



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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FT. BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

MMP
PROCLTR 97- 28

SEP 22 1997

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Contract Quality Requirements

The purpose of this PROCLTR is to provide further guidance and explanation of policy contained in PROCLTR 96-44, dated November 14, 1996, which is hereby superseded. There has been concern that our vendor base may be adversely impacted by that policy due to an inability to meet the requirement for providing a commercial quality system or process control system that is equivalent to or better than the International Organization for Standardization (ISO) 9000.

The Secretary of Defense's memorandum of June 29, 1994 (Attachment 1), directs "the Secretaries of the Military Departments and the Directors of Defense Agencies to reduce direct Government oversight by substituting process controls and non-government standards in place of development and/or production testing and inspection and military-unique quality assurance systems." This provides the policy to transition from military and Federal specifications and standards to those established and used in the private sector. Performance and commercial specifications and standards should be used wherever possible.

The traditional statements of higher-level quality requirements in Defense Logistics Agency (DLA) procurements have been MIL-Q-9858 or MIL-I-45208. These standards incorporated the traditional, detection-oriented Government approach to product quality (e.g., in-process/end item test and inspection). The DLA procurement policy specifies that use of higher-level quality and inspection requirements is determined by contracting personnel in consultation with local quality assurance personnel (see DLAD 46.103(b)). When higher-level quality requirements apply, contractors are to specify their preferred documented quality system in accordance with ISO/American National Standards Institute/American Society for Quality Control (ISO/ANSI/ASQC) standards, a system that meets other recognized industry standards, or a process control system that is equivalent to or better than the ISO 9000 standard (see DLAD 52.246-9001). If a contractor proposes an alternative (i.e., non-standard) system, the contracting officer may assume that the vendor's proposed alternative system is equal to or better than ISO 9000, unless otherwise stated. Contracting officers should give contractors the opportunity to use their own quality systems whenever they meet the Government's requirements. The contracting officer shall recognize such systems, whether they are modeled on military, commercial, national, or international quality system standards. The intent is to improve process capability, process control and product quality, and to lower cost through a single quality system in any contractor facility. The Defense Contract Management Command (DCMC) shall be relied upon to evaluate any contractor proposed system. DCMC will use the ISO/ANSI/ASQC 9000 series standards as the basic framework against which it will evaluate quality systems. DCMC must assure that a contractor's quality system complies with the contract requirements (refer to DCMC Memo No. 96-73, dated November 18, 1996, Attachment 2).

The quality-oriented ISO standards are described as follows:

ISO 9001 - "Quality system - model for quality assurance in design, development, production, installation and servicing." ISO 9001 applies in situations when: (a) design is required and the product requirements are stated principally in performance terms, or they need to be established, and (b) confidence in product conformance can be attained by adequate demonstration of a supplier's capabilities in design, development, production, installation, and servicing.

ISO 9002 - "Quality system - model for quality assurance production, installation, and services." ISO 9002 applies when: (a) the specified requirements for products are stated in terms of an established design or specification, and (b) confidence in product conformance can be attained by adequate demonstration of suppliers' capabilities in production, installation, and servicing.

ISO 9003 - "Quality system - model for quality assurance in final inspection and test."

These standards and their equivalents are the most commonly used commercial quality and inspection standards in the world. Collectively the standards are recognized as "ISO 9000." The ANSI/ASQC standards Q9001, Q9002, Q9003 are considered equivalent to ISO 9001, ISO 9002, ISO 9003, respectively.

The commercial sector has devised the system of registrar certification to administer the ISO 9000 series standards. This certification consists of a thorough review and audit of the ISO 9000-based quality system followed by periodic surveys to ensure continued compliance. Third party certification is not required and shall not be required in our contracts. However, contractors may provide certification information as evidence to support the system they propose.

The contracting officer should ensure that only the minimum essential quality requirements are cited in solicitations and contracts. If previous experience indicates that good quality items have been provided in the past, consideration should be given to reducing the requirement from higher-level contract quality and inspection to the Standard Inspection Requirement (see FAR 46.203-3). If systems, modeled after the former MIL-I-45208A were adequate for meeting the quality and inspection needs, they may now be acceptable as adequate under the Standard Inspection Requirements. If the contracting officer possesses previous satisfactory procurement history, and anticipates receiving fully acceptable supplies under an instant acquisition without specifying higher-level quality requirements, then the use of the Standard Inspection Requirements is appropriate, instead of higher-level quality requirements.

