DCMA Manual 2303-01, Volume 1
Surveillance

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Purpose: This manual is composed of several volumes, each containing guidance and requirements for surveillance. In accordance with the authority in DoD Directive 5105.64 and DCMA Instruction 2303, "Surveillance," this volume assigns responsibilities and provides procedures for the planning and execution of surveillance.

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY.

This manual provides guidance and requirements for surveillance in accordance with DoD and agency requirements and applies to:

a. The following functional areas: Aircraft Operations, Earned Value Management, Engineering, Manufacturing, National Aeronautics and Space Administration (NASA), Quality Assurance, Contract Safety and Software, unless higher-level regulations, policy, guidance, or written agreements take precedence (e.g., International Command, Special Programs Command, Navy Special Emphasis Operations, reimbursable external customer requirements, or memorandums of agreement).

b. Special Programs Command to the maximum extent practicable for all Special Access Program and Sensitive Compartmented Information contracts.

c. Administrative contracting officers (ACO) within the Contracts Executive Directorate in accordance with the overarching responsibilities in Paragraph 2.7.

1.2. POLICY.

It is DCMA policy to:

a. Perform risk-based surveillance in support of contract administration services and pursuant to the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), NASA Federal Acquisition Regulation Supplement, and other applicable regulations, supplements, directives, instructions, and DCMA issuances.

b. Execute this issuance in a safe, efficient, effective, and ethical manner within DCMA workplaces.

1.3. SPECIFIED FORMS AND INFORMATION COLLECTION.

This manual mandates the use of the Product Data Reporting and Evaluation Program (PDREP) for all surveillance-related activities and documentation. The agency system of record for surveillance is PDREP.

1.4. SUMMARY OF CHANGES.

This manual has been rewritten to establish functional volumes. Users must review this issuance in its entirety. Significant changes include:

- Significantly updated the responsibilities section.

- Added data collection and analysis (DC&A) procedures and clarified guidance for facility process capability profile, currently known as data collection and analysis for contractor process controls (DC&A for CPC).
- Removed Section 8, "Identify and Address Contractor Performance."
- Removed the requirement to document surveillance technique and whether virtual or remote surveillance was performed.
- Clarified risk rating at the process level and not risk rating a key contract requirement (KCR).
- Added guidance for preparing for risk assessment, supervisor evaluation of surveillance plans, and documenting request for variance (RFV) and engineering change proposal (ECP) work.
- Replaced the terms, "events and activities," with systems, processes, or sub-processes, "command media," with contractor processes and related procedures, "strategy," relative to surveillance planning, with generic terminology; updated the definition of surveillance; added a definition for surveillance plan.

SECTION 2: RESPONSIBILITIES

2.1. COMPONENT HEADS AND CAPABILITY BOARD MANAGERS.

Component heads and capability board managers must:

a. Ensure the development and alignment of surveillance-related issuances, agency training, guidance, and tools with this manual.

b. Ensure the utilization of PDREP for all surveillance-related execution and documentation.

c. Consolidate surveillance resource constraint data to make strategic budgetary decisions and considerations.

d. Ensure surveillance updates to PDREP and other system tool changes related to surveillance are communicated to the workforce.

2.2. OPERATIONAL UNIT (OU) COMMANDERS, DIRECTORS, AND CENTER DIRECTORS.

OU commanders, directors, and center directors must:

a. Ensure locally developed training, guidance, and tools align with this manual and applicable volumes.

b. Ensure the OUs review the contract management office (CMO) surveillance documentation, provide advice on identified weaknesses, and assign action items to the cognizant CMO.

c. Elevate unresolved challenges, including gaps, in executing the processes and procedures of this manual.

d. Collect, analyze, and report surveillance-related performance metrics to component heads and capability board managers.

e. Report surveillance resourcing gaps to component heads and capability board managers.

2.3. CMO COMMANDERS AND DIRECTORS.

CMO commanders and directors must:

a. Ensure locally developed training, guidance, and tools align with this manual and applicable volumes.

b. Facilitate assistance and mentoring of the workforce with the implementation of this manual.

c. Elevate CMO challenges and work with OU to identify gaps and improve processes and training.

d. Ensure personnel are available and qualified for assigned surveillance responsibilities.

e. Ensure surveillance results, to include written reports, are communicated and coordinated across the award management team (AMT) and external customers. Resolve issues as needed.

f. Ensure data integrity issues are identified and corrected within PDREP.

g. Provide the OU commanders, directors, and center directors with requested data.

h. Report surveillance resourcing gaps to OU commanders, directors, and center directors.

i. Ensure the CMO establishes management controls in support of surveillance.

2.4. FUNCTIONAL DIRECTORS, DEPUTIES, AND GROUP LEADERS.

Functional directors, deputies, and group leaders must:

a. Serve as the conduit between the supervisor and the commander or director to resolve gaps in surveillance policy and guidance.

b. Ensure locally developed training, guidance, and tools align with this manual and applicable volumes.

c. Prepare, support, and mentor the workforce with the implementation of this manual.

d. Ensure supervisor surveillance plan evaluations are completed at a minimum of every 12 months.

e. Facilitate AMT and functional specialist (FS) coordination of surveillance.

f. Facilitate communication amongst all stakeholders regarding the results of surveillance.

g. Endorse written reports and resolve issues with internal and external customers that pertain to surveillance results and written reports.

h. Ensure evaluations are performed to establish compliance to this manual.

i. Incorporate management controls in support of surveillance.

j. Perform data integrity reviews using analysis of applicable PDREP modules and agency dashboards (i.e., Contractor Effectiveness Dashboards).

k. Communicate results of data integrity reviews to the CMO commanders and directors as requested.

l. Provide guidance for supervisors to resolve surveillance gaps, make corrections, validate effectiveness, ensure appropriate risk adjustments, and analyze and report resource gaps that impact completing mandated surveillance requirements.

m. Report surveillance resourcing gaps to CMO commanders and directors.

2.5. SUPERVISORS.

Supervisors must:

a. Assist and mentor the workforce with implementation of this manual, including best practices for assessing and reporting on the contractor's management, operations, and performance.

b. Facilitate communications between the FS and the functional director, deputies, or group leads to resolve gaps in surveillance manuals, guidance, and execution.

c. Review and assign surveillance responsibilities to the FS.

d. Ensure surveillance is performed in accordance with the surveillance plan.

e. Ensure FS completes an annual surveillance plan evaluation.

f. Ensure coordination of surveillance results across functional areas and assist in the resolution of issues when needed.

g. Review written reports from team and resolve issues with internal and external customers that pertain to surveillance results and written reports.

h. Perform an evaluation of FS surveillance plans at least annually and document.

i. Provide guidance for the FS to resolve surveillance gaps, make corrections, validate effectiveness, ensure appropriate risk adjustments, and provide resource utilization that fulfils mandated surveillance requirements.

j. Report surveillance resourcing gaps to their functional director, deputies, and group leaders.

k. Ensure FS complete a counterfeit risk assessment on all contracts using the counterfeit detection and avoidance system checklist at a minimum of every 12 months and document results in PDREP.

l. Ensure FS perform DC&A using government, contractor, and external customer data at a minimum of every 12 months and document results in PDREP.

2.6. FS.

FS must:

a. Risk assess identified requirements to create or update a surveillance plan in PDREP.

b. Plan surveillance based on risk assessment results and execute surveillance in accordance with the surveillance plan.

c. Correct identified data integrity discrepancies within PDREP.

d. Document and maintain communications with internal and external customers.

e. Perform DC&A using government, contractor, and external customer data at a minimum of every 12 months and document results in PDREP.

f. Evaluate the surveillance plan at a minimum of every 12 months and document results in PDREP.

g. Report to supervisor when surveillance is unable to be performed due to resource constraints.

h. Complete a counterfeit risk assessment on all contracts using the counterfeit detection and avoidance system checklist at a minimum of every 12 months and document results in PDREP.

2.7. ACOs.

ACOs must:

a. Ensure surveillance complies with the contract terms and conditions providing guidance where necessary.

b. Serve as the DCMA point of contact for communications with the procuring contracting officer (PCO) on surveillance issues.

c. Provide interpretation of any PCO modifications or changes to agency accepted workload requirements.

SECTION 3: SURVEILLANCE OVERVIEW

3.1. SURVEILLANCE OVERVIEW.

a. Surveillance is the process of assessing risk and planning and executing the evaluation of contractor systems, processes, or sub-processes associated with executing requirements for products or services intended for government use.

