



# DCMA

DEFENSE CONTRACT MANAGEMENT AGENCY



## DCMA Overview for “Defense Industry Leaders”

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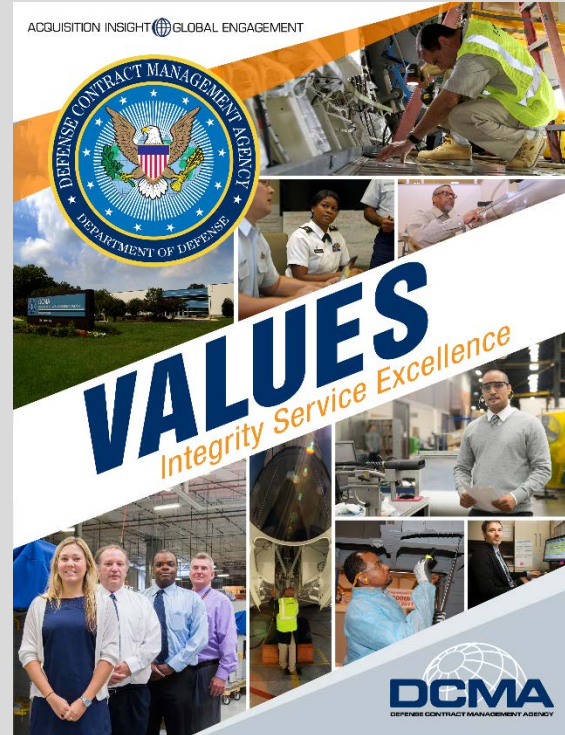
**Presented by: Ryan Kidd**  
**April 17, 2019**

# DCMA's Mission, Vision and Values



**We are** the leading experts in contract administration, Independent cost analysis, quality assurance, cost, schedule and supply chain predictability.

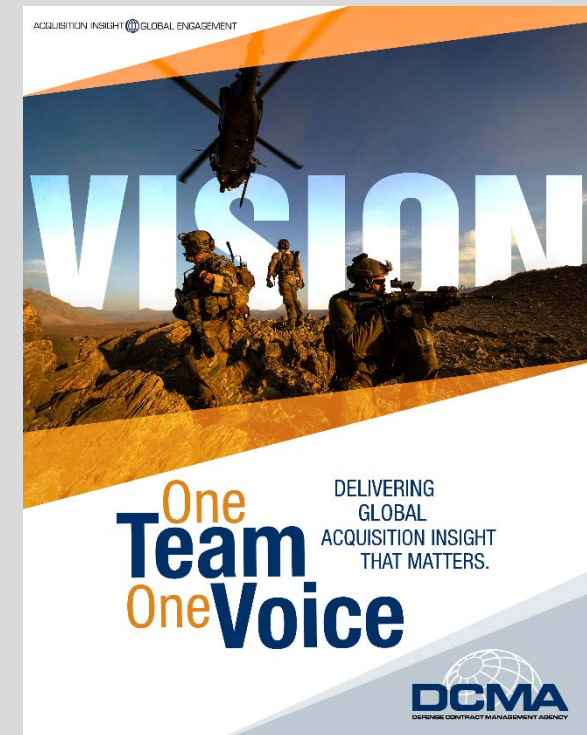
**We will** enable our partners to achieve contract and program objectives.



**INTEGRITY** - "Committed to the highest standards of ethical and moral behavior at all times"

**SERVICE** - "Working for the benefit of our nation and putting professional responsibilities before self-interest"

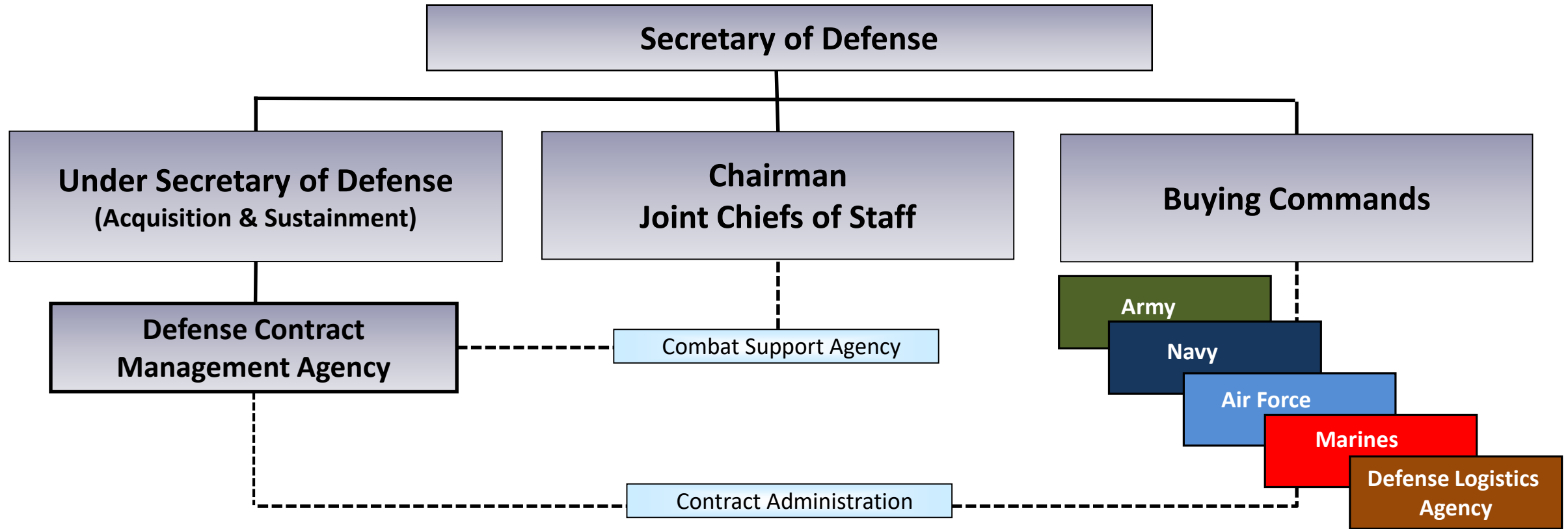
**EXCELLENCE** - "Committed to exceptional performance in everything we do"