For individual procurements, the contracting officer in consultation with the quality assurance specialist, may make a determination to reduce the requirements of ISO 9001 or 9002 to a level sufficient to meet the contract requirements in order to avoid imposing excessive requirements on the contractor. Tailoring the requirements may be appropriate when: soliciting for items that were previously satisfied with MIL-I-45208A and MIL-Q-9858 standards and higher-level quality is not required; there is evidence that no responses will be received for solicitations that require ISO 9000 or equivalent; or a solicitation is released with the requirement and no responses are received. However, specifying that the process control requirement of ISO 9001 or 9002 or other industry standards is

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inapplicable in any procurement should be carefully weighed, since the intent of eliminating MIL-I-45208A and MIL-Q-9858 was to substitute process controls and non-government standards in place of military-unique quality assurance systems. ISO 9000 standards are based on process controls which, when used effectively, can result in a prevention-oriented approach rather than a detection approach.

Under the Single Process Initiative concept, contractors may be allowed to use their existing quality systems (including those based on military standards or specifications) once it has been established that those systems meet the Government's requirements. However, if a contractor's system is based on military standards and specifications (e.g., the previously recognized MIL-I-45208 or MIL-Q-9858), the contractor is responsible for the systems administration and equivalency with ISO/ANSI/ASQC.

This PROCLTR revises DLAD subpart 46.2 - Contract Quality Requirements, 46.202-3(b) and clauses 52.246-9001, Manufacturing Process Controls and In-Process Inspections, 52.246-9003, Measuring and Test Equipment, 52.246-9004, Product Verification and Testing as indicated by the bolded text in Attachment 3.

Given the concerns with implementing the requirements of the canceled PROCLTR 96-44, we are extending the implementation period for an additional 90 days from the issuance of this PROCLTR. During this time, we recommend that you inform your vendor base of the policy changes in this PROCLTR and advise them of your implementation date.

This PROCLTR expires upon implementation of the attached coverage in the DLAD or, in any event no later than one year from its issue date. The point of contact is Ms. Diana Maykowskyj, (703)767-1364 or DSN 427-1364. Ms. Maykowskyj's e-mail address is: diana_maykowskyj@hq.dla.mil.

Attachments



ROBERT L. MOLINO
Executive Director
(Procurement)



THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301

29 JUN 1994

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMPTROLLER
ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL,
COMMUNICATIONS, AND INTELLIGENCE)
GENERAL COUNSEL
INSPECTOR GENERAL
DIRECTOR OF OPERATIONAL TEST AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES
COMMANDER-IN-CHIEF, U.S. SPECIAL OPERATIONS COMMAND

SUBJECT: Specifications & Standards – A New Way of Doing Business

To meet future needs, the Department of Defense must increase access to commercial state-of-the-art technology and must facilitate the adoption by its suppliers of business processes characteristic of world class suppliers. In addition, integration of commercial and military development and manufacturing facilitates the development of dual-use processes and products and contributes to an expanded industrial base that is capable of meeting defense needs at lower costs.

I have repeatedly stated that moving to greater use of performance and commercial specifications and standards is one of the most important actions that DoD must take to ensure we are able to meet our military, economic, and policy objectives in the future. Moreover, the Vice President's National Performance Review recommends that agencies avoid government-unique requirements and rely more on the commercial marketplace.

To accomplish this objective, the Deputy Under Secretary of Defense (Acquisition Reform) chartered a Process Action Team to develop a strategy and a specific plan of action to decrease reliance, to the maximum extent practicable, on military specifications and standards. The Process Action Team report, "Blueprint for Change," identifies the tasks necessary to achieve this objective. I wholeheartedly accept the Team's report and approve the report's primary recommendation to use performance and commercial specifications and standards in lieu of military specifications and standards, unless no practical alternative exists to meet the user's needs. I also accept the report of the Industry Review Panel on Specifications and Standards and direct the Under Secretary of Defense (Acquisition and Technology) to appropriately implement the Panel's recommendations.

I direct the addressees to take immediate action to implement the Team's recommendations and assign the Under Secretary of Defense (Acquisition and Technology) overall implementation responsibility. I direct the Under Secretary of Defense (Acquisition and Technology) to immediately arrange for reprogramming the funds needed in FY94 and FY95 to efficiently implement the recommendations. I direct the Secretaries of the Military Departments and the Directors of the Defense Agencies to program funding for FY96 and beyond in accordance with the Defense Planning Guidance.