(1) The surveillance process includes collecting and analyzing data and documenting results in PDREP, followed by re-evaluation of risk and planning efforts. Surveillance is done by contract, program, or facility, and utilizes four surveillance categories: system or process evaluation (S/PE), progress evaluation, deliverable product evaluation (DPE), and deliverable service evaluation (DSE).

(2) The FS will perform surveillance to analyze contractor adequacy, compliance, and effectiveness with respect to contractual terms for cost, schedule, and technical performance.

b. The purpose of surveillance is to gain insight to contractor cost, schedule, and technical performance, including operational safety, to facilitate risk-based decision-making and mitigate identified risks..

(1) Multifunctional risk-based surveillance of contractor systems, processes, progress, deliverable products, and services utilizes a plan-do-check-act (PDCA) framework (See Figure 1). This method supports a focused assessment of contractor performance to ensure compliance.

(2) Multifunctional collaboration for surveillance is essential for achieving a comprehensive assessment of contractor compliance to its contractual requirements. Surveillance can be applied to all agency accepted workload as well as internal and external contractor processes and procedures.

(3) Surveillance applies primarily to contracts once they have been awarded; however, surveillance may be performed during any phase of the acquisition lifecycle (i.e. pre-award survey) when requested in writing by the PCO.

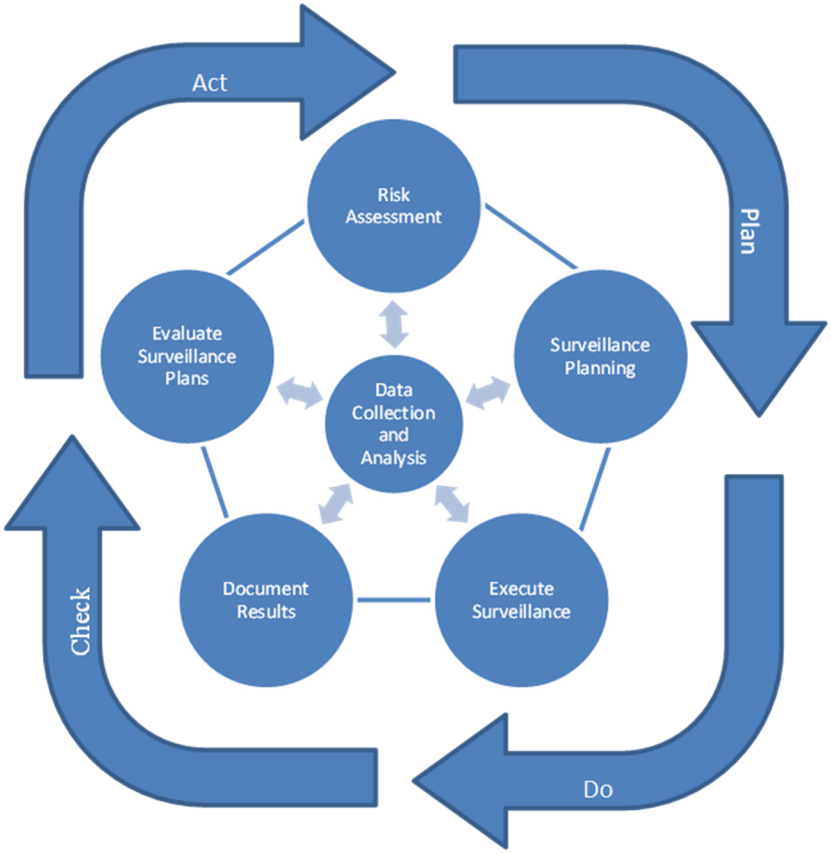
c. The FS must consider factors such as risk, surveillance category, frequency, intensity, schedule, and resourcing constraints to plan and execute surveillance efficiently and to optimize resources and maximize effectiveness. Reimbursable requirements as they relate to resource constraints, such as Foreign Military Sales (FMS), Building Partner Capacity, or NASA, is in accordance with DCMA Manual (DCMA-MAN) 4301-12, "Reimbursable Programs."

d. The PDCA framework outlines the surveillance process as four main steps: plan, do, check, act. Although there are four steps, the process is iterative and not always sequential.

- Plan: Results of workload received, risk assessment, surveillance planning, DC&A
- Do: Execute surveillance, DC&A

- Check: Document results, DC&A
- Act: Evaluate surveillance plan, DC&A

Figure 1. Surveillance: PDCA Framework



e. DC&A is an essential part of the PDCA framework and must be performed throughout the surveillance process. The process of completing DC&A includes collecting data from various sources, performing an analysis of the collected data, and adjusting risk and surveillance based on analysis results.

3.2. SURVEILLANCE GUIDANCE.

a. Additional Resources.

In addition to this manual, consult:

(1) Additional volumes of this manual that include functional specific requirements for surveillance. These requirements are in addition to the requirements in this issuance. Volumes include:

- DCMA-MAN 2303-01, Volume 2, "Surveillance: Aircraft Operations"
- DCMA-MAN 2303-01, Volume 3, "Surveillance: Earned Value Management"
- DCMA-MAN 2303-01, Volume 4, "Surveillance: Engineering"
- DCMA-MAN 2303-01, Volume 5, "Surveillance: Manufacturing"

- DCMA-MAN 2303-01, Volume 6, "Surveillance: National Aeronautics and Space Administration"
- DCMA-MAN 2303-01, Volume 7, "Surveillance: Quality Assurance"
- DCMA-MAN 2303-01, Volume 8, "Surveillance: Contract Safety"
- DCMA-MAN 2303-01, Volume 9, "Surveillance: Software"

(2) The Configuration Management and Configuration Change Management Guidebook.

(3) Other publications including guidebooks, job aids, functional resources, business rules and practices, located on the resource page of this manual.

b. Job Hazard Analysis.

The FS must complete a job hazard analysis prior to conducting surveillance in accordance with DCMA-MAN 4201-16, "Safety and Occupational Health Program." However, since a job hazard analysis is not considered surveillance, the FS must not include it in surveillance planning.

SECTION 4: RISK ASSESSMENT

4.1. PREPARING FOR RISK ASSESSMENT.

a. To prepare for risk assessment, it is important for the FS to understand the two inter-related steps involving KCR validation during contract receipt and review (CRR) and determination for KCR surveillance. Guidance on the CRR process is in accordance with DCMA-MAN 2501-01, "Contract Receipt and Review."

b. The FS may receive workload outside of CRR and the Integrated Workload Management System, better known as IWMS, sometimes known as other agency-accepted workload, (e.g., international agreements or memorandums of agreement). Guidance is pursuant to DCMA-MAN 2501-11, "International Request for Contract Administration Services," DCMA-MAN 4502-02, "Workload Acceptance," or Volume 1 of DCMA-MAN 3101-03, "National Aeronautics and Space Administration Process Support." The FS will translate or associate the workload received into KCRs that they will add to the surveillance plan and perform risk assessment the same way as workload received through CRR.

c. The FS must review the KCRs for potential impact to cost, schedule, technical performance, or a combination of any of these factors. Not all KCRs validated during CRR will require surveillance. The FS will document the KCRs that may impact cost, schedule, or technical performance in the surveillance plan within PDREP. The KCRs that do not impact cost, schedule, or technical performance do not require surveillance and are not required to be documented in the surveillance plan. For more guidance on KCRs that require surveillance, see the functional volumes.

d. Concurrently, the FS will review the systems, processes, or sub-processes the contractor has in place to execute contractual requirements. The FS will only document the contractor systems, processes, or sub-processes that may impact cost, schedule, and technical performance in the surveillance plan to be assessed for risk.

e. The FS must review the KCRs identified for surveillance and select an applicable system, process, or sub-process that the contractor has in place to meet the contractual requirements within PDREP. All KCRs identified for surveillance must have an associated contractor system, process, or sub-process. Multiple processes may be associated to the same KCR. For a comprehensive listing of all processes by function, see the resource page of this manual.

4.2. RISK ASSESSMENT PROCESS.

a. Risk Assessment.

The purpose of risk assessment is to provide a numeric risk rating with a supporting rationale statement for the consequence and likelihood of the systems, processes, or sub-processes associated with KCRs that were identified and validated for surveillance during CRR.

(1) Once the FS documents the risk consequence and risk likelihood ratings and rationales in PDREP, the system of record assigns an overall risk rating for that system or process based on Table 3.

