



DCMA INSTRUCTION 2501

CONTRACT MAINTENANCE

Office of Primary Responsibility:

Contract Maintenance Capability

Effective:
Change 1 Effective:

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Releasability:

Cleared for public release

New Issuance

Incorporates:

DCMA-INST 101, "Termination for Convenience"
DCMA-INST 103, "Contract Modifications"
DCMA-INST 104, "Contract Debts"
DCMA-INST 111, "Plant Clearance"
DCMA-INST 112, "Canceling Funds"
DCMA-INST 115, "Patents and Royalties"
DCMA-INST 118, "Contract Receipt and Review"
DCMA-INST 124, "Contract Property Management"
DCMA-INST 132, "Novation, Change-of-Name, and Business Combination (Restructuring) Agreements"
DCMA-INST 135, "Contract Closeout"
DCMA-INST 137, "Grants, Agreements, and Other Transactions"
DCMA-INST 138, "Order Issuance and Definition"
DCMA-INST 143, "Consent to Subcontract"
DCMA-INST 313, "International Requests for Contract Administration Services"
DCMA-INST 316, "Delegate Surveillance"
DCMA-INST 325, "Contract Technical Review"
DCMA-INST 327, "Postaward Orientation Conference-QA"
DCMA-INST 328, "Overhaul, Maintenance, Modification, and Repair"
DCMA-INST 402, "Workload Acceptance"
DCMA-INST 905, "Contract Claims and Disputes"

Internal Control:

Not Applicable

Labor Codes: Located on the Resource Page

Resource Page Link: <https://360.intranet.dcms.mil/Sites/Policy/CM/SitePages/2501r.aspx>

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Purpose: This issuance, in accordance with the authority in DoD Directive 5105.64, “Defense Contract Management Agency (DCMA)”:

- Establishes policy, assigns responsibility, and prescribes general principles associated with the Contract Maintenance capability
- Focuses on fulfilling Agency responsibilities pursuant to Federal Acquisition Regulation Subpart 42.302, Contract Administration Functions; Defense Federal Acquisition Regulation Supplement Subpart 242.302, Contract Administration Functions; and DoD Directive 3210.06, “Defense Grant and Agreement Regulatory System;” Chapter I, Subchapter C of Title 32, Code of Federal Regulations, and Chapter XI of Title 2, Code of Federal Regulations
- Establishes the policy framework for the Contract Maintenance capability with procedural manuals (DCMA Manuals (DCMA-MAN 2501-##)) that document Contract Maintenance processes and provide implementation guidance

SUMMARY OF CHANGES

This Instruction contains substantive changes. The most notable changes are to paragraphs 3.2 and 3.2.a. The information within those paragraphs was revised to align with the Authoritative Process List.

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This Instruction applies to all DCMA organizational elements.

1.2. POLICY. It is DCMA policy to:

a. Establish, deliver, and maintain a Contract Maintenance capability to fulfill the Agency's mission and comply with laws, regulations, and DoD issuances.

b. Perform Contract Maintenance in a multi-functional, integrated, synchronized, and coordinated manner.

c. Apply these governing principles:

(1) Activities will be consistent, timely, responsible, responsive, repeatable, and transparent.

(2) Administration will maintain the integrity of contracts and nonprocurement instruments from receipt to closeout, maintain a Financial Improvement and Audit Readiness (FIAR) compliant audit trail, and archive the official contract file in accordance with DoD Instruction 5015.02, "Records Management Program."

d. Execute this Instruction in a safe, efficient, effective, and ethical manner.

SECTION 2: RESPONSIBILITIES

2.1. DIRECTOR, DCMA. The DCMA Director will:

- a. Provide strategic oversight of the Contract Maintenance capability.
- b. Appoint a Capability Manager(s) for Contract Maintenance and charter a standing cross-functional capability board.

