



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FORT BELVOIR, VIRGINIA 22060-6221

OCT = 7 2004

IN REPLY J-3
REFER TO PROCLTR 04- 11

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Notification and Assistance to Sources Removed from the Acquisition Identification Description (AID) (Defense Logistics Acquisition Directive (DLAD), Section 11.302-90, Subparagraphs 9.207(b), 11.302-90(a)(1)-(3))

The purpose of this PROCLTR is to set forth DLA policy regarding notification and assistance to sources that are removed from an acquisition identification description (AID). The attached DLAD policy applies to the Defense Supply Center Columbus, the Defense Supply Center Philadelphia, and the Defense Supply Center Richmond.

An overriding mandate for this agency is to ensure that DLA acquires only items produced by, or under the direction of, approved sources. This is particularly true for critical safety items (CSIs), which are vital to prevent loss of life and property and to ensure mission accomplishment. However, concomitant with this mandate is the responsibility to keep our suppliers apprised of changes in their approval status and to make reasonable efforts to facilitate their approval.

Consistent with the requirements in FAR 9.207(b), the new DLAD policy requires the Defense Supply Centers (DSCs) to promptly send a notification letter to any source that has been removed from an AID. The letter must advise that DLA cannot acquire items made by, or under the direction of, that source to satisfy requirements for the subject item; provide the reason(s) the source was removed; and identify the action(s) required for the source to become an approved source for the subject item. The DLAD policy also requires the DSCs to actively facilitate approval of the source. The source approval authority will be the cognizant Engineering Support Activity (ESA) or other technical authority, pursuant to DLAI 3200.1, Engineering Support for Items Supplied by the DLA and GSA, or other applicable engineering support agreements (i.e., for Subsistence and Medical). Actions to facilitate source approval include negotiating response times and following through to obtain a new response time if an agreed upon date is not met. The product specialist (PS) is responsible for drafting the source notification letter and tracking the status of a request for source approval. Contracting retains the signatory authority for correspondence to suppliers.

Complementary policy will be issued in the DLA Technical Support Policy & Procedures Deskbook. The DLAD and Deskbook policies are intended to facilitate a close working relationship between technical and contracting personnel, who both play an essential role in ensuring that acceptable suppliers get approved as quickly as possible and become eligible to receive awards.



OCT 7 2004

2

The attached DLAD policy reflects the Business Systems Modernization (BSM) terminology "product specialist (PS)," which replaces "technical/quality specialist" and "equipment specialist." The policy also updates the URL for the DLA Technical Support Policy and Procedures Deskbook.

This PROCLTR is effective immediately and remains in effect until it is incorporated into the DLAD. The subject matter expert for this PROCLTR is Mr. William Finkel, J-3341, (703) 767-2663, DSN 427-2663, or e-mail william.finkel@dla.mil. The acquisition policy focal point is Ms. Anne Burleigh, J-3311, (703) 767-1358, DSN 427-1358, or e-mail anne.burleigh@dla.mil.


CLAUDIA S. KNOTT
Component Acquisition Executive

Attachment

* * * * *

PART 9

CONTRACTOR QUALIFICATIONS

* * * * *

SUBPART 9.2 - QUALIFICATIONS REQUIREMENTS

9.202 Policy.
9.207 *Changes in status regarding qualification requirements.*

* * * * *

SUBPART 9.2 - QUALIFICATIONS REQUIREMENTS

* * * * *

9.207 *Changes in status regarding qualification requirements.*

(b) See 11.302-90 for policy regarding notification and assistance to sources removed from an acquisition identification description (AID).

* * * * *

SUBPART 11.3 - ACCEPTABLE MATERIAL

* * * * *

11.302-90 Use of approved sources. It is the policy of this agency to ensure that DLA acquires only items produced by, or under the direction of, approved sources. It is also agency policy to apprise our suppliers of changes in their approval status by promptly notifying a source, pursuant to FAR 9.207(b), upon its removal from an acquisition identification description (AID); and to actively facilitate approval of these sources (see 11.302-90(a)(1)-(3)).

(a) Roles of contracting officer and product specialist. The requiring Military Service provides the data to procure the correct item. The **product specialist (PS)** is responsible for maintaining the accuracy and currency of the technical/quality requirements and for ensuring that only approved sources are identified in the acquisition identification description (AID). (Detailed policy guidance for **product specialists** is provided in the DLA Technical Support Policy and Procedures Deskbook, which is maintained by the Technical and Quality Policy Division, J-334, and can be accessed electronically at <https://today.dla.mil/J-3/J-334/ESTS-techsuppdeskbook.htm>.) Contracting officers are responsible for performing all necessary actions for effective contracting. They must ensure compliance with laws, regulations, and procedures; safeguard Government interests; request and consider advice of appropriate specialists (audit, law, engineering, etc.); and exercise business judgment (see FAR 1.602-2). Contracting officers have a responsibility to ensure that the selected source has the intent and capability to provide the item in compliance with the terms of the contract, including the item description; and they have broad latitude to carry out their duties. However, the contracting officer is not authorized to determine what sources should be approved and cited in the AID. Contracting officers must follow the guidance at 11.302-90(c) to determine when pre-award referral to the **PS** is required to ensure that a prospective contractor is technically acceptable.

(1) Providing notification to sources removed from an AID.

(i) Whenever a PS removes a source from an AID, the PS will concurrently prepare a source notification letter, with no date or signature block, and forward it to -

(A) The contracting officer, if a purchase request exists; or

(B) The Competition Advocate (or other designated office, pursuant to 17.7501(b)(4)(iv) or (v)), if there is no purchase request.