(2) The FS performs risk assessment at the system, process, or sub-process level, not on the KCR, and must perform risk assessment on each individual system, process, or sub-process on the surveillance plan independently.

(a) The first risk assessment of a system, process, or sub-process associated with a KCR is referred to as a baseline.

(b) The FS will continuously perform risk assessment throughout the surveillance process to support adjustments of risk likelihood rating and rationale statements as risk changes (i.e., positive, neutral or negative).

(3) The FS must perform risk assessment at a minimum every 12 months in conjunction with DC&A.

b. Evaluate Risk Consequence.

(1) Risk consequence:

(a) Is defined as the impact or severity of an identified system, process, or sub-process failure in terms of cost, schedule, or technical performance.

(b) Is inherent to the product and can be identified in the contract or established by the Engineering Support Activity.

(c) May include a combination of cost, schedule, and technical performance. Only the identified consequence or consequences need to be rated; all three consequence ratings, cost, schedule, or technical performance may not be needed.

(2) Table 1 is an overall guide on how to determine risk consequence. The FS must not copy and paste directly from Table 1 without adding additional supporting rationale.

(3) All risk consequence rationale statements must provide specific justification to support each risk consequence ratings identified.

(a) Risk consequence rationale statements must:

1. Describe what the impact would be if the identified risk occurred.

2. Be clear, concise, and based on data driven decisions that are aligned with the risk area selected (i.e., cost, schedule, or technical performance).

- A risk consequence rationale for cost must address the cost consequence risk rating if identified.
- A risk consequence rationale for schedule must address the schedule consequence risk rating if identified.
- A risk consequence rationale for technical performance must address the technical performance consequence risk rating if identified.

(b) For risk rationale for CSI contracts, the FS may add "CSI Customer Mandated" in the risk consequence rationale block.

Table 1. Risk Consequence

Level	Cost	Schedule	Technical Performance
5 (Severe)	Exceeds Acquisition Program Baseline (APB) threshold 10% or greater increase over APB objective values. Cost increase causes program to exceed affordability caps.	Cannot meet key program milestones.	Catastrophic: Severe degradation in technical performance; Cannot meet key performance parameter, or key technical and supportability threshold; will jeopardize program success. Could result in death, permanent total disability, or irreversible environmental damage that violates law or regulation. CSI items; Body Armor (can be a 4)
4 (Significant)	Budget increase or unit production cost increase 5% to <10% increase over APB objective values. Costs exceed life cycle ownership cost.	Program critical path affected.	Critical: Significant degradation in technical performance or major shortfall in supportability; may jeopardize program success. Could result in permanent partial disability, injuries or occupational illness that may result in hospitalization of multiple personnel, or reversible environmental damage causing a violation of law or regulation. Body Armor (can be a 5)
3 (Moderate)	Budget increase or unit production cost increase 1% to <5% increase over APB objective values. Manageable with PEO or Service assistance.	Minor schedule slip. Able to meet key milestones with no schedule float.	Moderate reduction in technical performance or supportability with limited impact on program objectives. Could result in injury or occupational illness resulting in one or more lost workday(s), or mitigatable environmental damage without violation of law or regulation where restoration activities can be accomplished.
2 (Minor)	Budget increase or unit production cost increases. Costs that drive unit production cost increase of <1% over contract budget. Cost increase, but can be managed internally	Able to meet key milestone dates.	Minor reduction in technical performance or supportability, can be tolerated with little or no impact on program. Could result in injury or illness not resulting in a lost workday, or minimal environmental damage not violating law or regulation.
1 (Minimal)	Minimal or no impact Minimal impact. Costs expected to meet approved funding levels.	Minimal or no impact.	Minimal or no consequence to technical performance.

c. Evaluate Risk Likelihood.

Risk likelihood is defined as the probability of a potential risk occurring and is based on all current and historical data.

(1) Table 2 provides risk likelihood rationale guidance. The FS must not copy and paste directly from Table 2 without adding additional supporting rationale.

(2) If there is no data available, the likelihood rating will be rated "3" moderate, until the contractor cost, schedule, and technical performance can be assessed. The FS may temporarily document "unknown process risk" for the risk rationale and schedule surveillance as soon as practicable to determine actual risk. Once risk is determined, the FS must replace "unknown process risk" with a detailed risk rationale. See functional volumes for additional guidance.

(a) Rationales must be clear, concise, and based on data driven decisions that are aligned with the contractor's performance history, process complexity, and experience. The risk likelihood rationale statements must provide justification and detail specific to the contractor's process. Likelihood rationale must support the risk rating and both the rating and rationale must be adjusted as risk changes (i.e., positive, neutral or negative).

(b) Additional guidance on critical safety items (CSI) is pursuant to DCMA-MAN 2304-01, "Critical Safety Items."

Table 2. Risk Likelihood

Level	Performance History	Process Complexity	Supplier Experience
5 Near Certainty	Analysis indicates systemic failures in controlling systems or processes resulting in realized risk events. Continuing Negative Trend in performance; SRS index score is less than 70%, Red, or "No Data" over the last 12 months; Correlates to DC&A for CPC likelihood assessment of "Very High" in accordance with Table 4.	Process is extremely difficult to perform; Requires exceptional skill with highly qualified personnel; Process requires environmental controls that are difficult to achieve.	Supplier has no experience in performing process; Newly assigned or untrained personnel; New management; Deficiency detection non-existent; >5-year gap in production; Layoffs in the last 12 months; Significant production capacity concerns.
4 High Highly Likely	Performance Data indicates an inability to meet contractual requirements; Negative trend in performance; External or 3rd party review or audit failures or major discrepancies identified; SRS index score between 70% - 80%, Yellow, or "Limited Data" over the last 12 months; Correlates to DC&A for CPC likelihood assessment of "High" in accordance with Table 4.	Process is difficult to perform, or supplier has never performed the process; Supplier has newly assigned personnel; Process susceptible to latent defect; Process requires highly qualified personnel to perform;	Supplier has limited experience in performing process; Newly assigned or limited trained personnel; Recent Management change; >3 deficiency detection concerns; >3-year gap in production; Layoffs within the last 24 months; Moderate production capacity concerns.

Table 2. Risk Likelihood, Continued

Level	Performance History	Process Complexity	Supplier Experience
3 Moderate Likely	Lack of performance data or historical performance; Performance Data indicates a change in trend (positive or negative); SRS index score between 80% - 90%, Green, with limited issues seen over the last 12 months; Correlates to DC&A for CPC likelihood assessment of "Moderate" in accordance with Table 4.	Process is somewhat difficult to perform; New supplier to government contracts; Process requires highly qualified personnel to perform.	New supplier to government contracts; Supplier has experience in performing process; Trained personnel; Consistent management; <1 Deficiency detection concern; <1 year gap in production; Some staffing concerns; Potential or Limited production capacity concerns.
2 Low Low Likelihood	Performance Data indicates good control of systems or processes; Supplier demonstrates effective implementation of corrective action requests (CARs); Zero findings identified during external, 3rd party reviews or audits; SRS index score between 90% - 95%, Purple, over the last 12 months; Correlates to DC&A for CPC likelihood assessment of "Low" in accordance with Table 4.	Process is somewhat common; Supplier personnel are highly qualified to perform the process.	Supplier considered expert in performing process; Highly trained personnel; Experienced Management; No deficiency detection concerns; No gap in production; Fully staffed workforce; No production capacity concerns.
1 Not Likely	Performance Data indicates no previous process deficiencies; Performance Data indicates contractual requirements will be met; SRS index score greater than 95%, Blue, over the last 12 months; DC&A for CPC likelihood assessment of "Very Low" in accordance with Table 4.	Process is common and easy to perform; Process does not require special training or highly qualified personnel.	Supplier considered expert in performing process performed >3 years; Highly trained personnel; Experienced Management; No deficiency detection concerns; No gap in production; Fully staffed workforce; Performing under Production Capacity.

d. Determine Risk Rating.

Once the FS documents risk consequence and risk likelihood ratings and rationales in PDREP, the system of record assigns an overall risk rating for that system or process based on Table 3. Table 3 shows the 5X5 Risk Matrix depicting overall risk to assist in planning and prioritizing surveillance.

Table 3. 5x5 Risk Matrix

Likelihood						
	5	Low 11	Moderate 16	High 20	High 23	High 25
	4	Low 7	Moderate 12	Moderate 17	High 21	High 24
	3	Low 4	Low 8	Moderate 13	Moderate 18	High 22
	2	Low 2	Low 5	Low 9	Moderate 14	Moderate 19
	1	Low 1	Low 3	Low 6	Low 10	Moderate 15
		1	**2**	**3**	**4**	**5**
		Consequence				

e. DC&A for CPC.