Attach 2

Policy Changes

Listed below are a number of the most critical changes to current policy that are needed to implement the Process Action Team's recommendations. These changes are effective immediately. However, it is not my intent to disrupt on-going solicitations or contract negotiations. Therefore, the Component Acquisition Executive (as defined in Part 15 of DoD Instruction 5000.2), or a designee, may waive the implementation of these changes for on-going solicitations or contracts during the next 180 days following the date of this memorandum. The Under Secretary of Defense (Acquisition and Technology) shall implement these policy changes in DoD Instruction 5000.2, the Defense Federal Acquisition Regulation Supplement (DFARS), and any other instructions, manuals, regulations, or policy documents, as appropriate.

Military Specifications and Standards: Performance specifications shall be used with purchasing new systems, major modifications, upgrades to current systems, and new developmental and commercial items, for programs in any acquisition category. It is not practicable to use performance specifications, or non-governmental standards, shall be used. Since there will be cases when military specifications are needed to define an exact design solution precisely there is no acceptable non-governmental standard or because the use of a performance specification or non-governmental standard is not cost-effective, the use of military specifications and standards is authorized as a last resort, with an appropriate waiver.

Waivers for the use of military specifications and standards must be approved by the Milestone Decision Authority (as defined in Part 2 of DoD Instruction 5000.2). In the case of acquisition category I D programs, waivers may be granted by the Component Acquisition Executive, or a designee. The Director, Naval Nuclear Propulsion shall determine the specifications and standards to be used for naval nuclear propulsion plants in accordance with Pub. L. 98-525 (42 U.S.C. §7158 note).² Waivers for procurement of items already in the inventory are not required. Waivers may be made on a lot or item basis for a period of time not to exceed two years.

Innovative Contract Management: The Under Secretary of Defense (Acquisition and Technology) shall develop, within 60 days of the date of this memorandum, Defense Federal Acquisition Regulation Supplement (DFARS) language to encourage contractors to propose non-governmental standards and industry-wide practices that meet the intent of the military specifications and standards. The Under Secretary will make this language effective 180 days after the date of this memorandum. This language will be developed for inclusion in both requests for proposal and in on-going contracts. These standards and practices shall be considered as alternatives to these military specifications and standards only on all new contracts expected to have a value of \$100,000 or more, and existing contracts of \$500,000 or more having a substantial contract effort remaining to be performed.

Pending completion of the language, I encourage the Secretaries of the Military Departments and the Directors of the Defense Agencies to exercise their existing authority to use solicitation and contract clause language such as the language proposed in the Process Action Team's report. Government contracting officers shall expedite the processing of proposed alternatives to military specifications and standards and are encouraged to use the Value Engineering no-cost settlement method (permitted by FAR 48.104-3) in existing contracts.

Program Use of Specifications and Standards: Use of specifications and standards listed in DoD Instruction 5000.2 is not mandatory for Program Managers. These specifications and standards are tools available to the Program Manager, who shall view them as guidance, as stated in Section 6-Q of DoD Instruction 5000.2.

Tiering of Specifications and Standards: During production, those system specifications, subsystem specifications and equipment/product specifications (through and including the first-tier references in the equipment/product specifications) cited in the contract shall be mandatory for use. Lower tier references will be for guidance only, and will not be contractually binding unless they are directly cited in the contract. Specifications and standards listed on engineering drawings are to be considered as first-tier references. Approval of exceptions to this policy may only be made by the Head of the Departmental or Agency Standards Improvement Office and the Director, Naval Nuclear Propulsion for specifications and drawings used in nuclear propulsion plants in accordance with Pub. L. 98-525 (42 U.S.C. §7158 Note).

New Directions

Management and Manufacturing Specifications and Standards: Program Managers shall use management and manufacturing specifications and standards for guidance only. The Under Secretary of Defense (Acquisition and Technology) shall develop a plan for canceling these specifications and standards, inactivating them for new designs; transferring the specifications and standards to non-government standards; converting them to performance-based specifications, or justifying their retention as military specifications and standards. The plan shall begin with the ten management and manufacturing standards identified in the Report of the Industry Review Panel on Specifications and Standards and shall require completion of the appropriate action, to the maximum extent practicable, within two years.

Configuration Control: To the extent practicable, the Government should maintain configuration control of the functional and performance requirements only, giving contractors responsibility for the detailed design.

Obsolete Specifications: The "Department of Defense Index of Specifications and Standards" and the "Acquisition Management System and Data Requirements Control List" contain outdated military specifications and standards and data requirements that should not be used for new development efforts. The Under Secretary of Defense (Acquisition and Technology) shall develop a procedure for identifying and removing these obsolete requirements.

Use of Non-Government Standards: I encourage the Under Secretary of Defense (Acquisition and Technology) to form partnerships with industry associations to develop non-government standards for replacement of military standards where practicable. The Under Secretary shall adopt and list in the "Department of Defense Index of Specifications and Standards" (DODISS) non-government standards currently being used by DoD. The Under Secretary shall also establish teams to review the federal supply classes and standardization areas to identify candidates for conversion or replacement.

