

## **PART 9 - CONTRACTOR QUALIFICATIONS**

*(Revised August 7, 2019 through PROCLTR 2019-16)*

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## **SUBPART 9.1 - RESPONSIBLE PROSPECTIVE CONTRACTORS**

*(Revised May 17, 2018 through PROCLTR 2018-08)*

### **9.100 Scope of subpart.**

The Defense Contractor Review List (DCRL) is an enterprise-wide tool for use by contracting officers to identify and communicate contractor performance, capability, and integrity issues for making determinations of responsibility and the effective administration of contracts. The DCRL has Special Attention Reason Codes that describe the basis for being on the list and Treatment Codes that provide recommended actions to contracting officers for mitigating risk. The DCRL includes contractors identified in SAM as debarred, suspended, proposed for debarment, or otherwise ineligible for award. SAM data takes precedence over DCRL data.

9.100-90 Business Decision Analytics (BDA) dashboard.

(a) The BDA dashboard is a decision support capability tool. It is available for use on an optional basis by contracting officers, acquisition specialists, product specialists, fraud counsel, and other personnel involved in the acquisition process. It identifies potential item, price, and supplier risk areas prior to award and recommends mitigation strategies to minimize these risks. It consolidates data from multiple sources (e.g., DUN and Bradstreet, Supplier Performance Risk System SPRS (formally PPIRS-SR NG), SAM, etc.) into one dashboard.

(b) Using the BDA dashboard does not reduce the contracting officer's authorities or responsibilities. For example, contracting officers shall not (1) use BDA data as the sole basis for making determinations of responsibility or price reasonableness; or (2) use supplier risk data in place of the SPRS Delivery Score and Quality Classification. When evaluating acquisition risk, contracting officers should consider using the BDA dashboard as an additional source of information to help mitigate risks of suspect suppliers, potential overpayment, and procuring counterfeit and/or non-conforming spare parts. In the event of any data inconsistencies, the originating data source takes precedence over BDA data.

(c) Conditions when contracting officers should consider using the BDA dashboard include, but are not limited to—

(1) First time buys;

(2) Long time between procurements;

(3) Critical items;

(4) First article;

(5) Cases when prices have drastically increased;

(6) New suppliers; and/or

(7) Suspect suppliers.

(d) Contracting officers shall notify Office of Counsel (Procurement Fraud) and the DCRL Monitor of any suspect product or supplier activity for possible inclusion on the DCRL.

(e) Contracting officers shall document the contract file in Records Management.

### **9.104 Standards.**

**9.104-2 Special Standards.** Coordinate with the Food and Drug Administration (FDA) when developing special standards for drugs, biologics, and other medical supplies.

### **9.105 Procedures.**

#### **9.105-1 Obtaining information.**

(S-90) When making determinations of responsibility, review the DCRL and comply with DCRL Special Attention Treatment Codes in Enterprise Central Component (SAP-ECC) and Supplier Relationship Management (SAP SRM/EProcurement).

(1) For the automated simplified purchasing process, the system checks the DCRL. An offeror debarred or suspended is deemed not qualified for award and not considered in automated evaluation. Low evaluated offers from offerors on the DCRL (for other than debarred and suspended) are rejected from the automated system for manual determination of responsibility.

(2) Contractors on the DCRL shall be considered for solicitation (except when the Special Attention Reason Code is "A" or the Special Attention Treatment Code is "08").

(3) When the DCRL Special Attention Treatment Code description states "review Contractor Performance History," request a Contractor Performance History.

(4) Confirm the information in SAM not more than two days prior to award, and document the contract file.

(S-91) DCRL Monitors.

(1) Each Procurement Process Support Director shall designate a DCRL monitor. Referrals to the DCRL Monitor shall be for any of the reasons identified in the DCRL Special Attention Reason Code table below.

(2) DCRL Monitors shall review referrals for approval and execution of submission to add, amend, or remove a contractor to/from the DCRL in coordination with all DCRL Monitors. DCRL Monitors are responsible for maintaining the DCRL for their procuring organization and shall review the DCRL every month for currency.

(3) Contracting officers, product specialists or the Office of Counsel shall provide notification of contractor improvement and recommendation for DCRL removal to their DCRL Monitor if they become aware of circumstances that may warrant changes to the DCRL information.

(i) The contracting officer may discuss performance information included in the DCRL with prospective contractor(s). However, contracting officers must not discuss any information related to ongoing investigations of matters that potentially could result in Civil or Criminal False Claims Act litigation, or a suspension, notice of proposed debarment, or debarment action. "Investigations" would include those conducted by the Defense Criminal Investigation Service, the respective Military Services Investigation Agencies; the Federal Bureau of Investigation and any other Federal Investigative Agency. Contracting officers should consult with their Office of Counsel's Procurement Fraud Attorney if they have any doubt whether the release of information could potentially compromise the Government's ability to conduct a confidential investigation.

(S-92) The DCRL Review Board. The DCRL Review Board is responsible for reviewing actions of the DCRL Monitors and ensuring the contractor listing is accurate and current.

(1) Membership consists of all DCRL Monitors, Fraud Counsel, DLA Logistics Operations Technical and Quality Division, and the DLA Acquisition Compliance, Policy and Pricing Division. The DLA Acquisition Programs Division will chair the board meetings. The Board shall—

(i) Meet quarterly.

(ii) Review the list of the current authorized DCRL contractor entries.

(iii) Resolve any concerns or questions pertaining to the DCRL purpose and processes for entry or removal of a contractor from the DCRL.

(iv) Publish and provide minutes from meetings to the DLA Acquisition Director and the HCAs not later than ten business days after the DCRL Review Board meeting.

