk-based approach to documenting the CRR process. Data integrity reviews are a tertiary control after the MOCAS edits and DFAS input efforts~~,~~. ~~but errors have a greater chance of getting through these upstream controls on more complex contracts due to their sheer numbers of attributes.~~ The ACO/CA shall document the CRR process for contracts and modifications meeting any of the following conditions:

- Contracts with obligations over $5 million
- All flexibly priced contracts
- Contracts when a post award orientation is conducted (formal or limited)
- Contracts containing financing provisions
- Modifications that change administration or payment office
- Modifications that exercise contract options
- Modifications that change financing or dollar amount

5. RELEASABILITY – UNLIMITED. This IPC is approved for public release and is located on DCMA's Internet Web site.

6. EFFECTIVE DATE. By order of the Director, DCMA, this IPC is effective immediately and shall remain in effect until rescinded, superseded, or incorporated in a DCMA policy, whichever is sooner.

Timothy P. Callahan
Executive Director, Contracts

DEPARTMENT OF DEFENSE
Defense Contract Management Agency

INSTRUCTION

Contract Receipt and Review

Contracts Directorate   **DCMA-INST 118**
OPR: DCMA-AQ   **June 25, 2013**

1. **PURPOSE.** This Instruction:

   a. Reissues and updates DCMA Instruction (DCMA-INST), "Contracts – Initial Receipt and Review" (Reference (a)).

   b. Establishes policies, assigns roles and responsibilities, and outlines procedures for the administration of delegated contracts.

   c. Complies with DoD Directive (DoDD) 5105.64 (Reference (b)).

2. **APPLICABILITY.** This Instruction applies to all DCMA Components unless higher-level regulations, policy, guidance, or agreements take precedence (e.g., DCMA International Directorate (DCMAI) and DCMA Special Programs Directorate (DCMAS) activities).

3. **MANAGERS' INTERNAL CONTROL PROGRAM.** This Instruction contains internal management control provisions subject to evaluation and testing required by DCMA-INST 710, "Managers' Internal Control Program" (Reference (c)). The process flowchart is located at Appendix A.

4. **RELEASABILITY – UNLIMITED.** This Instruction is approved for public release.

5. **PLAS CODE.**

   a. Process: 032 – Contract Receipt and Review

   b. Programs: ACAT/Other Customers (when applicable)

   c. Other National; Training and Travel; Local Programs: (when applicable)

6. **POLICY RESOURCE WEB PAGE.** https://home.dcma.mil/policy/118r/

7. EFFECTIVE DATE. By order of the Director, DCMA, this Instruction is effective immediately.

Timothy P. Callahan
Executive Director
Contracts

TABLE OF CONTENTS

REFERENCES

(a) DCMA-INST, "Contracts – Initial Receipt and Review," October 2010 (hereby canceled)
(b) DoDD 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013
(c) DCMA-INST 710, "Managers' Internal Control Program," September 12, 2011
(d) DCMA-INST 402, "Workload Acceptance," December 4, 2012
(e) Defense Federal Acquisition Regulation Supplement (DFARS) 225.72, "Reporting Contract Performance Outside the United States"
(f) Federal Acquisition Regulation (FAR) 4.403(c), "Responsibilities of Contracting Officers"
(g) DCMA-INST 204, "Manufacturing and Production," August 16, 2012
(h) DCMA-INST 325, "Contract Technical Review – Quality Assurance," May 24, 2012
(i) DCMA-INST 203, "Software Acquisition Management," December 2009
(j) DCMA-INST 207, "Systems Engineering Surveillance," September 21, 2012
(k) DCMA-INST 208, "Earned Value Management System (EVMS) – Compliance Review," June 30, 2011
(l) DCMA-INST 210, "Earned Value Management System – Standard Surveillance Instruction," February 29, 2012
(m) DCMA-INST 124, "Contract Property Management," February 1, 2013
(n) FAR 42.302(a)(56), "Maintain Surveillance of Flight Operations"
(o) FAR 42.203, "Contract Administration Services Directory"
(p) FAR 42.2, "Contract Administration Services"
(q) FAR 42.302, "Contract Administration Functions"
(r) FAR 42.202(a)(2), "Assignment of Contract Administration"
(s) FAR 42.302(b), "Contract Administration Functions"
(t) DFARS 242.202(a)(i), "Assignment of Contract Administration"
(u) FAR 42.302(a), "Contract Administration Functions"
(v) DFARS 242.302(a), "Contract Administration Functions"
(w) FAR 42.202(e), "Assignment of Contract Administration"
(x) FAR 42.202(c), "Assignment of Contract Administration"
(y) DFARS 242.302(b), "Contract Administration Functions"
(z) DCMA-INST 313, "International Agreements/International Memoranda of Understanding/Host Nation Contract Management Services," June 1, 2010
(aa) DCMA-INST 307, "National Aeronautics and Space Administration Support," February 1, 2010
(ab) DCMA-INST 709, "International and Federal Business Reimbursable and Non-Reimbursable Support," September 30, 2011
(ac) DoDD 3210.6," Defense Grant and Agreement Regulatory System," December 17, 2003
(ad) DCMA-INST 137, "Grants, Agreements, and Other Transactions," April 2, 2013
(ae) DCMA-INST 129, "Warrants and Other Official Appointments," December 31, 2011
(af) DCMA-INST 135, "Contract Closeout," March 2, 2012
(ag) DCAA Contract Audit Manual, Chapter 14, "Other Contract Audit Assignments, Evaluations of Other Transaction Agreements"
(ah) Procedures Guidance and Information (PGI) 242.302, "Contract Administration Functions"
(ai) MOCAS Bulletin #09-014, "Finalized DCMA and DLA Agreement for DCMA Administration of DLA-ODOs," August 31, 2009

(aj) MOCAS Bulletin #12-029, "DLA ODO Contracts and Proper Processing," December 5, 2012

(ak) DFAS Desktop Procedure 201, September 1997

(al) DLA ODO Illustration

(am) ODO Input Screens

(an) ODO Inquiry Screens

(ao) DCMA-INST 139, "Theater Business Clearance/Contract Administration Delegation," April 3, 2013

(ap) DCMA-INST 1202, "Contingency Contract Administration Services," April 2, 2013

(aq) FAR 42.202(g), "Refusing Delegation of Contract Administration"

(ar) FAR 4.201, "Procedures"

(as) PGI 204.201(3)(i), "Procedures"

(at) EDA Web site

(au) System for Integrated Contract Management User's Manual

(av) DCMA-INST 103, "Contract Modifications," September 21, 2012

(aw) EDW resource Web site

(ax) EDW 5.0.1 Release Notes, February 22, 2012

(ay) FAR 4.802, "Contract Files"

(az) FAR 4.8, "Government Contract Files"

(ba) FAR 4.803(b), "Contents of Contract Files"

(bb) FAR 42.202, "Assignment of Contract Administration"

(bc) DFARS 242.202, "Assignment of Contract Administration"

(bd) DFARS 252.242-7005, "Contractor Business Systems"

(be) DFARS 252.242-7006, "Accounting System Administration"

(bf) DFARS 252.234-7002, "Earned Value Management System"

(bg) DFARS 252.215-7002, "Cost Estimating System Requirements"

(bh) DFARS 252.242-7004, "Material Management and Accounting System"

(bi) DFARS 252.245-7003, "Contractor Property Management System Administration"

(bj) DFARS 252.244-7001, "Contractor Purchasing System Administration"

(bk) DCMA Memorandum #12-052, "Guidance for Generating MOCAS R9 - Codes for Contracts with Business Systems Clause," February 13, 2012

(bl) DFARS 242.7001, "Contract Clause"

(bm) FAR 52.222-50, "Combating Trafficking in Persons"

(bn) FAR 22.17, "Combating Trafficking in Persons"

(bo) DFARS 222.17, "Combating Trafficking in Persons"

(bp) DFARS 252.228-7001, "Ground and Flight Risk"

(bq) DCMA-INST 8210.1, "Contractor's Flight and Ground Operations," March 1, 2007

(br) FAR 52.227-9, "Refund of Royalties"

(bs) FAR 52.227-11, "Patent Rights – Ownership by the Contractor"

(bt) FAR 52.227-13, "Patent Rights – Ownership by the Government"

(bu) DFARS 252.227-7038, "Patent Rights – Ownership by the Contractor (Large Business)"

(bv) DFARS 252.227-7039, "Patents – Reporting of Subject Inventions"

(bw) DCMA-INST 115, "Patents and Royalties," December 31, 2009

(bx) DFARS PGI 204.7108, "Payment Instructions"

(by) MOCAS Bulletin #13-010, "MOCAS Changes for PGI Phase II," April 23, 2013

(bz) FAR 52.232-20, "Limitation of Cost"

(ca) FAR 52.232-22, "Limitation of Funds"
(cb) Defense Procurement and Acquisition Policy (DPAP) Memorandum, "Approving Payments under Cost-Reimbursement, Time and Materials, and Labor Hour Contracts," April 14, 2008
(cc) DFARS 217.7404, "Limitations"
(cd) FAR 16.5, "Indefinite Delivery Contracts"
(ce) DFARS 216.5, "Indefinite Delivery Contracts"
(cf) Trusted Agent Procedural Guide, September 30, 2012
(cg) DPAP Memorandum, "Contract Line Item Pricing Integrity," October 3, 2011
(ch) DPAP Memorandum, "Registration for Electronic Document Access," November 3, 2009
(ci) DCMA-INST 327, "Post Award Orientation Conference – Quality Assurance," April 26, 2013
(cj) FAR 42.5, "Post Award Orientation"

CHAPTER 1

POLICY

1.1. POLICY. It is DCMA policy that:

1.1.1. Contracts delegated to DCMA for contract administration shall receive an initial review to identify administrative support requirements and ensure data integrity within 30 days of the receipt date.

1.1.2. Functional specialists identify and apply the proper administration skills and techniques necessary to support contracts delegated for administration.

1.1.3. Contract Receipt and Review (CRR) shall be conducted consistent with DCMA-INST 402, "Workload Acceptance" (Reference (d)).

1.1.4. Classified contracts shall be handled, processed, and stored in accordance with program security requirements.

CHAPTER 2

ROLES AND RESPONSIBILITIES

2.1. ADMINISTRATIVE CONTRACTING OFFICER (ACO)/CONTRACT ADMINISTRATOR (CA). The ACO/CA shall:

2.1.1. Ensure contracts are correctly assigned and distributed to Contract Management Office (CMO) contract management team (CMT) members.

2.1.2. Review all administrative requirements in the contract. The ACO should pay special attention to the following:

- Financing clauses (e.g., advanced payments, progress payments, performance based payments, commercial item financing, economic price adjustments)
- Payment instructions that conflict with regulatory requirements
- Whether the contract is covered by Cost Accounting Standards (CAS)
- Billing and invoicing terms
- Undefinitized contract actions to be negotiated by the ACO
- Requirements for award fee, liquidated damages, specialty metals, consent to subcontract, electronic invoicing, first article, special contract clauses (identified in Section H of the contract)
- Requirements for contractors to report contract performance outside the U.S. (Defense Federal Acquisition Regulation Supplement (DFARS) 225.72, Reporting Contract Performance Outside the United States (Reference (e)))

2.1.3. Inform contractors and subcontractors of the security classifications and requirements assigned to various documents, materials, tasks, subcontracts, and components of classified contracts (Federal Acquisition Regulation (FAR) 4.403(c), Responsibilities of Contracting Officers (Reference (f))).

2.2. INDUSTRIAL SPECIALIST (IS). The IS shall:

2.2.1. Pay special attention to Defense Priorities and Allocations System (DPAS) rating, surveillance criticality designator, production surveillance code, first article, liquidated damages clause, payment clauses that will require IS action, allowable quantity variances, and negative pre-award survey overrides.

2.2.2. Refer to DCMA-INST 204, "Manufacturing and Production" (Reference (g)), for specific surveillance planning guidance.

2.3. QUALITY ASSURANCE REPRESENTATIVE (QAR). The QAR shall refer to DCMA-INST 325, "Contract Technical Review – Quality Assurance (QA)" (Reference (h)), for guidance on performing QA contract technical reviews (CTR). **NOTE**: QARs perform CTRs to identify the quality and technical features and requirements associated with the products or services being procured in order to develop a surveillance plan for performing Government

Contract Quality Assurance on DCMA administered contracts with Inspection or Inspection and Acceptance at Origin.

2.4. ENGINEER. The Engineer shall:

2.4.1. Pay special attention to specific contract technical requirements in the areas of design, development, and production. Other areas for review may include data-items, technical data rights clauses, first articles, material management and accounting system, system engineering, or integration requirements.

2.4.2. Refer to DCMA-INST 203, "Software Acquisition Management" (Reference (i)), for supplemental guidance when performing contract/letters of delegation review.

2.4.3. Refer to DCMA-INST 207, "Systems Engineering Surveillance" (Reference (j)), for guidance on contract receipt and systems engineering review.

2.5. EARNED VALUE MANAGEMENT SPECIALIST. The earned value management specialist shall:

2.5.1. Refer to DCMA-INST 208, "Earned Value Management System (EVMS) – Compliance Review" (Reference (k)), for guidance on the standard process for conducting initial and ongoing EVMS reviews to verify contractor EVMS compliance.

