

Defense Logistics Agency Instruction



DLAI 1101
September 9, 2009
DA

TRADE SECURITY CONTROLS (TSC) ASSESSMENT

References: Refer to [Enclosure 1](#).

1. **PURPOSE.** Trade Security Controls (TSC) are necessary to prevent the release of materials, technical data, and services to parties not friendly to the interests of the U.S. and its allies. TSC Assessments must be provided to prospective buyers or recipients of surplus Government property defined as U.S. Munitions List (USML) by the U.S. Department of State, or defined as Commerce Control List (CCL) by the U.S. Department of Commerce. The Defense Reutilization and Marketing Service (DRMS), either directly or through a contractor, sells or otherwise disposes of USML/CCL. Other DoD entities also engage in sales, transfers or exchanges of USML/CCL. In all instances, a TSC Assessment is required before USML/CCL can be released to the recipient.

a. This permits a prospective buyer or transferee to receive USML or CCL property and allows DRMS or its contractor(s) to release that property to that recipient.

(1) If the assessment process identifies derogatory information which indicates the prospective buyer should not be allowed to possess USML or CCL property, a recommendation to suspend or Debar the prospective buyer is forwarded to the DLA Office of General Counsel.

(2) If the assessment process develops derogatory information regarding a bidder which has a negative bearing on the suitability of the bidder but does not warrant denial of a favorable assessment, the derogatory information will be summarized in an Investigative Referral. The Investigative Referral will be provided to DA, which constitutes a strong recommendation that DA, Investigations Division (ID) Criminal Investigators initiate an investigation to determine whether the recipients of USML or CCL property have utilized the property in a proper manner and have not improperly exported the property.

(3) If the assessment process does not develop derogatory information regarding a bidder, a Sales Referral will be made. A Sales Referral is accomplished when the End Use Certificate (EUC) and a description of the USML or CCL property purchased is forwarded to the DA, ID. A Sales Referral is a notification the release of USML or CCL property is taking place and does not constitute a recommendation that any particular action be taken. Investigators will conduct follow-up as they deem appropriate.

b. The focus for the activities conducted during execution of the TSC Assessment Process is to ensure a timely decision is made to enable authorized buyers to receive excess surplus

property while denying the property to persons who present a risk to unlawfully export CCL or USML without appropriate U.S. Department of Commerce or U.S. Department of State licenses or to unlawfully export CCL or USML to countries unfriendly to the U.S.

(1) The process is considered successful if a TSC Assessment is processed within 45 days where there has been no derogatory information developed or where no discrepancies needed to be resolved. The timeliness of this process has an impact on the Financial Quadrant as DRMS will not be paid for the property until the buyer receives TSC Assessment. The efficiency of this process has an impact on the achievement of DLA goals associated with the Internal Business Process quadrant of the Balanced Scorecard as it relates to the accomplishment of the DRMS mission as a whole.

(2) The execution of this process enables the achievement of Agency goals to provide responsive, best value supplies and services consistently to our customers and to structure this internal process to deliver customer outcomes effectively and efficiently.

2. APPLICABILITY. This DLA Instruction applies to all HQ DLA and DLA Field Activities.

3. POLICY. It is DLA's policy to comply with all statutory and higher echelon regulatory guidance to ensure CCL and USML property is not released to entities that lack the necessary TSC Assessments.