(2) Contractors shall be removed from the DCRL when—

(i) The conditions that warranted their inclusion on the DCRL no longer exist or have substantially improved; and/or

(ii) The DCRL Monitor determines that information provided by acquisition personnel is not sufficient to justify retention of the contractor on the DCRL.

(S-93) The DCRL Special Attention Reason Codes and Treatment Codes.

(1) Recommendations/instructions are cited for each supplier/CAGE code listed and are to provide visibility of known/potential areas of concern and actions that shall be taken to address such issues. When a preaward survey (PAS) (see 9.106-2) results in a negative DCRL recommendation for a small

business who is the apparent successful offeror resulting in a negative responsibility determination, then an SBA Certificate of Competency is required. The only instances of "do not award" involve cases of debarment, suspension, and proposed debarment except as otherwise directed by the Fraud Monitor or Business Integrity (Fraud) Counsel.

(2) Special Attention Reason codes.

(i) For DCRL Special Attention Reason Code A, the EProcurement "Debarment Status" field will be

coded as: "D" for Debarment, a "P" for proposed debarment/suspension, or "S" for suspended.

DCRL Special Attention Reason Codes	Description	Help Text
A	Suspended or Debarred	Debarred, Suspended or Otherwise Ineligible. This category includes firms or individuals that are ineligible for federal procurements due to a suspension, proposal for debarment or debarment pursuant to FAR 9.4.
B	Recommended for Debarment	Recommended For Debarment or Suspension. This category includes contractors that have been recommended for debarment or suspension. Although these contractors are not ineligible for award, follow the treatment code.
C	Responsibility Matters	Certification Regarding Responsibility Matters. This category includes contractors that have certified in accordance with FAR 52.209-5 that they have had a criminal conviction or civil judgment for fraud in the past three years or are currently indicted or otherwise criminally or civilly charged with fraud.
D	Termination for Default	Termination for Default. Contractors in this category have been terminated for default within the previous twelve months.
E	Financial Difficulties	Financial Difficulties (Including Chapter 11 Bankruptcy). Contractors are included in this category when information is received from DCMA or other sources that indicates the contractor is having financial difficulties. Such difficulties include contractor indebtedness that may jeopardize timely completion of the contract or contractor application for reorganization under bankruptcy laws (Chapter 11). Information may include formal bankruptcy notifications, or information informally obtained from credible sources.
F	Chapter 7 Bankruptcy	Business Closings (Including Chapter 7 Bankruptcy). This category includes contractors and individuals who have ceased business operations, are in the process of liquidating under bankruptcy laws (Chapter 7), or are otherwise going out of business.
G	Negative Preaward Survey	Negative Preaward Survey. Contractors are included in this category when a preaward survey (PAS) that recommends no award has been received within the last twelve months
H	DCMA Imposed Corrective Action	DCMA Has Imposed Corrective Action. Contractors are included in this category when DCMA has found deficiencies in the contractors' quality system and has imposed a Corrective Action (CAR) Level III or IV Review
I	In DCMA Delivery Schedule Manager	DCMA Delivery Schedule Manager. DCMA has relevant information concerning contractors in this category.
J	Delinquent Performance	Delinquent Performance. This category includes contractors that have exhibited a pattern of delinquencies.
K	"Buy-Ins" or "Bid Shopping"	"Buy-ins" and "Bid Shopping." This category includes contractors that have had excessive cancellations, price increases and requests for modification after award. These practices indicate a "buy-in", "bid shopping", or other unacceptable bidding practices. This code applies to contractors that: (1) "Bid shop after award" that result in frequent inability to furnish supplies in accordance with the quotation that led to the award. (2) Submit frequent requests for deviations or waivers, clarification, and substitution of part numbers, most of which lacks substance but prevents compliance with the original delivery date. (3) Frequently return purchase orders for price increase. (4) Frequently notify the contracting activity that it will not perform under purchase orders just prior to due date in an apparent effort to reduce its delinquency rate. (5) Frequently fail to accept bilateral or perform unilateral purchase orders.
L	Pricing Discrepancies	Pricing Discrepancies (Excessive prices). Contractors are in this category when information indicates prices may not be fair and reasonable.
M	Fast Pay Discrepancies	Fast Pay Discrepancies/Abuse Contractors are included in this category when there is evidence that a contractor is violating or has violated the Fast Pay procedure (e.g., contractor has invoiced the Government without shipping the supplies).
N	Potentially Defective Material	Potentially Defective Material. Any DoD component has issued notifications regarding potentially defective material supplied by contracts in this category.
O	Counterfeit Material and Unauthorized Substitution <b>DO NOT DISCUSS</b>	Counterfeit Material and Unauthorized Product Substitution. Contractors in this category are under surveillance by the Counterfeit Material/Unauthorized Product Substitution (CM/UPS) Team. <b>DO NOT DISCUSS</b>

P	Nonconforming Supplies <b>DO NOT DISCUSS</b>	Nonconforming Supplies. This category includes contractors for which evidence has been provided that a contractor has supplied nonconforming material, has supplied surplus material without quoting surplus material, has supplied foreign material without identifying country of origin, or has other questionable quality practices. <b>DO NOT DISCUSS</b>
Q	Failure to Provide Approved Part	Failure to Provide Approved Part. This category includes contractors that have a pattern of supplying unapproved parts or making an unauthorized substitution for CAGE code/part numbered items.
R	Miscellaneous	Miscellaneous (Other Information). This category serves as an informational category providing contracting personnel with current status of administrative changes, business closings, transfer of ownership, change of location, change of CAGE code, multiple contractors at the same location or any other information that may assist in the decision process. See the "Remarks" section of the DCRL for instructions.
S	Sensitive Information <b>DO NOT DISCUSS</b>	Sensitive Information. Specific instructions apply to contractors listed in this category. These instructions are not necessarily related to responsibility and the reason for placement in this category shall not be stated in the DCRL due to sensitivity. The "Remarks" section of the DCRL may contain a point of contact for information regarding these contractors. Sensitive information regarding these contractors shall not be disclosed to unauthorized persons. <b>DO NOT DISCUSS</b>
V	Suspected Fraud or Collusion	Suspected Fraud or Collusion/Deceptive Business Practices.
W	Combined CAGE Codes <b>DO NOT DISCUSS</b>	Combined CAGE Codes. Performance history for two or more CAGE codes have been combined for PPIRS purposes. <b>DO NOT DISCUSS</b>

(ii) Special Attention Treatment codes.