Reducing Oversight: I expect the Secretaries of the Military Departments and the Directors of the Defense Agencies to reduce direct Government oversight by substituting process controls

~~adoption government standards in place of development and/or production testing and incorporation into the procurement process.~~

Cultural Changes

Challenge Acquisition Requirements: Program Managers and acquisition decision makers at all levels ~~shall challenge requirements~~ because the problem of unique military systems does not begin with the standards. The problem is rooted in the requirements determination phase of the acquisition cycle.

Enhance Pollution Controls: The Secretaries of the Military Departments and the Directors of the Defense Agencies shall establish and execute an aggressive program to identify and reduce or eliminate toxic pollutants procured or generated through the use of specifications and standards.

Education and Training: The Under Secretary of Defense (Acquisition and Technology) shall ensure that training and education programs throughout the Department are revised to incorporate specifications and standards reform.

Program Reviews: Milestone Decision Authority (MDA) review of programs at all levels shall include consideration of the extent streamlining, both in the contract and in the oversight process, is being pursued. The MDA (i.e., the Component Acquisition Executive or his/her designee, for all but ACAT 1D programs) will be responsible for ensuring that progress is being made with respect to programs under his/her cognizance.

Standards Improvement Executives: The Under Secretary, the Secretaries of the Military Departments, and the Director of the Defense Logistics Agency shall appoint Standards Improvement Executives within 30 days. The Standards Improvement Executives shall assume the responsibilities of the current Standardization Executives, support those carrying out acquisition reform, direct implementation of the military specifications and standards reform program, and participate on the Defense Standards Improvement Council. The Defense Standards Improvement Council shall be the primary coordinating body for the specification and standards program within the Department of Defense and shall report directly to the Assistant Secretary of Defense (Economic Security). The Council shall coordinate with the Deputy Under Secretary of Defense (Acquisition Reform) regarding specification and standards reform matters, and shall provide periodic progress reports to the Acquisition Reform Senior Steering Group, who will monitor overall implementation progress.

Management Commitment

This Process Action Team tackled one of the most difficult issues we will face in reforming the acquisition process. I would like to commend the team, composed of representatives from all of the Military Departments and appropriate Defense Agencies, and its leader, Mr. Darold Griffin, for a job well done. In addition, I would like to thank the Army, and in particular, Army Materiel Command, for its administrative support of the team. ...

The Process Action Team's report and the policies contained in this memorandum are not a total solution to the problems inherent in the use of military specifications and standards; however, they are a solid beginning that will increase the use of performance and commercial

specifications and standards. Your leadership and good judgment will be critical to successful implementation of this reform. I encourage you and your leadership teams to be active participants in establishing the environment essential for implementing this cultural change.

This memorandum is intended only to improve the internal management of the Department of Defense and does not create any right or benefit, substantive or procedural, enforceable at law or equity by a party against the Department of Defense or its officers and employees.

William J. Perry



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
6725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

NOV 18 1996

REPLY
REFER TO AQOG

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS

SUBJECT: DCMC Memorandum No. 96-73, Quality Systems Evaluations (POLICY)

This is a POLICY memorandum. The policy herein will be incorporated in the "One Book". This memorandum expires one year from issue date, unless sooner rescinded or superseded. The October 26, 1995 memorandum, subject: DCMC Assessments of ISO 9000/ANSI/ASQC Q9000 Commercial Quality System Standards at Contractors with DoD Contracts, is hereby superseded. Target Audience: DCMC personnel evaluating contractor quality systems.

DoD's transition to commercial standards continues. New contracts are more frequently specifying commercial quality systems standards (e.g., the ISO 9000 series). Single Process Initiative data indicates that contractors transition from military to commercial quality system standards faster than all other types of standards. Our policy for evaluating proposed and existing commercial quality systems must be logical, effective, and efficient. DCMC quality system audits, when necessary to evaluate a contractor quality system, should be carefully tailored to examine only those quality system elements directed by the customer, and/or those elements where existing data does not provide confidence. DCMC will continue using the ISO/ANSI/ASQC 9000 series standards as a basic framework against which we evaluate quality systems. Revised policy is attached that more clearly requires DCMC personnel to evaluate contractor quality systems, and to rely on existing credible data, when available, in lieu of auditing. It also defines qualifications for DCMC auditors and addresses other areas of concern.

The DCMC Audit Checklist (Rev A, October 10, 1995) that was attached to the October 26, 1995 policy letter will continue to be used. That document will be controlled by AQOG, and be redistributed if/when changes are made.

