



Corrective Action Process for Subcontract Level Deficiency

Revision 1

DCMA TDM

POC:
Ronald Snell
Quality Assurance
DCMA-TDM

Approved by:

Michael E. Shields Jr. (SES)
Executive Director, Quality Assurance

Date: June 1, 2021

REVISIONS AND REVIEWS

Rev	Date	Reason(s)	Name
0	04/15/2020	Initial Issuance. Current DCMA-MAN 2303-01 (p.8.6) Subcontract Level Deficiency	Ronald Snell DCMA-TDM
1	06/01/2021	Minor update: format, and harmonization, 3.2.1, 3.2.2 and CAR Process Map	Ronald Snell DCMA-TDM

1. AUTHORITIES

1.1 PURPOSE. This Guidebook is intended to provide additional guidance for the effective and efficient implementation of the requirements for subcontract level deficiencies addressed in DCMA MAN 2303-01, Surveillance. It is intended to be used by DCMA Functional Specialists (FS) delegating support in a contractor's supply chain. This Guidebook and its companion document the Corrective Action Request (CAR) Process Map, describes the interactive process between DCMA delegators, DCMA delegates, prime contractors, and subcontractors. For condition-based exceptions that apply to EVMS or Canadian Commercial Contracts, etc., refer to DCMA MAN 2303-01, paragraph 8.6.c, d and e. Information contractors consider trade secrets, confidential, and/or proprietary, must be safeguarded and protected, as stated in DCMA MAN 2303-01, Surveillance.

2. RESPONSIBILITIES

2.1. DCMA HEADQUARTERS (HQ). The DCMA-TD Executive Director, Quality Assurance will:

- a. Provide guidance as necessary to eliminate process gaps.
- b. Adjudicate all requests for deviations or waivers from Agency policies on CAR issuances to contractors and subcontractors.
- c. Evaluate any relevant measures or metrics for trends and overall Agency performance for CAR issuance, and resolution of the CAR.

2.2. OPERATIONAL UNIT (OU) COMMANDERS/DIRECTORS. The OU will:

- a. Provide operational execution direction or assist in developing operational procedures.
- b. Serve as focal point for feedback and or adjudication for CMO level issues related to CARs prior to elevating them to DCMA HQ.
- c. Aggregate and report any relevant measures or metrics as required by the HQ. Develop specific OU measures or metrics as needed.

2.3. CONTRACT MANAGEMENT OFFICE (CMO) Commander or Director. The CMO Commander or Director will:

- a. Develop and maintain standard operating procedures for execution of this guidance in a designated location, as applicable.
- b. Elevate feedback or adjudication of CARs stemming from CMO level issues to OU.
- c. Aggregate and report any relevant measures or metrics as required by DCMA HQ and/or the OUs. Develop specific CMO measures or metrics as needed.

2.4. DCMA LETTER OF DELEGATION (LOD) DELEGATOR. The DCMA LOD Delegator (Prime Contractor DCMA FS) will:

- a. Receive and review all notifications of deficiencies found at subcontractors with open delegations, and communicate with the DCMA LOD delegatee as required to fully understand the deficiency.
- b. Assure all notifications of deficiency about a subcontract are forwarded to the appropriate DCMA LOD delegators for issuance to prime contractor, when the DCMA LOD delegator is the subcontractor level. This must occur at every level from point of discovery to the prime contractor location.
- c. Communicate deficiencies found at the subcontractor with the prime contractor without disclosing subcontractor proprietary information.
- d. Assure issuance of CARs or notifications are treated as a risk event, and when necessary that the appropriate level of CAR is issued (e.g. Level I Product, Level II Process, LV III System, minor, major etc.) to promote adequate prime contractor control of subcontractors.
- e. Collaborate with the contractor on relevant metrics to reduce associated risks.
- f. Where there is no LOD and the activity comes through as a place of performance contract, assure CARs are issued to the prime contractor.
- g. Assume responsibility for overseeing the completion of the corrective action process.
- h. Comply with locally-developed procedures if applicable.

2.5. DCMA LOD DELEGATEE. The DCMA LOD Delegatee (Subcontractor DCMA FS) should:

- a. Assume responsibility for performing delegated actions to determine conformance to contract requirements.
- b. Issue an appropriate CAR to the subcontractor at the place of performance, when the subcontractor has other prime contracts with the government associated with the same deficient requirement, and notify the DCMA LOD delegator(s).
- c. Where there is no LOD and the activity comes through as a place of performance contract, assure CARs are issued to the prime contractor.
- d. Comply with locally developed procedures if applicable.

