**Preaward Survey Program**
**Guidebook**
**March 1999**

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Covering
**Program Management And Execution of the Reporting Process**

## FOREWORD

The primary objective of the Preaward Survey is to provide DCMA Customers with an accurate assessment of a prospective contractor's capabilities as they relate to specific government procurements. The Preaward Survey Report is DCMA's contribution to this very important objective. DCMA policy for the Preaward Survey Program is contained in DCMAD 1, Chapter 1.3.3. The Preaward Survey Manager's objective is to manage and carry out this policy, provide guidance to both management and PAS Team Members concerning PAS Program Policy and execution of the Preaward Survey investigation and reporting process.

This guidebook is intended to provide guidelines for reporting requirements and insight into interviewing techniques, the purpose of individual analysis requirements and a basic understanding of what customers require to make a determination of responsibility decision per FAR 9. It is intended ONLY as a guide and may be supplemented locally. Mandatory DCMA policy is contained in the DCMAD 1 and is not to be supplemented locally. All DCMA personnel are encouraged to submit suggestions for changes directly to the HQ process owner (cynthia_reichardt@hq.dla.mil) for publication and sharing throughout DCMA.

Customer Satisfaction is of the utmost importance to the DCMA Mission. All interfaces with our customers associated with the Preaward Survey process will be conducted with tact, diplomacy, professionalism and a "CAN DO" attitude.

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# PREAWARD SURVEYS

## A. Scope

This document provides guidance pertaining to Preaward Surveys of prospective contractors. It includes detailed "how to" procedures to be used during the Preaward Survey (PAS) process from receipt of the request through final response to the procuring activity. This document is supplemental to Federal Acquisition Regulation (FAR 9, FAR 9.1, Responsible Prospective Contractor, Department of Defense (DoD) FAR Supplement DFARS 209, Contractor Qualifications and Defense Logistics Agency Directive (DLAD) 5000.4, Chapter 1.3, Preaward Surveys.

## B. Policy

Defense Contract Management Command (DCMA) PAS policy is delineated in DCMAD 1, Chapter 1.3.3.

1. Program Responsibility. Program responsibility is defined in DCMAD 1 , Chapter 1.3.3. The Technical Assessment Group (TAG) within the Contract Management Office (CMO) is the office of primary responsibility for the PAS Program. The Preaward Survey Manager (PSM) assigned to TAG manages the program and is responsible for PAS program planning and execution. All communication with customers should be conducted by or coordinated with the PSM. The PSM develops and promulgates local guidance for the PAS program and ensures compliance with DCMA policies and the FAR.

2. Priority

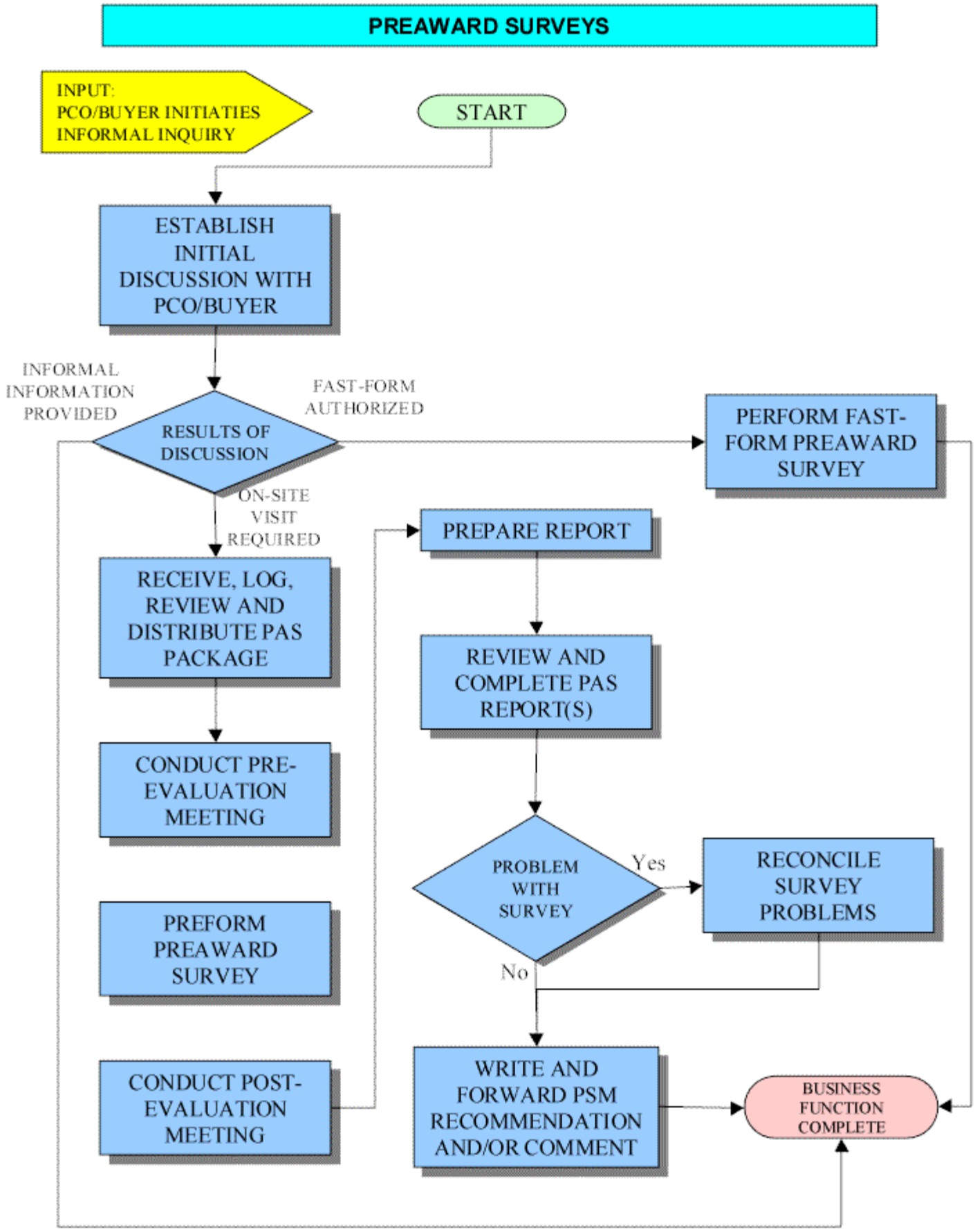
(a) Supply effectiveness within the Military Departments and Defense

