

# Subpart 42.11 - Production Surveillance and Reporting

## 42.1101 General.

Production surveillance is a function of contract administration used to determine contractor progress and to identify any factors that *may* delay performance. Production surveillance involves Government review and analysis of-

- (a) Contractor performance plans, schedules, controls, and industrial processes; and
- (b) The contractor's actual performance under them.

## 42.1102 Applicability.

This subpart applies to all contracts for *supplies* or services other than *construction* contracts, and Federal Supply Schedule contracts. See part 37, especially subpart 37.6, regarding surveillance of contracts for services.

## 42.1103 Policy.

The contractor is responsible for timely contract performance. The Government will maintain surveillance of contractor performance as necessary to protect its interests. When the *contracting office* retains a contract for administration, the *contracting officer* administering the contract *shall* determine the extent of surveillance.

## 42.1104 Surveillance requirements.

(a) The *contract administration office* determines the extent of production surveillance on the basis of-

(1) The criticality (degree of importance to the Government) assigned by the *contracting officer* (see 42.1105) to the *supplies* or services; and

(2) Consideration of the following factors:

- (i) Contract requirements for reporting production progress and performance.
- (ii) The contract performance schedule.
- (iii) The contractor's production plan.

- (iv) The contractor's history of contract performance.
- (v) The contractor's experience with the contract *supplies* or services.
- (vi) The contractor's financial capability.
- (vii) Any supplementary written instructions from the *contracting office*.

(b) Contracts at or below the *simplified acquisition threshold* should not normally require production surveillance.

(c) In planning and conducting surveillance, *contract administration offices* shall make maximum use of any reliable contractor production control or data management systems.

(d) In performing surveillance, *contract administration office* personnel shall avoid any action that may-

- (1) Be inconsistent with any contract requirement; or
- (2) Result in *claims* of waivers, of changes, or of other *contract modifications*.

## 42.1105 Assignment of criticality designator.

*Contracting officers* shall assign a criticality designator to each contract in the space for designating the *contract administration office*, as follows:

| <b>Criticality Designator</b> | <b>Criterion</b>   |
|-------------------------------|--|
| A                             | Critical contracts, including DX-rated contracts (see <a href="#">subpart 11.6</a> ), contracts citing the authority in <a href="#">6.302-2</a> (unusual and compelling urgency), and contracts for <i>major systems</i> . |
| B                             | Contracts (other than those designated "A") for items needed to maintain a Government or contractor production or repair line, to preclude out-of-stock conditions or to meet user needs for nonstock items.               |
| C                             | All contracts other than those designated "A" or "B."  |

## 42.1106 Reporting requirements.

(a) When information on contract performance status is needed, *contracting officers* may require contractors to submit production progress reports (see [42.1107\(a\)](#)). Reporting requirements shall be limited to that information essential to Government needs and shall take maximum advantage of data output generated by contractor management systems.

(b) *Contract administration offices* shall review and verify the accuracy of contractor reports and

advise the *contracting officer* of any required action. The accuracy of contractor-prepared reports *shall* be verified either by a program of continuous surveillance of the contractor's report-preparation system or by individual review of each report.

(c) The *contract administration office* may at any time initiate a report to advise the *contracting officer* (and the inventory manager, if one is designated in the contract) of any potential or actual delay in performance. This advice *shall*-

(1) Be *in writing*;

(2) Be provided in sufficient time for the *contracting officer* to take necessary action; and

(3) Provide a definite recommendation, if action is appropriate.

## **42.1107 Contract clause.**

(a) The *contracting officer shall* insert the clause at 52.242-2, Production Progress Reports, in *solicitations* and contracts when production progress reporting is required; unless a *construction* contract, or a Federal Supply Schedule contract is contemplated.

(b) When the clause at 52.242-2 is used, the *contracting officer shall* specify appropriate reporting instructions in the Schedule (see 42.1106(a)).