**We will** conduct comprehensive contract administration in order to provide independent analysis of contractor's performance, program status & risk.

**We will** ensure on time delivery of high quality, affordable products to the warfighter.

- DCMA performs Contract Administration Services for DoD and authorized federal agencies, foreign governments, international organizations, and others.
- **Specific guidance on roles & responsibilities for Contract Administration and Maintenance**
  - Federal Acquisition Regulation 42.302(a)
  - Defense Federal Acquisition Regulation Supplement 242.302(a)
  - **78 functions (normally assigned to DCMA) if DCMA administers the contract**
    - Incorporates broad range of disciplines: Contract Administration, Engineering, Quality Assurance, Financial Management and Payments, Higher level Financial Analysis, Project Management, Industrial and Property Management, Safety, Aviation, and Accounting
  - **4 functions must be performed by DCMA if we administer the contract**
    - Negotiation of forward pricing rate agreements
    - Establishment of final indirect cost rates and billing rates
    - Determination of contractor's compliance with Cost Accounting Standards; including disclosure statement adequacy & compliance
    - Determination of Adequacy of contractor's accounting system







## Contract Management Offices



**DCMA**  
Headquarters – Fort Lee, VA

### DCMA Western Region Headquarters – Carson, CA

#### Contract Management Offices

- Carson, CA
- Denver, CO
- Lockheed Martin Denver, CO
- Lockheed Martin Sunnyvale, CA
- Los Angeles, CA
- Palmdale, CA
- Phoenix, AZ
- Raytheon, Tucson, AZ
- Santa Ana, CA
- Stockton, CA
- NPO (NASA Product Operations), San Antonio, TX