The DC&A for CPC process is an optional method that may be used to support the DC&A process when focusing on process control data for contractor processes.

(1) The DC&A for CPC can verify that the contractor's processes are both statistically stable and capable, as required by AS9103, IA9145, or other applicable industry standard when specified in the contract.

(2) Table 4 illustrates how to utilize DC&A for CPC outputs during risk likelihood assessment for surveillance adjustment (See Section 8 for more details). Training is available on the resource page of this manual to assist with contractor process control data not provided in the form of First Pass Yield (FPY) or Process Capability Index (Cpk).

Table 4. DC&A for CPC Process Performance Guidance

DC&A for CPC Risk Likelihood	Non-Critical Part Assembly	Critical Parts Assembly or Process
Table 2 Risk Likelihood = 5 – Near Certainty Highly Unstable or Incapable DC&A for CPC Risk Likelihood Rating = Very High	FPY < 75% Cpk < 0.93	FPY < 80% Cpk < 0.97
Table 2 Risk Likelihood = 4 – Highly Likely Unstable or Incapable DC&A for CPC Risk Likelihood Rating = High	75% ≤ FPY < 85% 0.93 ≤ Cpk < 1.00	80% ≤ FPY < 85% 0.97 ≤ Cpk < 1.00
Table 2 Risk Likelihood = 3 – Likely Marginally Stable or Capable DC&A for CPC Risk Likelihood Rating = Moderate	85% ≤ FPY < 92% 1.00 ≤ Cpk < 1.33	85% ≤ FPY < 95% 1.00 ≤ Cpk < 1.50
Table 2 Risk Likelihood = 2 – Low Likelihood Stable or Capable DC&A for CPC Risk Likelihood Rating = Low	92% ≤ FPY ≤ 95% 1.33 ≤ Cpk ≤ 1.50	95% ≤ FPY ≤ 98% 1.50 ≤ Cpk ≤ 1.67
Table 2 Risk Likelihood = 1 – Not Likely Highly Stable or Capable DC&A for CPC Risk Likelihood Rating = Very Low	FPY > 95% Cpk > 1.50	FPY > 98% Cpk > 1.67
Critical Parts – Safety of Flight, CSI, or Criticality coded features pursuant to AS6500 and also in AS9145. Non-Critical Parts – Those items not defined as Critical, e.g., inspection points assigned not due to product safety or anything not in critical category.		

f. Counterfeit Risk Assessment.

The FS must perform an annual counterfeit risk assessment even when not expressly stated on the contract in accordance with DCMA-MAN 2301-06, "Discrepancy Processing." Counterfeit risk mitigation is mandatory and applies to all acquisitions of supplies and services that DCMA administers and performs surveillance on.

SECTION 5: SURVEILLANCE PLANNING

5.1. SURVEILLANCE PLANNING.

a. Surveillance planning is a process that receives input from risk assessment and results of DC&A. The FS will plan surveillance by determining the type of surveillance, developing a schedule, and prioritizing surveillance based on risk. Results of DC&A influence surveillance planning throughout the aforementioned steps.

b. The FS should engage with other teams within the CMO to coordinate surveillance, optimize resources, and prevent duplication of efforts during the surveillance planning phases. If a KCR requires surveillance from more than one functional area, each functional area must document the corresponding KCR in their surveillance plan. See functional volumes for additional guidance or requirements.

c. When planning surveillance of a contractor's technical management system (i.e., Quality Management System, manufacturing management system, software management system, or configuration management system), which span multiple independent contractor processes, the FS can utilize a contractor management system evaluation (CMSE) framework.

(1) CMSE is a multi-functional framework for comprehensive surveillance planning and execution of contractor management systems. When utilizing a CMSE framework, surveillance is tailorable based on the risk of each of the individual supporting processes, which contributes to prioritizing CMO surveillance resources.

(2) CMSE methodology utilizes shared insights between multiple functions to evaluate the overarching system. The FS may refer to the CMSE Job Aid, which is linked on the resource page of this manual. Further guidance is provided in functional volumes.

5.2. PRIORITIZE SURVEILLANCE.

The FS must prioritize surveillance based on overall risk assessment and resource availability (See functional volumes for additional guidance or requirements).

a. Contractor systems, processes, or sub-processes.

The FS must address each system, process, or sub-process associated with requirements by scheduling surveillance or providing a rationale of why surveillance will not be scheduled or cannot be performed. This includes all low-risk processes identified.

b. Surveillance Warranted.

The FS must identify systems, processes, or sub-processes that will not have scheduled surveillance due to a low-risk rating or a lack of resources. Surveillance not warranted indicates that surveillance will not be scheduled currently but may be scheduled in the future if the risk or

resource situation changes. The FS must document rationale for why surveillance will not be performed or cannot be performed based on risk or resource constraints in PDREP.

(1) Risk.

Surveillance of overall higher risk rated systems or processes should be prioritized over overall lower risk rated surveillance of systems or processes. If surveillance will not occur due to a low overall risk, the FS must document this decision in PDREP.

(2) Resource Allocation.

Resources must be optimized to maximize risk mitigation and surveillance completion. When limited resources are preventing surveillance execution, the FS will prioritize higher risk surveillance over lower risk surveillance. If surveillance will not occur due to resource constraints, the FS must document unallocated hours in PDREP. If resource constraints are preventing surveillance execution, the FS must report to the supervisor and coordinate efforts to reduce surveillance, schedule alternative surveillance, or request assistance from other teams or CMOs. See functional volumes for additional guidance on prioritizing surveillance.

5.3. DETERMINE TYPE OF SURVEILLANCE.

a. Surveillance Approach.

The three surveillance approaches are contract, facility, and program. See functional volumes for additional guidance on the three approaches.

(1) Contract Surveillance.

The FS will utilize contract surveillance to evaluate a contractor when performance is associated to a specific contract. This approach is the most resource intensive and detailed approach. This approach is focused on requirements from a single contract. The FS must document the contract number in the surveillance plan if doing contract surveillance.

(2) Program Surveillance.

The FS will utilize program surveillance to evaluate a contractor when performance of contracts is associated with a single program. This approach can be used when a contractor's process differs between multiple programs at one commercial and government entity (CAGE) code due to unique requirements. The FS must document the program name in the surveillance plan if doing program surveillance.

(3) Facility Surveillance.

The FS will utilize facility surveillance to evaluate a contractor when performance of multiple contracts is associated to one or more programs at a facility. The FS may utilize facility surveillance when systems, processes, or sub-processes associated with requirements are common across multiple active government contracts, across multiple different programs, and

within a contractor's facility. The FS is not required to document the contract number(s) and program name(s) in the surveillance plan for facility surveillance.

b. Surveillance Category.

The FS selects surveillance categories after considering factors such as risk, schedule, resourcing constraints, and available contractor objective evidence. For function-specific guidance on surveillance categories, see related functional volume. The four surveillance categories are:

(1) S/PE.

(a) System evaluation, indicated as S/PE in PDREP.

Surveillance of one or more processes that make up a complete system such as the Quality Management System.

(b) Process evaluation, indicated as S/PE in PDREP.

Surveillance of supplier's manufacturing, assembly, support processes, etc., to evaluate contractor's processes (See Section 6 for further information on evaluating a contractor's process). Process evaluations are a preventative approach and are the preferred category of surveillance.

(2) Progress Evaluation.

Surveillance of time-phased actual progress compared to the contractual or approved schedule requirements. For example, progress can be verified through evaluations of completed work, work in progress, materials received, milestones completed, entrance or exit criteria, and delivery surveillance.

(3) DPE.

Surveillance of items or information that are the output of any process to meet the contractual requirements and includes, but is not limited to, evaluations of hardware, software, or Contract Data Requirements List (CDRL) items in support of product acceptance. This surveillance category is used in any phase of the development or production of the product. DPEs are appropriate when risk warrants it or if mandated by the external customer. DPE is not a preventative approach and is not the preferred category of surveillance.

(a) ECPs and RFVs are two CDRLs whose DPE surveillance have unique planning and documenting requirements. Engineers, quality assurance engineers, or quality assurance FS will log characteristic data required by the CDRL and associated data item descriptions for RFVs and ECPs in the CMO or region log for incorporation into technical value-added data, better known as TVAD, located on the resource page of this manual.

