

***DCMA
TECHNICAL DIRECTORATE***



***Delegate Surveillance Guidebook
For External User***

Revision 0

***DCMA TDM
April 15, 2020***

Prepared by:
Scott Crofoot, DCMA Headquarters Technical Directorate
Manufacturing and Quality Division

Approved by:

Michael E. Shields Jr., SES
Executive Director (Acting)
Technical Directorate
Date:

TABLE OF CONTENTS

SECTION 1: AUTHORITIES	2
1.1. Purpose	2
1.2. Scope	2
1.3. Goals.....	2
SECTION 2: RESPONSIBILITIES	2
2.1. External Customers (Delegators).....	2
2.2. DCMA Headquarters	2
2.3. DCMA Operational Units	3
2.4. DCMA Contract Management Offices.....	3
SECTION 3: DELEGATION PROCESS	3
3.1. Introduction	3
3.2. Delegate Surveillance Decision	3
3.3. Method of Delegation	4
3.4. Delegation Requirements.....	4
3.5. Communication	6
3.6. Delegation Development.....	6
3.7. Manage the Delegation	7
3.8. Accessing the DCMA Delegation System of Record.....	7
3.9. Additional Guidance for System of Record Quality Assurance Section	7
GLOSSARY	
G.1. Definitions	9
G.2. Acronyms	11
REFERENCES	12

1. AUTHORITIES

1.1. PURPOSE. This guidebook provides guidance for DCMA customers issuing Secondary Delegations for Contract Administration (SDCA) for limited sub-contract administration support to DCMA using the DCMA Delegation System of Record and to ensure coordination of delegated contract administration. In addition, ensuring SDCAs are effective, efficient, safe, ethical, and issued only when it is in the Government's interest. DCMA customers assure SDCAs are only issued to DCMA when the conditions of Federal Acquisition Regulations (FAR) 46.401, 46.402, & 46.405 and FAR 42.202 (e) & (f) are met. DCMA personnel accept delegated surveillance workload based on the DMCA-MAN 2101-04 "Delegate Surveillance" and as such, this guidebook is aligned with the DCMA Manual requirements.

1.2. SCOPE. This guidebook encompasses all sub-contract support SDCAs issued to DCMA by external customers or other services, for contracts not assigned to, or administered by DCMA per FAR 42.201.a, but instead fall within the parameters of DCMA mission work as delineated in DoD Directive 5105.64, "Defense Contract Management Agency" and not identified as an exception in Defense Federal Acquisition Regulation Supplement (DFARS) 242.202(a) (i). Prime contract support SDCA's will be managed through DCMA's Contract Receipt and Review process.

1.3. GOALS. This guidebook provides uniform guidance for communication, development and issuance of SDCAs generated by DoD customers external to DCMA, ensures the quality and content of SDCAs received by DCMA are such that they can be accepted and executed with minimal further negotiations, and ensures appropriate communication occurs before development and issuance of SDCAs.

2. RESPONSIBILITIES

2.1 EXTERNAL CUSTOMERS (DELEGATORS)

- a. Agree to use the guidance provided in this guidebook when considering and issuing SDCAs to DCMA.
- b. When delegating subcontract support, ensure the processes related to the delegated work are being appropriately managed by the prime contractor and if necessary, request corrective action before a SDCA is considered.
- c. Use the Federal Directory of Contract Administration Services (FEDCAS) to identify the appropriate Contract Management Office (CMO) when considering issuing a SDCA. FAR 42.203 -- Contract Administration Services Directory - DCMA maintains the Federal Directory of Contract Administration Services Components. The directory lists the names and telephone numbers of those DCMA and other agency offices that offer contract administration services within designated geographic areas and at specified contractor facilities. Federal agencies may access it on the Internet at <https://pubapp.dema.mil/CASD/main.jsp>. For additional information contact--Defense Contract Management Agency, 3901 A Avenue, Building 10500, Ft. Lee, VA 23801-1809.

2.2 DCMA HEADQUARTERS Technical Directorate, Manufacturing and Quality Division will coordinate, update and implement guidance changes as needed to support overall Agency and customer objectives.

2.3 DCMA OPERATIONAL UNITS Operational Units (OU) will ensure CMO's coordinate with and assist external customers attempting to negotiate SDCAs for DCMA support in compliance with this guidebook.