4. RESPONSIBILITIES.

a. The TSC Assessment Office (TSCAO) will receive the EUC and attachments from representatives of the DRMS Sales Contracting Office at Headquarters, DRMS, and from other DoD entities. DRMS Personnel provide the EUC and attachments to the TSCAO which is co-located in the DRMS Headquarters at Battle Creek, MI.

b. The TSCAO will conduct quality control review of the EUC. TSC Assessment Office personnel review the EUC to determine it has been completed in compliance with instructions and does not contain any patent discrepancies. Ensure the required attachments accompany the EUC, a screen print from Bidder Master File (BMF) and an invoice or a contract identifying the property for which the bidder is high bidder. If the sale is being conducted by DRMS, and the bidder has no current TSC Assessment, the EUC will be accompanied by an Apparent List of Successful Bidders (ALSB) which identifies the property for which the bidder is the apparent high bidder. If the sale is being conducted by DRMS and the bidder has a current TSC Assessment, the EUC will be accompanied by a DRMS Form 1427, Notice of Award, Statement, and Release Document, which identifies the property. If the sale is being conducted by a contractor, the EUC will be accompanied by an Invoice prepared by the contractor providing a description of the property.

(1) If there are errors on the EUC, TSC Assessment Office personnel will return it immediately to the DRMS representative for correction.

(2) If there are no apparent errors or omissions on the EUC and the necessary attachments are present, TSC Assessment Office personnel will accept it for processing.

5. PROCEDURES. Refer to [Enclosure 2](#). Additional information is located at [Enclosure 3](#) and [Enclosure 4](#).

6. EFFECTIVE DATE. June 19, 2003.

Frederick N. Baillie, Director, DA

Enclosure 1
References

1. Subparagraph E2.1.1.16 of Enclosure 2 to Department of Defense (DOD) Directive 5105.22, Defense Logistics Agency
2. DoD Instruction 2030.8, Trade Security Controls on DoD Excess and Surplus Personal Property. <http://www.dtic.mil/whs/directives/corres/html/203008.htm>
3. DoD 4160.21-M, Defense Material Disposition Manual
<http://www.dtic.mil/whs/directives/corres/html/416021m.htm>
4. DoD 4160.21-M-1, Defense Demilitarization Manual
<http://www.dtic.mil/whs/directives/corres/html/416021m1.htm>
5. 22 U.S.C. 2779-2780, Arms Export Control Act
<http://uscode.house.gov/search/criteria.shtml>
6. 15 CFR 730-774, Export Administration Regulation
<http://www.access.gpo.gov/bis/index.html>
7. 22 CFR Parts 120-130, International Trafficking in Arms Regulation
http://www.pmdtc.state.gov/regulations_laws/itar.html
8. Ineligible Transferees for DoD Personal Property
<https://aimtc-demil.npt.nuwc.navy.mil/demil.asp>

Enclosure 2
Procedures

a. If the EUC is accepted from DRMS after the Quality Control Review, TSC Assessment Office personnel will record receipt of the EUC in a database maintained by the TSCAO. The entry will identify the bidder, the BIN, and the date the EUC was received by the TSC Assessment Office.

b. TSC Assessment Office personnel will review the BMF screen print. If the bidder is already assessed, a "C" (Cleared) or "T" (Temporarily Cleared) will be present.

(1) If BMF reflects that the bidder is already assessed, a copy of the EUC and attached documents will be incorporated into a Sales Referral. A Sales Referral is the term to describe transmittal of the information regarding sales of CCL or USML to the DA, ID, regional manager with responsibility for the geographical area in which the bidder resides. The TSCAO will conduct no further checks on bidders who are already assessed. A copy of the EUC and attachments will be placed in the existing Bidder File and a copy will be provided to the appropriate DA, ID, regional manager.

(2) If the "Cleared" field in BMF is blank, continue processing the Assessment.

c. TSC Assessment Office personnel will create a Bidder Folder for the bidder.

d. TSC Assessment Office personnel will create a TSC Assessment Tracking Sheet for the bidder and associated entities. The TSC Assessment Tracking Sheet identifies the bidder, the sale type and number, and the bidder type, Individual or Company. TSC Assessment Office personnel will prepare TSC Assessment Tracking Sheets on all company officers and affiliates. No bidder shall be assessed until the signer of the EUC, and, if the bidder is a company, all company officers are assessed. The TSC Assessment Tracking Sheet is a checklist of specific sources of information intended to support a determination as to whether or not the bidder has a propensity for criminal activity or unlawful export and would represent an unacceptable risk should they be permitted to receive USML or CCL.

