



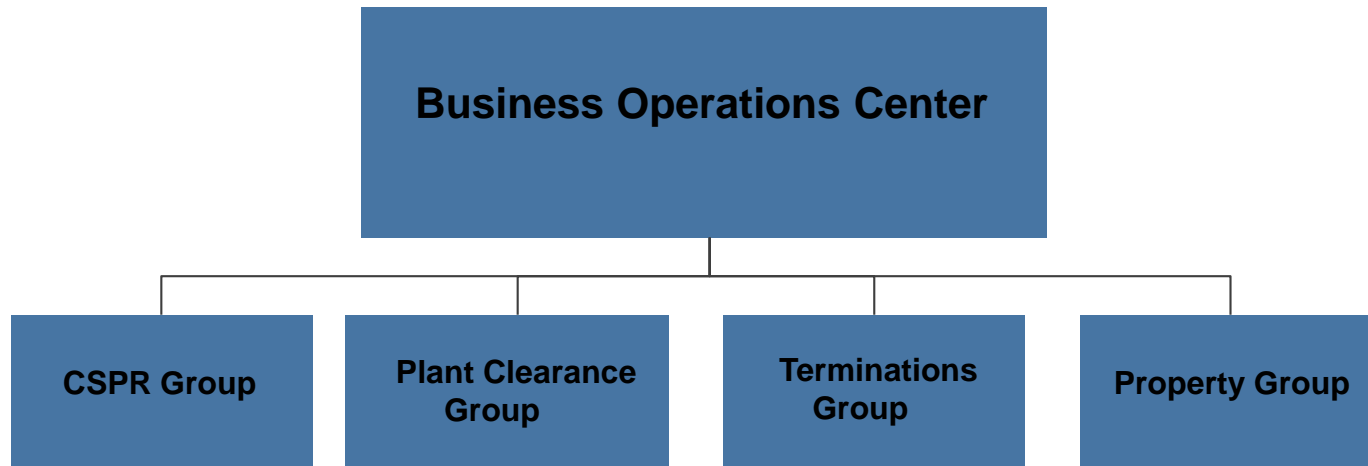
DCMA

DCMA's Contractor Purchasing System Reviews

Presented By:

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Functions:

- Evaluate contractor's purchasing systems and provide expert recommendations whether to approve or withhold/withdraw approval of the system.
- Arrange timely and cost effective reutilization, sale, and disposal of excess government property in the possession of contractors.
- Settle contracts terminated for the convenience of the Government.
- Evaluate the adequacy of contractor's property management system to ensure Government Property in the hands of contractors is appropriately managed.

Ensure that suppliers' have purchasing systems in place that contribute to effective subcontract management. Effective subcontract management includes development of, as well as performance to internal policy and procedures, public laws and adequacy of cost and price analyses performed on subcontractors

- **Annual FY Eligibility Tasker includes Risk Assessments templates**
 - **Qualifying Sales of \$25 million**
 - **Subcontracting volume, complexity and dollar amount**
 - **Contractor past performance**
 - **ACO identification of risk**
- **Spreadsheet built from MOCAS data – about 600 CAGE codes yielding 375 potential reviews**
- **ACOs perform RA using policy templates**
- **Eligibles determined by review team with ACO input and coordination**

- **ACO does an annual surveillance IAW DCMA Inst. 109 of a Contractor's purchasing system based on criteria in DFARS 252.244-7001 for an acceptable purchasing system.**
- **The ACO completes a Risk Assessment and request a CPSR Review when:**
 - **Annual sales to the Government of \$25M or greater excluding Competed Firm Fixed Price Prime Contracts, Competed Firm Primes with EPA, and FAR Part 12 Commercial Contracts,**
 - **Any issues or concerns develop regarding risk to the Government at any point in time,**
 - **Contractor's policy or practice in regards to their purchasing system criteria appear to not be in compliance with the FAR, DFARS, or public laws based on their surveillance, or**
 - **Every 3 years after a CPSR review has been completed and a Final Determination has been made on the system for a system approval.**

- **CPSR develops their annual schedule based on:**
 - Risk Assessments received from ACOs from an annual tasker,
 - Any other risk assessment received from an ACO throughout the year,
 - DCMA's Contract Business Analysis Repository (CBAR) etool for:
 - Not Yet Evaluated Systems (Who meet the criteria for a CPSR)
 - Disapproved Systems who may require a Follow-up review
 - Approved Systems with a system approval date of 3 years or greater
- Reviews that are required to be done are then prioritized based on risk to the Government.
- Reviews are assigned to CPSR team based on most cost effective transportation costs.
- Teams coordinate final review dates with the Contractor and add to schedule.