2.5.2. Refer to DCMA-INST 210, "Earned Value Management System – Standard Surveillance Instruction" (Reference (l)), for guidance on conducting EVMS surveillance.

2.6. PROPERTY ADMINISTRATOR (PA). The PA shall refer to DCMA-INST 124, "Contract Property Management" (Reference (m)) for guidance on reviewing contracts.

2.7. AIRCRAFT OPERATIONS REPRESENTATIVE. The Aircraft Operations representative shall review contracts to determine applicability of FAR 42.302(a)(56), Maintain surveillance of flight operations (Reference (n)), in order to plan aircraft operation responsibilities accordingly.

2.8. OTHER FUNCTIONAL SPECIALISTS. Other functional specialists shall provide functional support as needed during the administration of the contract. This support includes, but is not limited to:

- Pricing (forward pricing, final overhead, business systems, CAS, proposal pricing analysis, etc.)
- Small Business (subcontracting plan, mentor-protégé, small business subcontracting performance, etc.)
- Technical Operations (packaging, safety, and transportation)
- Plant Clearance

2.9. CMO DIRECT INPUT PERSONNEL. CMO direct input personnel shall manually input contractual documents in Mechanization of Contract Administration Services (MOCAS), to include the following:

- Non-MOCAS paid contracts and modifications delegated to DCMA for administration
- ACO-issued contractual documents (delivery orders and modifications) that fail to transmit electronically or that were issued outside the Modifications and Delivery Orders (MDO) e-Tool
- Support contracts

CHAPTER 3

PROCEDURES

3.1. RECEIVE, ASSIGN, AND FILE CONTRACTS FOR ADMINISTRATION.

   3.1.1. <u>Delegation of Contract Administration</u>.

      3.1.1.1. <u>Assignment of Contracts to CMOs</u>. When a new contract is awarded in DoD, procuring contracting officers (PCO) use the Federal Directory of Contract Administration Services Components to identify the proper CMO for contract administration (FAR 42.203, Contract Administration Services Directory (CASD) (Reference (o)).

      3.1.1.2. <u>Delegating Contract Administration Functions</u>. FAR 42.2, Contract Administration Services (Reference (p)), provides the authority to delegate contract administration functions. FAR 42.302, Contract Administration Functions (Reference (q)), provides the contract administration functions that may be delegated. In accordance with FAR 42.202(a)(2), Assignment of Contract Administration (Reference (r)), PCO delegations shall identify any functions withheld or any specific authorization to perform functions listed in FAR 42.302(b), Contract Administration Functions (Reference (s)). In accordance with DFARS 242.202(a)(i), Assignment of Contract Administration (Reference (t)), DoD activities shall not retain any contract for administration that requires performance of any contract administration function at or near contractor facilities, except those contracts listed. This DFARS requirement is the basis for assigning contracts geographically (CMO is located at or near the contractor's facility), although some exceptions exist, as noted in CASD (Reference (o)).

         3.1.1.2.1. <u>Normal Delegated Functions</u>. CMOs shall accept normal delegated functions in accordance with FAR 42.302(a), Contract Administration Functions (Reference (u)), and DFARS 242.302(a), Contract Administration Functions (Reference (v)). These contracts are considered to be assigned to CMOs for "Prime" contract administration.

         3.1.1.2.2. <u>Partial Delegated Functions</u>. FAR 42.202(e), Assignment of Contract Administration (Reference (w)), states that PCOs may request support contract administration. Support administration requests identify a specific contract administration function (e.g., property, payment, quality assurance). These contracts are considered to be assigned to CMOs for "Support" contract administration.

         3.1.1.2.3. <u>Additional Delegated Functions</u>. In accordance with FAR 42.202(c), Assignment of Contract Administration (Reference (x)), the PCO may delegate additional functions (FAR 42.302(b) (Reference (s)) and DFARS 242.302(b), Contract Administration Functions (Reference (y))).

         3.1.1.2.4. <u>Other Workload</u>.

            3.1.1.2.4.1. DCMA-INST 313, "International Agreements/International Memoranda of Understanding/Host Nation Contract Management Services" (Reference (z)),

provides policy for CMOs involved in the exchange of contract management functions between nations and under the provisions of international agreements, memorandums of understanding and/or North Atlantic Treaty Organization (NATO) standardization agreements.

3.1.1.2.4.2. DCMA-INST 307, "National Aeronautics and Space Administration (NASA) Support" (Reference (aa)), provides policy for CMOs supporting requests issued by NASA headquarters or its components.

3.1.1.2.4.3. DCMA-INST 709, "International and Federal Business Reimbursable and Non-Reimbursable Support" (Reference (ab)), provides policy for accurately accounting for non-DoD (International and Federal Business) CAS delegations.

3.1.1.2.4.4. <u>Non-Procurement Instruments</u>. Non-procurement instruments fall into three basic types: grants, cooperative agreements, and other transactions (OT). Grants and cooperative agreements differ from contracts which involve the acquisition of supplies or services for the direct benefit or use by the Government. Requirements for the uniform administration of non-procurement instruments are contained in DoDD 3210.6, "Defense Grant and Agreement Regulatory System" (Reference (ac)). DCMA-INST 137, "Grants, Agreements and Other Transactions" (Reference (ad)), provides further guidance on non-procurement instruments.

3.1.1.2.4.4.1. Grants and cooperative agreements may be awarded to commercial organizations, nonprofit entities, and educational institutions. Only administrative grants officers (AGO) and administrative agreements officers (AAO) are authorized to administer grants and cooperative agreements. A valid ACO warrant must be conferred upon the nominee or requested concurrently with the AGO/AAO appointment (see DCMA-INST 129, "Warrants and Other Official Appointments" (Reference (ae))). Upon receipt of a grant or cooperative agreement, the ACO must meet with the CMO CMT and determine the extent of surveillance to be performed. The ACO must advise nonprofit recipients of certain requirements concerning competition in procurement of audit services, and the treatment of rebates related to allowable charges against Government awards.

3.1.1.2.4.4.2. <u>Other Transactions (OT)</u>. Only AAOs are authorized to administer OTs (see DCMA-INST 129 (Reference (ae))). Two types of OTs that are likely to be assigned to DCMA for administration are for research or prototype. Other references that may be helpful when administering OTs include DCMA-INST 135, "Contract Closeout" (Reference (af)), and Defense Contract Audit Agency (DCAA) Contract Audit Manual, Chapter 14, "Other Contract Audit Assignments, Evaluations of OT Agreements" (Reference (ag)) (available on the CRR policy resource Web page).

3.1.1.2.5. <u>Other Disbursing Office (ODO) Contracts</u>. When a PCO delegates a contract to DCMA for contract administration but requires payment administration to be performed by other than Defense Finance and Accounting Service (DFAS) Columbus Department of Defense Activity Address Codes (DoDAAC) HQ0337, HQ0338, or HQ0339, the contract is considered to be an ODO contract.

3.1.1.2.5.1. <u>Defense Logistics Agency (DLA) ODO Contracts</u>. A DLA ODO contract is defined as a firm fixed price contract with no special financing clauses and a payment office designation of DFAS DoDAAC SL4701.

3.1.1.2.5.1.1. When a DLA ODO is received and is other than firm fixed price, or is firm fixed price and contains special financing clauses, the ACO must promptly issue a Contract Deficiency Report (CDR) requesting the PCO modify the contract to change the payment office to the appropriate DFAS Columbus DoDAAC (HQ0337, HQ0338, or HQ0339). See paragraph 3.2.5.2. for information on resolving CDRs.

3.1.1.2.5.1.2. CMOs shall perform all contract administration functions under FAR 42.302 (Reference (q)) for DLA ODOs except for payment administration and certain aspects of closeout relating to funds reconciliation (see DCMA INST-135 (Reference (af))). Any inquiries from contractors regarding status of payments on ODO contracts must be referred to the PCO.

3.1.1.2.5.2. <u>Other ODO Contracts</u>.

3.1.1.2.5.2.1. For contracts funded with DoD funds, buying activities shall designate the cognizant DFAS payment office as specified in the Federal Directory of Contract Administration Services Components as the contract payment office)Procedures Guidance and Information (PGI) 242.302, Contract Administration Functions (Reference (ah))). The ACO shall promptly issue a CDR requesting the PCO modify the contract to change the payment office to the appropriate DFAS Columbus DoDAAC (HQ0337, HQ0338, or HQ0339) if different payment DoDAAC is assigned in error. If the PCO will not change the payment office accordingly, the ACO shall accept the work and perform all contract administration functions under FAR 42.302 (Reference (q)).

3.1.1.2.5.2.2. For contracts funded with non-DoD funds, buying activities shall designate their department or agency payment office as the contract payment office (PGI 242.302 (Reference (ah))). Refer to DCMA-INST 709 (Reference (ab)) or DCMA-INST 313 (Reference (z)) for additional guidance.

3.1.1.2.5.3. In order to allow for workload count, CMOs must ensure unclassified ODO contracts/modifications are accurately input in MOCAS, including partial ODO contracts. The ACO must promptly coordinate with CMO direct input personnel when an ODO contract/modification is received and has not been input in MOCAS. CMO direct input personnel shall promptly and fully input ODO contracts/modifications in MOCAS. See MOCAS Bulletin #09-014, (Reference (ai)); MOCAS Bulletin #12-029 (Reference (aj)); DFAS Desktop Procedure 201 (Reference (ak)); DLA ODO Illustration (Reference (al)); ODO Input Screens (Reference (am)); and ODO Inquiry Screens (Reference (an)), all available on the CRR policy resource Web page.

3.1.1.2.5.3.1. Direct input Pprsonnel will input ODO contracts/modifications in MOCAS the same as any other contract/modification. The only exceptions are as follows:

- Administrative Data Record
  - Input "9" as the payment office
- Remarks Data Record
  - Input R9 Remark of "70" for DLA ODOs
  - Input R9 Remark of "54" for Other ODOs (non-DLA)
- Accounting Data Record
  - PAYG-OFC: Input the DoDAAC of the payment office (DLA should reflect SL4701)

3.1.1.2.5.3.2. When performing an inquiry on an ODO contract or modification, users will see the following data reflected in MOCAS:

- Provisions Data Record
  - OBLAMT-CONT field should always be ".00" unless it is a partial ODO
  - OBLAMT-OTH field should be the contract obligated amount
  - UNL-DV-CONT field should always be ".00" unless it is a partial ODO
  - PAYG-OFC field should be "9" and never contain a DoDAAC
- Remarks Data Record
  - DLA ODOs will reflect R9 Remark of "70" and Other ODOs (non-DLA) will reflect R9 Remark of "54"
- Accounting Data Record
  - PAYG-OFC field should be the DoDAAC of the pay office at accounting classification reference number (ACRN) level (DLA ODOs should reflect SL4701) (**NOTE**: The PAYG-OFC field against MOCAS paid contracts will always be blank)
  - ULO field should always be ".00"

3.1.1.2.6. <u>Contingency Contract Administration Services (CCAS)</u>. There is a responsibility for CRR to be performed by the contingency CMO when the contract is administered by a continental United States (CONUS) prime CMO and sub-delegated functions to the contingency CMO. The CONUS prime CMO and contingency CMO conduct CRR which includes reviewing modifications as this is part of the CRR process. The intent of this review is to make a determination as to the contingency CMO's ability to accept contract administration responsibility of each contract. Inappropriate contracts may be attempted to be delegated due to a lack of understanding of contracting procedures and/or the delegation process. During CRR, the contingency CMO shall scrutinize the requested FAR 42.2 (Reference (p)) delegable functions and cross-reference with the standard delegation matrix(ices) to ensure only applicable functions are delegated/accepted as pertaining to the specific contract/task order. This CRR conducted by the contingency CMO would serve as a check and balance. The contingency CMO shall complete the CRR within 4 days of receiving the contract delegation package.

3.1.1.2.6.1. <u>Contract Administration Delegation (CAD)</u>. The contract administration duties and the process for the PCO to delegate contract administration are covered under FAR 42.2 (Reference (p)), DCMA-INST 402 (Reference (d)), and DCMA-INST 139, "Theater Business Clearance (TBC)/Contract Administration Delegation" (Reference (ao)). Under no circumstances shall a CMO accept a delegation for work in-theater until after coordinating that delegation request with the in-theater CMO. There are two types of CAD requests a contingency CMO will encounter:

3.1.1.2.6.1.1. <u>Direct Delegation Requests from the PCO</u>. Direct delegation requests from the PCO would occur when the contract has been awarded to an in-theater company or the CAD request comes from a Central Command (e.g., U.S. Central Command)-Combined Joint Theater Support Contracting Command (C-JTSCC) PCO assigned to in-theater Regional Contracting Centers (RCC). If the RCC awarded the contract to a non-in-theater company, the DCMA Theater Contracts Director shall determine if the CASD (Reference (l)) shall be utilized to determine the CONUS prime CMO responsible or if the CAD request will remain with the contingency CMO. **NOTE:** Organizational names used here reflect current organizations. Future CCAS operations will likely have similar organizations with different names.