Should you have any questions on this issue, please contact the Product & Manufacturing Assurance Team, (AQOG), Mr. Dick Kane at (703) 767-2408 or DSN 427-2408, or Mr. Maurice Poulin, (703) 767-2395 or DSN 427-2395.

ROBERT W. DREWES
Major General, USAF
Commander

Attachment

Attachment 2

Quality System Evaluation

Concept: The contractor is responsible for maintaining a quality system that complies with contract requirements, and DCMC must assure that contractor quality systems comply with contract requirements. Contractors may offer pre-existing evidence of compliance:

- First-party data: Contractors audit their own systems and share those audit reports as evidence of compliance.
- Second-party data: Customers audit contractor quality systems and contractors chose to share those audit reports as evidence of compliance.
- Third party data: An independent auditor or an industry consensus group audits contractor quality systems and contractors chose to provide these audit reports as evidence of compliance.
- Other: Some contractors offer combinations of the above.

DCMC personnel shall evaluate contractor quality systems for compliance with contract requirements, using existing data (e.g., audit reports) from credible first, second, or third party audits. Sample verifications or confidence in the auditing process may be used to establish the credibility of audits conducted by others. DCMC must audit when:

- existing audit data is unavailable or inadequate to establish confidence
- directed by the customer
- contractor performance (e.g., unsatisfactory process data, CARs, PQDRs, other problems) indicates element(s) of the quality system are not in compliance with contract requirements
- the quality system has been substantially changed.

DCMC quality system audits shall be limited to the specific portions of the quality system identified for review by the customer, or the portion of the system where confidence in compliance is lacking. Unless directed by the customer, DCMC shall not initiate audits when the assigned specialists find existing data sufficient to establish confidence in the contractor quality system.

Qualifications: DCMC personnel evaluating or auditing contractor quality systems shall as a minimum be Level II certified in the Defense Acquisition Workforce Improvement Act (DAWIA) *Manufacturing and Quality Assurance* career field, and meet ISO 10011-2, *Guidelines for Auditing Quality Systems - Part II: Qualification Criteria for Quality Systems Auditors*. ISO 10011-2 outlines qualifications for both auditors and lead auditors.

1. **Auditors:** The audit experience requirement (4 audits, at least 20 days) shall be considered fulfilled for individuals possessing 6 months continuous experience surveilling contractor systems, processes and product characteristics. ISO 10011-2, Annex A, *Evaluating Auditor Candidates*, shall not be used to evaluate the qualifications of auditor candidates or to maintain the competence of auditors by periodic review by an evaluation panel. Auditors shall evaluate contractor quality systems and decide if a formal audit is necessary

2. **Lead Auditors:** When formal audits are considered necessary, they will be led by DCMC lead auditors, to ensure that the audits are conducted in accordance with accepted commercial practices and protocols. The lead auditor experience requirement (3 complete audits) shall be considered fulfilled for individuals possessing 5 years continuous experience

surveilling or managing the surveillance of contractor systems, processes and product characteristics.

The need for supplemental training for individual auditors and lead auditors, as well as the necessary number of lead auditors, is left to the discretion of the CAO.

Planning and Execution: All DCMC evaluations and audits of contractor quality systems shall be performed using the International Organization for Standardization (ISO) American National Standards Institute (ANSI) American Society for Quality Control (ASQC) 9000 series quality system models. DCMC personnel shall invite customer participation in audits of contractor quality systems. The current version of the DCMC *Audit Checklist*, controlled by HQ DCMC (AQOG) shall guide audit performance. ISO 9000-2, *Quality Management and Quality Assurance Standards - Part 2: Generic Guidelines for the Application of ISO 9001, ISO 9002, and ISO 9003*, is a source document that may be used for reference purposes. If the contract specifies different or additional quality system requirements, the audits shall be tailored to ensure that the scope of the audit is adequate and does not exceed the contract requirements.

Documentation: DCMC personnel shall record the results of quality system evaluations and audits. When formal audits are not necessary, evaluation results may be recorded in any convenient format, indicating how confidence was established for each applicable quality system element. As a minimum, records shall identify significant findings and corrective actions, and indicate how confidence was established in each applicable quality system element. When a formal audit is necessary, an audit report will be prepared, content as specified in ISO 10011-2, *Guidelines for Auditing Quality Systems - Part 1: Auditing*.

