DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY REFER TO J-33
PROCLTR 02-13

JUL 2 6 2002

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Revised Defense Logistics Acquisition Directive (DLAD) Guidance on Management of Critical Safety Items (CSIs) (DLAD 11.302-90, 11.302-91, 11.304-90, 52.211-9006, 52.211-9007)

This PROCLTR provides revised DLAD guidance (Attachment 1) regarding the management of CSIs. The revised guidance addresses some of the issues that have been identified since the current guidance was implemented. Existing DLAD guidance was issued by PROCLTRs 01-19 and 01-20, dated December 5, 2001; and PROCLTR 02-07, dated April 3, 2002.

Numerous sources have advised that they will not accept incorporation of the Defense Logistics Agency (DLA) CSI clauses into their existing contracts. Also, many sources want to retain authority to approve spare parts and components with minor non-conformances, especially since they generally have this authority for the end item. However, Materiel Review Board (MRB) authority is currently withheld for all sources furnishing CSIs to DLA (see DLAD 52.211-9007). Contracting activities have been working with the Defense Supply Center Richmond (DSCR) Technical Oversight Office (TOO), HQ DLA, and the Navy to resolve these issues, but the issuance of awards and delivery orders to these sources has been significantly delayed in the interim. As a partial resolution, the Navy has waived the DLA CSI clauses for the sources identified in its e-mail messages dated May 8, 2002 and May 9, 2002 (Attachment 2). These waivers should be applied as follows:

a. Existing contracts that were awarded to sources identified in Attachment 2 may be used without issuing modifications to incorporate the DLA CSI clauses at DLAD 52.211-9005, 52.211-9006, and 52.211-9007.

b. New solicitations and awards must include all the DLA CSI clauses, as prescribed in DLAD 11.304-90(a)-(c). However, DLAD 52.211-9007 is revised so it does not apply to sources that have been granted a waiver. (The clause includes a reference to the DSCR Technical Oversight Office (TOO) web site at http://www.dscr.dla.mil/vg/CriticalPartReview.htm, where these sources will be identified.

c. Service basic ordering agreements (BOAs) may be used without issuing modifications to incorporate CSI clauses (see DLAD 11.304-90(d)(ii)).

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A list of sources that have been granted waivers will not be maintained in the DLAD. New guidance at DLAD 11.304-90(d)(i) authorizes the DSCR TOO to maintain and disseminate all information regarding exemptions and waivers granted from CSI policies and clauses. The TOO will post the information on their web site. Revised DLAD guidance will be issued when exemptions and waivers have general applicability.

To streamline development of the Quality Assurance Letter of Instruction (QALI), which is mandatory whenever award of a CSI is made to a dealer or distributor, new DLAD guidance revises the approval/referral requirements for offers of exact product by dealers/distributors to require a pre-award referral to Technical/Quality (DLAD 11.302-90(c)(i) and Note 4). The purpose of this referral is to give the Quality Assurance Specialist (QAS) an opportunity to conduct a pre-award review of the traceability documentation on which the QALI will be based.

This PROCLTR also makes an editorial revision to the clause at DLAD 52.211-9006, clarifying that information provided by contractors pursuant to that clause should be furnished to the administrative contracting officer (ACO), not the contracting officer.

A forthcoming PROCLTR will address an issue related to long-term contracts awarded to dealers/distributors. We anticipate being able to permit review of traceability documentation at time of Government source inspection, instead of prior to award. This will allow delivery orders against these contracts to continue being issued electronically.

Critical safety items are identified in our automated systems by Special Procedures Category (SPC) Codes. J-334 will revise the SPC tables, so that when an item has been identified as a critical safety item, guidance in the "Acquisition Requirement," "Technical Requirement," and "Quality Requirement" will be consistent with this PROCLTR.

This PROCLTR is effective immediately and remains in effect until incorporated into the DLAD. The point of contact for this PROCLTR is Ms. Anne Burleigh, J-336, at (703) 767-1358, DSN 427-1358 or e-mail anne_burleigh@hq.dla.mil.

CLAUDIA S. KNOTT
Executive Director
Acquisition, Technical and Supply

Attachments

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PART 11

DESCRIBING AGENCY NEEDS

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SUBPART 11.3 - ACCEPTABLE MATERIAL

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11.302-90 Use of approved sources.

(a)-(b) * * *

(c) Pre-award approval/referral requirements. (i) Contracting officers must acquire the item cited in the AID (i.e., an exact product) from the source(s) cited in the AID (i.e., an approved source); unless an exception is authorized in agency policy, or pre-award approval has been obtained from the technical/quality specialist. DLA policy is outlined in the table below. The table specifies when the contracting officer may proceed with the current award; or when the contracting officer is required, prior to award, to refer the offer to the technical/quality specialist and the ESA, and/or obtain approval of the award at one level above the contracting officer. Even when not required, contracting officers are responsible for obtaining technical, legal, or other advice whenever needed; therefore, contracting officers always have the discretion to go to the technical/quality specialist, the Office of Counsel, or other appropriate experts. (See 11.302-91 for additional procedures that apply to NSNs identified as CSIs.)