Logistics Agency (DLA) requires contracts for supplies and services are awarded to responsible prospective contractors. CMO Management and the PSM are responsible for assuring adequate funds and technically competent personnel resources are made available for PAS efforts.
(b) The PSM at each CMO should ensure that local mailroom practices do not delay the processing of incoming or outgoing PAS documents. *Every effort should be made to complete the PAS in the timeframe specified by the procuring activity*. Overnight/Express Mail should be used to return PAS requests whenever necessary to satisfy customer needs. The PSM is responsible for ensuring the Procuring Contracting Officer (PCO) is appraised of PAS status particularly if a delay is anticipated. This would include delays associated with receipt of incomplete PAS packages from the PCO.

## C. References

FAR 8, Required Sources of Supplies and Services
FAR 9, Contractor Qualifications
FAR 9.1, Responsible, Prospective Contractor
FAR 9.105, Procedures
FAR 9.106, Preaward Surveys
FAR 19.809, Preaward Considerations
FAR 42.302(a)(32), Perform Preaward Surveys
DFARS 209.1, Contractor Qualifications
DFARS 209.106, Preaward Surveys
DFARS 223.370, Safety Precautions for Ammunition and Explosives
DFARS 253.209, Contractor Qualifications
DFARS 253.209-1(a), Standard Form 1403, Preaward Survey of Prospective Contractor (General)
DLAH 4105.4, DoD Directory of Contract Administration Services Components
DLAR 5400.14, DLA Freedom of Information Act (FOE) Program
DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Ammunitions and Explosives
DoD 4145.26-M, DoD Contractor's Safety Manual for Ammunition and Explosives
DoD 4161.2-M, DoD Manual for the Performance of Contract Property Administration
DLAM 8000.3, Mechanization of Contract Administration Services (MOCAS) User's Manual
Privacy Act Statement, 10 USC, Chapter 137, General Authority for Procurement of Property and Services, DD Form 1524
DCMAs Guide to Analysis of Financial Capabilities for Preaward and Post Award Reviews

## D. Flowchart


PREAWARD SURVEYS
INPUT:
PCO/BUYER INITIATIES
INFORMAL INQUIRY
START
ESTABLISH INITIAL DISCUSSION WITH PCO/BUYER
INFORMAL INFORMATION PROVIDED
RESULTS OF DISCUSSION
FAST-FORM AUTHORIZED
PERFORM FAST-FORM PREAWARD SURVEY
ON-SITE VISIT REQUIRED
PREPARE REPORT
RECEIVE, LOG, REVIEW AND DISTRIBUTE PAS PACKAGE
REVIEW AND COMPLETE PAS REPORT(S)
CONDUCT PRE-EVALUATION MEETING
PROBLEM WITH SURVEY
Yes
RECONCILE SURVEY PROBLEMS
PREFORM PREAWARD SURVEY
No
CONDUCT POST-EVALUATION MEETING
WRITE AND FORWARD PSM RECOMMENDATION AND/OR COMMENT
BUSINESS FUNCTION COMPLETE