e. TSC Assessment Office personnel will conduct a review of the BMF Screen Print. Special emphasis will be given to determining whether discrepancies exist between the EUC and the BMF screen print, particularly contact information such as address and telephone number.

f. TSC Assessment Office personnel will search BMF for duplicate BIN's. The search will be conducted using variations of the company name or address to identify duplicate entries in BMF for the same bidder.

g. TSC Assessment Office personnel will search BMF for the BIN listed on the EUC and any duplicate BIN's to determine whether BMF indicates the bidder is Suspended, Debarred, or Indebted.

- h. TSC Assessment Office personnel will conduct a check of those law enforcement databases which DA, ID, has been authorized to use by the system owner. The object of the law enforcement databases checks are to determine if the bidder, the signer of the EUC, or any company officer has any law enforcement records. If there are Law Enforcement records, then request copies of the records from the originators.
- i. TSC Assessment Office personnel will review the property description on the DRMS Form 1427, or ALSB which provide a description of the property. If the sale is being conducted by a contractor, TSC Assessment Office personnel will review the Invoice prepared by the contractor. The appropriate form, Contractor Invoice or Sales Contract, will be reviewed to ensure the property fully described is the same property summarily described on the EUC.
- j. TSC Assessment Office personnel will check and determine whether the declared destination for any proposed export listed on the EUC is one of the countries listed on the Proscribed Countries List. The Proscribed Countries List is a document prepared by the office of the Chief, Disposition Management Division, Distribution Reutilization Policy Directorate, Logistics Operations, Headquarters, DLA, that identifies countries to whom exports of USML or CCL are prohibited or where case-by-case determinations are required by the U.S. Department of State or the U.S. Department of Commerce before particular USML or CCL items may be exported.
- k. TSC Assessment Office personnel will check the TSCAO database called the Cleared Bidders List (CBL) for records pertaining to the signer of the EUC, and if signed for a company, all company officers, and all affiliated companies. The results of any checks previously conducted in connection with previous assessments of the same entity or related entities will be noted and transferred to the current Bidder File.
- l. TSC Assessment Office personnel will conduct a check of the EPLS. This check will be accomplished by using a computer and an Internet browser program to access the EPLS at <https://www.epls.gov/epls/search.doc>. Persons listed on the EPLS are prohibited from engaging in commerce with the United States. The check will be conducted both by name and by Social Security Number (SSN).
- m. TSC Assessment Office personnel will conduct a check of the U.S. Department of State Defense Trade Controls (DTC Debarred Parties. This check will be accomplished by using a computer and an Internet browser program to access the DTC at http://www.pmdtdtc.state.gov/compliance/debar_intro.html. Persons on the DTC are prohibited from receiving Department of State export licenses which are required to export USML.
- n. TSC Assessment Office personnel will conduct a check of the Denied Persons List (DPL). This check will be accomplished by using a computer and an Internet browser program to access the DPL at <http://www.bis.doc.gov/dpl/thedeniallist.asp> and at a second site, <http://www.bis.doc.gov/dpl/recentchanges.asp>. Persons on that list are prohibited from receiving Department of Commerce Export Licenses which are required to export CCL.
- o. TSC Assessment Office personnel will conduct a check of the Specially Designated Nationals List (SDN). This check will be accomplished by using a computer and an Internet browser

program to access the SDN at <http://www.treas.gov/offices/enforcement/ofac/sdn/>. Alphabetical master list of Specially Designated Nationals and Blocked Persons.

p. TSC Security Office personnel will conduct a check of Defense Assessment and Investigations Index (DCII). This check will be accomplished using a computer and an Internet browser. Access to the DCII site is limited to authorized users. The DCII check identifies records pertaining to the bidder that are indexed in DCII. Those records include background investigations for security clearances and criminal incidents or investigations reported by DOD activities.