2.2. CONTRACT MAINTENANCE CAPABILITY MANAGER. The Contract Maintenance Capability Manager will:

- a. Serve as chairperson of the chartered Contract Maintenance Capability Board.
- b. Serve as the Agency proponent for the Contract Maintenance capability and conduit to the DCMA Executive Council, and fulfill responsibilities as delegated.
- c. Ensure the development, revision, coordination, and maintenance of Contract Maintenance capability doctrines (instruction and manuals) necessary to document the processes and procedures to allow for consistent, standard, and repeatable work across the enterprise. Doctrines will be in accordance with DCMA Instruction (DCMA-INST) 501, "Policy Issuances Program," and DCMA Manual (DCMA-MAN) 501-01, "Policy Issuances Procedures."
- d. Ensure identification, development, revision, or modification of measures and metrics to monitor Contract Maintenance compliance and performance.
- e. Ensure development of training and tools required to execute the Contract Maintenance capability processes.
- f. Ensure continuous improvement of the Contract Maintenance capability.
- g. Ensure support and coordination across all capabilities within the DCMA Business Capabilities Framework.
- h. Assign Action Officers to serve as the subject matter expert and primary focal point for Contract Maintenance issuances and associated resource pages.

2.3. COMPONENT HEADS/CAPABILITY MANAGERS. The Component Heads/Capability Managers will:

- a. Ensure implementation of the applicable Contract Maintenance capability processes as published in DCMA-MAN 2501 series of manuals.
- b. Evaluate Agency organizational compliance and performance in accordance with measures and metrics developed pursuant to paragraph 2.2.d. and related to the Contract Maintenance capability.

c. Identify and implement Contract Maintenance capability continuous improvements and initiatives.

2.4. CONTRACT MANAGEMENT OFFICE COMMANDERS/DIRECTORS AND CENTER DIRECTORS. The Commanders/Directors and Center Directors will:

a. Execute and oversee their organizations' day-to-day Contract Maintenance capability processes as published in the DCMA-MAN 2501 series of manuals.

b. Implement a detection-to-prevention approach to improve the Contract Maintenance capability.

c. Evaluate their organizations' Contract Maintenance capability compliance and performance.

d. Identify and implement Contract Maintenance capability continuous improvements and initiatives.

SECTION 3: GENERAL PRINCIPLES

3.1. DESCRIPTION. The Contract Maintenance capability ensures collaborative, repeatable, and transparent processes are employed from the time a contract is received through contract closeout. Beginning at Contract Receipt and Review (CRR), Contract Maintenance comprises the day-to-day efforts of DCMA contract management team members to perform contract administration services and maintain the contract databases (e.g., Mechanization of Contract Administration Services (MOCAS), or the contract data collection reporting capability tool required for DCMA Special Programs contracts). Contract Maintenance ends when the contract closes and is archived.

a. Contract Maintenance includes routine contract administration activities such as ensuring contract accuracy upon receipt, validating requirements, processing modifications, executing novations, clearing patents, and when necessary, settling contractor and government claims and disputes. In addition, it involves resolving contract deficiencies, clearing recycle lists, balancing line items, reconciling deliveries, administering terminations, administering contract property, dispositioning plant clearance cases, resolving claims and disputes, and reconciling contract debts towards successful contract closeout. Efficient and effective contract maintenance depends on continuous contract accuracy, data integrity, and contract execution.

b. The value DCMA expects to deliver through this capability includes:

- (1) Accurate and auditable contract files throughout the life of the contract.
- (2) Efficient contract administration and data integrity.
- (3) Timely product delivery.
- (4) Timely return of unliquidated obligations.
- (5) Timely contract closeout.

3.2. CONTRACT MAINTENANCE PROCESSES AND PRODUCTS. DCMA performs significant processes for Contract Maintenance. Upon receipt of a supplier (internal or external) input product, DCMA professionals perform these processes, and consider them to be completed with the issuance of a fully-executed output product to the benefitting customer. The table that identifies the overarching Supplier, Input, Activities/Processes, Output, and Customer (SIPOC) construct and capabilities linkages is located on the Contract Maintenance resource page.

a. Processes. The major processes associated with the Contract Maintenance capability include:

- (1) Manage International Requests for Contract Administration Services.
- (2) Perform Contract Review.