DCRL Special Attention Treatment Codes	Description	Help Text
01	Reserved	Reserved
02	Evidence of PID MFR Part Number	For Part Numbered items, get evidence item was acquired from Manufacturer (MFR) cited in the Product Item Description (PID)
03	Traceability requirements	For FSGs/FSCs/NSNs requiring additional risk mitigation and the offeror is not identified as an approved source, require the offeror to submit traceability documentation.
04	Withhold Fast Pay Recommended	Withholding of Fast Pay recommended
05	Recom PAS > SAT/ Verbal PAS or Vendor Capability Questionnaire (VCQ) < SAT	Recommend Preaward Surveys for large buys/verbal preaward surveys and/or VCQ for simplified buys
06	Fraud Monitor Coordination Required	Forward any proposed awards through Fraud Monitor
07	Source Inspection Recommended	Source Inspection recommended (use of source inspection evaluation factor authorized after formal notification to contractor)
08	Do not solicit or award	Do not solicit or award
09	Review Contractor Performance History	Review Contractor Performance History (CPH)
10	Report Suspect Material to Fraud Monitor	Report suspected material problems to Business Integrity (Fraud) Counsel
11	Coordinate with DCMA	Coordinate with DCMA
12	Corrective Action Report Level IV approval required	CAR Level IV, approval required for award
13	Bilateral Award Email to Fraud Monitor	Bilateral Award - email contractor's name and CAGE, contract/purchase order no., and NSN to Fraud Monitor
14	Coordinate Mods with Fraud Monitor	Post award - Coordinate all administrative actions (modifications) with Fraud Monitor or Fraud Counsel
15	Deter Resp/Nonresp required	Prepare formal determination of responsibility/nonresponsibility
16	CAGE Combined for SPRS Info	This CAGE Code has been combined with other CAGE codes for SPRS purposes (For Informational Purposes Only)
17	Coordinate Cost and Price Office	Coordinate with Cost and Price Office
18	Report to Fraud Counsel	Report to Business Integrity (Fraud) Counsel
19	Coordinate with Office of Counsel	Coordinate with Office of Counsel

20	Refer to DCRL Narrative Detail	Refer to DCRL Narrative for details
26	Recommend price reasonableness	Recommend documentation of price reasonableness
27	Suspend automated awards	Suspend from automated systems (case by case basis)

(S-94) Other Risk Indicators: Obtain additional information to make responsibility/nonresponsibility determination.

(1) Supplier Risk Indicators:

- (i) No DLA history (new vendor);
- (ii) Poor SPRS Score or no SPRS Score;
- (iii) Poor Delivery Performance;
- (iv) Poor Quality Performance (excessive PQDRs/SDRs);
- (v) Negative Preaward Survey (PAS) within 12 months;
- (vi) History of fraud or collusion;
- (vii) History of providing non-conforming, defective products, or counterfeit items;
- (viii) Terminated for Default for the same FSC/NIIN within 3 years;
- (ix) Bankruptcy within last 3 years;
- (x) DCMA Corrective Action Requests (CAR);
- (xi) The offeror is on the SAM Excluded Parties List System (EPLS) within the last 3 years;
- (xii) The offeror is currently showing signs of financial distress, or has a history of delinquent payments and /or financial difficulty;
- (xiii) Manufacturer's CAGE identified in offer differs from CAGE code of the approved manufacturing source in solicitation;
- (xiv) The offeror is reluctant or unable to provide traceability documentation;
- (xv) The offeror's phone number, address, e-mail, or other vital information is missing, invalid, or suspicious;
- (xvi) The offeror is a dealer but identifies itself as the manufacturer; and/or
- (xvii) The offeror is a manufacturer, but its place of business is in a residential neighborhood.

(2) Price Risk Indicators:

- (i) The price offered is lower than price of approved source or its authorized distributor;
- (ii) The price offered is out of line with other offers or past pricing history; and/or
- (iii) The price offered for new product is lower than price offered for surplus material.

(3) High Risk Item with technical data package (TDP) and no record of successful performance in

the FSC (e.g., critical safety, ALRE, complex TDP, FAT).

(S-95) Consider contract risk mitigation when a contractor can be determined responsible but risk factors are present.

(1) No Fast Pay.

(2) Bilateral Purchase Order.

(3) Code and Part Number Buy: Request Traceability Preaward and Post-Award.

(4) Specification/Standard/Drawing buy: Require source inspection (if appropriate), no COC, require PVT.

(5) Super Key Item Drivers with FAT: Split award between proven (waived) and unproven sources.

(6) Request the product specialist to prepare a Quality Assurance Letter of Instruction (QALI) when additional instructions or guidance are required on source inspection.