2.4 DCMA CMOs

- a. DCMA CMOs will coordinate with and assist external customers attempting to negotiate SDCAs for DCMA support in compliance with this guidebook.
- b. CMO functional Supervisors will assure functional specialists coordinate and communicate with external customers in negotiating incoming SDCAs
- c. CMO functional specialists will only accept SDCAs that meet the requirements and intent of this guidebook and will enlist the support of functional leads and supervisors to assist in negotiations when incoming SDCAs are found to be unacceptable.

3. DELEGATION PROCESS

3.1 INTRODUCTION. DCMA delegates surveillance based on requirements established in FAR part 42.202 (e) and FAR 46.405. FAR part 46.105, explains in detail that the Prime contractor is responsible for managing its subcontractors and controlling the quality of supplies or services tendered to the government for acceptance. The Contract Administration Office's (CAO) review of subcontracts is normally limited to evaluating the Prime contractor's management of the subcontracts. DCMA's acceptance of SDCAs for sub-contract support from external customers is predicated upon assurance by the issuing office that all proposed SDCAs are issued in accordance with FAR 42.202 (e) and FAR 46.405 requirements and that the CAO assures that the Prime contractor is managing its subcontractors effectively, so as not to impose that burden on DCMA at the subcontract level. This guidebook directly supports and augments the processes and procedures established in DCMA-MAN 2101-04, "Delegate Surveillance" and provides the requirements/directions and guidance necessary for DCMA customers to use the DCMA Delegation system of record.

3.2 DELEGATE SURVEILLANCE DECISION. Before issuing delegations for subcontract support, the external user should consider if:

- a. The prime contractor's plans/processes for purchasing of materials and components (make or buy decisions) have been thoroughly reviewed and understood.
- b. Lack of adequate prime contractor management of subcontractors has been identified, which resulted in a corrective action request being issued for supplies or services that do not conform to contract requirements and/or late delivery of supplies or services.
- c. Critical path activities have been reviewed to identify potential long lead-time processes that may impact production schedule and delivery.
- d. Factors affecting the need for a delegation in accordance with (IAW) FAR 46.4 and FAR 42.202 (e) and (f) are properly identified.
- e. Foreign Military Sales (FMS) contracts where the prime contractor is performing on a contract in the FMS customer's country are consistent with FAR 46.406.

3.3 METHODS OF DELEGATION. The two methods for delegating once a decision to issue a delegation has been rendered are selective evaluation delegations and subcontractor surveillance delegations. A single delegation that includes both of these requirements may be issued when appropriate, to minimize the need for multiple delegations. The method of delegation issued should be identified in the body of the delegation.

a. Selective Evaluation Delegation.

(1) Selective evaluation delegations validate prime contractor surveillance and/or corrective action activities at the subcontractor's facility.

(2) Selective evaluation delegations determine level of confidence in the prime contractor's controls at the subcontractor. They can be used to periodically spot check subcontractor performance data and confidence. Request for a selective evaluation delegation at the subcontractor level 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, and/or certificates to be verified.

(3) Selective evaluations request a risk evaluation of the prime contractor's controls at the subcontractor's facility and may include evaluation of potential risk for any processes used for production of the subcontracted item.

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

b. Subcontractor Surveillance Delegation.

(1) Subcontract surveillance delegations protect the Government's interests until the prime contractor's corrective action plan (CAP) is implemented at the subcontract level and the CAP is determined to be effective.

(2) Subcontract surveillance delegations may also be issued when an accepted Quality Assurance Letter of Instruction (QALI), Memorandum of Agreement (MOA), or Memorandum of Understanding (MOU) from the customer outlines required surveillance activities that the contractor has subcontracted out and the required surveillance can only be conducted at the subcontract level.

(3) Subcontract surveillance delegations may be based on a single purchase order or in the form of a blanket delegation covering multiple purchase orders and multiple prime contracts. However, the delegating office must maintain traceability of the purchase order to the prime contract.

3.4 DELEGATION REQUIREMENTS.

a. External customers must use their risk-based internal policies and procedures consistent with FAR 46.405 and 46.402 to determine if a delegation to DCMA at a subcontractor facility is warranted.

b. DCMA will not normally accept delegations for the following without proper justification:

(1) Non-complex and/or Non-critical items.

(2) Low risk subcontractors with positive performance history.

(3) Requests to perform oversight that can be performed at the prime location.

(4) Requests to perform any redundant oversight activities that are already accomplished by another Government activity.

(5) Requests to perform oversight where the prime contract does not meet the Simplified Acquisition Threshold (SAT) as identified in the FAR part 13 and does not meet the DCMA business rules for workload accepted below the SAT.

