DCMA Manual 2301-06

Discrepancy Processing

Office of Primary Responsibility	**Contractor Effectiveness Capability**
Effective:	December 20, 2021
Releasability:	Cleared for public release
Implements:	DCMA Instruction 2301, "Evaluating Contractor Effectiveness," June 16, 2020
Incorporates and Cancels:	DCMA Manual 2301-06, "Discrepancy Processing," April 1, 2019
Internal Control:	Process flow and key controls are located on the Resource Page
Labor Codes:	Located on the Resource Page
Resource Page Link:	https://360.intranet.dcma.mil/Sites/Policy/CE/SitePages/2301-06r.aspx
Approved by:	David G. Bassett, LTG, USA, Director

Purpose: This Manual, pursuant to the authority in DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)":

- Implements policy established in DCMA Instruction 2301, "Evaluating Contractor Effectiveness"
- Provides and defines procedures for the effective control of nonconforming materials, deficiency reports, counterfeit mitigation, Government-Industry Data Exchange Program and DCMA Forum regarding defective/nonconforming products, services and processes

SUMMARY OF CHANGES

This Manual was rewritten. Agency users and stakeholders should read this Manual in its entirety. The following identifies the most notable changes:

- Section 2: Responsibilities were streamlined
- Section 3: Effective Control of Nonconforming Material was substantially rewritten
- Section 5: Counterfeit Mitigation was substantially rewritten

TABLE OF CONTENTS

SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This Manual applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence.

a. For the purpose of this Manual, the terms "supplies" and "products" are synonymous and are inclusive of raw materials, products, parts, components, items, etc. Additionally, Deficiency Report (DR) may be used interchangeably to reference either a Product Quality Deficiency Report (PQDR) or a Supply Discrepancy Report (SDR).

b. DCMA functional elements having unique surveillance requirements shall maintain and follow their supplemental instructions that meet the intent of this Manual.

1.2. POLICY. It is DCMA policy to:

a. Ensure contractors are effectively controlling nonconforming material (NCM).

b. Discourage the repeated tender of NCM and only approve NCM for use when it is in the best interest of the Government.

c. Promptly investigate, report, and seek consideration for discrepancies.

d. Ensure contractors have processes and procedures in place to effectively prevent the introduction of counterfeit parts into the DoD supply chain and to not knowingly accept counterfeit materiel.

e. Execute this Manual in a safe, effective, and ethical manner.

SECTION 2: RESPONSIBILITIES

2.1. COMPONENT HEAD AND/OR CAPABILITY MANAGER. DCMA Component Head and/or Capability Manager will:

a. Oversee the development, implementation, administration, and management of this Manual on behalf of the Agency as delegated by the Director.

b. Approve or disapprove waiver/deviation requests to requirements of this Manual.

c. Ensure discrepancy related issuances, training, guidance and tools align with this Manual.

2.2. TECHNICAL DIRECTORATE (TD) DIRECTOR. The TD Director will:

a. Assign a Product Data Reporting and Evaluation Program (PDREP) liaison and Configuration Management Board member(s).

b. Assign a headquarters (HQ) Government-Industry Data Exchange Program (GIDEP) Program Manager who also serves as the Lead GIDEP Representative, the Lead DoD Inspector General (IG) Notice of Defective Product/Safety Alert (SA) Coordinator and the Lead DCMA Forum Administrator (FA).

c. Maintain a list of Contract Management Office (CMO) and Operational Unit (OU) GIDEP representatives.

2.3. OPERATIONAL UNIT (OU) COMMANDER/DIRECTOR. The OU Commander/Director will:

a. Ensure compliance with this Manual and related issuances and review and make recommendations for waiver or deviation requests. Special Programs Command will meet the intent of this Manual and other related issuances to the maximum extent practicable.

b. Ensure local procedures, training, guidance, and tools align with this Manual.

c. Provide staff assistance to the CMO in establishing a Joint DCMA and Contractor NCM Reduction Program, as needed.

d. Ensure compliance with DR process requirements, including adherence to all deadlines. Assign primary and alternate points of contact (POC) to the DR program for the DR escalation program. Ensure all DR POCs retain appointment letters.

e. Appoint CMO/OU primary and alternate GIDEP representatives on the HQ GIDEP Program Manager's system of record.

2.4. CONTRACT INTEGRITY CENTER (CIC). The CIC reviews all reports of suspect counterfeit parts and when appropriate, coordinates investigations among appropriate

stakeholders, including but not limited to DCMA personnel, criminal investigative organizations, intelligence authorities, and/or those who use the suspect or confirmed counterfeit materiel. Upon notification of suspect counterfeit materiel, CIC will provide guidance on the appropriate path forward. Additionally, the CIC will review, provide guidance, and authorize/reject issuance of suspect/actual counterfeit GIDEP notices.

2.5. LOGISTICS CENTER. The Logistics Center will ensure compliance with the SDR process including the adherence to all deadlines by:

a. Appointing a SDR Program Manager (SDRPM).

b. Evaluating the contractor's handling, storing, and processing of DR exhibits.

c. Coordinating disposition requirements with the cognizant Plant Clearance Officer when applicable for Government Property (GP) that requires disposal as excess.

d. Ensuring inventories are kept only if warranted by using semiannual inventory information.

2.6. CMO COMMANDER/DIRECTOR. The CMO Commander/Director/Deputy will:

a. Ensure any locally developed procedures align with the requirements of this Manual.

b. Ensure the Functional Specialists (FS) responsible for both NCM surveillance activities and Requests for Variance (RFV) are identified.

c. Approve and authorize the use of Post Review of RFVs where appropriate.

d. Create a Joint DCMA/Contractor NCM Reduction Program and assign DCMA members where need is determined.

f. Appoint CMO primary and alternate Deficiency Reporting Program Managers (DRPM) and GIDEP representatives and ensure these POCs meet all reporting deadlines. Provide names of appointees to the OU.

2.7. PREAWARD SURVEY MANAGER (PASM). In accordance with DoD Instruction, (DoDI) 4140.67, "DoD Counterfeit Prevention Policy," DCMA must apply prevention and early detection procedures to minimize the presence of counterfeit materiel within the DoD supply chain as the primary strategy in eliminating counterfeit materiel within the DoD. The PASM will ensure the prospective contractor has processes/procedures in place or a plan to implement them in the event of a contract award for prevention and early detection to minimize the presence of counterfeit materiel throughout the supply chain.

2.8. CMO FUNCTIONAL DIRECTOR. The Functional Director will ensure the applicable requirements of this Manual are implemented throughout their functional area.

2.9. FIRST LEVEL SUPERVISOR (FLS). The FLS will:

a. Ensure the FS possesses the necessary qualifications and competencies to perform assigned tasks and identify additional training requirements to address any identified weaknesses.

b. Provide support and assistance to the FS when needed.

c. Ensure effective control of the processes in this Manual through proper identification of risk and employing surveillance plans commensurate with this risk.

d. Ensure the risk of counterfeit is assessed in accordance with this Manual on an annual basis on all contracts regardless of what is being procured or contractually required. Counterfeit risk must also be reassessed when a risk event occurs.

2.10. FS. The FS must:

a. Actively participate in and support the CMO's efforts to reduce nonconforming products, services and processes and encourage continuous improvements by contractors.

b. Notify the Contract Management Team and/or other team members (Industrial Specialist, Engineer, Quality Assurance (QA), Program Integrator (PI) and Administrative Contracting Officer (ACO)) of potential impact(s) to the production schedule, product delivery date or other critical tasks that may occur as a result of NCM and related processes.

c. Have the appropriate technical skill set and the appropriate process knowledge to evaluate the contractor's proposed dispositions for NCM. Competence and knowledge may be achieved through education, training, mentoring, experience and/or demonstrated through certification, testing, and observed behavior.

d. Notify and assist the ACO in resolving ambiguities and/or deficiencies in the contract.

e. Determine, in conjunction with the ACO, whether to ask the Procurement Contracting Officer (PCO) to pursue consideration for NCM.

f. As the DRPM,

(1) Manage the PQDR program for their assigned DoD Activity Address Codes (DoDAAC), ensuring the PQDR status is accurate and up-to-date, and assist the FLS with training of FSs on the PDREP and PQDR system as needed.

(2) Verify the contractor has an approved property management system when called out in the contract. This can be accomplished by contacting the assigned ACO, Property Administrator, PCO, or via the Contract Business Analysis Repository.

g. As the SDRPM, manage the SDR program for their assigned areas of responsibility, including ensuring the SDR status in PDREP is accurate and up-to-date and will assist the FLS with training for FSs on SDR processing and PDREP use.

h. Perform counterfeit risk mitigation (CFM) in accordance with applicable DoDIs, Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) counterfeit clauses, DCMA Manuals (DCMA-MAN), customer contract requirements, and cited industry standards.

i. Ensure the inherent risks of counterfeit are determined and addressed on all contracts regardless of what is contractually required or is being procured at all levels of the supply chain.

j. Be continually alert of indicators of fraud, counterfeit or other irregularities on the part of the contractor and/or contractor employees and immediately report these concerns to the CIC.

2.11. ACO. In addition to the applicable FS responsibilities in Paragraph 2.10., the ACO:

a. Must determine whether to recommend to the PCO that consideration be pursued for minor NCM prior to the product acceptance. If consideration will be pursued, the ACO will provide the PCO with the appropriate objective evidence and data needed to support consideration negotiations.

b. Assist the FS when determining if the contract is Cost Accounting Standards (CAS) Covered and the applicability for DFARS 252.246-7007 and recommend approval/disapproval of the contractor's counterfeit electronic detection and avoidance system based on the FS system evaluation.

SECTION 3: EFFECTIVE CONTROL OF NONCONFORMING MATERIAL

3.1. TERMINOLOGY. For the purpose of this Manual:

a. An RFV is the document that accompanies NCM when presented to the Government for disposition. It is the contractor's request to temporarily depart from the approved product configuration. Other terms such as Material Review Board (MRB) actions, MRB tags or Configuration Control Board (CCB) actions, may be used. Therefore, the tasks in this section are applicable regardless terminology. Further, the term "Variance," is inclusive of the terms "Waiver" and "Deviation."

b. MRB is understood to mean the joint DCMA/contractor's multi-functional group only and is normally composed of representatives from the quality, engineering, manufacturing, and other functional groups. Although the FS may attend the MRB, the FS must not render a Government decision until the contractor makes a formal disposition decision. The Government must independently make the final decision to concur or nonconcur; it is not a group decision.

(1) MRB Authority. The use of the term "MRB Authority" is often misinterpreted to mean the "determination to accept or reject minor nonconformances" in accordance with FAR 46.407 terminology. However, the determination to accept or reject is an inherently governmental function and cannot be granted to a contractor.

(2) The terms "concur/concurrence or nonconcur/nonconcurrence," or "approve/approval and disapprove/disapproval," may be used to apply to the decision made when the RFV is presented to the FS in-process or prior to final product acceptance. The terms "concur/concurrence" and "nonconcur/nonconcurrence," will be used in this Manual and apply both where DCMA has or does not have determination authority (when providing a recommendation). Government concurrence is required for NCM with a disposition of "use-as-is" or "repair." Government concurrence is not needed for NCM dispositions of "rework to print," "scrap," "return to vendor (RTV)" or "return to supplier (RTS)." For NCM involving government owned or furnished equipment, follow the contract.

(3) The terms "accept or reject" are only used when the government assumes ownership. Final acceptance is an inherently governmental function per FAR 7.503(c)(12)(v) and **must not** be delegated to the contractor or to the MRB. If the Government is a member of the Contractor's MRB, the Government must still independently make the final decision; it is not a group decision.

c. Determination Authority. When the statement "determination authority" is used, it is synonymous with the contracting officer's duties in FAR 46.407.

3.2. OVERVIEW OF THE RFV PROCESS.

a. The contractor will submit minor nonconformances where the disposition is to repair or use-as-is to the Government. Repair and Overhaul contracts (unless specifically excluded in the contract) are included in this requirement. An RFV may be submitted on either the program office's requested format, a DD Form 1694, "Request for Variance," or the contractor's format (which may be referred to as a Request for Waiver (RFW), Requests for Deviation (RFD), MRB, MRB Action or a CCB Action). If not specified in the contract, the submittal method should be mutually agreed upon by DCMA and the contractor. Regardless of format, all submittals contain the information requested in Paragraph 3.5.a. Copies of DD Form 1694 can be found on the Resource Page.

b. If fraud or counterfeit is suspected/confirmed, the FS must contact the CIC or local legal counsel immediately.

c. The FS must notify the GIDEP representative when it is determined an RFV could present a health and safety risk and/or negatively impact operational readiness or mission success.

d. When operating outside the continental United States, the DCMA International Command FS will follow this policy to the extent allowable and in accordance with their respective country's national practices or Memorandum of Understanding.

e. When DCMA has determination authority for minor nonconformances, the FSs must:

(1) Determine whether to concur or nonconcur with the RFV.

(2) Determine whether to recommend, through the ACO, that the PCO seek consideration.

(3) Delegate surveillance and the authority to make the determination of minor nonconformances to the cognizant CMO when a prime contractor subcontracts the supplies or services and where the prime contractor requests the establishment of an MRB at the sub-tier supplier, in accordance with DCMA-MAN 2101-04, "Delegate Surveillance."

(4) The CMO may work collaboratively with the contractor to assist in making the determination to concur or nonconcur with RFVs for minor nonconformances in accordance with FAR 46.407(d).

f. When determination authority for minor nonconformances (FAR 46.407(d)) has been retained by the PCO, or their designated representative, the FS must provide an evaluation and recommendation on RFVs to the PCO through the ACO, or designated representative, unless FAR 42.302(a)(47) has been specifically withheld from DCMA. The FS should ensure all actions related to the RFV have been completed as objective evidence before accepting items for which an RFV was issued.

g. If determination authority has been inappropriately granted to the Contractor the FS must coordinate with the ACO to issue a Contract Deficiency Report (CDR) in accordance with DCMA-MAN 2501-01, "Contract Receipt and Review (CRR)," for correction. Determination authority is an inherently Government function as defined in FAR 7.503.

h. When DCMA does not have determination authority and FAR 42.302(a)(47) has been specifically withheld from DCMA, the CMO has no further actions to accomplish for that RFV.

3.3. CONTRACT RECEIPT AND REVIEW (CRR). The FS must perform the following actions in accordance with DCMA-MAN 2501-01:

a. Review and document NCM related key contract requirements (KCR) from the contract. These requirements may be found in the referenced FAR and DFARS clauses, Statement of Work (SOW) or Statement of Objectives (SOO), Section E – Inspection and Acceptance, Section H – Special Contract Requirement, Section J – List of Documents, Exhibits and Other Attachments (attachments/exhibits, DD Form 1423, "Contract Data Requirements List (CDRL)," and Data Item Description (DID)-SESS-80640E, "Request for Variance").

(1) Review the CDRL and exhibits associated with the submission of RFVs (the contract may reference RFWs or RFDs), and ensure DCMA is on the CDRL distribution list. If DCMA is not on the distribution list request, the ACO should request the PCO add the DCMA POC(s).