3. PROCESS

3.1. SUBCONTRACT LEVEL DEFICIENCY: The prime contractor is ultimately responsible for ensuring effective corrective action throughout its supply chain. The DCMA LOD delegator and the DCMA LOD delegatee perform essential roles in this process. The DCMA LOD delegator, who is the DCMA FS with cognizance over the prime contractor, coordinates with the DCMA LOD delegatee to assure that the prime contractor receives timely notification of DCMA identified subcontractor deficiencies, and takes prompt corrective action. The DCMA LOD delegator may, depending on the nature and scope of the deficiency, in coordination with the Administrative Contracting Officer (ACO), either issue a lower-level CAR, or advise the ACO to issue a higher-level CAR. The DCMA delegatee, has oversight of one or more subcontractors, some of which may also hold prime contracts with the Government. See the Glossary to this Guidebook for more information regarding the DCMA LOD delegator and the DCMA LOD delegatee.

a. The DCMA delegatee must notify the DCMA LOD delegator of all subcontract level deficiencies. The amount of interactions between the DCMA LOD delegator and DCMA LOD delegatee depends upon several factors illustrated in the CAR Process Map. Communication is vital throughout the life of the DCMA delegation process. The objective is to provide additional visibility and oversight of the contractor's supply chain. Primary communication must include the following topics:

- Whether or not the identified deficiency has been corrected.
- Recommendations of the appropriate level of CAR for the cited deficiency (Level I - Product, Level II - Process, Level III - System).
- Where the root cause and corrective action (RCA) for Level I and minor Level II CARs is known and the FS is satisfied the deficiency has been appropriately addressed, a CAR may be issued without requesting a written RCA response from the contractor. DCMA Functional Specialists must document the RCA in the agency system of record.
- The FS will refer to the CAR Process Map for additional guidance.
- Any actions taken by the prime contractor at the subcontractor location(s) for the cited deficiency.

b. When subcontractor deficiencies are found, the DCMA LOD delegatee must coordinate with all affected DCMA LOD delegators by initiating a notification that clearly describes the nature of the deficiency using PDREP CAR module. The DCMA LOD delegatee must follow this procedure even if the DCMA LOD delegatee is issuing the CAR to the subcontractor associated with a prime contract. Additional communication is recommended (email, phone, etc.) to ensure deficiencies are clearly communicated.

c. The DCMA LOD delegatee must also identify the classification of the deficiency in the notification. For product deficiency use minor/major/critical (as defined in DCMA MAN 2303-01) and for process noncompliance use major or minor in accordance with the OASIS

Guidebook on the DCMA MAN 2303-01 Resource Page. When a Level II CAR has both process and product deficiencies, each deficiency will be identified separately.

d. Delegations multiple subcontractor tiers into the supply chain will require communication by the DCMA LOD delegatee to go to and through the immediate DCMA LOD delegator to the DCMA LOD delegator with cognizance for the prime contractor. Each (re)-delegator will work through their immediate delegator.

3.2. CAR PROCESS MAP. The CAR Process Map contains two tabs. The steps in this Guidebook refer to CAR Process Map located on DCMA MAN 2303-01's Resource Page. Note that the DCMA LOD delegator and DCMA LOD delegatee is referenced as "delegator" and "delegatee" within the CAR Process Map.

a. The CAR Process Map is a companion document to this Guidebook. The CAR Process Map describes the interactive process between DCMA LOD delegators, DCMA LOD delegates, prime contractors, and subcontractors.

b. For contractor process of system major noncompliances (Level II and Level III CARs) associated with AS91XX refer to the OASIS Guidebook as applicable.

3.2.1. FIRST CAR PROCESS MAP TAB (SUBCONTRACTOR CAR WITH PRIME CONTRACTS). This tab illustrates the 12-step process for when the subcontractor has other prime contracts with the government associated with the same deficient requirement. Steps 1-7 provide the DCMA LOD delegatee's primary responsibilities and steps 8-12, separated by a solid bold line, apply to the process description of the cognizant DCMA LOD delegator's prime contractor place of performance follow-on actions.

These actions result in a minimum of one CAR issued against the prime contract at the subcontractor location, and one notification of deficiency sent to each affected DCMA LOD delegator. The DCMA LOD delegator must issue a notification to all affected prime contractors. Several of the steps in the CAR Process Map are interactive and may occur in parallel. For this scenario, select Prime CAR in PDREP.