- (3) Perform Data Integrity Screening.
- (4) Execute Contract Modifications.
- (5) Manage Grants, Agreements, and Other Transactions.
- (6) Evaluate and Administer Contractor Requests for Property.
- (7) Manage Property Loss.
- (8) Manage Disposition/Reutilization of Property.
- (9) Manage Contract Claims and Disputes.
- (10) Manage Contract Debts.
- (11) Perform Funds Lifecycle Management.
- (12) Administer and Negotiate Settlement for Full and Partial Terminations for Convenience.
- (13) Perform Contract Closeout.

b. Products. Major products associated with the Contract Maintenance capability include:

- (1) Delegation acceptance.
- (2) Validated requirements from contract receipt and review.
- (3) DCMA Form 1797, "Request for MOCAS Action."
- (4) DD Form 1155, "Order for Supplies or Services."
- (5) DD Form 1716, "Contract Data Package Recommendation/Deficiency Report."
- (6) DD Form 1484, "Post-Award Conference Record."
- (7) Standard Form (SF) 30, "Amendment of Solicitation/Modification of Contract."
- (8) Executed Novation or Change of Name Agreement.
- (9) Closed plant clearance case and disposition instructions.
- (10) Termination status report and termination settlement.

- (11) Surveillance plan and closeout notification for grants, agreements, and other transactions.
- (12) Payment withhold determination.
- (13) Processed patent or royalty report.
- (14) Alternate disputes resolution, final decisions, and unilateral rate determinations.
- (15) Final Pay Notice of Last Action (FPNLA).
- (16) DD Form 1597, "Contract Closeout Checklist."

GLOSSARY

G.1. DEFINITIONS.

Administering Contract Management Office (CMO). The contract administration office identified in contracts, modifications, and nonprocurement.

Business Capabilities Framework. A structure that distinguishes a policy's what and why from the process' how to, and integrates automation in an agile business environment. The "what and why" are delineated in DCMA Instructions, and the "how to" is delineated in DCMA Manuals.

Capability. Pursuant to DoD Directive 7045.20, Capability Portfolio Management, capability is the ability to achieve a desired effect under specified standards and conditions through a combination of means and ways across doctrine, organization, training, materiel, leadership and education, personnel, and facilities to perform a set of tasks to execute a specified course of action.

Capability Manager. The individual or individuals identified by the Director, DCMA, as the proponent with advocacy for all Agency efforts under a given Capability. The Capability Manager is responsible for the doctrine (instructions and manuals), tools, and training associated with the process and activities that fall under the purview of the Capability.

Claim. A legal assertion or demand taken by a person wanting compensation, payment, or reimbursement for a loss under a contract, or an injury due to negligence.

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

Contract. A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements.

Contract Accuracy. Contract is free from error as validated by contract receipt and review and, if applicable, completed Contract Data Package Recommendation/Deficiency Report(s). For example, errors can be administrative, omission of clauses, or incorrect DCMA office.

Contract Administration Service. FAR 42.302 pre-award and post-award actions accomplished for the benefit of the government, which are necessary to the performance of a contract or in support of the buying offices, system/project managers, and other organizations. It includes quality assurance, engineering support, production surveillance, pre-award surveys, mobilization planning, contract administration, property administration, industrial security, and safety.

Contract Management Office (CMO). An organizational unit within DCMA that is assigned pre-award and post-award functions related to the administration of contracts. The office is responsible for managing and administering assigned contracts from contract receipt to contract closeout.

Contract Management Team. A team of functional specialists assigned to contracts and Commercial and Government Entity codes under their geographic purview. They are acquisition professionals whose expertise, advice, and counsel contribute to the accomplishment of contract administration services.

Contracting Activity. An element of an agency designated by the agency head and delegated broad authority regarding acquisition functions. Contracting activity for DoD also means elements designated by the director of a defense agency that has been delegated contracting authority through its agency charter (DFARS 202.101). Included are a DoD or military procurement organization with authority and responsibility for awarding a contract or nonprocurement instrument for a product or service, and non-DoD organizations such as National Aeronautics and Space Administration, General Services Administration, or foreign country.