(2) Review the contract for specifications or standards that reference NCM such as SAE Aerospace Standards (AS) 9131, and AS9100D, EIA-649C, EIA-649-1 and EIA-649-2, and International Organization for Standardization (ISO) 9001.

b. Provide the PCO with the appropriate POCs to ensure the CMO obtains copies of all RFVs where DCMA does not have determination authority. The CMO should ensure there are no open or outstanding RFVs prior to making a decision to accept product.

c. Determine and document CMO authority relating to processing RFVs**.** The following scenarios are possible:

(1) Contract is Silent. If the contract is silent on the determination authority for minor nonconformances, DCMA, as the Contract Administration Office (CAO), is implicitly given authority to make a determination on Minor RFVs. The PCO always retains determination authority for major and critical NCM in accordance with FAR 46.407 (f). If the contract explicitly addresses how the contractor is to present RFVs, follow the contract. When submitted to DCMA, the ACO must submit Critical and Major RFVs to the PCO for determination in accordance with FAR 46.407; however, the FS must provide an evaluation and recommendation when FAR 42.302(a)(47) has not been specifically withheld from DCMA.

(2) Determination Authority is Given to the "Government." If the contract gives determination authority for minor nonconformances to the "Government" but does not specify which organization, the authority is given to DCMA by default. However, to avoid confusion, the FS, in coordination with the ACO, may consult the PCO for clarity.

(3) Determination Authority is Given to a PCO or Designated Representative. If the contract gives the authority to a PCO or designated representative, DCMA has no determination authority for minor nonconformances; however, a DCMA evaluation and recommendation is required if FAR 42.302(a)(47) has not been specifically withheld (Paragraph 3.3.d.(1)).

(4) Pre-production RFVs. Pre-production RFVs request Government permission to produce a configuration item (CI) as nonconforming. Submittals are typically temporary conditions resulting from the unavailability of a required material, part, component, or item. The PCO or designated representative typically retains the authority to disposition these minor RFVs. If determination authority is given to DCMA, the CMO may decide to relinquish this authority and should notify the PCO through the ACO or Contract Administrator (CA).

(a) If authority is relinquished, a DCMA evaluation and recommendation may still be required if FAR 42.302(a)(47) has not been specifically withheld.

(b) If authority is retained, perform the same actions as for post-production RFVs (see Paragraphs 3.4., through 3.11.a).

(c) When the contractor is also submitting an Engineering Change Proposal (ECP) for items that are permanently no longer available, the RFV should reference this ECP. Additional information on ECPs can be found in the Configuration Management Guidebook located on the Resource Page.

(5) Determination Authority Given to the Contractor. If the contract gives the determination authority for minor nonconformances or RFVs to the contractor, coordinate with the ACO to issue a CDR. Determination authority is an inherently government function (FAR 7.503(a)(12)(v)) and must not be given to the contractor.

(6) Determination Authority for Aviation and Ship Critical Safety Items (CSI). DCMA does not have determination authority for minor RFVs for aviation or ship CSI unless the Design Control Activity has determined such authority is appropriate in accordance with DFARS 246.407(S-70). The FS should contact the Engineering Support Activity (ESA) to ensure CSI items are correctly identified. Additional information on delegation of authority is available on the Defense Logistics Agency (DLA) website.

d. Determine if FAR 42.302(a)(47) has been specifically withheld from DCMA by the PCO for those contracts where DCMA does not have determination authority. The request to specifically withhold FAR 42.302(a)(47) should be conveyed in the contract, Memorandum of Understanding (MOU), Memorandum of Agreement (MOA), or other official documentation.

(1) When FAR 42.302(a)(47) has not been specifically withheld, the FS must provide an evaluation and recommendation on RFVs to the PCO or their designated representative (i.e., Contracting Officer Representative (COR), Contracting Officer Technical Representative (COTR) or ESA), through the ACO. The evaluation must include the information requested in Paragraphs 3.5.(a) and (b). The FS must obtain affirmation the PCO or designated representative

has concurred with the RFV disposition as objective evidence before accepting product for which an RFV has been issued.

(2) When both determination authority and FAR 42.302(a)(47) have been specifically withheld from the CMO**,** the FS must be aware of all RFVs to ensure there are no open RFVs at the time of product acceptance. The requirements for surveillance of the contractor's control of the NCM process and procedures and data collection and analysis (DC&A) are also still required. Comments/recommendations to the PCO through the ACO should be made when there is suspected or actual technical performance concern(s) with a specific RFV.

3.4. SURVEILLANCE OF THE CONTRACTOR'S CONTROL OF NCM PROCESS.

a. Oversight of the contractor's NCM process requires a multifunctional effort and can be accomplished through establishment of an NCM Multifunctional Working Group where appropriate or through assignment of responsibilities to multiple FSs.

(1) An NCM Multifunctional Working Group may be established at resident contractors (i.e., covers one main contractor and may involve the manufacturing of various parts or Major Program end items, specific weapon system programs or other contractors) when CMO leadership determines a group would be value-added in reducing high levels of NCM activity. This working group may be incorporated into a broader multi-functional surveillance group and include FSs from QA, Engineering and Contracts at a minimum. Where established, the working group must:

(a) At the initial meeting:

1. Review the information gathered during CRR to ensure each FS understands DCMA's responsibilities for NCM including whether FAR 42.302(a)(47) has been withheld.

2. Develop a multifunctional surveillance approach by assigning specific functional surveillance responsibilities pertaining to the contractor's control of NCM processes and procedures.

3. Determine a baseline of contractor's NCM and RFV performance.

(b) At subsequent meetings:

1. Review individual FS surveillance results.

2. Review Contractor, Government and User/Customer NCM and RFV performance data for trends to encourage the contractor to reduce their NCM and RFVs.

3. Discuss FS review of RFV submittals.

(c) Make a determination whether to issue a Corrective Action Request (CAR) based on the NCM data analysis results and in accordance with DCMA-MAN 2303-01, "Surveillance."

(d) Maintain meeting minutes to include conclusions, action items and status of previous open action items.

(2) Where an NCM Working Group is not established, a multifunctional approach should still be utilized in the risk assessment, planning and execution of surveillance, and DC&A. Records and data generated from these activities should be centrally located and accessible by all team members.

b. When performing a risk assessment, the FS must consider all identified KCRs including both the contractor's Control of Nonconforming Products/Outputs process and the RFV Submittal process as activities in the NCM process in accordance with DCMA-MAN 2303-01. Provide risk assessment results to the Program Integrator (PI) where one is assigned.

c. The FSs must plan and execute NCM surveillance activities based on the risk assessment with coordination at the CMO level and input from each of the cognizant FSs regardless of whether a formal NCM Multifunctional Working Group is established. The minimum elements of this plan, including documentation requirements, are found in DCMA-MAN 2303-01. The activities the FS must accomplish include:

(1) Ensuring surveillance of the contractor's inspection system is conducted to verify it is acceptable to the Government when FAR 52.246-2 through 9 are in the contract. As the inspection system is not specific to NCM, this surveillance may be performed as part of contractor system assessment or other surveillance activity.

(2) Performing surveillance of the contractor's Control of Nonconforming Product and Outputs process including associated policies and procedures when FAR 52.246-11 is in the contract. These include all contractor processes associated with the Control of Nonconforming Product and Outputs such as Competence, Awareness, Documented Information, Monitoring, Measurement, Analysis and Evaluation, Internal Audits, Nonconformity and Corrective Action; Configuration Management and CFM. This surveillance may be performed as part of an overall assessment of the contractor technical systems or other surveillance activity.

(3) Verifying the contractor's material review process is properly established in accordance with the contractor's procedures, policies and processes. These responsibilities include:

(a) Timely investigation of all NCM.

(b) Approval by the contractor's material review process of all proposed dispositions of repair and use as is (UAI) prior to presenting to the Government.

(c) A documented technical analysis of proposed repair and UAI dispositions explaining why the nonconformance is "minor" and why the proposed disposition is appropriate.

(d) Control, segregation and disposal of NCM.

(e) Standard Repair Procedures (SRPs) review to ensure SRP dispositions are applied

only to NCM produced under approved and documented conditions. Detailed information is provided in Paragraph 3.7.

(4) Performing surveillance of the contractor's policies and procedures for classification (Critical, Major, or Minor) of RFVs. This surveillance includes an assessment of the contractor's technical analysis process that supports both the proposed disposition and the classification decision.

d. The FS must notify the cognizant team members (Industrial Specialist, QA Specialist or Engineer, PI, and the ACO) of any surveillance findings which may have potential programmatic impact(s) (cost, technical performance, production schedule, product delivery date or other critical tasks).

e. All surveillance activities must be documented and preserved in the approved system of record.

f. The FS must perform DC&A and reassess the risks identified in the Surveillance Plan based on the surveillance results and provide results to the PI where one is assigned. The frequency/intensity of surveillance should be adjusted as needed in accordance with DCMA-MAN 2303-01.

3.5. REVIEW AND CONCURRENCE OR NONCONCURRENCE OF RFVS. The specific authorities and responsibilities given to DCMA are identified during CRR. The actions in this section apply to all RFVs, both where DCMA does and does not have determination authority, except where both the determination authority and FAR 42.302(a)(47) have been withheld. The FS must:

a. Review each RFV and return incomplete, inaccurate or those not meeting the contractual requirements to the contractor. If DD Form 1694 is used, the contractor supplied information is found in fields 1 through 24. Issue a CAR for incomplete or inaccurate RFVs, if appropriate, in accordance with DCMA-MAN 2303-01. All provided information should be reviewed; however, the following items must be accomplished:

(1) Determine whether the RFV is pre- or post-production. For pre-production RFVs, determine whether DCMA has determination authority as outlined in Paragraph 3.3.c.(4).

(2) Verify the system information (model/type, CI nomenclature, part number, etc.).

(3) If needed, visually inspect the nonconformance(s) to confirm its existence and that it is accurately described, including classification. Virtual inspections, descriptions, photographs, drawings, and other media may be used as verification or to provide additional supporting information.

(4) Review the contractor's technical (engineering) analysis and the criteria specified in the contract to verify the NCM is properly classified. The classifications, as defined in the glossary, are Critical, Major, and Minor unless otherwise specified in the contract. The criteria

for classifying the nonconformances is specified in the SOW/SOO, contract, performance and/or functional specification, technical data package and/or data item(s).

(5) Review the contractor's description of the variance and the documented technical (engineering) analysis supporting the disposition. This analysis should include the process where the nonconformance occurred. The SOW/SOO, contract, performance and/or functional specification, technical data package and/or data item(s) may contain information needed for this review.

(a) If dispositioned as UAI or repair, determine if the nonconformance meets the criteria of a minor nonconformance. Is the disposition in the Government's best interest pursuant to FAR 46.407(d)? Is repair a cost effective solution relative to other disposition alternatives? If the RFV submittal is not or cannot be dispositioned as stated, return the submittal to the contractor and determine whether to issue a CAR.

(b) Government concurrence with a repair does not compromise the Government's right to reject the material after completion of the repair. Use of all repair procedures is at the contractor's risk.

(c) Instructions for resubmitting material after repair must be included in the unique repair or SRP procedures. These procedures must include any requirements for contractor and/or DCMA inspection(s) and test(s).

(6) Ensure effectivity is properly and accurately documented to include the quantity, lot numbers, serial numbers, date range, etc.

(7) Review and analyze the contractor's root cause analysis (RCA), as applicable, to ensure the root cause has been satisfactorily identified and all affected NCM has been identified and contained. Containment should address potentially affected product at any point in the supply chain.

(8) Review the corrective action, if applicable, to ensure it adequately mitigates or corrects the root cause, is implemented or has a planned implementation date, and will prevent recurrence of the nonconformance. Measures to prevent future quality escapes must be included when corrective actions cannot be implemented in a timely manner.

(9) Review the RFV to determine whether it is a recurrences of the nonconformance(s). The process where the nonconformance was produced (i.e., process capability) and not solely product characteristics should be evaluated. If the nonconformance involves a sub-tier supplier, the FS must review the sub-tier supplier's history to determine if there are process problems and not just problems with a specific product characteristic or feature.

(10) Review any cost (per item and total costs) and schedule impacts provided by the contractor.

b. Provide an evaluation and recommendation, through the ACO, to the PCO or designated representative for all Critical and Major RFVs, and for Minor RFVs where determination authority has been withheld unless FAR 42.302(a)(47) has also been withheld. The data required in paragraph 3.10 should be documented in this evaluation.

c. Where determination authority has not been withheld, make a determination to concur or nonconcur with the RFV for minor nonconformances.

d. Document the evaluation, recommendation and determination in CMO designated file/location.

e. Notify the cognizant FSs of issues or decisions affecting their areas of responsibility:

(1) Notify the cognizant team members (Industrial Specialist, QA Specialist, Engineer, PI, and ACO) of potential impact(s) to the production schedule, product delivery date or other critical tasks.

(2) The ACO/CA must immediately inform the PCO of nonconcurrence/rejection of any RFV which may impact schedule, other critical tasks, or requires customer input (such as to determine proper classification) and provide a copy of the RFV to the PCO.

f. Provide a copy of the dispositioned RFV and supporting documentation to the ACO/CA, if requested, and upload the completed action into the CMO Contract file.

g. All actions concerning requests for consideration must be completed prior to **product acceptance** for single items and prior to contract close-out for cumulative requests. The FS must document and provide a rationale for seeking consideration to the ACO/CA. Additional information on seeking consideration is found in Paragraph 3.12.

3.6. POST REVIEW OF RFVS.

a. The post review of RFVs for minor nonconformances process, herein referred to as "post review," allows the FS to review and make a determination to concur or nonconcur with RFV submittals after the contractor has further processed the NCM as opposed to typical "in-line or real time" review. Additional guidance can be found in the "Post Review of RFV Guidebook" on the Resource Page.

b. The CMO Commander/Director must give approval prior to implementation of any post review programs, and post review must only be authorized where DCMA has determination authority.

c. Post review may not be implemented where prohibited by contract or for National Aeronautics and Space Administration (NASA), Navy Nuclear, and Level I/Sub-safe Programs.

d. The FS must perform the activities in Paragraph 3.5., and provide a determination decision on 100 percent of the RFVs for minor nonconformances. The extent of the review can be risk based.

e. The CMO Commander/Director may only authorize post-review when:

(1) The contractor has a continuous improvement program with the amount and rate of nonconformances and RFV activity decreasing. This reduction must be supported by documented evidence.

(2) The CMO has high confidence the contractor is making technically sound RFV decisions.

(3) The contractor has an effective process to prevent recurrences of a previously identified nonconformance.

(4) The contractor complies with contractual requirements for processing RFVs.

(5) Both the contractor's Control of Nonconforming Products and Outputs and the RFV Submittal processes are determined to be low risk. Of particular focus is performance history indicating the contractor's RFV submittal process is accurately classifying nonconformances, accurately annotating number of occurrences or recurrences, successfully executing and documenting repairs, identifying root causes and effectively implementing corrective action to preventing recurrence of the nonconformance. Additionally, the contractor must be tracking and completing RFVs in a timely manner.

(6) The contractor has a documented process of self-audits to monitor effective control of their RFV process.

f. After CMO approval, post review can be implemented in the following situations:

(1) Contractor-wide.

(2) On products produced by a specific manufacturing cell(s).

