



DEPARTMENT OF DEFENSE
Defense Contract Management Agency

INSTRUCTION

Contract Technical Review

Quality Assurance Directorate
OPR: DCMA-QA

DCMA-INST 325
January 23, 2014

Administrative Changes, April 28, 2015

NOTE: The purpose of this policy update is to meet the new Agency **policy format** requirements. Chapters 1 and 2 as well as the Appendix and Glossary were added in accordance with (IAW) the new policy format. Chapter 3 Procedures remains without substantive change except the following additions:

- Addressed the use of Quality Assurance Engineer (QAE)/Engineer activities associated with performing contract technical review (CTR)
- 3.1.1.1. Added DCMA Special Programs contact requirement
- 3.1.7. Defined the responsibilities for performing CTR on place of performance (PoP) contracts
- 3.2.3. Added recommendation for entire aviation program team to attend quality assurance (QA) postaward orientation conference (PAOC)
- 3.3. Added DCMAS exception for contract deficiency report (CDR) submission

1. PURPOSE. This Instruction:

- a. Cancels and replaces DCMA Instruction (DCMA-INST) 325, “Contract Technical Review - QA” (Reference (a)).
- b. Establishes policy, assigns responsibilities, and provides procedures for activities performing CTR in order to develop a surveillance plan for performing Government Contract Quality Assurance (GCQA) on DCMA-administered contracts with inspection or inspection and acceptance at origin.
- c. Is established IAW DoD Directive 5105.64 (Reference (b)), DCMA-INST 501, “Policy Publications Program” (Reference (c)), and all references listed.

2. APPLICABILITY. This Instruction applies to all DCMA QA personnel performing CTR unless higher-level regulations, policy, guidance, waiver, or agreements take precedence; e.g., DCMA International and Special Programs. For classified contracts with security requirements, exceptions to this Instruction shall be in accordance with Supplemental Instructions maintained by the Special Programs Directorate.

- 3. MANAGERS' INTERNAL CONTROL PROGRAM.** This Instruction is subject to evaluation and testing IAW DCMA-INST 710, "Managers' Internal Control Program" (Reference (d)). The process flowchart **is and key controls are** located **at Appendix A on the Resource Web page.**
- 4. RELEASABILITY – UNLIMITED.** This Instruction is approved for public release.
- 5. PLAS CODE.** Process 085A - SQA - Surveillance - Customer Requirements.
- 6. POLICY RESOURCE WEB PAGE.** <https://home.dcma.mil/policy/325r>
- 7. EFFECTIVE DATE.** By the order of the Director, DCMA, this Instruction is effective January 23, 2014, and all applicable activities shall be fully compliant within 60 days of this date.



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REFERENCES

- (a) DCMA-INST 325, "Contract Technical Review – QA," May 2012 (hereby canceled)
- (b) DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013
- (c) DCMA-INST 501, "Policy Publications Program," ~~October 1, 2013~~ **May 12, 2014**
- (d) DCMA-INST 710, "Managers' Internal Control Program," ~~September 19, 2011~~ **April 21, 2014**
- (e) DCMA-INST 326, "Risk Assessment - QA," February 2012
- (f) DCMA-INST 309, "**Government Contract Quality Assurance (GCQA) Surveillance Planning,**" ~~February 2012~~ **January 27, 2014**
- (g) Federal Acquisition Regulation (FAR), 52.246-15, "Certificate of Conformance"
- (h) FAR 52.222-50, "Combating Trafficking in Persons"
- (i) FAR 52.212-4, "Contract Terms and Conditions--Commercial Items"
- (j) Defense Federal Acquisition Regulation Supplement (DFARS) 252.228-7001, "Ground and Flight Risk," June 2010
- (k) DCMA-INST 8210.1, "**Contractor's Flight and Ground Operations**"
- (l) DFARS 252.211-7003, "Item Identification and Valuation," June 2011
- (m) DFARS Procedures, Guidance, and Information (PGI) 246.103, "Contracting Office Responsibilities," May 12, 2006
- (n) DCMA-INST 307, "National Aeronautics and Space Administration Support," February 2010
- (o) DCMA-INST 316, "Delegate Surveillance - Quality Assurance," September 2010
- (p) DCMA-INST 203, "Software Acquisition Management," June 25, 2013
- (q) DCMA-INST 320, "Navy Special Emphasis Program (NSEP)," ~~October 24, 2013~~
- (r) DCMA-INST 118, "Contract Receipt and Review," June 25, 2013
- (s) DCMA-INST 302, "First Article and Production Lot Testing," December 17, 2013
- (t) DFARS 252, Section 252.223-7002, "Safety Precautions for Ammunition and Explosives," May 1994
- (u) DFARS 252.223-7007, "Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives," September 1999
- (v) DCMA-INST 317, "**Air Launch and Recovery Equipment Critical Safety Items (ALRE CSI) Program Surveillance,**" July 1, 2013
- (w) DFARS 237.172, "Service Contracts Surveillance," April 12, 2013

CHAPTER 1

POLICY

1.1. POLICY. It is DCMA policy that:

1.1.1. A complete CTR must be performed on procurement documents to identify the quality requirements, technical features, and any pertinent requirements associated with the products or services being procured.

