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## Acquisition Advisory Panel Briefing

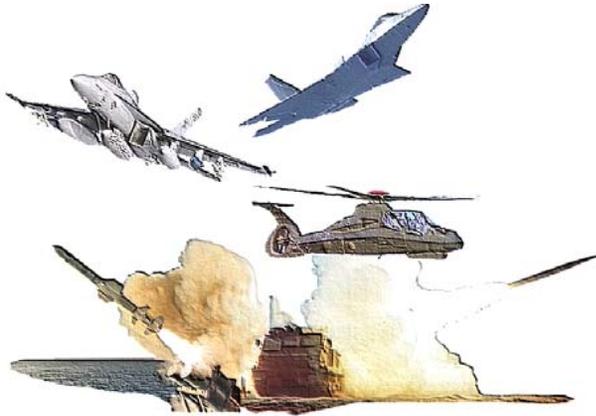
Presented By:

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**August 18, 2005**

- **DCMA Overview**
- **Service Contract Overview**
- **Managing Service Contracts**
- **Time and Material Contracts**
- **Small Business**



## Span of Control

- 10,479 Civilian Professionals
  - ACOs, PI, QA, Engr, IS, Prop, Transp
- 605 Military (includes reserves)
- 900+ Locations
- 50 Major Field Commands
- \$1.1B Budget Authority
- \$50M NASA and Other Federal Agencies
- \$67M Reimbursable FMS

## Scope of Work

- \$1,812B Face Value of Contracts
- 15,029 Contractors
- 298,678 Contracts
- \$154B Unliquidated Obligations
- All ACAT 1 and 2 Programs
- Flight Operations (1,150 Aircraft/Yr)
- \$92B Gov't Property in Plant
- \$7B Progress Payments
- \$16B Performance Based Payments



# DCMA Service Contract Overview

## The Numbers

<b># of Service Contracts</b>	<b>97,000</b>
Research & Development	20,000
Repair, Overhaul/Maintenance	12,000
Other Services	65,000
<b>% of DCMA Contracts</b>	<b>31%</b>
<b>% of DCMA Face Value</b>	<b>22%</b>
<b>% Flexibly Priced</b>	<b>&gt;80%</b>

## DCMA Resources

<b>% of Basic Administration 5.9%</b>			
<b><i>Breakout of Total Hours Spent:</i></b>			
<b>1102s</b>	<b>46%</b>	<b>1106s</b>	<b>14%</b>
<b>1910s</b>	<b>16%</b>	<b>1150s</b>	<b>4%</b>
<b>Others</b>	<b>20%</b>		

## Typical Contract Profile

- **Repair/Maintenance, Engineering & Technical Services**
- **Cost or Flexibly Priced with COR Destination Acceptance**
- **High Volume of Task Orders under Indefinite Delivery Contracts**

## FAR Definition of “Service Contract” (FAR 37.101)

*“Service contract” means a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. A service contract may be either a non-personal or personal contract. It can also cover services performed by either professional or nonprofessional personnel whether on an individual or organizational basis. Some of the areas in which service contracts are found include the following:*

- (1) Maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment.*
- (2) Routine recurring maintenance of real property.*
- (3) Housekeeping and base services.*
- (4) Advisory and assistance services.*
- (5) Operation of Government-owned equipment facilities, and systems.*
- (6) Communications services.*
- (7) Architect-Engineering (see Subpart 36.6).*
- (8) Transportation and related services (see Part 47).*
- (9) Research and development (see Part 35).*



Very Broad  
Definition --  
Covering a Variety  
of Services

# Managing Service Contracts

## Categories of DCMA Service Contract Management:

### 1. Maintenance (12,000 Contracts)

- Maintenance, Overhaul, Repair and Modification of DoD Aircraft

### 2. Research & Development (20,000 Contracts)

- Design, Developing, Testing and Prototypes.

