



DCMA Manual 2101-04

Delegate Surveillance

Office of Primary Responsibility	Product Acceptance and Proper Payment Capability Board
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Purpose: This issuance, in accordance with the authority in DoD Directive 5105.64, implements policy, assigns responsibilities, and provides and defines procedures for:

- DCMA surveillance effort to ensure prime contractor control of subcontracted work in accordance with Federal Acquisition Regulation 46.401-46.406, 42.202 and 42.302

- Ensuring coordination of delegated contract administration functions for DCMA activities when those activities must occur at the supplier's plant

SUMMARY OF CHANGES

This issuance was rewritten. Agency users and stakeholders should read it in its entirety. The following identifies the most notable changes:

- Removes functional decision-making guidance for issuing delegations and documenting it in functional guidebooks as needed.
- Identifies collateral duty role for Customer Delegation Manager (renamed from current electronic contract administration request system point of contact position identified in DCMA Manual 2401-01, “Negotiation Intelligence Procedures”) for receiving and assigning customer delegations for each Contract Management Office/Center.
- Reinforces the annual joint review requirement of all letters of delegation.
- Imposes a one-year limit on all quality assurance internal letters of delegation unless specific criteria are met.
- Adds procedures for issuing full contract administration services delegations.
- Promotes use of Supplier Risk System performance index to manage delegations.

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This issuance applies to all DCMA activities unless higher-level regulations, policies, guidance, waivers, deviations, or agreements take precedence (e.g., Memorandums of Agreement (MOA), Memorandums of Understanding (MOU)). Support Contract Administration (SCA) delegations for Government Flight Representatives, Ground Government Flight Representatives, Government Ground Representatives, and Contract Safety Managers on contracts that include flight operations must be in accordance with appropriate DCMA Instruction (DCMA-INST) 8210-1, “Contractor’s Flight and Ground Operations,” series and DCMA Manual (DCMA-MAN) 8210-2, “Aircraft Operations.” Special Programs Command will meet the intent of this Manual and other related issuances to the maximum extent practicable for all Special Access Programs (SAP) and Sensitive Compartmented Information (SCI) contracts. Classified contracts with security requirements are not delegated through unsecure means.

1.2. POLICY. It is DCMA policy to use delegations in an effective, efficient, safe, and ethical manner, and only when it is in the Government’s interest or as required by regulations. It is the prime contractor’s responsibility to manage its suppliers. Delegations will only be issued when the applicable conditions of relevant guidance (e.g., Federal Acquisition Regulation (FAR) 46.401-46.406, FAR 42.202, Defense Federal Acquisition Regulation Supplement (DFARS) 252.223-7002, or DFARS 252.223-7003) have been met.

SECTION 2: RESPONSIBILITIES

2.1. CONTRACT MANAGEMENT OFFICE (CMO)/CENTER COMMANDER/DIRECTOR. The CMO/Center Commander/Director will:

- a. Identify the level within the organization to accept delegations.
- b. Designate in writing a point of contact, First Level Supervisor (FLS) or higher CMO staff, with full authority to reject a delegation or accept within appropriate limitations.
- c. Identify a Customer Delegation Manager (CDM) for the CMO/Center. The CDM is intended to be a collateral position and is only necessary when the CMO receives customer delegations from the DoD Central Control Point (DoDCCP).
- d. Elevate to Operational Unit (OU) Commander/Director or their designee when the receiving CMO has determined its inability to support a delegation request.
- e. Inform the applicable OU Command staff of any received delegation that is rejected.
- f. Follow the procedures in Paragraphs 3.2.e(2) and 3.2.h(1)(d) of this Manual when elevating a delegation for resolution.
- g. When external customer delegations (i.e. Quality Assurance Letter of Instruction (QALI)) are received from an external customer, ensure cognizant CMO personnel perform workload acceptance pursuant to DCMA-MAN 4502-02, "Workload Acceptance."
- h. Ensure all delegations are issued and maintained in accordance with this Manual and associated functional guidebooks.

2.2. FUNCTIONAL GROUP LEAD (FGL). The FGL will:

- a. Assist in resolving conflicts involving CMO acceptance of internal and external delegations to include coordinating with the Secondary Workload Acceptance Lead (see DCMA-MAN 4502-02) when resources are limited in functional areas. (See Paragraphs 3.2.d. and 3.2.e.)
- b. Coordinate with CMO/Center Commander/Director when elevating a delegation for acceptance resolution.
- c. Assess workload across their organization and prioritize new delegations against existing risks and workload to assure that available resources are focused on requirements with the highest risk and priority.
- d. Coordinate with DCMA Centers when a Center's contract oversight assistance is necessary.

