

# T&M SURVEILLANCE PLAN

Contract # \_\_\_\_\_  
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## 1. References:

DLAD 5000.4, One Book Chapter 6.1.1, Time-and-Materials/Labor Hour Contracts  
DFAS Contractor Payment Information Manual  
FAR 16.602 and 52.232-7  
DFARS 242.803

## 2. Scope:

This plan highlights the procedures and requirements for administering Cost-Reimbursement, Time-and-Materials and Labor Hour contracts. Services are generally being provided at Lockheed Martin, Information Systems Center (ISC), 12506 Lake Underhill Road., Orlando, FL, (CAGE codes: 16331, 0NNS4, 4M844), as well as various support centers throughout the world.

## 3. Contractor Business Systems:

The DCMC DACO maintains a Government approved status for the following systems:

- Accounting
- Estimating
- Materials Management Purchasing
- Subcontracts Purchasing
- Property

## 4. Audits:

The on-site DCAA office conducts a continuous review of the contractor's accounting system. The Accounting system is approved by the DACO. DCAA performs (at a minimum) an annual Labor Floor Check to audit the contractor's timekeeping policies and procedures.

## 5. Withholdings:

A **5% withholding** of direct labor costs, per voucher invoice, up to a \$50,000 ceiling per contract applies in accordance with FAR 52.232-7(a)(2).

## 6. Cost Overruns:

If the contractor has reason to believe that costs are expected to **exceed 85%** (within next 30 days) of the ceiling price, the contractor shall advise the PCO/ACO and provide a revised estimate of total price, reasons and support in accordance with FAR 52.232-7(c). NOTE: Historically, the contractor has experienced few, if any, cost overruns under Time and Material contracts.

**7. Submission of First and Interim Public Vouchers:**

DCAA is the ACO's authorized representative for receiving first and interim vouchers, and is responsible for their submission to DFAS. DCAA may, in accordance with DFARS 242.803(b)(i)(c), authorized the contractor to submit interim vouchers directly to the paying office/DFAS Columbus, however, this does not apply to first and final vouchers. The contractor will continue to provide copies of the vouchers to the DCMC office for informational purposes.

**8. Submission of Final Public Vouchers/Invoices:**

Final vouchers should be submitted to DCAA for review and forwarding to the ACO for approval and submission to DFAS.

- (1) "Completion Invoice" to be submitted by contractor along with Release and Assignment forms.
- (2) Upon results of audit; appropriate amount of funds will be released.
- (3) ACO will prepare contract for closeout.

**9. ACO/CA Surveillance Checklist:**

- a. Assure adequacy of Accounting System.
- b. Payment (FAR 52.232-7):
  - (1) Check payment provisions of the contract.
  - (2) Coordinate payment procedures with contractor (i.e., submission of voucher, etc.).
  - (3) Contractor to substantiate the voucher by evidencing actual payment and by individual timecards or other applicable forms.
  - (4) Withheld amount shall be retained until execution and delivery of the release statement. (Audit Results)
  - (5) Request an audit from DCAA of claimed hours and verify category of labor hours on final vouchers or as needed on interim vouchers.
  - (6) Document Fund Control Register, prepare for ACO signature, log in the Invoice Voucher Log and distribute to DFAS-CO-JSC for processing final voucher.