



## DCMA Manual 2303-01

### Surveillance

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<b>Office of Primary Responsibility</b>	<b>Contractor Effectiveness Capability</b>
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<b>Incorporates and Cancels:</b>	DCMA Manual 2303-01, “Surveillance – Assess Risk,” July 15, 2019 DCMA Manual 2303-02, “Surveillance – Plan Events,” April 28, 2019 DCMA Manual 2303-03, “Surveillance – Execute with Standard Techniques,” November 5, 2018 DCMA Manual 2303-04, “Surveillance – Document Results, Corrective Actions & Provide Feedback,” May 26, 2019
<b>Implements:</b>	DCMA-INST 2303, “Surveillance,” November 5, 2018
<b>Internal Control:</b>	Process flow and key controls are located on the Resource Page
<b>Labor Codes:</b>	Located on the Resource Page
<b>Resource Page Link</b>	<a href="https://360.intranet.dcma.mil/Sites/Policy/CE/SitePages/2303-01r.aspx">https://360.intranet.dcma.mil/Sites/Policy/CE/SitePages/2303-01r.aspx</a>
<b>Approved by:</b>	David H. Lewis, VADM, USN, Director

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**Purpose:** This issuance, pursuant to Department of Defense (DoD) Directive 5105.64, “Defense Contract Management Agency (DCMA)”:

- Implements policy established in DCMA Instruction 2303, “Surveillance”
- Implements DCMA Instruction 2501, “Contract Maintenance”
- Assigns detailed responsibilities for maintaining surveillance of contractor performance
- Prescribes procedures for effective multi-functional surveillance
- Creates standardized DCMA surveillance terminology. New issuance definitions are only created when common industry and the DoD definitions are nonexistent or not acceptable.
- Authorizes the publication of Guidebooks, for specific topics or re-aligned to functional areas, by the Commanders/Directors and Functional Directors in all components and commands of the Agency

## SUMMARY OF CHANGES

This Manual was rewritten. Agency users and stakeholders should read this Manual in its entirety. The following identifies the most notable changes:

- Section 3: Surveillance Overview was added
- DCMA Manual 2303-01, “Surveillance – Assess Risk,” July 15, 2019, is captured in Section 4: “Assess Risk,” in this manual and completely re-written
- DCMA Manual 2303-02, “Surveillance – Plan Events,” April 28, 2019, is captured in Section 5: “Plan Surveillance,” in this manual and completely re-written
- DCMA Manual 2303-03, “Surveillance – Execute with Standard Techniques,” November 5, 2018, is captured in Section 6: “Execute with Standard Techniques,” in this manual and completely re-written
- DCMA Manual 2303-04, “Surveillance – Document Results, Corrective Actions & Provide Feedback,” May 26, 2019, is captured in Section 7: “Document Results;” Section 8: “Identify and Address Contractor Performance Deficiencies;” and Section 9: “Evaluate Surveillance Plans,” are in this manual and completely re-written

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## SECTION 1: GENERAL ISSUANCE INFORMATION

**1.1. APPLICABILITY.** This Manual and functional proponent approved guidebook(s) located on the Resource Page apply to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence.

**1.2. POLICY.** It is DCMA policy to:

a. Perform multi-functional surveillance in support of contract administration services and in compliance with Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), and other applicable regulations, supplements, and directives in accordance with (IAW) DCMA Instructions (DCMA-INSTs) and DCMA Manuals (DCMA-MANs).

b. Perform risk-based surveillance on requirements identified during Contract Receipt and Review (CRR).

c. Execute this Manual in a safe, efficient, effective, and ethical manner.

## SECTION 2: RESPONSIBILITIES

**2.1. DCMA COMPONENT HEADS AND/OR CAPABILITY MANAGERS.** DCMA Component Heads and/or Capability Managers will align surveillance related issuances, training, guidance, and tools, and tools that align with this Manual.

**2.2. OPERATIONAL UNIT COMMANDERS/DIRECTORS.** Operational Unit (OU) Commanders/Directors will:

- a. Ensure compliance with this Manual and other related issuances. Special Programs Command will meet the intent of this Manual and other related issuances to the maximum extent practicable for all Special Access Programs and Sensitive Compartmented Information contracts.
- b. Ensure any locally developed training, guidance, and tools align with this Manual.
- c. Assist and mentor the workforce with the implementation and execution of this Manual.
- d. Elevate unresolved challenges, including gaps, in executing the processes and procedures of this Manual through the Chain-of-Command.
- e. Ensure a review process of documentation, surveillance, corrective actions, and feedback processes for compliance and provide advice on identified weaknesses to the submitting CMO.
- f. Address any internal noncompliance.
- g. Implement adequate corrective actions.

**2.3. CONTRACT MANAGEMENT OFFICE (CMO) COMMANDERS/DIRECTORS.** CMO Commanders/Directors will:

- a. Ensure compliance with this Manual and other related issuances.
- b. Align training, guidance, and tools align with this Manual.
- c. Facilitate assistance and mentoring of the workforce with the implementation of this Manual.
- d. Elevate CMO challenges and work with OU to identify gaps and/or improve the specific processes and training.
- e. Ensure surveillance activities and results are coordinated across the Contract Management Team (CMT) and are communicated and coordinated with individuals performing Contractor Business System (CBS) reviews and Technical System Assessments.
- f. Resolve issues with internal and external customers that pertain to the surveillance results and written reports.

g. Perform root cause analysis to correct internal findings and incorporate preventive measures.

h. Perform review and endorsement of the written reports, as applicable.

**2.4. GROUP LEADERS.** Group Leaders will:

a. Ensure compliance with this Manual and other related issuances.

b. Ensure locally developed training, guidance, and tools align with this Manual.

c. Assist and mentor the workforce with the implementation of this Manual.

d. Serve as the conduit between the supervisor and the Commander/Director to resolve gaps in surveillance policy/manuals/guidance.

e. Resolve issues with internal and external customers that pertain to the surveillance results and written reports.

f. Ensure surveillance activities and results are coordinated across functional areas.

g. Perform review and endorsement of the written reports, as applicable.

h. Ensure surveillance results are communicated and coordinated with individuals performing CBS reviews and Technical System Assessments.

i. Perform root cause analysis to correct internal findings and incorporate preventive measures.

**2.5. SUPERVISORS.** Supervisors will:

a. Ensure compliance with this Manual and other related issuances.

b. Ensure locally developed training, guidance, and tools align with this Manual.

c. Assist and mentor the workforce with the implementation of this Manual.

d. Serve as the conduit between the Functional Specialist (FS) and the Group Leader to resolve gaps in surveillance policy/manuals/guidance.

e. Assign surveillance responsibilities to the FS.

f. Ensure surveillance requirements are identified, planned, scheduled, executed, evaluated, analyzed, and documented IAW the requirements of this Manual, at a minimum annually.



g. Resolve issues with internal and external customers that pertain to the surveillance results and written reports.

h. Mentor FS(s) in the best practices for assessing and reporting on the contractor's management, operations and performance.

i. Ensure surveillance activities and results are communicated and coordinated across the organization or Components with key technical and financial stakeholders.

j. Perform root cause analysis to correct noncompliance and incorporate preventive measures.

k. Review documentation, corrective actions, and feedback records generated by CMO, Center, or FSs for accuracy, completeness, and validity of resources.

l. Review and provide comments on reports as appropriate.

**2.6. FUNCTIONAL SPECIALIST.** FS will:

a. Comply with this Manual and other related issuances.

b. Identify all requirements that require surveillance and plan, schedule, execute and document surveillance events IAW the requirements of this manual.

c. Ensure accurate recording of the surveillance events or activities results are in the Agency system of record.

d. Maintain appropriate level of communications with internal and external customers.

e. Issue, maintain oversight, evaluate, determine (acceptable/not), and close appropriate level Corrective Action Requests (CARs) to the contractor when contractual noncompliance is identified.

f. Request corrective action from the contractor.

g. Verify and validate the contractor's corrective action process is effective.

h. Collect and analyze government, contractor, and customer source data for risk assessment; take action as appropriate.

**2.7. ADMINISTRATIVE CONTRACTING OFFICER (ACO).** In addition to the FS responsibilities in Paragraph 2.6., the ACO will:

a. Finalize and issue level III/IV CARs identified to the contractor when deficiencies identified by a functional specialist meet the defined criteria IAW Paragraph 8.5.

- b. Create, finalize and issue level III/IV CARs to the contractor when deficiencies by an audit organization meet the defined criteria IAW Paragraph 8.5.
- c. Cancel draft Level III and/or IV CARs or downgrade a Level III/IV CAR to a level II, when appropriate.
- d. Apply contractual remedies (e.g., elevating the CAR to a level IV, suspending progress payments, increase withholds, etc.), when appropriate.

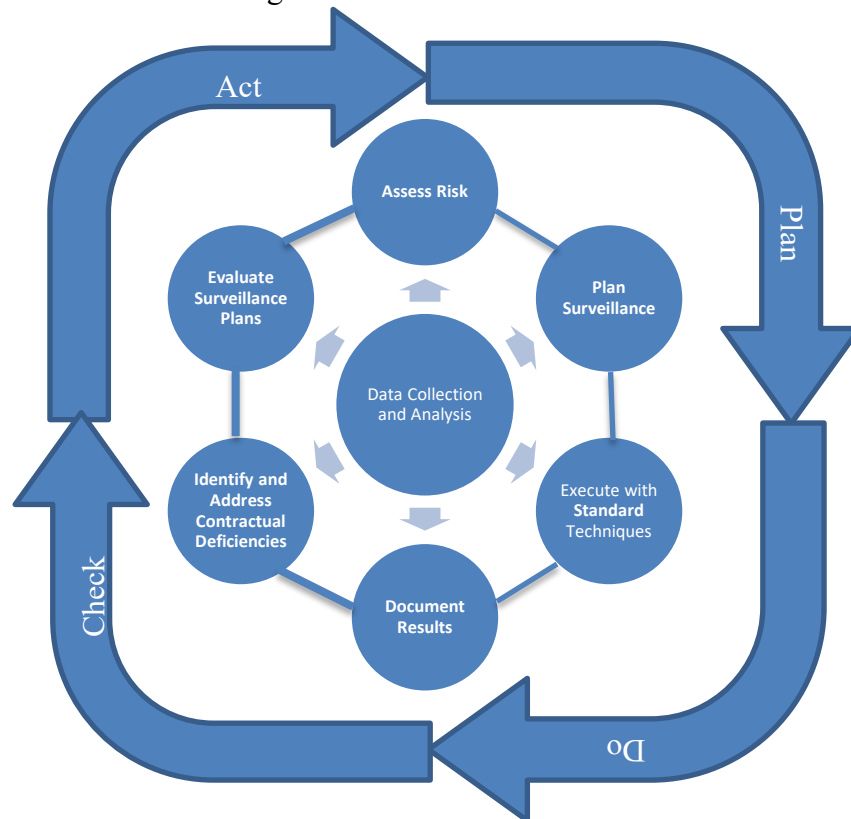
## SECTION 3: SURVEILLANCE OVERVIEW

### 3.1. SURVEILLANCE OVERVIEW.

a. Risk-based surveillance of a contractor's contract cost, products, services, processes, and systems-utilizes a Plan-Do-Check-Act (PDCA) framework, as illustrated in Figure 1. This method supports an overall assessment of contractor performance, progress or compliance to requirements. Surveillance can be applied to multiple procurement instruments, as well as internal and external processes and procedures. Surveillance activities apply primarily to post-award; however, some surveillance may be performed pre-award when requested by the customer.

b. The term risk, as used in this Manual, also encompasses opportunities (potential future benefits to the cost, schedule, and/or performance baseline) and issues (event or condition with negative effect that has occurred (realized risk)).