### DCMA Eastern Region Headquarters – Boston, MA

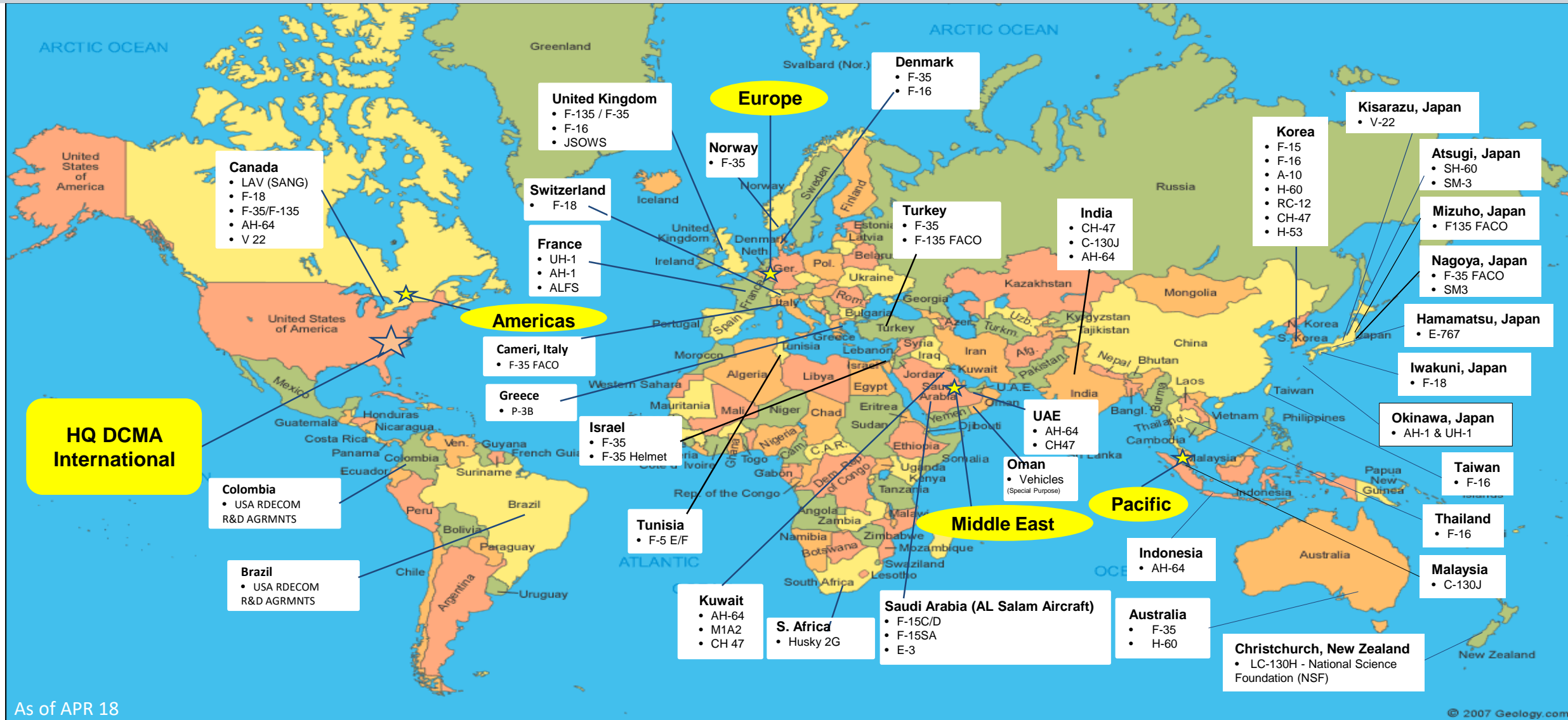
#### Contract Management Offices

- Bell Helicopter, Forth Worth, TX
- Boeing, St. Louis, MO
- Chicago, IL
- Dallas, TX
- Dayton, OH
- Detroit, MI
- Huntsville, AL
- Lockheed Martin, Forth Worth, TX
- Twin Cities, MN
- AIMO (Aircraft Integrated Maintenance Office) Operations), St. Augustine, FL

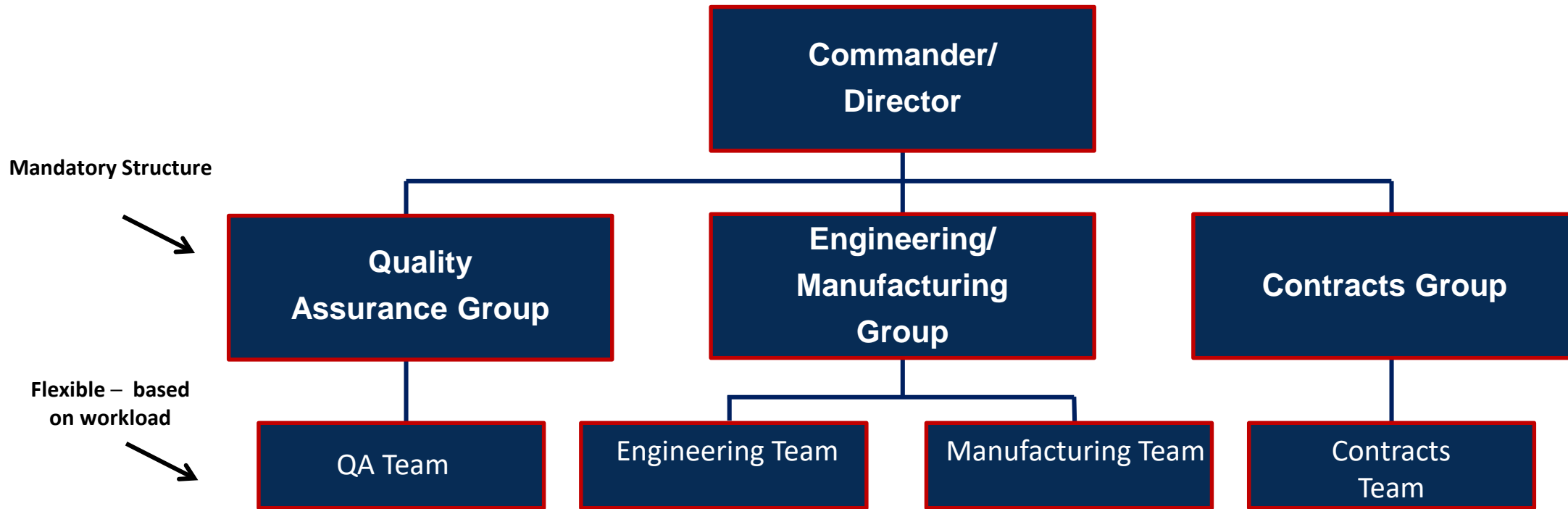
### DCMA Eastern Region Headquarters – Boston, MA

#### Contract Management Offices

- Atlanta, GA
- Baltimore, MD
- Boeing, Philadelphia, PA
- Boston, MA
- Garden City, NY
- Hampton, VA
- Hartford, CT
- Lockheed Martin, Marietta, GA
- Lockheed Martin, Moorestown, NJ
- Lockheed Martin, Orlando, FL
- Manassas, VA
- Orlando, FL
- Philadelphia, PA
- Raytheon, Tewksbury, MA
- Sikorsky Aircraft, Stratford, CT
- Springfield, NJ
- APO (Aircraft Propulsion Operations), Hartford, CT
- NSEO (Naval Special Emphasis Operations), Philadelphia, PA