(1) If there are records identified in the DCII, then request copies of those records from originators.

(2) If no record is found during the search of the DCII, TSC Assessment Office personnel will continue processing. A screen print of the negative DCII search will be placed in the bidder file and the result of the check will be noted on the TSC Assessment Office Tracking Sheet.

q. TSC Assessment Office personnel will conduct those additional checks listed on the TSC Tracking Sheet.

r. TSC Assessment Office personnel will review the Bidder File and determine whether any discrepancies exist. This step requires judgment and initiative. Discrepancies that can be resolved by repeating previous checks or comparing other records will be resolved.

s. TSC Assessment Office personnel will determine whether the best course to resolve discrepancies identified during TSC Assessment processing is by contacting the bidder directly to seek additional information or documentation.

(1) TSC Assessment Office personnel will contact the bidder as necessary to request clarification or resolve discrepancies. Contacts with the bidder or unsuccessful attempts to contact the bidder will be noted in the Bidder File.

(2) In the event that Bidders fail to respond to requests for additional information or documents or cannot be contacted at the telephone number provided on the EUC, TSC Assessment Office personnel will prepare a memorandum to the bidder advising them to provide the requested information or documentation or to contact the TSC Assessment Office within 10 days. The bidder will be advised that failure to do so will result in processing of their assessment being discontinued.

(a) If the requested information or documentation is received from the bidder as requested within the time allowed, the requested information or documentation will be placed in the bidder file by TSC Assessment Office personnel.

(b) If a bidder fails to respond to the warning memorandum by the date specified, TSC Assessment Office personnel will discontinue processing of the bidder's TSC Assessment.

Processing of the assessment will be terminated and will not be resumed unless or until a completely new DRMS Form 1822 is received from DRMS.

[1] If processing of an assessment is discontinued TSC Assessment Office personnel will enter a "D" in the "cleared" field in BMF to reflect discontinuance of the assessment.

[2] When processing of an assessment is discontinued, TSC Assessment Office personnel will note all checks completed and the results of those checks in the CBL. This will make that work product available should the bidder later submit a new DRMS Form 1822. Information will be input regarding the bidder, and if the bidder represents a company, all officers and affiliates on whom checks were conducted.

[3] If an assessment has been discontinued, no further processing will be conducted and TSC Assessment Office personnel will place the Bidder File in the office files. Files will be arranged in the files by BIN.

(3) If it is determined that there are no discrepancies that require clarification from the bidder, TSC Assessment Office personnel will continue processing of the assessment.

t. TSC Assessment Office personnel will verify that the Bidder Folder reflects completion of all necessary checks. Each of the TSC Assessment Tracking Sheets will be examined to ensure all required checks have been conducted on the signer of the EUC, and, if the signer represents a company, the signer's company, all officers of the signer's company, and all affiliates of the signer's company.

u. TSC Assessment Office personnel will examine the Bidder File and each of the TSC Assessment Tracking Sheets and determine whether any derogatory information exists regarding the bidder, the bidder's company, or any of the officers or affiliates of the bidder's company.

(1) If no derogatory information has been developed during the assessment process, the Investigative Analyst will grant the bidder a favorable assessment.

(a) If no derogatory information was developed during the assessment process, TSC Assessment Office personnel will enter a "C" in the "cleared" field in BMF to reflect the assessment.

(b) When processing of an assessment is completed, TSC Assessment Office personnel will note all checks completed and the results of those checks in the CBL. Information will be input regarding the bidder, and if the bidder represents a company, all officers and affiliates on whom checks were conducted.

(c) TSC Assessment Office personnel will prepare a Sales Referral and forward it to the DA, ID, regional manager with responsibility for the geographical area where the bidder resides. A Sales Referral is a copy of the EUC and attachments and is intended to advise the DA, ID, regional manager of the sale of USML or CCL property. The DA, ID, regional manager may initiate a Post Sale Investigation as a result of the Sales Referral at his or her discretion. A Post

Sale Investigation is investigative activity intended to determine whether the buyers of USML and CCL property have utilized the property in a proper manner and have not improperly exported the property.