2.3. FLS. The FLS will:

- a. Ensure Function Specialists (FSs) possess the necessary skill sets and competencies to perform the tasks defined in this Manual.
- b. Assist designated acceptance personnel in negotiation of delegations when necessary.
- c. Ensure delegating FS (delegator) only issues delegations for contract administration functions that have been delegated to DCMA pursuant to FAR 42.302 and DCMA-MAN-4502-02. Ensure the conditions of FAR 42.202(e) and (f), and/or FAR Subpart 46.4, and the intent of this Manual are met.
- d. Ensure delegator properly annotates the applicable surveillance events/activities from their surveillance plan as “delegated” in accordance with DCMA-MAN 2303-01, “Surveillance,” and ensure assigned prime contractors manage their suppliers in accordance with FAR 42.202(e)(2).
- e. Ensure delegation Foreign Military Sales (FMS) fields are correctly annotated by the delegator when applicable in the agency’s Letter of Delegation (LOD) System of Record (SOR).
- f. Transfer QALIs and delegations to appropriate FS as necessary to meet workload management requirements.
- g. Ensure delegatee plans and documents accepted delegation surveillance events/activities using the agency’s SOR in accordance with DCMA-MAN 2303-01.
- h. Review all internal Quality Assurance (QA) LODs that exceed the one year lifecycle to ensure they have been reviewed and documented in accordance with this Manual.
- i. Ensure FSs are fully informed of the requirements regarding the QA internal LOD one year lifecycle limit.

2.4. FS.

- a. The delegator will:
 - (1) (FSs must) confirm prime contractors provide effective management of supplier work maintaining conformity of all supplier provided products and services.
 - (2) Initiate communications with the intended delegatee prior to issuing any delegation. Communications will be documented in the LOD SOR. The purpose of early communication is to clarify and discuss any requirements, QALIs, applicable MOAs, or expectations before a delegation is issued.
 - (3) Plan delegations based on the output of the surveillance planning process and determination of requirement(s) to delegate to the cognizant CMO.

(4) Prepare, send, monitor, manage, and close delegations in accordance with the procedures established in this Manual and agency's LOD SOR.

(5) Jointly review all LODs with the delegatee annually prior to the one-year calendar date from date of acceptance.

(6) Coordinate with the delegatee to review and identify any trends that will result in closure or renewal of the internal LODs. Renewal consists of documenting the review and date of review in the LOD SOR. Non-renewed delegations will be closed and do not require the documented annual review.

(7) Close completed LODs within 10 calendar days.

(8) Jointly review internal QA LODs with the delegatee for suppliers with a Supplier Risk System (SRS) Quality Performance Index (QPI) from 80 to 89 percent for the past 12 months and determine the need for continued delegated surveillance.

b. The delegatee will:

(1) Review the delegation to verify if it is valid and necessary.

(2) Acknowledge receipt of the delegation within five business days.

(3) Make a delegation acceptance decision or make recommendations to accept with limitations or reject to the FGL or FLS.

(4) Ensure delegations/QALIs received from an external customer (other than those received from the DoDCCP) are processed in accordance with DCMA-MAN 4502-02 before executing the requested support.

(5) Plan and document accepted delegation surveillance activities using the agency's SOR in accordance with DCMA-MAN 2303-01.

(6) Execute delegation in accordance with the accepted terms.

(7) Jointly review all LODs with the delegator annually prior to the one-year calendar date from date of acceptance.

(8) Coordinate with the delegator to review and identify any trends that will result in closure or renewal of the internal QA LOD. Document rationale for closure/renewal in SOR.

(9) Complete any internal QA LOD surveillance at sub-contract suppliers with an SRS QPI greater than 90 percent for the past 12 months and no additional risk data.

(10) Jointly review internal QA LODs with the delegator for sub-contract suppliers with an SRS QPI from 80 to 89 percent for the past 12 months and determine the need for continued delegated surveillance.

(11) Complete the delegation in accordance with the terms of the accepted delegation.

2.5. CDM. The CDM will:

a. Confer with the CMO/Center functional leadership to determine assignment of the appropriate FS based on the customer delegated activities.

b. Issue the LOD to the appropriate FS.

c. Monitor all CMO customer delegations to ensure timely responses are provided to the customer and all customer delegations are maintained in a current status.

SECTION 3: PROCEDURES

3.1. DELEGATE SURVEILLANCE. The decision to issue a delegation is based on numerous risk factors and should be made as part of the surveillance planning process pursuant to DCMA-MAN 2303-01. Specific functional decision factors may be located in functional delegation guidebooks.

a. Delegations Types.

(1) Internal Delegations. Delegations for routine support between DCMA CMOs/Centers.

(2) Customer Delegations. Delegations received from external customers. These include foreign government/international organization Direct Commercial Sales (DCS), National Aeronautics and Space Administration (NASA) (prime and agency re-delegations), and reimbursable efforts. Refer to the following issuances as applicable: DCMA-INST 709, “International and Federal Business Reimbursable and Non-Reimbursable Support,” DCMA-MAN 3101-03, “National Aeronautics and Space Administration (NASA) Support,” or DCMA-MAN 2501-11, “International Requests for Contract Administration Services.” All customer delegations will be routed through the CMO/Center CDM. Customer delegations received outside the LOD SOR will be uploaded by the CDM.

(a) NASA Work. The NASA Program Office is the entry point for all NASA delegations. All NASA sub-tier delegations are made in the agency’s LOD SOR.