(S-96) Business decision analytics (BDA) job aids. The following job aids and training material can be viewed at EBS Online Help at <https://pep1.bsm.dla.mil>:

BDA Item Model Job Aid

BDA Price Model Job Aid

BDA Supplier Model Job Aid

CAGE Compromised Job Aid (General Counsel and other designated users only)

### **9.106 Preaward surveys.**

#### **9.106-2 Requests for preaward surveys (PAS).**

(a) Requests for a formal PAS shall be forwarded to the PAS monitor. Informal PAS may be requested by telephone or email to the DCMA PAS Manager/Quality Assurance Representative (QAR). Procuring organizations that use PAS will designate an organizational element to serve as the focal point for PAS and to be the principal point of contact with PAS monitors at surveying activities. The focal point will review formal PAS requests for completeness and accuracy before forwarding these requests to surveying activities. The PAS Monitor shall:

(1) Send the completed report to the contracting officer for placement in Records Management.

(2) Send all formal PAS documentation regarding a company's quality control (if information is included in the survey results) to the product specialist.

## **SUBPART 9.2 – QUALIFICATIONS REQUIREMENTS**

*(Revised May 10, 2019 through PROCLTR 2017-15)*

### **9.202 Policy.**

(a)(1) The CCO is the designee.

(i) QPL and QML qualification requirement documentation and justification are included in the technical description.

(ii) QSLM and QSLD information is retained at the procuring organizations.

(2) Solicitation.

(i) Solicitations and awards shall include procurement note H01 when purchasing qualification items in Federal Supply Class (FSC) 5935.

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H01 Qualified Products List (QPL) for Federal Supply Class (FSC) 5935 Connector Assemblies and Contacts (SEP 2016)

When an offeror includes connectors and electrical contacts manufactured by different qualified sources, the offeror agrees to provide to the contracting officer or quality assurance representative, prior to delivery, documentation signed by an authorized contractor representative responsible for quality assurance, demonstrating that the connectors and electrical contacts in question were manufactured by/obtained from a current QPL source(s). The signed documentation must as a minimum include:

(1) Name of the quality assurance representative;

(2) Name of connector manufacturer(s);

(3) Manufacturer(s) part number(s) (P/N);

(4) Name of contact manufacturer(s); and

(5) The Commercial and Government Entity (CAGE) code of the manufacturer.

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(ii) Solicitations shall include procurement note M01 when purchasing qualification items in Federal Supply Classes (FSCs) 5961, Semiconductors and Hardware Devices, and 5962, Electronic Microcircuits.

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M01 Approved Suppliers for Federal Supply Class (FSC) 5961, Semiconductors and Hardware Devices, and FSC 5962, Electronic Microcircuits (SEP 2017)

(1) This material contains a restriction of sourcing. The categories of sources of supply listed below, in order of precedence with Category One having the highest precedence, are eligible for award. Award, if made, will be within the highest category submitting an acceptable offer.

(i) Category One:

(a) The approved source (e.g., Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM)) for the item specified in the solicitation/contract;

(b) The approved source on the applicable Qualified Products List (QPL)/Qualified Manufacturers List (QML); or

(c) The authorized distributors of the OCM/OEM or QPL/QML.

(ii) Category Two: When no acceptable offer is received from suppliers listed in Category One, distributors listed on the Qualified Suppliers List of Distributors (QSLD), with adequate supply chain traceability documentation to the approved source of the item, are eligible to receive an award.

(iii) Category Three: When no acceptable offer is received from suppliers in Category One or Category Two, the Government may make an award based on offers received from suppliers listed on the Qualified Testing Suppliers List (QTSL), with adequate test documentation.

(2) The full listing of QSLD and QTSL suppliers, along with the qualification criteria, can be viewed electronically at:

[https://landandmaritimeapps.dla.mil/offices/sourcing\\_and\\_qualification/offices.aspx?Section=QSL](https://landandmaritimeapps.dla.mil/offices/sourcing_and_qualification/offices.aspx?Section=QSL).

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(iii) Reserved.

(iv) Solicitations shall include procurement note M03 when purchasing Troop Support QSLM/QSLD qualification items. When a QPL requirement is specified, advise potential offeror(s) to provide a QPL item. In addition, contractors with QSLD status must also provide the product of contractors with QSLM status whether the item is governed by a QPL or not. Validate Troop Support QSL sources at <http://www.dla.mil/TroopSupport/IndustrialHardware/EngineeringandTechnicalservices/QualifiedSuppliersList.aspx>

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M03 Qualified Suppliers List for Manufacturers (QSLM)/Qualified Suppliers List for Distributors (QSLD) for Troop Support (SEP 2016)

(1) This is a qualified item. Only manufacturers listed on the Qualified Suppliers List for Manufacturers (QSLM), and the distributors on the Qualified Suppliers List of Distributors (QSLD), with adequate supply chain traceability of the item specified in the solicitation/contract back to the QSLM are eligible to receive an award.

(2) The full listing of QSLM and QSLD suppliers, along with the qualification criteria, can be viewed electronically at:

<http://www.dla.mil/TroopSupport/IndustrialHardware/EngineeringandTechnicalservices/QualifiedSuppliersList.aspx>

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(v) Solicitation and awards shall include procurement note H02 when purchasing component qualification items. The contracting officer shall validate QPL sources on offers and consult with the product specialist, if needed.

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H02 Component Qualified Products List (QPL)/Qualified Manufacturers List (QML) (SEP 2016)

This item contains one or more components defined by a specification(s) with an associated Qualified Products List (QPL) or Qualified Manufacturers List (QML). By submission of an offer, the offeror will supply such component item(s) only from sources currently qualified on the applicable QPLs/QMLs.

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### **9.203 QPL's, QML's, and QBL's.**

(a) In addition to QPLs, QMLs, and QBLs, DLA uses agency developed qualification lists: Qualified Suppliers List of Distributors (QSLDs), Qualified Testing Suppliers List (QTSLs), and Qualified Suppliers List of Manufacturers (QSLMs).

(1) QSLD - a list of pre-qualified sources for certain components that are purchased and managed by DLA and have met DLA's traceability and quality system requirements. QSLD products are provided by

distributors that combine accepted commercial practices, quality assurance procedures that are consistent with industry and international quality standards, and tailored when necessary to product-unique requirements that can take the place of provisions traditionally stated in DLA solicitations.