3.1.1.2.6.1.2. <u>Sub-delegation Requests from a CONUS Prime CMO</u>. Sub-delegation requests from a CONUS prime CMO is the standard process when the contract has been awarded to a non-in-theater company. The process for CAD is for the PCO to enter the contractor's information in the CASD (Reference (o)) which will indicate the cognizant DCMA CMO responsible for administering the contract. The PCO would initiate the CAD request and the DCMA CMO would conduct CRR following DCMA Instructions resulting in the acceptance or rejection of the CAD request. As part of the prime CMO's CRR, they should initiate the CAD sub-delegation process in accordance with DCMA-INST 139 (Reference (ao)) to the contingency CMO upon recognizing place of performance is in contingency operations. TBC is required prior to PCOs initiating CAD requests for contract performance in all contingency operations. C-JTSCC in theater RCCs and the Reach-Back Division of Rock Island Contracting Center are the exceptions to the TBC requirement.

3.1.1.2.6.2. For all CAD requests (direct and sub-delegation requests), the Theater Contracts Director is the single point of entry. The Theater Commander has signature authority for acceptance of each delegation request on behalf of the contingency CMO. (See DCMA-INST 1202, "Contingency Contract Administration Services" (Reference (ap)) for roles and responsibilities.) The contingency CMOs do not have authority to directly reject delegations; however, the Theater Contracts Director shall coordinate any proposed CAD rejections with the CONUS prime CMO and DCMAI. Only the Commander, DCMAI, or his/her designee, may reject a delegation in accordance with FAR 42.202(g), Refusing Delegation of Contract Administration (Reference (aq)). A recommendation for rejection of a delegation, supported by sufficient justification, will be forwarded to DCMAI for disposition. Any delegations rejected by DCMAI would require notification be provided to the Agency Director.

3.1.1.2.6.3. The Theater Contracts Director will determine which in theater Tertiary Command, if applicable, to assign the CAD/sub-delegation request to and initiate CRR. The Theater Contracts Director will forward the CAD request/package to the appropriate lead ACO. The Theater Technical Director and PA will disseminate the package to their appropriate lead QAR and lead PA. The Theater Contracts Director will be the signature authority for acceptance of each delegation request on behalf of the contingency CMO and issue the delegation acceptance letter to the CONUS prime CMO for a CAD/sub-delegation request, or to the PCO for a CAD request. The Tertiary Command personnel who conducted CRR shall be carbon copied on the acceptance letter as well, if applicable. This acceptance letter will identify what items in the contract need to be addressed prior to the procuring activity executing the delegation modification. The PCO will then delegate the contract through a contract modification. The specific functions will be identified in a stand-alone delegation matrix also included during CRR. The PCO shall incorporate the delegation matrix and acceptance letter into the body of the delegation modification.

3.1.1.2.6.4. Special Considerations.

3.1.1.2.6.4.1. Place(s) of Performance. During the CRR process, CCAS personnel should be aware of contracts where contractor performance is outside the confines of a Forward Operating Base, Combat Outpost, etc. These contracts have the potential to pose safety and security risks and/or extremely challenging travel requirements to QARs. As a result, delegation acceptance in these situations must be considered closely as in theater CMOs may put themselves in a position of having to depend solely on examinations performed by contracting officer representatives.

3.1.1.2.6.4.2. C-JTSCC Special Clauses. ACOs are required to familiarize themselves with the local C-JTSCC special clauses, which are required for RCC executed contracts in-theater, as well as all contracts awarded by any other PCO for performance in-theater operations under the TBC/CAD procedures. DCMA ACOs are reminded to always check with C-JSTCC for the most current list.

3.1.2. Contract Receipt. In accordance with FAR 4.201, Procedures (Reference (ar)), PCOs are required to distribute copies of contracts or modifications within 10 working days after execution by all parties.

3.1.2.1. Electronic Requirements. PGI 204.201(3)(i), Procedures (Reference (as)), requires the PCO to provide an electronic copy of the contract to the DoD Electronic Document Access (EDA) system. EDA serves as the DoD's primary tool for distributing and sharing contracts and contract data.

3.1.2.1.1. Receiving Contracts in Electronic Document Workflow (EDW). Most buying activity contract writing systems send electronic copies of new contracts/modifications to EDA. DCMA's EDW system retrieves the contract/modification from EDA and sends it to functional users' EDW worklists based on the CMO DoDAAC and specific contract number or Commercial and Government Entity (CAGE) mapping functional assignments in the CMT.

There are some instances where EDA indexing errors may impact the flow of contracts to the proper CMO. Users should note:

        3.1.2.1.1.1. Contracts may be received and viewed in EDW prior to receiving and viewing in MOCAS.

        3.1.2.1.1.2. ODO contracts will be received in EDW and the ACO shall coordinate with CMO direct input personnel to ensure they are fully processed in MOCAS. The majority of ODO contracts will automatically process to MOCAS; however. those that fail to process must be manually input in MOCAS by CMO direct input personnel (see paragraph 3.1.2.1.3.1.).

        3.1.2.1.1.3. DLA modifications (including ODO modifications) will not transmit electronically to MOCAS. The ACO must ensure direct input personnel input all DLA ODO modifications into MOCAS (see paragraph 3.1.2.1.3.1.). DFAS contract input personnel will input all MOCAS paid contracts and modifications (see paragraph 3.1.2.2.1.).

        3.1.2.1.2. <u>EDA Indexing Issues</u>. ACOs should note that an index is created when a base contract is received in EDA. As orders and modifications are issued against the base contract, EDA will use information from the base contract index to auto-populate the index fields. ACOs shall correct problems with EDA indexing as follows:

        3.1.2.1.2.1. When the EDA index and contract have incorrect administrative office DoDAAC: ACOs must immediately report the contract deficiency in accordance with paragraph 3.2.5.2. of this Instruction.

        3.1.2.1.2.2. When the EDA index is incorrect but contract is assigned to correct administrative office DoDAAC: ACOs must immediately open an EDA help desk ticket requesting index correction. Instructions for opening an EDA help desk ticket are found on the EDA Web site, under the menu "Contact Us" (Reference (at)).

        3.1.2.1.3. <u>Receiving Contracts in MOCAS</u>. MOCAS contract data is received primarily via Electronic Data Interchange (EDI) which is used to establish a contract record. DCMA's CRR e-Tool is populated when a new contract is received in MOCAS.

        3.1.2.1.3.1. New contracts/modifications may sometimes fail to enter and process in MOCAS, even though the documents may have posted to EDA and are visible in EDW. MOCAS Contract Document Backlog List (Reveal Report UNMC700E) captures these documents and the ACO must review this report to ensure all ODO contracts have been entered into MOCAS. **NOTE:** DLA ODO modifications are not captured in Reveal Report UNMC700E, so it is imperative that ACOs monitor EDA/EDW to ensure they are input into MOCAS. DFAS contract input personnel will input all MOCAS paid contracts and modifications (see paragraph 3.1.2.2.1.).

        3.1.2.1.3.2. With the deployment of the Foreign Currency Module in MOCAS (in Spring 2011), contracts and modifications issued to foreign contractors received via EDI are not

automatically processed in MOCAS. Direct input personnel (DFAS and DCMA) shall process rejected EDI transactions using a MOCAS tool called Fallback. Fallback only retains the rejected EDI image for 60 days, so if it is not processed in that period the document must be manually input in order to establish the MOCAS record.

　　　3.1.2.1.4. Receiving Contracts in the System for Integrated Contract Management (SICM). SICM provides DCMAI with electronic contract administration information for contracts not paid in U.S. currency. Functional specialists must enter contracts manually into the SICM database. For additional information, see the SICM User's Manual (Reference (au)) available on the CRR policy resource Web page. **NOTE:** Some CMOs in DCMAI are still migrating from using SICM to the Foreign Currency Module in MOCAS.

　　　3.1.2.2. Hard Copy Contracts. Some contracts fail to successfully transmit electronic transactions to EDA and MOCAS and are received by the CMO in hard copy. Other contracts are issued as a support delegation or may not be paid using the MOCAS system (e.g., DLA ODO modifications). If unclassified, these documents shall be manually input into MOCAS or SICM. Manual input must be conducted as follows:

　　　3.1.2.2.1. DFAS contract input personnel will input all MOCAS paid contracts and modifications issued by buying activities that fail to transmit electronically, fail to process and post to MOCAS, or that were issued in hard copy.

　　　3.1.2.2.2. CMO direct input personnel must input all non-MOCAS-paid contracts and modifications administered by DCMA (e.g., DLA ODO Modifications) and MOCAS-paid/ACO-issued documents (e.g., delivery orders and modifications that fail to transmit electronically or that were issued outside the MDO e-Tool) into the appropriate database (MOCAS or SICM). (See DFAS Desktop Procedure 201 (Reference (ak)) (available on the CRR policy resource Web page) and paragraph 3.1.1.2.5.3. for general steps for the input of these contract documents.)

　　　3.1.2.2.3. The functional specialist assigned to a support contract will input the contract in the appropriate database (e.g., MOCAS, SICM or other automated tool). However, when multiple functions are delegated and cross various functional disciplines, the ACO will input the support contract in the appropriate database.

　　　3.1.2.2.4. Classified contracts shall not be input into any unclassified system (e.g., EDA, EDW, MOCAS). Classified contract documents will be maintained in accordance with DCMAS and program requirements.

　3.1.3. Assignment and Distribution of Contracts.

　　　3.1.3.1. Initial Incorrect Assignment. There are times when PCOs improperly delegate contract administration to a CMO. Additionally, there are times when work is delegated that is considered to be non-core or from a non-mission customer.

　　　3.1.3.1.1. If a contract has been delegated to an incorrect CMO, the ACO must promptly identify the incorrect CMO assignment and issue an administrative modification

changing the contract administration office to the proper CMO assignment, in accordance with CASD (Reference (o)). The correct CMO assignment should be verified with the PCO before completing the modification.

3.1.3.1.2. If a contract has been erroneously delegated to a CMO (should not have been assigned to DCMA), the ACO must promptly notify the PCO in writing (e.g., via CDR) requesting modification to the proper contract administration office.

3.1.3.1.3. If the work is non-core or from a non-mission customer, the ACO must promptly follow DCMA-INST 402 (Reference (d)) for proper workload acceptance procedures.

3.1.3.2. <u>Reassignment of a Contractor to a Different CMO</u>. Contracts may need to be reassigned to a different CMO because of a change of contractor address. The ACO must promptly identify the new CMO assignment and issue an administrative modification transferring the contracts. (See DCMA-INST 103, "Contract Modifications" (Reference (av)) for processing mass modifications and the EDW resource Web site (Reference (aw)) (available on the CRR policy resource Web page) for transferring official administrative office files.) It is critical that ACOs initiate discussions with gaining ACOs to ensure a smooth workload transition.

3.1.3.3. <u>Distribution of Contracts</u>. Unclassified contract documents (contracts and modifications) are distributed to functional specialists in EDW based on CMT assignment in accordance with the routing criteria identified in EDW 5.0.1 Release Notes (Reference (ax)) (available on the EDW resource Web page). Classified contract documents are sent via secure channels (e.g., secure facsimile).

3.1.3.3.1. <u>Contract Management Team (CMT)</u>. The CMO functional specialists assigned to the contract are known as the CMT.

3.1.3.3.1.1. The CMT consists of a group of experts, whose advice and counsel contribute to the accomplishment of overall contract administration. Current and accurate CMT mappings are necessary to ensure effective and timely contract administration. Input and updates are performed by a CMT administrator.

3.1.3.3.1.2. Functional specialists must keep the ACO informed of any actual or potential contractual non-compliances that arise during the administration of the contract.

3.1.4. <u>Contract Administration Office Contract File</u>.

3.1.4.1. In accordance with FAR 4.802, Contract Files (Reference (ay)), a contract file generally consists of the contracting office contract file (awarding activity file), the contract administration office contract file, and the paying office contract file. The contract administration office contract file contains documented actions reflecting the basis for and the performance of contract administration responsibilities; therefore, the file includes all records from all functional areas (e.g., pricing, property, terminations, quality, engineering). For contracts delegated to DCMA for administration, the CMO shall maintain the contract

administration office file in accordance with FAR 4.8, Government Contract Files (Reference (az)) and the EDW resource Web site (Reference (aw)) (available on the CRR policy resource Web page).

       3.1.4.2. <u>Electronic File Requirements</u>. CMOs may retain the contract administration office contract files in an electronic format, in accordance with FAR 4.802 (Reference (ay)). The EDW system is the Agency's official electronic contract administration contract file system. Records maintained in DCMA approved or DoD applications (e.g., any DCMA e-Tool, Wide Area Work Flow (WAWF)) should not be uploaded into EDW.

       3.1.4.2.1. Examples of the types of records maintained in the contract administration office contract file are found at FAR 4.803(b), Contents of Contract Files (Reference (ba)). CMOs shall place documents that would normally be filed in a "hard copy" contract administration file in the EDW system contract administration file, with the exception of those documents filed in DCMA approved or DoD applications.

       3.1.4.2.2. <u>Exceptions to Maintaining Electronic Files</u>. Legacy documents or those too voluminous to be scanned into EDW may be kept in paper form. CMOs must reference "hard copy" paper document location in the EDW contract administration file. No classified documents shall be maintained or entered into EDW.

       3.1.4.3. <u>Establishing Electronic Files</u>.

