

SUBPART 46.4 - GOVERNMENT CONTRACT QUALITY ASSURANCE

(Revised September 27, 2021 through PROCLTR 20 21 - 05)

Parent topic: PART 46 - QUALITY ASSURANCE

46.401 General.

(a) Product specialists determine the place of inspection and acceptance (I/A) based on the criteria in FAR Part 46 and the criticality of the item. Contracting officers shall award contracts identifying source or destination I/A as stated in the Material Master and abide by 46.402 when determining source I/A. If the Material Master states destination I/A and the contracting officer deviates from that requirement and 46.402(S-90)(x) applies the contracting officer shall execute an MFR, approved at one level above the contracting officer, to provide the rationale for that decision prior to contract award.

46.402 Government contract quality assurance at source.

(S-90) Additional requirements that may preclude destination I/A are those associated with—

- (i) Critical safety items (CSIs);
- (ii) Complex assemblies;
- (iii) Items requiring first article testing (FAT);
- (iv) Hazardous material (HAZMAT);
- (v) Items acquired for foreign military sales (FMS);
- (vi) Higher level quality requirements;
- (vii) Arms, ammunition or explosives;
- (viii) Safety of Flight;
- (ix) Bulk fuel deliveries; or
- (x) Suppliers with significant quality issues (e.g., Product Quality Deficiency Reports (PQDRs)). (Reference 42.202.) The product specialist will provide a quality assurance letter of instruction (QALI) to the DCMA contract administration office when a contractor has previous quality issues. If a contracting officer deviates from the Material Master due to quality issues, they shall notify the product specialist to issue a QALI.

(S-91) *Inspection and acceptance on contracts past the contract delivery date of contract line item (CLIN).* The DLA Acquisition Director authorizes DCMA to continue performing surveillance and

accepting materiel past the contract delivery date per CLIN for ALL contracts, including those with line items that are greater than 180 days past the delivery date, without requiring authorization from the PCO. DCMA is authorized to continue performing surveillance and accepting material past the delivery date unless otherwise notified by the PCO. The PCO shall generally engage and advise DCMA ACO of any contractual issues affecting timely performance, including identifying contracts under consideration for a termination for default/cause or termination for convenience. If the PCO issues a cure or show cause notice, the PCO shall forward a copy of the notice to DCMA ACO. Inspection and acceptance of late materiel does not relieve the contractor of its obligations under the contract.

(S-92) Contracting officers shall include procurement note E06 in solicitations and contracts that require source inspection and acceptance.

E06 Inspection and Acceptance at Source (JUN 2018)

Inspection and acceptance are at source. The place of acceptance is the location where the Government conducts the last inspection before shipment, unless the contractor indicated a different physical location for acceptance below.

The contractor shall indicate the location where supplies will be inspected, if different from the production location:

Commercial and Government Entity (CAGE) code: _____

Address: _____

Applicable to contract line item numbers(s) (CLIN(s)): _____

The contractor shall indicate the location where packaging will be inspected, if different from the production location:

() Same as for supplies OR

CAGE code: _____

Address: _____

Applicable to CLIN(s): _____

The contractor shall indicate the location where supplies will be accepted, if different from the inspection location:

Commercial and Government Entity (CAGE) code: _____

Address: _____

Applicable to contract line item numbers(s) (CLIN(s)): _____

(S-93) Contracting officers shall solicit in accordance with the material master. Contracting officers shall include procurement note E07 in solicitations that require destination inspection.

E07 Evaluation Factor for Origin Inspection (JAN 2018)

This solicitation contemplates an award based on destination inspection. If an offeror proposes inspection and acceptance at origin, the Government will add an evaluation factor of \$2,500 to the offeror's quoted/offered price for each origin inspection required. If phased deliveries are required or offered, the Government will consider each phase of delivery to result in one inspection for evaluation purposes.

46.407 Nonconforming supplies or services.

(b)(S-90) DLA Distribution Centers shall correct nonconforming packaging or marking for receipts of DLA-owned materiel if the estimated costs of correction are \$1,000 or less. For more information, see DLAI 4145.4, Stock Readiness (https://issue-p.dla.mil/Published_Issuances/Stock%20Readiness.pdf) and TQ-2019-023, Packaging Threshold for DLA Owned Materiel - Waiver