(2) QTSL - a list of pre-qualified sources who have met DLA's quality system and testing requirements for untraceable product in certain commodities and have agreed to the provisions of the program. QTSL products are provided by suppliers that combine accepted counterfeit mitigation practices and quality assurance procedures that are consistent with industry and international quality standards.

(3) QSLM - a list of pre-qualified sources for certain fully competitive products which are purchased and managed by DLA. QSL products are provided by manufacturers that combine accepted commercial practices, quality assurance procedures that are consistent with industry and international quality

standards, and tailored when necessary to product-unique requirements that can take the place of provisions traditionally stated in DLA solicitations.

(b) Qualified items are not automated and therefore are referred for manual review. The contracting officer shall -

(1) Include FAR Clause 52.209-1. For QSLD/QTSL/QSLM, recognize it is a qualified item from the Product Item Description (PIID).

(2) Check the applicable list(s) to ensure the potential offeror and/or its product is on the list.

(3) For offerors or products not on the applicable qualified list, request the offeror provide documentation that demonstrates supplier or its product meets the qualification standards prior to award.

(4) After qualification is verified, proceed with award.

### **9.204 Responsibilities for establishment of a qualification requirement.**

(a)(1) Contracting officers shall post sources sought notice at [www.fedbizopps.gov](http://www.fedbizopps.gov) periodically.

## **9.270 Aviation and ship critical safety items.**

### **9.270-3 Policy.**

(a) The product specialist (PS) shall coordinate with the design control activity and update the material master, ensuring the approved sources are current. Prior procurement history is not an indication of current source approval. The PS shall advise the contracting officer of changes to a supplier's status. When the PS removes an approved source, the PS shall identify all open purchase requests and open contracts and notify the assigned contracting officers and contract administrators. Contracting officers shall amend solicitations to reflect the updated approved sources. If a contract action will result in delivery of an item from a source that is no longer approved, the contracting officer or contract administrator shall coordinate with the product specialist to determine if the ESA will accept the material. In the event the ESA will not accept the material, the contract action shall be terminated. The PS shall draft a letter with the rationale for removal for the contracting officer. The contracting officer shall coordinate with the COMPAD and issue the letter to the supplier.

Origin inspection is required. Certificate of conformance (COC) is not authorized, unless approved by the ESA. Incorporate all quality requirements into the contract when specified (e.g., first article test, production lot testing). Do not waive any quality requirement without referring to the PS.

When automated solicitations are used to solicit CSIs, offers must be manually evaluated and awarded.

All solicitations and contracts for CSI shall list the items in DFARS 252.209-7010 and shall include procurement note H04.

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#### H04 Sourcing for Critical Safety Items (SEP 2016)

The contractor procuring, modifying, repairing, or overhauling a critical safety item shall only use a source approved by the head of the design control activity.

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When multiple approved sources are identified, consider using acquisition strategies to help maintain more than one source, such as split awards or multiple awards. This minimizes ESA revalidation referrals required for CSIs whenever a source has not received an award for over 3 years.

Refer all offers of used, reconditioned, or remanufactured supplies; or unused former Government surplus property that are under consideration to the product specialist for evaluation (see 11.302(b)).

Prior to making award, obtain all approvals required on the DLA Form 13, Critical Safety Items and SPC Items Award Checklist, and retain in official contract file.

When award is made, notify the PS, who will determine if a quality assurance letter of instruction (QALI) is required. If award was made to a dealer or distributor, a QALI is mandatory; the QAS must have conducted a preaward review of traceability documentation in accordance with the approval/review requirements at [9.270-3\(S-91\)](#) and Note 4.

When a contractor changes a business arrangement with an approved source for the item being acquired, or in a manufacturing process or facility, the contracting officer shall coordinate with the PS

and take corrective action as needed.

(S-90) Critical Application Items (CAIs) are items where failure could affect mission, performance, readiness, or safety. The PS may need to coordinate with the ESA and shall follow any applicable performance based agreement and DLAI 3200.4.

(S-91) Contracting officers shall use the table below to determine when preaward referral to the PS is required to ensure that a prospective contractor is technically acceptable.

Type Of Offer	Criticality Of Item	Contracting Officer (CO) Can Award?	Requires Referral To Technical/ Quality?	Requires Approval From ESA?	Award Requires Approval One Level above CO?
Approved source offering "exact product"	Noncritical or CIC Blank	Yes	No	No	No
	CAI	Yes	No	No	No
	CSI	Yes	No	No	Yes (Note 1)
Dealer/ Distributor (non-manufacturer) offering "exact product"	Noncritical or CIC Blank	Yes (Note 2)	No	No	No
	CAI	Yes (Note 2)	No	No	No
	CSI	Yes (Note 3)	Yes (Note 4)	No	Yes
Unapproved manufacturing source offering "exact product"	Noncritical or CIC Blank	No (Note 5)	Yes	(Note 6)	No
	CAI	No (Note 5)	Yes	Yes	No
	CSI	No (Note 5)	Yes	Yes	Yes
Any source offering "alternate product"	Noncritical or CIC Blank	No	Yes	(Note 6)	No
	CAI	No	Yes	Yes	No
	CSI	No	Yes	Yes	Yes

Note 1 Does not apply to fully automated awards, if system only permits a fully automated award when an approved source is offering an exact product

Note 2 Contracting officers must either obtain traceability documentation prior to award, or must require suppliers in accordance with procurement note C03 in DLAD part 4 to retain documentation and provide it for review at time of Government source inspection, if applicable (see 9.270-3(a)) or during random or directed postaward audits.