3.5 COMMUNICATION

a. Delegators must open lines of communication with receiving CMOs prior to developing the Letters of Delegation (LOD) to ensure requirements are understood, and both parties will maintain communication throughout the life of the delegation. Any mode of communication is acceptable, however communication should be documented and readily available to assure continuity of information transferred between delegator and receiver, for example, email.

b. International Traffic in Arms Regulation/Export Administration Regulation (ITAR/EAR) are the implementing regulations for export control laws established by the Arms Export Control Act/Export Administration Act (AECA/EAA), respectively, that prohibits the unauthorized transfer of defense articles, defense services, related technical data, commodities, information, technology, and software to foreign persons.

c. When planning to issue an SDCA and export-control requirements are imposed on the prime contract, the prime CAO must contact the prime contractor to determine if, during the performance of the sub-contract, the subcontractor will generate or require access to export-controlled articles or technical data.

d. If the subcontractor will generate or will require access to export-controlled articles or technical data, personnel at the prime CAO must ensure that subcontracts/purchase orders include applicable export control language. In SDCAs to DCMA, the CAO as a minimum, must include the referenced DFARS clauses or the contract page numbers that contain the ITAR language, license and agreement numbers, expiration dates, and other relevant information..

e. Delegating CAOs should send a copy of the applicable Export License, Manufacturing License Agreement (MLA), Technical Assistance Agreement (TAA), and Technical Data Package (TDP) to DCMA, if available. See DCMA-MAN 2501-11 “International Requests for Contract Administration Services” for additional requirements (available on DCMA home page). These requirements should be thoroughly understood before issuing delegations.

f. The supplier is responsible for compliance with ITAR/EAR, not DCMA. However, violations of the ITAR/EAR by DCMA personnel carry civil and criminal penalties under U.S. law that could include up to \$1 million in fines or up to 10 years in prison. Agency administrative sanctions are also possible up to and including termination of employment, which is why it is important that the CAO provide ITAR/EAR information to DCMA for awareness and planning purposes.

3.6 DEVELOPING DELEGATIONS. Delegations must be prepared and sent after initial communications have been established. Delegations should be as specific as possible to ensure the requested oversight is performed per expectations. Through communications, the delegator and receiver should have already agreed on content, requirements and the ability to successfully execute the delegation. Any known issues that would result in rejection of the LOD must be resolved between the delegator and receiver before the delegation is submitted. Unresolved minor issues that would not be cause for rejection should not prevent issuance of the LOD.

a. The external user must upload all appropriate supporting documents; e.g., support contracts, purchase orders, source of Customer Directed Activity (MOA, QALI if applicable), specific regulatory requirements, risk statements and any risk causes identified during the communication process to the DCMA Delegation System of Record before the delegation is submitted IAW FAR 42.202 (e). Supporting documents must be annotated to identify those portions of the customer directed activities that are applicable to the delegated surveillance.

(1) Attachments can be added to the delegation to clarify or explain the requested oversight. Normally the purchase order is attached to the delegation when possible.

(2) Sensitive, controlled, or classified information cannot be attached or entered into the DCMA Delegation System of Record. In cases where the purchase order cannot be attached, the delegator must ensure the contractor includes directions in the purchase order for the subcontractor to provide a copy of the purchasing documentation (e.g. purchase order, drawings, specifications) to the receiver of the delegation.

(3) The DCMA Delegation System of Record has a limit of five attachments between the Delegator and Receiver combined. Because of this limited capacity, attachments should be combined whenever possible to reduce the total number of attachments uploaded to the LOD.

b. The prime CAO must verify government access rights have been incorporated into the applicable subcontract purchase order by the prime contractor to ensure timely government access to the subcontractor facility. Assure the access wording is consistent with the government rights expressed in the prime contract, contractual inspection clause.

c. Delegations will include the surveillance activities, which must be performed, (e.g., verify critical characteristics for CSI, scope of Property Administration surveillance, etc.). These surveillance activities must be the result of the communication between the delegator and receiver. General statements such as “Perform government contract quality assurance (GCQA)” or “Perform surveillance” are not acceptable.

d. Delegations for subcontract support must include or reference the location of the following in the appropriate documents, as applicable:

(1) Appropriate quality/inspection system requirements.

(2) Appropriate and accurate technical requirements or reference thereto.

(3) Identification of CSI's, critical product characteristics, and critical processes.

(4) System safety risks that may result in catastrophic failure (i.e., Failure Modes and Effect Criticality Analysis (FMECA) category 1).

(5) Required personnel, system, process, or material certifications e.g. Missile Defense Agency Audit certifications, Non-Destructive Test discipline Certifications etc.