(b) For documenting surveillance, only engineers or quality assurance engineers, when requested, must document the planned DPEs anticipated to be performed in that planning period (e.g., quarterly, annually) in PDREP. This is not a duplication of the detailed information that is maintained in the CMO or local log, rather an executive-level summary required for surveillance planning and documentation. Additional guidance for ECP is pursuant to the Configuration Management and Configuration Change Management Guidebook. Additional guidance for RFV is pursuant to DCMA-MAN 2301-06.

(4) DSE.

Surveillance of contract line items that are identified as services and may involve periodic acceptance and performance assessments (e.g., training, technical services, testing, and inspection services).

5.4. DEVELOP SCHEDULE.

Scheduling surveillance is an iterative process to plan and document surveillance based on risk and available resources. The FS should coordinate cross functionally to align surveillance and optimize resources to evaluate contractor performance to requirements.

a. Frequency and Intensity.

The FS must determine the frequency and intensity of surveillance in order to provide the appropriate level of oversight of contractor systems, processes, and sub-processes to meet contractual requirements and deliver product or services, unless regulatory or other requirements (i.e., quality assurance letter of instruction (QALI) or memorandum of agreement) specify a frequency or intensity.

(1) Frequency of Surveillance.

The FS must use the overall risk rating to determine the frequency, or how often to perform surveillance (i.e., monthly, weekly, or daily). When determining frequency, the FS should consider contractor process availability (See functional volumes for additional information).

(2) Intensity of Surveillance.

The FS must use the overall risk rating to determine the intensity, or the extent, of surveillance. Examples of intensity include full, partial, or Acceptable Quality Level to determine sample size. Full or partial intensities are associated with a DSE, S/PE, and progress evaluations, and Acceptable Quality Level intensities are associated with DPE. Full refers to assessing the entire system or process during the S/PE. Partial refers to assessing a portion of the system or process during multiple reviews or visits.

b. Schedule Surveillance.

The FS must document the following elements in PDREP:

- Program names if planning program surveillance
- Contract number or unique item identifier if planning contract surveillance
- CAGE code, unique entity identifier or DCMA identifier of where surveillance will be performed; ensure appropriate CAGE, unique entity identifier or DCMA identifier is identified
- Delegator CAGE, unique entity identifier or DCMA identifier; identify the CAGE, unique entity identifier or DCMA identifier location where surveillance was delegated from
- Functional area of FS scheduling and executing surveillance
- Place of performance (PoP) location CAGE, unique entity identifier or DCMA identifier of where work is being performed, if delegated (Prime FS only)
- Surveillance category such as S/PE, DPE, DSE, or progress evaluation
- KCR
- Systems, processes, or sub-processes associated with requirements
- Risk rating
- Frequency, such as annual, quarterly, monthly, etc.
- Intensity
- Surveillance start date
- Surveillance end date is optional and is usually the final delivery date for recurring surveillance
- Allocated hours of total hours per surveillance occurrence, to include preparation and follow up in hours. Travel time is not included in allocated hours.
- Unallocated hours, if applicable
- FS(s) assigned to execute the active KCR surveillance

5.5. SURVEILLANCE PLAN MODIFICATIONS.

a. Contract Modifications.

When contract modifications are received containing new requirements or changes to the requirements, the FS will reassess and adjust surveillance, as appropriate. The FS will also address potential changes to the current surveillance approach and prioritize the surveillance of contract related system, process, or sub process based on risk.

b. Scheduling Surveillance with Unknown Dates.

Surveillance may not have a known occurrence date. These systems, processes, or sub-processes should still be scheduled to account for resources. Examples include termination inventory and test surveillance.

c. Scheduling Complete.

After the FS schedules or provides rationale for why surveillance is not scheduled (i.e., risk or resource constraints) for all systems, processes, or sub-processes associated with requirements that drive surveillance, scheduling is complete.

d. Surveillance Planning Summary.

Surveillance planning may be repeated during any stage of the PDCA framework of surveillance. In addition, adjustments to surveillance planning may be necessary upon completion of DC&A.

5.6. DELEGATE SURVEILLANCE DECISION.

a. For high or moderate risk rated systems, processes, or sub-processes performed at a location or CAGE (e.g., subcontractor) that differs from the surveillance plan or prime contractor CAGE, the FS will consider a letter of delegation (LOD) along with the other cases pursuant to Paragraph 5.6.d. The FS will not issue an LOD for low-risk systems, processes, or sub-processes unless required by other regulatory or customer requirements.

b. For PoP contracts, both the prime and PoP FS must communicate in accordance with DCMA-MAN 2101-04, "Delegate Surveillance," to ensure acknowledgment of the PoP contract. The PoP FS will review the contract and document the KCRs in the surveillance plan and perform risk assessment pursuant to Section 4. The prime FS must manage and monitor the prime's control of sub-contracted work.

c. For LODs, both the prime FS delegator and delegatee FS must communicate in accordance with DCMA-MAN 2101-04. The delegatee FS must document the delegated KCRs and processes that require surveillance in their surveillance plan. Additional functional guidance and requirements are in accordance with functional volumes.

d. The following are examples of critical workload or specific cases that may influence the delegation decision:

(1) NASA.

Specific delegation guidance for NASA is pursuant to Volume 1 of DCMA-MAN 3101-03 and Volume 2 of DCMA-MAN 3101-03, "National Aeronautics and Space Administration Functional Support."

(2) CSI.

CSI is considered critical workload, and FS will prioritize delegations based on risk and only if conformance cannot be verified at the prime contractor's facility. Specific delegation guidance is pursuant to DCMA-MAN 2304-01.

(3) Subcontractor Inspection Requirements.

Product or service conformity can only be determined at the subcontractor level.

(4) Safety surveillance.

Specific delegation guidance is in accordance with Volume 8 of DCMA-MAN 2303-01.

(5) Mandatory Witness.

The contract specifies witness by the government that can only be performed at the subcontractor's facility.

(6) FMS Surveillance.

The contract indicates workload is FMS.

(7) Host Nation Surveillance.

Specific delegation guidance is in accordance with DCMA-MAN 2501-11.

(8) Prime Control of Subcontractor.

The prime CMO FS lacks confidence in the prime contractor's management of the subcontractor (i.e., subcontractor late deliveries or negative subcontractor performance history). This is commonly known as inadequate prime contract control of subcontractors.

(9) PoP Contracts.

If a PoP is identified in a contract, a delegation is not normally needed. However, the prime FS must send a delegation if the prime contract and purchase order do not have the necessary information for the PoP FS to assess risk and plan surveillance.

(10) Corporation Inter or Intra-Divisional Work Transfer.

The prime FS must issue a delegation if there is no purchase order for workload performed within different divisions of the same contractor at different physical locations (i.e., city, state, or country).

(11) QALI or Memorandum of Agreement or Understanding.

DCMA has reviewed and accepted a QALI, memorandum of agreement, or memorandum of understanding from the external customer requiring surveillance to be performed for work at the subcontractor level. The FS will follow a risk-based approach to flowing down QALI requirements for subcontract support, similar to when a prime contract is received.

e. Delegate surveillance in accordance with DCMA-MAN 2101-04.

SECTION 6: EXECUTE SURVEILLANCE

6.1. PREPARE FOR SURVEILLANCE.

The FS may perform the following in preparation for surveillance:

a. Coordinate joint surveillance performed as a team with the contractor, other government entities (e.g., Missile Defense Agency), and AMT. Establish team member roles, responsibilities, and availability.

b. Coordinate with the contractor on their process availability to manage surveillance schedule.

c. Determine access requirements to where the contract work is performed for surveillance at military installations, U.S. or foreign.

d. Determine whether remote or virtual surveillance can be used in lieu of on-site surveillance. For on-site surveillance, logistical considerations such as travel, data requirements, contractor access and availability may need to be coordinated (See glossary for remote and virtual definitions).

e. Identify and analyze available data for accuracy and obtain additional data pursuant to Section 8. If DCMA has not performed surveillance at the CAGE location, the only data available may be from the contractor or external customer.

6.2. EXECUTE SURVEILLANCE.

a. The FS will conduct surveillance in accordance with the documented surveillance plan in PDREP.

b. During surveillance execution, the FS inherently evaluates adequacy, compliance, and effectiveness when executing surveillance. When the FS evaluates the contractor's processes and related procedures to verify if the process is current, accurate, complete, and capable of satisfying a requirement, the FS is evaluating adequacy. When the FS evaluates if the contractor is adhering to contractual and internal procedural requirements, the FS is evaluating compliance. When the FS evaluates if the contractor's process provides outputs that meet requirements, the FS is evaluating effectiveness.

