



## DCMA Instruction 2101

### Product Acceptance and Proper Payments

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**Office of Primary Responsibility:** Product Acceptance and Proper Payment Capability Board

**Effective:** February 14, 2019  
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**New Issuance**

**Incorporates and Cancels:** See Paragraph 1.3

**Internal Control Plan:** Not applicable

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**Purpose:** This issuance, in accordance with the authority in DoD Directive 5105.64:

- Establishes policy, assigns responsibilities and provides direction to DCMA on the acceptance of products and services, payments on those accepted products, the packaging and transportation of those products and the delegation of surveillance in the development of those supplies.
- Establishes a series of Product Acceptance and Proper Payment capability procedural manuals that document Product Acceptance and Proper Payments processes and provide implementation guidance.

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## **SECTION 1: GENERAL ISSUANCE INFORMATION**

### **1.1. APPLICABILITY.**

This issuance applies to all DCMA organizational activities performing or enabling contract administration services (CAS) support on U.S. Government, DoD and Foreign Military Sales contracts, and in support of non-DoD and International Government CAS reimbursable and non-reimbursable delegations.

### **1.2. POLICY.**

It is DCMA policy to:

- a. Ensure economic price adjustments, final vouchers, contract finance payments, and interim contract finance payment requests are accurately stated and compliant to the terms and conditions of the contract; request and accept voluntary refunds; and payment of invoices in accordance with applicable payment clauses in a timely basis.
- b. Accept products and services tendered by contractors when there is basis of confidence that products or services fulfill the terms and conditions of the contract. Reject non-conforming products and services not fulfilling the terms and conditions of the contract.
- c. Ensure contractors adequately package and mark purchased and work in progress items preventing damage, loss, or delay during shipment and storage. When necessary, recommend changes to the procurement activity when specified packaging requirements will not adequately protect products to be shipped or stored.
- d. Support DoD Transportation and Traffic Management efforts facilitating prompt delivery of products and equipment from DoD manufacturers, suppliers, and contractors' facilities to selected locations worldwide.
- e. Execute this instruction in a safe, efficient, effective and ethical manner.

### **1.3. CANCELLED DOCUMENTS.**

This issuance incorporates and cancels the following documents:

- a. DCMA Instruction (DCMA-INST) 102, "Progress Payments Based On Cost," August 20, 2013, as amended
- b. DCMA-INST 106, "Public Vouchers," July 31, 2013, as amended
- c. DCMA-INST 113, "Voluntary Refunds," July 1, 2013
- d. DCMA-INST 116, "Performance-Based Payments," August 18, 2014

- e. DCMA-INST 128, “Disallowance of Cost,” December 4, 2013
- f. DCMA-INST 136, “General Payment Support,” September 24, 2014
- g. DCMA-INST 302, “First Article and Production Lot Testing,” December 17, 2013
- h. DCMA-INST 304, “Packaging Management Program,” May 2, 2013
- i. DCMA-INST 310, “Inspection Stamping,” May 2, 2013, as amended
- j. DCMA-INST 312, “Standard Inspection Requirements,” May 15, 2013, as amended
- k. DCMA-INST 314, “Product Acceptance and Release,” January 17, 2013

#### **1.4. OVERVIEW.**

The DCMA Product Acceptance and Proper Payments capability is a collaborative and responsive effort of ensuring all payments made to contractors are appropriately distributed at completion of contractually defined events, and at product acceptance. Contractor payments are authorized on a basis of confidence and verification that contractual events have been met and acceptance of products and services can be performed

#### **1.5. SUMMARY OF CHANGES.**

This issuance has been substantively changed to update Section 2 in response to the agency reorganization.

## **SECTION 2: RESPONSIBILITIES**

### **2.1. DIRECTOR, DCMA.**

The DCMA Director must:

- a. Establish and maintain a Product Acceptance and Proper Payments capability for the Military Departments, Defense Agencies, and DoD Field Activities who delegate contract administration and oversight responsibilities to DCMA.
- b. Establish and maintain a Product Acceptance and Proper Payments capability in support of non-DoD and International Government CAS reimbursable and non-reimbursable delegations.

### **2.2. DCMA COMPONENT HEADS AND CAPABILITY MANAGERS.**

The assigned DCMA component heads and capability managers must:

- a. Develop and maintain agency policy issuances (e.g., DCMA-MAN) necessary to document the processes and procedures to allow for standard, repeatable work across the enterprise.
- b. Define relevant information requirements associated with the Product Acceptance and Proper Payments capability, providing reportable compliance and performance information.
- c. Ensure implementation of this instruction in assigned area of operations as published in DCMA issuances (e.g., DCMA manuals).
- d. Define performance and compliance measures for the Product Acceptance and Proper Payments capability.
- e. Evaluate agency operational compliance and performance related to the Product Acceptance and Proper Payment capability and seek continuous internal improvements.
- f. Support the agency activities focused on business process reengineering efforts for enabling and improving this capability.
- g. Determine and maintain workforce knowledge, skills, and competencies necessary for carrying out this capability in the agency's field activities.
- h. Define and develop enterprise data analytic requirements for agency internal health metrics to include compliance thresholds.
- i. Coordinate with the Operational Learning Center Chief Learning Officer in accordance with DCMA Manual 4201-17, "Training, Tuition Assistance, Conferences, and Leadership Development," to ensure that the multi-functional acquisition workforce training needs are met.