(d) If an assessment has been granted based on the absence of derogatory information, no further processing will be conducted and TSC Assessment Office personnel will place the Bidder File in the office files.

(2) If any checks resulted in the development of derogatory information regarding the bidder, or if the bidder represents a company, any derogatory information regarding the company or any of its officers or affiliates, that information will be provided to the TSCAO lead for an evaluation. The TSC Assessment Office lead will make a determination whether the derogatory information is relevant to the TSC Assessment Process. Where there is any question at all whether the information is relevant, it will be considered relevant.

(a) The TSC Assessment Office lead will clear bidders on whom only non-relevant derogatory information was developed. For example, if someone has an arrest record for fishing without a license or for domestic assault, this would have no relevance to a TSC Assessment determination.

[1] When the TSCAO lead has determined that derogatory information developed during the assessment process is not relevant to a TSC Assessment Determination and granted the bidder assessment, the TSC Assessment Office lead will cause a "C" to be entered in the "cleared" field in BMF to reflect the assessment.

[2] When processing of an assessment is completed, TSC Assessment Office personnel will note all checks completed and the results of those checks in the CBL. Information will be input regarding the bidder, and if the bidder represents a company, all officers and affiliates on whom checks were conducted.

[3] In the event a favorable assessment has been granted based on the determination that any existing derogatory information is not relevant to the TSC Assessment process, TSC Assessment Office personnel will prepare a Sales Referral and forward it to the DA, ID, regional manager with responsibility for the geographical area where the bidder resides. A Sales Referral is a copy of the EUC and attachments and is intended to advise the DA, ID, regional manager of the sale of USML or CCL property. The DA, ID, regional manager may initiate a Post Sale Investigation as a result of the Sales Referral. A Post Sale Investigation is investigative activity intended to determine whether the buyers of USML and CCL property have utilized the property in a proper manner and have not improperly exported the property.

[4] If a favorable assessment has been granted based on the absence of relevant derogatory information, no further processing will be conducted and TSC Assessment Office personnel will place the Bidder File in the office files. Files will be arranged in the files by BIN.

v. The TSC Assessment Office lead will provide the Bidder Files containing relevant derogatory information regarding the bidder, the bidder's company, any company officers, or any affiliates

to the TSC Assessment Office Supervisor. The TSC Assessment Office Supervisor will review all relevant derogatory information regarding a bidder, the bidder's company, or any officers or affiliates of the bidder's company. The TSC Assessment Office Supervisor will determine whether the derogatory information warrants initiation of debarment procedures or whether the Assessment should be granted.

(1) If the TSC Assessment Office Supervisor determines it is appropriate to grant a TSC Assessment to a bidder on whom relevant derogatory information was developed, the TSC Assessment Supervisor will prepare a memorandum detailing the nature of the derogatory information.

(a) If the TSC Assessment Office Supervisor has determined that derogatory information exists but is insufficient to support a recommendation to debar the bidder, the TSC Assessment Office lead will be directed to grant TSC Assessment and will also be directed to make an Investigative Referral to the DA, ID, regional manager with responsibility for the geographical area where the bidder is located. The Investigative Referral will be comprised of the EUC and associated documents as well as a copy of the memorandum detailing the nature of the derogatory information. The Investigative Referral will constitute a strong recommendation that DA, ID, Investigators conduct a Post Sale Investigation to determine whether the recipient of USML and CCL property have utilized the property in a proper manner and have not improperly exported the property.

(b) When the TSC Assessment Office Supervisor has determined that derogatory information developed during the Assessment process is insufficient to recommend debarment of the bidder and granted the bidder Assessment, the TSC Assessment Office lead will cause a "C" to be entered in the "cleared" field in BMF to reflect the assessment. There will be no notification to DRMS or the contractor regarding the derogatory information developed.