(3) On selected weapon system programs.

(4) On selected contracts.

(5) At selected sub-tier suppliers.

g. Additional controls must be in place to minimize risk to the Government. The following post review tasks must be accomplished by the CMO/FS:

(1) Establish a baseline for tracking and trending NCM performance. When considering post review at a sub-tier supplier, any prime contractor results for NCM associated with the sub-

tier supplier, such as quality escapes and PQDRs, must be considered when determining performance risk.

(2) Notify the Contractor of the Intent to Implement Post Review. The CMO Commander/Director must provide an agreement/notification to the contractor of the intent to implement Post Review. The agreement/notification may be coordinated with major customers to achieve buy-in at the discretion of the CMO. The contractor may include this notification, or its contents, in their procedures. The agreement/notification must be coordinated between DCMA technical and contracts personnel, and may include assigned legal counsel as needed, before coordination with the contractor. Additional guidance is found on the Resource Page. This agreement must include at a minimum:

(a) The statement, "The contractor's decision to proceed with production before concurrence with an RFV is at their own risk. DCMA does not waive any FAR or contractual requirements and reserves the right to re-examine supplies during any stage of build prior to acceptance," or similar language.

(b) Criteria for the discontinuance and reestablishment of post review authority.

(c) Identification of any NCM Mandatory Inspection (Hold) Points or mandatory NCM notifications.

(3) The FS must perform Government post review within a reasonable time after contractor's RFV decision, in order to reduce the possibility of cost impact (e.g., cost of tear down, etc.).

h. Discontinuance of Post Review Authorization. The FS must discontinue the contractor's RFV post-review authorization when there is evidence NCM is being improperly processed by the contractor. This can be done contractor-wide or on a selective basis and must be documented.

i. Reestablish Post Review Authorization. The FS may reestablish the contractor's RFV post review authorization when there is evidence NCM is being properly processed.

3.7. SRP. The term SRP is used as both a (1) documented technique for repairing a nonconformance which has been demonstrated to be an adequate repair when properly applied and (2) a NCM disposition selected by the contractor for repetitive nonconformances produced by process or design conditions that cause nonconformances to exist, typically referred to as common cause process variation.

a. Unless provided by the customer, SRP techniques are developed and reviewed by the contractor, and must be approved by the Government prior to implementation. However, SRPs are not intended to relieve the contractor of the responsibility to take action to correct the conditions that result in the NCM. Predefined application criteria should include a time limit and/or number of units and/or uses to which the repair will be applied, and an expiration date. The predefined conditions should be based on historical records, sensitive to manufacturing

throughput changes and include a usage reduction goal. The requirement to establish an expiration date or finite limit on the number of applications of SRPs may be satisfied by establishing an annual review of each SRP for continuation. An SRP technique can be applied to a nonconformance regardless of whether caused by inherent or special cause variation. However, if the nonconformance was the result of a special cause (unusual variation, outside what is normally observed), the contractor must:

(1) Document the NCM disposition as a "repair" (not an SRP).

(2) Identify the root cause of the nonconformance.

(3) Monitor the number of times the SRP is used for this special cause.

b. The NCM disposition of SRP can only be selected by the contractor when the nonconformance is caused by a documented process/design condition that causes the nonconformances to occur, commonly referred to as inherent cause process variation, and can only be selected under the documented, pre-defined criteria for that SRP. Once an SRP is approved for use, the SRP as a disposition is outside the RFV process. The contractor can apply the SRP without Government approval as long as its application is within predefined criteria in the SRP. When used as a disposition, the contractor must:

(1) Monitor the number of times the SRP is applied and seek reapproval when the predefined limits are met. When approval for the SRP is given in the contract, follow the contract.

(2) Perform an RCA to ensure something else is not causing the nonconformance to exist (special cause process variation).

c. SRP Approval.

(1) SRPs can be approved by different methods:

(a) Approval for the technique is given in the contract.

(b) Customer approval with DCMA evaluation and recommendation when FAR 42.302(a)(47) has not been specifically withheld.

(c) DCMA approval when the conditions above do not exist.

(2) The FS must:

(a) Provide instructions to the contractor for any inspection or test to be witnessed by DCMA that should be incorporated into the SRP.

(b) Ensure the SRP provides instructions for reprocessing material after repair and before release, including any DCMA inspection and testing.

(3) Approve or disapprove the submitted SRP, unless approved by the PCO or designated representative. Document approval or disapproval in contract file.

d. Control of SRP Usage. The FS must:

(1) Discourage the use of SRPs when process improvements or design changes are appropriate to eliminate the common cause(s) of nonconformances. If these changes or improvements are not feasible/practical:

(a) Encourage the contractor to work with the program office to change the Technical Data Package (TDP) requirement(s) when the contractor provides documentation the process is not capable of consistently meeting the requirement(s) and why process improvements are not feasible/practical.

(b) Encourage the contractor to submit an ECP to incorporate the SRP into the process, thus eliminating the SRP when the process is not capable of consistently meeting the requirement(s) and applying the SRP is the most feasible/practical solution.

(2) Periodically review the contractor's material review process to ensure SRP dispositions are being applied only to nonconformances caused by the identified and documented process or design conditions (common process variation).

(3) Suspend the use of the SRP until the supplier institutes adequate NCM procedures and practices, when warranted, if the contractor is not performing individual RCA on nonconformances.

(4) Ensure the contractor reviews SRPs periodically to verify they are complete, up-to-date, relative to current process capability and repair techniques, and are being properly applied under the conditions defined for their use.

(5) Ensure the contractor has evaluated, verified, and internally approved the SRP before submitting to the Government for approval any newly proposed SRPs, unless otherwise directed by the PCO or designated representative.

(6) Ensure the contractor is maintaining records detailing the dates of use and number of applications of SRPs.

(7) Ensure SRPs which have exceeded the predefined application criteria, are submitted as individual RFVs to the Government and the contractor conducts an investigation to determine why the criteria was exceeded.

(8) Withdraw approval of a previously approved SRP, if the contractor is not meeting the criteria outlined for the use of the SRP.

(9) Submit documentation to the ACO/CA on the SRP usage for items produced on a contract that contains FAR 52.246-2, to determine whether to pursue consideration on a collective basis.

(10) Only one temporary extension for the use of SRPs may be granted by the Government. The Government decision to approve an extension should be a collaborative effort between all the FSs associated with the contractor's NCM process.

3.8. COMMERCIAL, COMMERCIAL OFF-THE-SHELF (COTS), AND NONDEVELOPMENTAL ITEMS (NDI). Unless otherwise specified in a contract, letter of delegation (LOD), Quality Assurance Letter of Instruction (QALI), Memorandum of Understanding or Memorandum of Agreement; DCMA is not required to concur/accept or nonconcur/reject repaired or UAI NCM on Commercial Items and COTS below the CI part number level.

a. Commercial Items and COTS.

(1) Determination Authority has not been withheld from DCMA on the Prime Contract. The contractor must submit an RFV to DCMA for determination for any nonconformances found at the CI part number level the contractor is proposing to UAI or repair.

(2) Determination Authority has been withheld from DCMA on the Prime Contract. The contractor must submit an RFV to the PCO or designated representative for nonconformances found at the CI part number level the contractor is proposing to UAI or repair.

b. NDIs. DCMA's involvement with NDIs minor nonconformances is as specified in the contract.

3.9. DELEGATION TO SUB-TIER SUPPLIERS. Government determination authority (FAR 46.407(d)) is applicable to both prime contractor and sub-tier supplier NCM.

a. If Determination Authority has been withheld from the Prime's DCMA CMO.

(1) The CMO should assist the prime contractor in requesting authority from the PCO to establish an MRB at a sub-tier supplier.

(2) Where a MRB is not authorized at the sub-tier supplier level, a sub-tier supplier's RFV must be forwarded to the prime contractor for review and disposition in accordance with the approved procedures at the prime contractor.

b. If the prime contractor requests the establishment of an MRB at a sub-tier supplier and final disposition determination will be at the sub-tier, the Prime CMO must issue a LOD to the cognizant sub-tier CMO in accordance with DCMA-MAN 2101-04; however, the issuance of this LOD is not based on a risk analysis. The FS at the prime contractor must ensure:

(1) The prime contractor's purchase order/subcontract flows down MRB establishment to the sub-tier supplier.

(2) The sub-tier supplier agrees to comply with MRB/RFV procedures approved by the prime contractor.

(3) The FS at the sub-tier supplier forwards all RFVs after concurrence to the FS at the prime. The sub-tier FS must still perform DC&A on all RFV actions and provide analysis to the Prime CMO.

(4) The FS at the prime must forward the RFVs to the ACO/CA to determine if consideration is required. However, if ACO/CA support administration is also delegated to the sub-tier level, the FS at the sub-tier supplier must refer the RFV to the sub-tier ACO/CA when requested. The ACO/CA CO must determine if consideration is warranted.

(5) When the post review process is implemented at a sub-tier supplier, the requirements in Section 3.6 must be met and implementation coordinated with DCMA FSs at the prime supplier.

3.10. DC&A OF CONTRACTOR's NCM. DC&A is performed on all NCM with data independently collected or supplied by the contractor. Analysis tool examples can be found on the Resource Page. NCM data is inclusive of all NCM dispositions (rework, scrap, RTV/RTS, SRP, unique repair, and UAI).

a. The FS must document the fields below for RFVs. The FS must maintain the data independently of any contractor system and ensure the ACO has access to all RFV related documentation.

(1) Date received from the contractor.

(2) Contract Number or other unique identifier. This may be a contractor assigned RFV unique identifier or tracking number or contract number applicable to the RFV document. If the CMO was delegated this responsibility by another CMO, enter the delegation unique identifier. Include Delivery Order (DO) number when applicable.

(3) Affected Item Part Number, National Stock Number, Drawing-identified Item Nomenclature or other unique identifier.

(4) Number of Units Affected categorized by UAI, repair or other (for Criticals and Majors).

(5) Nonconformance Description.

(6) Process That Caused the Nonconformance.

(7) Classification. Contractor assigned RFV classification (Critical, Major, or Minor).

(8) Concurrence with Contractor Classification

(9) DCMA Determination/Recommendation Date.

(10) DCMA Determination/Recommendation Decision.

(11) ACO/PCO seeks Consideration. Decision by ACO/PCO to seek/not seek consideration.

(12) Type and Amount of Consideration. Record the type/amount of consideration.

(13) Information obtained from the contractor concerning scrap and return to vendor should contain the applicable fields above.

(14) Additional fields as needed which facilitate data analysis or are agreed to in the Joint DCMA/Contractor NCM Reduction Program. RFV evaluation records may be included as needed.

b. The FS must establish an NCM and RFV baseline with 12 months of data if available. If 12 months of data is not available, use all available data. This baseline must be used to establish thresholds and goals for reduction and improvement efforts. The baseline is to be effective for 1 year. Additional information on developing a baseline is available on the Resource Page.

c. The FS's DC&A analysis must include the "Control of NCM Products/Outputs" and "Contractor Processing of RFVs" surveillance results, in addition to all NCM data. The frequency and intensity of each is based on the risks identified during risk assessment.

(1) NCM Performance Data. Establish frequency requirements for collection and analysis of Contractor, Government and User/Customer data.

(2) RFV Performance Data. Establish frequency requirements for collection and analysis of RFV data based on the risk and volume of RFVs. Monthly analysis is recommended when contractors submit a high number of RFVs.

d. The FS must withhold (or recommend withholding when DCMA does not have determination authority) RFV concurrence and issue a CAR when analysis results reveal there are recurring process and/or characteristic issues and the contractor is not performing adequate RCA. The CAR should cite the contractor NCM process as deficient where DCMA has determination authority.

e. The FS must forward NCM analysis results to the cognizant ACO/CA upon request. Additionally, provide results of RFV data analysis to the ACO/CA for contracts that contain FAR 52.246-2 to assist the ACO in discussions with the PCO on whether to pursue consideration.

f. The FS must reassess risk ratings based on DC&A results and adjust surveillance intensity/frequency as appropriate for any changes in the risk rating. Provide results to the PI if applicable.

3.11. JOINT DCMA AND CONTRACTOR NCM REDUCTION PROGRAM. The objective of the NCM Reduction Program is to work proactively with the contractor to reduce both the amount of NCM and the number of RFV submittals and to promote continuous improvement.

a. When warranted by the contractor's performance, the CMO should encourage the contractor to establish a collaborative DCMA and Contractor NCM Reduction Program. Factors to consider are:

(1) A high number of RFVs per month.

(2) Acquisition Category (CAT) I or II Program.

(3) Unfavorable Supplier Risk System score (a high number of PQDRs may be the driver).

(4) Recurring RFVs or PQDRs for the same NCM - characteristic/feature, process or root cause.

(5) Contractor is not meeting previously established reduction goals.

b. Use the baseline established during DC&A to establish thresholds and goals for reduction and improvement efforts. The baseline is to be effective for 1 year.

c. Reassess and reestablish a baseline at the end of each year based on the performance data from the previous 12 months.

d. Establish the Joint DCMA and Contractor NCM Reduction Program. Based on contractor performance, the CMO may request the contractor establish a collaborative DCMA and Contractor NCM and RFV Reduction Program.

(1) If the contractor agrees to establish a NCM and RFV reduction program, the CMO initiates the collaborative effort.

(2) If the contractor does not agree to establish a NCM and RFV reduction program:

(a) The CMO must elevate the issue to the cognizant DCMA OU.

(b) The DCMA OU and the CMO must engage with the contractor to determine the best approach to establish a collaborative reduction program.

(c) If the OU and the CMO are unsuccessful in convincing the contractor to establish a Reduction Program, the OU must engage the DCMA Senior Leadership Team.

e. Establish a Joint DCMA and Contractor NCM Reduction Management Council once an agreement is reached, herein referred to as the Council. Both DCMA and contractor council members must be at the appropriate management levels necessary to establish and maintain an efficient NCM and RFVs reduction effort. The DCMA council members must include multiple functions as appointed by the CMO Commander, Director, Deputy or CMO Functional Directorates. Council requirements are:

(1) The contractor must develop and document a reduction strategy and plan.

(2) The council must establish metrics, identify thresholds and set reduction goals.

(3) Agreed upon objectives must be vetted through the cognizant DCMA OU for final approval.

(4) The council must determine and meet at an established frequency.

(5) The council must review data and trend analysis to determine progress toward goals and must document meetings and action items.

(6) If the contractor meets or exceeds established goals, the council may set new reduction goals for the same process(es) or chose another process.

(7) If the contractor is not showing progress or other issues arise requiring resolution, the council must elevate the issue(s) to their respective Corporate Management Councils. If a Corporate Management Council is not in place, the council must elevate the issue(s) to the contractor's senior leadership.

(8) The assigned FS must provide the affected PCO(s) with results and minutes of council meetings when requested.

(9) Provide NCM and RFV reduction status input into the Program Assessment Report when it drives the assessment rating.

(10) Contractor NCM data must be treated as sensitive and/or proprietary and not transmitted outside of the Government.