(1) If the FS identifies the adequacy, compliance, or effectiveness or a combination, as unsatisfactory, the FS must perform further actions pursuant to DCMA-MAN 2303-05, "Addressing Contractor Noncompliances and Corrective Action Requests."

(2) The FS must report indications of fraud to the applicable regional Contract Integrity Center Counsel if fraud or counterfeit items are suspected in accordance with DCMA-MAN 2301-06.

c. The FS will continue surveillance until the contract, or all planned surveillance, is completed.

6.3. RESCHEDULE OR CANCEL SURVEILLANCE.

When scheduled surveillance cannot be performed as planned, the FS must cancel or reschedule the occurrence and provide rationale in PDREP for the change. The FS should take a proactive approach to managing their schedule based on contractor and FS availability to ensure it is an accurate depiction of the schedule.

a. Rescheduling.

Reschedule surveillance when it cannot be performed by the scheduled date but will be completed prior to the next scheduled occurrence. When rescheduling surveillance, the FS must document rationale as to why the surveillance was not performed as originally planned in PDREP.

b. Canceling.

(1) The FS will cancel surveillance when the scheduled occurrence(s) will not be rescheduled. Canceling a scheduled occurrence does not change future planned events. The planned frequency will determine the next scheduled occurrence upon the cancellation.

(2) When cancelling surveillance, the FS must include a rationale as to why the surveillance was not performed and document in PDREP. For example, the rationale could be another FS has performed the surveillance.

SECTION 7: DOCUMENT RESULTS

7.1. DOCUMENT SURVEILLANCE RESULTS.

The FS must document the results of surveillance in a surveillance record in PDREP. The FS should document within a surveillance record within 30 days of the scheduled occurrence. Multiple personnel may consolidate surveillance documentation into one record for joint surveillance (See functional volumes for additional guidance or requirements).

a. Surveillance Record.

The FS must document, at a minimum, the following elements in a surveillance record.

(1) Date.

Completion date.

(2) FS Name.

Name of person(s) who performed the surveillance. Found in PDREP.

(3) Contract Number(s) or Unique Identifier(s) (UID) as applicable.

When surveillance is only intended for a specific contract. Identified during surveillance planning and found in PDREP.

(4) Program Name(s) as applicable.

When surveillance is only intended for a specific program. Identified during surveillance planning and found in PDREP.

(5) CAGE code.

CAGE code, unique entity identifier or DCMA identifier where surveillance was performed. Identified during surveillance planning and found in PDREP.

(6) Surveillance Category.

Identified during surveillance planning and found in PDREP (See Paragraph 5.3.b.).

(7) Details of Scheduled Surveillance.

Include details regarding what was evaluated. Identified during surveillance planning and found in PDREP.

- KCR(s)
- System or Process
- Sub-Process

(8) Contractual Requirement Reference.

(a) The information recorded in this element satisfies the data collection documentation requirement associated with process level DC&A.

(b) Identify the contractual requirements such as the regulatory reference, data item description, contractor's procedure, or industry standard. Only include reference to requirement (e.g., contractor procedure number, revision, paragraph number), and do not upload contractor documents into PDREP.

(9) Evaluation Criteria.

(a) The information recorded in this element satisfies the data collection documentation requirement associated with process level DC&A.

(b) Evaluation criteria and attributes may be derived from such sources as contractual product requirements, data item descriptions, contractor criteria identified in their procedures, plans, and drawings, etc. Evaluation criteria associated with one system or process characteristics, service or product characteristics (e.g., ensure specification safety requirements trace back to system specification requirements), progress evaluation criteria (e.g., ensure deliverables meet critical design review entrance and exit criteria)

(c) Surveillance techniques are actions that assist the FS with executing surveillance such as witness, verify, or analyze. Documenting which technique(s) used is optional. See functional volumes for additional guidance or requirements.

(10) Actual Hours.

Total number of hours for surveillance. Travel time is not included in actual hours.

(11) Conclusion.

The information recorded in these elements satisfies the analysis documentation requirement associated with process level DC&A.

(a) "Evaluation result" requires the FS to select "SAT" (i.e., adequate, compliant or effective) or "UNSAT" (i.e., inadequate, non-compliant or ineffective). The FS must document the justification in the "summary" section.

(b) "Assess risk" requires the FS to select the result from the drop down based on the conclusion. If there are no changes in risk, the FS must document the justification in the "summary" section.

(c) "Action taken" requires the FS to select the result from the drop down based on the conclusion. If there are no changes in risk, the FS must document the justification in the "summary" section."

(d) "Summary" requires the FS to document the justification, conclusion, or outcomes of surveillance.

b. Record Storage.

The FS must use PDREP to document surveillance results and must complete the mandatory fields in PDREP with required information. Solely referencing an uploaded substantiating record (e.g., 1711 or other record) or writing "see attached" is not acceptable. FS may upload attachments containing additional data beyond the fields available in PDREP but will not upload attachments that include information already documented in PDREP mandatory fields.

c. Data Protection.

The FS must ensure data is appropriately marked and protected to prevent unauthorized access or disclosure pursuant to DCMA-MAN 3301-08, "Information Security." Special Programs Command will follow guidance and direction in accordance with Special Programs specific requirements. For contracts that require Distribution Statement F or a specified distribution list on technical data, the FS will continue to input plan and records information into PDREP and generalize the information where required or utilize shared processes with other contracts using a facility-based surveillance plan where possible.

7.2. MULTIFUNCTIONAL COMMUNICATION AND REPORTING.

a. Multifunctional Communication.

FS(s) should communicate with the AMT throughout the surveillance process including the results of DC&A.

b. Reporting.

Multifunctional teams, or individuals, may be required to provide reports to internal or external customers. All reports should be shared with the AMT.

SECTION 8: DC&A

8.1. DC&A.

a. Overview.

The FS must integrate DC&A throughout the surveillance process to facilitate data driven risk-based decisions. The process of completing DC&A includes collecting data from the government, contractor, and external customer, analyzing the collected data, and documenting analysis results.

b. DC&A Requirement.

(1) Each functional area FS must perform DC&A for all of their assigned systems, processes, and sub-processes, (i.e., each KCR UID) in their surveillance plan at a minimum of every 12 months and document results in PDREP. This review ensures that FS re-evaluate all systems, processes, or sub-processes identified for low risk-rated processes or where surveillance was not warranted to confirm the risk has not changed. The FS must collect and analyze government, contractor, and customer data as a part of their DC&A.

(2) DC&A takes place each time the FS conducts surveillance. The FS completes DC&A within each process surveillance plan and documents surveillance in accordance with Paragraph 7.1.a.

(3) The FS will collect and analyze government, contractor, and external customer data and must complete and document DC&A at a minimum of every 12 months. The DC&A will include the surveillance execution data as part of the government data requirement. The FS will document DC&A and upload as an attachment to the surveillance plan including:

- CAGE for surveillance plan evaluated.
- Function(s) and name of person(s) performing the overall plan DC&A.
- Time period of assessment (e.g., January-March 2025).
- Date overall plan review was completed.
- Scope of review. The FS must perform DC&A for their functional processes which cover every KCR in the SP (i.e. some process may cover multiples processes or system elements across multiple KCRs) (See function specific volumes for more guidance on documenting KCR UIDs in DC&A).
- Summary of government data analyzed as objective evidence used to establish the level of confidence needed to determine compliance.
- Summary of contractor data analyzed as objective evidence used to establish the level of confidence needed to determine compliance. If reviewing a sample of outgoing purchase orders for delegated surveillance, include summary here.
- Summary of customer data analyzed as objective evidence used to establish the level of confidence needed to determine compliance.
- Overall conclusion or results based on analysis performed and conclusion of analysis such as trends identified, new risk identified, etc.

- Overall actions taken as a result from the analysis (i.e., changes to surveillance plan). If no action taken based on analysis, document justification.

c. DC&A for CPC METHOD.

DC&A for CPC is an optional method that can be used to support risk assessment and focuses specifically on process control data for contractor processes. DC&A for CPC is not required but is a useful method to assess process capability. The DC&A for CPC can be applied to verify that the contractor's processes are both statistically stable and capable, as required by AS9103, IA9145, or other applicable industry standard when specified in the contract. It is comprised of the collection and analysis of assembly or manufacturing process control data. More information on DC&A for CPC is located on the resource page of this manual.