(c) When processing of an assessment is completed, TSC Assessment Office personnel will note all checks completed and the results of those checks in the CBL. Information will be input regarding the bidder, and if the bidder represents a company, all officers and affiliates on whom checks were conducted.

(d) If a favorable assessment has been granted based on insufficient relevant derogatory information to recommend debarment, no further processing will be conducted and TSC Assessment Office personnel will place the Bidder File in the office files.

(2) If the TSC Assessment Office Supervisor determines it is not appropriate to grant a TSC Assessment to a bidder as a result of derogatory information, the TSC Assessment Office Supervisor will prepare a memorandum summarizing the derogatory information. The memorandum will be forwarded to the DLA Office of General Counsel with a recommendation that the bidder be debarred.

(a) If the DLA General Counsel debars the bidder, the assessment will be denied.

[1] If the DLA General Counsel debar the bidder, the bidder should be debarred in the EPLS. TSC Assessment Office personnel will check the EPLS and ensure the debarment has been entered before closing the Bidder File.

[2] When processing of an assessment is completed, TSC Assessment Office personnel will note all checks completed and the results of those checks in the CBL. Information will be input regarding the bidder, and, if the bidder represents a company, all officers and affiliates on whom checks were conducted.

[3] If a favorable assessment has been denied based on debarment, no further processing will be conducted and TSC Assessment Office personnel will place the Bidder File in the office files.

(3) If DLA General Counsel does not debar, then clear with reservations. If the DLA Office of General Counsel elects not to Debar the bidder, the TSC Assessment Office Supervisor will cause the bidder to be cleared.