Note 3 Contracting officers must obtain traceability documentation prior to award.

Note 4 The PS must conduct preaward review of traceability documentation on which quality assurance letter of instruction (QALI) will be based. Referral to the PS is mandatory after award to finalize QALI. (See 9.270-3(a)).

Note 5 Contracting officers must obtain traceability documentation and refer offer to the PS prior to award.

Note 6 The PS must follow the DLA Logistics Operations Division Desk book and local procedures to determine if ESA referral is required.

(S-92) The DLA Aviation technical oversight office (TOO) is authorized to maintain and disseminate all information regarding exemptions/waivers from CSI policies and clauses. Part 10 was deleted IAW PROCLTR 15-13. The TOO will maintain this information and provide electronic access on their website.

## **SUBPART 9.3 - FIRST ARTICLE TESTING AND APPROVAL**

*(Revised September 1, 2017 through PROCLTR 2017-15)*

### **9.302 General.**

When placing a First Article Test (FAT) requirement in the Technical Data package (TDP), the activity imposing the requirement must provide justification for requiring a FAT in lieu of using less costly methods for ensuring the desired quality (e.g., DCMA inspections, Product Verification inspection, or Production Lot testing). Solicitations may be amended by the contracting officer to remove the requirement for FAT. The contracting officer is the final authority for imposing FAT and shall document the contract file when the requirement is removed or waived.

### **9.304 Exceptions.**

FAT will not be applied for products identified to the following programs or assigned Acquisition Method Suffix Codes (AMSC):

- (a) Reverse Engineering projects.
- (b) Qualification with an AMSC Code T.
- (c) Commercially available AMSC Code Z.
- (d) Lack technical data AMSC Codes D, H, and P.

**9.306 Solicitation requirements.** The information is automatically included for automated acquisitions. The information is obtained from the Product Master for manual acquisitions.

- (a) Solicitations and awards shall include procurement note H03 when FAT is applied.

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#### H03 Supplemental First Article Testing Requirements (OCT 2016)

(1) If there is not a separate contract line item number (CLIN) for FAT, production CLIN pricing shall include all costs and risk associated with completion of the FAT requirement.

(2) If there is a separate FAT CLIN, the FAT CLIN pricing shall include all costs and risk associated with completion of the FAT requirement; if no FAT CLIN pricing is proposed, no payment will be made for any costs associated with FAT. Unit pricing shall be based solely on all costs associated with completion of the production units and shall exclude all FAT-related costs.

(3) The total award price will be used in selecting the best value offer from among all eligible offerors. However, to be eligible for award, the FAT CLIN (unless waived) and unit price CLIN(s) must each be determined to be a fair and reasonable price and, if set-aside under FAR Part 19, a fair market price.

Additionally, the FAT CLIN (and if separately priced, any CLIN(s) for first articles) shall not be materially unbalanced in relation to unit price CLIN(s) for production quantities. In the event that an offeror receives a waiver of the FAT requirement, the FAT CLIN price for the waived source shall be

deducted in determining the total award price.

(4) Waivers. The contractor may submit a request for FAT waiver to the contracting officer. The Government reserves the right to waive the FAT requirement when all the following criteria are met:

(a) Source has manufactured and delivered the product or similar product within the last five (5) years, or within the last three (3) years for critical safety items. The contractor shall provide the following supportable information:

- (i) Contract Number(s), Date(s), and Issuing Government Agency or Agencies.
- (ii) Item previously furnished, identified by part number, type, model number, etc.
- (iii) Engineering control document/change number of item previously furnished.
- (iv) There have been no changes to manufacturing processes, tooling, or locations.

(b) There have been no changes to manufacturing data (e.g., drawing revisions that change materials, dimensions, processes, inspection or testing requirements; or subcontractors used to manufacture the items successfully in the past).

(c) Item supplied will be of same design and manufactured by same method at same facilities as product or similar product previously furnished and accepted under subparagraph (4)(a).

(5) For test report preparation and delivery of contractor FAT utilize data item description DI-NDTI-80809B report format. Mark the test report with the following: "First article test report - Contract number: [insert contract number] and lot/item number: [insert lot/item number]. Present the test report to the QAR for review. Forward the QAR signed FAT Report, accompanied by the DD Form 250 and a contractor certification that the same process and facilities used to manufacture the first article units will be used to manufacture the production units, to the contracting officer at the applicable address shown below:

(a) For awards issued by DLA Aviation; or DLA Troop Support Clothing and Textile (C&T), Construction and Equipment, Medical Materiel, or Subsistence, submit the report to the procuring activity in Block 6 of the DD Form 1155, Block 7 of Standard Form (SF) 33, Block 5 of SF 26, or Block 9 of SF 1449 award.

(b) For awards issued by DLA Land (SPE7L), submit the report to the following address: DLA Land - FLSEB, ATTN: FAT Monitor, P. O. Box 3990, Columbus, OH 43218-3990, or email to: [DLA.Land.and.Maritime.FAT.Notification@dla.mil](mailto:DLA.Land.and.Maritime.FAT.Notification@dla.mil).

(c) For awards issued by DLA Maritime (SPE7M), submit the report to the following address: DLA Maritime - FMSE, ATTN: FAT Monitor, P. O. Box 3990, Columbus, OH 43218-3990, or email to: [maritime.fat.monitor@dla.mil](mailto:maritime.fat.monitor@dla.mil).

(d) For awards issued by DLA Troop Support Industrial Hardware, submit the report to the following address: DLA Troop Support, Attention: First Article Testing Monitor, Building 3, 700 Robbins Avenue, Philadelphia, Pennsylvania 19111. Preferred electronic submissions: Hardware FAT Monitor at [DLAHardwareFATMonitor@dla.mil](mailto:DLAHardwareFATMonitor@dla.mil).

