



DEFENSE CONTRACT MANAGEMENT AGENCY

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October 19, 2022

MEMORANDUM FOR COMPONENT HEADS

SUBJECT: DCMA Policy-type Memorandum 22-004, "Delegation of Surveillance Lifecycle 1 Year Limitation"

References: DCMA-MAN 501-01, "Policy Issuances Procedures," April 13, 2017
DCMA-MAN 2101-04, "Delegate Surveillance," July 30, 2018
DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013

Purpose. This DCMA Policy-type Memorandum (DCMA-PTM):

- Is issued to establish new policy and procedures for limiting the life cycle of an internal Quality Assurance Letter of Delegation (LOD) to 1 calendar year from the date of acceptance unless specific criteria identified in DCMA Manual (DCMA-MAN) 2101-04, "Delegate Surveillance," Paragraph 3.2.g.(1) are met. It amends Paragraph 1.2, DCMA-MAN 2101-04, by adding the following:
 - Internal Quality Assurance LODs must be limited to 1 calendar year from date of acceptance and will be closed unless specific criteria are met.
- Is issued under the authority of DCMA-MAN 501-01, "Policy Issuances Procedures," Paragraph 15.2.c. (2), as a time sensitive action necessary for implementation before the next publication of DCMA-MAN 2101-04.
- Is intended to leverage government and contractor performance data to optimize DCMA resource utilization.

Applicability. This PTM applies to all DCMA Quality Assurance activities unless higher-level regulations, policies, guidance, waivers, or agreements take precedence (e.g., DCMA Aircraft Operations, Host Nation LODs and Special Programs, Memorandum of Agreement (MOA), Accepted Quality Assurance Letter of Instruction (QALI), etc.).

Policy. It is DCMA policy that:

- DCMA internal Quality Assurance Letters of Delegation (LOD) must not exceed 1 calendar year from date of acceptance unless specific criteria mentioned in paragraph 3.2.g.(1) (as amended) are met. Prime contractors are

- responsible for managing their supplier's performance. DCMA does not execute surveillance in lieu of the contractor meeting its responsibilities

Responsibilities. The following are additional responsibilities:

- First Level Supervisor.
 - Review all updated/reissued internal QA LODs that exceed 1 year life cycle to ensure they have been reissued in accordance with (IAW) this manual
 - Ensure functional specialists understand the requirements regarding LOD 1 year lifecycle limit
- Functional Lead.
 - Assist the First Level Supervisor in reviewing all updated/reissued internal QA LODs that exceed 1 year life cycle to ensure they have been reissued IAW this manual
 - Assist functional specialist as needed in performing annual joint review of internal QA LODs in determining the need for continued surveillance
- Functional Specialist.
 - The Delegator will:
 - Jointly review all internal QA LODs with the Delegatee prior to the one calendar year limit.
 - Coordinate with the Delegatee to review and identify any trends that will result in closure or reissue of the internal QA LODs.
 - Close completed internal QA LODs for surveillance at suppliers with an Supplier Risk System (SRS) Quality Performance Indicator (QPI) of 90 percent or greater for the past 12 months and no additional risk data
 - Jointly review internal QA LODs with the Delegatee for suppliers with an SRS QPI from 80 to 89 percent for the past 12 months and determine the need for continued delegated surveillance
 - The Delegatee will:
 - Jointly review all internal QA LODs with the Delegator prior to the one calendar year limit.
 - Coordinate with the Delegator to review and identify any trends that will result in closure or reissue of the internal QA LOD.

- Complete any internal QA LOD for surveillance at suppliers with an SRS QPI 90 percent or greater for the past 12 months and no additional risk data
- Jointly review internal QA LODs with the Delegator for suppliers with an SRS QPI from 80 to 89 percent for the past 12 months and determine the need for continued delegated surveillance.

Procedures. Procedures are amended as follows:

- Paragraph 3.1.c. is amended to include the following statement:
 - All internal QA LODs will be limited to 1 calendar year from date of acceptance.
- Paragraph 3.2.g.(1) is amended to include the following subparagraphs:

(a) “Internal QA LODs are normally limited to a 1 year life cycle from date of acceptance and are restricted to internal QA LODs issued against QA KCRs e.g. QA-KCR-0001, 2,3,4, etc. They will be jointly reviewed annually by the Delegator and Delegatee to the following criteria. Sub-tier internal QA LODs must be considered when performing the joint review.

1. Internal QA LODs for suppliers with a Supplier Risk System (SRS) QPI of 90 percent or greater for the past 12 months will be completed and closed unless additional risk data indicates that the delegation should remain open.

2. Internal QA LODs for suppliers with an SRS QPI from 80 to 89 percent for the past 12 months will be jointly reviewed.

a. If available risk data indicates a positive performance improvement trend greater than 3 percent, the internal QA LODs will be completed and closed unless additional risk data indicates that the delegation should remain open.

b. If available risk data indicates a 3 percent or less improvement or negative performance trend, the internal QA LOD can be modified, updated and reissued subject to follow on annual joint review.

c. Before a LOD can be closed, all sub-tier internal QA LODs must also be completed and closed.

3. Internal QA LODs for suppliers with an SRS QPI of less than 80 percent for the past 12 months will be jointly reviewed. These LODs can be modified, updated and reissued subject to follow on annual joint review.

(b) Reissued/updated internal QA LODs that exceed the 1 year life cycle must include all the following:

1. Corrective Action Request number issued to prime contractor for corrective action to improve supplier performance when it is determined the supplier is the cause for the reduced QPI.

2. Results of Data Analysis demonstrating flat or downward performance trend (Higher likelihood Risk) including reference to Corrective Action Requests, Product Quality Deficiency Reports, SRS data, Facility Process Capability Profile (FPCP) results, counterfeit risk, customer complaints etc.

3. Prime contractors' performance improvement plan to improve supplier performance.

4. An updated, valid rationale narrative for extending the delegation.

5. Other risk data identified to substantiate continued surveillance.

(c) Once negotiated, the Delegator will modify, update and reissue the internal QA LOD to the Delegatee. The Delegatee will then acknowledge and accept the internal QA LOD .

(d) If the Delegator and Delegatee cannot come to a consensus regarding closure or continuance of the internal QA LOD, it will be elevated through both Contract Management Office chains of command for resolution IAW this manual.

G.1. Definitions. Definitions are amended to include the following:

- Internal Delegations – Delegations for routine support between DCMA Contract Management Offices. This does not include customer delegations and host nation delegations.
- Customer Delegations – Delegations received from external customers. These include foreign country (non-Foreign Military Sales (FMS)) direct commercial sales, National Aeronautics and Space Administration (prime and agency re-delegations), and other reimbursable efforts.
- Host Nation Delegations – Delegations sent from DCMA International offices to foreign nations for support
- Functional Specialist – (1) Any DCMA personnel executing contract administration services within any career field. (2) Functional Specialists are personnel assigned to perform various tasks or functions in support of the Agency's mission (e.g., Administrative Contracting Officer, Contract Administrator, Contracting Officer Representative, Cost Monitor, Engineer, Industrial Specialist, IT Specialist, Packaging Specialist, Quality Assurance Specialist or Transportation Specialist.)

Labor Codes. D4100 - Establish Workload Delegation

Resource Page. [2101-04 "Delegate Surveillance" \(sharepoint-mil.us\)](https://sharepoint-mil.us)

Releasability. Cleared for public release

Effective. This DCMA-PTM is effective immediately and will be incorporated into DCMA-MAN 2101-04. This DCMA-PTM will expire effective 12 months from the date of issuance.

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