3.12. CONSIDERATION. Consideration is a contract adjustment considered appropriate for Government acceptance or conditional acceptance of NCM. The ACO, in coordination with the FS, will determine when to ask the PCO to pursue consideration for minor NCM where DCMA has determination authority. The ACO will coordinate the consideration or other remedy request with the PCO in accordance with DCMA-MAN 2101-01, "Acceptance." The FS must ensure all actions for consideration have been accomplished prior to product acceptance for single RFVs and prior to contract close-out for cumulative requests.

a. Consideration (contract modifications) for major and critical NCM is the responsibility of the PCO. Unless FAR 42.302(a)(47) has been specifically withheld, the FS, through the ACO, must provide an evaluation/recommendation.

b. DCMA and the PCO may collaborate to determine criteria or under what circumstances consideration will or will not be sought for minor nonconformances. The discussion can be held during the Postaward Conference or at any time during contract performance. Factors to consider include:

- whether to concur with RFVs before consideration is sought;
- any dollar thresholds that must be met before the PCO will consider seeking consideration;
- whether consideration should be sought on a collective basis and, if so,
- any associated timeframes (i.e. quarterly, monthly requests), dollar amounts, etc.

c. The FS may make a recommendation to the ACO to pursue consideration for minor nonconformances. Consideration need not be sought unless it appears the savings to the contractor in fabricating the nonconforming supplies or performing the nonconforming services will exceed the cost to the Government of processing a modification.

d. The FS must forward the RFV(s), consideration recommendation and supporting documentation to the ACO, who must make a decision whether to ask the PCO to pursue consideration. Consideration can be sought for a single RFV or on a collective basis. Factors to consider when reviewing and providing consideration recommendations include:

(1) Multiple RFVs can be grouped together in one request.

(2) Program and contract impacts. These are especially important in the case of a Production Surveillance Criticality Designator (SCD, CD or Criticality) A and B Contract (designator generally found in Block 7 of the contract).

(3) Delayed delivery schedules as a result of the NCM.

(4) Contractor's costs for processing the NCM. This includes the cost associated with any repair or UAI action, the technical analysis to support the RFV, and any reinspecting, retesting or requalifying costs. These costs must be provided by the contractor.

(5) Government reinspection costs if the FS needs to reinspect the NCM after repair.

(6) Cost(s) avoided by the contractor such as fabrication costs avoided by the contractor if not required to repair or replace items.

(7) Any consideration offer from the contractor.

e. If the ACO and PCO agree to pursue consideration, the ACO must develop the request. If consideration will not be pursued, the ACO must notify the FS of the decision.

f. Typically, the PCO conducts consideration negotiations with the contractor with recommendations from the ACO/CMO; however, the PCO may authorize the ACO to negotiate with the contractor. When an agreement is reached with the contractor, the PCO will modify the contract as appropriate.

g. The FS with RFV determination authority must upload the RFV into the CMO contract file, including the final resolution as provided by the ACO. The FS must record whether the ACO/PCO sought consideration and the type/amount received as part of the data collected in Paragraph 3.10.

h. Utilizing the data collected on RFVs, the ACO and FS must identify costs and impacts of NCM that should be considered in future contract negotiations for same or similar items. For contractors supported by an Integrated Cost Analysis Team, the FS must also solicit input from the Integrated Cost Analysis Team Director. The ACO must present the data to the PCO where appropriate.

SECTION 4: DISCREPANCY REPORTING

4.1. TYPES OF DISCREPANCIES. Discrepancy reporting is the process of identifying and resolving problems with **delivered** materiel. Reporting is accomplished through the PDREP, a web based system maintained by the Department of the Navy. The three most common types of discrepancy reports are:

a. PQDR. The PQDR reports defects on new or newly reworked materiel. It can include problems in design, specification, material, and manufacturing. These type of deficiencies are reported on a Standard Form (SF) 368, "Product Quality Deficiency Report," (or electronic version). Depending on when the discrepancy is discovered and the type of materiel, DCMA will either be the originating point or support point.

b. SDR**.** An SF 364, "Supply Discrepancy Report," also referred to as "Report of Discrepancy," is used to report shipping or packaging discrepancies attributable to the shipper (including U.S. Government sources and contractors, manufacturers and vendors). SDRs may also be used to document product quality deficiencies from foreign military sales customers per Security Assistance Program agreements.

c. Transportation Discrepancy Report (TDR). The TDR reports loss or damage of materiel in transit or misrouting of materiel. Transportation deficiencies must be forwarded to the cognizant DCMA Transportation office.

4.2. PQDR PROCESS OVERVIEW. When a deficiency is discovered, a PQDR is initiated in PDREP by the originator/originating point and submitted to the appropriate screening point. The screening point determines the appropriate action point and forwards the report for investigation. The action point must either investigate or assign the report to a support point (typically DCMA) for investigation. When required, any PQDR exhibits are moved between the exhibit holder and the investigating point. Throughout the investigation process, interim responses and other routine correspondence transactions are used to keep each interested activity updated with the current status.

4.3. SDR PROCESS OVERVIEW. When a discrepancy in packaging is discovered, a SDR is submitted in PDREP to the action point for investigation. The action point must either investigate or forward the SDR to the SDRPM for investigation. Exhibits, photographs and/or other documentation may be used for investigating complaints.

4.4. **COMMUNICATION.** PQDRs and SDRs are considered customer complaints, requiring the FS to communicate with multiple personnel to resolve. Open communication, both oral and written is paramount, requiring the FS to communicate vertically and laterally within their chain of command. Occasionally the process requires communication outside of the chain of command to other functional areas, CMOs, Regions, OUs, customers, and contractors. Communication should be conducted and documented in PDREP in the most efficient manner to achieve the desired results. Collaboration between the DRPM, SDRPM and FS is highly encouraged.

4.5. COMMUNICATION AND ACKNOWLEDGMENT.

a. The DRPM must:

(1) Monitor CMO Quality Deficiency Report email inboxes and respond to customer complaints within the prescribed time limits.

(2) Acknowledge receipt of CAT I PQDRs within 24 hours and CAT II PQDRs within 3 calendar days in PDREP. If the acknowledgment period occurs during facility shutdown periods (weekends/holidays), the acknowledgment must occur on the next business day.

(3) Take appropriate action to forward or delegate to other support point(s) for investigation.

(4) Forward Navy Special Emphasis Operations (NSEO) DRs to the NSEO DRPM for investigation. Investigation results must be coordinated with the primary QA representative of the facility.

(5) Establish a 20 calendar day suspense for CAT I PQDR investigation reports and a 30 calendar days suspense for CAT II PQDR investigation reports. These suspense dates begin when the PQDR is received and acknowledged by the DRPM.

(6) Collaborate with QA personnel to ensure exhibits are requested when required.

(7) Collaborate with QA personnel on replies as the DR investigation progresses.

(8) Provide the final DR investigation report to the action point.

(9) Recommend the action point forward results to the GIDEP representative as needed.

(10) After completion of an investigation, either the DRPM or FS personnel must request disposition instructions for all PQDR exhibits via PDREP. Request and forward exhibit disposition instructions, if not previously provided.

(11) Maintain accurate PQDR status in PDREP for data integrity and accurate reporting.

(12) When suspense dates cannot be met pending known action delays and/or administration processing of the PQDR, ensure reportable times are suspended in PDREP. This is done by selecting the "View/Edit Deficiency Report Data" hyperlink in a PQDR and then selecting the applicable "Suspension Status" drop down option in the "DR INFO" section (i.e. WA-Waiting for Action Point Information, WE-Waiting for Exhibit, etc.).

(13) Verify the Defect Code Management data summary codes are correct and correspond to the information provided in the DLA Form 1227, "Product Quality Deficiency Investigation Report." An explanation of data summary codes is located in DLA Regulation 4155.24, "Product Quality Deficiency Report Program," enclosure 11.

(14) Send a monthly report to CMO supervision on the status of both PQDRs and SDRs. The SDR portion is received from the SDRPM. At a minimum, reports must contain suspense dates and exhibit status/location by Report Control Number (RCN). Other information pertinent to the CMO may be included. Agency best practice is to segregate RCNs by team office symbol.

b. The SDRPM must:

(1) Monitor SDR email inboxes and respond to customer complaints within time limits. Formal deficiency reports are normally received on a SF 364 in PDREP.

(2) Complete investigations within 25 calendar days of receipt after determining an investigation is warranted. Acknowledgement of the received SDR in PDREP begins the suspense due date. If an investigation will take longer, the SDRPM must provide an interim reply to the action point with the investigation status and an anticipated completion date.

(3) Request photographs and documentation as needed to support investigations. If the requested items are not received within 14 calendar days of request, the SDRPM must submit a final reply to the action point stating the investigation cannot advance until the requested items have been received and the SDR rebutted back to DCMA.

(4) The Packaging Specialist must perform the SDR investigation.

(5) If support is needed for investigating a complaint, send a request to the DRPM copying the cognizant FS through the PDREP system.

(6) Provide the results of the investigation to the DRPM, copying the cognizant FS. Provide final SDR investigation results to the action point.

(7) Collaborate with the DRPM during DR investigations, if requested.

(8) Send SDRs to the DRPM as required.

4.6. RECEIVE AND REVIEW DR. DRs are normally received in PDREP on a SF 368. Investigations of DRs submitted for warranted items must be handled the same as any other DR. The DRPM is responsible for acknowledging the receipt and review of DR.

a. Review the DR for required information prior to acknowledgment of the DR in PDREP to determine if an investigation is warranted. Request additional information from the action point as needed and add that information to the applicable form if possible. Return DRs with the following issues to the action point, explaining why they are being returned:

- Missing contract numbers
- Contract(s) not administered by DCMA
- Locally purchased items
- Transportation-type discrepancies

- Malfunctions involving ammunition and explosives (report under individual DoD Component procedures)
- Materiel for Navy Strategic Weapons Systems and the Navy Nuclear Propulsion Program
- Inaccurate information that is not easily correctable
- Subsistence materiel deficiencies (reported by the DoD Hazardous Food and Nonprescription Drug Recall System) in accordance with DLA Regulation 4155.26, "DoD Hazardous Food and Nonprescription Drug Recall System"
- Condition resulted from improper handling or deterioration during storage (report following individual DoD Component procedures)
- Materiel failures as a result of inadequate maintenance, improper operation, or normal wear and tear
- Excess or surplus property or billings for services, space, communications and printing in accordance with Part 101-26.802 of Title 41, Code of Federal Regulations

b. Deficiencies, other than malfunctions, involving ammunition and explosives must be investigated in accordance with this Manual.

c. Corrective actions regarding DRs for products procured using a commercial clause are typically limited to product replacement unless a specific contract addendum was imposed.

d. When operating in a Host Nation environment, the FS must follow policy as outlined in DCMA-MAN 2501-11, "International Request for Contract Administration Services," when delegating the performance of the independent investigation to the Host Nation.

e. When DRs are received outside of PDREP, determine if the DR is an information only PQDR or requires an investigation based on the criticality of the deficiency.

f. Contact the action point to confirm the DR contains the correct information, when misdirected DRs are received. Once the correct CMO is identified, redirect the PQDR to correct support point. This will remove the PQDR entirely from the work list of the transferring CMO.

g. Redirect NSEO DRs to the applicable NSEO DRPM for action.

h. Redirect DRs sent directly to a subcontractor/Place of Performance (POP) location to the cognizant CMO of the prime contractor. A DR sent directly to a subcontractor including a POP facility is misdirected.

i. Delegate subcontracted and POP DRs to the cognizant CMO of the subcontractor through the PDREP PQDR system in accordance with DCMA-MAN 2101-04. All DR delegations follow the same supply chain path as the prime contractor's purchase order without bypassing cognizant CMOs of sub-tier suppliers. Each sub-tier supplier will have to address proper flow down of requirements and sub-tier vendor control.

4.7. DETERMINE IF PREVIOUS HISTORY OF IDENTIFIED DEFICIENCY. The FS must:

a. Conduct an initial investigation to determine if there is any previous history regarding the identified deficiency. This investigation should include a review of Government records and supplier performance data such as DC&A results on NCM performance and supplier performance data. Consult with the DRPM as needed.

b. Provide a response to the customer indicating any previous or current corrective actions taken by the supplier if a reported deficiency is the same as a previously resolved DR or the deficiency is currently under investigation.

c. Delegate the request for support in PDREP if support is needed at a subcontractor level to support an investigation (i.e., witness opening of exhibit packaging and/or verify corrective actions taken by the supplier/subcontractor, etc.). The prime CMO retains responsibility and must still conduct an independent investigation.

4.8. DETERMINE NEED FOR DR EXHIBITS. DRPM/FS must:

a. Determine if the supplier requires exhibits for an investigation. The exhibit request or declination must be accomplished within 7 calendar days using the Contractor Request for Exhibit Letter in PDREP to the Action Point.

b. Review the Contractor Request for Exhibit Letter to determine if the exhibit is necessary to facilitate the investigation of the identified deficiency or in the best interest of the Government.

(1) For repeat PQDRs, ensure the decision to request exhibits is based on the terms of the initial PQDR Corrective Action Plan (e.g., previous investigation results associated with the defect attribute(s) and preventive measures implemented by the contractor), when repeat PQDRs were previously investigated and it was determined an effective Corrective Action Plan was implemented.

(2) When exhibits are requested, validate that PDREP assigns a new 30-day suspense date. The DRPM may extend the suspense date an additional 30 calendar days within PDREP, at which time either an interim or a final reply must be released to the action point.

(3) Ensure a final reply report is released to the action point when exhibits are not received by the 60-day maximum waiting period. When there is objective evidence the item has shipped (e.g. receipt of carrier name and shipping tracking number), and it is known the item will not arrive by the 60-day maximum waiting period, issue an interim reply versus a final reply.

(4) Ensure investigation reports include an assessment of current production, inventory, and the results of a record review. At a minimum, the record review includes both supplier and DCMA records, drawings, specifications and any other contractual requirements needed to assist the action point in determining cause.

(5) A final reply on DLA Form 1227, including the records review results, is required even if the exhibit has not been received. Additionally, the report must stipulate the

investigation cannot advance until the exhibit arrives and the PQDR is rebutted back to the support point.

4.9. RECEIVE EXHIBITS. DRPM/FS must:

a. Redirect exhibits received at a location other than the responsible vendor's location as required.

b. Witness the opening of the package containing exhibits to verify contents and ensure no damage occurred during shipment.

(1) In the event of damage during shipment, document the extent of the damage on the Exhibit Receipt Letter in PDREP and notify both the action point and supplier.

(2) Depending on the extent of damage, the DR investigation may be limited to a collaborative review with the supplier.

c. The collaborative review must include supplier and DCMA records, drawings, specifications and other contractual requirements. Photographic evidence may be reviewed when deemed necessary.

d. Ensure the exhibit(s) is tagged with DD Form 1575, "Suspended Tag – Materiel," and DD Form 2332, "Product Quality Deficiency Report Exhibit." Document any missing forms on the exhibit receipt letter in PDREP and notify the action point and the supplier of any missing documents.

e. Send the Exhibit Receipt Letter to the action point within 5 calendar days of witnessing the opening of the package containing exhibit(s).

f. Complete the final report within 20 calendar days (CAT I) and 30 calendar days (CAT II) after receipt of the exhibit. Any evidence, including photographs, should be attached to the PQDR. If the suspense date will be missed, provide an interim status reply in PDREP to the action point, including the anticipated completion date.