       3.1.4.3.1. <u>Contractor-Level (CAGE-Level) Files</u>. Certain contract administration functions are performed at the "Contractor" or "CAGE" level. CMOs should establish "Contractor" or "CAGE" level files, as necessary, to include documents such as: purchasing system information; CAS disclosure statement(s); drug-free workplace program; EVMS, quality assurance system; etc. CAGE-level files should be entered into EDW non-contract files and not inserted with the "Contract Files" (non-contract meaning not identified with a particular contract but identified with the contractor).

       3.1.4.3.2. <u>Contract Files</u>. Documents related to a contract include the basic contract or delivery order, modifications, post award conference records, correspondence related to the contract, negotiation records, etc. CMOs shall ensure a contract file is established and maintained for each contract delegated for prime administration, support administration, or other workload (e.g., non-DoD contracts, special programs).

3.2. PERFORM INITIAL CONTRACT REVIEW (CR).

   3.2.1. Initial CR is performed to understand contractual requirements, identify functional support required to manage the contract, ensure appropriate functional specialists are aware of complex or special contract requirements, identify contractual deficiencies, ensure data integrity, and to initiate a post award orientation, as necessary. Functional specialists must perform initial CR for new contracts delegated to DCMA for administration, except those contracts expected to require few or no controls and that will be administered by the CMO on a management-by-exception basis. The CRR e-Tool is the DCMA tool used for identifying new contracts

received/posted in MOCAS, prioritizing CR, and generating post award orientation documentation. DCMAS, however, will use a manual CRR spreadsheet to perform CR. Functional specialists shall perform initial CR within 30 days. **NOTE:** Modifications will not appear in the CRR e-Tool. The EDW in-basket must be used to identify and review modifications.

3.2.2. Review of Administrative Contract Data. Initial CR starts with a review of administrative contract data. In order to identify new contracts received, the ACO/CA shall promptly review the EDW in-basket and the CRR e-Tool. This review will determine:

- Assignment to the proper CMO
- Assignment of proper payment office
- Proper delegation received in accordance with FAR 42.202, Assignment of Contract Administration (Reference (bb)), and DFARS 242.202, Assignment of Contract Administration (Reference (bc))
- Receipt of all attachments and exhibits identified in the contract
- Other contract workload status (e.g., ODOs; coordinate with CMO direct input personnel for MOCAS input, as necessary)
- Requirements for additional functional support
- Proper input in SICM, as necessary

3.2.2.1. Identification of Contractor Business System (CBS) Requirements in Contracts.

3.2.2.1.1. During initial CR, the ACO/CA shall review all contracts for the existence of CBS requirements, such as:

- DFARS 252.242-7005, Contractor Business Systems (Reference (bd))
- DFARS 252.242-7006, Accounting System Administration (Reference (be))
- DFARS 252.234-7002, Earned Value Management System (Reference (bf))
- DFARS 252.215-7002, Cost Estimating System Requirements (Reference (bg))
- DFARS 252.242-7004, Material Management and Accounting System (Reference (bh))
- DFARS 252.245-7003, Contractor Property Management System Administration (Reference (bi))
- DFARS 252.244-7001, Contractor Purchasing System Administration (Reference (bj))

3.2.2.1.2. For contracts issued after May 18, 2011, and containing DFARS 252.242-7005 (Reference (bd)), the ACO/CA will manually input code 30 into the R9 remarks in MOCAS. (See DCMA Memorandum #12-052, Guidance for Generating MOCAS R9 - Codes for Contracts with Business Systems Clause (Reference (bk)), available on the CRR policy resource Web page).

3.2.2.1.3. If the new contract is CAS-covered (full or modified), and contains one of the system-specific clauses but does not contain the overarching CBS clause (DFARS 252.242-

7005) (Reference (bd)), the ACO must bring this to PCO's attention (using a CDR) and request the contract be modified to include the clause as required by DFARS 242.7001, Contract Clause (Reference (bl)). After the PCO modifies the contract to include the clause, the ACO/CA must input the appropriate R9 remarks code into MOCAS (see paragraph 3.2.2.1.2.).

3.2.2.2. Identification of Combating Trafficking in Persons (CTIP) Clause in Contracts.

3.2.2.2.1. During initial CR, the ACO/CA shall review all contracts for the existence of FAR 52.222-50, Combating Trafficking in Persons (Reference (bm)), with its Alternate I (if appropriate).

3.2.2.2.2. If the contract does not contain the CTIP clause, with its Alternate I (if appropriate), the ACO/CA must bring this to the PCO's attention (using a CDR) and request the contract be modified to include the clause as required by FAR 22.17, Combating Trafficking in Persons (Reference (bn)), and DFARS 222.17, Combating Trafficking in Persons (Reference (bo)).

3.2.2.3. Identification of Ground and Flight Risk Clause (GFRC) in Contracts.

3.2.2.3.1. During initial CR, the ACO/CA shall review all contracts for the existence of DFARS 252.228-7001, Ground and Flight Risk (Reference (bp)), or DCMA-INST 8210.1, "Contractor's Flight and Ground Operations" (Reference (bq)).

3.2.2.3.2. The ACO/CA must notify the appropriate division director of Aircraft Operations (DCMAO-AO, DCMAS-MHD, or DCMAI-AO) if GFRC requirements are specified in the contract.

3.2.2.4. Identification of Patents and Royalty Clauses in Contracts.

3.2.2.4.1. During initial CR, the ACO/CA shall review all contracts for any patents or royalty clauses, such as:

- FAR 52.227-9, Refund of Royalties (Reference (br))
- FAR 52.227-11, Patent Rights – Ownership by the Contractor (Reference (bs))
- FAR 52.227-13, Patent Rights – Ownership by the Government (Reference (bt))
- DFARS 252.227-7038, Patent Rights – Ownership by the Contractor (Large Business) (Reference (bu))
- DFARS 252.227-7039, Patents – Reporting of Subject Inventions (Reference (bv))

3.2.2.4.2. See DCMA-INST 115, "Patents and Royalties" (Reference (bw)) for guidance and procedures to follow if patents and royalty clauses are in identified in the contract.

3.2.2.5. Identification of PGI Payment Instructions

3.2.2.5.1. MOCAS has deployed an enhancement called PGI Phase II. This program change, initiated by DFAS, allows MOCAS to capture any of the 12 DFARS PGI 204.7108, Payment Instructions (Reference (bx)) special payment instructions with the goal of increasing the automatic payment indicator rate. This will reduce the amount of manual review and payments that are currently occurring in MOCAS. All MOCAS users are affected as there are new screens and data elements users should be familiar with.

3.2.2.5.2. MOCAS Bulletin #13-010 (Reference (by)), which is available on the CRR policy resource Web page, provides further detail on PGI Phase II. There is a presentation that explains the changes being made and a set of MOCAS screen illustrations that show all of the new screen changes and new fields. All MOCAS users are strongly encouraged to review these documents to familiarize themselves with the changes. The bulletin also provides points of contact for questions.

3.2.2.5.3. PGI 204.7108 (Reference (bx)) applies to contracts and any separately priced orders that:

3.2.2.5.3.1. Include contract line items that are funded by multiple accounting classification citations for which a contract line item or items are not broken out into separately identifiable subline items (informational subline items are not separately identifiable subline items).

3.2.2.5.3.2. Contain cost-reimbursement or time-and-materials/labor-hour line items.

3.2.2.5.3.2.3. Authorize financing payments.

3.2.2.5.4. During CRR, ACOs/CAs must review contracts/modifications for PGI payment instructions and ensure they are coded and set up properly in MOCAS. MOCAS must be used to conduct the review because the new fields added by PGI Phase II are not yet in Shared Data Warehouse or in any e-Tool applications. ACOs/CAs must submit a DCMA Form 1797, Request for MOCAS Action/Information (located on the CRR policy resource Web page), to the trusted agent (TA) or DFAS to correct MOCAS errors (see paragraph 3.2.5.3.2.2. for documentation requirements). If the correction to the PGI payment instruction is for a contract when payments have already been made, the DCMA Form 1797 must go to DFAS. **NOTE:** PGI payment instructions cannot be entered on ODO contracts since MOCAS does not pay them.

3.2.2.5.4.1. The 12 payment instructions listed at PGI 204.7108 (Reference (bx)) and applicable MOCAS pay instruction codes are below. **NOTE:** No entry in the MOCAS payment instruction code field (PAYMT-INST-CD) shall be made without contractual documentation to support it.

- 252.204-0001, Line Item Specific: Single Funding (Code: 001)
- 252.204-0002, Line Item Specific: Sequential ACRN Order (Code: 002)
- 252.204-0003, Line Item Specific: Contracting Officer Specified ACRN Order (Code 003)

- 252.204-0004, Line Item Specific: by Fiscal Year (Code 004)
- 252.204-0005, Line Item Specific: by Cancellation Date (Code 005)
- 252.204-0006, Line Item Specific: Proration (Code 006)
- 252.204-0007, Contract-wide: Sequential ACRN Order (Code 007)
- 252.204-0008, Contract-wide: Contracting Officer Specified ACRN Order (Code 008)
- 252.204-0009, Contract-wide: by Fiscal Year (Code 009)
- 252.204-0010, Contract-wide: by Cancellation Date (Code 010)
- 252.204-0011, Contract-wide: Proration (Code 011)
- Other (Code 012)

3.2.3. Identifying Appropriate Functional Support/Assignment. Functional specialists should consider the type of contract, dollar value, item being procured (supply or service), and contract clauses when identifying the appropriate level of effort required to administer the contract. For example, low dollar, firm fixed price contracts that do not include special provisions or clauses related to payment or other contract administration areas are generally managed by exception (MOCAS Part B contracts).

3.2.3.1. Functional specialists receive new contracts in accordance with the CMO's DoDAAC and EDW mapping functional assignments in the CMT (see paragraph 3.1.3.3. of this Instruction), and independently determine their level of involvement in the administration of the contract. Functional specialists assigned to the contract shall promptly review their EDW in-basket and the CRR e-Tool, as necessary, to identify new contracts and submit a post award orientation recommendation to the ACO. This review will enable the functional specialist to gain an understanding of contractual requirements (e.g., performance, quality, delivery, and technical requirements) as well as to identify any data integrity issues.

3.2.3.2. The ACO must promptly review new contracts received that require functional support from specialists who are not part of the normal EDW workflow, immediately identify appropriate functional support required, and notify functional specialists as necessary (including initiating an update to the CMT e-Tool, as necessary). **NOTE:** Adding functional specialists to the CMT will not ensure document routing in EDW to the functional specialist work list as not all functions are included in the EDW workflow (see EDW 5.0.1 Release Notes (Reference (ax)) available on the EDW resource Web page).

3.2.3.3. The CRR e-Tool is the DCMA tool used to perform an initial review of new contracts, unless the contract is not required to be input in MOCAS (e.g., contracts paid in foreign currency for CMOs still using SICM, contracts in the Electronic Contract Administration Request System (ECARS), or classified contracts). The CRR e-Tool provides a prioritized (based on select MOCAS criteria) list of new contracts received and allows users to review contract data as posted in MOCAS (e.g., special provisions, contract clauses, contract line item number (CLIN)/schedule data, funding information). Users do not need access to MOCAS in order to view new contracts in the CRR e-Tool.

3.2.3.4. For new contracts that are not required to be input in MOCAS, functional specialists must review the contract and any available abstracts to gain an understanding of

requirements and to submit a post award orientation recommendation to the ACO (see paragraph 3.3. of this Instruction).

3.2.3.5. There may be instances when a buying activity retains administration but wants to use MOCAS as the payment system. These are known as "Payment Only" contracts and cite DFAS Columbus as the payment office. Payment Only contracts are automatically placed in MOCAS - Part C, have an assignment code "G", functional limitation code "3", and ACO/IS Code "PAY".

3.2.4. <u>Considerations for Certain Types of Contracts</u>. The type of contract involved will impact the scope and complexity of CMT participation. The following are special considerations that the CMO should address during the initial review and administration planning process. The information is grouped by fixed price type contracts, cost type contracts, and "other" types.

3.2.4.1. <u>Fixed Price Type Contracts</u>.

3.2.4.1.1. <u>First Fixed Price</u>. Firm Fixed Price contracts are used when a fair and reasonable price can be established at the outset. The Government pays the negotiated amount regardless of the contractor's actual cost. This contract type is preferred to all others because it encourages the contractor to contain costs. Pay special attention to financing clauses (progress payments, performance based payments, commercial item financing, and advance payments), if applicable.

3.2.4.1.2. <u>Fixed Price Incentive</u>. Fixed Price Incentive contracts are used when the parties can negotiate a target cost, target profit, and a ceiling price that provides for the contractor to assume an appropriate share of the risk. Pay special attention to the incentive arrangement/formula, any funds status reports such as the Contract Performance Report, the progress payment clause, and the Quarterly Limitation on Payments Statements (QLOPS).

3.2.4.1.3. <u>Fixed Price with Economic Price Adjustment (EPA)</u>. Fixed Price with Economic Price Adjustment (EPA) contracts are used to protect the contractor and the Government against significant economic fluctuations in labor or material costs during the period of contract performance. EPAs are based on established catalog or market prices, actual costs, or cost indices of labor or material. At the end of contract performance, the contractor submits an EPA proposal which the ACO evaluates to arrive at a reasonable negotiation position. The contractor is required to certify that all price decreases have been applied and the ACO must verify the contractor's certification as well as the application of all required price decreases.