(b) DCS Work. DCS work is foreign government/international organization requests for Contract Administration Services (CAS)/Audit services in support of their direct commercial sales contracts with U.S. defense suppliers. The DoDCCP is the entry point for all foreign DCS delegations pursuant to DFARS 242.002 (b)(i)(S-70)(iii). CMOs are not authorized to perform work for DCS contracts unless the delegation is received from the DoDCCP through the LOD SOR. CMOs receiving a request directly from foreign governments/international organizations or the contractor for DCS contracts must forward it to the DoDCCP for processing pursuant to DCMA-MAN 2501-11.

(c) Other Reimbursable Delegations/Work (e.g., Coast Guard, Federal Emergency Management Agency).

(3) Host Nation (HN) Delegations. HN delegations are issued to, or received from, a foreign government for the exchange of contract management services. They are received by the DoDCCP then issued to a DCMA CMO or they are issued by DCMA International CMO to a foreign government. HN Coordinators will issue HN delegations to foreign nations for support pursuant to DCMA-MAN 2501-11. DCMA International is the only activity authorized to send HN delegations to a foreign country. Continental U.S. DCMA CMOs will send delegations to the appropriate DCMA international office when a HN delegation is necessary.

(4) QALIs received from external customers.

(a) For contracts DCMA does not administer, the QALI will be treated as a secondary delegation for contract administration and will follow the Workload Acceptance process in accordance with DCMA-MAN 4502-02. These QALIs received by DCMA outside the SOR will be entered into the QALI/LOD SOR by the FS once a workload acceptance decision has been rendered.

(b) For contracts administered by DCMA, QALIs can be entered into the SOR by the customer.

(c) When a QALI is received from external customers outside of the SOR, it will be entered by the FS into the SOR on behalf of the customer.

(5) External Delegations. Delegations issued from DCMA to external entities (e.g., DCMA to Service) are called SCA delegations. The DCMA delegation SOR is not accessible outside of DCMA. Due to this limitation, delegations must be sent by the Administrative Contracting Officer (ACO) in writing and will comply with general requirements on SCA delegations pursuant to FAR 42.2. SCA delegations will be maintained by the delegating ACO in the contract file. See the Aircraft Operations Correspondence Guide on the DCMA-MAN 8210-2 Resource Page for an example LOD.

b. Method of Delegation. There are two methods for delegating internally to DCMA: selective evaluation delegations and surveillance delegations. A single delegation that includes both requirements may be issued when appropriate to minimize the need for multiple delegations. All internal QA Delegations will be limited to one calendar year from date of acceptance. (See Paragraph 3.2.h.)

(1) Selective Evaluation Delegation. Selective evaluation delegation validates prime contractor surveillance and/or corrective action activities at the supplier's facility.

(a) Selective Evaluation Delegations are used to determine the level of confidence in the prime contractor's controls at the supplier. They can be used to periodically spot check supplier performance data and confidence. The delegation must indicate the specific actions to be performed or information verified (e.g., verification of prime contractor's source inspection activities of critical applications, processes, testing activities, documentation of records, reports, certificates to be verified, delivery schedules, Material Review Board actions).

(b) Selective evaluations may also be used to request a single event, such as risk evaluation of the prime contractor's controls at the supplier's facility and may include evaluation of potential risk for any processes used for production of the supplier item.

(c) Selective evaluations are one-time in nature, short in duration, and do not require recurring surveillance.

(2) Surveillance Delegations. Surveillance delegations transfer a contract administration function from one DCMA organization to another DCMA organization to mitigate risk to the Government.

(a) Surveillance delegations may be issued to protect the Government's interests until such time there is confidence established that the prime contractor's control of the supplier is determined to be effective.

(b) Surveillance delegations may also be issued for a contractual Statement of Work (SOW), performance work statement (PWS), or an accepted QALI/MOA/MOU.

(c) Surveillance delegations may be based on a single contractor purchase order or in the form of a blanket delegation covering multiple purchase orders and multiple prime contracts for same or similar product lines. A process for joint review of all outgoing purchase orders will be put in place between DCMA and the contractor to ensure government source inspection requirements are identified.

(d) Surveillance delegations are normally function-to-function, not cross-functional (e.g., QA to Engineering). One example of cross-functional delegations is when Plant Clearance issues delegations to QA for inventory verifications and demilitarization witnessing (See DCMA-MAN 2501-04, "Plant Clearance"). Another example is when a geographic CMO receives a contract pursuant to DFARS 252.228-7001, "Ground and Flight Risk," and does not have assigned Aviation Program Team personnel to initiate a delegation. In this example, the ACO must issue a delegation to an Aviation Program Team (refer to DCMA-MAN 8210-2). NASA delegations will be issued pursuant to DCMA-MAN 3101-03. Single function delegations provide greater agency visibility to the DCMA workload; as such multi-functional delegations are discouraged. The use of multi-functional delegations must be agreed to in advance in writing by both the delegator and the delegates.

