



DCMA



One team, one voice delivering global acquisition insight that matters.



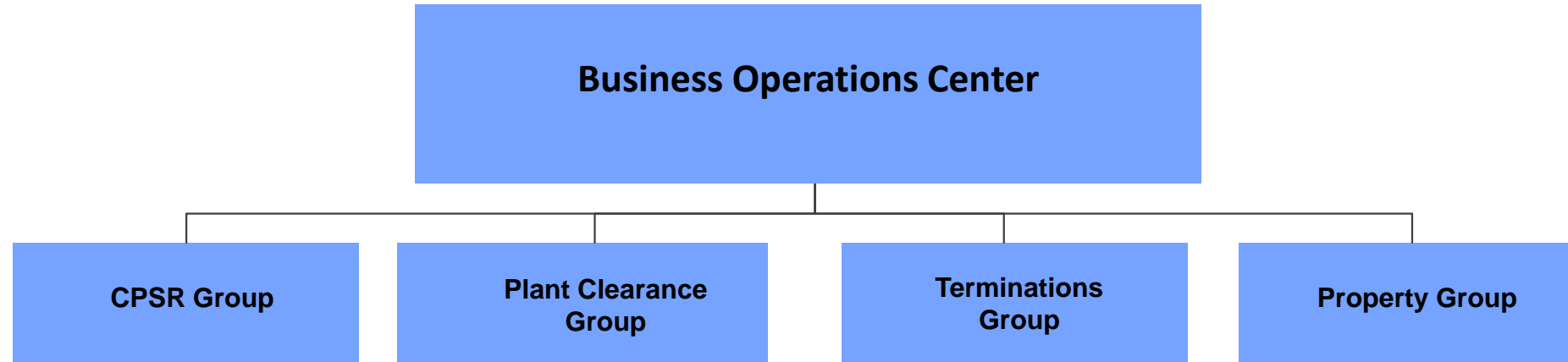
DCMA – PROPERTY MANAGEMENT SYSTEM ANALYSIS

Presented By:

Mr. Duke Montgomery

Property Supervisor | Business Operations Center

17 May 2017



Operational 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 (PMS) to ensure Government Property in the hands of contractors is appropriately managed.

Our Mission:

The Property Group ensures Government Property in the possession of contractors is effectively and efficiently managed as required by FAR 52.245-1– Government Property.

How we execute the Mission:

Primarily by performing Property Management System Analyses (PMSAs) and Property Loss Investigations.

- A PMSA is a systematic, objective review and evaluation of a contractor's PMS including the procedures and the implementation of applicable property management processes to determine whether the contractor is complying with contractual terms and conditions relating to property management.

Standard PMSAs

- Require entrance and exit conferences, involve plant visits, formal examinations with detailed work-papers generated, and formalized conclusions drawn as to the health of the contractor's system. The depth and detail of review and analysis are far greater for a standard system analysis than for a limited system analysis.

Limited PMSAs or “desk audits”

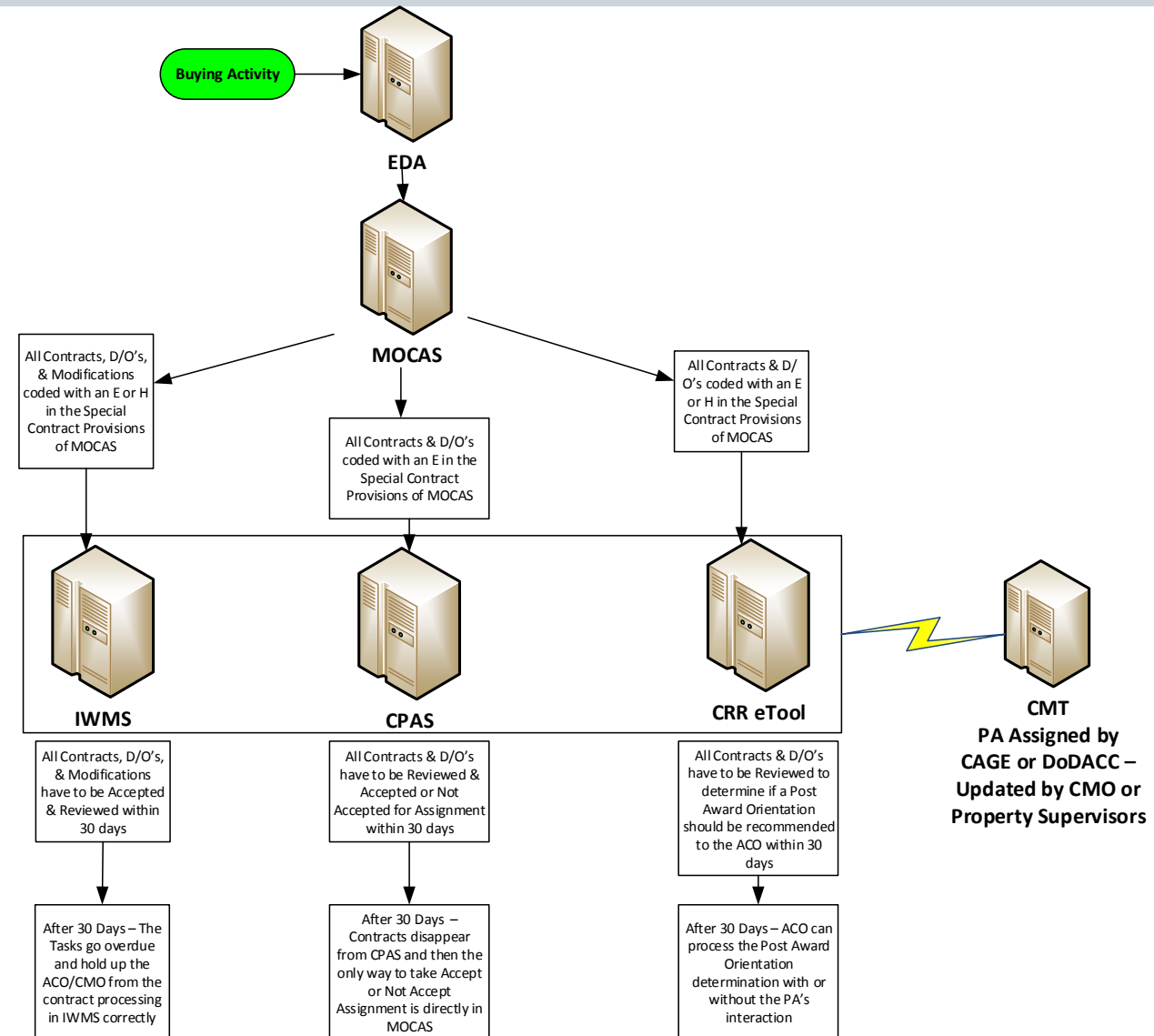
- Permit less formal testing methods and techniques including contractor responses to a series of questions covering each applicable element of a contractor's PMS, and interviews of contractor personnel among other methods as appropriate, depending on the risk level, amount and value of property, etc.