## E. Establishing a dialogue with the Customer

### 1.Determining Customer Requirements /Expectations

1. The PAS Process is one of the initial contacts between DCMA and our customers. This process provides critical prospective contractor capability information to our customers, which enables them to determine prospective contractor responsibility. As such, the quality of support provided during the PAS process has a direct impact on how our customers view DCMA support as a whole. When communicating with our customers, we shall listen to the customer's needs and clarify requirements as necessary using tact and diplomacy.

2. Per FAR 9.106-2 (Request for Preaward Survey of Prospective Contractor), some customers may assume that all PASs should take 7 days. However, this is a minimum depending on the scope of the survey. The PSM should talk with the customer to help them understand realistic PAS completion expectations. Local metrics data should be the primary reference tool when discussing realistic completion dates. The PCO should expect the PAS be provided on the date in Block 10 of the SF1403. Every attempt to meet the customer's required return date should be made.

3. A critical element of customer satisfaction with respect to PASs is the establishment of dialogue between the PSM and the customer. All PSMs should contact the requesting activity immediately upon receipt of a PAS request. The purpose of this contact is to confirm receipt of the PAS request and establish initial dialog with the customer regarding the PAS. Any questions or clarification regarding survey scope should be addressed during this initial contact as well as discussion regarding additional factor evaluation based on PSM recommendation.

4. Once the PAS has been received and distributed to the cognizant specialists, the PSM should keep the customer appraised of any significant developments discovered during the course of the survey. In particular, any negative findings or potential delays should be reported telephonically to the procuring activity as soon as possible after the problem is discovered. This should insure our customer has the latest information at all times

5. Once the PAS is completed, the final recommendation should always be phoned into the customer as a preliminary "heads-up". During this notification the PSM should determine which mode of return (i.e. FAX, Express Mail etc.) should facilitate the customer's ability to proceed with the procurement process. After the final report has been delivered

to the customer, a follow-up phone call or customer satisfaction questionnaire is recommended to ensure we have provided the necessary support. This should provide the PCO with procurement status for high visibility procurements that may need to be briefed to higher level Command authorities

6. When the PCO reviews the survey report, they should be looking for solid rationale on all factors requested on the SF1403. All factors should be addressed and substantiated by the facts. All facts should support the recommendation and not contradict other factors (e.g., the Quality Analyst should not indicate inadequate facilities exist when the Production Analyst has indicated facilities are adequate.). Customers rely heavily on PAS data; therefore it is imperative the PAS provided is complete, accurate and supported by facts.

## 2. Types of Surveys/Requests for Information

- Formal Requests for Preaward Surveys

  Report Options

  On-site - When sufficient data is not readily available and PAS team members are required to go on-site to the contractor's facility to obtain the necessary information.

  Fast Form - When sufficient data is available to satisfy the customer's request without an on-site visit by PAS team members.

1. All PAS requests should be evaluated immediately upon receipt to determine if a Fast Form is appropriate. If the PSM determines, in coordination with all functional specialists, that sufficient information is on file to preclude an on-site evaluation, the PSM should always opt to provide a Fast Form as this is the most efficient and DCMA preferred method of satisfying the customer request. If the PCO specifically requested an on-site survey and the PSM opts to conduct a Fast Form survey, the PCO should be contacted and advised that an on-site effort does not appear warranted. If the PCO does not agree, the on-site request should be honored. Otherwise, a survey should be accomplished using in-house records and the normal SF1403-1408 series of forms. NOTE: If any functional element goes on-site, the entire PAS is to be considered an on-site survey.

2. When providing a Fast Form PAS, it should be coordinated with the original PAS request customer prior to providing the data to the current customer to ensure there are no restrictions. Maximum use should be made of the Fast Form Report consistent with the FAR and guidance below:
(a) When the PSM believes the CMO has sufficient information on file to support a recommendation for award, he/she should contact the appropriate CMO element, compile the necessary data, and complete the SF1403 in accordance with FAR 9.106-4(d). Backup data compiled should be filed with the CMO copy of the SF1403. The PSM Final Report should be used to advise the buying activity that a Fast Form PAS was accomplished.
(b) Using Functional Fast Form Report. In addition to the PSM opting for a Fast Form PAS, one or more functional specialists may opt for this method of response using normal SF1403-1408 series form(s) and applicable PAS report forms to convey information and findings as appropriate. Normally, a

Fast Form PAS is not acceptable unless information on file supports a satisfactory determination of the factors evaluated by each CMO element, but a no award recommendation can be made in unusual cases. An example of such a case is the receipt of repetitive PAS requests of low dollar value from the same buying activity for the same bidder, and there is sufficient current information on file to support a no award recommendation. The CMO making a no award recommendation based on a Fast Form PAS shall be prepared to justify and defend its position should the decision not to go on-site be challenged after the fact.