3.2. ISSUING A DELEGATION. The FS at the delegating CMO is responsible for review of the prime contractor's subcontracting plan to ensure supplier controls are adequate. When a decision to issue a delegation has been made, comply with the following:

a. Communication. For internal delegations, the delegator must open lines of communication with receiving CMO(s) prior to delegating to ensure requirements are understood and maintain periodic communication throughout the life of the delegation. Customer delegations received by the DoDCCP will be sent to the CMO/Center CDM for assignment to the appropriate FS. In many cases, communication between the customer and the CMO may not occur until after the delegation has been received by the delegatee. HN delegations will be issued pursuant to DCMA-MAN 2501-11 and applicable international agreements. Communication must be documented by each FS in the agency's LOD SOR and be readily available to ensure continuity of information transferred between the delegator and the delegatee. Any mode of communication is acceptable (e.g., email, chat string, memorandum for record), but these records received from outside the SOR must be uploaded by each FS and be readily available. The prime CMO/Center will not send resources to the location of work without communication and concurrence from the CMO/Center cognizant of the location.

(1) Where a Place of Performance (POP) is identified in a contract, a delegation is not normally needed. However, the FS at the primary CMO must notify the FS at the CMO cognizant of the POP through the contract receipt and review SOR or by email. Notification must include the contract number and Commercial and Government Entity (CAGE) code and provide a copy of the contract when not available to the POP CMO. The FS at the CMO cognizant of the POP contractor must acknowledge receipt of the POP workload by email and enter it into their surveillance plan. The record of acknowledgment will be uploaded to the appropriate supplier's surveillance plan in the Surveillance Planning SOR by the primary CMO FS.

(a) Personnel at both locations must communicate to ensure that each party clearly understands the relationship between the prime contractor and the supplier and that all appropriate requirements and responsibilities are understood.

(b) In some situations, a delegation may be needed for the POP CMO to support a QALI, MOA, MOU, SOW or PWS. All functions performing surveillance at the POP location(s) will perform contract receipt and review in accordance with DCMA-MAN 2501-01, "Contract Receipt and Review," and both prime and POP CMOs will enter the work into their surveillance plans.

(2) Communication should include any resource estimates that are known prior to the issuance of the delegation and attempts must be made to resolve any gaps identified.

(3) The delegator and delegatee must collaborate to determine any special considerations to be included in the delegation and select the specific method of delegation needed (e.g., selective evaluation or surveillance delegation). The following are special considerations:

(a) Corporation Inter/Intra-Divisional Work Transfer. Where contract performance is shared between different divisions within the same major corporate entity, the FS at the delegating CMO cognizant of the division as identified in the contract must coordinate and issue delegations as appropriate to the FS at the receiving CMOs cognizant of the divisions involved with performance. Typically, the company will use an inter-divisional work order (or similar) to document this transfer of responsibility between divisions. DCMA offices at corporate locations must be aware of this workload and engage with the prime contractor to gain insight into those transferred work requirements. When Corporation Inter/Intra-Divisional Work Transfer surveillance occurs within the same CMO covering geographically dispersed facilities of the same corporate entity, delegations may not be required if the CMO effectively plans and coordinates the development and execution of surveillance plans and actions among the CMO contract management teams. Where this effective coordination and planning cannot be accomplished, a LOD should be established.

(b) Blanket delegations cover multiple prime contracts and purchase orders. The delegating CMO is responsible for maintaining traceability of the products to a contract or purchase order and the associated government contract and contract line item number quantities. Blanket delegations must include only active contracts with a future final delivery date; blanket

delegations may be issued to reduce administrative burden for a group of prime contracts and purchase orders for:

1. Surveillance of repetitive processes or tasks in a facility where the identified risk is the same across the products. For example, specific efforts in a particular facility such as ongoing nondestructive testing or heat treatment surveillance. Reference Surveillance of Nondestructive Testing Guidebook for Functional Specialists located on the nondestructive testing resource page.

2. Purchases of the same or similar items using common manufacturing processes.

(c) Although blanket delegations serve multiple contracts and purchase orders, an individual delegation may be more feasible for managing delegated surveillance events/activities. Deliberations during communication phase between the delegator and delegatee should occur to implement the best surveillance path and successfully execute the delegation.

(d) HN delegations are issued to, or received from, a foreign government for the exchange of contract management services. They are received by the DoDCCP then issued to a DCMA CMO or they are issued by DCMA International CMO to a foreign government. DCMA Continental U.S. to DCMA International outside continental U.S. delegations must be processed in accordance with this Manual. Delegations sent to or received from a foreign Government or international organization, will be processed in accordance with DCMA-MAN 2501-11 or DCMA-INST 709. When receiving a delegation from a foreign government or international organization, DCMA is the HN. International Traffic in Arms Regulation/Export Administration Regulation items will be delegated pursuant to DCMA-MAN 2501-11.

(4) All Product Quality Deficiency Report (PQDR) support investigation requests must be processed via the Product Data Reporting and Evaluation Program (PDREP) PQDR Module. Delegation of PQDRs must not be processed in the PDREP QALI/LOD module.

(5) DCMA Centers delegate to/from other Centers and CMOs. The prime CMO is responsible for identifying when a Center's contract oversight assistance is necessary. Since workload is not automatically directed to the Centers, it is the FGL responsibility to coordinate how to delegate to the Centers.

(6) Additional information and/or requirements regarding delegations can be found on this Manual's Resource Page.

b. Prepare and Send the Delegation. The delegation must be prepared and sent after initial communications have been completed. The delegator and delegatee should have already agreed on content, requirements, and ability to successfully execute the delegation. Any known issues that would result in rejection of the LOD, or portion of the LOD, must be resolved between the delegator and delegatee before the delegation is submitted. Issues that are agreed upon as minor

between the delegator and delegatee should not prevent issuance of the LOD and will be documented in the agency LOD SOR.