TYPE OF OFFER	CRITICALITY OF ITEM	CONTRACTING OFFICER (CO) CAN AWARD?	REQUIRES REFERRAL TO TECH/QUAL.?	REQUIRES APPROVAL FROM ESA?	AWARD REQUIRES APPROVAL ONE LEVEL ABOVE CO?
Approved Source Cited in AID Offering "Exact Product" Cited in AID	Noncritical or CIC Blank	Yes	No	No	No
	CAI	Yes	No	No	No
	CSI	Yes	No	No	Yes (Note 1)
Dealer/Distrib. (Nonmanufacturer) 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 cited in the AID is offering an exact product cited in the AID.

Note 2 Contracting officers may obtain traceability documentation prior to award; or may require suppliers to retain documentation and provide it for review at time of Government source inspection, if applicable (see 11.302-91(a)(11)) or during random or directed post-award audits.
Note 3 Contracting officers must obtain traceability documentation prior to award.
Note 4 ***Quality assurance specialist (QAS) must conduct pre-award review of traceability documentation on which quality assurance letter of instruction (QALI) will be based.*** Referral to ***QAS*** is mandatory after award to ***finalize*** QALI. (See 11.302-91(a)(11).)
Note 5 Contracting officers must obtain traceability documentation and refer offer to technical/quality specialist prior to award.
Note 6 Technical/quality specialists must follow J-334 Deskbook and local procedures to determine if ESA referral is required.

(c)(ii) * * *

11.302-91 * * *

(a) * * *

(1)-(10) * * *

(11) When award is made, notify the quality assurance specialist (QAS), who will determine if a quality assurance letter of instruction (QALI) is required. If award was made to a dealer/distributor, a QALI is mandatory***; the QAS must have conducted a pre-award review of traceability documentation in accordance with the approval/review requirements at 11.302-90(c)(i) and Note 4.*** Advise the QAS what the QALI for a dealer/distributor should include, as follows:

(i)-(ii) * * *

(12)-(16) * * *

(b) * * *

* * * * *

11.304-90 Solicitation provision and contract clauses for critical safety items (CSIs).

(a) Insert the clause at 52.211-9005, Conditions for Evaluation and Acceptance of Offers for Critical Safety Items, in all solicitations and awards for critical safety items***; unless a waiver or exemption applies (see 11.304-90(d)).***

(b) Insert the clause at 52.211-9006, Changes in Contractor Status, Item Acquired, And/Or Manufacturing Process/Facility -- Critical Safety Items, in all solicitations and awards for critical safety items***; unless a waiver or exemption applies (see 11.304-90(d)).***

(c) Insert the clause at 52.211-9007, Withholding of Materiel Review Board (MRB) Authority -- Critical Safety Items, in all solicitations and awards for critical safety items***; unless a waiver or exemption applies (see 11.304-90(d)).***

(d) Waivers and exemptions to CSI policies and clauses.

(i) The DSCR Technical Oversight Office (TOO) is authorized to maintain and disseminate all information regarding exemptions/waivers from CSI policies and clauses. The TOO will maintain this information and provide electronic access on their Web site at http://www.dscr.dla.mil/vg/CriticalPartReview.htm.

(ii) Service basic ordering agreements (BOAs) may be used without issuing modifications to incorporate the DLA CSI clauses (DLAD 52.211-9005, 52.211-9006, and 52.211-9007).

11.304-91 * * *

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PART 52

SOLICITATION PROVISIONS AND CONTRACT CLAUSES

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SUBPART 52.2 - TEXTS OF PROVISIONS AND CLAUSES

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52.211-9006 Changes in contractor status, item acquired, and/or manufacturing process/facility - critical safety items.

As prescribed in 11.304-90(b), insert the following clause:

CHANGES IN CONTRACTOR STATUS, ITEM ACQUIRED, AND/OR MANUFACTURING PROCESS/FACILITY -- CRITICAL SAFETY ITEMS (***[month when PROCLTR issued]*** 200***2***) - DLAD

(a) If any changes occur in the Contractor's business status or relationship with the approved source(s) after award of this contract (such as, for example, inability to obtain manufacturing process information; or changes in status as authorized dealer/distributor, or in terms of licensing arrangement), the Contractor shall immediately provide notification and documentation of the changes to the ***Administrative*** Contracting Officer ***(ACO)***.

(b) The Contractor shall immediately provide to the ***Administrative*** Contracting Officer ***(ACO)*** notification (and documentation, if available) of any of the following changes the Contractor becomes aware of:

(1)-(4) * * *

(End of clause)

52.211-9007 Withholding of Materiel Review Board (MRB) authority.

