



**DEPARTMENT OF DEFENSE**  
**Defense Contract Management Agency**

**INSTRUCTION**

**International and Federal Business**  
**Reimbursable and Non-Reimbursable Support**

**International and Federal Business Division**  
**CPR: DCMA-FBR**

**DCMA-INST 709**  
**March 10, 2014**

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**1. PURPOSE.** This Instruction:

- a. Cancels and replaces DCMA Instruction (DCMA-INST) 709, “International and Federal Business Reimbursable and Non-Reimbursable Support” (Reference (a)).
- b. Updates the policy, further defines roles and responsibilities and outlines procedures to ensure the Agency accurately accounts for non-Department of Defense (DoD) and International Government Contract Administration Services (CAS) reimbursable and non-reimbursable delegations.
- c. Is established in compliance with DoD Directive 5105.64, “Defense Contract Management Agency (DCMA)” (Reference (b)), and all references listed.

**2. APPLICABILITY.** This Instruction applies to all organizational elements of DCMA performing services on non-DoD and International Government CAS reimbursable and non-reimbursable delegations.

**3. MANAGERS’ INTERNAL CONTROL PROGRAM.** In accordance with (IAW) DCMA-INST 710, “Managers’ Internal Control Program” (Reference (c)), this Instruction is subject to evaluation and testing. The process flowcharts are located at Appendix A.

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

**5. PLAS CODES.** All DCMA personnel must enter time into the Performance Labor Accounting System (PLAS) as follows:

- a. Process Code 006 - Reimbursable CAS and Process Code 221 - Resourcing and Budgeting, when performing processes as defined in this Instruction.
- b. When performing processes defined in other DCMA Instructions, use the PLAS process code as identified in that applicable Instruction.

c. When performing work on international requests managed by DCMA Electronic Contact Administration Request System (ECARS), report hours expended against the assigned Document Control Number (DCN).

**6. POLICY RESOURCE WEB PAGE.** <https://home.dcma.mil/POLICY/709r/index.cfm>

**7. EFFECTIVE DATE.** By order of the Director, DCMA, this Instruction is effective March 10, 2014, and all applicable activities shall be fully compliant within 60 days of this date.



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## REFERENCES

- (a) DCMA-INST 709, "International and Federal Business Reimbursable and Non-Reimbursable Support," September 2011 (hereby canceled)
- (b) DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013
- (c) DCMA-INST 710, "Managers' Internal Control Program," September 19, 2012
- (d) DCMA-INST 402, "Workload Acceptance," December 4, 2012
- (e) Federal Acquisition Regulation (FAR), Subpart 42.3, March 1, 2005
- (f) Defense Federal Acquisition Regulation Supplement (DFARS), Subpart 242.002, "Interagency Agreements," November 9, 2005
- (g) DCMA-INST 118, "Contract Receipt and Review," June 25, 2013
- (h) DCMA-INST 325, "Contract Technical Review," January 23, 2014
- (i) DCMA-INST 532, "Inter-Agency Support Agreements (ISSA)/Memoranda of Agreement (MOA)," September 1, 2004
- (j) DCMA-INST 313 "International Requests For Contract Administration Services," November 23, 2013
- (k) DCMA-INST 409, "Memorandum of Agreement for Contract Management," July 31, 2013
- (l) DCMA-INST 120, "Pricing and Negotiation," March 5, 2013
- (m) DCMA-INST 407, "Customer Engagement," July 26, 2013
- (n) Defense Contract Audit Agency (DCAA), "Contract Audit Manual (CAM)"
- (o) Federal Acquisition Regulation (FAR), Subpart 42.302, "Contract Administration Services," March 1, 2005
- (p) DCMA-INST 704, "Military Interdepartmental Purchase Request (MIPR)," June 13, 2013
- (q) Defense Security Cooperation Agency (DSCA) Manual 5105.38-M, "Security Assistance Management Manual (SAMM)"
- (r) Allied Quality Assurance Publication (AQAP) 2070, "NATO Mutual Government Quality Assurance (GQA) Process," April 2009
- (s) Defense Procurement and Acquisition Policy, "Reciprocal Defense Procurement and Acquisition Policy Memoranda of Understanding"
- (t) DCMA-INST 307, "National Aeronautics and Space Administration (NASA) Support," February 1, 2010
- (u) DCMA-INST 216, "Multifunctional Letter of Delegation" (under development)
- (v) DCMA-INST 706, "Performance Labor Accounting system (PLAS)," April 2010
- (w) DoD 7000.14-R, "Financial Management Regulation," Volume 15, February 2012
- (x) NATO Standardization Agreement (STANAG) 4107, "Mutual Government Quality Assurance," September 1997
- (y) DoD Instruction 4000.19, "Support Agreements," April 25, 2013

## CHAPTER 1

### POLICY

#### 1.1. OVERVIEW.

##### 1.1.1. DCMA-FBR Mission.

1.1.1.1. The Financial and Business Operations Directorate (DCMA-FB), International and Federal Business Reimbursable and Non-Reimbursable Division (DCMA-FBR) manages the DCMA Reimbursable Program for Foreign Military Sales (FMS), National Aeronautics and Space Administration (NASA), Federal CAS(FEDCAS)(civilian Agencies; e.g., Department of Homeland Security, Department of State, less NASA) and Foreign Contract Administration Services, and serves as the Department of Defense Central Control Point (DoDCCP) for contract administration/audit support to direct commercial sales (DCS) contracts issued by Foreign Governments/International Organizations.