- Informal Preaward Surveys/ Requests for Information

1**.** It is in the customer's best interest to involve DCMA prior to determining whether a formal PAS should be initiated. Customers often request DCMA CMOs to provide verbal information regarding a prospective contractor's current and past performance.

2. Informal PAS requests and/or requests for information from PCOs regarding prospective contractors are normally received telephonically. A high priority should be assigned to these requests. Normally, a response is expected the same business day or within 24 hours. These requests can vary in scope from past delivery performance to multi functional status requests. The PSM should use all available resources to research requested information. (MOCAS, Alerts, SICM, telephone calls to functional specialists, Preaward Survey files, etc.).

3. The response should be provided in the same manner in which the request was received, i.e., telephone, FAX, letter, etc. The following should be considered when responding to informal PAS requests:
(a) When the information provided on the prospective contractor indicates the offeror is responsible and reliable (i.e. satisfactory delivery performance, no quality problems, financially stable, etc.) the PCO should be advised accordingly.
(b) A formal PAS should be recommended if any of the following conditions exist:
(1) No data is available at the DCMA level.
(2) Poor delivery performance (current and/or historical).
(3) The offeror has had excessive Product Quality Deficiency Reports (PQDRs) or depot complaints.
(4) Questionable financial capability.
(5) When a Progress Payment clause is in the solicitation and an accounting system review has not been performed in the past 12 months.
(6) Concerns regarding ethics or integrity issues.
(7) Substantially new product line.

4. The CMO should only recommend performance of a PAS. The PCO has the final decision whether or not to request a formal PAS be performed. The PSM

should request that the PCO contact the CMO if a determination is made to request a formal PAS. Should a formal PAS be forthcoming, PCOs should be encouraged to provide any available data that would aid in the performance of the formal PAS.

5. A log (manual or computerized) should be maintained to record informal requests, briefly summarizing information furnished. The informal PAS log should contain the following information as a *minimum*:
(a) Requesting activity.
(b) Name of requester and symbol.
(c) Contractor's name and location.
(d) Date of request.
(e) Date of reply.
(f) Brief summary of information furnished.

- General Purpose/ Capability Surveys

1. Buying activities may request DCMA to provide general information concerning qualifications and general capabilities of potential bidders as well as Capability Surveys For Purposes of Indemnification (Specialized Safety). These requests, usually submitted on the SF1403 without reference to a bid number, may be called by several different names, including General Purpose Survey or (Indemnification) Capability Survey. DCMA should be responsive to these requests and should prepare a response in accordance with applicable policy and procedural guidance.

2. No recommendation should be annotated on the SF1403. The SF1404-1408 and applicable PAS report forms along with narrative backup should be used to convey information and findings. If appropriate, satisfactory or unsatisfactory blocks on the SF1403 should be checked. Specific conclusions on some factors may not be appropriate because no solicited quantity or schedule exists. In these cases, the narrative should provide a general evaluation and an explanation why satisfactory or unsatisfactory determinations are not made.

3. For metrics and control purposes, Miscellaneous Surveys should be logged as appropriate.

4. General Purpose or Capability Survey report preparation should be consistent with the guidance provided elsewhere in this publication. The only exception should be the absence of a recommendation. However, in each case an analysis and rating of the subfactors should be provided (e.g., "Production Control System" Satisfactory or Unsatisfactory, "Quality History" Satisfactory or Unsatisfactory).