(1) The agency's LOD SOR must be used to delegate surveillance. If the SOR for issuing delegations is malfunctioning and the LOD cannot be conveyed through the SOR, the delegator and delegatee will still communicate and agree on necessary surveillance activities to be performed. This communication must be documented and uploaded to the SOR when it becomes operational. Availability of the SOR should not inhibit delegation of surveillance planning activities nor execution of those activities.

(2) All delegations must include a rationale statement explaining how the delegation meets the secondary delegations of contract administration requirements detailed in FAR 42.202(e)(2) and (f).

(3) The delegator must upload all appropriate supporting documents, e.g., support contracts, purchase orders, supplier SOW/PWS, source of customer directed activity if applicable (MOA, MOU, QALI), specific regulatory requirements, Key Contract Requirements (KCRs) and Risk Likelihood Rationale identified during the communication process to the agency's LOD SOR before the delegation is submitted in accordance with FAR 42.202(e). Supporting documents must be annotated to clearly and easily identify the portions of any customer directed activities that are applicable to the delegated surveillance. Proprietary information must not be uploaded to the agency's LOD SOR.

(4) Before submitting the LOD, the delegator must verify the prime contractor has informed the subcontractor, by subcontract or otherwise, that the Government must have timely access to the supplier facility. Ensure the subcontract includes the applicable FAR clause (i.e., FAR 52.246-2 through 9, DFARS 252.223-7002) or wording consistent with the government rights expressed in the clause.

(5) Delegators must include the KCR that requires surveillance. These surveillance activities must be the result of risk assessment and communication between the delegator and delegatee prior to drafting the delegation. The delegator will include the Surveillance Category (i.e., Process Evaluation, Progress Evaluation, Deliverable Product Evaluation, Deliverable Service Evaluation) to help aid the delegatee in updating their surveillance plan. Unless specifically required by a customer requirement (i.e., MOA or QALI), the surveillance techniques should be selected by the receiving CMO in accordance with DCMA-MAN 2303-01. General statements such as "perform government contract surveillance" or "perform surveillance" are not acceptable. HN delegations sent from DoDCCP to CMOs will not contain KCRs. The FS at the CMO will review the applicable documentation and their surveillance plans to determine appropriate KCRs to input into the accepted delegation.

(6) Delegations must include the appropriate documents or reference the location in appropriate documents regarding the following information as applicable:

(a) Appropriate quality/inspection system requirements.

(b) Appropriate and accurate technical requirements or reference thereto including applicable KCRs.

(c) Identification of Critical Safety Items (CSIs), critical product characteristics, and critical processes pursuant to DCMA-MAN 2304-01 “Critical Safety Items”.

(d) Identification of specific Air Launch and Recovery Equipment CSI Surveillance. See “Aircraft Launch and Recovery Equipment Critical Safety Items Guide for QA Specialists” located on the DCMA-MAN 2303-01 Resource Page.

(e) System safety risks that may result in catastrophic failure (i.e., Failure Modes and Effect Criticality Analysis category 1, NASA Criticality 1, fracture critical, or single failure points).

(f) Required personnel, training, system, process, material certifications, and documents as applicable.

(g) Subcontractor/supplier authority relative to processing waivers and deviations.

(h) Requirements relative to supplier generated plans, (i.e., quality plans, risk management plans, frozen manufacturing planning, and configuration management plans).

(i) Requirements relative to frozen/locked configurations, design reviews, configuration management requirements and audits, first article inspection, and/or specific testing requirements.

(j) Earned Value Management Program Analysis requirements.

(k) Export Control restrictions, appropriate International Traffic in Arms Regulations/Export Administration Regulation DFARS clause, and the number and expiration date of the applicable license pursuant to DCMA-MAN 2501-11.

(7) The decision to involve the delegatee in the product release process should be based upon a need by the Government for objective evidence of completed surveillance activities that can only be accomplished by the delegatee at the supplier location. DCMA product release is not a substitute for prime or subcontractor inspection requirements and should not be engaged unless in the Government’s best interests. When the delegatee must be involved in product release at the subcontract level, it will be performed pursuant to DFARS Appendix F, “Material Inspection and Receiving Report,” and DFARS Procedures, Guidance, and Information (PGI) F, Part 2, “Contract QA on Shipments between Contractors,” PGI F-201 Procedures.

(8) Delegation of surveillance for SAPs or SCI contracts must be processed in accordance with DCMA-MAN 4502-02 and Special Programs Command’s Local Operating Procedure. Contact the special programs Senior Acquisition Analyst for further guidance. Classified contracts are not delegated through unsecure means.