Figure 1. Surveillance – PDCA



c. Multifunctional collaboration is essential to achieving a comprehensive assessment of a contractor's compliance to their contractual, statutory, regulatory, financial, or internal requirements. Documentation will be stored in the Agency system of record.

d. Careful coordination is required at shared CMO/Navy Special Emphasis Operation suppliers to ensure Quality Assurance (QA) oversight of Navy Special Emphasis Programs

contracts is accomplished only by Navy Special Emphasis Operation QA Specialists pursuant to DCMA-MAN 2301-05, "Navy Special Emphasis Programs."

e. Data Collection and Analysis (DC&A) is essential to the surveillance process and must be performed throughout the surveillance cycle.

(1) The FS will:

- Collect
  - Contractor data
  - Customer/user data
  - Government data
- Document, evaluate and analyze the data collected
- Assess performance data to identify any trends and/or changes in risk and adjust surveillance as applicable

(2) Some key areas DCMA should evaluate during surveillance:

- Contractor plans
- Schedules
- Policies/procedures
- Costs
- Financials
- Systems
- Processes
- Products
- Services
- Subcontractor Management

(3) Contractors will be assessed for:

- Adequacy of command media
- Compliance to contractual requirements
- Progress of contractual/approved schedule/cost requirements
- Risk (consequence and likelihood)

f. The outcomes of the surveillance process are used to develop insight and influence the contractor's technical, cost, financial, and schedule contractual performance.

g. Risk-based surveillance must be planned and performed on DCMA administered contracts including, but not limited to:

- Contracts awarded by DCMA
- Contracts with delegations to DCMA (e.g., National Aeronautics and Space Administration , Navy Special Emphasis Programs)
- Specifically delegated Other Transaction Authority (OTA)

h. Surveillance can be conducted at various levels: multi-facility (e.g., Business Segment), facility, program, or contract level.

- i. Delegated surveillance will follow DCMA-MAN 2101-04, “Delegate Surveillance.”
- j. Functional specific guidance can be found on the functional specific Resource Page, see link on this manual's Resource Page.
- k. Program Support Team/Support Program Support Team (PST/SPST) members, refer to DCMA-MAN 3101-01, “Program Support,” for additional functional surveillance requirements. Additionally, the CMT requirements referenced in this manual also apply to the PST/SPST.
- l. Aircraft Operations Aviation Program Team or Aviation (APT)/PST members, refer to DCMA-MAN 8210-2, “Aircraft Operations,” for additional functional surveillance requirements.

## SECTION 4: ASSESS RISK

### 4.1. ASSESS RISK

a. The purpose of risk assessment is to identify and rate risk to establish surveillance requirements. Risk assessment answers the questions, “What is the likelihood and consequence of the risk?” and “How high is the risk?” During risk analysis, the FS will determine:

- (1) Consequences in terms of cost, schedule, and/or performance.
- (2) Likelihood the risk event or activity will occur.
- (3) Resulting risk level and prioritization for surveillance.

b. Consequence and likelihood quantification guidance is further discussed in the Risk Matrix document located on the Resource Page, Additional information specific to functional areas may be provided on the functional areas Resource Page and linked to this Manual’s Resource Page.

c. Assessing risk is a repetitive approach, repeated during any stage of surveillance, based on all available risk data. FS must document the assessment, including rationale, for the rating. Any adjustments made to the surveillance activities are documented and retained in the Agency system of record. DC&A is accomplished to determine if changes have occurred.

d. The output of the CRR process is a list of key contract requirements (KCRs) that are used as an input to the assess risk process. KCRs are contract requirements identified by function that may drive surveillance events or activities, based on inherent or process risks. The authoritative list of KCRs can be found on the Resource Page “under CRR Job Aid” for DCMA-MAN 2501-01, "Contract Receipt and Review."

e. KCRs and other Agency-accepted work requirements (e.g. External Customer Letter of Delegation, General Services Administration contracts, Memorandum of Agreement (MOA)), must be risk assessed and risk rated to determine and prioritize surveillance requirements. KCR or sub-KCR unique identifier can be risk assessed at the level necessary to perform effective surveillance. Examples may be found on the functional specific resource pages that are linked to the manual resource page.

f. The output of the risk assessment process is a risk rated surveillance requirement, with associated documented rationale; it is an integrated representation of the functional area surveillance requirements, (see functional specific resource page template.) The minimum elements that must be included are: surveillance requirement, risk consequence, risk likelihood and documented rationale.

g. Determine a risk-based approach to reducing the frequency and impact of counterfeit materiel on all contracts IAW DoDI 4140.67 “DoD Counterfeit Prevention Policy.” Additional

guidance and risk assessment requirements are found in DCMA-MAN 2301-06, “Discrepancy Processing.”

## SECTION 5: PLAN SURVEILLANCE

**5.1. PLAN SURVEILLANCE.** Surveillance planning is a repetitive process that receives an input from the risk rated surveillance requirements list, generated during the Assess Risk process. The plan surveillance of a contractor's, contract cost, products, services, processes, and systems, consists of three steps: prioritize surveillance requirements, align surveillance requirements with the surveillance activities and processes, and schedule surveillance activities. See FS specific Resource Pages for additional aids.

a. **Prioritize.** Prioritize surveillance requirements by using risk rating and associated documented rationale determined in Section 4, "Assess Risk."

b. **Align.** Align surveillance requirements with the surveillance activities and processes, and identify the following:

(1) Contract Number(s) or other unique item identifier(s).

(2) Surveillance Requirement. Address each requirement identified by either (a) assigning one or more surveillance activities or (b) state rationale that surveillance is not warranted based on risk. Multiple requirements may be addressed by the same surveillance event.

(3) Surveillance Category. Surveillance categories are described in detail in Section 6. The FS must select one or more of the following categories:

- Process Evaluation
- Progress Evaluation
- Deliverable Product Evaluation
- Deliverable Service Evaluation

(4) Surveillance Events and Surveillance Activities. Defined by functional area.

(5) Risk Rating. As determined in Section 4.

c. **Schedule.** Scheduling surveillance activities is an iterative process to plan and document time-phased activities based on surveillance strategies and available resources. The applicable FSs are expected to coordinate cross functionally to align surveillance activities.

(1) Surveillance Strategy. Four surveillance strategies used to optimize resources and assess contractor performance to requirements. PST/SPST members, refer to DCMA-MAN 3101-01 for additional functional surveillance requirements. Aircraft Operations APT/PST members, refer to DCMA-MAN 8210-2 for additional functional surveillance requirements.

(a) Contract Surveillance. A contract surveillance schedule is developed to assess contractor performance to a specific contract.



(b) Facility Surveillance. If a contractor facility has multiple active Government contracts, common or similar surveillance requirements may exist. In these cases, a facility surveillance schedule is developed to assess contractor performance.

1. Where a facility surveillance schedule exists, compare the surveillance requirements of a new contract to the existing schedule. If the existing schedule covers the surveillance risks, simply document the new contract number as addressed in the existing schedule.

2. If the surveillance requirement is not included in the existing schedule, add the surveillance as a contract surveillance event or surveillance activity to the schedule.

(c) Multi-Facility Surveillance. A multi-facility surveillance schedule is developed to assess multiple facility locations. Where contract performance is shared between different contractor divisions/locations within the same corporate entity, the surveillance plan must be coordinated across the CMOs involved with performance.

(d) Program Surveillance. Consider using a program surveillance strategy for contracts that have surveillance requirements tied to a single program at one or more facilities. For a PST, refer to DCMA-MAN 3101-01, for additional requirements and/or Aircraft Operations APT/PST members, refer to DCMA-MAN 8210-2 for additional functional surveillance requirements.

(2) Frequency and Intensity of Surveillance. The FS must use the level of risk to determine the frequency and intensity of surveillance. The frequency and intensity must be determined to provide the appropriate level of oversight of a contractor's systems, processes, policies/procedures, controls, plans, and schedules to meet contractual requirements and deliver product or services.

(3) Resource Allocation. Resources must be allocated for scheduled surveillance activities. Throughout the life of the surveillance plan, consider optimizing resources and scheduling surveillance to maximize risk mitigation for surveillance events and activities. When resources are limited, higher risk surveillance activities should be prioritized over lower risk surveillance activities. Additionally, request resources IAW Agency procedures.

(4) Surveillance Limitations. Determine and document rationale for surveillance requirements which do not warrant surveillance activities based on risk or resource constraints.

(5) Schedule Development. The following elements must be included in a documented schedule:

- Surveillance Strategy (Facility, Multi-Facility, Program, Contract)
- Program Name (if applicable)
- Contract Number(s) or other unique item identifier(s)
- Commercial and Government Entity (CAGE)
- Delegatee CAGE (Delegated to Location CAGE) (if applicable)

- Delegator CAGE (Delegated from Location CAGE) (if applicable)
- Functional Area(s)
- Surveillance Category (Process, Progress, Deliverable Product Evaluation and Deliverable Service Evaluation)
- Events and/or Activity Title
- Risk Rating
- Frequency (annual, quarterly, monthly, etc.)
- Surveillance Event and /or Activity Start Date (month, week, date, as appropriate)
- End Date (Optional) (usually Final Delivery Date for recurring activities)
- Allocated Hours (Duration per occurrence, preparation and follow-up in hours)
- FS(s) Assigned (at the Location CAGE)
- Additional functional specific requirement can be found in functional area guide books, see link to functional areas on the Resource Page

(6) Scheduling Format. See Functional Guidebooks.