Additional CAR Process Map Information

- Immediate containment and RCA are the responsibility of the contractor.
- CAP acceptance, validation, and correction of the original deficiency or deficiencies may take place at the subcontractor by the DCMA LOD delegatee, steps 1-7.
- The DCMA LOD delegatee must notify all applicable delegators through PDREP, as part of step 3.
- There may be instances where more than one notification of deficiency may be required to be issued by the DCMA LOD delegatee, e.g., multiple delegations.
- The DCMA LOD delegators will notify their prime contractors of all identified subcontractor deficiencies.

- The DCMA LOD delegator cognizant of the prime contractor may issue a CAR or advise the ACO to issue a CAR to the prime contractor for failure to control subcontractors, if data analysis reveals additional process failings with subcontracts.
- Coordination should take place between the DCMA LOD delegatee and DCMA LOD delegator for steps 8-12 in order to assist with the DCMA LOD delegator's corrective action.
- OASIS must be used for any AS9100 process-related major noncompliances in accordance to the OASIS Guidebook.

3.2.2. SECOND CAR PROCESS MAP TAB (SUBCONTRACTOR CAR WITH A SUBCONTRACTOR THAT HOLDS NO PRIME CONTRACT). This tab illustrates the 15-step process for when a subcontractor has no other prime contracts with the government associated with the same deficient requirement. Steps 1-15 provide the DCMA LOD delegatee's and DCMA LOD delegator's primary responsibilities and follow-on actions. These actions will result in a minimum of one notification to each applicable delegator and a CAR to the prime contractor. Several of the steps in the CAR Process Map are interactive and may occur concurrently. For this scenario, select POP CAR in PDREP.

Additional CAR Process Map Information

- The DCMA LOD delegator will make the RCA decision with respect to the deficiency found at the subcontractor.
- The DCMA LOD delegatee will recommend the appropriate level of CAR for the cited deficiency (Level I - Product, Level II - Process, Level III - System).
- Immediate containment and RCA are the responsibility of the contractor.
- CAP acceptance, validation, and completion of the original CAR is the responsibility of the cognizant DCMA LOD delegator at the prime contractor, working with the prime contractor. The DCMA LOD delegator may require assistance from the DCMA LOD delegatee for verification/validation of corrective action at the subcontractor location, where applicable.
- Continuous communication may be necessary from the DCMA LOD delegator and DCMA LOD delegatee to ensure effective CAP implementation and verification/validation.
- Follow-on coordination will take place between the DCMA LOD delegatee and DCMA LOD delegator for steps 8-15 in the CAR Process Map. The DCMA LOD delegatee will assist the DCMA LOD delegator with the CAP verification/validation of the prime contractors, and with closure process of the original deficiency.
- There may be instances where more than one notice of deficiency is required by the delegatee, e.g., multiple delegations.
- The DCMA LOD delegator will issue a CAR to their prime contractor for all original deficiencies, and notify the ACO of any lower-level CAR, and to recommend the

ACO issue any higher-level CAR.

- Based on analysis, the DCMA LOD delegator will decide if there is a need to include a separate CAR for additional process failings reflecting the prime contractor's failure to control subcontractors.
- Acknowledgement and continuous communication between the subcontractor and prime is vital for successful corrective actions.

3.3. LEVEL III AND IV CARs. Level III and IV CARs are managed and issued by the ACO with cognizance over the prime contract. The DCMA LOD delegatee must immediately notify the DCMA LOD delegator of any deficiencies identified at the subcontractor locations that meet the criteria for or may become escalated to a Level III or Level IV CAR. The DCMA LOD delegatee's will include a recommendation of the CAR Level with the notification to the DCMA LOD delegator.

Additional CAR Process Map Information:

- A CAR level recommendation must be communicated from the DCMA LOD delegatee to the DCMA LOD delegator.
- The delegator must work with the ACO who administers the prime contract to determine the appropriate level of CAR.
- Immediate containment and RCA are the responsibility of the contractor.
- CAP acceptance, validation, and completion of the original CAR is the responsibility of the cognizant DCMA LOD delegator assigned to the prime contractor place of performance, working with the prime contractor. The DCMA LOD delegator may require assistance from the DCMA LOD delegatee for verification/validation of acceptable CAP implementation at the subcontractor, where applicable.
- Continuous communication will be necessary between the DCMA LOD delegator and DCMA LOD delegatee to assure effective CAP implementation and verification/validation.
- Follow-on coordination will take place between the DCMA LOD delegatee and DCMA LOD delegator for steps 8-15 in the CAR Process Map. The DCMA LOD delegator will assist the DCMA LOD delegator with CAP verification/validation, and closure process, insofar as the subcontractor deficiencies relate directly to the original deficiencies.
- There may be instances where more than one notice of deficiency that may be required by the DCMA LOD delegatee.
- Based on analysis, the DCMA LOD delegator will decide if there is a need issue a CAR for additional process failings that indicate the prime contractor's failure to control subcontractors.