3.2.4.1.4. <u>Fixed Price Redetermination</u>. Fixed Price Redetermination contracts are either prospective or retroactive. The prospective type is used when it is possible to negotiate a fair and reasonable price for an initial period but not for subsequent periods. The initial portion of the contract is firm fixed price and will be the longest period possible. The price for subsequent periods is determined through negotiation after completing the initial period of the contract and will be for at least 12 months. The retroactive type is used when it is not possible to negotiate a fair and reasonable price for the entire contract period. A ceiling price is established

and final price is determined through negotiation after completion of the contract. Pay special attention to the financing clauses and the QLOPS.

       3.2.4.1.5. <u>Fixed Price Level-of-Effort</u>. Fixed Price Level-of-Effort contracts are used to purchase a specified level of effort over a stated period of time. This type of contract is not considered a predominant contract type. Pay special attention to contractor level of effort through analyses of status reports and audit of the contractor's billings, especially the final billing. **NOTE:** Cost vouchers are not used for billing and the ACO must work closely with the PCO to review hour expenditures.

     3.2.4.2. <u>Cost Type Contracts</u>.

       3.2.4.2.1. <u>Cost Plus Fixed Fee</u>. Cost Plus Fixed Fee contracts are used when there are enough uncertainties involved in contract performance to preclude using a fixed price contract. Pay special attention to the Limitation of Cost/Funds clauses (refer to FAR 52.232-20, Limitation of Cost (Reference (bz)) and FAR 52.232-22, Limitation of Funds (Reference (ca))) as well as the contractor's funds status reports that are identified in the contract. Even though the DCAA signs the contractor's requests for payment, the ACO can at any time during contract performance request an audit of the contractor's vouchers. The ACO must monitor the contractor's expenditures. The contractor's invoices may be submitted not more than twice monthly.

       3.2.4.2.2. <u>Cost Plus Incentive Fee and Re-determinable</u>. Cost Plus Incentive Fee and Re-determinable contracts are used to encourage contractors' cost savings and/or other performance improvements by providing greater profits. Pay special attention to the incentive provisions, funds status reports, and limitation of cost/funds provisions. A Post Award Orientation Conference (PAOC) is helpful if the contractor is new to the incentive provisions.

       3.2.4.2.3. <u>Cost Plus Award Fee</u>. Cost Plus Award Fee contracts are used to provide additional incentive to contractors to achieve excellence in areas such as quality, timeliness, technical ingenuity, and cost effective management. Pay special attention to the Award Fee criteria and the rating plan. The contract will provide for interim rating periods during contract performance. The team may add value to the Award Fee Evaluation by providing timely input to the program manager on observations with regard to the stated criteria.

       3.2.4.2.4. <u>Cost Sharing</u>. Cost Sharing contracts are used when the Government pays only a portion of the allowable costs and no fee. This kind of contract is used for research and development work from which the contractor will derive a substantial commercial benefit.

       3.2.4.2.5. <u>Time and Material (T&M) and Labor Hour (LH)</u>. T&M and LH contracts are used when it is not possible to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of confidence. Contractor billings must be submitted using public vouchers, interim billings are approved by DCAA, and the final payment is approved by the ACO (see Defense Procurement and Acquisition Policy (DPAP) Memorandum "Approving Payments under Cost-Reimbursement, Time and Materials, and Labor Hour Contracts" (Reference (cb)) located on the CRR policy resource Web page]. T&M and LH

contracts provide no incentive to the contractor for controlling cost; therefore, the CMT must perform a sufficient level of surveillance to assure the contractor is performing efficiently and using effective cost control measures. Immediately after receipt of the contract, the ACO must convene a government meeting with appropriate functional elements to establish a surveillance plan. This plan should consider:

       3.2.4.2.5.1. A determination of the approval of the contractor's accounting system to accurately identify and record costs incurred under the contract and to provide a basis for auditing.

       3.2.4.2.5.2. Surveillance of the contractor to ensure that the direct labor and direct materials being charged to the contract are allowable, allocable, and reasonable. The plan must provide for periodic floor checks by the IS and/or engineer, assisted by the QAR. These floor checks are to ascertain the necessity for and the quantities and types of direct material and direct labor actually being used. Floor checks are the primary means by which the Government detects whether or not it is being appropriately charged. **NOTE:** DCAA does not routinely perform floor checks on individual contracts.

       3.2.4.2.5.3. Periodic audits of the contractor's billings under the contract. These audits must be coordinated with the timing of the floor check.

   3.2.4.3. Other Types of Contracts.

       3.2.4.3.1. Letter contracts are used when the Government's interests demand that the contractor be given a binding commitment so that work can start immediately, and negotiating a definitive contract is not possible in sufficient time to meet the requirement. Pay special attention to the contractor's compliance with the definitization schedule and inform the PCO of any anticipated delays. Monitor the contractor's expenditures and percentage of completion and assure that the limitations established by the PCO are not exceeded. Team with the PCO and offer our services to obtain, review, and evaluate the contractor's proposal to negotiate the final contract. See DFARS 217.7404, Limitations (Reference (cc)), for special considerations when making payments under undefinitized contract actions.

       3.2.4.3.2. Basic Ordering Agreement (BOA). A BOA is not a contract; it is a vehicle that provides for the issuance of individual orders. The order is the actual contractual document. BOAs contain pricing methods, terms and conditions, and a description of the supplies or services to be provided. The terms and conditions apply to future orders that are expected to be issued under the BOA. Pay special attention to the organizations authorized to issue orders, conditions under which orders may be issued by the ACO, funding limitations, ordering authority expiration date, definitization schedule, and when the contractor may start performance on the order.

       3.2.4.3.3. Indefinite Delivery Contract (IDC). An IDC is a contract used to acquire supplies and/or services when the exact times and/or quantities of future deliveries are unknown at the time of contract award. The orders issued under the basic contract are not considered to be individual contracts nor subject to segregation from the IDC. The orders must be issued within

the scope of the basic contract, issued within the period of performance, and be within the maximum value of the basic contract. See FAR 16.5, Indefinite Delivery Contracts (Reference (cd)) and DFARS 216.5, Indefinite Delivery Contracts (Reference (ce)).

    3.2.5. <u>Contract Deficiencies</u>.

        3.2.5.1. <u>Identify Deficiencies</u>. During the contract review process, functional specialists may find inconsistencies in contract clauses, outdated clauses, or administrative deficiencies (e.g., missing ACRNs, incorrect DoDAACs). These deficiencies may cause delays in production, shipment, and delivery and may result in payment delays, erroneous payments, and ultimately contract closeout problems. Most administrative contract deficiencies may be corrected by administrative modification. Other contract deficiencies require coordination with the PCO prior to correction. Contract administration systems, MOCAS, and SICM, shall reflect the terms and conditions of the contract, as modified. Functional specialists, CMO TA, or DFAS Columbus make MOCAS or SICM database changes/corrections (see paragraph 3.2.5.3.2.2. and TA Procedural Guide (Reference (cf)), located on the CRR policy resource Web page).

            3.2.5.1.1. <u>Contract Line Item Pricing Deficiencies</u>. If during CRR a contract has "dollars," "lump sum," or the absence of any unit of measure in the line item descriptions, the buying activity must be contacted (using a CDR) for a clearly defined quantity and unit of measure of the product or service to be delivered (see DPAP Memorandum "Contract Line Item Pricing Integrity" (Reference (cg)), available on the CRR policy resource Web page).

            3.2.5.1.2. <u>Federal Procurement Data System (FPDS)</u>. The FPDS provides a comprehensive Web-based tool for agencies to report contract actions. The contracting officer who awarded the contract action must provide a complete and accurate individual Contract Action Report (CAR). The ACO must check FPDS during CRR to ensure a CAR was created. If a CAR was not created in FPDS, the ACO must contact the buying activity (using a CDR) to report the deficiency and correct the error. If the buying activity does not respond to the CDR in a timely manner, the ACO must elevate the issue to the customer liaison representative assigned at the buying activity. A link to FPDS and the customer liaison representative listing is available on the CRR policy resource Web page.

        3.2.5.2. <u>Resolve Deficiencies</u>. Functional specialists shall use the EDA-CDR tool to promptly report, track, and resolve identified contract deficiencies. The EDA-CDR tool is DCMA's mandatory method for submission of all contract deficiencies. The EDA-CDR tool can track history on a CDR and has an automated email feature that sends reminders to the person last assigned to the CDR that the corrective action has not been completed. DPAP Memorandum "Registration for Electronic Document Access" (Reference (ch)) (located on the CRR policy resource Web page), directed all contracting officers to create accounts in the EDA system. Furthermore, each functional specialist (anyone who reviews contracts) must report all contract deficiencies via the CDR tool in EDA. **NOTE:** The contract does not have to be entered into the MOCAS system in order to initiate a CDR. However, the initiator must have access to the EDA-CDR tool. New users may self-register. Registration information is available at the EDA Web site (Reference (at)). For classified contracts not in EDA, CDR is completed through direct communication with the PCO.

3.2.5.2.1. Initiating CDRs. The CDR "initiator" is the functional specialist who creates the CDR. This may be the ACO, CA, QAR, IS, PA, etc., as long as they have access to the EDA-CDR tool. Initiators must assign a CDR to the appropriate person responsible for resolving the contract deficiency.

3.2.5.2.2. Reviewing CDRs. The CDR "reviewing official" is the person that must validate and approve the CDR. The ACO is the reviewing official for all DCMA-initiated CDRs. Functional specialists (initiators) will send all CDRs to the assigned ACO for validation/ approval. The ACO (reviewing official) must promptly validate and approve or reject the CDR. ACOs (reviewing officials) will not close CDRs that were initiated by DFAS. If an ACO is not listed as a "reviewing official" in the EDA-CDR tool, the ACO should open a DCMA Helpdesk Ticket requesting the "reviewing official" role be added to their EDA profile.

3.2.5.2.3. Assigned CDRs. Functional specialists must promptly respond to all PCO-initiated and DFAS-initiated CDRs. Assignees may return the CDR to the initiator, reassign the CDR to another assignee, or accept the CDR for action. Functional specialists must promptly resolve all accepted CDRs.

3.2.5.3. Ensure System Data Integrity. Functional specialists shall perform a data integrity review to promptly identify and correct system errors within 30 days of contract/ modification receipt. Data integrity review must include, at a minimum, validation of all unit quantities, unit of issue, final delivery date, contract type, and dollar amounts (unit and extended values); as well as, correct payment and administration office data, and accurate identification of the contractor. MOCAS and SICM data may be changed by two methods, either by contract modification (see DCMA-INST 103 (Reference (av))) which changes the original terms and conditions of the contract or by requesting a database change/correction. ACOs/CAs shall not issue contract modifications to correct erroneous system data.

3.2.5.3.1. See paragraph 3.4., Document Initial Contract Review, of this Instruction for conditions that mandate documentation of CRR.

3.2.5.3.2. MOCAS. Functional specialists shall perform a two-way match (data integrity review/reconciliation) in MOCAS to the source document for data integrity within 30 days of receipt of the incoming contract or modification. EDA will be the repository of the source documents unless they are not present and are only available in EDW (e.g., buying activity provides hard copy of the contract and DCMA manually scans into the official contract file since no document exists in EDA).

3.2.5.3.2.1. MOCAS data shall reflect the terms and conditions of the contract. The most common errors associated with data integrity are related to line item and schedule records. During a data integrity review, the functional specialist must ensure that supply line items have associated schedule records with a defined delivery date and service line items contain a defined service completion date. Functional specialists should also ensure the deliverable line item has been properly input with the correct type of line item records (e.g.,

supply or service). Detailed reviews of this nature will preclude unnecessary recycling of receiving reports.

3.2.5.3.2.2. MOCAS errors may be corrected by the individual functional specialist, the CMO TA, or by DFAS Columbus. For additional guidance, see the TA Procedural Guide (Reference (cf)). Functional specialists shall complete DCMA Form 1797, Request for MOCAS Action/Information (located on the CRR policy resource Web page) when discrepancies are identified that only a TA or DFAS can correct.

3.2.5.3.2.2.1. Each CMO shall maintain a register (must use template available on the CRR policy resource Web page) of all DCMA Forms 1797 that contain entries in Section III, Contract Data Input, for other than ODO contracts. The date the DCMA Form 1797 was issued and the date the requested disposition was completed and verified must be recorded in the register. Entries in the register shall be maintained for a minimum of 2 years from the date of disposition of the request and will be subject to review by an independent financial auditor.

3.2.5.3.2.2.2. DCMA Forms 1797 with entries in Section III that are directed to DCMA personnel (e.g., TA) must be completed or rejected within 7 calendar days.

3.2.5.3.2.2.3. DCMA Forms 1797 with entries in Section III that are directed to DFAS must contain a suspense date of 30 days from the date the DCMA Form 1797 was issued. Follow-up communication with DFAS must be recorded in the register.

3.2.5.3.3. <u>SICM</u>. SICM contracts are manually input in the database; therefore, a data integrity review is mandatory. Functional specialists shall review new contracts input in SICM to ensure data integrity and to promptly identify and correct system issues. SICM shall reflect the terms and conditions of the contract.