4.10. CONDUCT DR INVESTIGATION. The FS must:

a. Determine the root cause(s) of the noted deficiency(ies). The following must be considered when determining root cause:

- If technical data or design and/or packaging deficiencies are suspected, coordinate with the CMO engineering and/or packaging specialist for assistance
- Completeness and clarity of contractual requirements, including the TDP
- Sub-tier vendor control if applicable
- Completeness, clarity, and compatibility of supplier product realization documentation, such as work orders, product and process specifications, purchase orders, inspection plans, and test procedures to contractual requirements

- Competencies of manufacturing, inspection, and test personnel
- Adequacy and condition of tooling
- Control of supplier manufacturing, measuring and test equipment
- Adequacy and compatibility of the product verification methods used by both the supplier and the customer
- Adequacy of packaging and handling methods
- Supplier investigations and corrective action responses that attribute non-conformances to "superficial causes" such as operator error, poor workmanship, or new employee must be challenged and investigated further

b. Evaluate and ensure the supplier takes effective corrective action to address the root cause of the deficiency to preclude recurrence.

c. Evaluate supplier's position with respect to repair, replacement, or refund of product(s). Additionally, items under warranty require corrective action. If items are covered by warranty, the repair, rework or replacement and associated costs must be handled in accordance with the warranty requirement in the contract as applicable to FAR Subpart 46.7 and DFARS Subpart 246.7. Investigations of DRs submitted for warranted items must be handled the same as for other DRs. Contract terms and conditions take precedence over this Manual.

d. Ensure PQDR DCM data summary codes located within PDREP are used in the investigation report.

e. Ensure all affected product lines have been considered including current production, product awaiting shipment, delivered product, and product in inventory.

f. If at any time during the investigation, the materiel is believed to be counterfeit or an unauthorized product substitution, immediately contact the CIC for additional guidance before proceeding.

4.11. DETERMINE NEED FOR ADJUSTMENTS TO SURVEILLANCE. As a result of the investigations (or as necessary), the FS must document DR surveillance activities, conduct analysis and document additional risk causes and make adjustments to the frequency/intensity in the surveillance plan in accordance with the program support plan.

4.12. DOCUMENT THE DR INVESTIGATION.

a. The FS must:

(1) Document the PQDR investigation results on DLA Form 1227 by following the DLA Form 1227 Instruction Guide in PDREP and on the Resource Page.

(2) Ensure applicable cause codes are selected. Cause codes X (undetermined cause) and Z (not applicable) must only be used as a last resort when a thorough investigation does not validate any other cause code. Properly coding investigations helps facilitate the data analysis needed to identify problematic vendors or groups of items.

(3) Forward results to the FLS or their designee for review prior to release to the DRPM. The FLS or their assigned designee will review the DLA Form 1227 for completeness and adequacy of the investigation results and ensure data integrity, by verifying data such as:

- Commercial and Government Entity Code
- Contract number
- DCM codes match investigation results

b. The FLS or their designee sends a request for final reply once the DLA Form 1227 has been validated and approved for completeness and adequacy. The DRPM must:

(1) Obtain the CMO Commanders/Directors approval for CAT I PQDR responses prior to final release to the action point and document the approval in PDREP.

(2) Concur with or modify the DCM Data (defect/cause code) entries prior to releasing to the action point.

(3) Recommend the action point forward results to the GIDEP representative as needed.

(4) Request exhibit disposition instructions via PDREP when required and/or when investigation is complete.

4.13. DISPOSITION OF INVESTIGATION EXHIBITS. PQDR exhibits are government property and require disposition instructions from the action point. Depending on local guidance, either the DRPM or FS personnel must request disposition instructions via PDREP and:

a. Depending on local guidance, either the DRPM or FS provides the supplier with a copy of the disposition instructions and ensures the PQDR exhibit is returned to the Government in accordance with the instructions provided from the action point. If there is loss, damage, or destruction of Government property while in the custody of the supplier or sub-supplier, the DCMA Government Property Administrator must be notified for appropriate action.

b. If the supplier determines the property is to be scrapped, ensure the contractor coordinates submission of excess with the Plant Clearance Officer for disposition instructions.

c. Depending on local guidance, either the DRPM or FS uploads the shipping document(s) indicating exhibit disposition instructions were executed into PDREP.

d. The FS must notify the DRPM when the exhibit ships.

e. DRPM must issue the Exhibit Return Letter from PDREP informing the action point when the item has been shipped. This may include DD Form 1149, “Requisition Shipping Form,” or commercial shipping document from the supplier.

f. If disposition instructions are not received within 30 calendar days after the final investigation reply, request the contractor return the exhibit to its place of origin via the property transfer functionality within the Wide Area Workflow. Include the original transportation control number. If the exhibit is obviously scrap materiel, or the supplier fails to return the exhibit, ensure the contractor enters the property into the Plant Clearance Automated Reutilization Screening System for disposition instructions per FAR 52.245-1(j).

g. Complete required entries in PDREP after exhibit disposition to close the investigation.

4.14. SDR SUPPORT POINT PROCESSING.

a. SDR processing and investigations follow the PQDR process with the following exceptions:

(1) Packaging specialists are assigned as the SDRPM.

(2) Formal DRs are normally received on a SF 364 in the PDREP system.

(3) The SDRPM determines if an investigation is warranted.

(4) SDRPM conducts an investigation after determining one is warranted. Investigations must be accomplished within 25 calendar days of receipt.

(a) If an investigation will take longer, the SDRPM must provide an interim reply to the action point with the investigation status and an anticipated completion date.

(b) Photographs and documentation may be used in lieu of exhibits for investigations. If requested items are not received within 14 calendar days of request, the SDRPM must submit a final reply to the action point stating the investigation cannot advance until the requested items have been received and the SDR rebutted back to DCMA.

b. The SDRPM must:

(1) Send a request to the DRPM, copying the cognizant FS through the PDREP system, when support is required for investigating a complaint.

(2) Provide results of the investigation to the DRPM, copying the cognizant FS. Provide final SDR investigation to the action point.

(3) Monitor reported discrepancies applicable to procurement source shipments.

(4) Collect data sufficient to enable monitoring activities to:
(a) Identify trends.

(b) Bring management attention to problems with shipping activities as necessary.

(c) Identify and prevent recurring discrepancies.

(d) Measure quality and responsiveness of action activities.

(e) Assess vendor performance to ensure compliance with contract requirements.

(5) Request assistance from the DRPM for investigations when needed.

4.15. ORIGINATING POINT PQDR PROCESS FOR GP. The FS must:

a. Request the supplier prepare the SF 368 to report the receipt of deficient GP to the Procuring Office. If the supplier is not contractually obligated to write a PQDR, email the Procuring Office and copy the ACO requesting how the PCO wants to complete this action.

b. Ensure the supplier segregates and quarantines suspected deficient materiel. Use the suspected deficient materiel as exhibits.

c. Verify the supplier's RCN is constructed properly for a supplier initiated SF 368.

d. Replace the DoDAAC portion of the RCN with the Commercial and Government Entity code of the supplier in receipt of the defective GP, preceded by the number "0." If a PDREP warning stating "RCN Activity does not belong to this command" is received, the PQDR will still be processed in PDREP. If you cannot proceed, contact the PDREP help desk.

e. Verify and annotate concurrence with the supplier's findings in Block 3 of the SF 368.

f. Upon completion of the SF 368 within PDREP, email the completed SF 368 to the cognizant ACO, ensuring the ACO forwards to the cognizant PCO with a copy to the DRPM within 5 calendar days of receipt.

(1) The PCO will provide the screening point where the FS should forward the PQDR.

(2) Update the contractor on the status and disposition of the defective GP.

g. Shipping and Packaging. When the discrepancy is related to packaging or the carrier, notify the SDRPM. The SDRPM must follow the procedures in this section except report the discrepancy on an SF 364 and follow the distribution in Defense Logistics Management Standard 4000.25, Chapter 17, C17.3.10, "Supply Discrepancy Reporting." If the discrepancy is related to a transportation matter, notify the DCMA Transportation Officer.

h. Industrial Plant Equipment. Follow the Originating Point PQDR process and forward the discrepancy to DLA Aviation Industrial Plant Equipment Services Division, DLA-Avn/VI Richmond, Virginia, as the screening office. One copy of the SF 368 must be sent to the ACO and one to the Property Administrator.

SECTION 5: COUNTERFEIT MITIGATION

5.1. DCMA COUNTERFEIT DETECTION AND AVOIDANCE SYSTEM (CDAS). CFM applies to every contract and contractor regardless of what is contractually required and being procured. The FS must use the CDAS Checklist and Table 1 (Counterfeit Risk Cause Likelihood) located on the Resource Page, as part of the risk assessment for all suppliers. Additional guidance can be found on the Resource Page.

a. The CDAS Checklist is used to determine counterfeit risk and:

(1) Provides only the minimum guidance necessary to evaluate the risk of counterfeit on all contracts regardless of what is being procured or contractually required. The FS must review DFARS 252.246-7007(c) (Electronics), DFARS 252.246-7008 (Electronics) and DoDI 4140.67 (All Material) to ensure System Criteria, Sources of Electronic Parts and counterfeit materiel risk is fully addressed.

(2) The FS must submit CDAS Checklist Counterfeit Risk Assessment results to HQ-TD annually, as part of the overall counterfeit risk assessment. Counterfeit risk is reassessed when a risk event occurs. The CDAS checklist must be updated by the FS and reported to HQ-TD, as necessary to document the revised risk. The CDAS Checklist submission process can be found on the Resource Page.

b. When a preaward survey request is received the PASM and/or the FS will determine if the contractor's processes and procedures include CFM by utilizing/tailoring the DCMA CDAS Checklist. The PASM and FS will determine the appropriate level of effort to adhere to the requirements in DoDI 4140.67, Paragraph 3.b.(1), and use the CDAS as the basis for formulating questions. PASMs and FSs have flexibility to condense/tailor appropriate number of questions to meet the requirement. Report findings to the PCO, ACO, or DACO.

c. NASA Counterfeit Electronic Part Detection and Avoidance. A covered contractor is contractually required to have an operational CDAS to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts intended for safety or mission critical applications. The CDAS is approved by either NASA or DoD pursuant to DFARS 244.303 under Contractor Purchasing System Review. The FS must evaluate the covered contractor and subcontractor operational CDAS and provide status to the NASA Program Office ACO to ensure NASA Federal Acquisition Regulation Supplement 1846.70 and 1852.246-74 compliance. Additional guidance can be found on the Resource Page.

5.2. CRR OF CFM REQUIREMENTS. The FS must ensure every validated KCR list includes a KCR for the assessment of counterfeit risk on every contract regardless of what is contractually required and being procured. Additional guidance and requirements are found in DCMA-MAN 2501-01. The FS and the ACO must review the contract to identify counterfeit mitigation clauses and standards. This review must include the following requirements:

a. In coordination with the ACO, identify the presence of counterfeit mitigation FAR/DFARS clauses and industry standards within the contract. A listing of the appropriate clauses and standards can be found on the Resource Page.

b. If CFM requirements are missing, conflicting, or ambiguous, the FS must submit a CDR requesting appropriate requirements be added to the contract to address the risk of procuring counterfeit. The ACO must validate the CDR and contact the PCO, as applicable.

c. The QALI or LOD must identify the areas of elevated counterfeit risk as required in DCMA-MAN 2101-04.

d. Coordinate with a DCMA-certified software professional to ensure a software review is performed when software is a contractual requirement. This includes both software embedded in end items or systems and standalone software products. Contact the DCMA Software Engineering and Acquisition Management Center if a local software professional is not available.

5.3. POSTAWARD ORIENTATION (PAO). The FS must:

a. Participate in the PAO as required or determined by counterfeit risk. PAO meeting agenda topics must include counterfeit mitigation strategies to reduce the risk of counterfeit to the DoD supply chain.

b. Provide available suspect or confirmed counterfeit risk information, such as knowledge of recent counterfeiting occurrences, GIDEP, ERAI Reports, and Department of Justice Investigations, etc., to the ACO when necessary to support a PAO.

5.4. COUNTERFEIT RISK ASSESSMENT. The FS develops a repetitive approach to assessing counterfeit risk, repeated during any stage of surveillance, based on all available risk data. The FS must:

a. Assess the risk of counterfeit on every contract regardless of what is contractually required and being procured. The FS must use the CDAS Checklist as part of an annual surveillance plan risk-based assessment to determine if the supplier is executing an acceptable CDAS, CFM plan or purchasing system/process to avoid the purchase of counterfeit. Counterfeit risk must be reassessed when a risk event occurs.

b. For a CAS-covered contract or subcontract, report Counterfeit Electronic Detection and Avoidance System deficiencies. Additional information can be found on the Resource Page.

c. Assign the level of counterfeit risk to define the severity of a risk event or activity. Identify and risk-rate the likelihood and consequence based on the System Criteria provided in the CDAS Checklist to establish surveillance requirements.

(1) Determine the Counterfeit Risk Cause Likelihood. The risk likelihood of purchasing counterfeit is based on the contractor's source. Assign a risk likelihood rating based on source

assessment (Table 1) of the purchased items. Counterfeit Risk Likelihood based on product sources shown in Table 1 is calculated using the CDAS Checklist.

(2) Determine the Risk Consequence. The consequence is measured against the calculated product source (CAT I, II and III supplier) risk likelihood (Table 1). The FS will determine consequences in terms of fraudulent material that directly impact cost, schedule and/or performance.

d. Determine the Level of Surveillance. The level of counterfeit risk cause likelihood and consequence indicates the extent of surveillance needed. Schedule appropriate surveillance when a deficiency is noted on the CDAS checklist that may cause the contractor to be unable to ensure the conformance of supplies.

e. Add the identified processes to the surveillance plan to be monitored during execution of functional surveillance. Any counterfeit mitigation process at risk would be associated with a surveillance requirement, risk consequence, risk likelihood, and documented rationale.

f. Review the contractor's execution of CFM processes and procedures annually; however, if a high risk is assigned to a contractor's process, or a risk event occurs, the surveillance frequency must be increased accordingly. The source, traceability and inventory control of the purchased items(s) must be considered when determining surveillance frequency.

g. During the risk assessment process, perform periodic re-evaluations of the identified counterfeit risks added to their surveillance plan as risk events or changes in performance occur. This includes using the CDAS Checklist as part of the assessment to determine if the supplier's processes remain in control.

5.5. SURVEILLANCE PLANNING. As part of the surveillance plan, the FS must develop and make adjustments as needed based on when the risk of counterfeit changes. The level of counterfeit risk determines the needed surveillance level.

5.6. DELEGATION. When a prime contractor subcontracts for supplies, the CMO cognizant of the prime contractor may delegate counterfeit surveillance to the CMO cognizant of the subcontractor in accordance with DCMA-MAN 2101-04.

a. The prime contractor is responsible for monitoring incoming parts (hardware or software) during receipt and inspection. If the FS identifies counterfeit risk associated with a prime contractor's sub-tier supplier, a delegation must be issued to address counterfeit mitigation based on risk further down the supply chain to the fullest extent possible, to protect the Government's interest.

b. When delegating, the delegator must communicate counterfeit requirements and risks to the receiver of the delegation (delegatee) in advance.

c. The delegatee must evaluate contractor performance through surveillance activities identified in accordance with the delegation or surveillance plan. The FS must use the CDAS Checklist to support this activity.