- Miscellaneous Surveys/Requests for Information

1. PAS requests for

(a) When a CMO is requested to conduct a PAS on a small business, the PSM

| | |
|---|---|
| Small Business or Small Disadvantaged Business | should contact the Small Business Specialist (SBS) within the CMO. This is to determine if during the past 12 months the offeror has received preferential treatment on an ongoing contract (an active contract with items remaining to be delivered) in accordance with the Small Business Act, section 8(a), or received a Small Business Administration (SBA) Certificate of Competency (CoC). If it is known or is discovered during the course of the PAS that a CoC was issued or the offeror is a section 8(a) firm, the PSM should request advice from the SBS. When feasible, contact the cognizant SBA office directly to determine any potential adverse impact on the firm's capability to perform if an additional award is made. This should satisfy the requirements of FAR 9.106-4(b).<br><br>(b) The PAS should not specifically address the eligibility of an offeror as a small or small disadvantaged concern. If, however, during the conduct of the PAS, information is developed which causes the offeror certification to be suspect, this information should be promptly relayed to the PCO.<br><br>(c) FAR 19.809 authorizes a Contracting Officer to request a PAS of a firm being considered for a contract award pursuant to section 8(a) of the Small Business Act. The PSM should coordinate these requests with the cognizant SBA office and invite SBA to observe the conduct of the PAS. If SBA objects to the PAS for any reason, the PSM should resolve the objections in coordination with the PCO. If resolution is not obtained, DCMDs, and if necessary, DLA-DDAS, should be contacted for advice before proceeding with the PAS. |
| 2. Reimbursable PAS | All PAS requests received from non-DoD or Foreign Military Sales (FMS) activities are potential reimbursable PASs. The PSM should coordinate with the CMO Reimbursement Monitor and notify other involved functional elements when the cost of performing the PAS is reimbursable. Notification to cognizant analysts should provide as much detail as possible including the Document Control Number (DCN) and the requirement to track and report hours expended to complete the PAS. If the PAS request includes a requirement for an accounting system review to be accomplished by the Defense Contract Audit Agency (DCAA), the PSM should provide DCAA with all available documentation, including the billing address, which indicates that the requester has agreed to reimburse the costs of the PAS. The PSM should record reimbursable actions as appropriate. |
| 3. Construction/ Services PAS | (a) The DLA mission does not include performing contract administration on construction contracts at this time. However, PAS requests on construction solicitations should be honored to the extent that resources can adequately support the survey. If specific expertise is necessary, the PSM should request technical representative participation from the buying activity.<br><br>(b) Requests for PASs on proposed service contracts should be treated the same as any other formal PAS. At time of receipt, special consideration should be given by the PSM in assuring requirements are adequately defined in the solicitation to enable DCMA personnel to evaluate the offeror's capability. |
| 4. NIB/NISH Assessments | (a) National Institute of the Blind (NIB) and National Institute for the Severely Handicapped (NISH) workshops serve America by providing employment to |

handicapped citizens. To sustain these workshops, industry and government shall consider the unique role of the workshops in the contract award evaluation cycle.

(b) DCMA performs an invaluable service during the procurement cycle. When a request is received to assess the capabilities of a NIB/NISH workshop, DCMA team members should be made aware that these workshops are unique organizations whose participation in government contract work is fostered by the Agency.

(c) The DCMA PSM should ensure the local NIB/NISH representatives are notified and invited to participate.

(d) When areas reviewed during the assessment cause expressed doubt regarding successful contract performance, the assessment team should confer with the NIB/NISH organization for management or other support that may provide the basis for a favorable assessment.

(e) These assessments should be identified as Capability Assessments to highlight the Agency's support of the NIB/NISH Program.

5. Special Considerations/Special Interest Areas

(a) Whenever PASs involve controversial buys, awards for major weapon procurements, or Congressional interest, the PSM should notify the DCMD PSM. The notification should include, as a minimum: offeror's name, buying office, item, dollar value and reason for notification. In addition, factors other than those requested by the PCO may be investigated and included in the report if the information is significant and may have a bearing on the offeror's ability to produce. The following guidelines can be used to determine whether information not requested on the SF1403 should be included in the report:
(1) Industrial Capability Assessments (ICAs). Coordination with the Industrial Analysis Support Manager (IASM) is required when the solicitation includes a Data Item Description (DID) for prospective contractors to provide data. When a solicitation contains requirements, the IASM should be requested to participate in the PAS. The PSM should notify the IASM when a PAS request is received that requires an evaluation of the prospective contractor as a potential candidate for the solicited item. The IASM or his/her representative should participate as a survey team member and provide a written report regarding the ICA issues discussed.

(2) Clothing, Textile, Equipage, Leather, and Footwear
a. In addition to normal quantity delivery scheduled, clothing and textile solicitations often include size schedule requirements. If it is determined that the offeror can meet total monthly requirements but cannot meet size schedule requirements, a "no award" recommendation should be made. The narrative should clearly indicate that inability to meet schedule is related only to the scheduling of sizes and not to total monthly requirements.
b. Purchasing offices often state in the "Remarks" section of the SF1403, "Quantities less than offered may be considered for award." If the bidder does bid on less than offered quantities and the original solicitation contained a size schedule, and the PAS request does not include a revised size schedule, the PSM should contact the purchasing office to obtain a size delivery schedule based on the reduced quantity. If a revised size schedule is not available, the

bid should be evaluated solely on the total monthly requirements bid.
c. Individuals who have completed a C&T training course should perform PASs on Clothing and Textile (C&T) solicitations.