3.3. PERFORM POST AWARD ORIENTATION ACTIONS.

3.3.1. During initial contract review, functional specialists must decide whether or not a post award orientation would be beneficial. The specialist must immediately submit a post award orientation recommendation to the ACO, including reasons for the orientation and the type of orientation if one is recommended. The ACO must ensure post award orientations are held promptly after all assigned functional specialists have received and reviewed the contract. QA functional specialists should refer to DCMA-INST 327, "Post Award Orientation Conference – Quality Assurance" (Reference (ci)), for specific procedures for accomplishing the QA portion of post award.

3.3.2. <u>Purpose of Post Award Orientation</u>. Post award orientation aids both the Government and contractor personnel in achieving a clear and mutual understanding of all contractual requirements. It enables the identification and resolution of potential contract administration problems.

3.3.3. Types of Post Award Orientation. There are two types of orientations: formal and limited. A formal conference may be held or written/verbal communication (limited) may take place. However, not all new contracts require a post award orientation. Specifically, contracts that do not have complex requirements or are low-dollar awards, i.e., meeting MOCAS Part B criteria (see paragraph 3.3.4, Select Contracts for Post Award Orientation, of this Instruction).

    3.3.3.1. Post Award Orientation Not Required. A post award orientation may not be required when repetitive orders are issued with the same contractor or if the contractor is performing satisfactorily on other contracts or orders for like or similar items or services or same contract terms and conditions.

    3.3.3.2. Written/Verbal Orientation (Limited). In some circumstances a letter or other written form of communication to the contractor may serve as an adequate orientation. This is appropriate where the contractor is experienced and has received numerous DoD contract awards, but the functional specialist believes that certain contract provisions, clauses, or requirements should be brought to the contractor's attention.

    3.3.3.3. Post Award Orientation Conference (Formal). A PAOC may be held to perform a detailed review of the contract, specifically highlighting and discussing complex terms and conditions. The conference will ensure that all parties understand contractual requirements.

3.3.4. Select Contracts for Post Award Orientation. When deciding whether post award orientation is necessary, and if so, whether it should be written/verbal or by conference, functional specialists should consider the following:

- Nature and extent of the pre-award survey and any other prior discussions with the contractor
- Type, value, and complexity of the contract
- Complexity and acquisition history of the product or service
- Requirements for spare parts and related equipment
- Urgency of the delivery schedule and relationship of the product or service to critical programs
- Length of the planned production cycle
- Extent of subcontracting
- Contractor's performance history and experience with the product or service
- Contractor's status, if any, as a small business, small disadvantaged, women-owned, veteran-owned, HUBZone, or service-disabled veteran-owned small business concern
- Contractor's performance history with small, small disadvantaged, women-owned, veteran-owned, HUBZone, and service-disabled veteran-owned small business subcontracting programs
- Safety precautions required for hazardous materials or operations
- Complex financing arrangements, such as progress payments, advance payments, or performance based payments
- Assigned contractor personnel are new to Government contracting

3.3.5. <u>Initiate a Post Award Orientation</u>.

3.3.5.1. PCOs may initiate a post award orientation.

3.3.5.2. While any functional specialist may recommend the ACO arrange for a post award orientation, the ACO shall decide whether a post award orientation, in any form, is necessary (see FAR 42.5, Post Award Orientation (Reference (cj)).

3.3.5.3. Upon receipt of a functional specialist post award orientation recommendation, including rationale and recommended type of orientation, the ACO should promptly contact the rest of the CMT, as necessary (to include other functional specialists (e.g., pricing, plant clearance)), and determine the type of orientation, if any, to be initiated. When varying opinions exist regarding whether or not to hold an orientation, the ACO shall make the final decision. The ACO must either prepare for an orientation or document the file with rationale for a decision that is contrary to team recommendations.

3.3.6. <u>Hold a Post Award Orientation</u>.

3.3.6.1. <u>Written/Verbal Orientation</u>. The ACO may determine that a written/verbal orientation will suffice in directing the contractor's attention to one or more contract provisions, clauses, or terms and conditions. In these cases, the ACO or appropriate functional specialist may elect to discuss these areas with the contractor by telephone or by letter or email. When discussing these areas by telephone, the ACO or appropriate functional specialist must follow-up with a letter or email to the contractor (with a copy to the PCO) confirming the items discussed and identifying any instructions provided. (See DCMA-INST 327 (Reference (ci)) for additional information for QA functional specialists.)

3.3.6.2. <u>Post Award Orientation Conference</u>. Formal conferences involving all functional specialists, the PCO, program manager, DCAA, and DFAS should normally be limited to only the most complex, high-dollar value contracts (e.g., major weapons systems, contracts containing EVMS requirements). The ACO may decide to hold a limited conference with only selected functional specialists attending. For all DCMA-initiated post award orientation conferences, the ACO should:

- Establish the time and place of the conference
- Prepare the agenda, as necessary
- Notify appropriate Government representatives and the contractor
- Designate a chair person or act as the chair person
- Conduct a preliminary meeting of Government personnel, as necessary
- Prepare a summary report of the conference
- Monitor action items generated by the conference

3.3.6.3. <u>Post Award Orientation Documentation</u>. The ACO or appropriate functional specialist shall document the official contract file (EDW) when a post award orientation is conducted, regardless of the type (written/verbally or PAOC). ACOs are encouraged to use the CRR e-Tool PAO Limited or Detailed record as a guide for conducting the post award

orientation and for preparing the summary report. However, the DD Form 1484, Post Award Conference Record, may also be used (available on the CRR policy resource Web page).

3.3.6.3.1. If the CRR e-Tool is used to generate post award orientation documentation, note that the data is retained 45 days from date the contract was received in MOCAS. Therefore, if users are still in the middle of a post award orientation at the end of the 45 day period, all data will be lost. To avoid losing data, it is recommended that post award orientation documentation be exported and saved in the EDW folder as soon as a post award orientation method is selected. Users should note the post award orientation indicator/flag does not mandate a post award orientation. Rather, the indicator/flag identifies contracts containing special provisions, clauses, or of a dollar value that warrants consideration for a post award orientation.

3.4. DOCUMENT INITIAL CONTRACT REVIEW.

3.4.1. Documenting initial contract review is an important requirement of CRR. The objective of proper documentation of the CRR process is to provide reasonable assurance that all contracts and modifications administered by DCMA: (1) are reviewed by the appropriate authorized personnel within the proper period; (2) are supported by accurate contract data in the applicable systems; and (3) complete the CRR process.

3.4.1.1. DCMA employs a risk-based approach to documenting the CRR process. Data integrity reviews are a tertiary control after the MOCAS edits and DFAS input efforts, but errors have a greater chance of getting through these upstream controls on more complex contracts due to their sheer numbers of attributes. The ACO/CA shall document the CRR process for contracts and modifications meeting any of the following conditions:

- Contracts with obligations over $5 million
- All flexibly priced contracts
- Contracts when a post award orientation is conducted (formal or limited)
- Contracts containing financing provisions
- Modifications that change administration or payment office
- Modifications that exercise contract options
- Modifications that change financing or dollar amount

3.4.1.1.1. The ACO/CA shall document the CRR process utilizing a checklist. The ACO/CA shall include the checklist as part of the official contract file (EDW).

3.4.1.1.1.1. The ACO/CA may document the CRR process for contracts and modifications using a locally developed checklist that includes items such as those stated in paragraph 3.2.2. The ACO/CA shall include those attributes as referenced in paragraph 3.4.1.1.1.2. if a locally developed checklist is used.

3.4.1.1.1.2. The ACO/CA may document the CRR process for contracts and modifications using the suggested format of the Contract Receipt and Review Data Integrity

Checklist (located on the CRR policy resource Web page). The suggested format includes the following attributes:

- Mandatory MOCAS data integrity checklist items
  - MOCAS Contract obligation matches contract to include funding modifications
  - MOCAS CLIN units match contract
  - MOCAS CLIN quantities match contract to include modifications
  - MOCAS CLIN unit prices match contract to include modifications
  - MOCAS CLIN extended prices match contract
  - MOCAS and Contract Payment Office match
  - Administration Office assignment correct
  - Contractor identification information is accurate
- "Name" and "Date" blocks where the ACO/CA must fill in and validate the CRR process is complete

3.4.2. It is recommended that CMOs periodically review a sample of new contracts received to determine if functional specialists have sufficiently identified complex terms and conditions and applied appropriate administration skills necessary to manage assigned contracts, in accordance with this Instruction. Samples should be sufficient to represent the type of contracts, dollar value, and volume for the individual CMO. For example, CMO contracts director, team leader, ACO, or other reviewing official may:

- Use the CRR e-Tool to identify new contracts received during a range of time
- Select a representative sample from the list of contracts
- Perform a review of the contract using EDA or EDW (to independently identify contract administration skills required, complex terms and conditions, special clauses, etc.)
- Compare the sample findings to CMT actions taken to prepare for administration of the contract (e.g., reviewing the EDW file to determine if a post award orientation was performed as necessary; if financing is involved – reviewing officials may ask "were appropriate steps taken to prepare for initial financing requests"; if an EVMS clause is included in the contract – reviewing officials may ask "is the appropriate R9 code assigned")
- Hold discussions with individual functional specialists to determine if they are aware of specific contract terms and conditions

3.4.2.1. Other areas that CMO Team Leaders and ACOs may consider during their review include post award orientation records, accuracy of the CMT e-Tool for specific contracts, and EDW in-basket workload reports.

APPENDIX A

PROCESS FLOWCHART

Customer delegates new contract to DCMA for administration (FAR 42.202 and DFARS 242.202)

Customer selects CMO using the CASD (FAR 42.203)
(3.1.1.)

Customer transmits new contract electronically to EDA
(3.1.2.1.)

Customer transmits new contract electronically to MOCAS
(3.1.2.1.3.)

EDW retrieves new contract electronically from EDA
(3.1.2.1.1.)

MOCAS transmits new contract data to CRR eTool
(3.1.2.1.3.)

Contract fails to transmit electronically and customer submits hard copy of contract
(3.1.2.2.)

CRR Start

Initial Incorrect Assignment? —No→ A

Yes

Delegated to incorrect CMO? —No→ Erroneous DCMA delegation? —No→ Follow procedures in DCMA-INST 402 if work is non-core or from non-mission customer
(3.1.3.1.3.)

Yes

ACO issue administrative modification changing to proper CMO
(3.1.3.1.1.)

Yes

ACO notify PCO in writing (e.g., via CDR) requesting modification to proper administration office
(3.1.3.1.2.)

End

A

Contract received hard copy only? —No→ ACO review of MOCAS Contract Document Backlog List (Reveal Report UNMC700E) & EDA/EDW for contracts/modifications that failed to enter and process into MOCAS
(3.1.2.1.3.1.)

Yes

Support Contract?

Yes / No

ODO? —No→ ACO ensure contract file established in EDW
(3.1.4.2.)

N

Yes

MOCAS payment administration? —No→ O

P

B

Multiple functions delegated and cross functional disciplines? —No→ Functional Specialist input the support contract into appropriate database
(3.1.2.2.3.)

Yes

ACO input the support contract into appropriate database
(3.1.2.2.3.)

N

Yes

ACO-issued document failed to transmit electronically or was issued outside MDO eTool? —No→ CMO Direct Input Personnel input into MOCAS or SICM
(3.1.2.2.2.)

Yes

DFAS Contract Input Personnel input into MOCAS
(3.1.2.2.1.)

O

DLA ODO?
(3.1.1.2.5.1.)

No → Contract funded with DoD funds?

No → Refer to DCMA-INST 709 or DCMA-INST 313 for additional guidance (3.1.1.2.5.2.2.)

Yes

ACO issue CDR requesting the PCO modify the contract to change the payment office to the appropriate DFAS Columbus DoDAAC (3.1.1.2.5.2.1.)

PCO changes payment office accordingly?

No → Accept work and perform all contract administration functions under FAR 42.302 (3.1.1.2.5.2.1.)

Yes

R

Yes (DLA ODO)

Other than FFP or FFP w/special financing clauses?

No → Perform all contract administration functions under FAR 42.302 except for payment administration and certain aspects of closeout relating to funds reconciliation (3.1.1.2.5.1.2.)

→ ACO ensures CMO Direct Input Personnel input ODO contracts/modifications into MOCAS (3.1.1.2.5.3. & 3.1.2.1.1.3.)

Yes

ACO issue CDR requesting PCO modify the contract to change the payment office to the appropriate DFAS Columbus DoDAAC (3.1.1.2.5.1.1.)

P

R

B

ACO/CA review of administrative contract data (3.2.2.)

ACO/CA identify CBS requirements? (3.2.2.1.) —No→

Q

ACO/CA identify CTIP clause? (3.2.2.2.) —No→

ACO/CA issue CDR to PCO and request modification to add FAR 52.222-50 with its Alternate I (if appropriate) (3.2.2.2.2.)

—Yes→ C

Yes (from CBS requirements)

C

ACO/CA identify GFRC or DCMA INST 8210.1? (3.2.2.3.1.)

Yes

ACO/CA notify appropriate Division Director of Aircraft Operations (3.2.2.3.2.)