### 3. “Routine” Service Contracts (65,000 Contracts)

- Advisory & Assistance Services
  - Studies, Analyses and Evaluations
  - Engineering and Technical Services

**Limited CAS  
Required for  
“Routine” Service  
Contracts**

# Managing “Routine” Service Contracts

- **Contract Management By Exception**

- **Business System Review**
- **Request Periodic Surveillance of Labor Hours (to ensure proper charging of hours and types of labor)**
- **Modify Delivery Dates**
- **Payment Support**
  - **Manage Withholds, When Necessary**
  - **Resolve Payments Issues**
  - **Identify Excess Funds**
- **Establish Final Rates**
- **Property and Plant Clearance**
- **Small Business Oversight**
- **Subcontract Clause**



***A Sample of CAS Functions  
Not Performed on Routine  
Service Contracts –***

- *Monitoring Performance*
- *Quality Assurance/Acceptance*
- *Engineering Analysis/Surveillance*

- **Recommendations for Panel Consideration**
  - **Contracting Officer's Representative Should Manage Service Contracts**
  - **Recognize Definition of "Service Contracts" May Be Too Broad and Require Redefining – or Grouping for Better Management**
    - **Service Contracting Rules – One Size Doesn't Fit All**

## *Overhaul/Repair*



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## *Housekeeping/Base Services*



# Time & Materials Contracts

- **Managing T&M Task Order Contracts**
  - FAR Clause 52.232-7, Payments Under Time and Materials and Labor Hour Contracts
    - Contracting Officer ~~Shall~~ **May** Require a Withhold of 5% of Amounts Due (not to exceed \$50,000) (Ref: **FAR Case 2004-003; FAC 05-05**)
    - Completion Invoices Shall be Submitted Promptly as Practicable Following Completion of Work – But No Later Than 1 Year From the Date of Completion
    - Contracting Officer **May** Request Audit of invoices or vouchers and substantiating material
- **Recommendations for Panel Consideration**
  - Require Final Acceptance Documents be Provided to Contracting Officer in a Timely Manner
  - Expressly Allow for Use of Fixed Material Handling Rate



Recent  
FAR  
Change

- **DCMA Focus**
  - Assist with Evaluations of Subcontracting Plans
  - Monitor, Evaluate, and Document Contractor Performance Under FAR Clauses and Subcontracting Plans
  - Small Business Specialists at Most CMO Locations
- **Policy Changes**
  - SBA and DCMA Agreed to Use Uniform Rating Criteria
  - Automation Needs Identified and System Being Developed (SBA and DCMA)
  - FAR Proposed Rule, Case 2004-012, Ensures Subcontract Management is Addressed During Past Performance Evaluation
- **Small Business Subcontracting Plans**
  - Extent of Review - Historical Trend Analysis, Past Performance Information, and Recommendations Upon Which to Base Negotiations
  - Review Established Procedures to Ensure Timely Payment to Subcontractors
  - Goals – Compare % Goals to % Achievements



*Evaluations  
Available for 60%  
of Federal  
Contractors and  
99% of DoD  
Contractors*

- **Existing Remedies to Ensure Timely Payment to Subcontractors**
  - FAR Clause 52.219-8 Utilization of Small Business Concerns,
  - Recommend Removal from Direct Billing Program
  - High Risk Ratings on Subcontracting Plans
  - Decrement Billing Rates
  - Withhold or Suspend Payments
  - Paid Cost Rule (52.232-7; 52.216-7; 52.216-26; 52.232-16)
- **Recommendations for Panel Consideration**
  - Increase Small Business Awareness of Government Points of Contact for Recourse
  - Include Subcontract Management in Evaluation Criteria for Determining Award Fee under Cost Plus Award Fee Contracts.
  - Expedite Deployment of Automation System Providing Contracting Officers Insight into Subcontract Management Performance Results for Source Selection

TABLE 16-1, PERFORMANCE EVALUATION CRITERIA						
		Submarginal	Marginal	Good	Very Good	Excellent
A Time of Delivery.	(A-1) Adherence to plan schedule.	Consistently late on 20% plans	Late on 10% plans w/o prior agreement	Occasional plan late w/o justification.	Meets plan schedule.	Delivers all plans on schedule & meets prod. Change requirements on schedule

# Questions/Discussions