1.1.2. The information obtained from the CTR must be used to develop a comprehensive risk assessment and surveillance plan that must be used for performing GCQA on the supplies or services being procured. (**NOTE:** See Appendix **B A** for Contingency Contract Administration Services (CCAS) unique requirements.)

CHAPTER 2

ROLES AND RESPONSIBILITIES

2.1. QA FIRST-LEVEL SUPERVISOR (FLS). The FLS must ensure QA personnel possess the necessary competencies to perform the tasks defined in this Instruction as it relates to the assigned facility, contract, product, or services.

2.2. QA PERSONNEL PERFORMING CTR. QA personnel must:

2.2.1. Perform and document the review.

2.2.2. Identify the quality and technical requirements of the product or service being procured.

2.2.3. Identify any special skills, qualifications, and certifications required and report any gaps to the FLS.

2.2.4. Notify the procurement contracting officer (PCO) of any contract deficiencies noted during the review.

NOTE: When complex requirements require additional technical expertise, the use of assigned QAE or engineers with appropriate competencies and skillsets to accomplish the task(s) associated with this Instruction is strongly encouraged. Specific input from QAEs or engineers would include, as a minimum: review of complex technical data packages (TDP) and identification of any TDP deficiencies; contractor statistical process control or other data analysis requirements; counterfeit part activities; or any other area where complex or technical quality issues arise.

CHAPTER 3

PROCEDURES

3.1. REVIEW CONTRACT TECHNICAL REQUIREMENTS. Upon receipt of a DCMA-administered contract requiring Government source inspection, QA personnel must:

3.1.1. Perform and document an initial review to identify the quality and technical requirements of the product or service being procured in order to include that information in QA risk assessment and GCQA surveillance plans IAW DCMA-INST 326, “Risk Assessment - QA” (Reference (e)) and DCMA-INST 309, “*Government Contract Quality Assurance (GCQA) Surveillance Planning*” (Reference (f)).

3.1.1.1. Typically, Section D of the contract contains the packaging, packing, and marking requirements and Section E contains the quality requirements. Some contracts may identify these same requirements in the Schedule, Section B, for individual contract line item numbers. Additional requirements may be defined in the statement of work, if applicable, and DD Form 1423, “Contract Data Requirements List,” if there is deliverable technical data. **NOTE:** If the contract includes a DD Form 254 “Contract Security Classification Specification” and Block 10.e.(1). or 10.f. is checked “yes”, contact the DCMA Special Programs Customer Liaison Representative (CLR). The CLR will determine what part of the contract may require a security clearance to perform surveillance and will advise QA personnel how to proceed.

3.1.1.2. QAEs or engineers with appropriate competencies and skillsets may assist with the review of TDPs during the contract review process on Acquisition Category I and II program level contracts. This review would complement the quality assurance representative (QAR) review and typically focus on QA involvement in multiple areas including configuration management, manufacturing, system test plans, and confirmation of data analysis activities.

3.1.1.3. QAEs or engineers with appropriate competencies and skillsets may assist the QAR in interpreting complex technical requirements, making risk determinations, and planning of strategies to perform appropriate levels of surveillance.

3.1.2. Identify any special skills, qualifications, and certifications required and report any gaps to the FLS.

3.1.3. Document the results of CTR using the CTR eTool application accessed via the link located on the [Resource Web page](#). Complete and accurate documentation of the CTR allows QA personnel to use the information in determining risk impacts during the QA risk assessment process. QA personnel may document only the differences and/or changes in technical requirements if a technical review for identical or similar items has been previously documented. A CTR must, as a minimum, encompass the items in Table 1, Technical Requirements’ List, as may be applicable to the contract.