(7) Delegating Activities. Delegate surveillance activities IAW DCMA-MAN 2101-04.

(8) Surveillance Schedule Modifications.

(a) Contract Modifications. When contract modifications are received containing new surveillance requirements or changes to surveillance requirements, the Assess Risk process resumes. The risk of the new surveillance requirements(s) and/or changes to surveillance requirement(s) are assessed, and scheduling of surveillance events are adjusted accordingly. The FS will also address potential changes to the current surveillance strategies and the priority of surveillance events or activities based on risk. See DCMA-MAN 2501-01.

(b) Surveillance Feedback. When surveillance feedback indicates a need to modify the existing surveillance schedule, the Assess Risk process resumes. Surveillance events and activities are reassessed and the schedule is updated to reflect changes in risk.

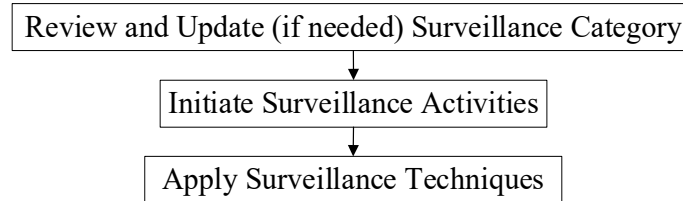
(9) Scheduling Demand Task. A demand task is a contract administration services activity that may or may not have a known need date upon receipt of the requirement or a non-contract specific contract administration services activity. Examples include request for technical support to negotiations, Engineering Change Proposal review, termination inventory, and pre-award contract administration services activities. These events or activities can be scheduled to account for resources when the demand task effort causes previously scheduled surveillance activities to be deferred or cancelled.

(10) Scheduling Complete. Scheduling is complete when all surveillance tasks requirements have assigned activities and required schedule data elements documented.

## SECTION 6: EXECUTE WITH STANDARD TECHNIQUES

**6.1. EXECUTE WITH STANDARD TECHNIQUES.** This section focuses on the steps to execute surveillance with standard techniques as shown in Figure 2 and it provides standardized terminology. The steps may not always be performed sequentially and may often be performed repetitively depending on surveillance results.

**Figure 2. Execute with Standard Techniques Steps**



a. **Review and Update (if needed) Surveillance Category.** One or more surveillance categories must be selected during “Surveillance Planning.” A surveillance category can also be added or adjusted during “Execute with Standard Techniques.” The four overarching surveillance categories are:

- Process Evaluation
- Progress Evaluation
- Deliverable Product Evaluation
- Deliverable Service Evaluation

(1) **Process Evaluation.** This surveillance category is to evaluate processes applied to a system/subsystem (e.g., CBS, higher-level quality system, management system, control of nonconforming material) or process. Any form of a system/subsystem/process is hereafter referred to as a process. A comprehensive review of the entire process must be considered and, where warranted, performed in order to establish a process evaluation baseline or after major process changes have occurred. This baseline will drive the scope of future surveillance, which may be performed on a subset of the process based on risk. Process evaluations may be conducted or executed as a single review, on a recurring (e.g., weekly, monthly) interval, or on an ongoing basis for a specified duration. The FS will use the following steps to complete a process evaluation:

(a) **Evaluate Adequacy.** Adequacy evaluations address whether or not the command media is current, accurate, complete, and capable to satisfy a requirement or meet the need/intent of a requirement. Evaluate the contractor’s command media (policies, procedures) to determine if they are adequately documented and enable the process to meet the contractual requirements.

(b) **Evaluate Compliance.** Assess whether the contractor is adhering to the contractor’s command media.

(c) **Evaluate Process Effectiveness.** Evaluate whether the process provides outputs that meet requirements.

(d) If a process and/or its outputs do not meet the requirement(s) and a noncompliance is identified, further action will be required IAW Section 8, “Identifying and Addressing Contractor Performance Deficiencies.” Noncompliant process output often results from inadequate policies/procedures. If fraud or counterfeit items are suspected, the fraud indicator must be reported to the applicable regional Contract Integrity Center (CIC) Counsel. Additional guidance may be found in DCMA-MAN 2301-06.

(2) Progress Evaluation. This surveillance category is used to evaluate 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, and entrance/exit criteria (primarily performed at the program/contract level). Evaluations of work can include technical work or cost assessments when time-phased. Some examples of progress evaluations are:

(a) Evaluating accuracy of the progress payment requests or performance-based payment requests.

(b) Evaluating the contractor’s progress towards contractual/program milestone objectives based on entrance criteria.

(c) Evaluating contractor progress towards closure of their contractual/program milestone action items based on exit criteria.

(d) Evaluating contractor progress compared to the Performance Measurement Baseline.

(e) Evaluating Technical Performance Measure progress against a time-phased planned profile.

(3) Deliverable Product Evaluation. This surveillance category is performed in any phase of the development or production of the product. They include evaluations of hardware, software, product, outputs of internal processes, or Contract Data Requirements List (CDRL) items. Deliverable Product Evaluations are appropriate when supplier performance risk warrants it or if mandated by customer. Deliverable Product Evaluation is not a preventative approach, and therefore is not the preferred category method of surveillance. If fraud or counterfeit items are suspected, the fraud indicator must be reported to the applicable regional CIC Counsel IAW DCMA-MAN 2301-06.

(4) Deliverable Service Evaluation. This surveillance category is used for monitoring compliance of deliverable services throughout a specified period of time based on the contract requirements, and may involve periodic acceptance and performance assessments for progress and compliance.

b. **Initiate Surveillance Activities.** To minimize impact on contractor resources and to improve efficiency, the FS may consider actions not requiring performance at the contractor’s

location. The sequence of all surveillance activities may vary and/or be repetitive. Surveillance actions include:

(1) Perform Surveillance Requirements Document Review. Perform reviews of the applicable documents for specific requirements related to surveillance. Examples include:

- Planning events documents (e.g., Surveillance Plan)
- Applicable DCMA issuances
- CRR documentation and/or latest contract modifications.
- Delegations, MOA, and Memorandums of Understanding

(2) Determine Surveillance Logistics. Perform the following logistics preparation activities:

(a) Confirm and/or adjust surveillance objectives and determine focus areas.

(b) Determine if joint surveillance can be considered. Joint surveillance is performed as a team with either the contractor, other government entities (e.g., Missile Defense Agency), and/or DCMA multifunctional members. The use of co-leads is encouraged to ensure findings are discussed to provide a common conclusion versus having multiple FSs performing independent evaluations and reaching different conclusions.

(c) Ensure surveillance team's required skills and resources are available.

(d) Coordinate with team members and establish roles and responsibilities.

(e) Identify whether virtual surveillance will be effective or if on-site surveillance will be required. If on-site is necessary, the logistical considerations such as travel, contractor coordination, data needs and access/availability may need to be coordinated.

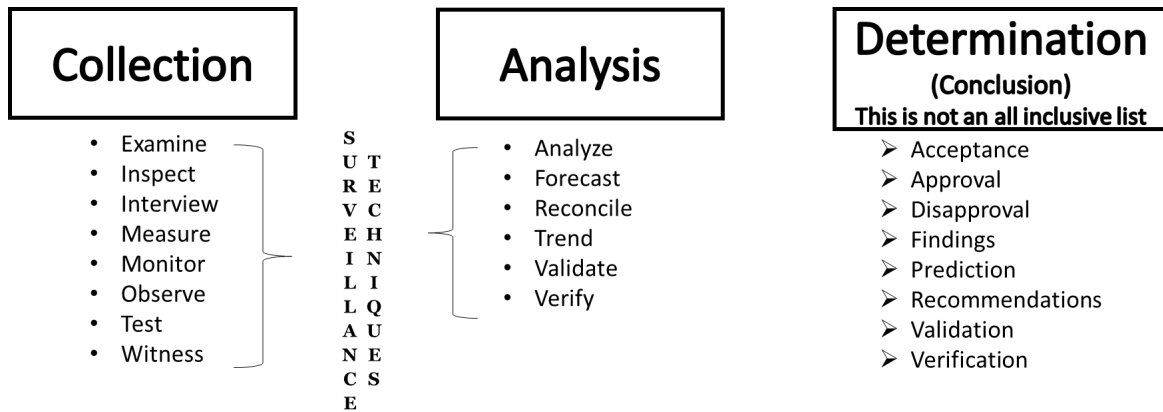
(3) Review Data. Identify, review and analyze relevant data. Consider/utilize sampling when appropriate. Review the data for completeness and include additional data as necessary. Examples of relevant data to obtain:

- Contractor's Command Media
- Command Media-defined work products or process outputs (artifacts)
- Performance metrics or indices (procuring activity, contractor or government data)
- Contractor personnel required certifications
- Past DCMA evaluations, CARs, Corrective Action Plans (CAP), contractor internal and external audit results
- Test results
- Financial and cost

c. Identify Surveillance Techniques. DCMA uses 14 surveillance techniques, as shown in Figure 3. Surveillance techniques are actions that describe collecting and/or analyzing to

make determinations or draw conclusions through the evaluation of events or activities of a process, progress, or deliverable product/services. Surveillance techniques are generally identified during the surveillance planning process and can be adjusted as necessary.

**Figure 3. Surveillance Techniques in Support of Determinations**



d. The surveillance event will drive the surveillance techniques. Multiple surveillance techniques can be used during a surveillance event. Techniques can be performed concurrently (e.g., interview can be done during an inspection). One surveillance technique can support other techniques (e.g., examine can support analyze).

e. DCMA performs the following surveillance techniques (see Resource Page for examples):

(1) Surveillance Techniques for Data Collection:

(a) Examine. Examine is used to review **non-deliverable** contractor process outputs/artifacts, material, equipment, tooling, and policies/procedures for features/characteristics that will be evaluated against requirements using other analysis techniques (e.g., analyze, verify). It can also be used to examine government property, equipment, or material.

(b) Inspect. Inspect is used to determine **deliverable product or service** conformity or compliance IAW the contract, specifications, data item description, or other defined requirements. Inspect surveillance technique applies to product or services provided to the government for acceptance and can be done in-process or at final acceptance.