(6) When Government testing is required, provide written notice to the contracting officer and the

QAR at least fourteen (14) calendar days (or as otherwise specified in the contract) prior to shipment to Government for FAT, to accommodate in-process verification and/or final inspection by the QAR.

(7) For unit preparation and delivery of Government First Article orders, ship the units and completed DD Form 250 report to the test facility specified in paragraph (a) of FAR clause 52.209-4. Prepare the shipping container(s) by marking the external packages in bold letters, "First Article Exhibits - Do Not Post to Stock," adjacent to the MIL-STD-129R identification markings. Use a hard copy of the completed DD Form 250 as a packing list, in accordance with MIL-STD-129R, paragraph 5.11, Packing lists and documentation. The interior package shall include hard copies of the contract, test reports, material certifications/process operation sheets, drawings used to manufacture the units, and return shipping information. Send units by traceable means (e.g., certified or registered mail, United Parcel

Service, Federal Express). Send an email with subject titled "Notification of Test Exhibits [insert Government Lab DODAAC]" to the corresponding address below and to the contracting officer specified in the contract. In the email, provide the shipment date, contract/purchase order number, National Stock Number, means of transportation, tracking number, and summary of container contents.

Attach a copy of the DD Form 250 and Invoicing, Receipt, Acceptance and Property Transfer (iRAPT) Receiving Report documenting the QAR inspection.

(a) DLA Land & Maritime - DSCCProdVerif@dla.mil

(b) DLA Aviation - DSCR.Test&EvaluationOffice@dla.mil

(8) If Government FAT units are conditionally approved or disapproved, the Government shall take action in accordance with FAR 52.209-4. At the Government's discretion, disapproved FAT units sent to the Government may be returned to the contractor, if the contractor submitted the return address and

shipping account for payment.

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(h) Determine the exhibit disposition by reviewing the Product Master (under the Material Data Tab in EProcurement). Solicitations and awards shall include either procurement note E01 or E02 when the requirement indicates that the contractor or Government shall hold the units.

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E01 Supplemental First Article Exhibit Disposition - Contractor Maintained (SEP 2016)

The first article units will be maintained or returned to the contractor to be used as a manufacturing standard. The contractor shall hold the approved first article units at the production facility until all production quantities have been produced and accepted. In the case of indefinite delivery contracts, the contractor shall hold the first article units until final production run has been approved and accepted on the first delivery order. The unit shall be considered a production guide or manufacturing standard if defects are reported on delivered material or problems are encountered during production. When disposing the units, the contractor shall follow DFARS 252.245-7004(d).

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E02 Supplemental First Article Exhibit Disposition – Government Maintained (SEP 2016)

The first article units will be held by the Government, either destroyed in testing or maintained as a manufacturing standard. The contractor will be required to produce/deliver the full quantity indicated on the contract order. The first article units will not be part of the production quantity.

\*\*\*\*\*

(i) Evaluation factors. Solicitations shall include procurement note M04 when the Government’s laboratory cost will be a factor in evaluating offers. For automated acquisitions, this information is pre-populated in the solicitation. For manual acquisitions, the information shall be obtained from the Product Master (Classification section > Product Assurance tab).

\*\*\*\*\*

M04 Evaluation Factor for Government Testing of First Articles (SEP 2016)

The cost to the Government for first article testing shall be a factor in evaluating offers. The Government’s testing cost will be added to the offered price of the applicable item. Unless cited elsewhere in the solicitation, the testing cost is shown below:

Item	Government testing cost
	\$
	\$

\*\*\*\*\*

(S-90) Solicitations and awards shall include procurement note H07 when first article testing is required

and the contracting officer anticipates a split award to more than one source of supply to facilitate supply availability. This procedure shall not be used when establishing requirements contracts or multiple award task or delivery order indefinite quantity contracts, or when partial small business set-asides apply.

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H07 Supply Assurance through Multisource Contracting (SEP 2017)

(1) "Proven source" means a source that has successfully met first article testing (FAT) requirements in the past and has been identified by the Government as currently meeting the criteria for FAT waiver.

(2) The Government may make multiple awards to assure the availability of supplies when FAT is required. When the contracting officer determines it is in the Government's best interest to increase the likelihood of timely supply availability, the contracting officer may make awards to both an unproven and a proven source of supply for this item. If there are no sources currently waived for the FAT requirement, the contracting officer may make awards to more than one unproven source of supply.

(3) If multiple awards will be made pursuant to (2) above, the source that represents the best value

to the Government based on the evaluation criteria in the solicitation shall receive not less than 60% of the total requirement.

(4) Unless an offeror otherwise qualifies its offer, unit prices submitted for the total requirement will apply to any partial awards.

(5) If multiple awards are made pursuant to (2) above and one of the awardees is an unproven source that fails to successfully complete FAT requirements, the Government may increase the quantity of supplies called for in the schedule of this contract to the second awardee, if it is a proven source or is a previously unproven source that has successfully completed the FAT requirements for this contract, at the unit prices specified by the second awardee, up to and including 100% of the quantity awarded to the unproven source that was subject to the failed FAT. This option is separate and distinct from any other option terms and conditions included in this contract.

\*\*\*\*\*

(S-91) Solicitations shall include procurement note L22 when the acquisition is restricted to material manufactured by the sources listed on the source control drawing, as indicated by AMSC B. (Refer to DFARS PGI 217.7506 2-201.2.)

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#### L22 Restriction of Alternate Offers for Source Controlled Items (SEP 2017)

(1) The manufacturers listed on the source control drawing applicable to the item in the procurement item description (PID) are the only approved sources. The item can be acquired from other suppliers, with adequate supply chain traceability documentation to demonstrate the item was produced by one of the approved manufacturers.