- **Contractor Purchasing System Reviews**
 - Evaluation of the efficiency and effectiveness with which the contractor spends Government funds and complies with Government policy when subcontracting
 - Complete evaluation of a contractor's purchasing of material and services, subcontracting, and subcontract management from development of the requirement through completion of subcontract performance
 - Report findings to Contracting Officer providing a basis for granting, withholding, or withdrawing approval of the purchasing system
 - Review corrective action plan for effectiveness and validate implementation

- **Types of CPSRs**
 - **Initial**
 - **Comprehensive**
 - **Special**
 - **Follow-up**
- **First two types include same 24 elements of analysis listed at DFARS 252.244-7001-(c)**
- **Last two types are tailored to need**

- **CPSR Timeline**

- **R-120 Final Schedule Agreement**
- **R-90/60 CPSR Data Questionnaires to CO**
- **R-90/60 CPSR Data Questionnaires to Contractor POC**
- **R-30 Policy and Universe Reviews**
- **R-30 Request T&Cs, Purchasing/Procurement forms from Ktr**
- **Review – Entrance Brief, Daily Outbrief, Exit Conference**
- **R+20 CPSR Report due to CPSR Management**
- **R+30 Management review, BOR complete, Report to CO**
- **R+40 CO approval if no deficiencies, or initial determination**
- **R+70 Ktr response to initial determination**
- **R+115 Corrective Action Plan if requested, due to CO**

- Fort Lee, VA
- Boston, MA
- Smyrna, GA
- Phoenix, AZ
- Dallas, TX

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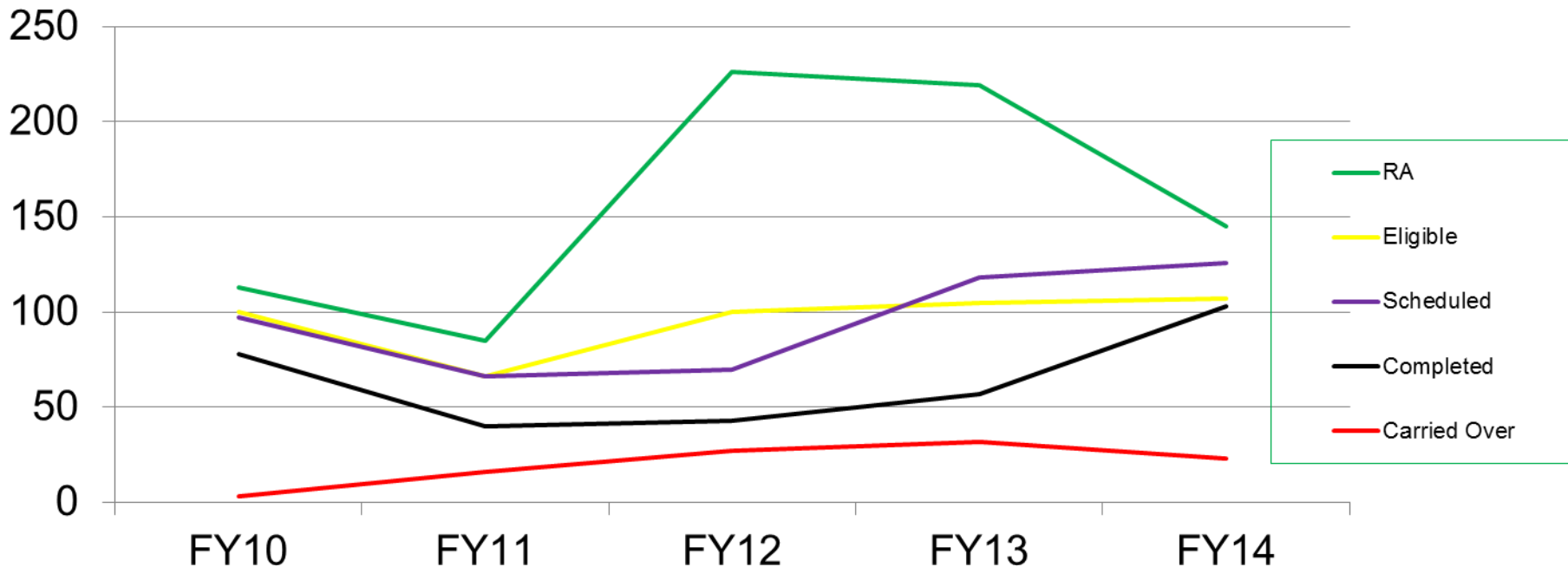
9 - Procurement Analysts, GS-12
 1 - Procurement Analysts, GS-11/12
 1 - Procurement Analyst, GS-11

8 - Procurement Analysts, GS-12
 1 - Procurement Analyst, GS-11

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 1 - Procurement Analyst, GS-11





Overview	FY10	FY11	FY12	FY13	FY14
Risk Assessments	113	85	226	219	145
Eligible	100	66	100	105	107
Scheduled	97	66	70	118	126
Completed	78	40	43	57	103
Carried Over	3	16	27	32	23
Authorized/Onboard	30/26	44/24	44/31	44/35	46/32