(c) Interview. Interview is used to gather information during personal interaction (virtual or in person) and/or evaluate the interviewee's knowledge and understanding of the subject.

(d) Measure. Measure is used to identify a quantity, percentage or dimension. It can be performed over time and is used to convert raw data into quantifiable, comparable information or metrics.

(e) Monitor. Monitor is used for periodic or ongoing observations/reviews of data or of a process. Data can be collected through direct observations, email, or data repositories, and then evaluated over time for adequacy and compliance.

(f) Observe. Observe is used for instances of noticing or perceiving.

(g) Test. Test is used to support product acceptance when DCMA is mandated/required to **conduct** all or portions of a contractually required test through physical operation of the product, system, sub-system, or test equipment. It also applies when DCMA records test data for the official test record.

(h) Witness. Witness is used for **100 percent oversight** of an entire event to confirm the occurrence of the event and/or adherence to requirements. This can be a very labor intensive technique. This technique can be required by a procuring activity or self-imposed when the risk is high and is not one of the preferred techniques for DCMA.

## (2) Surveillance Techniques for Data Analysis:

(a) Analyze. Analyze is used to review and evaluate collected, created, or observed data or information. Analyze is the “general” data analysis technique that can be used when other more specific analysis techniques (i.e., forecast, reconcile, trend, validate, or verify) do **not** apply. This technique can be used as a desktop review prior to meeting with the contractor. Analyze can also be done during or after a meeting with the contractor. The technique provides a basis for problem solving, explanation, interpretation, and decision making or to assess data for compliance or progress. This technique can include statistical methods.

(b) Forecast. Forecast is used to compare historical trends, issues and risks against future requirements to make a projection.

(c) Reconcile. Reconcile is used for comparison using related data sets obtained from different sources to determine accuracy and/or identify errors.

(d) Trend. Trend is used for evaluating a data set over time to assess the rate of change and trajectory.

(e) Validate. Validate is used to confirm or determine that a process, product or service meets the intended needs/results. It is a measure of effectiveness; it is not the same as verify.

(f) Verify. Verify is used to confirm or determine the level of conformity/compliance to requirements through objective evidence. Verify is often used after techniques such as analyze, examine, observe, or test.

f. Apply Surveillance Techniques. Perform surveillance using the appropriate surveillance techniques. Objective evidence collected must be documented for all surveillance events and activities. During the surveillance event, the techniques used may be adjusted as necessary.

## SECTION 7: DOCUMENT RESULTS

**7.1. DOCUMENT SURVEILLANCE RESULTS.** The FS must maintain a surveillance record when executing one or more of the surveillance techniques. Personnel must accurately and completely document surveillance results and identify the objective evidence used to establish the level of confidence needed to determine compliance.

a. Surveillance Record. A surveillance record at minimum must contain the following information:

- (1) FS Name. Name of the person that performed the surveillance.
- (2) Date. Surveillance task completion date.
- (3) Contract Number and/or Unique Identifier as applicable.
- (4) Surveillance Category. Process Evaluation, Progress Evaluation, Deliverable Product Evaluation and Deliverable Service Evaluation.
- (5) Evaluation Item. The contractor's product, system, and/or event under evaluation.
- (6) Requirement Reference. The contractual requirement that instructs the contractor to create a product or perform an action such as data item description, contractor's procedure, and/or industry standard.
- (7) Evaluation Criteria. Evaluation criteria associated with process characteristics (e.g., ensure contractor's procedure is logical), product characteristics (e.g., ensure specification safety requirements trace back to system specification requirements), or progress evaluation criteria (e.g., ensure deliverables meet Critical Design Review entrance/exit criteria).
- (8) Surveillance Technique(s). Per Section 6.
- (9) Results. Results based on surveillance action to include surveillance events or activities performed, (e.g. number of observations, deficiencies, CAR issued) and determination/conclusion such as those provided in Figure 3.

b. Multifunctional Communication. The person or persons who performed the surveillance should communicate the results amongst the CMT in order to enhance multifunctional surveillance documentation/records, situational awareness and customer insight.

c. Record Storage. The FS will upload the surveillance record to the approved Agency system of record.

d. Protect Data. Data must be appropriately marked and protected to prevent unauthorized access or disclosure IAW DCMA-MAN 3301-08, "Information Security." Special Programs Command will follow Security Classification Guide and internal Standard Operating Procedures



to safeguard Special Access Program (SAP) and Sensitive Compartment Information (SCI) data per DCMA-INST 1091, "Management of Special Access Program (SAP) and Sensitive Compartment Information (SCI)."

e. Rescheduled Surveillance Events. If surveillance cannot be performed in accordance with the surveillance plan, the FS must document rationale as to why the surveillance cannot be performed at the planned time and reschedule the planned surveillance if necessary.

## **7.2. REPORTING.**

a. Multifunctional teams, or individuals, may be required to provide reports to internal or external customers. The report(s) must be accurate, relevant, and timely. Reports can be submitted individually or consolidated as appropriate.

b. Two common forms for reporting are routine and Ad Hoc.

(1) Routine Report. A report created on a recurring basis to notify internal or external customers of impacts to contract cost, schedule, or technical performance.

(2) Ad Hoc Report. A report created as needed or requested to notify internal or external customers of the impacts to cost, schedule, or technical performance.

c. For CBS reviews, the FS must communicate results to the CO. See DCMA-MAN 2301-01, "Contractor Business Systems," for additional requirements.

d. For program support reports, see DCMA-MAN 3101-01.

## SECTION 8: IDENTIFY AND ADDRESS CONTRACTOR PERFORMANCE DEFICIENCIES

### 8.1. IDENTIFY AND ADDRESS CONTRACTUAL DEFICIENCIES.

a. A contractor performance deficiency is documented by the FS using a CAR. A CAR is sent to a contractor (e.g., supplier, vendor, manufacturer) where an item or process is deficient to the contractor's contractual obligation and a remedy is required. CAR's are normally determined during FS surveillance activities.

b. CMOs, Centers, and higher commands identifying deficiencies will utilize the structured corrective action process outlined herein to ensure the contractor addresses the deficiency.

c. If fraud or counterfeit items are suspected, the fraud indicator must be reported to the applicable regional CIC Counsel IAW DCMA-MAN 2301-06. Any CARs associated with such suspicions will be coordinated with the applicable CIC Counsel prior to issuance.

d. Significant systemic deficiencies of financial costs, products, processes or causes may be indicative of a breakdown in the contractor's applicable business and/or management systems or operations. Examples include but are not limited to (\* indicates CBS):

- Accounting System\*
- Aircraft Operations
- Contract Safety
- Control of Nonconforming Material Process
- Cyber-Security System
- Earned Value Management System (EVMS)\*
- Estimating System\*
- Material Management and Accounting System\*
- Property Management System\*
- Purchasing System\*
- Quality Management System (QMS)

e. Alternate methods for addressing deficiencies such as Letters of Concern **must not be used** in lieu of issuing a CAR to a contractor. These alternate methods may be used in conjunction with a CAR to support correcting deficiencies in a positive manner. The ACO is copied on all Level II and higher CARs and should consider if the deficiencies impact a CBS; refer to Paragraph 8.14.

f. Where there are multiple Government contracts impacted, deficiencies may have to be entered into the DCMA Government Industry Data Exchange Program (GIDEP) Forum.

g. CARs may contain information that the contractors consider to be trade secrets, confidential, and/or proprietary. No CAR will be released to anyone outside the government without a careful analysis of the information to prevent improper release. Violation of the

statutes or regulations protecting such information can result in criminal fines or other penalties including disciplinary action up to and including removal from Federal service. Consult with the servicing Office of General Counsel when performing this analysis to determine if redaction of information is necessary prior to any release.

## **8.2. CUSTOMER IDENTIFIED DEFICIENCY.**

a. When a deficiency is discovered by a customer and communicated to and verified by DCMA, the FS or ACO for CBS, must initiate a CAR and manage any corrective actions IAW this Manual, except when:

- (1) The issue is being addressed as a Deficiency Report in DCMA-MAN 2301-06.
- (2) A CAR has been initiated by the customer directly to the contractor.

b. The customer initiated corrective action process can be monitored by the cognizant DCMA CMT when practicable to gain additional insight for surveillance planning.

c. When the contractor's response to the customer-initiated Deficiency Report or CAR is inadequate, DCMA will discuss the contractor's CAP with the customer to decide whether DCMA will issue a CAR at the appropriate level or the customer will take additional actions.

## **8.3. CONTRACTOR IDENTIFIED DEFICIENCY.**

a. When a contractor identifies a deficiency in its processes or products and takes appropriate and effective corrective action, the Government will not issue further corrective action unless it is later determined the contractor's corrective action is ineffective.

b. If a contractor's corrective action is ineffective and action to correct it by the contractor is not taken by the contractor's corrective action implementation date, DCMA will issue a CAR. If applicable, the CAR can be issued against their business or management systems. CARs issued for systemic deficiencies disclosed by a contractor may cite a weakness in the contractor's root cause analysis or corrective action process.

c. When DCMA surveillance is accomplished concurrently with a contractor event (e.g., concurrent Process Evaluation, Progress Evaluation, Deliverable Product Evaluation, and Deliverable Service Evaluation, Software Peer Review, EVMS Self-Assessment, financial) a CAR will be issued only after a contractor fails to identify and properly document the deficiency.

d. When a surveillance event is initiated and led by DCMA and the contractor participates (e.g., EVMS or property joint surveillance), a CAR will be issued for an identified deficiency.

e. Contractors will not be allowed to use self-identification of a deficiency to circumvent the CBS Process. During the performance of a CBS review (e.g., Contractor Purchasing System

Review, Property), when the contractor self-identifies a deficiency, the DCMA FS will issue a CAR for that deficiency.

**8.4. DCMA IDENTIFIED DEFICIENCY.** The FS must issue appropriate level CARs to the contractor when contractual noncompliance is identified during surveillance events.

**8.5. CORRECTIVE ACTION REQUESTS PROCESS OVERVIEW.**

a. There are four CAR levels: I, II, III and IV. Their definitions and appropriate usage can be found in Paragraph 8.5.f. The complexity of the corrective action may warrant an in-person discussion with contractor management of the concerns.

b. All CARs will be initiated, issued and tracked via the approved Agency system of record.

c. All CARs will be coordinated, approved, and distributed IAW Table 1, “CAR Coordination, Approval, and Distribution Matrix.”