GLOSSARY

G.1. DEFINITIONS.

Corrective Action Plan (CAP). A set of actions to correct a deficiency, a noncompliant or nonconforming condition.

Corrective Action Request (CAR). A request for a contractor to take action to eliminate the cause of a detected deficiency or other undesirable condition.

CAR Process Map. The CAR Process Map represents the efforts of a DCMA/AIA Rapid Action Team (RAT) and is a step-by-step, systematic process. This CAR Process Map identifies key elements identified by DCMA/RAT for executing DCMA-Manual's requirement for Subcontract Level Deficiency. A DCMA and Industry step-by-step process flow that details execution of Subcontractor to prime Corrective Action compliance to DCMA-Manual 2303-01, 8.5, (c, d, e), Section 8.6, and is part of the Corrective Action Process for Subcontract Level Deficiencies Job Guide, Section 3.

Deficiency. A noncompliant or nonconforming condition. Deficiency is used throughout this document to represent departures from contract and product requirements as well as procedural requirements. Deficiency is the CAR subject, attribute, and characteristic.

DCMA LOD Delegator. DCMA LOD Delegator is the DCMA FS responsible for initiating a LOD. This is the DCMA functional specialist with cognizance over the prime contractor, or another office or division within the contractor's business structure or subcontractor Tier above the DCMA LOD Delegatee, when an additional delegation is necessary, and issued. DCMA personnel who perform LOD Delegator duties are functional specialists with oversight of the contractor who are qualified based on the completion of OSD, DCMA, and CMO training and certification requirements. The assignment of duties is the responsibility of First Line Supervisor.

DCMA LOD Delegatee. DCMA LOD Delegatee is the one is assigned to complete the delegated work. This is the functional specialist for the Subcontractor. Individuals are qualified, based on the completion of OSD, Agency and CMO training and certification requirements. The assignment of duties is the responsibility of First Line Supervisor.

Major Noncompliance (AS9101). A nonconformity where the effect is judged to be detrimental to the integrity of the product or service; major noncompliances include:

The absence of, or total breakdown of, a system to meet a 9100-series standard requirement, a customer Quality Management System requirement, or documented information defined by the organization;

Any nonconformity that can result in the probable delivery of nonconforming product or service; and

A condition that can result in the failure, or reduce the usability, of the product or service and its intended purpose.

Nonconformance, Critical. 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 (FAR 46).

Nonconformance, Major. A nonconformance, other than critical, 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 (FAR 46).

Nonconformance, 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 (FAR 46).

Notifications of Deficiencies. DCMA LOD delegatee notification to the DCMA LOD delegator of subcontractor deficiency. DCMA LOD delegator notification to the prime contractor point of contact, of subcontractor deficiency (Agency electronic tool, email, phone, etc.).

OASIS. An online system which maintains a list of contractors who are certified/registered under the International Aerospace Quality Group rules to be in compliance with the aerospace quality management system requirements (9100 series).

Product. Goods, services, or information that are the outputs of any process that meets the needs of your customer. (Modified from pg. 74 Juran's Quality Handbook, 6th Edition).

Prime Contractor. For the purpose of this document, a prime contractor is the party that has a contract with the government. The Government has privity of contract with the prime contractor.

Redelegation. Documented instructions issued by a cognizant DCMA CMO to a secondary (receiving) DCMA CMO outlining support requirements, which cannot be performed by the cognizant DCMA CMO as specifically required by a LOD.

Root Cause Analysis. A method of problem solving used for identifying the root causes of faults or problems.

Subcontractor. Subcontractors are referred to as Tier 1, Tier 2, Tier 3, etc. Tier-n subcontractors depend on the distance from prime contractor within the supply chain. This reflects the subcontractor structure. Tier 1 subcontractor provide product directly to the prime contractor. Tier 2 subcontractor provide product to Tier 1 subcontractor, Tier 3 subcontractor provide product to Tier 2 subcontractor etc.

Supply Chain. Encompasses Tiered subcontractors from source materials to the prime contractor.

G.2. ACRONYMS.

ACO	Administrative Contracting Officer
AIA	Aerospace Industry Association
CAP	Corrective Action Plan
CAR	Corrective Action Request
CAS	Contract Administration Services
CMO	Contract Management Office
FS	Functional Specialist
HQ	Headquarters
OASIS	Online Aerospace Information System
OU	Operating Unit
PDREP	Product Data Reporting and Evaluation Program
POP	Place of Performance
QMS	Quality Management System
RAT	Rapid Action Team
RCA	Root Cause Corrective Action