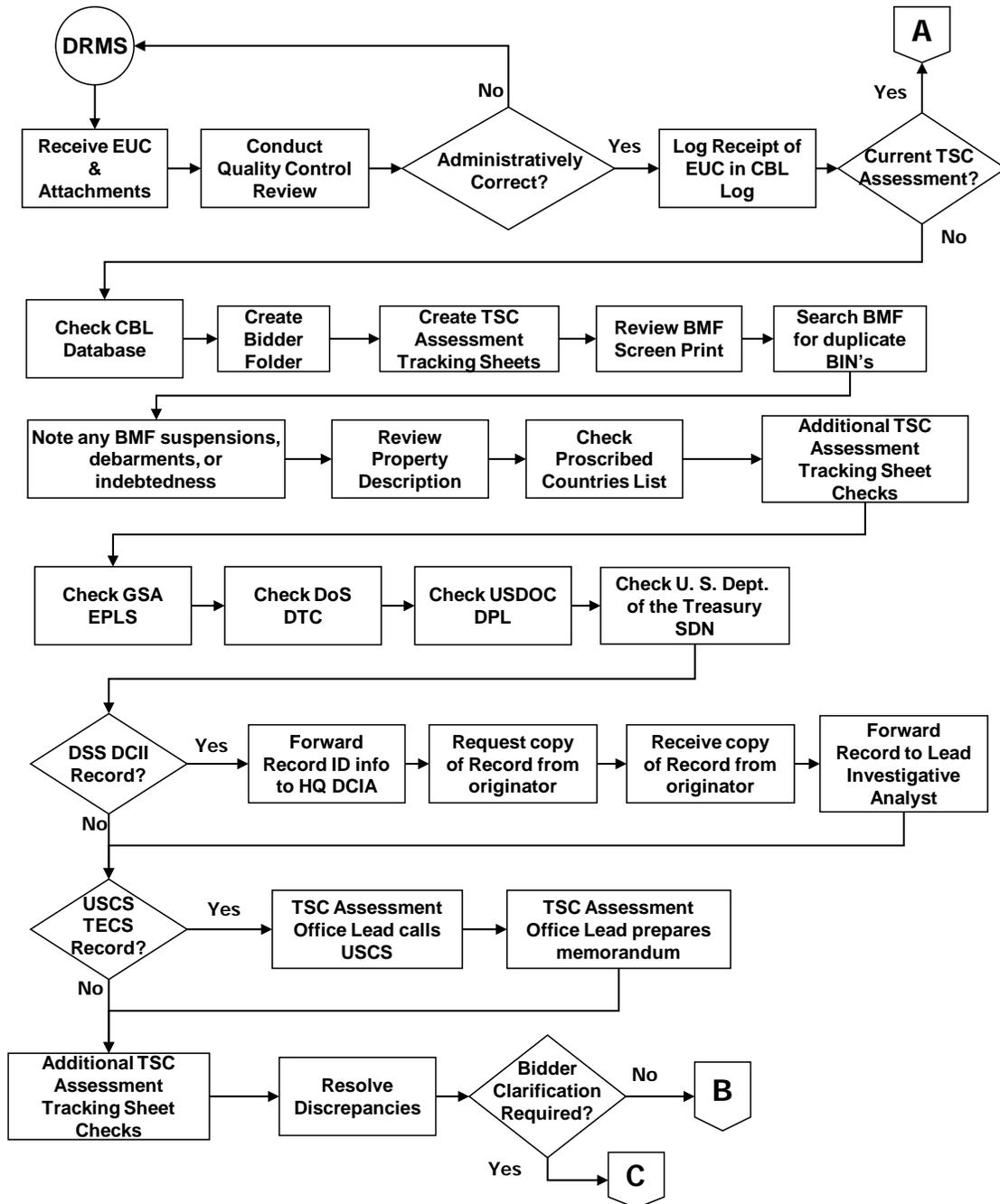
(a) If the DLA General Counsel has determined that the derogatory information that exists is insufficient to support debarment of the bidder, the TSC Assessment Office lead will grant TSC Assessment and will also make an Investigative Referral to the DA, ID, regional manager with responsibility for the geographical area where the bidder is located. The Investigative Referral will be comprised of the EUC and associated documents as well as a copy of the memorandum recommending debarment and the DLA General Counsel's decision. The Investigative Referral will constitute a strong recommendation that DA, ID, Investigators conduct a Post Sale Investigation is investigative activity to determine whether the recipient of USML and CCL property has utilized the property in a proper manner and has not improperly exported the property.

(b) When the DLA General Counsel has determined that derogatory information developed during the assessment process is insufficient to debar the bidder and the bidder has been granted a favorable assessment, the TSC Assessment Office lead will cause a "C" to be entered in the "cleared" field in BMF to reflect the favorable assessment. There will be no notification to DRMS or the contractor regarding the derogatory information developed.