**Table 1. CAR Coordination, Approval, and Distribution Matrix**

<b>CAR Level</b>	<b>Pre-Release Coordination*</b>	<b>Approval For Release &amp; CAP Acceptance*</b>	<b>Pre-Release Notification</b>	<b>Issued To Contractor Management Level</b>	<b>Post-Release Distribution</b>
I	N/A	FS	N/A	Lowest management responsible to correct defect**	N/A
II	Other functions when impacted. Additional coordination prescribed locally	FS	Other functions when impacted. Additional coordination prescribed locally	Functional level responsible for Corrective Action	ACO/Division Administrative Contracting Officer (DACO)/Corporate Administrative Contracting Officer (CACO), originator of Quality Assurance Letters of Instruction, Letters of Delegation the affected CMO, center, or command functions, or Defense Contract Audit Agency (DCAA)
III	CMO, center, or higher command Commander/ Director, Legal Counsel, Contract Integrity Center (CIC), applicable Centers (e.g., Property), etc., and applicable customer(s)	ACO/DACO/ CACO	Operational Unit Command Heads. Agency Director.	Top-level manager at business segment or corporate manager	CMO, center, or higher command Commander/Director, Component Heads, CIC, any affected DCMA Centers, affected customers, and DCAA representative. Upload to the DCMA GIDEP Forum

**Table 1. CAR Coordination, Approval, and Distribution Matrix (cont'd)**

IV	CMO, center, or higher command Commander/ Director, Legal Counsel, CIC, applicable Centers (e.g. Property), and applicable Customer(s)	ACO/DACO/ CACO	Operational Unit Command. Agency Director	Top level manager at business segment or corporate manager	CMO, center, or higher command Commander/Director, Component Heads, CIC, any affected DCMA Centers, affected customers, and DCAA representative. Upload to the DCMA GIDEP Forum
* For EVMS CARs, follow CBS Guidance for CAR Approval and CAP Acceptance.					
** Optional when a root cause is known					

d. All CARs must indicate whether any deficiency found on an outcome or product is categorized as a minor, major, or critical nonconformance. This determination is made based on the glossary definitions in this manual which are taken from FAR Part 46. This determination is not to be confused with definitions found in DCMA-MAN 2301-06 used to determine the impact and risk associated with a Request for Variance.

e. Contracts requiring compliance with AS91XX series, Aerospace QMS will use the Online Aerospace Supplier Information System (OASIS), in order to leverage third party QMS certification audit results and eliminate duplicative oversight. OASIS is an online source for aerospace supplier certification, audit results, registration data, and feedback information. Follow the DCMA OASIS guidance found on the Resource Page QA link when contracts with AS91XX series QMS deficiencies are identified, where applicable.

f. The level of the CAR depends on the significance of the deficiency and the level of contractor management engagement required. Lower level CARs need not be issued prior to higher level CAR issuance. The CAR Levels are:

(1) A Level I CAR describes a deficiency on an outcome or product of a process(es) and is not a symptomatic breakdown of a process, or system. A Level I CAR may require the contractor to provide RCA, if the root cause is unknown. If a decision is made to issue a Level I CAR requiring a RCA the “response required” check box in the approved system of record must be selected.

(2) A Level II CAR describes deficiencies in a contractor process(es) (e.g., purchasing, configuration management, EVM processes) that are: not a significant breakdown of a higher level system; a deficiency associated with Critical Safety Items (CSI) critical characteristics; an escalation of Level I CARs indicating increasing process performance risk; or multiple major product deficiencies indicating a systemic issue throughout the process(es).

(3) A Level III CAR describes multiple major deficiencies in a system affecting contract or program ability to meet cost, schedule or performance requirements; a significant deficiency pursuant to DFARS 252.242-7005, “Contractor Business Systems” or a failure to respond to a lower level CAR, or to remedy recurring noncompliance. A Level III CAR

may result in the initiation of available contractual remedies, such as reductions of payments, cost disallowances, revocation of government assumption of risk of loss, or business management systems disapprovals, etc.

(4) A Level IV CAR is issued to the contractor's segment or corporate management when the contractual deficiency is of a serious nature or when a Level III CAR has been ineffective. A Level IV CAR will result in a mandatory review of available contractual remedies; such as cost disallowance, reduction or suspension of payments, revocation of government assumption of risk of loss, CBS disapproval, or suspension of all product acceptance activities. Any contractual remedies will be implemented IAW applicable FAR/DFARS clauses and/or DCMA manual(s). Action to suspend product acceptance will be accomplished via a Level IV CAR.

g. A CAR issued for nonconforming product or service being tendered to the government for acceptance under FAR Part 12 contracts for commercial items (i.e., contract includes FAR 52.212-4) can only require the contractor to identify actions taken to correct the specific product nonconformity.

h. A CAR will include supporting artifacts documenting a deficiency when the capability exists and is feasible to do so. For example, a high resolution digital photograph illustrating a deficient condition or a screen shot of the data anomalies can be helpful in the corrective action process.

i. The following minimum CAR elements must be included when creating a CAR:

- Date deficiency observed
- CAR Level
- Name of the Prime Contractor
- Location of Prime Contractor
- POC at Prime Contractor
- Cage of Prime Contractor
- Name of Subcontractor (if applicable)
- Location of Subcontractor (if applicable)
- POC of Subcontractor (if applicable)
- Cage of Subcontractor (if applicable)
- Program(s) (if applicable)
- Prime Contract Number(s)/Gov. Purchase Order
  - include procurement instrument identification number (PIIN)) (if applicable)
  - for multiple contracts, enter the affected contract numbers that apply to all applicable customers (e.g., U.S. Army, U.S. Navy) (if applicable)
  - Prime contractors Purchase order or Subcontract number to subcontractor (if applicable)
- Contractual requirement reference(s)
- Deficiency/nonconformance description. Identification of "CSI" if the deficiency is associated with CSI critical characteristics/process

- Classification to each deficiency entered per CAR, if known
- Date CAR issued to contractor
- Date CAR approved (if applicable)
- Due date for contractor's response (Up to 45 days for initial response.)
- Customer Complaint statement (CARs will clearly state that: **The request should be treated by the contractor as a customer complaint.**)
- Disclaimer Statement (CARs will contain a standard disclaimer statement:

**“Nothing in this CAR changes any terms or conditions of the contract, or waives any rights the Government has under the contract or in law.”)**

j. A written notification for communications process will be submitted by the authoring organization's leadership to DCMA Director via the chain of command using the CAR Level III & IV Communication Process (see Resource Page) prior to release of any Level III or IV CARs. This notification must provide an executive-level synopsis of the underlying CAR and deficiency. This is just notification; approval is per Paragraph 8.5.c.

k. Contractor Correspondence Letter for Level III and IV CARs will be issued on DCMA letterhead. A transmittal letter from the CMO, center, or HQ Commander/Director to the contractor's senior leadership, communicating the significance of the CAR and may be provided as warranted to accompany the CAR.

l. Content Exceptions of information designated No Foreign Nationals (NOFORN) or classified will not be entered into the unclassified approved Agency system of record.

m. The ACO, at any point in the CAR process, retains the right to exercise, as appropriate, any contractual rights or remedies otherwise available to the government IAW applicable regulations (i.e., consideration or withholds).

n. There may be times when it is not in the best interest of the Government to continue surveillance actions during oversight of contractor performance. In these instances, the use of Selective Discontinuance of Government Surveillance may be exercised IAW with the applicable FAR/DFARS clauses. For example, when repeating deficiencies are identified and the FS may recommend discontinuing surveillance in the area of concern until the contractor has provided an acceptable corrective action. The ACO must notify the contractor that the government is discontinuing surveillance through a Level III CAR.

**8.6. SUBCONTRACT LEVEL DEFICIENCY.** When deficiencies are identified at the subcontract level, the CAR(s) will be issued to the prime contractor and contain notification that a draft CAR was provided to the subcontractor. Additional place of performance contractors identified in a prime contract, other than those identified in Paragraph 8.6.c., will be treated as subcontractors.

a. It is the prime contractor's responsibility to manage its supply chain. Prime contractors have wide latitude as to how they control their supply chain and are ultimately responsible for flow down execution of contract requirements.

(1) The CAR will be redacted as needed to prevent disclosure of subcontractor proprietary information. These requirements apply to DCMA surveillance efforts performed pursuant to a supporting contract administration delegation and also for contracts that explicitly stipulate an alternate facility as the place of performance.

(2) When DCMA identifies a deficiency at a subcontract level, the appropriate CAR level (Level I, II, III, IV) will be issued by the CMO cognizant of the prime per the three situations noted in Paragraphs 8.6.a.(2)(a) through 8.6.a.(2)(c).

(a) If, or when the **subcontractor has prime contracts with the government** that are associated with the deficiency, then the CAR will be issued to the subcontractor against those prime contracts. A properly redacted draft CAR will be provided to the affected delegating CMO for issuance to the prime contractor. A properly redacted draft CAR will be provided to the affected delegating CMO to issue a "Failure to Control Subcontractor" CAR to the prime contractor.

(b) If, or when the subcontractor is actually **part of the same company** and is at a different location, division, or business unit of the prime contractor, the CAR will be issued at the site where the deficiency is found.

(c) If the subcontractor has **no prime contracts or contractual relationship with the government**, a draft CAR will be forwarded by the Subcontractor CMO to the Prime Contractor CMO to issue a "Failure to Control a Subcontractor" CAR at the same level. The draft CAR will, if applicable, identify proprietary information for redaction before the CAR is issued by the Prime CMO. The Prime CMO will remove the identified redacted information and will issue the CAR to the Prime Contractor. A copy of the un-redacted draft CAR will be provided to the subcontractor. In this case it is the prime contractor's responsibility to ensure the government gets a viable corrective action plan and the subcontractor corrects the deficiency.

b. The scenarios above apply at all tiers of a contractor's supply chain. The properly redacted CAR and or draft CAR will be sent to and through the delegator(s) for issuance to the Prime Contractor.

c. The following exception is allowed and will be reviewed annually during manual updates. Initial and continued compliance demonstration with a valid, approved EVMS is required when meeting the following conditions: (1) cost plus or incentive type contract, (2) greater than \$100 million, then year dollars) contract award. When EVMS applies at the subcontractor via mandatory flow down through the Prime contract, the Cognizant Federal Agency (CFA) reviews the subcontractor EVMS at the subcontractor site regardless whether the CBS is on the subcontract. In this case the application of EVMS to subcontractors uses the same rules as applied to the prime contractor. There is no privity of contract when the EVMS requirement is required at the subcontractor level. In cases of EVMS non-compliant deficiencies at the subcontractor, the CARs of whatever level are issued directly to the subcontractor.



d. In certain circumstances, DCMA may perform EVMS reviews of sub-contractor CBS – only if the CBS requirement is levied on the subcontract from the Prime. As these reviews may entail access to subcontractor proprietary data that is not releasable to the prime contractor, CARs will be issued directly to the subcontractor. When a United States prime contract does not exist, no CO assigned, and the CBS determination must be made, the CMO Commander/Director may release the Level III CAR to the subcontractor.

e. For Canadian Commercial Corporation CAGE 98247 contracts under DCMA Americas, the contractor with the prime place of performance can be treated as the prime contractor.