(9) FMS delegations will be issued in accordance with DFARS 242.202(e)(1)(B), and the PDREP LOD Module User's Guide (i.e., marking "FMS Requirement," providing the FMS Case Identifier).

c. Acknowledge the Delegation. The delegatee must review and acknowledge the delegation within five business days of issuance. For customer delegations, the CDM does not acknowledge receipt of the delegation. The CDM will confer with the CMO functional leadership to identify the appropriate FS. The CDM will then issue the delegation to the appropriate FS who then acknowledges the delegation.

d. Accept or Accept with Limitations. Decisions must be made within 20 business days. Each CMO Commander/Director identifies the level within the organization to accept delegations or accept with limitations. The CMO Commander/Director or Center Director or their designee must be informed of the rationale for limited acceptance of a delegation. The CMO Commander/Director will appoint in writing personnel authorized to accept LODs with limitations. Authorization must be attached to LOD in the SOR when accepted with limitations.

e. Rejection of a Delegation. When receiving CMO resources are limited in functional areas, limited acceptance of the delegation should be discussed and negotiated with the delegator. CMOs should assess workload across their organization and prioritize new delegations against existing workload. If a mutual agreement is reached on a limited delegation, further escalation is not required.

(1) If mutual agreement on a limited delegation cannot be reached, the CMO will perform workload acceptance in accordance with Paragraph 6.6. of DCMA MAN 4502-02. The Secondary Workload Acceptance Lead will be responsible for coordinating reassignment of work with the OU Commanders/Directors, and the applicable CMO Commanders/Directors and Functional Group.

(2) If a mutual agreement is reached by the OU(s) on a limited delegation, further escalation is not required. If the rejection cannot be resolved at the OU(s) level, the applicable issue must be elevated to the DCMA Headquarters Office of the Director through the appropriate Headquarters functional directorate for final resolution.

f. Sub-delegate. The delegatee can sub-delegate throughout the supply chain, as required. The same process as described in Paragraphs 3.1. through 3.2. must be followed. When sub-delegations are necessary, they must follow the same supply chain path as the purchase orders without bypassing cognizant CMOs of sub-tier suppliers. DCMA personnel must recognize the Government does not have privity of contract with subcontractors. (See FAR 42.505.)

g. Execute the Delegated Surveillance. Upon receipt and acceptance of the LOD, the delegatee will perform the following:

(1) Plan and document all DCMA delegated surveillance requirements in accordance with DCMA-MAN 2303-01.

(2) Contact the supplier to coordinate surveillance requirements.

(3) Perform the accepted delegated work requirements in accordance with applicable agency mission policies and procedures. Where the prime contractor has a representative onsite at the subcontractor facility, DCMA will only execute government surveillance after the prime contractor representative has performed their surveillance and accepted the results at the subcontractor.

h. Manage the Delegated Workload. The delegator must manage the workload, performance, and status of the delegation. The delegator must identify required changes and keep the requirements current. Any newly identified requirements should be uploaded to the Delegation SOR upon receipt, e.g., support contracts, purchase orders, SOW/PWS, source of customer directed activity if applicable (MOA, MOU, QALI). Uploading new requirements to the delegation SOR must be accomplished within 2 business days of receipt. The delegatee must also manage, track, and keep their information in the delegation updated.

(1) The need for continued delegation support must be jointly reviewed and determined at a minimum every 12 months from date of acceptance/last review, by both delegator and delegatee. If both parties agree that the delegation is no longer appropriate, the delegation should be completed and closed. Each party must document this review in the agency SOR at a minimum every 12 months from date of acceptance/last review. Joint review documents may be uploaded by either party with SOR access.

(a) Internal QA LODs are normally limited to a one-year lifecycle from date of acceptance. They will be jointly reviewed annually by the delegator and delegatee to the following three criteria. Sub-tier internal QA LODs must be considered when performing the joint review. For those contractors with no CAGE code and no SRS data after one-year of surveillance, local DCMA QA surveillance records and data analysis will be used for the joint review.

1. Internal QA LODs for suppliers with a SRS QPI of 90 percent or greater for the past 12 months will be completed and closed unless additional risk data indicates that the delegation should remain open.

2. Internal QA LODs for suppliers with a SRS QPI from 80 to 89 percent for the past 12 months will be jointly reviewed.

a. If available risk data indicates a positive performance improvement trend greater than three percent, the internal QA LOD will be completed and closed unless additional risk data indicates that the delegation should remain open.

b. If available risk data indicates a three percent or less improvement or negative performance trend, the internal QA LOD can be modified, updated, and renewed subject to follow on annual joint review.

c. Before an internal QA LOD can be closed, all sub-tier internal QA LODs must also be completed and closed.

3. Internal QA LODs for suppliers with a SRS QPI of less than 80 percent for the past 12 months will be jointly reviewed. These LODs can be modified, updated, and renewed subject to follow on annual joint review.

(b) Renewed/updated internal QA LODs that exceed a one-year life cycle must include one of the following:

1. Corrective Action Request (CAR) number issued to prime contractor for corrective action to improve supplier performance when it is determined the supplier is the cause for the reduced QPI.

2. Results of Data Analysis demonstrating flat or downward performance trend (i.e., Higher likelihood Risk) including reference to CAR, PQDR, SRS data, Facility Process Capability Profile results, counterfeit risk, and/or customer complaints.