### **2.3. DIRECTOR, OPERATIONAL ANALYTICS AND INTEGRATION CENTER.**

The Operational Analytics and Integration Center Director must:

a. Build enterprise data analytic capabilities based off the requirements and thresholds established by the Capability Framework using system of record internal and external data sources.

b. Maintain the data analytics if system of record changes occur.

c. Provide health metrics and data analytics using systems of record data internally and externally.

### **2.4. CONTRACT MANAGEMENT OFFICE COMMANDERS AND DIRECTORS AND CENTER DIRECTORS.**

The contract management office commanders and directors and center directors must:

a. Establish and oversee the day-to-day planning and resource requirements necessary to conduct the activities associated with the Product Acceptance and Proper Payment capability in accordance with approved agency processes and procedures.

b. Monitor performance and seek opportunities to improve or correct internal operations associated with executing Product Acceptance and Proper Payments.

c. Review and act on agency internal health metrics.

## **SECTION 3: GENERAL PROVISIONS**

### **3.1. CAPABILITY DESCRIPTION.**

Conforming goods and services and accurate payments are the ultimate end states expected by all acquisition professionals, DoD leaders, and U.S. taxpayers. The Product Acceptance and Proper Payments capability facilitates achievement of the ultimate end states by assuring contractors receive payments reflecting the contractual value of the end item or service, taking into account discounts for product non-conformance, late delivery, and contractual noncompliance where price adjustments or other consideration is deemed cost effective and appropriate. The value DCMA expects to demonstrate through this capability includes:

- a. Holding contractors accountable by ensuring payments are based on contractors' effective performance to the terms and conditions of the contract.
- b. Ensuring the accurate accounting of DoD acquisition dollars from contract award through contract closeout.
- c. Ensuring all cost considerations are factored, resulting in the proper equitable payment for products and services.
- d. Supporting transfer of title upon "Accepting" product and services on behalf of the Government.

### **3.2. ACTIVITIES.**

Major activities needed to establish confidence for Product Acceptance and Proper Payments may include:

- a. Assessment of the contractor's procedure for tendering conforming products and services.
- b. Analysis of contract surveillance execution results.
- c. Analysis of business system reviews.
- d. Criticality determinations prompting requests for price adjustment (e.g., discounts) and or other considerations.
- e. Contract finance support/progress verification.
- f. Packaging and transportation support.
- g. Program assessment reporting.
- h. Delegations.

### **3.3. PRODUCTS.**

Major products associated with the Product Acceptance and Proper Payments capability may include:

- a. System of Record for Receiving Reports/Repairable Receiving Reports/DD Form 250, “Material Inspection and Receiving Report.”
- b. Requests for Variance.
- c. Non-Conforming Material dispositions.
- d. Corrective Action Reports.
- e. Transportation and payment authorizations.
- f. Delinquency (late delivery) notifications.
- g. Delegations.



## **GLOSSARY**

### **G.1. ABBREVIATIONS AND ACRONYMS.**

| <b>ACRONYM</b> | <b>MEANING</b>                           |
|----------------|------------------------------------------|
| CAS            | contract administration service          |
| DCMA MAN       | DCMA manual                              |
| DD Form 250    | Material Inspection and Receiving Report |

## GLOSSARY

### G.2. DEFINITIONS.

| TERM                                  | MEANING                                                                                                                                                                                                                                                                                                 |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>business process reengineering</b> | The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed.                                                                                                     |
| <b>contract financing payments</b>    | Authorized Government disbursement of monies to a contractor prior to acceptance of supplies or services by the Government.                                                                                                                                                                             |
| <b>DCMA-MAN</b>                       | Doctrine designed for communicating the “how to” processes needed to execute parent DCMA-INST.                                                                                                                                                                                                          |
| <b>interim contract finance</b>       | Any payment that is not a commercial advance payment or a delivery payment given for prompt payment purposes after some work has been completed IAW contract requirements.                                                                                                                              |
| <b>non-conforming material</b>        | Any item, part, supplies, or product containing one or more defects.                                                                                                                                                                                                                                    |
| <b>Request for Variance</b>           | The information by which a manufacturer or supplier requests permission to depart from the products definitions requirements information for a specific unit, a specific number of units, or a specific period of time without requiring revisions of the product definitions information.              |
| <b>voluntary refunds</b>              | A voluntary refund is a payment or credit to the Government from a contractor or subcontractor when the government has been overcharged or undercompensated. Voluntary refunds are remedies not required by a contractual or other legal obligation. Voluntary refunds can be solicited or unsolicited. |

## **REFERENCES**

DCMA Manual 2101-01, "Acceptance of Supplies and Services," February 20, 2025,  
as amended  
DCMA Manual 2101-02, "Payments," February 14, 2019, as amended  
DCMA Manual 2101-03, Packaging and Transportation Management," November 9, 2023  
DCMA Manual 2101-04, "Delegate Surveillance," July 30, 2018  
DCMA Manual 4201-17, "Training, Tuition Assistance, Conferences, and Leadership  
Development," February 1, 2022, as amended  
DCMA Manual 4501-04, Volume 1, "Records and Information Management Program,"  
April 16, 2021  
DCMA Manual 4501-04, Volume 2, "Records Retention Schedule," April 14, 2021  
DoD Directive 5105.64, "Defense Contract Management Agency (DCMA), January 10, 2013,  
as amended