5.7. SURVEILLANCE EXECUTION. Execute, maintain, adjust, and document surveillance in accordance with DCMA-MAN 2303-01.

a. When the contractor has a CDAS or CFM process as required by contract or by a contractor's business process, the FS must:

(1) Verify the contractor is purchasing product from approved sources having traceability to the original manufacturer (OM) or inspection, testing, and authentication processes that mitigate counterfeit risk.

(2) Utilize the CDAS Checklist to verify all incidents of counterfeit or suspect counterfeit are handled in accordance with the contractor's CFM process.

b. If the contractor does not have a CDAS or process and a system is not required by contract, utilize the CDAS Checklist to perform a counterfeit risk assessment and revise surveillance as needed. The FS must issue a Level II CAR to address the identified counterfeit risk. CFM processes and procedures include:

(1) Inspection System. FAR 46.202-3 requires the contractor to provide and maintain an inspection system acceptable to the government via the designated standard inspection clauses (FAR 46).

(2) Higher-Level Quality. FAR 46.311 which invokes higher-level contract quality requirement of FAR 52.246-11.

(3) Control of NCM process adequate to mitigate the risk of counterfeit (counterfeit is a subset of NCM).

c. If the contractor is not following their internal process(es):

(1) Issue a CAR in accordance with DCMA-MAN 2303-01.

(2) Perform a counterfeit risk assessment.

(3) Revise the surveillance plan as necessary.

(4) Perform appropriate surveillance as determined by risk.

5.8. SUSPECT COUNTERFEIT IS IDENTIFIED. If there is reason to believe the contractor, lower tier subcontractors, suppliers, etc., are engaged in providing counterfeit parts/materiel, whether by forging documentation or by providing substandard material, or a lower tier entity has provided counterfeit parts to the prime, the FS must:

a. Immediately notify the CIC, chain of command, and investigative agencies to determine the appropriate path forward. Local CIC Fraud Counsel representatives can be found on the DCMA General Counsel website on the CIC page.

b. Follow the CIC guidance.

5.9. DC&A. Perform DC&A in accordance with DCMA-MAN 2303-01 and applicable functional manuals and assess Counterfeit Risk on an annual basis. Counterfeit risk is reassessed when a risk event occurs.

5.10. PRODUCT ACCEPTANCE. The FS must perform product acceptance in accordance with DCMA-MAN 2101-01.

5.11. COTS ITEMS. Counterfeit mitigation includes subcontracts for commercial items. The FS must include a review of the counterfeit detection and avoidance requirements flowed down to subcontractors at all levels in the supply chain responsible for buying or selling COTS items.

SECTION 6: GIDEP AND THE DCMA FORUM

6.1. PROCESS OVERVIEW. GIDEP and the DCMA Forum (referred to as the Forum) are two separate systems accessed by two separate web addresses. Web addresses can be found on the Resource Page. Before requesting access, potential users should determine whether access is needed for one or both systems.

a. GIDEP is a cooperative effort to exchange information among government and industry participants about nonconforming product or processes, counterfeit, and obsolescence issues along with research, development, design, testing, acquisition and logistics information. GIDEP seeks to reduce or eliminate time and money expenditures and to improve system and components quality and reliability during the acquisition and logistics phases of the life cycle.

(1) Contractor participation in GIDEP is voluntary unless specified in the contract. This information is typically found in the contract as FAR clause (FAR 52.246-26) or as a CDRL.

(2) Primary and Alternate GIDEP Representatives are also the "DoD IG Notice of Potentially Defective Product/Safety Alert" Coordinator and the DCMA FA.

(3) "GIDEP Notice" refers to Failure Experience Data (FED), Urgent Data Request (UDR), and Product Information Data (PID) Notices. Additional information can be found under "The DCMA GIDEP Push Mail Notices Review Chart" on the Resource Page:

(a) Five types of FED Notices:
- Alerts (A) Notice
- GIDEP SA Notice
- Problem Advisory (PA) Notice
- Agency Action Notice (AAN), Limited Distribution to Government-only members (AAN-L) and Unlimited Distribution (AAN-U)
- Lessons Learned

(b) Two types of UDR Notices:
- Source of Supply Notice
- Request for Information (RFI) Notice

(c) Three types of PID Notices:
- Diminishing Manufacturing Sources and Material Shortages (DMSMS) Notice
- Product Change Notice (PCN)
- Product Information Notice

b. GIDEP contains other sections such as Engineering Data, Metrology Data and Reliability-Maintainability Data that may contain useful data for other functional analyses.

c. The criteria for issuance of an AAN-L and a Problem Advisory (PA) are:

(1) Potentially nonconforming supplies or processes that do not meet contractual requirements (including purchase orders), catalogue descriptions or referenced specifications.

(2) Continued supply or use of these supplies or processes that could adversely affect other Government agencies (buying activities and/or weapon system programs) or contractors/suppliers, if not reported to GIDEP.

d. The DCMA Forum is a DCMA only internal communication system to:

(1) Exchange and develop information concerning nonconforming supplies, processes, and materials and quality escapes affecting multiple contracts and/or product lines.

(2) Communicate information on systemic issues that may affect multiple items and/or contractors to ensure FSs are aware of potential issues and concerns. The following are typically communicated through the Forum:

- DCMA Level III & Level IV CARs
- Nadcap issued Supplier Advisories
- GIDEP Suspect Counterfeit Notice Advisory summaries
- Contractor Self-Disclosures
- DCMA Audits of significance to multiple CMOs

(3) "DoD IG Notices of Potentially Defective Products/Safety Alerts" could also be received as a GIDEP SA Notice, an AAN-L or AAN-U, a PA Notice, or through the Forum. If you become aware of a DoD IG notice through external sources, contact the HQ GIDEP and CIC representatives.

6.2. REQUIREMENTS.

a. The HQ GIDEP Program Manager serves as the Lead GIDEP Representative, the Lead "DoD IG Notice of Defective Product/Safety Alert" Coordinator, and the Lead FA and must:

(1) Manage GIDEP and Forum membership.

(a) Maintain a current list of OU and CMO Primary and Alternate GIDEP Representatives. Annually generate an Agency Tasking memorandum requesting verification of OU and CMO Primary and Alternate GIDEP Representatives and information related to any changes.

(b) Sign-up and deactivate Forum members for the Agency.

(2) Receive International Traffic in Arms Regulations (ITAR) and Export Administration Regulation (EAR) training sufficient to enable identification of ITAR and EAR restricted information to prevent release to DCMA Foreign National personnel via the Forum.

(3) Distribute "DoD IG Notices of Potentially Defective Product/Safety Alerts" to the OU and CMO GIDEP Representatives.

(4) Review GIDEP's "Weekly Document Summaries and Parts Listings" for GIDEP Notices, including new Counterfeit/Suspect Counterfeit notices.

(5) Generate and distribute GIDEP "Suspect Counterfeit Advisories" summaries to the cognizant CMOs that can influence the parties involved in the advisories.

(6) Review and distribute Forum Topics to Forum members including:

(a) Distribute relevant GIDEP Notices via the Forum within 5 business days of awareness.

(b) Review and distribute relevant Forum Topics to Forum members. The FA must review Forum topics for compliance with ITAR and EAR to ensure such topics are not released with restricted information to DCMA Foreign National employees.

(7) Execute activities associated with the GIDEP AAN-Ls, auto-generated from PQDRs supported by DCMA personnel, to include:

(a) Review, analyze, and coordinate distribution of AAN-Ls from the PDREP system to Government-only members of the GIDEP.

(b) Provide recommendations to the DCMA PQDR POC and request their final decision regarding distribution of the auto-generated AAN-L and provide the final decision to the GIDEP Representative for distribution disposition action.

(8) Submit the Annual Utilization Report (AUR) using the GIDEP Participation Utilization Reporting System (PURS). The AUR is required to be submitted before November 1 and should include benefits received since the last report.

b. CMO Commander/Director must:

(1) Appoint CMO Primary and Alternate GIDEP Representatives. Streamline CMOs may be represented by the Primary CMO or may elect to appoint their own representatives.

(2) Participate in issuing, reviewing, and disseminating appropriate GIDEP FED Notices about potential or known nonconforming supplies; processes and material not meeting manufacturing specifications, design, composition or TDP requirements; and potential/actual material shortages. In addition, participation is mandatory regarding issuing, reviewing, and disseminating appropriate GIDEP FED Suspect and Actual Counterfeit Notices (counterfeit is a subset of nonconforming supplies, processes and materials; hence GIDEP FED Notice activities apply to NCM and counterfeiting).

(3) Promptly investigate and notify all potentially affected CMOs and procurement and program offices of potential issues with a serious hazard to health, safety, or operational readiness. The preferred method is direct contact, followed by a Forum Topic.

c. The FS (inclusive of all FSs as defined in the Glossary) must perform and document surveillance activities, and immediately report occurrences of the following types of noncompliances to the HQ GIDEP Program Manager:

(1) Specialty Metals. Section 2533b of Title 10, United States Code (U.S.C.) restricts DoD procurement of specialty metals in six categories of major weapons systems. The law is implemented by DFARS 252.225 clauses that appear in most DoD contracts for major weapons systems or their components. The HQ GIDEP Program Manager will assist with reporting of specialty metals noncompliances. Additional guidance can be found on the Resource Page.

(2) Certain material noncompliances. Section 2533c of Title 10, U.S.C., restricts DoD procurement of certain magnets, tungsten and other covered material melted or produced in any covered country. The law is implemented by DFARS 252.225 clauses that appear in most DoD contracts for major weapons systems or their components. The HQ GIDEP Program Manager will assist with reporting noncompliances, if required. Additional guidance can be found on the Resource Page.

(3) Buy American and Berry Amendment violation. Section 2533a of Title 10 and Chapter 83 of Title 41 U.S.C., convey the federal statutes of the Berry Amendment and the Buy American Act, respectively. These regulatory requirements restrict DoD's contractors' procurement activities as prescribed in accordance with DFARS clauses 252.225. Additional guidance can be found on the Resource Page.

d. The FS (inclusive of all FSs defined in the Glossary) must perform surveillance, in accordance with DCMA-MAN 2303-01 to ensure the contractor is executing the following actions described in FAR 52.246-26 including:

(1) Screening of GIDEP reports, as a part of their inspection system or program for the control of quality, to avoid the use and delivery of counterfeit or suspect counterfeit items or delivery of items that contain a major or critical nonconformance. This requirement does not apply if the Contractor is a foreign corporation or partnership that does not have an office, place of business, or fiscal paying agent in the United States.

(2) Providing written notification to the Contracting Officer within 60 calendar days of becoming aware or having reason to suspect, such as through inspection, testing, record review, or notification from another source (e.g. seller, customer, third party) that any end item, component, subassembly, part, or material contained in supplies purchased by the Contractor for delivery to, or for, the Government is counterfeit or suspect counterfeit.

(3) Retaining counterfeit or suspect counterfeit items in their possession at the time of discovery until disposition instructions have been provided by the Contracting Officer.

(4) Submitting reports to GIDEP within 60 calendar days of becoming aware or having reason to suspect (such as through inspection, testing, record review, or notification from another source (e.g., seller, customer, third party)) that items purchased by the Contractor for delivery to or for the Government are, except as provided in (5) below:

(a) Counterfeit or suspect counterfeit items.

(b) Common items that have a major or critical nonconformance.

(5) The Contractor must not submit a report if:

(a) The Contractor is a foreign corporation or partnership that does not have an office, place of business, or fiscal paying agent in the United States.

(b) The Contractor is aware the counterfeit, suspect counterfeit, or nonconforming item is the subject of an on-going criminal investigation, unless the report is approved by the cognizant law-enforcement agency.

(c) For nonconforming items, other than counterfeit or suspect counterfeit items, it can be confirmed the organization where the defect was generated (e.g., original component manufacturer (OCM), original equipment manufacturer (OEM), aftermarket manufacturer, or distributor that alters item properties or configuration) has not released the item to more than one customer.

e. CMO Primary or Alternate GIDEP Representatives, and/or other designated GIDEP users must:

(1) Apply for access to GIDEP, as a representative, by contacting GIDEP at the website listed on the Resource Page. Request to become the primary or alternate GIDEP Representative of the CMO. A memo from management is required to be presented to GIDEP stating who the cognizant GIDEP Representative will be.

(2) Report CMO Primary and Alternate GIDEP Representatives names and changes to both the OU GIDEP Representatives and the HQ GIDEP Program Manager.

(3) Distribute "push-mail" GIDEP Notices and "DoD IG Notices of Potentially Defective Products/Safety Alerts" to FS/GIDEP users. "DoD IG Notices of Potentially Defective Products/Safety Alerts" are received from the HQ GIDEP representative.

(4) Verify and approve CMO personnel GIDEP user accounts.

(5) Communicate applicable GIDEP/DCMA Forum issues information to and from the:

- HQ GIDEP Program Manager
- OU GIDEP Representative
- CIC/Assigned Legal Counsel (ALC)

(6) Generate and submit GIDEP notices and data for inclusion into the GIDEP database, when applicable.

(7) Review and take appropriate action as necessary on Forum Topics which affect the CMO.

(8) Generate and submit DCMA Forum Topics and data for inclusion into the DCMA Forum, when applicable.

(9) Review the emailed GIDEP Weekly Document Summaries and Parts Listings (also known as GIDEP Push Mail). Push mail is generated as a convenience to GIDEP participants to obtain an overview of information without having to access the GIDEP database. If a part or title in the listing is of interest, the corresponding document can be retrieved through the database to determine if CMO contractors, contracts, programs, supplies, items are impacted.

(10) Submit the AUR, using the PURS, before November 1 and include benefits received since the last report.

f. GIDEP Users must:

(1) Apply for access to GIDEP through their organization's representative. GIDEP training is located on the Resource Page.

(2) Report findings to the CMO GIDEP Representative when encountering NCM or processes that may affect other DoD contractors.

(3) NOT release GIDEP or Forum data and information outside of DCMA without prior consent and approval from the local, OU, or HQ GIDEP Representative.

(4) Take direction from the CIC or ALC and the CMO GIDEP Representative when dealing with the GIDEP Suspect/Confirmed Counterfeit Notice Advisory Summaries.

(5) Become members of the Forum.

g. DCMA Foreign National Employees.

(1) CANNOT become GIDEP users; however, they can assist GIDEP users with reporting occurrences of nonconformance, including counterfeit, and in gathering data.

(2) Must report findings to the DCMA POC/FS and/or CMO GIDEP Representative upon becoming aware of nonconforming supplies or processes. The POC and/or GIDEP Representative must assist in determining if a GIDEP FED Notice should be issued.

h. CIC/ALC must:

(1) Distribute received "DoD IG Notices of Potentially Defective Products/Safety Alerts" to the OU GIDEP Representatives. Distribution outside the Government is prohibited.

(2) Ensure information from fraud investigations is treated confidentially and controlled appropriately when passed between Government activities, and is not disclosed without the consent of the investigative agent.