1.1.1.2. The Office of the Secretary of Defense (OSD) funds DCMA to provide CAS in support of the U.S. Military Services and other defense organizations according to DoDD 5105.64 (Reference (b)). DCMA (Contract Management Office (CMO) Commanders/Directors and Center/Group Directors) may accept noncore work in support of the DoD Acquisition Enterprise and its partners worldwide only as approved by the Director, DCMA (Director) as defined in DCMA-INST 402, “Workload Acceptance” (Reference (d)).

##### 1.1.2. DCMA Customers.

1.1.2.1. DoD Customer Base. Traditionally, DCMA receives work requests from DoD buying activities (e.g., OSD, Air Force, Army, Navy, Missile Defense Agency, and Defense Logistics Agency as identified in the DCMA DoD Customer Base (see DCMA-INST 402 (Reference (d)) Policy Resource Web Page) requesting CAS support in pursuant to the Federal Acquisition Regulation (FAR) (Reference (e)).

1.1.2.2. Other Federal Agencies and Foreign Governments. DCMA customer base may expand to include other U.S. Federal Agencies (e.g., NASA, U.S. Department of Energy, National Security Agency, Environmental Protection Agency, General Services Administration, Federal Aviation Administration, and Department of Homeland Security), foreign governments, and international organizations (e.g., North Atlantic Treaty Organization (NATO) when the Agency makes a workload acceptance determination to take on the work.

#### 1.2. POLICY.

1.2.1. This Instruction establishes a policy for non-DoD and International Government CAS delegations (reimbursable/non-reimbursable). The policy describes the procedures for the receipt and processing of such requests to include guidance and assistance to DCMA employees seeking to accurately account for Non-DoD CAS delegations. It also provides Agency personnel and customers with the process to request services from DCMA. Detailed instructions enable

DCMA to provide optimal support to its customers within mission, skills, and resource constraints. This Instruction specifically provides the policy for the reimbursement of the cost of CAS to DCMA from non-DOD and international government organizations.

1.2.2. Defense Federal Acquisition Regulation Supplement (DFARS) 242.002 (Reference (f)), assigns DCMA the responsibility to receive, process, and manage service requests from international customers for the performance of contract administration and contract audit services on direct commercial contracts/sales (DCS). DoD policy states that DCMA performs CAS functions on a reimbursable/non-reimbursable basis to international governments and international organizations (e.g., NATO). DCMA-FBR serves as the DoDCCP.

1.2.3. The majority of the service support is accomplished at the CMO level or DCMA Centers and is done on a daily basis. DCMA employees review contracts, letters of delegation, and other work requests using the procedures described in DCMA-INST 118, “Contract Receipt and Review” (Reference (g)), and DCMA-INST 325, “Contract Technical Review” (Reference (h)) (for quality assurance personnel) and provide Agency employees an opportunity to question topics, issues, and/or concerns in a manner that allows DCMA to better manage customer expectations to include reimbursement (if applicable) for performing the work.

1.2.4. DCMA-INST 532, “Inter-Agency Support Agreements (ISSA)/Memoranda of Agreement (MOA)” (Reference (i)) governs how Interservice and Intragovernmental support will be provided to/from DCMA, from/to another DoD component or Federal Agency once the work request is approved by an appropriate approval authority. The term Interagency Agreement (IAA) is appropriate for CAS workload acceptance and may be used for referring to an agreement between a DoD Component and a non-DoD Federal agency. The workload acceptance process provides for the appropriate coordination of actions and signature authorities necessary to execute funding documents for DCMA reimbursement actions.

1.2.5. DCMA-INST 313, “International Requests for Contract Administration Services” (Reference (j)) provides policy, procedural instructions, and links to regulatory documents that support workload acceptance regarding foreign government/customers.

1.2.6. DCMA-INST 409, “Memorandum of Agreement (MOA) for Contract Management” (Reference (k)) addresses formal agreements negotiated between DCMA entities and external customers for the purpose of facilitating DCMA contract administration support, establishing formal management communication channels, and/or clarifying boundaries for new work requests. **NOTE:** DCMA INST-709 (this instruction) also covers agreements between the Secretary of Defense and foreign governments/international organizations such as Mutual Defense procurement Agreements and NATO Standardization Agreements which are outside the authority of DCMA INST-409.

1.2.7. DCMA-INST 120, “Pricing and Negotiation” (Reference (l)), defines the process and procedures for pricing services.

1.2.8. DCMA-INST 407, “Customer Engagement” (Reference (m)), defines the Agency’s customer engagement model.

1.2.9. Defense Contract Audit Agency (DCAA) “Contract Audit Manual (CAM),” (Reference n)) defines the DCAA’s audit services.

## CHAPTER 2

### ROLES AND RESPONSIBILITIES

**2.1. DIRECTOR, DCMA.** Unless delegated, the Director, DCMA retains the final authority to accept reimbursable work from new customers that do not have an existing CAS support relationship with DCMA.