## **8.7. COORDINATING A CORRECTIVE ACTION REQUEST.**

a. CARs will be coordinated IAW Table 1, in Paragraph 8.5.

b. Internal coordination and concurrence must be accomplished in a timely manner. Coordination requests must include a suspense date and specifically state the urgency of the request.

c. Communication with affected customers by the CMO/Center/higher Command becomes critical when significant deficiencies are identified. These communications must advise the customer of DCMA actions to address the specific instances, underlying root causes, and potential impacts, (e.g. FS should contact customers when issuing a Level II CAR and above). Consideration should be given to notifying the Procuring Contracting Officer at levels lower than instances of "significant deficiencies" as a low-level CAR can affect the contractor's delivery schedule.

d. Coordination with customers can serve to develop a unified government position. However, customers do not have the right to direct DCMA to issue or not to issue a CAR. DCMA has an independent responsibility to address noncompliant contractor performance. Customer concerns with DCMA-issued CARs may be escalated through the DCMA management chain, as appropriate.

**8.8. CONTRACTOR CORRECTIVE ACTION.** The contractor will be given no more than 45 calendar days from the date of CAR issuance to submit their CAP IAW the FAR. If the contractor fails to reply within the suspense date, a follow-up notification allowing 10 additional calendar days will be issued. If the contractor fails to respond within the 10 additional calendar days, DCMA may escalate the CAR to the next higher corrective action level.

## **8.9. REVIEWING, ACCEPTING OR REJECTING A CONTRACTOR'S CORRECTIVE ACTION PLAN.**

a. The contractor's proposed CAP will be reviewed to ensure each deficiency cited in the CAR is addressed, the RCA is adequate, and planned corrective actions are determined before accepting.

b. When a CAP does not adequately address the applicable requirements cited in Paragraph 8.9.e., the response will be rejected. The complexity of the contractor's response may warrant an in-person discussion of the concerns. The rejection will be given in writing and will allow the contractor a maximum of 10 calendar days to submit a revised CAP. The written rejection will address the specific part(s) of the CAP deemed inadequate and describe the basis for the inadequacy determination.

c. If the contractor does not respond by the revised CAP due date or the resubmitted response is still insufficient, the CAR should be elevated to the next higher CAR level and the process and timeline will start over IAW Paragraph 8.12. If the CMO, center, or higher command's leadership are confident that the contractor will take adequate corrective action without escalation, then an explanation will be added in the approved Agency system of record and a new 10 calendar-day suspense established. If the CMO, center, or command's leadership determines a CAR was issued in error, then the CAR will be withdrawn, closed and an explanation added in the Agency system of record.

d. Paragraph 8.9.e., identifies the required criteria a contractor's CAR response must contain for DCMA's approval and acceptance of the CAP. For Level III and IV CARs, the response to the contractor will be issued by the ACO. The ACO will issue escalated CARs that are not related to CBS. When an escalated CAR relates to a CBS, the ACO listed in Contract Business Analysis Repository will be responsible for issuing the escalated CAR for the CBS determination.

e. Contractor's CAR Response Requirements:

- Root cause of the deficiency (If RCA is required)
- Actions taken to correct the current specific deficiency
- Corrective Action taken or planned to eliminate deficiency
- Action taken to prevent recurrence of the deficiency
- Determination of whether other processes are affected by the identified root cause
- Determination of whether other financials costs/products/services are affected by the identified root cause, including product already delivered to the customer
- Action taken to correct the weakness which allowed deficient financial costs/products/services to be provided to the government for acceptance
- Target date(s) for implementation of planned actions
  - Corrective Action Approved Date (Gov. FS approval)
  - Corrective Action implementation Date
  - Verification Date
  - Validation Date

## **8.10. VERIFYING A CONTRACTOR'S CORRECTIVE ACTION.**

a. The contractor's implementation of corrective and preventive actions will be verified.

b. When corrective actions are not being implemented IAW the accepted CAP, notify the contractor in writing and request the contractor submit a revised CAP. Allow the contractor 10

calendar days to submit a revised CAP and ensure it is documented in the Agency system of record.

c. If the contractor fails to respond within the revised CAP due date or the resubmitted response is still insufficient, escalation of the CAR may be considered. If the CMO, center, or command's leadership is confident the contractor will take adequate corrective action without escalation, then an explanation will be added in the approved Agency system of record and a new 10 calendar-day suspense established.

d. If after 10 calendar days a contractor does not respond or the resubmitted response is still insufficient, the CAR will be raised to the next higher CAR level IAW Paragraph 8.12.

e. The FS documents the results of follow-up review, including the date completed within the approved Agency system of record.

#### **8.11. VALIDATING A CONTRACTOR'S CORRECTIVE ACTION.**

a. A validation review will be conducted by the FS after the contractor completes the corrective actions to ensure full resolution of the deficiency.

b. A suspense date will be established by the FS for the validation review. The suspense date should follow a suitable corrective and preventive action stabilization period. The follow-up review will ensure the implementation is effective in preventing recurrence of the deficiency. Follow-up actions may include any or all of the following; process evaluation, deliverable product evaluation, or analysis on relevant elements.

c. When objective evidence establishes the contractor's corrective action is ineffective, reject the contractor's corrective action response and consider escalation of the CAR level. The rejection notification letter will be in writing and include evidence of the inadequacy.

d. The FS documents the results of the follow-up review, including the date completed within the approved Agency system of record.

#### **8.12. ESCALATING A CORRECTIVE ACTION REQUEST TO THE NEXT HIGHER LEVEL.**

a. CARs may be raised to the next higher level when a contractor is unwilling or unable to implement effective corrective action. However, if the CMO, center, or command's leadership is confident that the contractor will take adequate corrective action without escalation, then an explanation will be added in the approved Agency system of record and a new 10 calendar-day suspense established.

b. When a CAR is raised to the next higher level, the process will start over and the contractor will be given a 10 calendar-day suspense. Examples of circumstances when CAR levels may be raised include:

- Multiple Level I or II CARs issued in a reasonably short period of time indicating a breakdown or systemic issue of one or more contractor's financial costs, products, processes or systems
- Contractor is nonresponsive to a CAR
- Multiple rejections of the contractor's response for the same CAR
- Recurring history of CAR response rejections indicating a breakdown of the contractor's corrective action process
- Contractor fails to implement corrective actions outlined in a CAR response
- Multiple occurrences of ineffective contractor corrective actions

### **8.13. CLOSING A CORRECTIVE ACTION REQUEST.**

a. When the issuer or delegatee of the CAR is satisfied the contractor's corrective actions are appropriate to prevent recurrence of the deficiency, the corrective action details will be recorded on the corrective action record including the causes and any follow-up actions performed.

b. CARs must be closed within 15 calendar days of completion of validation. If validation of implemented corrective actions cannot be accomplished within 15 calendar days after effectiveness is verified by the suspense date, the CAR may be closed with an explanation and the scheduled date for accomplishing the validation actions. Ineffective corrective actions discovered may result in the issuing of another CAR.

c. The contractor will be notified when the CAR is considered closed.

d. For Level III and higher CARs, the ACO will issue a letter notifying the contractor of the closure action and send copies to all those addressed and copied in the original CAR.

### **8.14. IDENTIFYING A DEFICIENCY IN A CONTRACTOR BUSINESS SYSTEM.**

a. When deficiencies are identified against a CBS, a CAR will be used to document the deficiency. For more information related to the DCMA implementation of DFARS 242.70, see DCMA-MAN 2301-01.

b. If the FS or auditor identifies a potentially significant deficiency, the FS will coordinate with the ACO responsible for determining the acceptability of the contractor's business system. In order for the ACO to make an initial determination whether a deficiency is "significant" (as defined in DFARS 252.242-7005(b)), the draft CAR and appropriate supporting documentation will be forwarded to the ACO. If the ACO determines the deficiency is not significant, the FS will pursue corrective action, as appropriate.

c. For significant CBS deficiencies, CARs will be issued as a Level III or IV, as applicable. The CAR Level III & IV Communication Process will also be followed (see Resource Page).

**8.15. INFLUENCING CONTRACTOR PERFORMANCE.** Contractor deficiencies documented with CARs and the effectiveness of the contractor's corrective actions taken or

proposed may be considered when providing input or comment on contractor performance for Contractor Performance Assessment Report or award fee purposes.

**8.16. RECOUPING OF REINSPECTION COSTS.** Where statutes, regulations and/or contract terms allow, recoupment of re-inspection costs may be considered if there are repeated rejections of supplies that require retesting or supplies are consistently not ready for the FS's inspection when inspection is requested. The FS will provide supporting data and recommend the ACO take necessary action for recoupment IAW DCMA-MAN 2301-06.

## SECTION 9: EVALUATE SURVEILLANCE PLANS

### 9.1. EVALUATE AND UPDATE SURVEILLANCE PLANS.

a. The FS must evaluate the surveillance plan. Use all available information to adjust the surveillance plan and take appropriate actions commensurate with risk assessment. At a minimum, surveillance plans must be evaluated annually and the evaluation and analysis must be documented.

b. Indicators. Data results may show trends in the following areas and may indicate the need to adjust surveillance:

- Customer complaints traceable to a deficiency in the contractor's operation
- Repetitive deficiencies
- Consistent satisfactory or better contractor performance
- Changes in risk factors (e.g., financial, cost, manpower, tools, command media, processes, materials)

c. Update Surveillance Plan. Based on the results of the DC&A, the FS will determine whether to adjust risk or surveillance. Other factors that may require changing surveillance; are contract modifications, customer required surveillance changes, or significant changes in any of the contractor's processes, procedures, or operations.

(1) Share adjustments to surveillance plans with other CMT members, which will enhance the multifunctional approach and potentially reduce interruptions of the contractor's processes.