(6) Requirements relative to subcontractor generated plans; i.e., quality plans, risk management plans, frozen manufacturing planning, configuration management plans.

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

(8) Earned Value requirements.

(9) Export Control restrictions, appropriate ITAR/EAR, DFARS regulations, and the number and expiration date, of the applicable export license.

e. The DCMA Delegation System of Record must be used to delegate surveillance activities. The exceptions are those, which utilize the ECARS system; e.g., (contracts issued by Foreign Governments/International Organizations and NASA delegations) and (certain NSEP's and U-NNPI delegations). Classified Contracts are never delegated using the DCMA delegation System of Record.

f. Rejection of a Delegation. If it is determined that a delegation must be rejected, CMO's will follow the rejection process identified in DCMA-MAN 2101-04 "Delegate Surveillance" located on the DCMA public site.

3.7 MANAGING DELEGATIONS. Delegators must manage the delegation and workload including tracking the status of open delegations and performance, and identifying required changes to the delegation. The delegator must maintain the delegation and keep all delegation information and requirements current. Any newly identified requirements should be uploaded to the DCMA Delegation System of Record upon receipt (e.g. - support contracts, purchase orders, MOA, QALI if applicable). Uploading of new requirements to the DCMA Delegation System of Record must be accomplished within 2 business days of receipt. Receivers must manage, track, and measure work accomplished.

a. The need for continued delegation support must be jointly reviewed and determined annually at a minimum, by both delegator and receiver. If both parties agree that the delegation is no longer appropriate, the delegation should be completed and closed. Delegations must be updated in DCMA Delegation System of Record at least annually by the delegator to document that they are still appropriate.

b. Provide feedback. The receiver must communicate with the delegator on a recurring basis throughout the life of the delegation, keeping the delegator informed of performance status, significant issues, and concerns. Frequency of communication should be commensurate with the level of surveillance activities, production and delivery schedule. Before the delegation is closed, the receiver and delegator should discuss any lessons learned.

c. Close the delegation. The receiver completes the delegation and informs the delegator that efforts have been completed. Receivers' records of work performed in support of the delegation must be retained IAW DCMA Records Management guidance. The delegator closes the delegation once all delegated activities have been completed. Completion action of the delegation is considered objective evidence to the delegator that the delegated surveillance activities have been completed in full.

3.8 ACCESSING THE DCMA DELEGATION SYSTEM OF RECORD Contact DCMA Headquarters Technical Directorate for further guidance in gaining access to the DCMA Delegation System of Record.

3.9 ADDITIONAL GUIDANCE FOR SYSTEM OF RECORD QUALITY ASSURANCE SECTION

a. For the Contract QA Requirement, enter the quality assurance requirements of the subcontract purchase order. This may be written directly in the purchase order or it may be referenced through coded notes. Note that higher-level quality requirements may include customer specific, additional quality requirements imposed on the supplier and/or requiring the supplier to meet specific Quality Management System requirements.

b. For the Prime/Subcontract Standards, fill in the text field with any applicable inspection and/or acceptance standards.

c. For the Product/Services Description state the requested activities to be performed or reference an attachment that provides details of the requested GCQA oversight. These activities should be discussed with the receiver during the communication process to assure a clear understanding of the requested activities.

d. For the Product Release block, if requesting the receiver to be involved in releasing the product from the subcontractor facility the block will be checked and instructions for product release must then be provided in the text area. These instructions should be specific and indicate any required documentation or notifications for product release. The rationale for this requirement should be a topic for discussion with the receiver during the communication process to assure product release is being performed in the government's interest only and not as convenience to the contractor or to augment the contractor's processes.

e. The Surveillance Strategy Plan is typically not needed or used when issuing a delegation since upfront communication is required prior to issuing a delegation and the delegations must already be specific and risk-based.

f. The Focus Area block must indicate the inherent risk criticality of the subcontract/purchase order/products, and must clearly substantiate the reason for requesting the delegation. The Priority indicates the inherent (consequence) risk criticality level High/Moderate/Low and the comments in the text block must provide the rationale for the risk determination in order for the delegation to be accepted.

GLOSSARY

G.1. DEFINITIONS. Unless otherwise noted, these terms and their definitions are for the purpose of this guidebook.

Contract Administration Office. The office having responsibility for issuing and administering a government contract.