**2.2. EXECUTIVE DIRECTOR, FINANCIAL AND BUSINESS OPERATIONS/COMPTROLLER.** The Executive Director, Financial and Business Operations/Comptroller must:

2.2.1. Serve as the primary authority for accepting and transferring funds on behalf of the Agency.

2.2.2. Manage all reimbursable business operations and required signatory (DCMA-Comptroller) on all IAs/DD Form 1144s (Support Agreements) for receipt of reimbursable work. IAW DCMA-INST 409 (Reference (k)), MOAs for contract management may be negotiated and executed at the enterprise-level, operational-level, or CMO-level. However all agreements involving the commitment of DCMA to additional resources or has financial impact shall be formally staffed through headquarters (HQ) DCMA-FB or the applicable directorate Finance and Budget Office.

2.2.3. Advise the Director, DCMA and Operational Executive Directors on reimbursable issues.

**2.3. DIRECTOR, INTERNATIONAL AND FEDERAL BUSINESS REIMBURSABLE AND NON-REIMBURSABLE (DCMA-FBR).** The Director, DCMA-FBR maintains oversight of the DCMA Reimbursable Program.

2.3.1. DoDCCP International Contracts Service Managers develop policy, coordinate CAS, and audit services for direct commercial sales for allied nations and NATO organizations; serve as liaison with international customers; implement and manage FMS cases for recovery of costs incurred providing CAS/audit services.

2.3.2. Reimbursable Operations Analysts develop policy, develop reimbursable budget estimates and execution analyses; assist the Under Secretary of Defense (Comptroller)/Chief Financial Officer in developing annual CAS reimbursable rates; compute FMS continental United States (CONUS) and FMS Administration Fund monthly bills; transmit to Defense Financial Accounting Service (DFAS) for billing and collection.

**2.4. CHIEF OPERATIONS OFFICER (COO).** The COO:

2.4.1. Has authority for all core operational work requests to accept or not accept reimbursable work based on workload.



2.4.2. Has authority to reject reimbursable work not appropriate or not supported by leadership.

**2.5. COMMANDER, DCMA INTERNATIONAL.** The Commander, DCMA International:

2.5.1. Has authority for all core operational work requests outside the continental United States (OCONUS) to accept or not accept reimbursable work based on workload.

2.5.2. Has authority to reject reimbursable work not appropriate or not supported for elevation to the Directors, DCMA.

2.5.3. Assist International CMOs in defining core and non-core work, new customers, and new work (for the Agency).

**2.6. EXECUTIVE DIRECTOR, PORTFOLIO MANAGEMENT AND INTEGRATION DIRECTORATE (PI).** The Executive Director, PI must:

2.6.1. Provide acquisition intelligence on potential new work, new programs, and new non-mission customers to DCMA-FBR for preparing programming and budgeting data to other FB offices.

2.6.2. Present IAs (Workload Acceptance decision packages) to DCMA-FBR for proper coordination and final signature of the DCMA Comptroller.

**2.7. CMO COMMANDERS/DIRECTORS AND CENTER/GROUP DIRECTORS.** CMO Commanders/Directors and Center/Group Directors must:

2.7.1. Make initial determination of “core” or “non-core” work, per DCMA INST-402 (reference (d)).

2.7.2. Ensure personnel database listings are updated; individuals are trained and provide the required documentation through the use of ECARS. Ensure that employees are correctly accounting for work performed on non-DoD work in Performance Labor Accounting System (PLAS).

2.7.3. When addressing reimbursement of formal workload or informal work requests, all CMO Commanders/Directors and Center/Group Directors have a responsibility to evaluate the regulations and procedures involved for total cost reimbursement.

## **CHAPTER 3**

### **PROCEDURES**

**3.1. OVERVIEW.** This Chapter provides step-by-step procedures on how to address and handle DCMA reimbursable work requests for CAS support. In most cases, formal work requests flow into the Agency electronically, in the form of contracts, letters of delegation, grants, cooperative agreements, other transaction-type documents, and formal e-mail. Other inquiries flow into the Agency informally, by e-mail message, a telephone call, meetings with customers, and other professional contacts.

#### 3.1.1. Direct Commercial Sale (DCS) Purchases.

3.1.1.1. International/Foreign Governments may acquire U.S. Defense articles and services directly from a U.S. contractor. The State Department directs the DCS program and regulates private contractors' overseas sales of weapons and other defense articles, defense services, and military training.

3.1.1.2. If eligible international/foreign customers desire CAS and/or audit services on their commercial defense purchases, they are required to request those services as listed in FAR 42.302 (Reference (o)), and submit a Letter of Request (LOR) through the DoDCCP. Audit services are defined in the Defense Contract Audit Agency (DCAA) "Contract Audit Manual (CAM)" (Reference (n)). DCMA pricing services are defined in the DCMA-INST 120 (Reference l)).

#### 3.1.2. Non-DoD Customer Request for Services.

3.1.2.1. DCMA receives a CAS request from a non-DoD (NASA, FEDCAS) customer. For work from a non-mission customer for which there is no active IA, formal IAA documentation (e.g., DD Form 1144, Support Agreement) is required for those efforts that involve recurring reimbursable work.