Table 1. Technical Requirements' List

Air Launch and Recovery Equipment (ALRE) Critical Safety Item (CSI)	Foreign Military Sales	Quality Assurance Surveillance Plan (QASP)
Approved Source or Vendor Requirements	Foreign Object Damage (FOD)	Radio Frequency Identification (RFID)
Acceptable Quality Level (AQL) Specified	Ground Flight Risk Clause IAW DFARS 252.228-7001 (Reference (j)), or DCMA-INST 8210.1, Contractor's Flight and Ground Operations (Reference (k))	Radiography
Authority Delegated for Major (Type I) Nonconformances	Heat Treat	Safety Precautions for Ammunition, Explosives, and Other Dangerous Material
Authority for Minor (Type II) Nonconformance Withheld	Higher Level Quality Requirement (Specify)	Scheduled Contract Completion Date
Certificate of Conformance IAW FAR 52.246-15 (Reference (g))	Initial Delivery Date	Shipment Continental U.S./Outside Continental U.S.(CONUS/OCONUS)
Class I or II Engineering Changes	Inspection and Acceptance Point	Ships Critical Safety Items (SCSI)
Combating Trafficking in Persons (CTIP) IAW FAR 52.222-50 & 52.222-50 ALT 1 (Reference (h))	International Traffic in Arms Regulations (ITAR) Restrictions (Export Control Items)	Soldering
Commercial Contract Clause IAW FAR 52.212-4 (Reference (i))	Item Unique Identification (IUID) IAW DFARS 252.211-7003 (Reference (l))	Special Material Identification Code: Level I Non-Nuclear: L1, D4, D5, D6, Q3, S1, C1, Q5, D0, D7, D8, SW, VU, and VG
Configuration Management	Level I/SUBSAFE (LI/SS) Program	Special Material Identification Code: Nuclear Plant Material (NPM): X1, S2, X3, X4, X5, and X6
Contract Safety Clause	Liquid Penetrant	Special Material Identification Code: NPM Nuclear Level I with Traceability Requirements: X2, X4, and X6
Contract Security Classification Specification (DD Form 254)	Magnetic Particle	Special Packaging, Packing, and Marking Requirements
Critical Application Item	National Aerospace and Defense Contractors Accreditation Program Certified Processes	Special Processes
Critical Characteristics in the TDP	Naval Propulsion Program (NPP)	Standard Inspection Clause
Critical Safety Item (CSI)	Performance Work Statement	Statement of Work (SOW)
Deep Submergence Systems / Scope of Certification Program (DSS-SOC)	Place of Performance (PoP) other than Prime	Technical Data and Information Required (DD Form 1423)
Eddy Current	Plating	Ultrasonic
First Article Testing (FAT)/ Production Lot Testing (PLT)	QA Plan	Variations in Quantity
Fly By Wire Ships Control Systems (FBWSCS)	Qualified Products List Required	Welding

3.1.4. Review associated quality assurance letters of instruction (QALI) and, if the requirements are determined to be excessive or vague, inform the customer and recommend alternative surveillance strategies, supported by performance data and/or analysis. Until the

QALI is revised or rescinded in writing, QA personnel must implement the QALI as written. If the contract management office (CMO) determines a customer QALI does not meet the criteria specified in DFARS, Subpart 246.103, “Contracting Office Responsibilities” (Reference (m)), the CMO must process a rejection through the applicable Directorate (Operations, International, or Special Programs).

3.1.5. Review the applicable contract/delegation IAW this Instruction when National Aeronautics and Space Administration delegations are received (see DCMA-INST 307, “National Aeronautics and Space Administration Support” (Reference (n))).

3.1.6. Review the applicable subcontract associated with received support delegations. The scope of the review should be commensurate with the scope of the supporting delegation. For subcontracts where the letter of delegation is specific enough to serve as the surveillance plan, i.e., to only verify or witness specific tasks, a formal CTR of the associated subcontract is not required.

3.1.7. Notify the CMO cognizant of the contractor at a PoP contract of the award IAW DCMA-INST 316, “Delegate Surveillance - Quality Assurance” (Reference (o)). **(NOTE:** When the prime contract identifies places of manufacture at locations other than that of the prime contractor where inspection or inspection and acceptance by DCMA is to occur, is referred to as a PoP contract.) The communication established between the personnel at both locations must determine if there is a need for a delegation (i.e., pass down any QALI requirements), as the prime CMO is not normally required to delegate surveillance to these manufacturing locations. ***NOTE: QA personnel at the prime contractor need to maintain communications with the QA personnel at the PoP locations to advise them of any contract modifications or correspondence that change the quality or technical requirements.*** Normally, the prime QAR does not need to do any CTR on PoP contracts unless his or her supplier is one of the locations identified in the contract. Upon receipt of a PoP contract, the QAR at the manufacturing location(s) will perform CTR and develop the GCQA surveillance plan based on the prime contract requirements. Contract deficiencies must be communicated to the prime CMO, who will submit a CDR per paragraph 3.3. Significant differences between the prime contract quality requirements and the prime contractor’s purchase documents must be brought to the attention of the CMO cognizant of the prime contractor. ***NOTE: Instructions for documenting CTR in the CTR eTool for multiple PoP location contracts are located on the CTR [Resource Web page](#).***