3. Prime contractors' performance improvement plan to improve supplier performance.

4. An updated, valid rationale narrative for extending the delegation.

5. Other risk data identified to substantiate continued surveillance.

(c) Once negotiated, the delegator will modify, update, and renew the internal QA LOD to the delegatee. The delegatee will then acknowledge and accept the internal QA LOD.

(d) If the delegator and delegatee cannot come to a consensus regarding closure or continuance of the internal QA LOD, it will be elevated through both CMO chains of command for resolution in accordance with this Manual.

(2) Provide feedback. The delegatee must communicate with the delegator on a recurring basis throughout the life of the delegation, keeping them informed of performance status, significant issues, and concerns. These will be documented in the agency's LOD SOR. Before the delegation is completed, the delegatee and delegator should discuss any lessons learned and document them in the agency's LOD SOR.

(3) Close the delegation. The delegatee completes the delegation and must inform the delegator that efforts have been completed. Records of work performed in support of the delegation must be retained in accordance with Records Management guidance. For customer delegations, the delegating CMO/Center must be notified in writing (i.e., email, correspondence document) when all work is complete and concurs to close the delegation. The delegator closes the delegation once all delegated activities have been completed. All completed delegations must be closed within 10 business days of completion notification.

SECTION 4: FULL CAS DELEGATION PROCESS

DEFINITION AND SCOPE. As used in this Manual, a “Full CAS Delegation” is a term used to describe a secondary delegation IAW FAR 42.202(e) where a prime Contract Administration Office (CAO) requests SCA for all CAS functions being performed by the supporting CAO(s) and is documented via a MOU between those organizations.

a. Primary CAO. The cognizant CAO performs CAS delegated by the Procurement Contracting Officer in accordance with FAR 42.202(a) via either an interagency agreement or through the Federal Directory of CAS Components. The Federal Directory of CAS Components, in accordance with FAR 42.203, assigns administration office at the CAGE level and is based off geographic areas, contractor plants, or uniquely documented CAGE exceptions. The directory is maintained in the Purpose Code Management module of Procurement Integrated Enterprise Environment and changes to the directory typically require a General Order.

b. Secondary Delegation for SCA. There are instances, under prime contracts, where a substantial amount of the work required is either subcontracted, assigned to another plant or facility belonging to the prime contractor or assigned to a segment of the prime contractor that performs classified work (as stated in the DD254 and/or SOW). Quite often, it develops that these “alternate locations” are some considerable distance away from the prime contractor facility to which the prime contract was awarded. These locations may be inaccessible by prime CAO personnel (CAO with cognizance of the prime contractor facility to which the contracts were awarded) without the proper security clearances. Also quite often, it is advantageous to the Government, or even necessary, to maintain surveillance over one or more aspects of performance taking place at alternate locations. Accordingly, buying activities (where they have retained administration of the contract) or prime CAOs may request SCA from the CAOs cognizant of the alternate location(s) (i.e., supporting CAOs, including Special Programs). SCA may be requested by the cognizant CAO in accordance with FAR 42.202(e) and (f). The request can be for one or more CAS functions and in certain cases, it may make sense to request all CAS functions to be performed at the CAO cognizant of the subcontractor or another plant, facility, or segment belonging to the prime contractor.

(1) Requests for Secondary Delegation of SCA. The following actions will be completed when a cognizant CAO requests all CAS functions to be performed by the supporting CAO.

(a) Cognizant CAO commander requests all CAS functions to be performed by the supporting CAO via a signed MOU. No contract modifications are accomplished. The Procurement Contracting Officer is not involved in this process but must be informed of the change and is provided with the new CMO contact information.

(b) The signed MOU should clearly state CAS functions to be performed, and the specific contract, for which SCA is being requested. The request will also indicate responsibility for Agency performance metrics and any Financial Improvement and Audit Remediation reporting. If the gaining CMO determines that it can no longer perform SCA, the MOU will be amended or rescinded, as appropriate. The original CMO will coordinate with the delegated

CMO to ensure samples are completed in a timely manner for Financial Improvement and Audit Readiness/Remediation purposes.

(c) Agreed-to requests for SCA are considered a secondary delegation. An SCA Delegation will be issued in the DCMA SOR for delegations identified as a Full CAS Delegation and will be acknowledged and accepted by the gaining functional team. The signed MOU will be attached to the LOD in the SOR. All SCA Delegations must include a rationale statement explaining how the delegation meets the secondary delegations of contract administration requirements detailed in FAR 42.202(e)(2) and (f).

(2) Implementation of Secondary Delegation of SCA. The supporting CAO performing all CAS functions should complete the following:

(a) Establish Program Support in accordance with DCMA-MAN 3101-01.

(b) Request a Secondary ACO code from the Functional Information Resource Management team, in accordance with their established process.

(c) Ensure mapping of all assigned FS(s) in Contract Management Team POC SOR at the appropriate mapping level.

(d) Supervisors will add the DCMA DoD Activity Address Code (DoDAAC) of the delegated contract as an alternate DoDAAC in eTools Internal Web Access Management.

(e) FSs will request the roles in the procurement integrated enterprise environment required to complete their assigned CAS functions for their assigned DoDAACs.

(f) Supervisors will monitor the Integrated Workload Management System team to ensure that the delegated contracts are flowing to the proper assignees.