(2) DLA will not evaluate alternate offers for this item. Offerors who are interested in qualifying their product for purposes of future acquisitions must contact the design control activity specified on the source control drawing.

(3) Award of this solicitation will not be held pending qualification and approval of any product. If an offeror's product was recently approved but has not been added to the list of approved sources specified on the source control drawing, the offeror must submit a copy of the design control activity's letter of approval with its offer.

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### **9.308 Contract clauses.**

#### **9.308-1 Testing performed by the contractor.**

(a)(1) For automated acquisitions, fill-ins are pre-populated. For manual acquisitions, the information is obtained from the Product Master (Classification section > Product Assurance tab).

#### **9.308-2 Testing performed by the Government.**

(a)(1) For automated acquisitions, fill-ins are pre-populated. For manual acquisitions, the information is obtained from the Product Master under FAT guidance.

## **SUBPART 9.4 - DEBARMENT, SUSPENSION, AND INELIGIBILITY**

*(Revised August 7, 2019 through PROCLTR 2019-16)*

**9.404 System for Award Management Exclusions.** The records required by FAR 9.404(b) are maintained by the Special Assistant for Contracting Integrity (SACI).

### **9.405 Effect of listing.**

(a) In order to take one of the contract actions identified in FAR 9.405(a), 9.405-1(b), 9.405-2, 9.406(c), or 9.407-1(d), the procuring organization CCO shall forward a written request, including supporting rationale, following legal review by the procuring organization's Office of Counsel and approval to proceed by the HCA, to the Office of General Counsel via the procuring organization's Office of Counsel. The Office of General Counsel, following legal review, shall forward the request to the DLA Acquisition Operations Division, which will route it to the DLA Acquisition Director for coordination and then staff the action to the Agency Director for approval. Following approval, the DLA Acquisition Operations Division shall provide the written notice to GSA as required by DFARS 209.405(a) and provide notice to the procuring organization. The procuring organization shall not take action until it receives notice that the Agency Director has approved the determination.

(S-90) Upon notification, the DLA Acquisition Operations Division shall review current or past contractual relationships with the contractor or its affiliates, in coordination with General Counsel and contracting officers. The DLA Acquisition Operations Division shall coordinate with the contracting officers if there is a basis for recovery of damages from, or other claims against, the contractor. If there may be a basis for claims against the contractor, information stating the factual basis shall be forwarded to General Counsel. The information shall include a plan to recover damages in the event the contractor does not voluntarily provide restitution to the Government.

(S-91) To preclude contractors that are debarred, suspended, or proposed for debarment from receiving awards, the DCRL monitors shall be immediately notified to ensure the information is added to the System for Award Management (SAM) Exclusions and the DCRL.

### **9.405-1 Continuation of current contracts.**

(S-90) Authorization for novation of a contract or change of name agreement held by a contractor debarred or suspended by any Federal executive agency or proposed for debarment by any DoD component shall be coordinated with the SACI through Office of Counsel prior to such authorization.

### **9.406 Debarment.**

#### **9.406-3 Procedures.**

(a) Office of Counsel shall submit the report based upon an indictment, judgment or criminal information to the General Counsel within 2 weeks of the date of notification and include a copy of the indictment (signed, with docket number and date), judgment, conviction order, or other supporting documentation.

(S-90)(a) Office of Counsel shall notify contracting personnel of proposed debarment or suspension. The contracting officer will review the proposed debarment or suspension report and any other

supporting data when the contractor is in line for an award. Coordination with the Office of Counsel for proposed award, option, subcontractor agreement or novation is required prior to action.

#### **9.406-90 Procedures for debarments based on poor performance.**

(a) Policy. Where poor performance is to be relied upon as a basis for debarment, the responsibility for ensuring that action is taken to initiate debarment proceedings lies primarily with the contracting officer.

(b) Referral. In accordance with the procedures contained in subparagraph (c) below, the contracting officer will refer to Office of Counsel those instances of contractor nonperformance that are so serious as to justify consideration of possible debarment action.

(c) Decision-making process.

(1) Before referring a contractor to the Office of Counsel for possible preparation of a debarment report, the contracting officer must be able to document the poor performance which will form the basis for a debarment recommendation. The contracting officer must also be able to demonstrate why debarment is appropriate under the circumstances, including any mitigating information known to the contracting officer. Referrals to the Office of Counsel should include all current information necessary to support the business decision that is to be recommended to the SACI. The contracting officer should be prepared to update the information provided once the debarment process is underway and to participate with Office of Counsel in presenting the case to the SACI.

(2) When recommending a contractor to Office of Counsel for consideration of a possible debarment recommendation on the basis of poor performance, provide:

(i) A clear identification of the contractor, including divisions, subsidiaries, and affiliates, and contractor employees, officers, and directors, specifically identifying the contractor personnel who have participated in the Government contracting process.

(ii) A detailed account of the contractor's current active contracts, recent, relevant performance history, and history of performance problems prompting the referral. While this detailed accounting of contracting performance will necessarily focus on contracts awarded by DLA, performance on other Government contracts must also be addressed. In this connection, the assigned contract administration office should be asked to provide information, as well as comments, on the action being considered.

(iii) The reasons identified for the contractor's poor performance and the action taken by the Government to protect its business interests.

(iv) A discussion of whether a debarment action directed toward a specific division, organizational element, or commodity would adequately protect the Government's interests.

(v) A discussion of the period of debarment to be recommended to the SACI, supported by rationale that addresses the likelihood that the contractor will be able to take corrective actions necessary to successfully perform in the future.

(vi) When a report recommending debarment is forwarded to General Counsel, provide notice of this action to contracting personnel at the recommending procuring organization assigned to commodities for which solicitations are likely to result in offers from the contractor identified in the report and to other

procuring organizations.