(3) Ensure any product investigation related to information disclosed in a "DoD IG Notices of Potentially Defective Product/Safety Alert" is coordinated with the investigative agent if one is assigned to the investigation.

6.3. INFORMATION HANDLING CAVEATS.

a. Fraud Investigations. Information from fraud investigations must be treated confidentially and controlled in accordance with DoDI 5200.48, "Controlled Unclassified Information (CUI)," when passed between Government activities, and must not be disclosed without the consent of the investigative agent or the cognizant DCMA CIC or ALC.

b. DoD IG Notices of Potentially Defective Products/Safety Alerts. These alerts must be designated "CUI/INV (Controlled Unclassified Information/Investigation)" in accordance with DoDI 5200.48. Any Alert product investigation related information disclosure must be coordinated and approved by/with the investigative agent. Distribution outside the Government is prohibited.

c. DCMA Forum.

(1) Care must be taken regarding the type of information released to or from the Forum. As a minimum, no classified information is to be released to or from the Forum.

(2) Foreign National employees have limited access to the Forum and only receive Forum documents reviewed and scrubbed by a properly trained FA to remove potential ITAR and EAR material.

(3) Prior to the decision to issue a sensitive DCMA Forum Topic (including ITAR or EAR information), the FS must consult the CIC or ALC.

6.4. THE DCMA GIDEP PROCESS. The FS must:

a. Review GIDEP Notices and take action as necessary. Additional information can be found on the Resource Page.

(1) Review GIDEP Weekly Documents and Part Listings Summaries.

(2) Determine if weekly Notices contain information pertinent to the CMO or, if known, other CMO(s) and take appropriate action.

b. Issue GIDEP Notices.

(1) Report specialty metals noncompliances through a GIDEP Notice. Contact the HQ GIDEP Program Manager for assistance on reporting of specialty metals noncompliances. Reporting is an Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) mandatory requirement. Section 2533b of Title 10, U.S.C., restricts DoD procurement of specialty metals in six categories of major weapons systems.

(2) Information can be found on the Resource Page for DCMA Auto-Generated AAN-Ls in GIDEP from DCMA supported PQDRs.

6.5. The DCMA FORUM PROCESS. The FS must:

a. Review Forum Topics and take action as necessary.

b. Generate Forum Topics, as necessary.

6.6. DoD IG NOTICES OF POTENTIALLY DEFECTIVE PRODUCTS/SAFETY ALERTS. The "DoD IG Notice of Potentially Defective Products/Safety Alert" is not the same as a GIDEP SA Notice and may be received outside of GIDEP. The FS must review the IG Notice and take action as necessary. DoD IG Safety Alert instructions can be found on the Resource Page.

GLOSSARY

G.1. DEFINITIONS. These terms and their definitions are for the purpose of this Manual only.

Accept/Acceptance. The act of an authorized representative of the Government by which the Government, for itself or as agent of another, assumes ownership of existing identified supplies tendered or approves specific services rendered as partial or complete performance of the contract. When referring to NCM, acceptance is to agree the supply or service presented to the Government is accurate and complete and that it is in the Government's best interest to accept the NCM.

Acknowledgment. Response from one activity to another informing them of receipt of PQDR, initial disposition instructions, estimated date of completion, and other information, as appropriate (i.e., assigned action offices).

Aftermarket Manufacturer. A manufacturer that meets one or both of the following criteria:

a. Authorized by the OM to produce and sell replacement materiel, usually due to an OM decision to discontinue production of materiel. Materiel supplied is produced from dies, molds, or other manufacturing equipment that has been:

(1) Transferred from the OM to the aftermarket manufacturer;

(2) Produced by the aftermarket manufacturer using OM tooling and intellectual property, or

(3) Produced by the aftermarket manufacturer through redesign to match the OM specifications without violating the OM intellectual property rights (IPR).

b. Produces materiel by emulating or reverse-engineering obsolete materiel to satisfy continuing customer needs without violating the OM IPR, patents, or copyrights (SAE AS6174).

CAT I DR. A report of any deficiency that may cause death, injury, or severe occupational illness; would result in loss or major damage to a weapon system; critically restricts the combat readiness capabilities of the using organization; or any defect that would result in a production line stoppage.

CAT II DR. A report of a product quality deficiency which does not meet the criteria set forth in CAT I. CAT II normally is used for reporting major and minor defects.

Common Cause Variation. Common cause variation, as used in process control, is inherent in the process and can only be reduced by changes to the system, e.g., upgrading a machine.

Common item. An item that has multiple applications versus a single or peculiar application.

Concur/Concurrence. To agree that the NCM presented to the Government: (1) has been properly categorized; and (2) to agree with the contractor's proposed disposition. After concurrence by the proper determination authority, the nonconformance may continue within the contractor's production system to be presented to the Government at product acceptance.

Conditional acceptance. Acceptance of supplies or services that do not conform to contract quality requirements, or are otherwise incomplete where the contractor is required to correct or complete by a specified date.

Containment. Action to control and mitigate the impact of a nonconformity and protect the customer's operation (stop the problem from getting worse); includes correction, immediate corrective action, immediate communication, and verification that the nonconforming situation does not further degrade. (AS9100D)

Contract manufacturer. A company that produces goods under contract for another company under the label or brand name of that company.

Corrective Action. (1) Actions taken to correct reported nonconformances/nonconformities/ discrepancies or other undesirable situations. These actions include repair, replacement, alert notifications, and segregation, screening, and disposition of existing product. (2) Action(s) taken to improve an organization's processes by identifying and eliminating the root cause(s) of nonconformances/discrepancies or other undesirable situations thus preventing their recurrence. This action could include changes to processes, work instructions, workmanship practices, training, inspections, tests, procedures, specifications, drawings, tools, equipment, facilities, resources, or material.

CAS-Covered Contract or Subcontract. A contract or subcontract subject to CAS rules and regulations. (FAR 30.001 Definitions).

Counterfeit Electronic Part. An unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the OM, or a source with the express written authority of the OM or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics. (DFARS Part 202)

Counterfeit Part. A fraudulent part that has been confirmed to be a copy, imitation, or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive, or defraud. (SAE AS5553)

Counterfeit Materiel. An item that is an unauthorized copy or substitute that has been identified, marked or altered by a source other than the item's legally authorized source and has been misrepresented to be an authorized item of the legally authorized source (DoDI 4140.67).

a. **Suspect counterfeit.** Materiel, items, or products in which there is an indication by visual inspection, testing, or other information that it may meet the definition of counterfeit materiel provided herein (DoDI 4140.67).

b. **Materiel.** Includes system components, sub-components, software, information and communications technology, support equipment and systems purchased, procured or contracted or incorporated into the DoD supply chain for weapon and information systems, DoD business processes and DoD operational support. (DoDI 4140.67).

Critical item. An item, the failure of which is likely to result in hazardous or unsafe conditions for individuals using, maintaining, or depending upon the item; or is likely to prevent performance of a vital agency mission.

Critical nonconformance. A nonconformance likely to result in hazardous or unsafe conditions for individuals using, maintaining, or depending upon the supplies or services; or is likely to prevent performance of a vital agency mission.

CSI. A part, assembly, installation, or production system with one or more essential characteristics which, if not conforming to the design data or quality requirements, would result in an unsafe condition that could cause loss or serious damage to the end item or major components, loss of control, or serious injury to personnel.

a. CSI (Aviation). A part, assembly, installation equipment, launch equipment, recovery equipment, or support equipment for an aircraft or aviation 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 aircraft or weapons system, an unacceptable risk of personal injury or loss of life, or an uncommanded engine shutdown that jeopardizes safety. Damage is considered serious or substantial when it would be sufficient to cause a "Class A" accident or a mishap of severity CAT I. The determining factor in CSIs is the consequence of failure, not the probability the failure or consequence would occur. For the purpose of this Manual, Critical Safety Item, Flight Safety Critical Aircraft Part, Flight Safety Part, Safety of Flight Item, and similar terms are synonymous.

b. CSI (Ship). Any ship part, assembly, or support equipment containing a critical characteristic whose failure, malfunction, or absence of could cause a catastrophic or critical failure resulting in loss of, or serious damage to, the ship, or unacceptable risk of personal injury or loss of life.

Defect. Any nonconformance of a characteristic with specified requirements. Defect classifications can be found under NCM Classifications.

Design activity. An organization, Government or contractor with the responsibility for the design and configuration of an item, including the preparation or maintenance of design documents. Design activity could be the original organization, or an organization to which design responsibility has been transferred.

Determination. The decision made by the Government to either concur or nonconcur with the contractor's RFV submittal. The terms "approve/disapprove" may also be used.

DMSMS. The loss or impending loss of manufacturers of products, reduction of suppliers of products, or shortages of raw materials. DMSMS is caused by manufacturers of products or suppliers of raw material who discontinue production. Some of the reasons for DMSMS situations are:

- Rapid changes in technology which causes obsolescence (parts discontinued);
- Uneconomical production requirements and increasing emphasis on use of commercial products;
- Foreign source competition;
- Federal environmental and safety regulations; and
- Limited availability of products and raw materials used in the manufacturing process

DMSMS tend to have a pervasive effect that precludes repair of materiel and prevents procurement of additional systems, equipment, spare assemblies, and subassemblies dependent on the availability of products and raw materials no longer manufactured or available. (GIDEP Operations Manual, Chapter 11)

Dispositions, DRs. The evaluation decision made by the Configuration Control Authority regarding a Configuration Change Management document submitted by the Contractor. Dispositions include signatory and date requirements. Dispositions are in the form of concurrence, nonconcurrence, approval, or disapproval, depending on the configuration document.

Dispositions, NCM. What needs to happen to the nonconforming product to either make it suitable for use or to dispose of it. These options are use-as-is, rework, repair, scrap or return to vendor.

DMSMS Notice. A push-mail PID Notice to all GIDEP Representatives and Users from a manufacturer, source of supply, or Federal Government agency or activity that a part, component, chemical, software, or material will no longer be produced by the manufacturer or source of supply. (GIDEP Operations Manual, Chapter 11)

Effectivity. A designation, defining the product range; e.g., serial numbers, block numbers, batch numbers, lot numbers, model, dates or event, at which a specific product configuration applies, a change is to be or has been affected, or to which a variance applies.

Electronic Part. (1) An Integrated Circuit, (2) a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode) or (3) a circuit assembly. (DFARS Part 202)

Exhibit. The item reported as being deficient or a sample item representing the reported deficient condition which can be analyzed to determine the possible cause of the defect.

FED. Information about problems, potential problems and failure experience data on parts, components, materials, manufacturing processes, specifications, computer software, test equipment and safety. FED is exchanged to improve quality, reliability, and delivery schedules and to reduce costs.

FS. (1) Any DCMA personnel executing contract administration services within any career field. (2) FSs are personnel assigned to perform various tasks or functions in support of the Agency's mission (e.g., ACO, CA, contracting officer representative, cost monitor, engineer, industrial specialist, information technology specialist, packaging, QA or transportation.)

GIDEP. A DoD program established to maximize the use of existing knowledge and to promote and facilitate the sharing of technical information between government agencies and industry partners to increase systems safety, reliability, and readiness and to reduce systems development, production, and ownership costs.

GIDEP AAN. A Notice issued by Government agencies to report problems with products or processes. Unlike Alerts, SAs, and PAs, AANs only document the occurrence of a problem, they do not include problem solutions or manufacturers' corrective actions. AANs may be designated as "AAN-U" for unlimited release to all GIDEP participants or "AAN- L" for Limited release (limited to only Government Agencies, or only Defense Agencies).

GIDEP Alert. A report of an actual or potential problem with parts, components, materials, manufacturing processes, test equipment, or safety conditions that may have multiple applications in Government or industry and be of significance to other GIDEP participants. GIDEP Alerts are not to be used to report random part failures or failures resulting from applications outside of published design requirements.

GIDEP PCN. A push-mail PID notice to all GIDEP representatives/users that a manufacturer has changed either the form, fit, or function, or the production processes of their product that affect the performance, interchangeability or reliability of a product. The notice must be submitted by the OEM. If the products are controlled by government specifications, the manufacturer has usually received government approval to change the characteristics of that part, component, or material. In the case of COTS products, the manufacturer may issue a PCN without prior government coordination, unless specifically restricted by contractual instruments. (GIDEP Operations Manual, Chapter 11)

GIDEP PID. The PID section of GIDEP provides important data to prime contractors, program managers, design engineers, part configuration managers, purchasing agents, and logisticians when manufacturers discontinue production of, and engineering changes to, products that they produce.

GIDEP PA. An Advisory issued to report nonconformances, which have a low probability of causing a functional failure. It report problems with products/processes which do not meet specifications and are also used as preliminary Alerts where there is a suspected problem, which is not completely defined due to lack of data.

GIDEP Push Mail. GIDEP Push Mail for GIDEP participants to obtain an overview of information without having to access the database. If a part or title in the listing is of interest, the corresponding document can be retrieved through the database access.

GIDEP SA. A report of an actual or potential problem with parts, components, materials, manufacturing processes, test equipment, or safety conditions, which may have multiple applications in Government or industry that affect the safety of people or equipment.

GIDEP Source of Supply. A push-mail UDR Notice to all GIDEP Representatives and Users that requests a source of supply for a part replacement/substitution or other electronic assembly (or a substitute).

GIDEP UDR. An UDR is seeking information for a specific item such as test reports, failure rate data and reliability information, calibration procedures and technical manuals, and Sources of Supplies to include part replacement, substitution data and source data. (Source GIDEP User Manual, Chapter 10)

GP. Property in the possession of, or acquired directly by, the Government and subsequently delivered to or otherwise made available to a contractor.

Government-Owned Product. A product owned by, leased to, or acquired by the Government under the terms of a contract.

Key Contract Requirement. Contract requirements defined by function that drive surveillance events.

Major nonconformance. A nonconformance other than critical which is likely to result in failure of the supplies or services, or to materially reduce the usability of the supplies or services for their intended purpose.

MRB. A joint DCMA/Contractor's cross-functional group normally composed of representatives from quality, engineering, and manufacturing/production which reviews minor NCM on hold due to usability concerns and determines and/or recommends a disposition to the government for approval. Acceptance of supplies and services with critical or major nonconformances is outside the scope of the review group. (FAR 46.407(d))

Nadcap. A global, industry-driven accreditation program for aerospace engineering, defense, and related industries. Formerly known as NADCAP, the National Aerospace and Defense Contractors Accreditation Program.

NCM. A generic term that includes any (raw) materials, item, part, component, supply, product or output of a process containing one or more nonconformances.