- **ACO decisions recorded in CBAR by CAGE Code**
 - As of 28 January 2015
 - 20 Disapprovals
 - 707 Approvals
 - 48 Not Evaluated
 - 3,531 Marked as “N/A”
- **Business System Determinations are made by ACOs**
 - And in some case PCOs
 - But not by Business Operations Center personnel

- **Risk Assessments Received**
 - Larger number of reviews completed in FY10 resulted in decrease in RAs in FY11
 - In FY12 and FY13 the number of RAs sharply increased after the New Business System rule, 5/8/11
- **Number of Reviews performed has decreased while personnel has increased**
 - FY10 – 78 completed with 26 Procurement Analysts
 - One Analyst performed a review in FY10 vs two analysts now
 - Length of review increased (two weeks on average vs one week) and more in depth reviews performed now vs FY10
- **FY14 Goal was 125 reviews**
 - Completed 103 reviews

- **Consent to Subcontract Desk Audits**
- **Advance notification and consent required if the prime does not have an approved purchasing system and Government is assuming a large portion of the contract risk**
- **ACO submits the request to CPSR team**
- **Procurement Analyst reviews and provides recommendation**
- **Averaging 26 reviews per month for CY14**
- **SOP written and training provided - completed September 2013**

- **Cycle Time Metric – report issued in 30 days**
 - FY 2013 metric was 7% vs goal of 85%
 - FY13 began at 300, FY14 at 150, Sept at 80 days (16%), 50 reports delinquent
- **Close the system gap between review completion, report issued, and initial determination**
- **Personnel to support mission**
- **Counterfeit Parts policy implementation**
- **Better Buying Power Initiatives**
 - **Critical Review of Cost/Price Analysis**
 - **Sourcing without Competition**

- **Based on results of FY 14 Reviews**
- **Documentation**
- **Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (FAR 52.209-6)**
- **Policies and Procedure Manual**
- **Cost/Price Analysis**
- **Sole Source Selection Justification**
- **Negotiations**
- **Training**
- **Limitation on Use of Appropriated Funds to Influence Certain Federal Contracting and Financial Transaction (Public Law 101-121) (Anti-Lobbying)**
- **Defense Priorities and Allocation System (DPAS) Rating (15 CFR Part 700(4))**
- **Internal Review/Self Audit**

- Final Rule DFARS Case 2012-D055, Detection and Avoidance of Counterfeit Electronic Parts issued May 6, 2014
 - New DFARS 252.246-7007 clause, “Contractor Counterfeit Electronic Parts Detection and Avoidance System”
 - Revised DFARS 252.244-7001, “Contractor Purchasing System Administration” to add counterfeit system criteria
 - DFARS 231.205-71 revised to make the costs of counterfeit electronic parts or suspect counterfeit electronic parts and the cost of rework or corrective action that may be required to remedy the use or inclusion of such parts are unallowable, unless—
 1. The contractor has an operational system to detect and avoid counterfeit parts and suspect counterfeit electronic parts that has been reviewed and approved by DoD pursuant to 244.303;
 2. The counterfeit electronic parts or suspect counterfeit electronic parts are Government-furnished property as defined in FAR 45.101; and
 3. The contractor provides timely (i.e., within 60 days after the contractor becomes aware) notice to the Government
- DCMA Quality Assurance has been reviewing contractors’ counterfeit detection and avoidance systems since late 2012, this will continue with risk based surveillance and updated as required based on surveillance results.

- DCMA Instructions in place by EOM May 2015
 - Drafting Counterfeit Mitigation Instruction DCMA-INST 1205 --Quality Assurance will be broadening their surveillance to include all contracts and all potential counterfeit supplies, not just CAS covered contracts and electronic parts
 - Updating CPSR DCM-INST 109 on hold
- Other Actions:
 - The CPSR Guidebook will be revised by Contracts to incorporate the policy changes
 - Training will be provided to DCMA personnel :
 - New requirements and how to employ the DCMA Counterfeit Detection and Avoidance System Checklist
 - To ensure understanding of possible remedies for deficiencies for Counterfeit Parts Detection and Avoidance Systems (Level II or III CAR, Disapproved Purchasing System, System Withhold, etc.)



- DCMA engaged in industry outreach to improve Counterfeit parts identification processes and issue awareness:
 - Corporate Management Council (CMC)
 - Council of Defense and Space Industry Associations (CODSIA)
 - National Contract Management Association meetings
- Discussing current processes to address counterfeit parts and what additional actions may be needed
 - Collaboration between DCMA and industry developing strategies to clarify elements and assessment criteria for:
 - Leverage industry standards for counterfeit prevention
 - DFARS/FAR rule implementation
 - Counterfeit Electronic Part Avoidance and Detection System
 - SAE AS Standards on Counterfeit Mitigation



Questions?