3.1.2.2. Core Work. In some cases, DoD organizations that do not traditionally employ DCMA for CAS support (i.e., U.S Army Corps of Engineers or U.S. Army or Air Force funding of DCMA services on a direct commercial sale) send DCMA a work request accompanied by a DD Form 448, Military Interdepartmental Purchase Request (MIPR). Military and defense agencies routinely use a MIPR to pay for services and it is a primary method that a non-mission DoD customer employs to fund DCMA for services. For these requests the CMO Commander/Center Director must follow the appropriate workload acceptance procedures in DCMA-INST 402 (Reference (d)). If work request is approved, see DCMA-INST 704, "Military Interdepartmental Purchase Request" (Reference (p)) for proper processing of a MIPR.

### **3.2. REVIEW AND ACCEPT DELEGATIONS.**

3.2.1. The DoDCCP will receive, coordinate, and manage the international government service request for DCS with the required organizations through case closure. DoDCCP will

ensure the DCMA service requests are within scope of the Defense Security Cooperation Agency (DSCA), 5105.38-M, "Security Assistance Management Manual (SAMM)" (Reference (q)), the Allied Quality Assurance Publication (AQAP)-2070, "NATO Mutual Government Quality Assurance (GQA) Process" (Reference (r)), and the applicable country found in the Defense Procurement and Acquisition Policy, "Reciprocal Defense Procurement and Acquisition Policy Memoranda of Understanding" (Reference (s)).

3.2.1.1. For international government DCS, the DoDCCP will review the service request for eligibility and accuracy IAW the DSCA Manual 5105.38M, (Reference (q) and the DCAA Manual (Reference (n)). A list of eligible international customers is located in the SAMM Table C4.T2 (Reference (q)).

3.2.1.2. If the international customer and the U.S. DoD have a no-charge reciprocal agreement for the service in question, the requested service will be on a non-reimbursable basis. A list of no-charge reciprocal agreements can be found in the SAMM, Table C9.T3-5 (Reference (q)). Once the request is complete, the request will be loaded into ECARS for appropriate delegation.

3.2.1.3. If a DCMA CMO or DCAA Field Audit Office (FAO) representative receives a request for services directly from an international customer or contractor, that office must contact the DoDCCP for direction. Requests for CAS or audit services from international customers in support of DCS must only be performed upon approval and receipt of the delegation from the DoDCCP.

3.2.2. Prior to accepting work, the CMO commander or cognizant DCMA supervisor/team leader (hereafter called delegatee) must determine if work can be performed and accomplished with existing resources or if additional resources are required. If work cannot be accomplished with the existing resources, the CMO must initiate a workload and resourcing (WAR) submission through their chain of command. Special provisions apply to NASA delegations, see DCMA-INST 307 "National Aeronautics and Space Administration Support" (Reference (t)). Delegations from an international government for financial audits or Government Quality Assurance must be IAW DCMA-INST 313 (Reference (j)).

3.2.3. During the contract receipt and review process, the CMO/Groups/Centers must review for applicability the additional guidance provided in:

- DCMA Instructions, Mission Processes:
  - DCMA-INST 402, "Workload Acceptance" (Reference (d))
  - DCMA-INST 313, "International Requests For Contract Administration Services" (Reference (j))
  - DCMA-INST 307, "National Aeronautics and Space Administration Support" (Reference (t))
  - DCMA-INST 216, "Multifunctional Letter of Delegation" (Reference (u))
- DCMA Instructions, Business Support Processes:
  - DCMA-INST 706, "Performance Labor Accounting System (PLAS)" (Reference (v))

- DCMA-INST 532, “Inter-Agency Support Agreements (ISSA)/Memoranda of Agreement (MOA)” (Reference (i))
- DCMA-INST 710, “Managers’ Internal Control Program” (Reference (c))

3.2.4. The CMO delegatee or DCAA auditor must either accept or reject all delegations IAW the AQAP-2070 (Reference (r)) (within 20 days of receipt) and provide the mandatory acceptance form in ECARS. If additional time is required, the delegatee must coordinate with the DoDCCP. The delegatee must not reject a delegation without prior approval and coordination with the DoDCCP. The DoDCCP is responsible for and will notify the international customer of the status of their request within the timelines established by the respective memorandum of understanding (MOU) and AQAP-2070 (Reference (r)).

### **3.3. PROCESS SERVICE REQUEST/DELEGATIONS.**

#### 3.3.1. DCS Service Request:

3.3.1.1. Once a CAS/audit service request is established with the international Government, the DoDCCP will enter and process all requests into ECARS, a DCMA eTools application. The DoDCCP will create delegations IAW ECARS Policy and Training Manual and will notify the appropriate DCMA CMO by the e-mail notification feature of ECARS. The DoDCCP notification to the DCAA FAO and Financial Liaison Advisor (FLA) will be sent by e-mail. Any delegations requiring additional clarifying information or documentation will be coordinated with DoDCCP.