Communication of Results: When an evaluation or audit is finalized, DCMC shall notify the contractor in writing. These written notices shall identify the applicable quality system standard and provide a copy of the formal audit report (if applicable), or otherwise explain how compliance was evaluated. When evaluations or audits indicate significant noncompliance, the written notice shall identify the exact areas of noncompliance. If the evaluation or audit confirms the compliance of a quality system, the notice shall include a *Statement of Qualification*, with the following content:

Quality System Qualification

Based on a quality system evaluation,

(Company name, city, state, & areas qualified)

is hereby declared compliant with

(Applicable standard, e.g. ISO 9002)

(Commander's Typed Name, Rank, Service)
Commander, DCMC (CAO name)

(Commander's signature, date)

Whether the quality system evaluation results are positive or negative, the results shall be provided to our customer(s), because they provide customers valuable insight into the capability of a contractor's quality system.

46.202-3 Higher-Level Contract Quality Requirements

b (90) When the contracting officer, in consultation with the Quality Assurance Specialist (QAS), has determined that use of higher-level quality requirements is warranted, the contracting officer shall give contractors the option to implement a documented quality system in accordance with the appropriate International Organization for Standardization (ISO9000/American National Standards Institute (ANSI) or American Society for Quality Control (ASQC) Q9000 standard, or a system that meets other recognized industry (but non-ISO/ANSI/ASQC) standards, or a process control system that is equivalent to or better than ISO 9000 standard. This "equivalent or better" system shall not have previously been determined by the Government to be insufficient for its purposes. In order to provide this option to suppliers contractually, FAR 52.246-11, Higher-Level Contract Quality Requirement (Government Specification), should be used. The contracting officer shall include FAR 52.246-2, Inspection of Supplies-Fixed Price, in order to make clause FAR 52.246-11 operational. The blank to be filled in at subparagraph (b) of the provision shall generally contain the following, or substantially equivalent, language: "ISO 9002 or ANSI/ASQC 092, unless otherwise specified, at the election of the contractor (contractor must indicate its preference for a particular standard(s))." If a contractor proposes an alternative system, the contracting officer may rely on the contractor's proposed alternative system as being equal to or better than ISO 9000, unless otherwise stated. The contracting officer shall recognize quality systems that satisfy the needs of the procurements, whether they are modeled on military, commercial, national, or international quality system standards. However, if a contractor's system is based on military standards and specifications (for example, the previously recognized MIL-I-45208A and MIL-Q-9858), the contractor is responsible for the administration and equivalency with ISO/ANSI/ASQC. Some contractors may have third party certification of their quality systems, which the private sector devised to administer the ISO 9000 series standards. However, third party certification is not required. Certification information may be provided as documentation and evidence to support the system the contractor proposes.

(91) The "unless otherwise specified" wording permits not only the use of 9001 or some other applicable standard, but also the relatively infrequent use of ISO 9003, at the recommendation of the QAS, or situations where use of a commercial standard is encouraged, but ISO 9002 is considered too stringent. In the event the contractor is able to meet other recognized industry (but non-ISO/ANSI/ASQC) standards, these may also be indicated in the blank space of this subparagraph. Because use of the ISO/ANSI/ASQC standards already provide some flexibility with regard to quality systems, industry standards apart from those formalized in the ISO 9000/Q9000 series should be rarely used.

(92) Prior to issuing a solicitation, the contracting officer shall consult with the QAS to ensure that only the minimum quality requirements are required. If previous experience indicates that good quality items have been provided, consideration should be given to reducing the requirements for higher-level contract quality and inspection to the Standard Inspection Requirement (see FAR 46.203-3). If the former MIL-I-45208A was adequate for meeting the quality inspection needs, it may now be acceptable as adequate under the

Attach 3

Standard Inspection Requirements clause. If previous procurement history indicates that fully acceptable supplies will be received under the instant acquisition, the Standard Inspection Requirements clause should be used to avoid imposing excessive higher-level quality requirements.

(93) If after consultation with the QAS, the contracting officer determines that the Standard Inspection Requirement clause will not satisfy quality requirements and the higher-level quality requirements are not required, the contracting officer may make a determination to tailor the requirements of ISO 9001 and 9002. Tailoring the requirement may be appropriate when: soliciting items that were satisfied with the previously recognized MIL-I-45208A and MIL-Q-9858 and higher-level quality is no longer required; there is evidence that no responses will be received for solicitations that require ISO 9000 or equivalent; or, a solicitation has been released and no responses are received. The ISO 9000 standards should be the framework against which inapplicable aspects may be specified when tailoring the requirement. Careful consideration should be given when specifying the process control aspect of ISO 9000 is inapplicable, since the intent of the FAR is to substitute process controls and non-government standards in place of military-unique quality assurance systems. ISO 9000 standards are based on process controls, which when used effectively can result in a prevention-oriented approach rather than a detection approach.