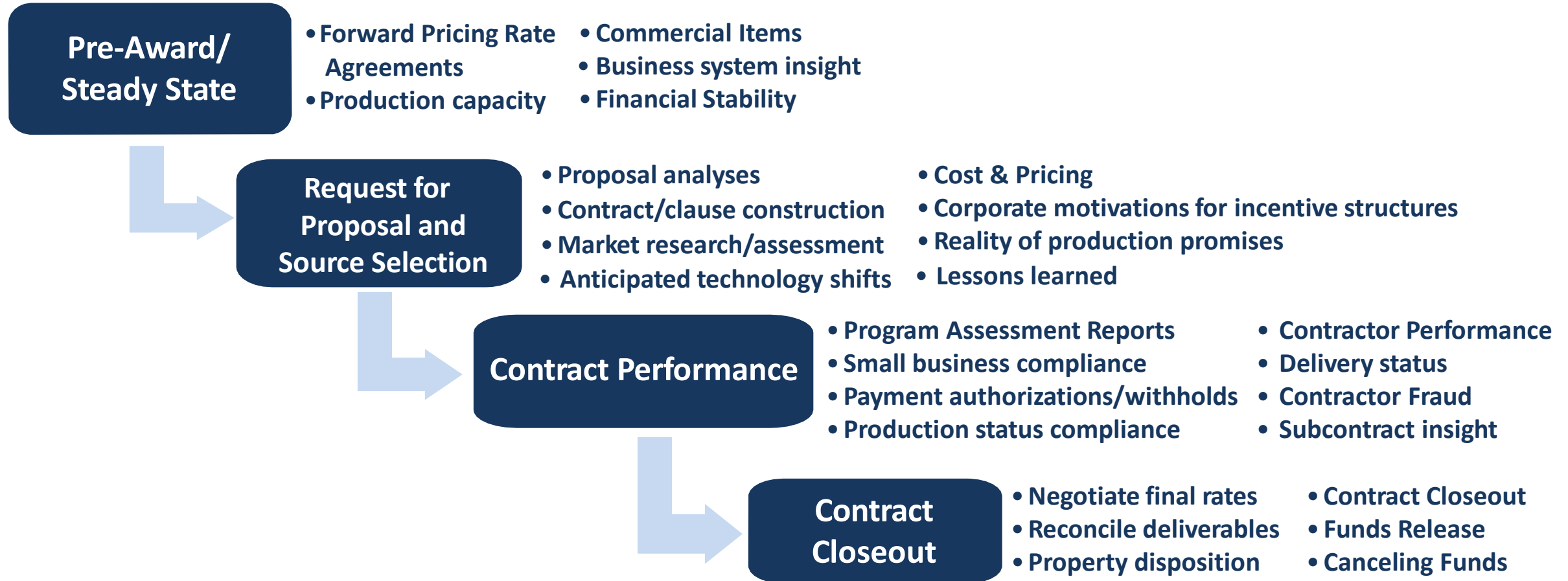




- Full service on-site support
  - Can be either co-located with major contractor or geographically oriented
- On-site eyes and ears of the customers
- Accept products for military services
- Provide business systems insight and ensure compliance
- Analyze contractor performance capability
- Assess contractor progress and authorize payments



# Where DCMA Contributes by Phase



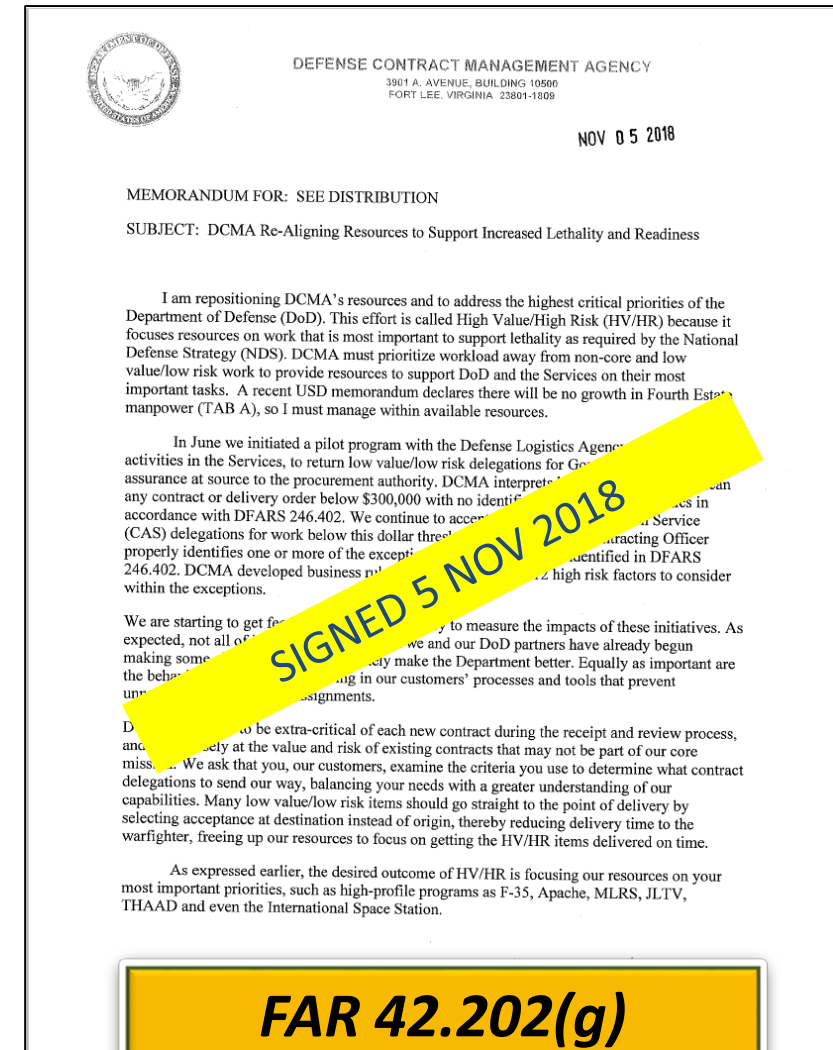
## DCMA's scarce resources are focused on highest priority work