3.3.1.2. If the foreign customer/partner must reimburse the U.S. DoD for the requested service IAW DFARS 242.002 (Reference (f)) and does not have an existing FMS case, the DoDCCP will coordinate an LOR and prepare a Letter of Offer and Acceptance (LOA) to cover our support. The LOA is an offer by the U.S. DoD to provide the international customer with services and details the terms and conditions of the offer (including reimbursement arrangements). If the international customer accepts the LOA and provides the appropriate funding, both DoD and the international customer are bound by the terms and conditions of the LOA. DoDCCP must prepare and manage the LOA IAW the procedures in the SAMM (Reference (q)) and DoD 7000.14-R, “Financial Management Regulation” (FMR) (Reference (w)).

3.3.1.3. After review, the CMO delegatee will determine if the delegation has discrepancies, was misrouted, needs to be redelegated, or needs additional delegations to supporting CMOs.

3.3.1.3.1. If a delegation is valid, the CMO must input estimated hours for work to be performed.

3.3.1.3.2. If the delegation has a discrepancy, the CMO must contact the originator and resolve the issue, resulting in valid delegation or redelegation.

3.3.1.3.3. If the delegation was misrouted or needs to be redelegated, the CMO must enter an estimate of 1-hour and redelegate to the proper CMO. The CMO must then close the DCN and charge no time, as this is an administrative action.

3.3.1.3.4. If the delegation requires support from other CMOs, the prime CMO must issue this delegation in ECARS as outlined in ECARS Reviewing a Delegation section.

3.3.1.4. For DCAA audit requests, the DoDCCP will issue the delegation via e-mail to the cognizant FAO/FLA. A DCAA acknowledgement letter should be returned to DoDCCP within 20 days. If the initial hours obligated are not adequate for request, the FAO is to provide the projected revised hours, including the DCAA Reimbursable Adder Rate. If DCAA determines technical support and other audit assistance is needed, the request must be coordinated with the DoDCCP. All efforts should be made to perform the audit in a coordinated effort between the DCAA and DCMA offices to avoid any duplication of effort. It is critical that the delegatee contact the DoDCCP if any problems are identified during work-in-progress on DCS delegations.

3.3.1.5. For DCMA pricing reviews that are below the applicable threshold, 10 Million for Firm Fixed Price Contracts or 100 Million for Cost Type Contracts, DoDCCP will issue the delegation via ECARS to the cognizant CMO.

3.3.1.6. Requests for Government Quality Assurance (GQA) from NATO member governments and organizations are subject to the provisions of NATO Standardization Agreement (STANAG) 4107, "Mutual Government Quality Assurance" (Reference (x)); AQAP-2070 (Reference (r)); and DCMA-INST 313 (Reference (j)).

3.3.1.7. DCAA/DCMA Report Release. Per DCAA Contract Audit Manual CAM, Volume 2 paragraph 10-303.3 (Reference (n)) and this Instruction, report release issues must be discussed with the contractor prior to commencing the assignment. The contractor must submit a statement indicating any specific proprietary data that cannot be released to the international customer. If the contractor will not allow release of any information or the release statement is unclear, immediately inform the DoDCCP. Reports must be written to comply with the contractor's release restrictions and will be forwarded in that form to the customer by the DoDCCP.

3.3.1.8. Final audit/pricing reports are to be issued to the DoDCCP for distribution using the following e-mail, [dodccp@dcma.mil](mailto:dodccp@dcma.mil). Under no circumstances must the final report be provided by the delegatee directly to the contractor or the international customer or attached in ECARS. The final report must reference the DCN. The DCMA address to be used on the report (prepared for block) is as follows:

Defense Contract Management Agency (DCMA-FBR)  
ATTN: DoDCCP  
3901 A Avenue Bldg 10500  
Fort Lee, VA 23801-1809

3.3.2. Non-DoD. NASA and FEDCAS (i.e., Department of Energy, Department of Homeland Security, Environmental Protection Agency, and Department of Commerce) service request/delegations must be input by either the customer or by the CMO/DCMA Center on behalf of the customer.

3.3.2.1. When providing CAS in support of requests issued by NASA or its components, DCMA field organizations must use guidance in the DCMA-INST 307 (Reference (t)).

3.3.2.2. NASA and the DoD annually update the MOA and funding documents. NASA source and customer codes, and funding documents, are established at the Agency level and are available in ECARS. FEDCAS MOAs/funding documents are updated on an as needed basis and may require CMO involvement.

3.3.2.3. The functional specialist/team leader receiving a FEDCAS delegation must first determine whether the request is covered under an existing IAA, Memorandum of Understanding (MOU), etc., and a funding document. If not, or if unsure, the functional specialist/team leader must contact DCMA-FBR point of contact (POC) for guidance.

3.3.2.4. If the workload acceptance decision is approved by an appropriate decision authority, and the work is new to the Agency, the functional specialist/team leader must work with DCMA-FBR to negotiate and fund the new work from customers outside of DoD. Once the new IAA/MOU/MIPR/LOA and funding documents are received, DCMA-FBR must build the customer and funding information into ECARS. CMO/Center should use correct Commercial and Government Entity (CAGE) code for facility noted as place of performance on the contract.

3.3.2.5. DCMA personnel must charge direct work to the appropriate DCN program code listed in PLAS under National Program Codes. Indirect work must be charged to the appropriate program code without a DCN. DCMA NASA Product Operations must charge indirect work to NASA program code HQS02. DCMA Operations and DCMA HQ use PLAS code HZ01C for indirect support of NASA.