No

Contract issued after May 18, 2011 and contains DFARS 252.242-7005? —No→

Contract is CAS covered and contains system-specific clause(s) but not DFARS 252.242-7005?

Yes

ACO/CA input R9 code 30 into MOCAS (3.2.2.1.2.)

Yes

ACO/CA issue CDR to PCO and request modification to add DFARS 252.242-7005 (3.2.2.1.3.)

No

Q

ACO ensure CMT is aware of complex or special contract terms and conditions

ACO/CA identify patents and royalty clauses? (3.2.2.4.1.) —No→

PGI 204.7108 applies? (3.2.2.5.3.) —No→

Functional support needed from specialists who are not normal part of EDW workflow? —No→

Functional Specialists review their EDW in-basket and/or CRR eTool (3.2.3.1.)

Yes

See DCMA-INST 115 for guidance and procedures (3.2.2.4.2.)

Yes

ACO/CA review contract and/or modification for PGI payment instructions and ensure MOCAS is coded properly. If needed, submit DCMA Form 1797 to make correction. (3.2.2.5.4. & 3.2.2.5.4.1.)

Yes

ACO/CA identify and notify functional specialist of support needed & update CMT eTool (3.2.3.2.)

D

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   ┌──────┐        ┌─────────────────┐
   │      │        │ CMT considers type│
   │  D   │───────▶│ of contract during│
   │      │        │ initial review   │
   └──────┘        │    (3.2.4.)      │
                   └─────────────────┘
                            │
                            ▼
           ◇ Fixed Price? ──No──▶ ◇ Cost Type? ──No──▶ ┌──────────────────────┐
                │                      │                │ CMT addresses special │
                │                      │                │ considerations for Other│
               Yes                    Yes               │ Types of contracts    │
                │                      │                │    (3.2.4.3.)         │
                ▼                      ▼                └──────────────────────┘
    ┌──────────────┐      ┌──────────────┐
    │ CMT addresses │      │ CMT addresses │
    │   special     │      │   special     │
    │ considerations│      │ considerations│
    │ for Fixed Price│     │  for Cost Type│
    │  contracts    │      │   contracts   │
    │   (3.2.4.1.)  │      │   (3.2.4.2.)  │
    └──────────────┘      └──────────────┘
```

CMT considers type of contract during initial review (3.2.4.)

Fixed Price? —No→ Cost Type? —No→ CMT addresses special considerations for Other Types of contracts (3.2.4.3.)

Yes → CMT addresses special considerations for Fixed Price contracts (3.2.4.1.)

Yes → CMT addresses special considerations for Cost Type contracts (3.2.4.2.)

Functional Specialists review contract for deficiencies (3.2.5.1.)

Contract deficiency exists? —No→ E

Yes → Functional Specialists resolve contract deficiencies using the EDA-CDR tool (3.2.5.2.) → Functional Specialists initiate CDR (3.2.5.2.1.) → Functional Specialists send CDR to assigned ACO (Reviewing Official) for validation/approval (3.2.5.2.2.)

ACO approves CDR? —No→ ACO rejects CDR and returns to functional specialist (3.2.5.2.2.)

Yes → CDR submitted for resolution (3.2.5.2.) → F ← E

```
    F          Functional
             Specialist assigned ──No──▶    G
                  CDR?

                    │
                   Yes
                    │
                    ▼

             Return to the                              Functional Specialist
              CDR initiator?  ──No──▶  Reassign?  ──No──▶  accepts CDR for action
                                                              & resolution
                                                              (3.2.5.2.3.)

                    │                      │
                   Yes                    Yes
                    │                      │
                    ▼                      ▼

              Functional              Functional
            Specialist returns      Specialist
            CDR to initiator        reassigns CDR
              (3.2.5.2.3.)           (3.2.5.2.3.)


                                                         Functional Specialist
    G          Functional                                performs SICM data
            Specialists ensure     Contract data  ──No──▶  integrity review
             system data       ──▶  exist in MOCAS?          (3.2.5.3.3.)
              integrity
              (3.2.5.3.)
                                         │
                                        Yes
                                         │
                                         ▼

                                  Functional Specialist
                                  performs a two-way match
                                  to the source document
                                  within 30 days of receipt
                                      (3.2.5.3.2.)

                                         │
                                         ▼

                                   MOCAS data      ──No──▶         H
                                   errors exist?

                                         │
                                        Yes
                                         │
                                         ▼

                                                   Functional specialist     CMO maintains a
                              Functional specialist   completes DCMA Form    register of all DCMA
                              can correct error in ──No──▶ 1797 and submits to    Forms 1797 that
                                   MOCAS?            Trusted Agent or DFAS    contain entries in
                                                      for MOCAS error        Section III (for other
                                         │               correction          than ODO contracts)
                                        Yes             (3.2.5.3.2.2.)          (3.2.5.3.2.2.1.)
                                         │
                                         ▼

                              Functional specialist
                              corrects MOCAS error
                                 (3.2.5.3.2.2.)
```

H

Functional specialist reviews contract and recommends if post award orientation is beneficial (3.3.1.)

Post Award Orientation beneficial?

No → Functional specialist recommends no post award orientation (3.3.1.)

Yes

Functional specialist submits post award recommendation (reason & type) to ACO (3.3.1.)

ACO contact CMT with recommendation & discuss options (3.3.5.3.)

ACO makes final determination if a post award orientation, in any form, is necessary (3.3.5.2.)

Hold post award orientation?

No → I

Yes

Written/Verbal Orientation (Limited)?

No → Post Award Orientation Conference (POAC) (Formal)

Yes

Verbal?

No

Yes

ACO coordinates and prepares necessary information for POAC (3.3.6.2.)

ACO or functional specialist follow-up with a letter or email to the contractor (with a copy to the PCO) confirming items discussed (3.3.6.1.)

Document contract file in EDW (3.3.6.3.)

I

J

```
      ┌──────┐              ╱╲
      │      │             ╱  ╲  Contract with
      │  J   │──────────▶ ╱    ╲ obligation over $5 ────────────────────────────┐
      │      │           ╲      ╱    million?                                   │
      └──────┘            ╲    ╱                                                 │
                           ╲  ╱                                                  │
                            ╲╱                                                   │
                            │                                                    │
                           No                                                   Yes
                            │                                                    │
                            ▼                                                    │
                           ╱╲                                                    │
                          ╱  ╲ Flexibly priced                                   │
                         ╱    ╲  contract?      ───────Yes─────────────────────▶ │
                         ╲    ╱                                                   │
                          ╲  ╱                                                    │
                           ╲╱                                                     │
                           │                                                      │
                          No                                                      │
                           ▼                                                      │
                          ╱╲                                                      │
                         ╱  ╲ Contract when a post                               │
                        ╱    ╲ award orientation is                              │
                        ╲    ╱ conducted (formal or ──────Yes──────────────────▶ │
                         ╲  ╱  limited)?                                          │
                          ╲╱                                                      │
                          │                                                       │
                         No                                                       │
                          ▼                                                       │
                         ╱╲                                      ┌─────────────┐  │
                        ╱  ╲                                     │ ACO/CA      │  │     ┌──────┐
                       ╱    ╲ Contract containing ───Yes───────▶ │ document    │─────▶│      │
                       ╲    ╱ financing provisions?              │ the CRR     │  │    │  K   │
                        ╲  ╱                                     │ process     │  │    │      │
                         ╲╱                                      │ (3.4.1.1.)  │  │    └──────┘
                         │                                       └─────────────┘  │
                        No                                               ▲         │
                         ▼                                               │         │
                        ╱╲                                               │         │
                       ╱  ╲ Modification that                            │         │
                      ╱    ╲ changes administration ───Yes───────────────┤         │
                      ╲    ╱ or payment office?                          │         │
                       ╲  ╱                                              │         │
                        ╲╱                                               │         │
                        │                                                │         │
                       No                                                │         │
                        ▼                                                │         │
                       ╱╲                                                │         │
                      ╱  ╲ Modification that                             │         │
                     ╱    ╲ exercises contract ───Yes────────────────────┤         │
                     ╲    ╱ options?                                     │         │
                      ╲  ╱                                               │         │
                       ╲╱                                                │         │
                       │                                                Yes        │
                      No                                                 │         │
                       ▼                                                 │         │
                      ╱╲                                                 │         │
                     ╱  ╲ Modification that                              │         │
                    ╱    ╲ changes financing or ─────────────────────────┘         │
                    ╲    ╱ dollar amount?                                           │
                     ╲  ╱                                                           │
                      ╲╱                                               ┌──────┐
                      │                                                │      │
                      └──────────────────No──────────────────────────▶│  L   │
                                                                       │      │
                                                                       └──────┘
```