Contract Management Office. The DCMA Office that has been assigned primary responsibility for administration of a government contract or has been delegated specific/limited contract administration functions under FAR Subpart 42.302

Critical Path Activities. Those activities that make up the longest path activities that must occur in order to complete a project

Critical Safety Item. A part, assembly, installation equipment, launch equipment, recovery equipment, or support equipment for a weapons system that contains a characteristic, any failure, malfunction, or absence of which could cause a catastrophic or critical failure resulting in the loss or serious damage to the weapons system, an unacceptable risk of personal injury or loss of life, or an uncommanded engine shutdown that jeopardizes safety. For DCMA GCQA purposes, CSIs include aviation CSIs; personal protective devices such as Small Arms Protective Insert (SAPI) vests, gas masks, chemical/biological suits and personnel parachutes; conventional ammunition including small/large caliber munitions, artillery rounds, bombs, and missiles and Naval Sea System ships CSIs.

Delegator. The individual issuing a delegation to DCMA for surveillance activities at a subcontract facility.

External Customer. A DCMA customer/buying activity/service, requesting contract administration support activities on contracts for which the customer has retained administration.

Focus Area. Focus area is the processes or procedures that are the focal point of the requested surveillance activities. Focus areas must be prioritized High/Moderate/Low based on the inherent (consequence) risk criticality for the item/product/service.

Foreign Military Sales. Goods or services sold by the United States government to a foreign government or entity.

Processes. A set of interrelated or interacting activities that use inputs (Machine, People, Methods, Environment, and Material) to deliver an intended result. (*ISO 9000:2015 & Juran Quality Handbook 6th Edition, pg. 656 & 1054*)

Product. Goods, services, or information that are the outputs of any process, that meets the needs of your customer. (*Modified from pg. 74 Juran's Quality Handbook, 6th Edition*)

Receiver. The DCMA functional specialist responsible for execution of surveillance activities of a delegation issued by the Delegator

Secondary Delegation of Contract Administration. A delegation issued to a CMO cognizant of the sub-contractor location, by a CMO that has been assigned administration of a prime contract under FAR 42.202 (a) or (c) or by a Contract Administration Office that has retained prime contract administration

Selective Evaluation Delegation. Delegations used to determine level of confidence in the prime contractor's controls of the subcontractor. They can be used to periodically spot check subcontractor performance data and confidence. They are generally of a one-time nature, short in duration and do not require recurring surveillance.

Surveillance. Surveillance is a function of contract administration used to determine or assess contract progress and/or compliance through “data collection and analysis.” In DCMA, surveillance is often a multifunctional oversight effort to review and analyze contractor plans, schedules, command media, systems, processes, process outputs, and/or products. Surveillance includes reviews for adequacy (when applicable) and to determine compliance to contractual, statutory, regulatory, or contractor requirements. Surveillance involves collecting data and assessing it to support a determination.

GLOSSARY

G.2. ACRONYMS.

AECA	Arms Export Control Act
CAO	Contract Administration Office
CAP	Corrective Action Plan
CMO	Contract Management Office
CSI	Critical Safety Item
DCMA	Defense Contract Management Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DoD	Department of Defense
EAA	Export Administration Act
EAR	Export Administration Regulation
ECARS	Electronics Contract Administrations Request System
EWAM	External Web Access Management
FAR	Federal Acquisition Regulations
FEDCAS	Federal Directory of Contract Administration Services
FMECA	Failure Mode Effects and Criticality Analysis
FMS	Foreign Military Sales
GCQA	Government Contract Quality Assurance
IAW	In Accordance With
ITAR	International Traffic in Arms Regulation
LOD	Letter of Delegation
MLA	Manufacturing License Agreement
MOA	Memorandum of Agreement
NASA	National Aeronautics and Space Administration
QALI	Quality Assurance Letter of Instruction
SDCA	Secondary Delegation of Contract Administration
TAA	Technical Assistance Agreement
TDP	Technical Data Package

REFERENCES

- A. DoD Directive 5105.64, “Defense Contract Management Agency”
- B. FAR 42.201.a,
- C. DFARS 242.202(a)(i)
- D. FAR 42.202 “Assignment of Contract Administration Services” (a) (c) (e) (f)
- E. FAR 46.4 “Government Contract Quality Assurance”
- F. FAR 46.401”General”
- G. FAR 46.402 “Government Contract Quality Assurance at Source”
- H. FAR 46.405 “Subcontracts”
- I. FAR 46.406 “ Foreign Governments”
- J. FAR 42.203 -- Contract Administration Services Directory
- K. FAR 52.246-2 through 9
- L. DCMA-MAN 2501-11 “International Requests for Contract Administration Services”
- M. DMCA-MAN 2101-04 “Delegate Surveillance”