(94) The contracting officer is encouraged to modify existing contracts to permit use of the appropriate ISO 9000/Q9000 standard instead of MIL-I-45208A and MIL-Q-9858, which have been eliminated from the DoDISS, if the contractor and Government mutually agree to the change. This will ordinarily be accomplished at no cost to either party. The contracting officer is cautioned not to use ISO 9003 in place of a MIL-I-45208A system, since these are not equivalent systems. (The latter is more stringent as a stand-alone document.) Use of ISO 9003/Q9003 is only appropriate where conformance to requirements is to be assured solely at final inspection and test.

(95) Any quality system proposed by the contractor should provide for the Government's ability to audit and validate its capabilities to ensure the safety of the items and satisfaction of the customers. Additionally, during any pre- or post- award conference, the contracting officer should stress that the quality system proposed shall be equal to or better than ISO 9000 or ANSI/ASQC 9000 standards or a system that meets other recognized industry standards. It should be clear that the contractor retains quality responsibility for the supplies or services furnished under the contract and their conformance to the contract requirements.

(96) It may be appropriate to evaluate the contractor's proposed quality system in the context of the technical evaluation portion of a best-value source selection. See subpart 15.6. If evaluating a quality system is part of the technical evaluation, then quality assurance personnel should perform the evaluation of quality as the subject matter experts in ISO (or similar validated and/or certified systems).

46.202-3-90 Manufacturing Process Control and In-Process Inspections.

(1) Except for conditions cited immediately below, the clause at 52.246.9001, **Manufacturing Process Controls and In-Process Inspections**, shall be used in solicitations **that require higher-level contract quality requirements**, when a need exists to strengthen manufacturing process controls and in-process inspections to assure the integrity of the product.

(2) The clause at 52.246-9001 shall be used in clothing and textile (C&T) solicitations **that require higher-level contract quality requirements**. **These latter requirements** and the clause at 52.246-9001 shall be used in C&T solicitations for Government-furnished material (GFM), and shall flow down to the finisher when Contractor-furnished material is a solicitation requirement. C&T solicitations for GFM shall contain coverage to ensure that higher-level contract quality requirements and the clause at 52.246-9001 are applicable to the finisher in the event a converter is awarded the prime contract.

52.246-9001 Manufacturing process controls and in process inspections.

As prescribed in 46.202-3-90, insert the following clause

**MANUFACTURING PROCESS CONTROLS AND IN-PROCESS INSPECTIONS
(Aug 1997) - DLAD**

This clause supplements paragraph 4.9 (Process Control) of ANSI/ASQC Q9002, or equivalent standards with process controls, and is applicable when the contract requires a higher-level quality system in accordance with FAR 46.202-4.

(a) Ensure that all manufacturing operations are carried out under controlled conditions which will adequately assure that product characteristics and criteria specified by contract are achieved and maintained in the produced item. Controlled conditions include documented process control and in-process inspection procedures, adequate methods for identifying and handling material, and adequate production equipment working environments.

(b) As a minimum, perform inspections (examinations and/or tests) during manufacturing on those product characteristics which cannot be inspected at a later stage, and ensure that process controls are implemented and effective.

(1) Manufacturing processes shall be evaluated to determine which process characteristics have an effect on the quality of the produced item. These manufacturing processes shall be identified and requirements for their control shall be specified in written process control procedures.

(2) When in-process inspection of material is not practical, control by monitoring processing methods, equipment, and personnel shall be provided. Both in-process inspection and process monitoring shall be provided when control is inadequate without both.

(3) Prompt corrective action shall be taken when noncompliance or out of control conditions occur.

(c) Clearly identify each in-process inspection and process control point at appropriate locations in the manufacturing operation.

(d) Prepare clear, complete, and current written procedures for:

(1) Each in-process. Inspection, identify: the type, frequency, and amount (sampling plan/100 percent) of inspection; product characteristics to be inspected; criteria for approving and rejecting product; the record for documenting inspection results; and the method for identifying the inspection status or approved and rejected product.

(2) Each process control. Identify: the criteria, frequency, and records used verifying control of the process.

(3) Assessing the adequacy of in-process inspections and process controls. The contractor's quality organization shall assure by periodic surveillance that procedures are followed and are effective. Records of this surveillance will be maintained.

(e) Make the documented inspection system available for review by the Government Quality Assurance Representative prior to the initiation of production and throughout the life of the contract. The Government is under no obligation to perform verification inspection or to accept products produced under the contract until the Government has received acceptable written procedures, and has been afforded the opportunity to evaluate the inspection system. Acceptance of the contractor's inspection system by the Government does not bind the Government to accept any nonconforming supplies that may be produced by the contractor. Periodic evaluations of the system may be made by the Government throughout the life of the contract.