(3) Subsistence
a. Meat. The Defense Personnel Support Center (DPSC) normally requests Quality Assurance (QA) evaluation of meat items directly from the Department of Agriculture (DoA). If a PAS request is received for meat, contact DPSC to verify cognizance.
b. Operational Rations. The PSM should request QA evaluation support from the US Army Health Services Command (Code HSVS), Fort Sam Houston, TX 78234, including a veterinary officer to participate in the PAS.
c. The QA PAS reports from the DoA, US Army Health Services Command or Department of Commerce (DoC) on subsistence items should constitute the QA portion of the PAS along with any DCMA QA information, if requested.

(4) Drugs and Selected Medical Devices Under Food and Drug Administration (FDA) Cognizance. On "QA only" requests for a PAS for drugs and selected medical devices under FDA cognizance, the FDA should perform the QA survey. FDA should make its recommendation directly to DPSC. If requests for PASs on drugs and medical devices are received with Factor 19C, Quality Assurance Capability checked, the PSM should verify with the PCO that DCMA and not FDA should conduct this part of the PAS. If the survey involves the evaluation of factors other than QA capability, the request should be sent directly to the cognizant DCMA activity for evaluation. The recommendation should contain no consideration of the QA aspects except where it is known they may impact on other areas. The conduct of a PAS involving medical devices under DCMA cognizance should follow the normal PAS procedures.

(5) Contractor Industrial Labor Relations. Advice may be requested from the DCMD Industrial Labor Relations Office (ILRO) when the survey involves base procurement of services, any and all procurements under the Services Contract Act of 1965 or the possibility of a strike exists in the facility being surveyed.

(6) Arms, Ammunition and Explosives
a. DFARS 252.223-7003(a) requires that a Safety PAS be conducted on all solicitations involving ammunition and explosives, both at the proposed prime and subcontractors. If the Specialized Safety Manager determines that the offeror cannot comply with the requirements of the solicitation, Factor 20E should be marked "unsatisfactory" and the recommendation should be for no award. The written safety report should be included in the final survey report.
b. When a PAS report for an Arms, Ammunition and Explosives (AA&E) item is received, the PSM should call the buying activity and request their participation in the PAS to evaluate storage area structural suitability. The buying activity should also be asked to provide the risk category for the solicited item. The PSM should then call the Defense Security Service (DSS) and request their participation in the PAS. The PSM should inform DSS as to the risk category and whether or not the buying activity should participate.
c. Upon receipt of a General Purpose survey marked "For Purposes of Indemnification", the survey will be managed and orchestrated as any other

subcontractor review in the preaward process or as a change in place of performance review if after contract award. Regardless of the stage in the process, adequate procurement information is always necessary for each request. A procurement document identifier, solicitation or contract number, and definition of the requested action and all subcontractors should be identified. Specific information on the item/service to be evaluated is needed, not just a general description. The survey will be conducted by the cognizant Specialized Safety Manager using SF 20 E and
supplemented by other reports as required.
d. If a requirement for the establishment of a contractor physical security system or program is included in the bid package, the Industrial Security Specialist (ISS) shall approve the system or program before an award recommendation can be made. The written comments of the ISS should be signed and submitted to the PSM for inclusion in the final survey report.

6. Freedom of Information Act (FOIA) Requests

Requests under FOIA for copies of PASs and other documents in DCMA possession should be coordinated with the appropriate buying or interested activity and/or the appropriate FOIA Officer. Unless the buying activity wishes to assume responsibility, DCMA should respond by reviewing the requested documents to identify proprietary, personal, financial or other sensitive data, which may be exempt from mandatory release under FOIA. When the requester is other than the surveyed offeror, DCMA should notify the source of the information and ask for their position on release by a specific date. DCMA should also consider any views expressed by the buying activity. Thereafter, DCMA should independently determine whether any requested information qualifies under a FOIA exemption and whether withholding that data serves a legitimate and significant government interest under the circumstances. When the surveyed offeror requests a copy of a PAS, DCMA should review the report for opinions and other entries which may be necessary and appropriate to withhold, even from the surveyed offeror. All cases should be coordinated with the local Office of Counsel.