(2) When mandatory surveillance events are imposed and analysis concludes that surveillance may be reduced (sample size or frequency), the CMT and/or FS will inform the customer in writing. If there is a written agreement to perform the mandatory surveillance events, the CMT and/or FS will work with the customer to amend the agreement. The quantifiable analysis results will be kept as a record to support this risk-based decision made by the CMT and/or FS.

(3) The FS will continue surveillance until all planned surveillance events or the contract is completed. The FS will provide close-out reporting/documentation to the ACO or customer, as required.

## GLOSSARY

### G.1. DEFINITIONS.

**Adequacy.** The ability to satisfy a requirement for a particular purpose.

**Adequacy Evaluation.** Address whether or not the command media is current, accurate, complete, and capable to satisfy a requirement or meet the need/intent of a requirement.

**Agency System of Record.** Generic description of any documentation storage (e.g., eTools, stand-alone databases) that is approved for use by Agency, operational unit command, center, or CMO leadership.

**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 travel time, preparation and documentation.

**Analyze.** To review and evaluate collected, created, or observed data or information. Analyze is the “general” data analysis technique that can be used when other more specific analysis techniques (i.e., forecast, reconcile, trend, validate, or verify) do not apply. This technique can be used as a desktop review prior to meeting with the contractor. Analyze can also be done during or after a meeting with the contractor. The technique provides a basis for problem solving, explanation, interpretation, and decision making, or to assess data for compliance or progress. This technique can include statistical methods.

**Artifact.** A process output or work product required per contractor’s policies/procedures or a subset of contractor data (e.g., screen shot). Artifacts may serve as evidence to demonstrate compliance or noncompliance.

**Assess.** A systematic evaluation process of collecting and analyzing data to determine the current, historical, or projected compliance of an organization to a standard.

**Assessing Risk.** Is an iterative approach repeated during any stage of surveillance, based on all available risk data.

**Centers.** The role of DCMA Centers is to perform a specialized mission requirement and consolidate unique DCMA resources for the effective and efficient accomplishment of the DCMA mission. DCMA Centers serve at the HQ level and are stand-alone functional organizations with command, control, and direct supervision provided by a designated HQ Executive Director or Agency Director. The specific Center mission and functions are defined in the Concept of Operations. (DCMA-MAN 4501-03, "Organization Structure, Mission and Functions")

**Command Media.** Contractor policies, procedures, manuals, and instructions that are developed and implemented to control the organization and includes tangible documents as well as electronic media.

**Compliance.** Compliance is the state of being IAW established contractual requirements, standards, regulations, policies or specifications as demonstrated by objective evidence.

**Conformity.** Fulfilment of a requirement. Being IAW contractual or statutory obligations or 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. (Sometimes called impact and severity.)

**CAR.** A request for a contractor to take action to eliminate the cause of a detected deficiency or other undesirable condition.

**CBS.** The six business systems are defined in DFARS: Accounting System (DFARS 252.242-7006), Cost Estimating System (DFARS 252.215-7002), Material Management and Accounting System (DFARS 252.242-7004), Earned Value Management System (DFARS 252.234-7002), Purchasing System (DFARS 252.244-7001), and Property Management System (DFARS 252.245-7003).

**CMT.** The CMO CMT 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.

**Contractor Process Risk.** Risk derived from the contractor's management system(s) design and actual performance. This risk has four main areas: Management System, Management Responsibility, Resource Management, and Product/Service Realization (Implementation).

**Data.** Is the plural for datum and is the collection of facts, recorded observations or requirements from a variety of sources such as the contract, the contractor, industry, or the government. Types of data used in surveillance include, but is not limited to, policies/procedures, artifacts, records, spreadsheets, and observations.

**Data Collection and Analysis.** All surveillance activities associated with the collection, evaluation and use of contractor, government and customer/user data, and other applicable data elements, using appropriate techniques to identify risk and contractor systemic deficiencies, communicate cost and schedule concerns to the customer; and/or adjust surveillance plans.

**Deficiency.** A noncompliant or nonconforming condition. Deficiency is used throughout this document to represent departures from product requirements as well as procedural requirements.

**Delegatee CAGE.** The CAGE Code where the surveillance activity is delegated to and the surveillance will be executed.

**Delegator CAGE.** The CAGE Code from which the surveillance activity was delegated.



**Deliverable Product Evaluation.** An item that is specified in the contract and requires acceptance by the Government. These items may include hardware, software, product, or CDRLs.

**Deliverable Service Evaluation.** An activity to provide time, effort, and/or expertise that is specified in the contract and requires acceptance by the Government. Examples could include janitorial services, programming, rebuilding equipment, gathering documented information, etc.

**Event.** The culmination of one or more contract administration services activities associated with a surveillance category.

**Examine.** Is a **surveillance technique** used to review **non-deliverable** contractor process outputs/artifacts, material, equipment, tooling, policies/procedures for features/characteristics that will be evaluated against requirements using other analysis techniques (e.g., analyze, verify). It can also be used to examine government property, equipment, or material. Examples include examining Engineering Change Proposals, logs, reports, material, special tooling, or a configuration management procedure.

**Forecast.** Is used to compare historical trends, issues and risks against future requirements to make a projection.

**Function.** Is often used to refer to major areas of specialized activity within an organization (e.g., sales, marketing, manufacturing, finance, personnel, research, systems, operations, and so on).

**FS.** (1) Any DCMA personnel executing contract administration services within any career field. (2) FSs are personnel assigned to perform various tasks or functions in support of the Agency's mission (e.g., ACO, contract administrator, contracting officer representative, cost monitor, engineer, industrial specialist, IT specialist, packaging, quality assurance or transportation.)

**Guidebooks.** Guidebooks are controlled, approved, and maintained by the functional proponent and consist of detailed guidance required to maintain consistency across the Agency for process execution and/or data collection of various processes for a given function or functions.

**Inherent Risk.** The probability of loss arising out of circumstances or existing in an environment, in the absence of any action to control or modify the circumstances. Derived from contract requirements and factors inherent to a contractor's business profile. This risk has three main areas: Contractor Profile, Contract Requirements, and Government/Customer.

**Insight.** Requires the monitoring of contractor quality data and Government-identified metrics and contracted milestones, and may also involve the review of contractor work procedures and records. Insight is a continuum that can range from low intensity, such as reviewing quarterly reports, to high intensity, such as performing surveys and reviews.

**Inspect.** Is used to determine deliverable product or service conformity or compliance IAW the contract, specifications, Data Item Description, or other defined requirements. Inspect surveillance technique applies to product or services provided to the government for acceptance and can be done in-process or at final acceptance.

**Interview.** Is a surveillance technique used to gather information during personal interaction (virtual or in person) and/or evaluate the interviewee's knowledge and understanding of the subject. Examples include interviewing contractor employee(s) about a process, product, service, or output.

**Issuance.** A documented instruction, publication, standard or direction intended for use by Agency employees.

**Joint Surveillance.** Is surveillance performed as a team with either the contractor, other government entities and/or in a multifunctional manner within DCMA.

**KCR.** Contract requirements defined by function that drive surveillance events.

**Likelihood.** The assessed probability that an event will occur given existing conditions.

**Location CAGE.** The CAGE Code associated with where the surveillance Event or Activity is executed.

**Measure.** Is a **surveillance technique** used to create a metric (e.g., quantity, percentage, standard deviation). It can be performed over time and it is used to convert raw data into quantifiable and comparable information or metrics. Examples include measuring a percent progress to schedule; measuring progress against goals; and measuring the quality/timeliness of CDRL submissions, corrective actions, action items, and other requirements.

**Monitor.** Is a **surveillance technique** used for periodic or ongoing observations/reviews of data or of a process. Data can be collected through direct observations, email, or data repositories, and then evaluated over time for adequacy and compliance. Examples include monitoring delivery performance, financial and cost, test process, Risk Review Board process, Change Control Board process, Integrated Product Teams progress, milestone event progress, or DCMA contracted services.

**Multi-Facility Surveillance.** Surveillance events developed and scheduled to assess multiple facility locations.

**Multifunctional:** (1) Group composed of members from two or more departments or functional areas working together to solve a problem, handle a situation or perform surveillance that requires capabilities, knowledge, and training not available from any one source. (2) A group composed of members with varied but complimentary experience, qualifications, and skills that contribute to the achievement of the organization's specific objectives.

**Nonconformance, Critical.** A nonconformance likely to result in hazardous or unsafe conditions for individuals using, maintaining, or depending upon the supplies or services; or is likely to prevent performance of a vital agency mission.

**Nonconformance, Major.** A nonconformance, other than critical, is likely to result in failure of the supplies or services, or to materially reduce the usability of the supplies or services for their intended purpose.

**Nonconformance, Minor.** A nonconformance not likely to materially reduce the usability of the supplies or services for their intended purpose, or is a departure from established standards having little bearing on the effective use or operation of the supplies or services.

**OASIS.** An online system which maintains a list of suppliers who are certified/registered under the International Aerospace Quality Group rules to be in compliance with the aerospace quality management system requirements (9100 series).

**Objective Evidence.** Is proof 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/procedure requirements.

**Observe.** Is a **surveillance technique** used for instances of noticing or perceiving. Examples include observing inventory, nonconforming material storage/segregation, real-time review of contractor information systems, and tool control.

**OUs.** DCMA OUs (International Command, Special Programs Command, Eastern Regional Command, Central Regional Command, Western Regional Command, Cost and Pricing Regional Command, Business Operations Center, Closeout Center, EVMS, Logistic Center, and Safety Center) serve at the operational level and are responsible for contract administration functions within their area of responsibility or as aligned by other means. In addition, the OUs are responsible for resource management and budget planning and execution for aligned subordinate organizations. OUs' also provide operational direction, guidance, mission assistance and staff support to the CMOs. The OUs mission and functions are defined in the Concept of Operations. (DCMA-MAN 4501-03).

**Plan-Do-Check-Act.** The PDCA cycle is a four-step model for carrying out change.

**Plan Surveillance Process.** An iterative process that begins with the risk rated surveillance requirement list. Surveillance Planning consists of three steps: prioritize surveillance requirements, align surveillance activities with the surveillance requirements and schedule surveillance activities.

**Planning.** Is the act of creating "a detailed formulation of a course of action" (a plan) for how something will be achieved. That is, planning describes the intention to do something, coupled with a proposal or strategy for getting it done. Planning includes many things outside of scheduling (such as deciding where to do work, tools and processes that will be used, skillset needed, etc.).