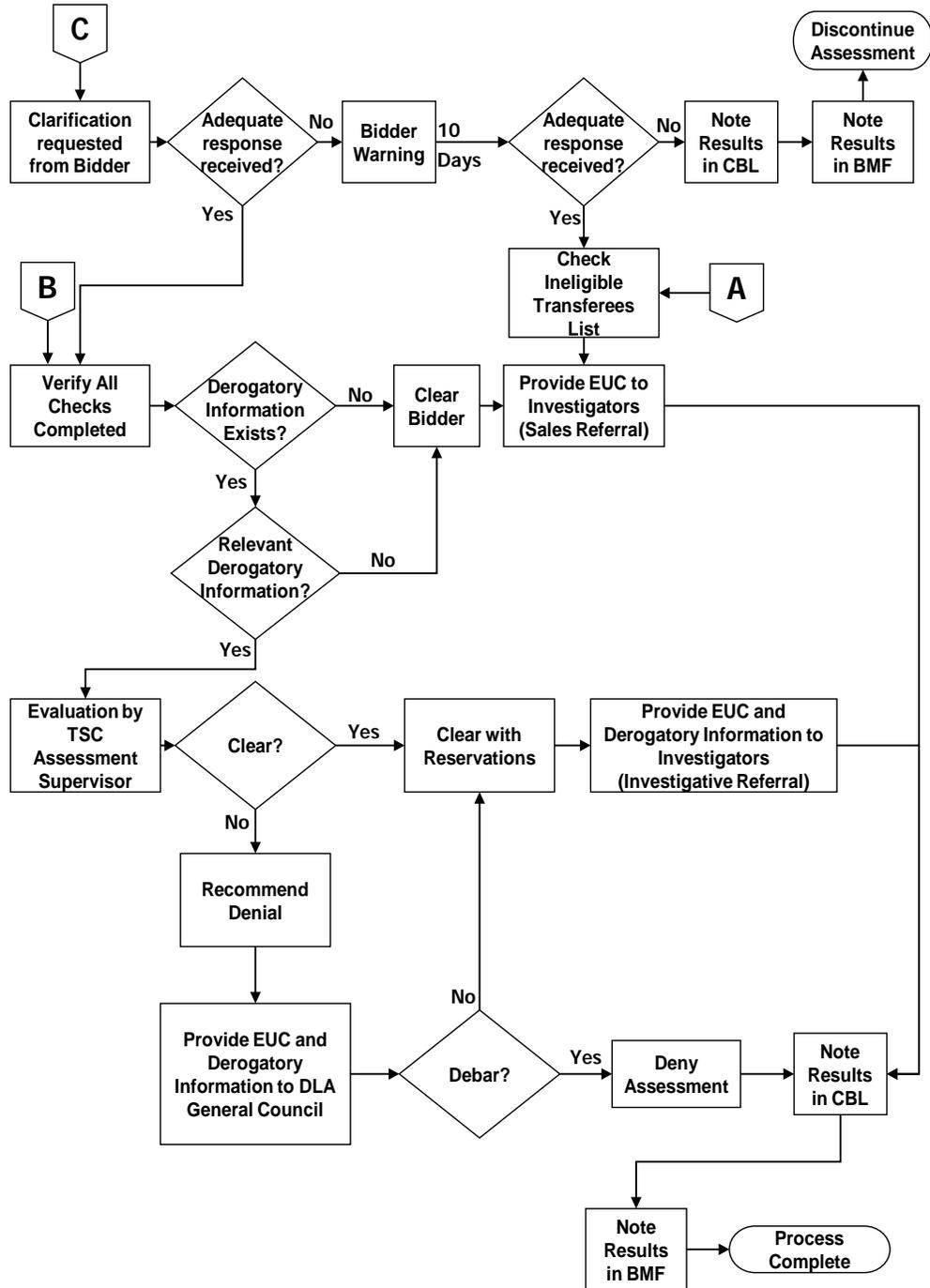
(c) When processing of an assessment is completed, TSC Assessment Office personnel will note all checks completed and the results of those checks in the CBL. Information will be input regarding the bidder, and if the bidder represents a company, all officers and affiliates on whom checks were conducted.

(d) If a favorable assessment has been granted based on a decision of the DLA General Counsel not to debar, no further processing will be conducted and TSC Assessment Office personnel will place the Bidder File in the office files.

Enclosure 3
TSC Assessment Process



Enclosure 3
TSC Assessment Process – Continued



Enclosure 4
Glossary

ALSB – Apparent List of Successful Bidders
BMF – Bidder Master File
CBL – Cleared Bidders List
CCL – Commerce Control List
DA – DLA Accountability Office
DPL – Denied Persons List
DRMS – Defense Reutilization and Marketing Service
DTC – Defense Trade Controls
EPLS – Excluded Parties List System
EUC – End Use Certificate
ID – Investigations Division
SDN – Specific Designated National List
TSC – Trade Security Controls
TSC – Trade Security Controls Assessment Office
USML – U.S. Munitions List