3.1.8. Forward contracts containing software requirements, to include software embedded in end items or systems and standalone software products, to a DCMA-certified software professional within their CMO for further review of the software requirements IAW DCMA-INST 203, “Software Acquisition Management” (Reference (p)). If a DCMA-certified software professional is not available, the requesting QA personnel should contact the DCMA Software Engineering and Acquisition Management Center as listed in DCMA-INST 203 (Reference (p)).

3.1.9. Process a CTR for classified programs IAW supplemental instructions maintained by the Special Programs Directorate. Use of the CTR eTool is not applicable.

3.1.10. Identify contracts for applicable NSEP-designated programs IAW DCMA-INST 320, Navy Special Emphasis Program (NSEP)” (Reference (q)).

3.2. PARTICIPATE IN POSTAWARD ORIENTATION CONFERENCE (PAOC). If the administrative contracting officer (ACO) and/or PCO decide that a full PAOC will be conducted, the QA personnel cognizant of the supplier must participate. The QA portion of the conference must be used to discuss the quality and technical requirements specified in the contract, the responsibilities of the Government QA personnel in assuring that the requirements are met, and the supplier's plans and procedures for satisfying the contract quality requirements.

3.2.1. Determine the need for a PAOC IAW DCMA-INST 118, "Contract Receipt and Review" (Reference (r)). When any of the following factors apply, QA personnel must make a determination and document a recommendation for the ACO to conduct a full PAOC, using the Contract Receipt and Review (CRR) 3.0 eTool (accessed through the link on the [Resource Web page](#)). A recommendation for a PAOC may not be required when repetitive orders are issued for the same item or if the contractor is performing satisfactorily on identical items. If the ACO declines the recommendation, QA personnel must conduct a QA PAOC for the following situations:

- Negative or conditional preaward survey findings and recommendations
- Critical nature and technical complexity of supplies or services is outside of the supplier's demonstrated competency
- Adverse supplier performance history
- Adverse quality history with the item or service being provided
- New supplier
- Contract contains FAT or PLT requirements and the following conditions apply IAW DCMA-INST 302, "First Article and Production Lot Testing" (Reference (s)):
 - Supplier is performing a FAT/PLT for the first time
 - Extended time has passed since the last FAT/PLT was performed by the supplier
 - FAT/PLT requirements change per the contract
 - FAT/PLT related supplier technical, quality, or documentation deficiencies, are being noted by QA personnel or reported from either the lab conducting the testing or the procuring activity
 - Supplier has significant personnel changes that may affect manufacturing and/or testing processes
- Contract contains either the Ground Flight Risk Clause IAW DFARS 252.228-7001 (Reference (j)), or DCMA-INST 8210.1, Contractor's Flight and Ground Operations (Reference (k)), or otherwise involves aircraft operations
- Arms, ammunition, and explosives contracts IAW DFARS 252.223-7002, "Safety Precautions for Ammunition and Explosives" (Reference (t)), and DFARS 252.223-7007, "Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives," Reference (u))
- Overhaul and repair contracts
- Designated NSEP programs: Nuclear Plant Material (NPM) Program, Level I/SUBSAFE (LI/SS) Program, Naval Propulsion Program (NPP), Deep Submergence Systems/Scope of Certification Program (DSS-SOC), Fly By Wire Ships Control Systems (FBWSCS), and Ships Critical Safety Items (SCSIs)
(NOTE: Refer to DCMA-INST 320 (Reference (q)) for additional PAOC guidance)

3.2.2. A QA PAOC must be conducted on all contracts for ALRE CSIs IAW DCMA-INST 317, “*Air Launch and Recovery Equipment Critical Safety Items (ALRE CSI) Program Surveillance*” (Reference (v)).