(End of clause)

52.246-9003 Measuring and test equipment.

As prescribed in 46.391, insert the following clause:

MEASURING AND TEST EQUIPMENT (AUG 1997) - DLAD

Notwithstanding any other clause to the contrary, and/or in addition thereto, the contractor shall ensure that the gauges and other measuring and testing equipment, used in determining whether the supplies presented to the Government for acceptance under this contract fully conform to specified technical requirements, are calibrated in accordance with **ISO 10012-1** or **ANSI/NCLS Z540-1**.

(End of Clause)

52.246-9004 Product verification testing.

As prescribed in 46.392, insert the following clause:

PRODUCT VERIFICATION TESTING (AUG 1997) - DLAD

(a) **References:** The applicable documents are the issues of Federal Acquisition Regulation (FAR) clause 52.246-2, "Inspection of Supplies--Fixed Price," and ANSI/ASQC Z1.4-1993, **Sampling Plan and Tables for Inspection by Attributes**, which are in effect on the date of solicitation for awards resulting from Invitation for Bids and the date of award for all other contractual actions. These documents form the basis for the Government's right to perform product verification testing (PVT) of this product. FAR 52.246-2 is hereby incorporated by reference into the contract if not otherwise called out in the purchase document.

(b) The contractor is responsible for ensuring that supplies are manufactured, produced, and subjected to all tests required by applicable material specifications/drawings specified in the purchase description of this contract. Notwithstanding any other clause to the contrary, and/or in addition thereto, the Government reserves the right to conduct PVT to ascertain if any or all requirements of the purchase identification description contained elsewhere herein are met prior to final acceptance.

(c) On any given contract, the Government may require PVT through a Government designated testing laboratory on the contract or production lot at Government expense. Testing will consist of chemical and/or mechanical/dimensional conformance tests as the Government deems necessary. When material under the contract is designated by the Contracting Officer/Administrative Officer for each test, the Government inspector will select a random sample from the contract or production lot, and send the samples to a designated laboratory for testing. Where origin inspection is specified, the Contractor agrees to make available, at the Government's request, at the manufacturing facility, subcontracting facility, and/or final point of inspection, the quantity selected by the Contract Administrative Office Quality Assurance Representative to verify that the entire lot tendered meets the requirements of the contract. The Government shall be permitted to select such samples at random from the production lot tendered for acceptance.

(d) [This subparagraph pertains only to contracts and bilateral purchase orders.]

(1) The PVT samples will be sent, by the Government at Government expense, to a Government-designated testing laboratory for product verification. The Government will notify the contractor of the results of the testing within 15 working days of receipt of the samples by the Government. If the Government fails to act within the period set forth herein for notification, the contracting officer shall, upon timely written request, equitably adjust, under the Changes clause of this contract, the delivery or performance dates and/or the contract price and any other contractual terms affected by the delay. The Government is not required to accept/reject the supplies tendered until after receipt of the PVT test results.

(2) The Government shall have the option to require the contractor to screen the entire lot tendered for any defects noted by the PVT testing. Any defects found shall be corrected before retendering the lot for acceptance by the Government. Further, the Government may subject this lot to additional PVT testing. If the Government disapproves the lot tendered for acceptance because of a failure to pass the PVT, the contractor shall be deemed to have failed to make delivery within the meaning of the Default clause of this contract. In such case, the Government reserves all rights to remedies to which it is otherwise entitled by law, regulation, or this contract.

(e) [This subparagraph pertains only to unilateral purchase orders.]

(1) The PVT samples will be sent by the Government and at Government expense, to a Government-designated testing laboratory for product verification. The Government will notify the contractor of the results of the testing within 15 days after receipt of the samples. If the Government fails to act within the specified time period set forth herein for notification, the contacting officer shall, upon timely written request from the contractor, incorporate FAR clause 52.243-1, "Changes-Fixed Price," into the purchase order, and equitably adjust the delivery or performance date and/or the price and any other terms affected by the delay. The Government is not required to accept/reject the supplies tendered until after the PVT test results.

(2) The Government shall have the option to require the Contractor to screen the entire lot tendered for any defects noted by the PVT. Any defects so found shall be corrected before retendering the lot for acceptance by the Government. Further, the Government may subject this lot to additional PVT. If the Government disapproves the lot tendered for acceptance because of a failure to pass the PVT, the Government has the right to reject the entire offer, thereby releasing the parties from further obligations under the purchase order.

(End of clause)