(3) SCA limitations for Subcontracts. SCA will not be requested for subcontracts unless the conditions are met in accordance with FAR 42.202(e)(2)(i-iii) and documented in the MOU between the prime and supporting CAO(s).

(4) CARs. Unless withheld by the prime CAO, any CAR issued will be pursuant to DCMA MAN 2303-01.

(5) MOUs documenting agreed to SCA delegations will be jointly reviewed at the time specified within the MOU or annually (if not specified) by the delegator and delegatee. If there are functions that no longer need to be performed by the supporting CMO or if the supporting CMO can no longer perform SCA, the MOU will be amended as necessary.

(6) Provide feedback. The delegatee must communicate with the delegator on a recurring basis throughout the life of the delegation, keeping them informed of performance status, significant issues, and concerns. These will be documented in the agency's LOD SOR.

(7) Close the delegation. The delegatee completes the delegation and must inform the delegator that efforts are complete. Records of work performed in support of the delegation must be retained in the applicable SOR. The delegator closes the delegation once all delegated activities are completed. All completed delegations must be closed within 10 business days of completion notification.

GLOSSARY

G.1. DEFINITIONS.

Customer Delegations. Delegations received from external customers. These include foreign government/international organization DCS, NASA (prime and agency re-delegations), and other reimbursable efforts.

Full CAS Delegation. Secondary delegation for contract administration to a gaining CMO being given the primary responsibility for performing all CAS functions identified in the delegation MOU.

FS. (1) Any DCMA personnel executing contract administration services within any career field. (2) FSs are personnel assigned to perform various tasks or functions in support of the Agency's mission (e.g., ACO, Contract Administrator, Contracting Officer Representative, Cost Monitor, Engineer, Industrial Specialist, Information Technology Specialist, Packaging Specialist, QA Specialist, or Transportation Specialist.)

HN Delegations. Delegations sent from DCMA International offices to foreign nations for support or delegations received from foreign governments/international organizations through the DoDCCP.

Internal Delegations. Delegations for routine support between DCMA CMO. This does not include customer delegations and HN delegations.

SCI. Sensitive Compartmented Information. Sensitive compartmented information (SCI) is a type of United States classified information concerning or derived from sensitive intelligence sources, methods, or analytical processes. All SCI must be handled within formal access control systems established by the Director of National Intelligence.

GLOSSARY

G.2. ACRONYMS.

ACO	Administrative Contracting Officer
CAGE	Commercial and Government Entity
CAO	Contract Administration Office
CAR	Corrective Action Request
CAS	Contract Administration Service
CDM	Customer Delegation Manager
CMO	Contract Management Office
CSI	Critical Safety Item
DCMA-INST	DCMA Instruction
DCMA-MAN	DCMA Manual
DCS	Direct Commercial Sales
DFARS	Defense Federal Acquisition Regulation Supplement
DoDAAC	DoD Activity Address Code
DoDCCP	DoD Central Control Point
FAR	Federal Acquisition Regulation
FGL	Functional Group Lead
FLS	First Level Supervisor
FMS	Foreign Military Sales
FS	Functional Specialist
HN	Host Nation
KCR	Key Contract Requirement
LOD	Letter of Delegation
MOA	Memorandums of Agreement
MOU	Memorandums of Understanding or Memoranda of Understandings
NASA	National Aeronautics and Space Administration
OU	Operational Unit
PDREP	Product Data Reporting and Evaluation Program
PGI	Procedures, Guidance, and Information
POP	Place of Performance
PQDR	Product Quality Deficiency Report
PWS	performance work statement
QA	Quality Assurance

QALI	Quality Assurance Letter of Instruction
QPI	Quality Performance Index
SAP	Special Access Programs
SCA	Support Contract Administration
SCI	Sensitive Compartmented Information
SOR	System of Record
SOW	Statement of Work
SRS	Supplier Risk System

REFERENCES

DCMA Instruction 709, “International and Federal Business Reimbursable and Non-Reimbursable Support,” March 10, 2014
DCMA Instruction 8210-1 (Series), “Contractor's Flight and Ground Operations,” August 21, 2013, as amended
DCMA Manual 2303-01, “Surveillance,” December 28, 2022, as amended
DCMA Manual 2401-01, “Negotiation Intelligence Procedures,” December 20, 2018, as amended
DCMA Manual 2501-01, “Contract Receipt and Review,” March 24, 2019, as amended
DCMA Manual 2501-04, “Plant Clearance,” February 14, 2019, as amended
DCMA Manual 2501-11, “International Requests for Contract Administration Services,” March 4, 2019, as amended
DCMA Manual 3101-03, “National Aeronautics and Space Administration (NASA) Support,” February 14, 2019
DCMA Manual 4502-02, “Workload Acceptance,” September 15, 2021
DCMA Manual 8210-2, “Aircraft Operations,” July 6, 2022, as amended
Defense Federal Acquisition Regulation Supplement, as amended
Defense Federal Acquisition Regulation Supplement (DFARS) Procedures, Guidance, and Information (PGI), as amended
DoD Directive 5105.64, “Defense Contract Management Agency (DCMA),” January 10, 2013, as amended
Federal Acquisition Regulation, as amended