### We Emphasize:

- High Value/High Risk (HV/HR) Work
- Support Increased Warfighter Lethality and Readiness

### We De-emphasize:

- Contract Support Service (CSS)  
Contracts defined by DFARS 242.202
- Low Value and Low Risk (LV&LR) Work



# Managing Scarce DCMA Resources

- **Focusing DCMA Contract Administration Resources on High Value / High Risk Support Increases Warfighter Lethality and Readiness**
  - **Most Contract Support Services (CSS) Contracts Should Not Be Assigned to DCMA for Administration**  
**(even though we might have in the past)**
  - **DEFINITION OF Services: Contracts That Directly Engage the Time and Effort of a Contractor**
    - Performs an identifiable task
    - Does not furnish an item of supply
    - Covers services performed
  - **Early review of contract scope required to determine most appropriate organization (DCMA or Buying Activity) to administer contract**
    - Initial indicator defined by Product Service Code (PSC)
    - Complex service contracts involving contract financing (progress or performance based payments) and/or cost vouchers require discussion prior to award to avoid possible contractor payment issues

***FAR 37.101 & 31.101(h)***





- Any contract or delivery order below \$300,000, except when the work
  - Is for an item causing a serious readiness degrader, or
  - Has risk associated with it such as that in items 1-12

**FAR 42.202(g)  
DFARS 246.402 & 246.404**

1. Arms Ammunition Explosives
2. Classified Data (DD254)
3. Contract Financing
4. Government Property \*
5. Surveillance Criticality Designator (SCD)  
A or B
6. Critical Safety Items (CSI)
7. First Article Test (FAT)
8. Foreign Military Sales (FMS)
9. High Risk Items/Vendors
10. Higher-level Quality Requirements
11. Safety of Flight (SOF)
12. Defense Logistics Agency (DLA)  
Strategic Partners/Alliances

*\* Applies only if contract > \$300K **OR** DCMA already in plant doing property surveillance on other efforts*

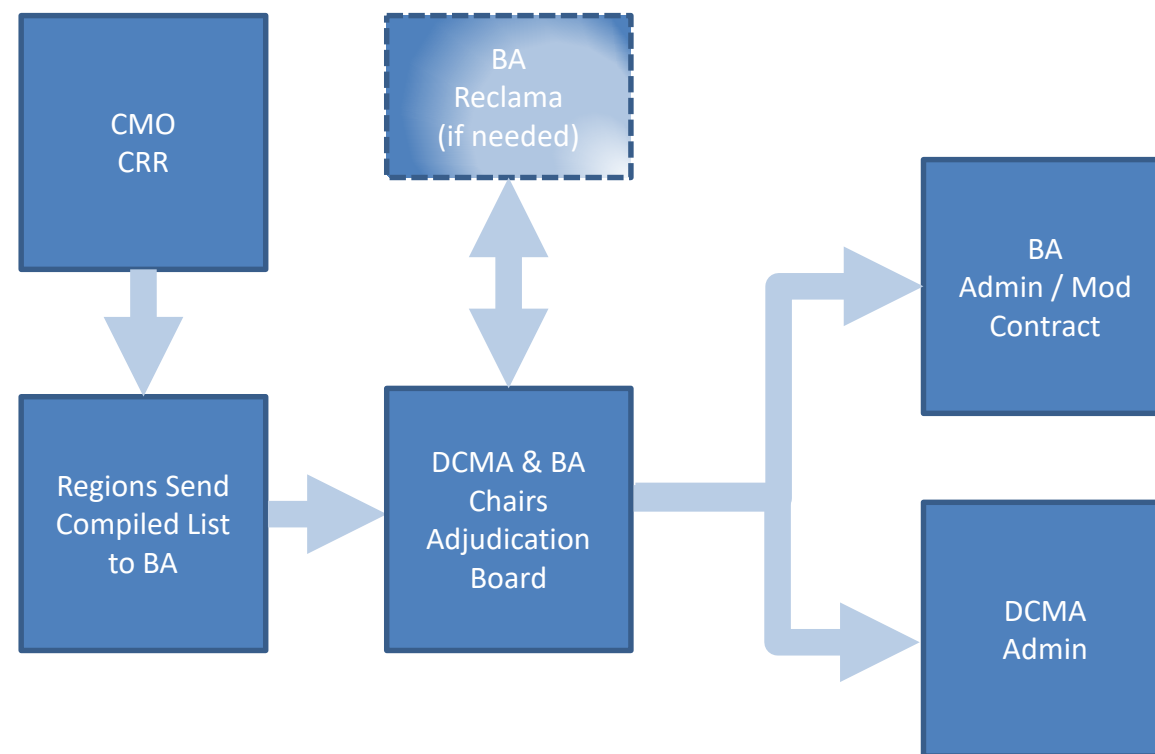
## Contracts Received Are Reviewed And Tracked Weekly

### Contract Management Offices (CMO)

- Workload Acceptance Leads (WAL) Review to Identify Contracts Not Containing Any of the 12 High Risk Indicators
- List Confirmed With CMO Commander and tracker updated

### Regional Staff\*

- Consolidates & Distributes Confirmed List to Buying Activity (BA) Points of Contact
- Adjudicate List (if necessary)
- Updates Tracker & Provides Feedback to CMOs on Actions Needed (Modification of Retention)