3.3.3. An electronic copy of the delegation and other pertinent documents (e.g., contracts, purchase orders, LOR) must be uploaded into the ECARS system when creating a request. No proprietary data or customer sensitive data must be uploaded or attached in ECARS. When delegations require quality assurance work to be performed, DCMA must follow the competency/certification guidelines spelled out in DCMA-INST 307 (Reference (t)), AQAP-2070 (Reference (r)), and DCMA-INST 313 (Reference (j)).

### **3.4. NEGOTIATION AND FUNDING.**

3.4.1. All reimbursable service requests/orders will be supported by documented evidence of a formal offer and acceptance between the delegator and delegatee of the order. This must be done prior to performing any reimbursable work and obligated funding (DoD 7000.14-R, Volume 15, Chapter 2, paragraph 020103 A (Reference (w))). Funding and negotiations differ between non-DoD customers. These differences are outlined in the NASA and FEDCAS, and DCS sections.

3.4.2. The DoD 7000.14-R, Volume 11A, Chapter 1, Paragraph 010204 (Reference (w)), contains additional information regarding documentation standards for MOU, MOA, or universal orders. Documentation standards may also be found in DoD Instruction 4000.19, “Support Agreements” (Reference (y)). These standards include the following:

- Authority for entering into the MOU or MOA
- Description of the material or services required
- Established dollar limits and any authority to exceed applicable limits without specific approval from the ordering activity
- Financing source or fund citation
- Delivery requirements
- Payment provisions
- Duration of the agreement
- The form in which specific orders against the MOU or MOA will be placed

3.4.3. MOU/MOA/funded orders may be very broad or specific to one CMO/Center. If specific to one CMO/Center, the customer and CMO/Center must conduct the negotiation. If the order involves more than one CMO/Center, contact the Executive Director, PI for assignment of a customer engagement focal point. The PI customer engagement focal point will plan and organize a negotiation effort.

3.4.4. It is imperative that the correct Source Code and Customer Code are chosen when creating a new service request to ensure the proper source is billed. Selection of the correct Service Set(s) is absolutely imperative to ensure correct PLAS charging. CMO/Center should use correct CAGE code for facility noted as place of performance on the contract.

3.4.5. A DCN, which is automatically generated through ECARS, must be used to report direct labor hours expended in support of the customer’s CAS request. The DCN is the control/billing number for all CAS requests. The DCN is key for the appropriate management of hours expended at the request level and allows for proper billing and payment for the services provided.

3.4.6. Estimated hours are defined as the number of hours required to complete the tasks requested by the customer. Estimated hours are input at the DCN/Service Set level by fiscal year(s).

3.4.6.1. During initial acceptance estimated hours may be input for the life of the delegation and ECARS will prorate them or input by fiscal year.

3.4.6.2. After initial acceptance, estimated hours by fiscal year may be adjusted as necessary throughout the fiscal year to correspond with actual workload. If this is not accomplished, funding documents may be exceeded in ECARS resulting in inaccurate reimbursable earnings.

3.4.7. CMO/Centers - Forecasted Hours Provided to DCMA-FBR is the number of hours projected to be charged in the current fiscal year, which is used for budget purposes. This information must be provided by the CMO/Center to DCMA-FBR via DCMA-FBR POC Web site and is revised as necessary. The hours will be broken down into NASA (program code), FEDCAS, and DCS categories (excludes DCS with international governments who have reciprocal agreements where CAS and audit services are provided without charge).

3.4.8. DCAA Audits. For reimbursable requests, an initial obligation of 40 hours is made for each audit request, pricing review, or technical specialist assistance delegation. An initial obligation of 2 hours is made for each quality assurance request for CMO assigned work. Auditors must provide an estimate of hours to accomplish the audit when providing acceptance of the delegation via DCAA acknowledgement letter. The DoDCCP will adjust the authorized hours based on the estimate provided by the auditor. Hours charged should not exceed the authorized hours. If additional hours are needed to complete the DCAA audit or DCMA CAS, a revision of hours should be coordinated with DoDCCP via e-mail. For non-reimbursable requests, the initial obligation is not applicable as these requests will be performed at no-charge to the customer.

3.4.9. The DCMA delegatee will provide estimated hours for all accepted delegations (both reimbursable and non-reimbursable) in ECARS. The number of hours initially obligated by the DoDCCP is only an estimate and should be revised as needed. If additional hours are required, the delegatee must identify the total number of hours needed and forward that information to the DoDCCP. Hours worked/charged should never exceed authorized hours without prior approval by DoDCCP. For reimbursable DCS work performed by DCMA, the DoDCCP will obligate the additional hours requested and authorize them in ECARS. Non-reimbursable DCS work performed by CMOs also require an estimate of hours but do not require DoDCCP authorization; adjustment of authorized hours is made at the CMO level. DCMA personnel must PLAS all direct hours expended in support of the request to the assigned DCN.

3.4.9.1. (For DCMA) The functional specialist must accurately input into PLAS all hours worked in support of DCS delegations, using the PLAS process or program code for the work performed, and the correct DCN. Hours must be input in whole-hours only (i.e., 1.5 hours worked is charged as 2 hours).