```
┌─────┐        ┌──────────────┐          ◇ ACO/CA ◇           ┌──────────────┐
│     │        │ ACO/CA document│        ◇ documents CRR ◇      │ ACO/CA uses CRR│
│  K  │───────▶│ the CRR process│───────▶◇ using locally ◇──No─▶│ checklist template│
│     │        │ utilizing a checklist│  ◇ developed ◇           │ located on policy│
└─────┘        │ (3.4.1.1.1.)   │        ◇ checklist? ◇          │ resource web page│
               └──────────────┘          ◇         ◇            │ (3.4.1.1.1.2.) │
                                              │                  └──────────────┘
                                             Yes                        │
                                              ▼                         ▼
                                     ┌──────────────┐         ┌──────────────┐
                                     │ ACO/CA include │        │ ACO/CA include the│
                                     │ checklist attributes as│ │ checklist as part of the│
                                     │ referenced in  │───────▶│ official contract file│
                                     │ paragraph 3.4.1.1.1.2.│ │ (EDW) │
                                     │ (3.4.1.1.1.1.) │        │ (3.4.1.1.1.) │
                                     └──────────────┘         └──────────────┘
                                                                       │
┌─────┐                            ╭──────────────╮                    │
│     │                            │              │                    │
│  L  │───────────────────────────▶│   CRR End    │◀───────────────────┘
│     │                            │              │
└─────┘                            ╰──────────────╯
```
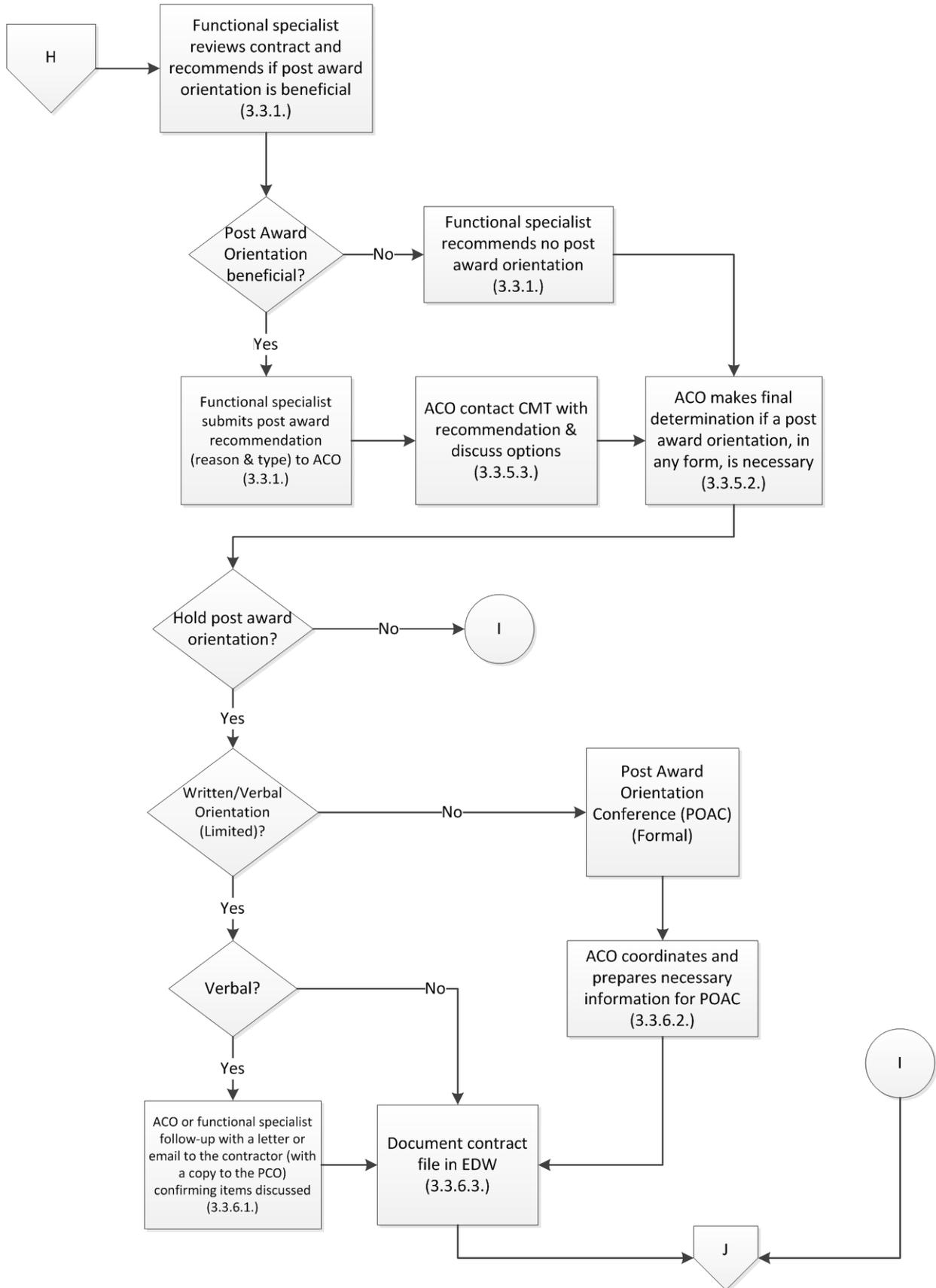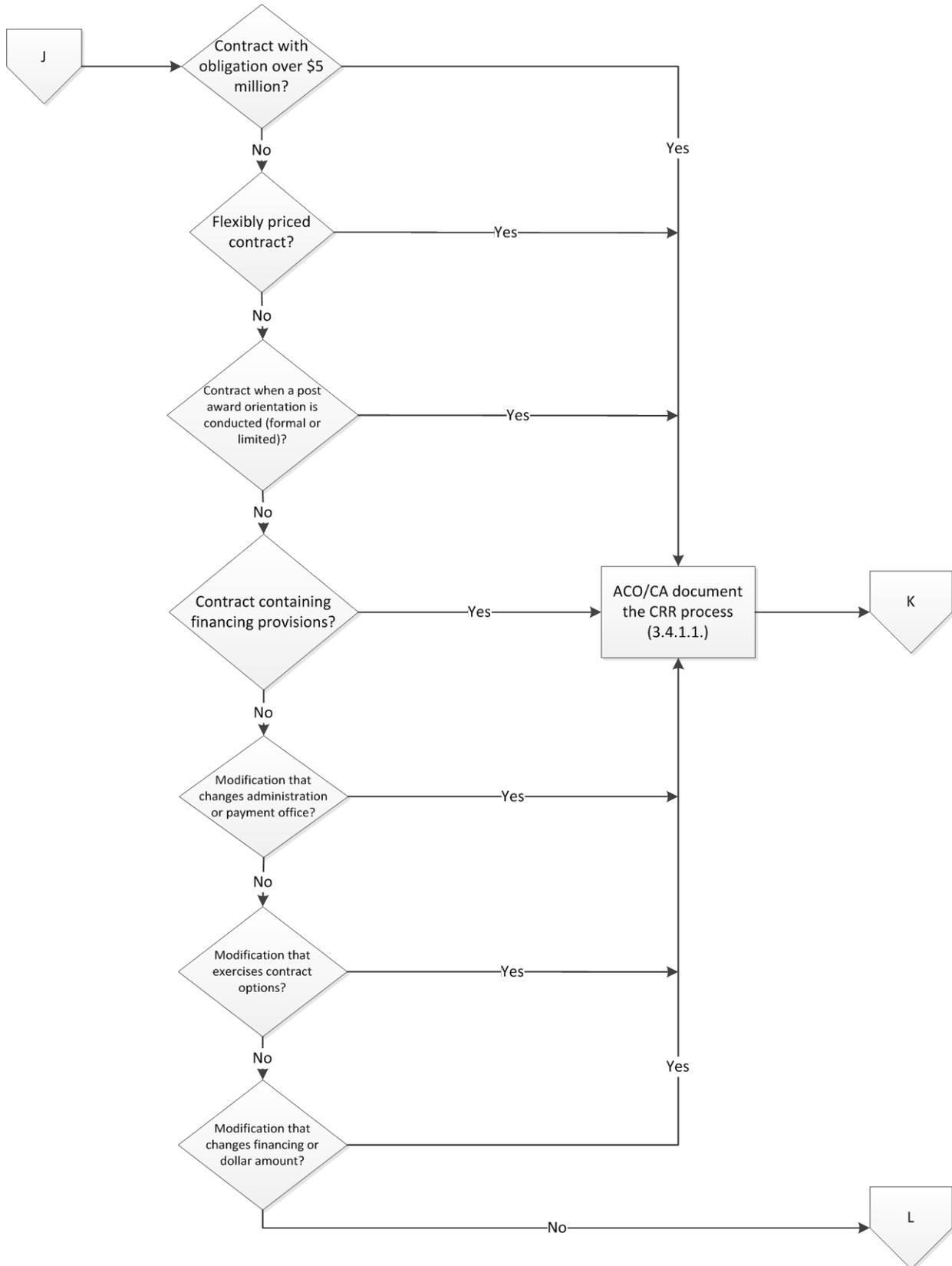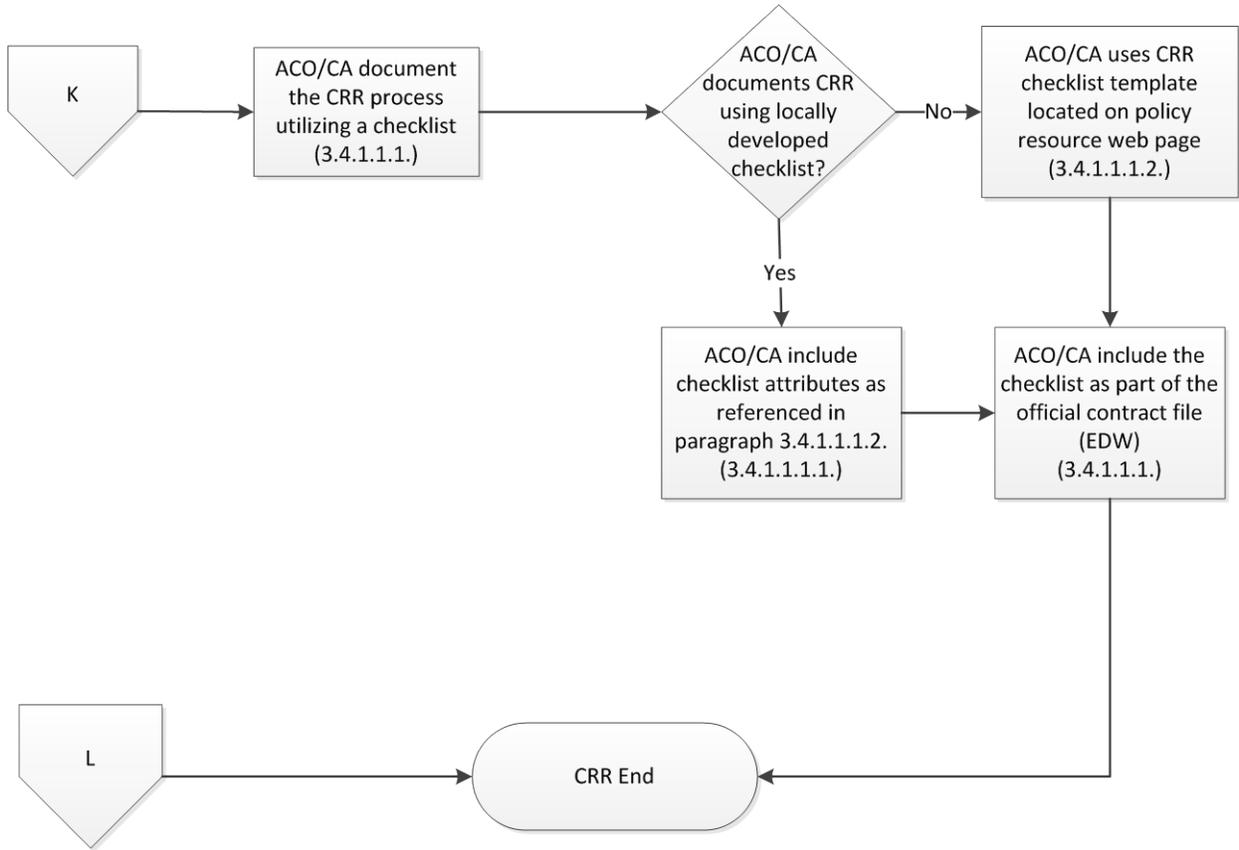
GLOSSARY

DEFINITIONS

Contract Deficiency Report. Used to report, track and resolve identified contract deficiencies. The EDA-CDR tool is DCMA's mandatory method for notifying buying activities of contract deficiencies.

Contract Management Office. An organizational unit within DCMA that provides contract administrative and oversight functions. It is normally co-located with or near major acquisition commands and customers, to include international customers.

Contract Management Team View e-Tool. Allows users to search and view Contract Management Teams by Contract, CAGE, and DoDAAC.

Contract Receipt and Review e-Tool. Supports the prime initial review of contracts received. Automatically creates a list of new contracts received, prioritizes workload based on certain contract data (contract value, special provisions, contract clauses, etc.), and identifies contracts containing special provisions, clauses, or of a dollar value that would warrant consideration for a post award orientation.

Electronic Document Access. A Web-based system that provides secure online access, storage, and retrieval of Contracts, Contract modifications, Government Bills of Lading, DFAS Transactions for Others, Vouchers, and Contract Deficiency Reports to authorized users throughout the DoD.

Electronic Document Workflow. A contract retrieval, document routing, file management and records management system that is mandatory for maintaining DCMA's official contract folders and all contract official records.

Mechanization of Contract Administration. As an integrated contract administration and payment system, this system is designed to provide DCMA and DFAS with electronic information necessary to accomplish their mission of contract and payment administration.

Modifications and Delivery Orders e-Tool. Allows users to modify an existing contract or issue a delivery order.

New Contract. For this Instruction, a new contract is defined as follows:

- Basic Award
  - Contract (9th position of the Procurement Instrument Identification Number (PIIN) is "C"),
  - BOA (9th position of PIIN is "G"),
  - Blanket purchase agreement (9th position of PIIN is "A"), and
  - IDC (9th position of PIIN is "D")
- Order issued under a BOA

- Order issued against an IDC
- Letter contract
- Purchase order (9th position of PIIN is "M", "P", "V", or "W")
- Non-Procurement Instrument
    - Grant (9th position of PIIN is "1")
    - Cooperative Agreement (9th position of PIIN is "2")
    - Other Transaction for research (9th position of PIIN is "3")
    - Other Transaction for prototype (9th position of PIIN is "9")

Other Disbursing Office Contract. A contract that a procuring contracting officer delegates to DCMA for contract administration but requires payment administration to be performed by other than DFAS Columbus DoDAACs HQ0337, HQ0338 or HQ0339.

Policy. A statement of important, high-level direction that guides decisions and actions throughout DCMA. Policy translates the ideas, goals, or principles contained in the mission, vision, and strategic plan into actionable policies.

Procedure. Specific guidance that implements policy; establish a process to complete a task, project, or execute a program.

System for Integrated Contract Management. A contract management system developed for DCMA International CMOs that can manage funds on the contract and CLIN level in both US dollars and foreign currency, in accordance with the terms of contracts issued to overseas contractors.

GLOSSARY

ACRONYMS

AAO	Administrative Agreements Officer
ACO	Administrative Contracting Officer
ACRN	Accounting Classification Reference Number
AGO	Administrative Grants Officer
BOA	Basic Ordering Agreement
CA	Contract Administrator
CAD	Contract Administration Delegation
CAGE	Commercial and Government Entity Code
CAR	Contract Action Report
CAS	Cost Accounting Standards
CASD	Contract Administration Service Directory
CBS	Contractor Business Systems
CCAS	Contingency Contract Administration Services
CDR	Contract Deficiency Report
C-JTSCC	Combined Joint Theater Support Contracting Command
CLIN	Contract Line Item Numbers
CMO	Contract Management Office
CMT	Contract Management Team
CONUS	Continental United States
CR	Contract Review
CRR	Contract Receipt and Review
CTIP	Combating Trafficking in Persons
CTR	Contract Technical Review
DCAA	Defense Contract Audit Agency
DCMA-INST	Defense Contract Management Agency Instruction
DCMAI	DCMA International Directorate
DCMAS	DCMA Special Programs Directorate
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Service
DLA	Defense Logistics Agency
DoD	Department of Defense
DoDAAC	Department of Defense Activity Address Code
DoDD	Department of Defense Directive
DPAP	Defense Procurement and Acquisition Policy

DPAS	Defense Priorities and Allocations System
ECARS	Electronic Contract Administration Request System
EDA	Electronic Document Access
EDI	Electronic Data Interchange
EDW	Electronic Document Workflow
EPA	Economic Price Adjustment
EVMS	Earned Value Management System
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
GFRC	Ground and Flight Risk Clause
IDC	Indefinite Delivery Contract
IS	Industrial Specialist
LH	Labor Hour
MDO	Modification and Delivery Orders
MOCAS	Mechanization of Contract Administration Services
NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organization
ODO	Other Disbursing Office
OT	Other Transactions
PA	Property Administrator
PAOC	Post Award Orientation Conference
PCO	Procuring Contracting Officer
PGI	Procedures Guidance and Information
PIIN	Procurement Instrument Identification Number
PLAS	Performance Labor Accounting System
QA	Quality Assurance
QAR	Quality Assurance Representative
QLOPS	Quarterly Limitation on Payments Statements
RCC	Regional Contracting Centers

SICM   System for Integrated Contract Management

TA   Trusted Agent
TBC   Theater Business Clearance
T&M   Time and Material

WAWF   Wide Area Work Flow