***Goal: Consistent Review & Decision Process Across All CMOs***

# Definition: Non-mission Service Work

- A contract that directly engages the time and effort of a contractor
  - Performs an identifiable task
  - Does not furnish an item of supply
  - Covers services performed

**FAR 37.101**  
**FAR 37.102 (h)**

1. Special studies/analysis
2. Routine recurring maintenance of real property
3. Housekeeping and base services
4. Advisory and assistance services
5. Operation of Government-owned equipment, real property, and systems
6. IT/Telecommunications services
7. Medical / Dental
8. Architect-Engineering (Subpart 36.6)
9. Transportation & related services (Part 47)
10. Research and development (Part 35)

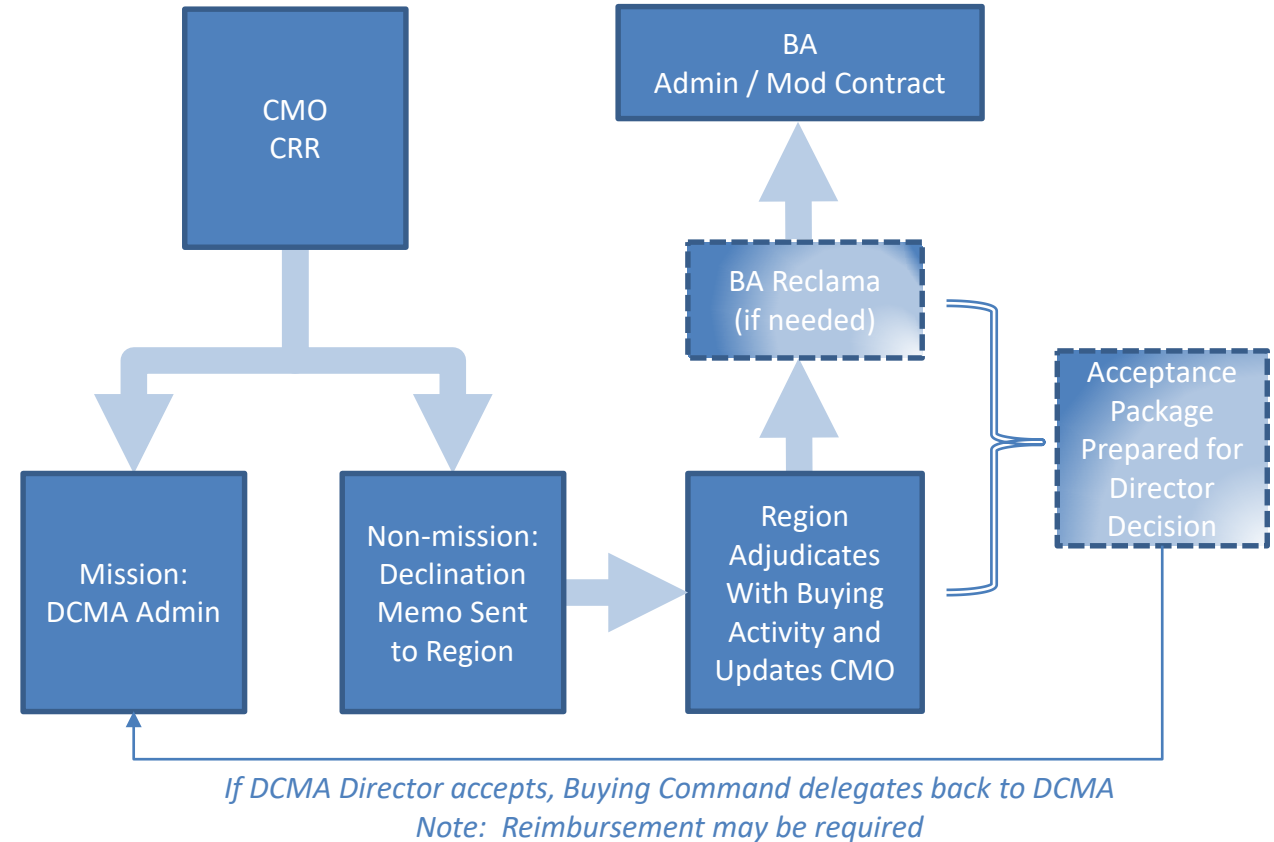
## Contracts Received Are Reviewed And Tracked Weekly

### Contract Management Offices (CMO)

- Workload Acceptance Leads (WAL) Review to Identify CSS Contracts Meeting DFARS Exceptions
- List Confirmed With CMO Commander
- Signed Declination Letter Submitted to Region
- CMO Continues to Administer Until Notified by Region

### Regional Staff\*

- Confirmed List Distributed to Buying Activity (BA) Point of Contact
- Conduct Adjudication Meeting (if necessary)
- Confirms & Distributes Declination Letter to BA
- Updates Tracker & Provides Feedback to CMO on Actions Needed (Modification or Retention)
- If Necessary - Acceptance Package Staffed Through Headquarters Program Management & Business Integration Directorate to DCMA Director



**DCMA Director Retains Authority to Accept Non-Mission Work**



- DFARS 242.202(a)(i) – DoD activities shall not retain any contract for administration that requires performance of any contract administration function at or near contractor facilities
- DFARS 242.202(a)(ii) – Contract administration functions for base, post, camp, and station contracts on a military installation are normally the responsibility of the installation or tenant commander
- DFARS 242.202(a)(iii) – DCMA shall provide preaward survey assistance for post, camp and station work
- DFARS 242.202(a)(iv) – To avoid duplication, contracting offices shall not locate their personnel at contractor facilities except in support of contracts retained for administration