8.2. DATA COLLECTION.

a. Data collection must include government, contractor, and external customer data to support surveillance.

b. Data collection for DC&A, including DC&A for CPC, occurs when the FS requests, gathers, or observes data that provides insight into the contractor's ability to perform the contract requirements. All DC&A data, including DC&A for CPC data, is used to gauge the contractor's ability to control their processes, ultimately impacting the risk likelihood rating.

c. Table 5 provides some examples of potential types of data which may be collected.

Table 5. Example of Data for DC&A

Contractor Data	Customer Data	Government Data
Nonconforming material data (e.g., FPY, Quantity of Rework, Scrap, Repair, Use-As-Is, Standard Repair)	Government Industry Data Exchange Program Reports	Results of Surveillance i.e., DC&A
Software Defect Reports	Product Quality Deficiency Reports	SRS Data
Contractor CAR data	Government First Article Test	Results from Prime Control of Subcontractor Assessment (PCSA)
Failure Reporting, Analysis and Corrective Action System (FRACAS)	Second Party or external customer audit results	DCMA Audit results
Process Failure Mode Effects Analysis	Contractor Performance Assessment Reporting System	Level I-IV CAR Data
Internal or Third-party or Tier II Online Aerospace Supplier Information System Data (i.e., certifying body)	Time-Phased Milestones	Program Assessment Reports

d. Early communication and ongoing coordination with the contractor and external customer are critical to receiving data necessary for performing analysis. This may include process control data to determine what assembly or manufacturing processes to apply DC&A for CPC.

e. The FS should coordinate with other functional areas to reduce duplicative data requests to the contractor. Requests to the contractor for data should be documented. Any requests to the PCO must be facilitated through the ACO.

8.3. DATA ANALYSIS.

Data analysis occurs when the FS evaluates collected data. For DC&A for CPC, the analysis is on the process control data while the analysis for DC&A can be on any data collected. The FS must evaluate the data to identify trends, extract insights, and support risk assessment and surveillance planning decisions.

a. The frequency of data analysis should be based on risk. Data analysis may be performed more frequently when risk increases but must be completed at least every 12 months. Some examples indicating increased risk include external customer complaint(s), newly hired operator(s), or an increased number or severity of CARs (See functional volumes for additional information).

b. Collected data should be sorted for appropriate content, validated to ensure accuracy, and reviewed for the analysis.

8.4. COMMUNICATION.

a. Internal Communication.

DC&A is available to the AMT in PDREP, and FS should communicate relevant information to the AMT.

b. External communication.

External communication supported by data is essential for ensuring transparency, understanding, and alignment between DCMA, external customers, and contractors. If external customer mandated surveillance events are imposed and DC&A analysis concludes that surveillance may be reduced in areas such as sample size or frequency, the FS must communicate with the AMT, inform the external customer and assigned DCMA supervisor in writing, and work together to negotiate the required surveillance in accordance with policies, guidance, and DFARS Procedures, Guidance, and Information (PGI) 246.103.

SECTION 9: EVALUATE SURVEILLANCE PLAN

9.1. FS EVALUATE SURVEILLANCE PLAN.

a. The FS must evaluate their assigned surveillance based on results of DC&A at a minimum of every 12 months and must document results in the form of making risk-based adjustments in PDREP. The FS will evaluate the areas of the surveillance plan assigned to them in its entirety to include all scheduled surveillance and surveillance not warranted due to risk or resources.

b. Evaluate surveillance plan and DC&A are two separate, but interrelated, actions, and the FS can conduct them concurrently. DC&A focuses on the evaluation of the contractor system(s) and process(es). Evaluate surveillance plan is an assessment of the plan's effectiveness and compliance to this manual's requirements.

c. When data analysis indicates a change in contractor cost, schedule, or technical performance, such as a positive or negative trend, the FS must document their consideration of changes to risk likelihood and subsequent surveillance such as frequency and category of surveillance. Some areas to review for trends are:

- External customer complaints traceable to a deficiency in the contractor's operation
- Repetitive deficiencies
- Inadequate, noncompliant, or ineffective processes and procedures
- Consistent satisfactory or better contractor performance
- Schedule delays or missed milestones
- Changes in risk factors (e.g., financial, cost, manpower, tools, processes, materials)
- Status of contracts, programs, and contractor processes for possible changes that may impact surveillance requirements, new workload for requirements, and risk for prioritization
- Changes in current surveillance (e.g., contract modifications, external customer required surveillance changes, or significant changes in the contractor's systems or processes, procedures, or operations associated with the requirements). Analyze the following and make necessary adjustments to surveillance:
    - Identified gaps in data collection that may require new or updated surveillance
    - Identified trends in data collection that may require a change in surveillance planning
    - Changes stemming from negotiations for QALI, LOD, or risk. Objective evidence from negotiations can be found in the associated LOD or QALI report control number, and FS must include reference to this report control number in the appropriate block within the system of record.

d. Surveillance evaluation may be repeated during any stage of the PDCA framework of surveillance. In addition, adjustments to surveillance may be necessary upon completion of DC&A.

9.2. SUPERVISOR EVALUATE SURVEILLANCE PLAN.

The supervisor or supervisor's delegatee (e.g., lead, other supervisors, FS) will evaluate areas of the surveillance plan relevant to their FS responsibilities at a minimum of every 12 months. Supervisors may sample the evaluation of surveillance plans and the level of detail, areas of review, choice of surveillance plan(s), and number of surveillance plans reviewed, are at the discretion of the supervisor for determining conformance to this manual. The supervisor must document completed evaluations or sampled cages.

GLOSSARY

G.1. ABBREVIATIONS AND ACRONYMS.

ACRONYM	MEANING
ACO	administrative contracting officer
AMT	award management team
APB	Acquisition Program baseline
CAGE	commercial and government entity
CAR	corrective action request
CDRL	Contract Data Requirements List
CMO	contract management office
CMSE	contractor management system evaluation
Cpk	Process Capability Index
CRR	contract receipt and review
CSI	critical safety item
DC&A	data collection and analysis
DC&A for CPC	data collection and analysis for contractor process controls
DPE	deliverable product evaluation
DSE	deliverable service evaluation
ECP	engineering change proposal
FMS	Foreign Military Sales
FPY	First Pass Yield
FS	functional specialist
KCR	key contract requirement
LOD	letter of delegation
NASA	National Aeronautics and Space Administration
OU	operational unit
PCO	procuring contracting officer
PDCA	plan-do-check-act
PoP	place of performance
PDREP	Product Data Reporting and Evaluation Program
QALI	quality assurance letter of instruction

RFV	request for variance
S/PE	system or process evaluation
UID	unique identifier

GLOSSARY

G.2. DEFINITIONS.

Unless otherwise noted, these terms and their definitions are for the purpose of this issuance.

TERM	MEANING
Acceptable Quality Level	A sampling method designed to decide whether to accept or reject a group of units of manufactured goods. Specifically, it allows a determination to be made if a group of units meets the quality standards necessary for acceptance without having to test or inspect 100 percent of the units. Considered an intensity.
acceptance	This is an inherently government act, performed by a government employee, to accept goods or services on behalf of the government. The act of an authorized representative of the government by which the government, for itself or as agent of another, assumes ownership of existing identified supplies tendered or approves specific services rendered as partial or complete performance of the contract pursuant to DCMA-MAN 2101-01, "Acceptance of Supplies and Services."
actual hours	The actual time in hours to start and complete the occurrence of the scheduled item in the surveillance schedule. Actual hours include preparation, execution, and documentation. Travel time is not included in actual hours. If multiple FS are identified on the record, the hours would be the total hours for the execution, not per FS.
(other) agency accepted workload	Workload received outside of Integrated Workload Management System, known as IWMS, to include, but not limited to, international agreements or memorandums of agreement.
allocated hours	The planned time in hours to start and complete one occurrence of a scheduled item in the surveillance schedule. Allocated hours should include preparation, execution, and documentation. Travel time is not included in allocated hours. If multiple FS and ACOs plan to execute a joint occurrence of a surveillance event, the hours would be the total hours for the execution, not per FS and ACOs.
AMT	The CMO AMT may consist of two or more functional areas such as an ACO, quality assurance specialist, quality assurance