Data Integrity. Data integrity refers to maintaining and assuring the accuracy, consistency, and completeness of data over its entire life-cycle authenticated through the ongoing use of error checking and validation routines, and is a critical aspect to the design, implementation, and usage of any system that stores, processes, or retrieves data.

Delegating CMO. CMO responsible for monitoring the prime contractor's activities and exercising oversight and surveillance of the primes' subcontractor(s) through letters of delegations to a supporting CMO cognizant over that subcontractor(s).

Detection to Prevention. A cultural mindset that transitions DCMA acquisition oversight activities from detection to prevention and can be applied to any DCMA process. Detection to Prevention is a proactive surveillance and management strategy that focuses on process capability; risk assessment and mitigation; verification of contractors' systems, processes, and outputs; and data-driven actionable information.

Dispute. A conflict or controversy; conflict of claims or rights; an assertion of a right, claim, or demand on one side, met by contrary claims or allegations on the other.

External Customer. A non-DCMA organization that receives products or service requests resulting from DCMA action (e.g., buying authorities, contractors, Defense Finance and Accounting Service).

External Supplier. A non-DCMA organization that generates products or service requests requiring DCMA action (e.g., buying authorities, contractors, Defense Contract Audit Agency).

Financial Improvement and Audit Readiness. Department of Defense's effort to attain and sustain an unqualified "clean" audit opinion for financial transactions and financial systems.

FIAR is demonstrated through a financial statement audit performed by independent auditors, resulting in an unmodified audit opinion on Agencies' financial statements.

Internal Customer. A DCMA organization or capability that receives products or service requirements from another DCMA organization or capability

Internal Supplier. A DCMA organization or capability that generates products or service requirements to another DCMA organization or capability.

Nonprocurement Instruments. A legal instrument other than a procurement contract that falls into three basic types: grants, cooperative agreements, and other transactions. Grants and cooperative agreements are awarded when a Federal agency is providing assistance, such as financial assistance or services, in lieu of money. An other transaction may be used by DoD when it has been determined that it is in the government's best interest to enter into an agreement that is not a contract, grant, or cooperative agreement.

Transferring CMO. CMO that transfers administration of a contract to another CMO.

Validated Requirements. Requirements of a contract, modification, or nonprocurement instrument that have been reviewed and validated to be accurate, compliant, and complete.

GLOSSARY

G.2. ACRONYMS.

CMO	Contract Management Office
CRR	Contract Receipt and Review
DCMA Form 1797	Request for MOCAS Action
DCMA-INST	DCMA Instruction
DCMA-MAN	DCMA Manual
DD	Department of Defense
DD Form 1155	Order for Supplies or Services
DD Form 1484	Post-Award Conference Record
DD Form 1597	Contract Closeout Checklist
DD Form 1716	Contract Data Package Recommendation/Deficiency Report
FAR	Federal Acquisition Regulation
FIAR	Financial Improvement and Audit Readiness
MOCAS	Mechanization of Contract Administration Services
SF	Standard Form
SF 30	Amendment of Solicitation/Modification of Contract

REFERENCES

- DCMA Instruction 501, "Policy Issuances Program," April 13, 2017
DCMA Manual 501-01, "Policy Issuances Procedures," April 13, 2017
Defense Federal Acquisition Regulation Supplement, Subpart 202.101, "Definitions,"
December 22, 2016
Defense Federal Acquisition Regulation Supplement, Subpart 242.302, "Contract administration
functions," December 22, 2016
DoD Directive 3210.06, "Defense Grant and Agreement Regulatory System," February 6, 2014
DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013
DoD Directive 7045.20, "Capability Portfolio Management," September 25, 2008
DoD Instruction 5015.02, "DoD Records Management Program," February 24, 2015
Federal Acquisition Regulation Subpart 2.101, "Definitions," January 19, 2017
Federal Acquisition Regulation Subpart 42.302, "Contract Administration Functions,"
January 19, 2017