## 3. Establishing Preaward Survey Report Return Dates

1. The PAS report plays a very important role in our customer's responsibility decision process. In order that our customers be successful in their mission, quality data delivered on time is necessary. DCMAD 1 establishes policy relative to the expeditious handling and subsequent delivery of the final PAS report to our customer, and management's support of this very important objective. This section provides procedural guidance to be used by the PSM in fulfillment of the policy

2. Every attempt to meet the customer's report required date in block 10 of the SF1403 should be made. However, a realistic report return date assumes all information necessary to accomplish the PAS was received with the request. Absent of all necessary information and data, the PSM should contact the customer in an attempt to secure the needed information. At this time, it is appropriate to politely inform the customer that the PAS request may be put in a "hold" status pending receipt of the information and that a revised report required date maybe necessary. Upon receipt of the data, if the original report required date appears to be unachievable, the PSM should take necessary action to negotiate a revised report required date with the customer. In essence, the clock begins upon receipt of the data necessary to accomplish

the task. Again, every attempt to satisfy our customer's original expectation, or as close to it as possible, should be made before negotiating revised return dates.

3. Typical Scenarios:
(a) Before a PAS team can begin preparation for any form of PAS, the team should acquire a keen understanding of what our customer is attempting to procure and when the deliverables are due. If the PAS is to be conducted on a prime prospective contractor, the team members should require at least one current and complete copy of the solicitation (and perhaps additional copies if remotely positioned team members are unable to share one copy). Also, all amendments and a current and legible TDP which includes all drawings and appropriate specifications.
(b) If a PAS is being conducted on a proposed subcontractor, the survey team should require everything the subcontractor would require to prepare their bid, e.g., a scope of work, drawings, etc. To make this decision however, the PAS team shall understand the prime prospective contractor's exact expectations of the subcontractor. Upon initiation of a Secondary PAS request, the prime DCMA PSM should forward the subcontractor's scope of work to the subtier DCMA organization. This can usually be obtained from the prime prospective contractor in the form of their original Request for Quotation or other written or oral guidance. Absent of a complete understanding of what the prime expects of the subcontractor, a less than satisfactory product could result.

## F. Conducting a Formal Preaward Survey

### 1. Receive, Review & Log PAS Package

(a) Receive PAS package
(1) When the PSM receives a PAS request from the PCO (prime survey) or another DCMA PSM (secondary survey), the following items should be included in the request package:
a. The SF1403, Preaward Survey of Prospective Contractor General, with Section I-Request, Section II-Data, Section III-Factors to be Completed, filled out by the PCO.
b. The Solicitation for the item/items the offeror has bid, if applicable.
c. The complete Tech Data Package including drawings, CD ROMS, or Aperture cards etc.
d. Any other pertinent information relative to the PAS.

(b) Review PAS package
(1) One of the first actions by the PSM after receipt of a PAS is a review of all available data concerning ineligible contractors to determine if the offeror is included on any list, such as the List of Parties Excluded From Federal Procurement and Nonprocurement Programs or has been recommended for suspension or debarment. PAS activity should cease and the PCO should be advised if it is determined that the offeror is on such a list. Further action should depend on PCO written guidance. If the PCO requests completion of the PAS, this should be documented in the PSM report. If all factors are rated satisfactory, a recommendation for award should be qualified by making it subject to offeror removal from the applicable list.

(2) Perform a preliminary review of the package by:
a. Comparing quantity of item/items, delivery schedule, dollar value, solicitation number listed in the solicitation and on the PAS Request, SF1403.
b. Checking remarks listed in Block 23 on the SF1403. The PCO should list concerns or various other important facts in this section.
c. Reviewing the factors being requested. The PSM may want to add or delete certain factors depending on history available on the offeror.
d. Checking the complete tech data package including drawings, CD-ROM and/or aperture cards for solicited item/items.
(3) The PSM should review the bid package for adequacy and completeness. If additional information/clarification is required, the PSM should contact the PCO. If it appears that more detail than necessary has been asked for in the PAS, the PCO should be contacted to clarify the request. For example, if Section III, Factor 20D-Security, is checked on the SF1403, but contract performance does not require access to classified material, the PCO should be contacted and requested to clarify their need for this type of information.
(4) Consideration of the following factors should aid the PSM in determining the type (on-site or Fast Form) of survey:
a. The type and quantity of items or services involved.
b. Previous experience with the firm.
c. Technical and schedule requirements.
d. The extent of current information available.
e. Actual or potential sensitivity
(5) Surveys Requiring More Than Routine Handling. During the initial review of the PAS request, the PSM and team leader should be alert to the existence of certain conditions that necessitate more than routine analysis of the offeror's capability. Listed below are a few examples of surveys that require more than routine handling:
a. A contractor newly entering business or new to government work.
b. A contractor changing from one field of endeavor to another; e.g., machine shop bidding on an electromechanical assembly.
c. Specification and/or scope of work not clearly defined.
d. Information from the PCO that the offeror has significantly underbid his competition and it is known that the offeror's financial condition would not stand a loss.
e. Major procurement for complex items going into production for the first time.