3.4.9.2. (For DCAA) Hours worked on DCS requests should be reported in the Defense Contract Audit Agency Management Information System (DMIS) IAW DCAA policies. DCAA will use billing FCID code 3041 and the DCN provided with the audit request.

3.4.9.3. Upon completion of the requested service, the DCMA functional specialist must close the DCN in PLAS or ECARS. Non-DCMA activities will inform the DoDCCP of completion. Closure of Request for Government Quality Assurance services for NATO member nations must be IAW AQAP 2070 (Reference (r)).

3.4.10. For NASA and FEDCAS the Automated Billing System (ABS) and Defense Business Management System (DBMS) reconcile daily. This reconciliation is verified by DCMA-FBR reimbursable team personnel.



### **3.5. FOREIGN MILITARY SALES (FMS) CONTINENTAL UNITED STATES (CONUS).**

3.5.1. International governments/international organizations (international customers) may acquire U.S. Defense articles and services directly with the U.S. Government. The FMS program is used for these “government-to-government” weapons and other defense articles, defense services, and military training purchases.

3.5.2. FMS within CONUS. Hours worked by DCMA CONUS employees in support of FMS are not reported/billed through the PLAS/ECARS interface process. DCMA-FBR will compute the CONUS FMS reimbursable earnings IAW the CAS MOA between DCMA, DFAS, and DSCA.

3.5.3. Earnings are calculated at the Agency (CONUS) level and are based upon an annual Agency rate of FMS contract disbursements to total contract disbursements, adjusted for reciprocal agreements. This ratio represents the percentage of work that the Agency (CONUS) performed during the year in support of DoD contracts with FMS line items. This ratio is applied to the total Agency (CONUS) functional work force to calculate earnings using the approved annual FMS direct hourly rate.

### **3.6. FMS OUTSIDE CONTINENTAL UNITED STATES (OCONUS).**

3.6.1. OCONUS FMS earnings are determined by the actual cost of operations using financial data available from the DBMS. DSCA stipulates in the annual budget call how these costs will be determined for full-time and part-time effort in support of FMS customers overseas.

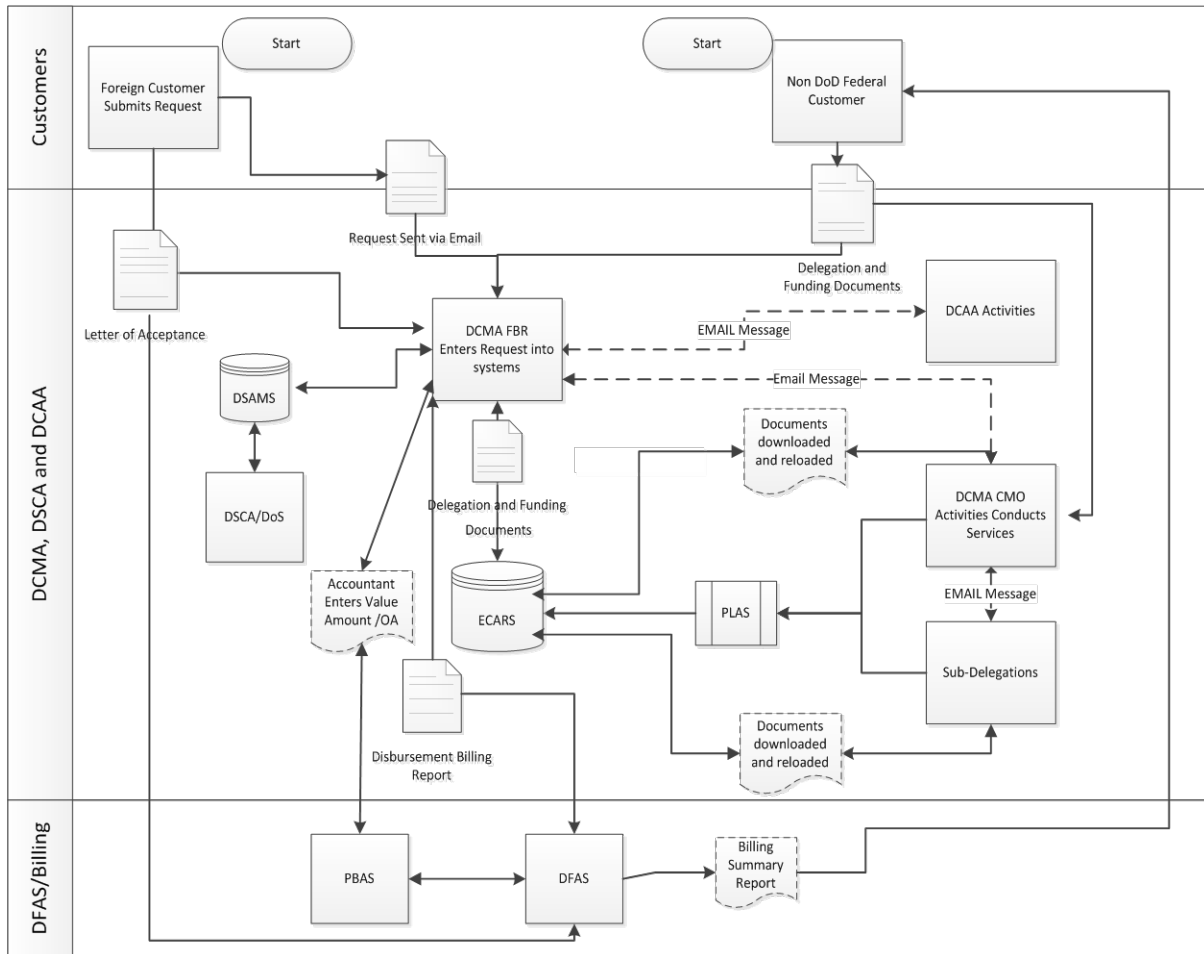
3.6.2. Full-Time Personnel. Full-time personnel are those, military or civilian, who are employed full time (90 percent or more) specifically for purposes of administering the FMS CAS program. These positions are normally identified as FMS CAS personnel on the manpower authorization documents submitted to DSCA.