**Process Evaluation.** A **surveillance category** used for conducting surveillance of a system/subsystem/process (referred to as “process”). Process Evaluation must be used when assessing CBS, quality systems, management systems or processes (primarily at the multi-facility or facility level). It involves evaluating contractor process adequacy, compliance, and outputs. Process evaluations may be conducted or executed as a single review, on a recurring (e.g., weekly, monthly) interval, or on an ongoing basis for a specified duration.

**Process Evaluation Baseline.** A baseline is established after a comprehensive end-to-end evaluation of the entire process. It aids DCMA in obtaining a deeper understanding of the entire process. This baseline will drive the scope of future surveillance, which may be performed on a subset of the process based on risk. This baseline must be considered/performed the first time a process is evaluated based on inherent risk or after major process changes have occurred.

**Process Output.** A work product or artifact that is generated based on requirement(s) of a process, policies/procedures, or contract.

**Process Risk.** Risk derived from the contractor’s management system(s) design and actual performance. This risk has four main areas: Management System, Management Responsibility, Resource Management, and Product/Service Realization (Implementation).

**Processes.** A set of interrelated or interacting activities that use inputs to provide an intended result.

**Program Name.** The program name as listed in the Agency system of record.

**PST.** The PST is an integrated multifunctional team lead by a Program Integrator that supports a major program. The PST may include functional specialists from contract administration, EVM, quality assurance, engineering, software, manufacturing and production, as well as other functions.

**Progress Evaluation.** A **surveillance category** used to evaluate actual progress performed as compared to the contractual schedule or milestone requirement. The actual progress is verified through summarizing completed work, in-process work, materials received, and milestones completed (as applicable). This progress determination can be used for assessing accuracy of the progress payment requests, performance based payments, or similar requests for payment. It may also be used for evaluating contract status and/or progress.

**Reconcile.** A **surveillance technique** is used for item examination or comparison using related data sets obtained from different sources to determine accuracy and/or identify errors. Examples include reconciling contractor on time delivery (OTD) records with DCMA OTD records, property records to property serial numbers, drawing characteristics to the product configuration, and actual costs to contractor books and records.

**Review.** Determination of the suitability, adequacy or effectiveness of an object to achieve established objectives. Example: Management review, design and development review, review

of customer requirements, review of corrective action, 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/or 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. The term risk also encompasses opportunities (potential future benefits to the cost, schedule, and/or performance baseline) and issues (event or condition with negative effect that has occurred (realized risk)).

**Risk Rating.** The assigned level of risk used to define the severity of a risk event or activity.

**Root Cause Analysis.** A method of problem solving used for identifying the root causes of faults or problems.

**Schedule Surveillance Activities.** An iterative process to plan and document time-phased activities based on surveillance strategies and available resources.

**Scheduling.** The act of deciding when something will be done, and allocating the time for it out of a FS's schedule. Scheduling can be considered a subset of planning.

**Significant Deficiency.** In the case of a CBS, Significant Deficiency means a shortcoming in the system that materially affects the ability of officials of the DoD to rely upon information produced by the system that is needed for management purposes (DFARS 252.242-7005).

**SPST.** The SPST is an integrated multifunctional team led by an Support Program Integrator that supports a significant element, subcontract, or subsystem of a major acquisition program.

**Surveillance.** A multifunctional effort using DC&A that provides a holistic insight of the contractor's compliance with the contract(s). Surveillance consists of activities to review and analyze contractor plans, financials, schedules, policies/procedures, systems, processes, process outputs, product, or services. Surveillance includes reviews for adequacy (when applicable) and to determine compliance to contractual, statutory, regulatory, or contractor requirements. Surveillance involves collecting data and assessing it to support a determination or conclusion (e.g., acceptance, disapproval, recommendation). Surveillance activities apply primarily to post-award but may apply to some pre-award activities.

**Surveillance Activity.** The execution of a specific surveillance technique to complete a task or tasks on the surveillance schedule.

**Surveillance Category.** An overarching grouping of surveillance evaluations with similar objectives. All types of surveillance fall within one or more of the four overarching surveillance categories:

- Process Evaluation
- Progress Evaluation
- Deliverable Product Evaluation
- Deliverable Service Evaluation

**Surveillance Event.** A group of surveillance activities, tasks, or mandatory functions that are required to complete a scheduled activity. Example: evaluating entry or exit criteria for completion of a Systems Engineering Technical Review, Complete QMS Audit or other system audits.

**Surveillance Plan.** (1) A documented strategy for surveillance including identified risks, planned surveillance activities, and schedule for execution of planned surveillance activities. (2) Establishes the methodology the government will use to monitor and evaluate contractor performance and ensure the objectives of the contract are met. (3) The surveillance plan is the focal point for surveillance activities. The surveillance plan lays out the functional specialists' strategy and tactics for surveying contractor financial costs/operations/processes/products. The plan can be a comprehensive document representing an Integrated Product Team (IPT) approach addressing functions such as safety, engineering, manufacturing and QA, etc.

**Surveillance Record.** A form of documentation constituting evidence of past surveillance, particularly an account of an act or occurrence and captured in writing or some other permanent form of record. Records may include surveillance checklist, schedules, and copies of documentation (command media) for financial, products or services that are provided, and are used to make a decision or take action.

**Surveillance Requirements.** KCRs and other Agency-accepted work requirements (e.g. External Customer Letter of Delegations, General Services Administration contracts, MOAs, etc.)

**Surveillance Schedule.** A record of surveillance activities is included in the surveillance plan that identifies when and where surveillance will be conducted.

**Surveillance Strategy.** A group of scheduled surveillance activities associated with each other based on one of four levels:

- Contract Surveillance Strategy - A group of scheduled activities associated with one contract
- Facility Surveillance Strategy - A group of scheduled activities associated with multiple contracts from one contractor at a specific Location CAGE is a Facility surveillance strategy
- Program Surveillance Strategy - A group of scheduled activities associated with multiple contracts in one Major Program
- Multi-Facility Strategy - A group of scheduled activities associated with contract performance shared between different contractor divisions/locations.

**Surveillance Techniques.** Are actions (verbs) that describe collecting and/or assessing data. There are 14 surveillance techniques. Multiple surveillance techniques can be used during a surveillance event. Some techniques can be performed concurrently (e.g., interview can be done during an inspection). Also, one surveillance technique can support other techniques (e.g., examine can support analyze). Surveillance techniques must be identified no later than the Initiate Surveillance Activities step and can be adjusted as necessary. The 14 surveillance techniques are:

- Analyze
- Examine
- Forecast
- Inspect
- Interview
- Measure
- Monitor
- Observe
- Reconcile
- Test
- Trend
- Validate
- Verify
- Witness

**System.** A set of detailed methods, processes, and routines created to carry out a specific activity, perform a duty, or to achieve an objective. A collection of interrelated or interacting processes used by the contractor to manage or control their operation(s). Examples are CBS, quality systems, engineering systems, and other management systems.

**Task.** Is an action. One of the more common work activities with a clearly defined beginning and ending is the task. A task is “a piece of work to be done.” Task descriptions are often referred to as procedures.

**Test.** A **surveillance technique** that supports product acceptance when DCMA is mandated/required to **conduct** all or portions of a contractually required test through physical operation of the product, system, sub-system, or test equipment. It also applies when DCMA records test data for the official test record. Examples include DCMA operating test equipment, performing a flight or driving test, or recording test data during the test. The test technique is not the same as monitoring or witnessing a test.

**Trend.** A **surveillance technique** used for evaluating a data set over time to assess the rate of change and trajectory. Examples include trending OTD, cost overruns, and contractor performance metrics.

**Unique Item Identifier.** Means a set of data elements permanently marked on an **item** that is globally **unique** and unambiguous and never changes, in order to provide traceability of the **item**

throughout its total life cycle. The term includes a concatenated Unique Item Identifier or a DoD recognized **unique identification** equivalent.

**Validate.** A **surveillance technique** used to confirm or determine that a process, product or service meets the intended needs/results. It is a measure of effectiveness; it is not the same as verify. For example, this technique can be used for validating that a CAP is effective and has met the desired intent of fixing the problem. Another example is the software application meets the desired intent/need of the user as validated through flight test, live fire test, or other tests performed by the user.

**Validation.** A determination or confirmation that a process, product, or service meets the intent or need as viewed by the end user. Validation is a conclusion that may be reached after application of surveillance techniques.

**Verification.** A determination or confirmation of conformity/compliance to contractual or policy/procedure requirements through objective evidence. Verification is a conclusion that may be reached after application of surveillance techniques.

**Verify.** A **surveillance technique** used to confirm or determine the level of conformity/compliance to contractual or policy/procedure requirements through objective evidence. The technique supports a verification determination. Verify is often used after techniques such as analyze, examine, observe, or test. Examples are: the software meets the design requirements as verified through test; the contractor's Engineering Change Proposals, report, or log meets the policy/procedure requirements; contractor costs are charged in alignment with the Disclosure Statement; or the contractor implemented the actions identified in their CAP.

**Witness.** A **surveillance technique** used for **100 percent oversight**, of an entire event to confirm the occurrence of the event and/or adherence to requirements. This can be a very labor intensive technique. This technique can be required by a procuring activity or self-imposed when the risk is high. Examples include witnessing tests, lifts, and critical events.



## GLOSSARY

### G.2. ACRONYMS.

ACO	administrative contracting officer
APT	aviation program team
CACO	corporate administrative contracting officer
CAGE	commercial and government entity
CAP	corrective action plans
CAR	corrective action request
CBS	contractor business systems
CIC	contract integrity center
CDRL	contract data requirements list
CMO	contract management office
CMT	contract management team
CRR	contract receipt and review
CSI	critical safety item
DACO	divisional administrative contracting officer
DC&A	data collection and analysis
DCAA	Defense Contract Audit Agency
DFARS	Defense Federal Acquisition Regulation Supplement
EVMS	earned value management system
FAR	Federal Acquisition Regulation
FS	functional specialist
GIDEP	Government Industry Data Exchange Program
HQ	headquarters
IAW	in accordance with
INST	instruction
KCR	key contract requirement
MAN	manual
MOA	memorandum of agreement
OASIS	Online Aerospace Supplier Information System
OTD	on time delivery
OU	Operational Unit
PST	program support team

QA	quality assurance
QMS	quality management system
RCA	root cause analysis
SAP	special access program
SCI	sensitive compartment information
SPST	support program support team

## REFERENCES

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