NCM Classifications. The following are the FAR 46 and DD Form 1694 explanations (in parentheses):

a. Critical. A nonconformance that is likely to result in hazardous or unsafe conditions for individuals using, maintaining, or depending upon the supplies or services; or is likely to prevent performance of a vital agency mission. (Use this classification when it is a departure from requirements affecting one or more of the following: (1) Safety; (2) Human health; (3) Environment; and/or (4) Security (local program or national));

b. Major. A nonconformance, other than critical, likely to result in failure of the supplies or services, or to materially reduce the usability of the supplies or services for their intended purpose. (Use this classification when it is a departure from requirements affecting one or more of the following: (1) Performance or operating limits; (2) Interchangeability, reliability, survivability, maintainability or durability of the item or its repair parts; (3) Structural strength; (4) Effective use or operation; (5) Weight, moment, center of gravity; (6) Appearance; (7) Limits on product use or operation; (8) Temporary use of alternate items; and/or (9) When the configuration documentation defining the requirements for the item classifies the departure from the requirement as major).

c. Minor. A nonconformance not likely to materially reduce the usability of the supplies or services for their intended purpose, or is a departure from established standards having little bearing on the effective use or operation of the supplies or services. (Use this classification when it consists of a departure that does not involve any of the factor listed for critical or major, or when the configuration documentation defining the requirements for the item classifies the departure from the requirement as minor. Departures from the requirements that do not meet the definition of critical or major and are not classified in any configuration documentation (i.e. unlisted characteristics) are treated as minor).

Nonconcur/Nonconcurrence. To (1) not agree with the contractor's severity classification of a nonconformance; and/or (2) not agree with the contractor's proposed disposition. The nonconformance may not continue within the contractors' production system or be presented to the Government for "product acceptance."

Nonconformance. The non-fulfillment of a requirement. This includes a failure of a characteristic or feature or process to conform to the requirements specified in the contract, drawings, specifications, or other approved configuration documentation**.**

Occurrence. The first time a nonconformance is detected on a specific characteristic of a part or process. All nonconformances attributed to the same root cause and identified before the date, item, unit, lot number, or other commitment for effective corrective action are also considered occurrences.

OCM. An organization that designs and/or engineers a part and is pursuing or has obtained the IPRs to that part. The part and/or its packaging are typically identified with the OCM trademark. OCM may contract out manufacturing and/or distribution of their product. Different OCMs may supply product for the same application or to a common specification. (SAE AS5553)

OEM. A company that manufactures products it has designed from purchased components and sells those products under the company's brand name. (SAE AS6081)

OM. An organization that designs and/or engineers a part and has obtained the IPR to that part. The part and/or its packaging are typically identified with the OM trademark. OM may contract out the manufacturing, test, and/or distribution of their product. (SAE AS5553)

Post-production RFV. A submittal prepared by the contractor to request concurrence for a nonconforming product after the product has been fabricated and before Government acceptance.

Pre-production RFV. A submittal prepared by the contractor to describe a nonconformity of a CI before the product is produced or manufactured and is for a limited time and for specified effectivity. Pre-production RFVs request Government permission to produce the CI as nonconforming. Submittals are typically temporary conditions caused by the lack of a material, part, component, or item required. If the item is permanently no longer available, an ECP would be appropriate and should be referenced in the RFV.

Product. Item, materiel, data, software, supplies, system, assembly, subassembly, or portion of it that is produced, purchased, developed, or otherwise used by the Government. Products obtained by architect-engineer construction and facilities support contracts do not apply.

Product Acceptance. The act of an authorized representative of the Government by which the Government, for itself or as agent of another, assumes ownership of existing identified supplies tendered or approves specific services rendered as partial or complete performance of the contract, as defined in FAR 46.

Product Quality Deficiency. A defect or nonconforming condition detected on new or newly reworked Government-owned products; premature equipment failures; and products in use that do not fulfill their expected purpose, operation or service due to deficiencies in design, specification, materiel, manufacturing, and workmanship.

Product Quality Deficiency Severity Classification. The classification of a nonconformance or defect by its severity used for PQDRs. Unless otherwise specified in the contract, these classifications are:

a. Critical: A nonconformance or defect likely to result in hazardous or unsafe conditions for individuals using, maintaining, or depending upon the supplies or services; or likely to prevent performance of a vital agency mission.

b. Major: A nonconformance or defect, other than critical, likely to result in failure of the supplies or services, or to materially reduce the usability of the supplies or services for their intended purpose.

c. Minor: A nonconformance or defect not likely to materially reduce the usability of the supplies or services for their intended purpose, or that is a departure from established standards having little bearing on the effective use or operation of the supplies or services.

Quality Deficiency Data. Information, based on the results of testing or examination, provided by an activity concerning unsatisfactory new, newly reworked material (Government or

contractor) , premature equipment failures, and products in use that do not fulfill their expected purpose, operation or service.

Quality Escape. NCM that has entered the DoD supply chain.

Recurrence. The repeat of a previously occurring nonconformance that is attributable to the same cause/process. When determining a recurrence, the process should be analyzed for variation rather than the characteristic.

Reject/Rejection. To not accept the supply or service presented to the Government because it is not accurate and/or complete and it is not in the Government's interest to accept the NCM.

Repair. A procedure applied to a nonconformance by the contractor which reduces but does not completely eliminate a nonconformance. Repair is distinguished from rework in that the characteristic/item after repair does not completely conform to the applicable print, drawings, specifications, or contract TDP requirements but will meet the performance/reliability requirements.

Rework. A procedure applied to a nonconformance that will completely eliminate the nonconformance and result in a characteristic/feature that conforms completely to the print, drawing, specification, or other contract TDP requirements. Rework should not be confused with "reworked materiel."

Reworked Materiel. Materiel that has been overhauled, rebuilt, repaired, reworked, or modified by a military or commercial facility. Such materiel is considered newly reworked until it has been proven during actual system operation. Reworked materiel should not be confused with "rework."

RFV. A contractor's request to depart from, or not conform to, particular requirement(s) of a CI's current approved configuration documentation. An RFV is a temporary departure for a specific number of units or a specified period of time, which distinguishes it from an ECP which is a permanent change. The term RFV also refers to the documents that accompany NCM when presented to the Government for disposition. The term RFV replaces the term Request for Waiver (RFW) and Request for Deviation (RFD).

Risk Rating. A risk rating is based on an assessment of an identified contractor risk through determination of its likelihood (probability), its consequence and its relationship to other risk areas or processes.

RTV/RTS. Disposition denoting a nonconforming purchased item will be returned to vendor or sub-tier supplier for replacement, credit, and/or rework/repair due to a nonconformance caused by the source.

Scrap. NCM not suitable for its intended purpose and which cannot be repaired in a manner acceptable to the Government.

Special Cause Variation. Special cause variation, as used in process control, occurs when something out of the ordinary happens in a process. (see also Common Cause Variation)

SRP. A documented technique for a repair of a nonconformance which has been demonstrated to be an adequate repair when properly applied.

Supplier. A blanket description of all sources of supplies who may or may not have a legally binding relationship with the legally authorized source. This relationship generally includes direct product support, training and marketing support from the legally authorized source and provides direct product support to the customer. (SAE AS6174)

Suspect Counterfeit Electronic Part. An electronic part for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the electronic part is authentic. (DFARS Part 202)

Suspect Counterfeit Part. A part in which there is an indication that it may have been misrepresented by the supplier or manufacturer and may meet the definition of fraudulent part or counterfeit part. (SAE AS5553)

UAI. A disposition of NCM with one or more minor nonconformances determined to be useable for its intended purpose in its existing condition.

Variance. A departure from approved product definition information for a limited amount of time or for a specified effectivity that does not require revision of approved product definition information.

GLOSSARY

G.2. ACRONYMS.

AAN	Agency Action Notice
AAN-L	Agency Action Notice Limited Distribution
AAN-U	Agency Action Notice Unlimited Distribution
ACO	Administrative Contracting Officer
ALC	Assigned Legal Counsel
AS	Aerospace Standard
AUR	Annual Utilization Report
CA	Contract Administrator
CAR	Corrective Action Request
CAS	Cost Accounting Standards
CAT	Category
CDAS	Counterfeit Detection and Avoidance System
CDR	Contract Deficiency Report
CDRL	Contract Data Requirements List
CFM	counterfeit risk mitigation
CI	configuration item
CIC	Contract Integrity Center
CMO	Contract Management Office
COTS	Commercial Off-the-Shelf
CRR	Contract Receipt and Review
CSI	Critical Safety Item
CUI	Controlled Unclassified Information
DC&A	data collection and analysis
DCMA-INST	DCMA Instruction
DCMA-MAN	DCMA Manual
DD Form 1149	Requisition Shipping Form
DD Form 1423	Contract Data Requirements List
DD Form 1575	Suspended Tag - Materiel
DD Form 1694	Request for Variance
DD Form 2332	Product Quality Deficiency Report Exhibit
DFARS	Defense Federal Acquisition Regulation Supplement
DID	Data Item Description
DLA	Defense Logistics Agency
DLA Form 1227	Product Quality Deficiency Investigation Report
DMSMS	Diminishing Manufacturing Sources and Material Shortages
DoDAAC	DoD Activity Address Code
DoDI	DoD Instruction
DR	Deficiency Report
DRPM	Deficiency Reporting Program Manager

EAR	Export Administration Regulation
EIA	Electronics Industry Association
ECP	Engineering Change Proposal
ESA	Engineering Support Activity
FA	Forum Administrator
FAR	Federal Acquisition Regulation
FED	Failure Experience Data
FLS	First Level Supervisor
FS	Functional Specialist
GIDEP	Government-Industry Data Exchange Program
GP	Government Property
HQ	headquarters
IPR	intellectual property rights
ITAR	International Traffic in Arms Regulations
LOD	letter of delegation
MRB	Material Review Board
NASA	National Aeronautics and Space Administration
NCM	nonconforming material
NDI	Nondevelopmental Items
NSEO	Navy Special Emphasis Operations
OCM	original component manufacturer
OEM	original equipment manufacturer
OM	original manufacturer
OU	operational unit
PA	Problem Advisory
PAO	Postaward Orientation
PASM	preaward survey manager
PCN	Product Change Notice
PCO	Procurement Contracting Officer
PDREP	Product Data Reporting and Evaluation Program
PI	Program Integrator
PID	Product Information Data
POC	point of contact
POP	Place of Performance
PQDR	Product Quality Deficiency Report
PURS	Participation Utilization Reporting System

QA	Quality Assurance
QALI	Quality Assurance Letter of Instruction
RCA	root cause analysis
RCN	Report Control Number
RFD	Request for Deviation
RFV	Request for Variance
RTS	Return to Supplier
RTV	Return to Vendor
RFW	Request for Waiver
SA	Safe-Alert
SDR	Supply Discrepancy Report
SDRPM	Supply Discrepancy Reporting Program Manager
SF	Standard Form
SF 364	Supply Discrepancy Report
SF 368	Product Quality Deficiency Report
SOO	Statement of Objectives
SOW	Statement of Work
SRP	Standard Repair Procedure
TDP	Technical Data Package
TDR	Transportation Discrepancy Report
UAI	use as is
UDR	Urgent Data Request
U.S.C.	United States Code

REFERENCES

Code of Federal Regulations, Title 41
Data Item Description SESS-80640E, "Request for Variance," February 11, 2020
DCMA Manual 2101-01, "Acceptance," March 23, 2019
DCMA Manual 2101-04, "Delegate Surveillance," July 30, 2018
DCMA Manual 2303-01, "Surveillance," May 20, 2020
DCMA Manual 2501-01, "Contract Receipt and Review," March 24, 2019
DCMA Manual 2501-11, "International Request for Contract Administration Services," September 25, 2019 (as amended)
Defense Federal Acquisition Regulation Supplement 202, "Definitions of Words and Terms," current edition
Defense Federal Acquisition Regulation Supplement 244.303, "Extent of Review," current edition
Defense Federal Acquisition Regulation Supplement 246.407 (S-71), "Nonconforming Supplies or Services," current edition
Defense Federal Acquisition Regulation Supplement 246.7, "Warranties," current edition
Defense Federal Acquisition Regulation Supplement 252.246-7007, "Contractor Counterfeit Electronic Part Detection and Avoidance System," current edition
Defense Federal Acquisition Regulation Supplement 252.225, current edition
Defense Federal Acquisition Regulations 252.246-7008, "Sources of Electronic Parts," current edition
Defense Logistics Agency Regulation 4155.24, "Product Quality Deficiency Report Program," current edition
Defense Logistics Agency Regulation 4155.26, "DoD Hazardous Food and Nonprescription Drug Recall System," current edition
Defense Logistics Management Standard 4000.25, Volume 2, Chapter 17, "Supply Discrepancy Reporting," current edition
DoD Directive 5105.64, "Defense Contract Management Agency," January 10, 2013
DoD Instruction 4140.67, "DoD Counterfeit Prevention Policy," April 26, 2013 (as amended)
DoD Instruction 5200.48, "Controlled Unclassified Information (CUI)," March 6, 2020
Federal Acquisition Regulation 7.503, "Inherently Government Functions," current edition
Federal Acquisition Regulation 42.302(a) (47), "Assist in evaluating and make recommendations for acceptance or rejection of waivers and deviations," current edition
Federal Acquisition Regulation 46.7, "Warranties," current edition
Federal Acquisition Regulation 46.202-3, "Standard Inspection Requirements," current edition
Federal Acquisition Regulation 46.311, "Higher-level Contract Quality Requirements," current edition
Federal Acquisition Regulation 46.407, "Nonconforming Supplies or Services," current edition
Federal Acquisition Regulation 52.245-1, "Government Property," current edition
Federal Acquisition Regulation 52.246-2, "Inspection of Supplies – Fixed Price," current edition
Federal Acquisition Regulation 52.246-3, "Inspection of Supplies – Cost-Reimbursement"
Federal Acquisition Regulation 52.246-4, "Inspection of Services – Fixed-Price"
Federal Acquisition Regulation 52.246-5, "Inspection of Services – Cost- Reimbursement"
Federal Acquisition Regulation 52.246-6, "Inspection – Time-and-Material & Labor- Hour"
Federal Acquisition Regulation 52.246-7, "Inspection of Research and Development –

Fixed-Price"
Federal Acquisition Regulation 52.246-8, "Inspection of Research and Development – Cost-Reimbursement"
Federal Acquisition Regulation 52.246-9, "Inspection of Research and Development (Short Form)"
Federal Acquisition Regulation 52.246-11, "Higher-Level Contract Quality Requirements," February 15, 1999
Federal Acquisition Regulation 52.246-26, "Reporting Nonconforming Items," current edition
GIDEP Operations Manual, current edition
International Organization for Standardization, ISO 9001:2015 – "Quality Management Systems," September 23, 2015
NASA Federal Acquisition Regulation Supplement 1846.70, "Counterfeit Electronic Part Detection and Avoidance," September 28, 2020
NASA Federal Acquisition Regulation Supplement 1852.246–74, "Contractor Counterfeit Electronic Part Detection and Avoidance," September 28, 2020
"Post Review of RFVs Guidebook for FSs," November 6, 2019
SAE AS6174 (Revision A), "Counterfeit Materiel: Assuring Acquisition of Authentic and Conforming Materiel," July 2014
SAE AS5553 (Revision A), "Fraudulent/Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition," January 21, 2013
SAE AS6081, "Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation, and Disposition – Distributors," November 7, 2012
SAE AS9100D, "Quality Management Systems – Requirements for Aviation, Space, and Defense Organizations," October 2016
SAE EIA-649C, "Configuration Management Standard," February 2019
SAE EIA-649-1, "Configuration Management Requirements for Defense Contracts," November 2014
SAE EIA-649-2, "Configuration Management Requirements for NASA Enterprises," April 2016
United States Code, Title 10
United States Code, Title 41