***Contract Administration Assignment Is An Early Acquisition Discussion***

# Exceptions to DFARS 242.202(a)(i)

## 18 Exceptions

Nat'l Security Agency	R&D w/Universities	Flight Training	Mgmt & Professional Support Services	Mapping, charting, geodesy services
Base, Post, Camp, Station Purchases	Operation, maintenance of, or installation of equipment at, radar or com. network sites	Communication Services	Installation, operation, and maintenance of space-track sensors and relays	Dependents Medicare program contracts
Stevedoring Contracts	Construction and maintenance of military civil public works	Architect-Engineer Services	Airlift and sealift Services	Subsistence Supplies
Ballistic Missile Sites	Operation, maintenance of, or installation of equipment at military test ranges	Defense Energy Support Center, Defense Logistics Agency	<div> <b><i>Buying Activity Should Retain Administration</i></b> </div>	

- **Focusing DCMA Contract Administration Resources on High Value / High Risk Support Increases Warfighter Lethality and Readiness**

- **Administration of Low Value / Low Risk Contracts Are Returned to Buying Activities**

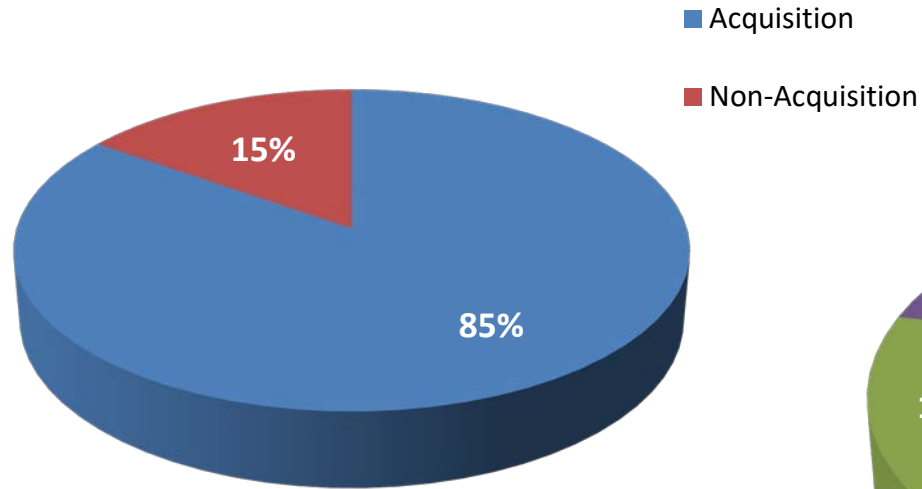
Any contract or delivery order below \$300K, except when the work is for an item causing a serious readiness degrader, or has risk associated with it

## 12 Risk Indicators

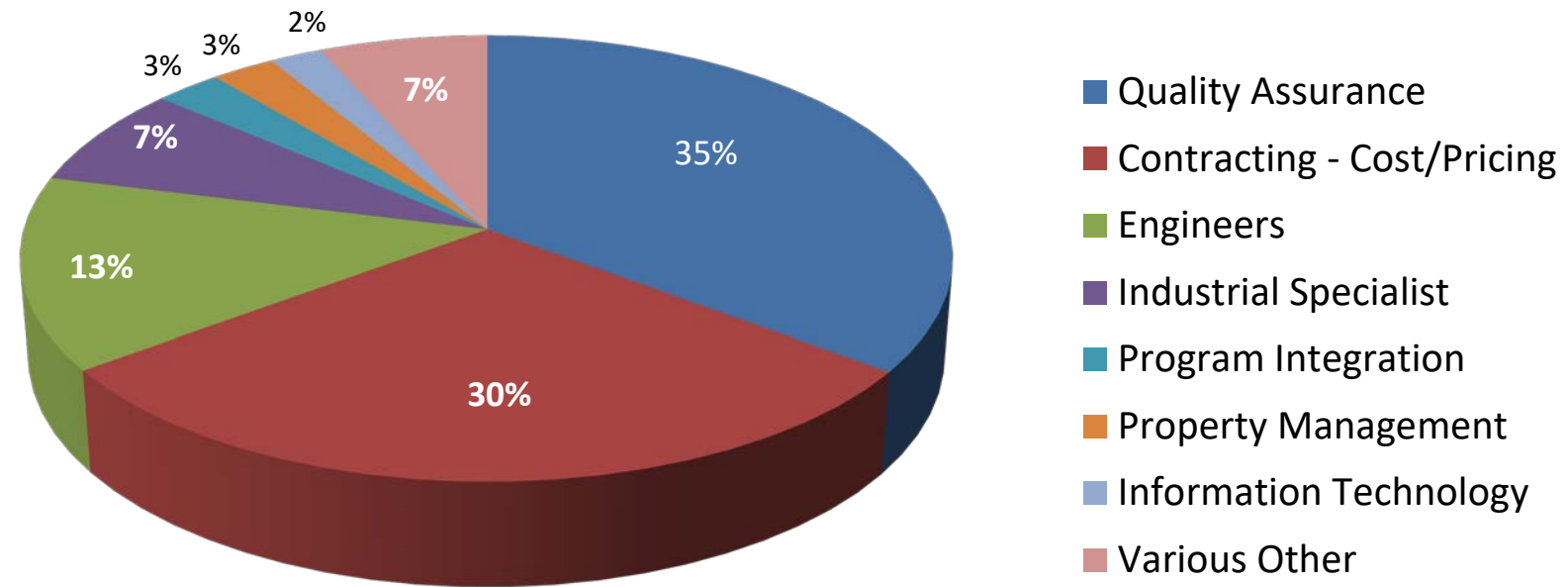
Arms Ammunition Explosives	Classified Data (DD254)	Contract Financing	Government Property *
Surveillance Criticality Designator (SCD) A or B	Critical Safety Item (CSI)	First Article Test (FAT)	Foreign Military Sales (FMS)
High Risk Items / Vendors #	Higher-Level Quality Requirements	Safety of Flight (SOF)	Defense Logistics Agency (DLA) Strategic Partners/Alliances