(ii) Upon receiving the letter from the PS advising that a source was removed from an AID, the contracting officer or Competition Advocate/designee (see 11.302-90(a)(1)(i) and (iv)) shall promptly review the letter to ensure it adequately states the specific reason(s) the source was removed and identifies the action(s) required for the source to become an approved source for the subject item. If so, the contracting officer or Competition Advocate/designee shall ensure that the appropriate management-level signature block is added, and that the letter is promptly signed, dated and forwarded to the source that was removed from the AID. If the letter requires revision, the contracting officer or Competition Advocate/designee shall immediately return the letter to the PS, specifying the required revisions, and the PS will immediately revise the letter and return it.

(iii) If a Source Approval Request (SAR) package is required to obtain approval for a source that was removed from an AID, a quote/offer from that source shall be evaluated in accordance with the same procedures used for processing alternate offers, except that cost savings thresholds are waived when the removal was not contractor-caused.

(iv) In some instances, a purchase request will exist at the time an effort is initiated to approve a source that was removed from an AID, but the contracting officer may have to proceed with award while the source approval decision is still pending. In such cases, the responsibility for tracking the request for source approval (see 11.302-90(a)(2)(ii)) shall transfer from the contracting officer to the Competition Advocate/designee. The contracting officer shall forward a copy of the source notification letter to the Competition Advocate/designee and advise that the action is being transferred in accordance with 11.302-90(a)(1)(iv). The contracting officer shall also advise the PS to contact the Competition Advocate/designee in the future regarding the subject source approval request.

(2) Approval of a source that was removed from an AID.

(i) The PS will track all requests for approval of sources that were removed from an AID. Requests for approval of sources include SARs, actions that are forwarded to the cognizant ESA(s), and actions assigned to another technical authority (e.g., on-site).

(A) Upon receipt of a response from the ESA(s) or other technical authority, the PS will promptly prepare a letter, with no date or signature block, to provide the approval or disapproval decision to the source that submitted the request for approval, and forward the letter to the contracting officer or Competition Advocate/designee (see 11.302-90(a)(1)(i) and (iv)). For disapprovals, the contracting officer or Competition Advocate/designee shall promptly review the letter to ensure it adequately states the specific reason(s) the request was disapproved. If so, the contracting officer or Competition Advocate/designee shall ensure that the appropriate management-level signature block is added, and that the letter is promptly signed, dated and forwarded to the source that was removed from the AID. If the letter requires revision, the contracting officer or Competition Advocate/designee shall immediately return the letter to the PS, specifying the required revisions, and the PS will immediately revise the letter and return it.

(B) If the PS receives no response within the time frame agreed upon, the PS will promptly contact the ESA(s) or other technical authority and develop a good faith estimate of the revised response time. The PS will promptly prepare a letter, with no date or signature block, to provide the revised response time to the source that submitted the request for approval, and forward the letter to the contracting officer or Competition Advocate/designee, who shall ensure that the appropriate management-level signature block is added, and that the letter is promptly signed, dated and forwarded to the source that was removed from the AID.

(ii) Having been advised that the PS is seeking approval of a source that was removed from an AID, the contracting officer or Competition Advocate/designee (see 11.302-90(a)(1)(i) and (iv)) shall track the status of the request. If the PS does not provide a response to the contracting officer or Competition Advocate/designee within 5-10 days after the time frame agreed upon between the PS and the ESA(s) or other technical authority, the contracting officer or Competition Advocate/designee shall promptly contact the PS to determine the revised response time. The PS will promptly prepare a letter, with no date or signature block, to provide the revised response time to the source that submitted the request for approval, and forward the letter to the contracting officer or Competition Advocate/designee, who shall ensure that the appropriate management-level signature block is added, and that the letter is promptly signed, dated and forwarded to the source that was removed from the AID.

(3) Special procedures for items designated as critical safety items (CSIs). When an item is identified as a CSI and the PS removes one or more sources from the AID, the PS will identify all open purchase requests and open contracts to the assigned contracting officers or contract administrators. Contracting officers shall amend solicitations to reflect the updated AID. If any open contract will result in delivery of an item made by, or under the direction of, a source that is no longer an approved source for that item, the contracting officer or contract administrator shall coordinate with the PS to see if it can be promptly determined that the ESA or other technical authority is willing to accept the material, or if any other action can be taken to preclude the need for a contractual change. If not, the contracting officer or contract administrator may be able to issue a change order in accordance with FAR Subpart 43.2. For example, if the contractor is a non-manufacturer and there is at least one additional approved source remaining, the contractor may be able to provide the product of the other source without changing the scope of the contract. If such an agreement cannot be made, the contracting officer or contract administrator must issue a stop-work order in accordance with FAR Subpart 42.13 and seek source approval from the ESA or other technical authority before authorizing continued production. If the stop-work order is lifted, the contractor can submit a request for an equitable adjustment for any additional costs incurred as a result of the stop-work order. If the contractor, or its source, is not approved as a source for the subject item by the ESA or other technical authority, the ESA or other technical authority may still advise that the material is acceptable, but ordinarily the ESA or other technical authority will advise that products made by, or under the direction of, that source will be unacceptable to satisfy requirements for the subject item in the future until source approval is obtained. If the contractor, or its source, is not approved by the ESA or other technical authority to continue production of the subject item under an open contract, the contracting officer or contract administrator must terminate the contract for convenience and negotiate a termination settlement with the contractor in accordance with FAR Subpart 49.1.

(b) * * *

(c) * * *

* * * * *