(<https://dlamil.dps.mil/sites/Acquisition/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x01200080FADA3E9BBF764593CF2E25DC6FA477&id=%2Fsites%2FAcquisition%2FShared%20Documents%2FJ%2D71%2FPROCLTR%20Archive%2FPolicy%20Memos%20and%20Reports%20%2D%20varied%2FJ3%20Memorandum%20TQ%2D2019%2D023%2C%20Packaging%20Threshold%20for%20DLA%20Owned%20Materiel%20%2D%20Waiver%2010%2D29%2D19%2Epdf&parent=%2Fsites%2FAcquisition%2FShared%20Documents%2FJ%2D71%2FPROCLTR%20Archive%2FPolicy%20Memos%20and%20Reports%20%2D%20varied>). The waiver does not apply to any materiel owned by the military services, for which the threshold remains \$300. The DLA Distribution Center shall perform the corrections and send an informational SDR to the product specialist/packaging specialist, who will provide disposition instructions to the contracting officer. The contracting officer shall advise the contractor of the discrepancy and that the Government has corrected the packaging or marking. The contracting officer shall make a determination concerning appropriate reimbursement by the contractor for the Government's costs to correct the deficiencies. Upon determining that reimbursement is required, the contracting officer shall send a notice to the contractor.

(S-91) If the estimated costs of correction for receipts of DLA-owned materiel are more than \$1,000, the DLA Distribution Center shall send an informational SDR to the product specialist/packaging specialist, who will provide disposition instructions to the contracting officer. The contracting officer shall advise the contractor of the discrepancy and have the materiel returned to the contractor for correction/resubmittal; or, if there are urgent requirements, have the Government remediate the discrepancy at the contractor's expense. If the Government remediates the discrepancy, the contracting officer shall make a determination concerning appropriate reimbursement by the contractor for the Government's costs to correct the deficiencies.

(S-92) Contracting officers shall include procurement note C14 in solicitations and awards.

C14 Correction of Nonconforming Packaging or Marking (MAY 2020)

(1) The Government may correct nonconforming packaging or marking for receipts of DLA-owned materiel if the estimated costs of correction are \$1,000 or less. The contracting officer will advise the contractor of the discrepancy and that the Government has corrected the packaging or marking. The contracting officer will make a determination concerning appropriate reimbursement by the contractor for the Government's costs to correct the deficiencies. Upon determining that reimbursement is required, the contracting officer will send a notice to the contractor. Upon receipt of notice from the contracting officer, the contractor shall reimburse the Government for the costs incurred by the Government to correct the deficiencies.

(2) If the estimated costs of correction for receipts of DLA-owned materiel are more than \$1,000, the contracting officer will advise the contractor of the discrepancy and have the materiel returned to the contractor for correction/resubmittal; or, if there are urgent requirements, have the Government remediate the discrepancy at the contractor's expense. If the Government remediates the discrepancy, the contracting officer will make a determination concerning appropriate reimbursement by the contractor for the Government's costs to correct the deficiencies. Upon determining that reimbursement is required, the contracting officer will send a notice to the contractor. Upon receipt of notice from the contracting officer, the contractor shall reimburse the Government for the costs incurred by the Government to correct the deficiencies.

If the Government corrects packaging or labeling discrepancies due to contractor noncompliance, the contracting officer shall request reimbursement of the associated corrective action costs. If a PQDR is due to contractor noncompliance, the contracting officer shall request repair, replacement, or a refund for the defective part, as determined most beneficial to the Government. If a contractor has repeated packaging or labeling discrepancies, contracting officers shall make appropriate determinations regarding whether the contractor should be considered for listing on the DCRL (see 9.100). The DLA Acquisition Operations Division will conduct a monthly data call on restitution status. On a quarterly basis, the DLA Acquisition Operations Division will give a compliance briefing to the Senior Procurement Executive.

(c) The contractor shall remedy supplies considered to be hazardous, as defined in FED-STD-313, that were damaged in transit or nonconforming to the preservation, packaging, packing, and marking. The product specialist/packaging specialist shall contact the contracting officer to have the contractor correct the damage or nonconforming packaging and, if appropriate, recoup the costs associated with the discrepancy, to include removal of hazardous material spills or leakage.

46.490 Oversight of DoD supply chain integrity.

Quality Notifications (QNs) for product quality deficiency reports (PQDRs), supply discrepancy reports (SDRs), Government Industry Data Exchange Program (GIDEP) documents, or testing requirements will be processed to the contracting officer in workflow. The QN coordinator may require the contracting officer to suspend the open procurement action(s) pending investigation and/or will require return of the material to the contractor.

QNs relating to suspect material shall be retained in the QN coordinator workflow for processing. If contracting officer support is required, a task will be submitted to them.

Any concern of suspect material entering the supply chain shall be referred to the Counterfeit Material/Unauthorized Product Substitution (CM/UPS) team.