**DFARS 242.402 & 246.404**

## DCMA Civilian Workforce



## DCMA Acquisition Employees





# Scope of Work and Span of Control

## Scope of Work

Total Contract Amount	\$5.2 trillion
Obligated Amount	\$2.111 trillion
Serviced Contractor Locations	19,355
Active Contracts	348,866
• Contract Unliquidated Obligations	\$288.4 billion
• ACAT I (IAC, IC, ID) & II Programs	188
Aircraft Accepted (FY18)	1,136
Aircraft Acceptance Flying Hours (FY17)	15,025
Oversight of Government Property	\$152.5 billion
Progress Payments	\$19.4 billion
Performance-based Payments	\$12.5 billion

## Span of Control

Total Workforce	12,193
Civilian	11,641
Military (Active Duty – 375, Reserve – 177)	552
Budget Authority	\$1.4599 billion
Reimbursable Target	\$238.9 million

**DCMA authorize \$678.4 million  
in contractor payments  
per business day.**

## DCMA Measurable Return on Investment (ROI)

- Saved: **\$353 million**
  - Contract terminations, EEO claims, property administration, surge support efforts (negotiated) and travel savings
- Recovered: **\$1.68 billion**
  - Contract litigation, cost accounting standards, fraud cost recoveries, incurred cost settlements, and property claims
- Cost Avoided: **\$2.81 billion**
  - Commercial pricing, EEO settlements, contract litigation, property and plant clearance, surge support efforts (recommended) and worker's comp claims

***\$4.85B actually saved, recovered and cost avoided against a \$1.4B budget =  
3.46:1 Return on Investment***

## DCMA Contribution to Lethality

- In FY18 Delivered **583 million** items worth **\$74.8 billion** to the warfighter

## April – September 2018

71% On-Time Delivery

### Platform Deliveries (Unit Cost >\$1M)

#### Aircraft

- 11 Fighters (\$903.7M)
- 8 Tiltrotors (\$522.6M)
- 1 Early Warning (\$144.6M)
- 2 Attacks (\$43.1M)
- 9 Transport (\$605.3M)
- 4 Anti-Submarine Warfare (\$553.6M)
- 72 Helicopters (\$1.01BM)
- 14 UAVs (\$140.1M)
- 1 Surveillance (\$144.5M)

42 Aircraft Engines (\$318.9M)

27 Missile Systems (\$211.7M)

185 Missiles (\$427.5M)

142 Combat Vehicles (\$431.3M)

17 Countermeasure Systems (\$36M)

1 Gas Generator (\$3.2M)

10 Radar Systems (\$54.2M)

19 Targeting Pod Sensor Enhancements (\$27.4M)

3 Targeting Sight Systems (\$8M)

1 Advanced Arresting Gear (\$33M)

1 Assault Bridge (\$4.5M)

11 M1A2 Tank Upgrade (\$19.1M)

4 AH-64 Upgrade/Remanufacture (\$48.1M)

### Magnitude of Item Deliveries

#### Total Items

- 138.3M items delivered
- \$15.9B in total product deliveries

#### DLA Contract Items

- 27.8M items delivered
- \$2.4B in total product deliveries

#### Program Items

- 882.6K items delivered
- \$6.7B in total product deliveries

## September 2018

70% On-Time Delivery

### Platform Deliveries (Unit Cost >\$1M)

#### Aircraft

- 3 Tiltrotor (\$195.5M)
- 16 Helicopters (\$216.2M)
- 4 Transport (\$273.1M)
- 6 Fighters (\$597.8M)
- 1 Surveillance (\$144.5M)
- 1 UAV (\$10.8M)

11 M1A2 Tank Upgrade (\$19.1M)

18 Aircraft Engine (\$97.6M)

4 AH-64 Upgrade/Remanufacture (\$48.1M)

21 Combat Vehicles (\$116.9M)

48 Missiles (\$141.6M)

2 Missile Systems (\$22.3M)

5 Radar System (\$43.8M)

2 Electronic Warfare System (\$16.4M)

### Magnitude of Item Deliveries

#### Total Items (Within time period)

- 116.9M items delivered
- \$7.1B in total shipment deliveries

#### DLA Contract Items (Within time period)

- 8.6M items delivered
- \$836.3M in total shipment deliveries

#### Program Items (Within time period)

- 190.1K items delivered
- \$3.2B in total shipment deliveries

**Direct Warfighter Support**



<https://www.dvidshub.net/video/480264/dcma-does>