3.2.3. The following factors may also be considered in determining the need for a QA PAOC:

- An item or service of such a hazardous nature that special precautionary measures are indicated in the contract
- Extent of subcontracting as related to contractual QA requirements
- Special provisions in the contract require mutual Government/supplier understanding, such as:
 - In-process inspection and test verification procedures
 - Government approval of process procedures
 - RFID
 - Control of Government-furnished materials
 - Applicability of ITAR and specific ITAR restrictions
- IUID requirements not formerly discussed and understood
- Results of previous PAOCs
- QA personnel determine that other conditions exist which require PAOCs
- For contracts involving aircraft operations, the entire aviation program team should be in attendance to ensure mutual Government/supplier understanding of the requirement for Government approval of contractor procedures

3.3. IDENTIFY DEFICIENT CONTRACTS. When a contract is identified as deficient, QA personnel must identify the deficiency to the customer via the electronic document access (EDA) CDR at the Web site located on the [Resource Web page](#). QA personnel can contact the ACO for a discussion of the deficiencies prior to issuing the CDR. DCMA Special Programs personnel must use the DD Form 1716 in lieu of EDA and transmit via secure channels.

3.3.1. Resolution of the deficiency must be obtained and documented. The CDR reviewing official is the person responsible for validating and approving the CDR IAW DCMA-INST 118 (Reference (r)), which states the following:

- The ACO must be the reviewing official for all DCMA-initiated CDRs
- Functional specialists (initiators) must send all CDRs to the assigned ACO for validation/approval
- The ACO (reviewing official) must promptly validate and approve or reject the CDR
- ACOs (reviewing officials) must not close CDRs that were initiated by the Defense Finance Accounting System
- If an ACO is not listed as a “reviewing official” in EDA-CDR, the ACO should open a DCMA helpdesk ticket requesting the “reviewing official” role be added to their EDA profile

3.3.2. Typically, a contract modification is required to resolve the deficiency. Pending resolution, the supplier should be made aware that he proceeds at his own risk.

3.3.3. Examples of deficiencies to be identified for resolution include:

- Conflicting/ambiguous/missing quality or technical requirements
- Missing attachments to the contract
- Misidentified contract administration office
- Misidentified PoP
- Aviation CSIs not identified in the contract
- Instructions to the contract administration office that are imbedded in the contract

3.4. USE CTR RESULTS IN RISK ASSESSMENT. QA personnel must use the results of the CTR, including PAOC results, to conduct risk assessment IAW DCMA-INST 326 (Reference (e)) and establish or update the risk profile.

APPENDIX ~~B-A~~

**CONTINGENCY CONTRACT ADMINISTRATION SERVICES (CCAS)
REQUIREMENTS**

Replace the contents of paragraph 1.1.2. with the following:

Paragraph 1.1.2. Upon assignment to a Forward Operating Base (FOB) or Contingency Operating Base (COB), QA personnel must review all assigned contracts, regardless of reviews by previously assigned QA personnel. This is intended to ensure QA personnel are familiar with all contract requirements. During a CTR, special attention must be made to determine if a quality assurance surveillance plan (QASP) has been developed in conjunction with the preparation of the statement of work (SOW) IAW DFARS 237.172, “Service Contracts Surveillance” (Reference (w)). If a QASP has been developed, it must be factored into the surveillance plan for each FOB/COB, or if required, executed as written.

GLOSSARY

DEFINITIONS

Critical Safety Item. A part, assembly, installation equipment, launch equipment, recovery equipment, or support equipment for a weapons system that contains a characteristic, any failure, malfunction, or absence of which could cause a catastrophic or critical failure resulting in the loss or serious damage to the weapons system, an unacceptable risk of personal injury or loss of life, or an uncommanded engine shutdown that jeopardizes safety.

Formal CTR. A formal CTR is one that needs to be documented in the CTR eTool.

Place of Performance. A location called out in the contract, other than the prime location, where inspection or inspection and acceptance by DCMA is to occur.

GLOSSARY

ACRONYMS

ACO	administrative contracting officer
ALRE	air launch and recovery equipment
CCAS	Contingency Contract Administration Services
CDR	contract deficiency report
CLR	customer liaison representative
CMO	contract management office
COB	Contingency Operating Base
CSI	critical safety item
CTR	contract technical review
DCMA-INST	DCMA Instruction
DFARS	Defense Federal Acquisition Regulation Supplement
EDA	electronic document access
FAR	Federal Acquisition Regulation
FAT	first article testing
FLS	first-level supervisor
FOB	Forward Operating Base
GCQA	Government Contract Quality Assurance
IAW	in accordance with
ITAR	International Traffic in Arms Regulations
IUID	item unique identification
NPM	Nuclear Plan Material
PAOC	postaward orientation conference
PCO	procurement contracting officer
PLAS	Performance Labor Accounting System
PLT	production lot testing
PoP	place of performance
QA	quality assurance
QAE	quality assurance engineer
QALI	quality assurance letter of instruction
QAR	quality assurance representative
QASP	quality assurance surveillance plan
RFID	radio frequency identification

SOW	statement of work
TDP	technical data package