	engineer, engineer, industrial specialist, property, contract safety, government flight representative, center personnel etc. When AMT is mentioned in this manual, it may include the program support team.
assembly	Refers to the series of steps or operations involved in putting together the components of a product to create a finished item. This process is typically used in manufacturing and production environments and can range from simple manual assembly to complex automated systems.
baseline	An initial risk-assessment of a system, process, or sub-process associated with a KCR. Baselines provide a basis for tracking risk trends over time.
CAR	A request for a contractor to take action to eliminate the cause of a detected deficiency or other undesirable condition. CARs are issued to the contractor management level responsible for correcting the cited deficiency.
CMSE	A risk-based, multifunctional approach based on industry standard ISO 19011 to assess the processes contractors use to deliver products and services. This approach evaluates the adequacy, compliance, or effectiveness of the contractor's management system(s), from the high-level management system to detailed subsystem(s) and process(es), to meet contractual requirements.
consequence	An outcome of an event affecting objectives. An event can lead to a range of consequences. A consequence can be certain or uncertain and can have positive or negative effects on objectives. Consequences can be expressed qualitatively or quantitatively. Consequence is sometimes called impact and severity.
CSI	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 surveillance purposes, CSIs include aviation CSIs; personal protective devices such as Small Arms Protective Insert vests, gas masks, chemical or biological suits;

	parachutes; conventional ammunition including small and large caliber munitions, artillery rounds, bombs, and missiles and Naval Sea System ships CSIs, defined in DCMA-MAN 2304-01.
corporation inter or intra-divisional work transfer	When work is being performed at the same corporate entity but at a separate division or location than what is identified in the contract.
DC&A	All surveillance associated with the collection, evaluation, and use of contractor, government, and external customer data, and other applicable data elements, using appropriate techniques to identify risk and contractor systemic deficiencies, communicate cost and schedule concerns to the external customer, and adjust surveillance plan.
deficiency	A noncompliant or nonconforming condition. Deficiency is used throughout this document to represent departures from product requirements as well as procedural requirements.
defect	Any nonconformance of a characteristic with specified requirements. Defect classifications can be found under non-conforming material classifications in accordance with DCMA-MAN 2301-06.
deliverable product	A line item that is specified in the contract and requires acceptance by the government. These items may include hardware, software, or CDRL(s).
deliverable service	An activity to provide time, effort, or expertise that is specified in the contract and requires acceptance by the government Examples could include janitorial services, programming, repair or refurbishment of equipment, gathering documented information, technical services, etc.
external customer	The external customer is considered a non-DCMA entity and may be from the DoD buying activities, other United States Government agencies, or another nation. It may include individuals from those organizations such as the PCO, program manager, end user of the product, or an international requestor of the work products from a technical effort.
facility	A contractor's building, or area, that is normally associated with a CAGE code. This is the location where contractor performs the requirements of the contract or where the surveillance event or activity is executed.

frequency	The rate at which something occurs or is repeated over a particular period of time, such as surveillance frequency of a particular system or process will occur monthly, weekly, or daily.
FS	(1) Any DCMA employee executing contract administration services within any career field, excluding the ACO. (2) FS are personnel assigned to perform various tasks in support of the agency's mission (e.g., cost monitor, engineer, industrial specialist, IT specialist, packaging specialist, quality assurance, contract administrator, or earned value management specialist).
functional area	A group of personnel tasked with a specific organizational function. Typically, functional departments comprise teams of employees with similar skills and expertise. Some examples are quality, industrial specialist, engineering, software, and contracts.
guidebooks	Guidebooks are controlled, approved, and maintained by the functional proponent and consist of detailed guidance to maintain consistency across the agency for process execution or data collection of various processes for a given function or functions. Some guidebooks may be enforceable pursuant to DCMA-MAN 4501-01, "Agency Issuance Program."
incapable process	A manufacturing process that is unable to consistently produce products that meet specified quality standards and external customer requirements. This incapability can lead to frequent defects, higher costs, and inefficiencies. The primary measure of a process's capability is its ability to produce outputs within specified limits or tolerances with minimal variation.
intensity	The degree or scope to which surveillance will be completed, (e.g., full, partial, Acceptable Quality Level).
internal customer	An internal customer is a DCMA entity
issuance	A documented instruction, publication, standard or direction intended for use by agency employees.
joint surveillance	Surveillance done by more than one entity to satisfy a requirement (i.e., multiple DCMA FS, DCMA FS and external customer).

KCR	As defined in DCMA-MAN 2501-01.
likelihood	The assessed probability that an event will occur given existing conditions. This is the contractor's ability to be compliant or successful.
manufacturing process	The series of steps, methods, or operations involved in transforming raw materials into finished products.
objective evidence	Proof that is sufficient to support the reasonable belief that a particular act or omission has occurred. It includes records that demonstrate noncompliance or compliance to contractual or policy or procedural requirements.
output	A work product or artifact that is generated based on requirement(s) of a process, policies, procedures, or contract.
PDCA	The PDCA cycle is a four-step model used to depict the continuous surveillance process.
PDREP	The DCMA system of record for surveillance that serves as a database for recording, collecting, retrieving, and analyzing supplier performance information. The data captured includes surveillance plans as well as LODs, CARs, supplier risk assessments, product quality deficiency reports, and supply discrepancy reports.
PoP	The location or facility where product realization physically takes place.
Process	A logical, systematic sequence of tasks, triggered by an event, which produces meaningful output.
planning	The act of creating a plan or a detailed formulation of a course of action for how something will be achieved. Planning describes the intention to do something, coupled with a proposal or strategy for getting it done. Planning includes many things outside of scheduling (e.g., deciding where to do work, tools and processes that will be used, skillset needed).
process capability	Whether a process is consistently capable of meeting desired goals.
remote surveillance	Using an alternative surveillance technique for verification of objective evidence via electronic means rather than in person and which is at a remote location using a virtual connection. It

	may entail gaining access to the contractor's internal enterprise systems using our own DCMA issued equipment.
review	Determination of the suitability, adequacy, or effectiveness of an object to achieve established objectives (e.g., management review, design and development review, review of external customer requirements, review of CARs, and peer review). Review can also include the determination of efficiency.
risk	(1) A measure of future uncertainties in achieving an organization's objectives, requirements and goals within defined cost, schedule, and performance constraints. It has three components: a future root cause, a likelihood assessed at the present time of that future root cause occurring, and the consequence of that future occurrence. (2) Potential future event or condition that may have a negative effect on achieving program objectives for cost, schedule, and performance.
risk assessment	Includes the evaluation of the systems, processes, or sub-processes associated with requirements identified for surveillance, as well as other agency-accepted workload.
risk rating	The assigned level of risk used to define the severity of a risk event or activity.
scheduling	The act of deciding when something will be done and allocating the time for it on an FS schedule within the surveillance plan. Scheduling can be considered a subset of planning.
surveillance	Surveillance is the process of assessing risk, planning and executing the evaluation or assessment of contractor systems, processes, or sub-processes associated with executing requirements for product or services intended for government use. Surveillance is performed to analyze and assess the contractor's adequacy, compliance, and effectiveness with respect to contractual terms for cost, schedule, and technical performance. The surveillance process includes the collection of data, analysis of data, and documenting results in the agency PDREP followed by re-evaluation of risk for planning efforts. Surveillance is done by contract, program, or facility, and utilizes four surveillance categories: S/PE, PE, DPE and DSE.

surveillance plan	Identified by CAGE code, unique entity identifier, or DCMA identifier; it is a structured approach to identify requirements, risk assess, plan, execute, and document surveillance. Surveillance plans are located in the surveillance plan, SP, module of PDREP, the agency system of record for surveillance. The surveillance plan is used to evaluate a contractor's ability to meet requirements for products or services intended for government use and documents the methodology the government will use to monitor, evaluate, and mitigate risks associated with contractor cost, schedule, and performance.
stability	In the context of measurement system analysis, the total variation in the measurements obtained with a measurement system on the same master or parts when measuring a single characteristic over an extended time.
unallocated hours	The amount of time not allocated to perform surveillance due to risk or resource constraints. It is calculated based on total hours needed minus allocated hours.
UID	A set of data elements permanently marked on an item that is globally unique, unambiguous, and never changes, in order to provide traceability of the item throughout its total life cycle. The term includes unique item identifier or a DoD recognized unique identification equivalent.
unstable process	A process exhibiting excessive variability and lacks predictability in its output. This instability can lead to frequent defects, higher costs, and inefficiencies.
virtual surveillance	Used for the performance of surveillance. This technique is usually performed in real-time using a contractor's IT system for on-line video surveillance or in-process or end item acceptance when approved for use by all stakeholders.

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