As prescribed in 11.304-90(c), insert the following clause:

WITHHOLDING OF MATERIEL REVIEW BOARD (MRB) AUTHORITY -- CRITICAL SAFETY ITEMS (***[month when PROCLTR issued]*** 200***2***) -- DLAD

The item being acquired is a critical safety item. Notwithstanding any other term or condition included in this contract/agreement, Materiel Review Board (MRB) authority is hereby withheld. ***(This clause does not apply to sources that have explicit authority to retain MRB authority, which are identified on the DSCR Technical Oversight Office (TOO) Web site at http://www.dscr.dla.mil/vg/CriticalPartReview.htm.)***

(End of clause)

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-----Original Message-----
From: Auger, Ed P [mailto:AugerEP@navair.navy.mil]
Sent: Thursday, May 09, 2002 1:18 PM
To: 'Small, Karron E.'
Cc: Allan, Jeff S
Subject: RE: NAVAIR CSI MRB Waiver for Primes

Karron,

I closed the loop on this with our propulsion folks (Charles Huffman). Hamilton Sundstrand (73030) - Windsor Locks, CT can also be added to the list. Thanks for bringing this omission to my attention.
V/R, Ed

-----Original Message-----
From: Auger, Ed P [mailto:AugerEP@navair.navy.mil <mailto:AugerEP@navair.navy.mil>]
Sent: Wednesday, May 08, 2002 5:51 PM
To: 'Small, Karron E.'
Cc: 'Finkel, William (HQ DLA)'; Allan, Jeff S; 'Jerry Gruden'
Subject: NAVAIR MRB Waiver for Primes

Karron,

NAVAIR has agreed to allow the following list of cage codes/companies to locally disposition minor nonconformances on Critical Safety Items in accordance with the Government-approved QA and Material Review Board (MRB) processes for these types of items. An alphabetical listing follows, with CAGE code preceding the name.

80249	BAE SYSTEMS AEROSPACE INC
07690	BAE SYSTEMS AIRCRAFT CONTROLS INC
63760	BAE SYSTEMS CONTROLS INC
94117	BAE SYSTEMS INFORMATION &
U9143	BAE SYSTEMS OPERATIONS LTD
97499	BELL HELICOPTER TEXTRON INC
82918	BOEING
43999	BOEING
22907	BOEING
77272	BOEING
81205	BOEING
K0289	BRITISH AEROSPACE PLC
U1602	BRITISH AEROSPACE PLC
14798	DEUTSCH METAL COMPONENTS
10412	DOWTY
93366	DOWTY
05606	GENERAL DYNAMICS ARMAMENT SYSTEMS
24446	GENERAL ELECTRIC
01288	GENERAL ELECTRIC
07482	GENERAL ELECTRIC
99207	GENERAL ELECTRIC
30221	GENERAL ELECTRIC
97153	GOODRICH B F CO THE
13002	GOODRICH B F LANDING GEAR DIV
73842	GOODYEAR TIRE & RUBBER CO THE
55820	HAMILTON SUNDSTRAND CORP
99167	HAMILTON SUNDSTRAND CORP
02LU7	HONEYWELL
64547	HONEYWELL
97896	HONEYWELL
06848	HONEYWELL

70210	HONEYWELL
99193	HONEYWELL
55284	HONEYWELL
59364	HONEYWELL
82577	HUGHES AIRCRAFT CO
84955	KAMAN AEROSPACE CORP
03538	LOCKHEED
03640	LOCKHEED
04939	LOCKHEED
09205	LOCKHEED
25500	LOCKHEED
38597	LOCKHEED
49671	LOCKHEED
87557	LOCKHEED
92685	LOCKHEED
94271	LOCKHEED
36659	LOCKHEED
57378	LOCKHEED
0A489	LOCKHEED
81413	LOCKHEED
98897	LOCKHEED
80070	LOCKHEED
76005	LORD CORP
19133	MCDONNELL
88277	MCDONNELL DOUGLAS
76301	MCDONNELL DOUGLAS
18355	MCDONNELL DOUGLAS
88314	MCDONNELL DOUGLAS
35962	MESSIER-DOWTY
K0654	MESSIER-DOWTY
76823	NORTHROP
78022	NORTHROP
77646	NORTHROP GRUMMAN
80378	NORTHROP GRUMMAN
88932	NORTHROP GRUMMAN
97942	NORTHROP GRUMMAN
26512	NORTHROP GRUMMAN
95542	NORTHROP GRUMMAN
15152	PURDY CORP
3B150	RAYTHEON SERVICE CO
55267	RAYTHEON SYSTEMS CO
96214	RAYTHEON SYSTEMS CO
78286	SIKORSKY AIRCRAFT CORP
77445	UNITED TECHNOLOGIES CORP
61858	UNITED TECHNOLOGY CORP
03966	ZURN INDUSTRIES INC
79530	ZURN INDUSTRIES INC

Hopefully this will alleviate much of the remaining -9007 clause issues that

have been highlighted over the past weeks and will allow product to begin flowing again from the Primes. Thanks.

V/R, Ed
AIR-4.1C
301-342-7073