New contractors

- Identified during contract receipt and review
- Initial PMISA scheduled within one year
- Within six months if there is sensitive property

Established contractors

- Type and frequency of PMISAs determined IAW risk level of contractor's PMS
- When sensitive property is involved, PAs perform annual on-site reviews of records, storage, utilization, and physical inventories processes, regardless of the contractor's risk rating



Performed immediately after each PMSA and validated annually and based on PMSA results and other sources of reliance, PAs:

- Identify unfavorable future events
- Assess the likelihood or probability of unfavorable future events
- Estimate the consequence or impact of those events
- Establish a process to prevent reoccurrence

PAs assign each PMS a risk rating of **high, moderate or low**.

- High Risk – Requires a Standard PMSA at least annually
- Moderate Risk - A Standard or Limited PMSA as frequently as conditions warrant, but at least once every 2 years
- Low Risk - Standard or Limited PMSA as frequently as conditions warrant, but at least once every 3 years

PMSA schedules are maintained in the Contract Property Administration System (CPAS) eTool.

PAs review all applicable elements and processes of the contractor's PMS as identified at FAR 52.245-1(f)(1) (i through x) including:

Written procedures

Contractor self-assessment

Acquisition

Receiving

Discrepancies incident to shipment

Identification

Records

Receipt and issue system

Physical inventory

Subcontractor awards and flowdown

Subcontractor reviews

Reports

Relief of stewardship

Utilization

Declaration of excess

Consumption

Movement

Storage

Storage – commingling

Maintenance

Disposal

Closeout

Subject to the judgment and determination of the PA, sampling is used as an efficient and economical method for analyzing a system. One of three different types of sampling may be used:

- **Statistical** - A number of items are selected from the population for analysis so that the sample is representative of the entire population from which it was selected. The sampling plan used will discover defects of 10% or more, if they exist, 90% of the time.
- **Judgment** – A number of items are selected from the population for analysis without meeting the random selection and sample size criteria of statistical sampling.
- **Purposeful** - Known, suspected, or reported conditions of a critical or substantial nature are used to select items, for review to determine the possible adverse systemic impact.

Findings are reported to the Contracting Officer (CO) who either approves or disapproves the PMS in accordance with **DCMA-INST 131**.

- The CO records the status of the PMS in the Contract Business Analysis Repository (CBAR) eTool.
- The CO may implement a payment withhold on an individual contract if the contract contains DFARS 252.242-7005, Contractor Business Systems and DFARS 252.245-7003 Contractor Property Management System Administration.

If there are any deficiencies, PA indicates whether they materially affect the ability of DoD officials to rely upon information produced by the system.

- PA issues Level II CARs for deficiencies determined by the CO to be non-significant.
- PA evaluates the adequacy of all corrective action plans, monitors the performance of corrective actions and determines if corrective actions have been implemented and adequately address the deficiency.

Prime contractor is responsible for performing periodic reviews to determine the adequacy of the subcontractor's property management system.

- DCMA may perform a PMSA for a subcontractor only when the exceptions listed at FAR 42.202(e)(2) apply
 - The Government otherwise would incur undue cost;
 - Successful completion of the prime contract is threatened; or
 - If a contracting officer for a major system acquisition designates certain high risk or critical subsystems or components for special surveillance in addition to requesting supporting contract administration.
- The prime contractor must also consent to accept the findings.
- Prime contractor consent is not required for DCMA to perform a PMSA at an alternate site of the prime contractor.

Within 90 days of receipt of a loss report from contractor in the Property Loss eTool, PA will:

- Ensure FAR/DFARS definitions for loss of Government property are met
- Determine whether contract imposes risk of loss on Government or contractor
- Evaluate facts and circumstances
- Determine if loss was caused by deficiencies in contractor's PMS
- Relieve contractor or recommend liability

Buying Activities

- Being on the front end of the requirements phase

Audit Quality

- Use of appropriate auditing techniques

Data Integrity

- Accuracy of CPAS has improved but requires constant attention

Contract Receipt and Review

- Ensure assignment is taken of all contracts with GP

Human Capital

- Aging Workforce

Disruption of mission performance due to

- CRF Positions & Deployments
- OCONUS



- Andrew C. Obermeyer
Director, Business Operations Center
804-734-0494
andrew.obermeyer@dcma.mil
- Duke Montgomery
Supervisor, Business Operations Center | Property Group
224-625-8225
duke.Montgomery@dcma.mil