3.6.3. Part-Time Personnel. Part-time personnel are those civilians who spend only a portion (more than 10 percent and less than 90 percent) of their time administering the FMS CAS program. These personnel generally occupy full-time authorizations; however, the positions are not identified as FMS CAS related on manpower authorization documents submitted to DSCA. Part-time effort for OCONUS FMS is reported in PLAS (District code PTFMS).

3.6.4. FMS contracts are based on LOAs between the U.S. Government and international customers purchasing the defense items. In order to avoid conflicts of interest, services for U.S. FMS contracts will not be requested of a third party (not a party to the contract) foreign government without the coordination and consent of the foreign government’s focal point prior to issuing a request for a GQA. DCMA International CMO quality assurance personnel must identify the FMS customer so that an acceptance decision can be made. All coordination and acceptance decisions must be documented. The third party foreign government has the right to decline the request for GQA.

## APPENDIX A

### FBR PROCESS FLOW



## GLOSSARY

### DEFINITIONS

**Component.** An organization within DCMA whose leader reports directly to the Director, DCMA.

**Component Head.** The leader of a DCMA organization that reports directly to the Director, DCMA.

**Deviation.** A deviation is a temporary departure from the policy and is limited to a specific time period.

**Interagency Agreement (IAA).** An agreement between a DoD Component and a non-DoD Federal agency.

**Inter-Service Support Agreement (ISSA).** A formal agreement used to memorialize base support services at locations where DCMA is a tenant activity.

**Waiver.** A waiver is a permanent departure from the policy, but such waiver is limited to a specific set of circumstances.

**Workload and Resourcing.** A forum utilized by Operations Regions and the COO to address resourcing issues and concerns.

## GLOSSARY

### ACRONYMS

|           |   |
|-----------|---|
| ABS       | Automated Billing System  |
| AQAP      | Allied Quality Assurance Publication (NATO)                             |
| CAGE      | Commercial and Government Entity  |
| CAM       | Contract Audit Manual (DCAA)  |
| CAS       | Contract Administrative Services  |
| CMO       | Contract Management Office  |
| CONUS     | Continental United States   |
| COO       | Chief Operations Officer  |
| DBMS      | Defense Business Management System                                      |
| DCAA      | Defense Contract Audit Agency   |
| DCMA      | Defense Contract Management Agency                                      |
| DCMA-FB   | Financial and Business Operations Directorate                           |
| DCMA-FBR  | International and Federal Business Division within DCMA-FB              |
| DCMA-INST | DCMA Instruction  |
| DCN       | Document Control Number   |
| DCS       | Direct Commercial Sales   |
| DFARS     | Defense Federal Acquisition Regulation Supplement                       |
| DFAS      | Defense Financial Accounting Service                                    |
| DMIS      | DCAA Management Information System                                      |
| DoD       | Department of Defense   |
| DoDCCP    | DoD Central Control Point   |
| DSCA      | Defense Security Cooperation Agency                                     |
| ECARS     | Electronic Contact Administration Request System                        |
| FAO       | Field Audit Office  |
| FAR       | Federal Acquisition Regulation  |
| FEDCAS    | Federal Contract Administration Services (Civilian Agencies, less NASA) |
| FLA       | Financial Liaison Advisor (DCAA)  |
| FMS       | Foreign Military Sales  |
| GQA       | Government Quality Assurance  |
| HQ        | headquarters  |
| IAA       | Interagency Agreement   |
| IAW       | in accordance with  |
| INST      | Instruction   |
| ISSA      | Inter-Service Support Agreement   |

|        |  |
|--------|--|
| LOA    | Letter of Offer and Acceptance                             |
| LOR    | Letter Of Request  |
| MICP   | Manager's Internal Control Program                         |
| MIPR   | Military Interdepartmental Purchase Request                |
| MOA    | Memorandum of Agreement                                    |
| MOU    | Memorandum of Understanding                                |
| NASA   | National Aeronautics and Space Administration              |
| NATO   | North Atlantic Treaty Organization                         |
| OCONUS | outside the continental United States                      |
| OSD    | Office of the Secretary of Defense                         |
| PLAS   | Performance Labor Accounting System                        |
| PI     | Portfolio Management and Integration Executive Directorate |
| POC    | point of contact   |
| SAMM   | Security Assistance Management Manual                      |
| STANAG | Standardization Agreement (NATO)                           |
| WAR    | Workload and Resourcing                                    |