f. A requirement for significant expansion of capacity (work force, plant facilities, equipment and financial).
(6) Transportation and Packaging Element. Even though the PCO may not have requested an investigation of the Transportation factor or the Packaging factor, the PSM should alert the Transportation and Packaging element to consider participation if:
a. The movement of sensitive, classified, hazardous, oversized/overweight cargo or high production rates involving multiple truck/carload shipments or special packaging design requirements are involved.
b. The offeror is new or past performance has been unsatisfactory because of transportation/packaging problems.
c. If any end-item or component is made with a material or substance which is categorized as hazardous by the Department of Transportation (DoT).
d. If participation is determined, the Transportation and Packaging element

should contact the PSM. The PSM should contact the customer for coordination.
(7) Low Dollar Value and Repetitive PAS Requests. The PSM should take all reasonable actions to minimize PAS requests on procurements valued at $25,000 or less and repetitive surveys conducted on the same prospective contractor at the request of the same buying activity. However, if a request is received on a prospective contractor who is a poor performer or who has no quality history, a survey should be accomplished. The PSM should question the PCO regarding the request for survey or investigation of specific factors when the request appears to require unnecessary effort. The PCO should be encouraged to use the telephone to obtain information that could often preclude the need for a survey. If the PCO requires a report, the Fast Form PAS should be used whenever possible.

(c) Log PAS package
(1) A log (computer or manual) should be maintained by the PSM that consists of the following:
a. PAS Serial Number.
b. Solicitation Number - Block 3 of SF1403.
c. Bid Package Received - yes/no.
d. Requesting Activity.
e. Date of Request - Block 9 of SF1403.
f. Date of Receipt - Date request is received.
g. Requested Return - Block 10 of SF1403.
h. Actual Return - Date PAS mailed to the requester.
i. Reason for Late Report.
j. Recommendation (C, N, P, U or N/A).
k. Dollar Value - Block 4 of SF1403.
l. Contractor Name and Location - Block 7A or 14A, as applicable.
m. Kind of survey (i.e., General Purpose, Prime, Secondary).
n. Type of survey (i.e., On-site or Fast Form).
o. Team Leader Name - usually Industrial Specialist (IS) when Technical and/or Production Capability factor is requested.
p. Due date and receipt date of each functional report factor requested on SF1403.
(2) Procedure for Assigning PAS Serial Number:
Example listed below using, DCMA Birmingham, AL, S0101A7312APC (13 characters).
a. S0101A - Department of Defense Activity Address Directory (DoDAAD) Component Code, Section 1A for DCMA Birmingham 6 characters).
b. 7 - last digit of the year in which PAS is logged and serialized - 1997 (1 character).
c. 3 - March. Enter the months of January through September as 1,2,3,4,5,6,7,8 and 9. Enter October with the single alpha character "O" (not "zero"); November "N"; December "D". Thus, the 12 months are entered as 1 through 9 and O, N, D (1 character).
d. 12 - Sequence serial number of the PAS being logged. Start with number 01 each month (2 digits). Thus the first PAS assigned in each month reads "01". The example shows the 12th survey for the month of March (2 characters).
e. A - The character A should be used for all prime PASs. The characters B

through Z should be assigned by the Prime PSM to each separate secondary PAS (1 character).
f. P - Primary PAS Only. No secondary or supporting administration PASs requested or received. Hard copy on file in the office of the primary PSM (1 character).
OR
S - Secondary or Supporting Administration surveys Performed (1 character).
g. C - Complete Award recommended. Block 24, Section IV - Surveying Activity Recommendations, SF1403 (1 character).
OR
P - Partial Award recommended
N - No Award recommended
U - General Purpose/Capability Survey

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|---|---|
| 2. Conduct Discussion With Customer (Post Receipt of PAS Request) | (a) After reviewing and logging the PAS request, the PSM should contact the PCO to confirm receipt and clarify requirements as necessary. If enough information exists to support a Fast Form PAS, the PSM should advise the PCO of the intent to perform a Fast Form PAS. If the PCO concurs, coordinate with functional specialists as necessary, prepare the appropriate reports and forward PSM recommendation and comments.<br><br>(b) When the PSM and the PCO determine an on-site PAS appropriate, the survey reports should be distributed to the functional elements. The appointed team leader should establish a date to conduct a pre evaluation meeting with the government surveying personnel.<br><br>(c) When the PSM is informed that the PAS team lacks the technical skill to properly evaluate one or more factors, the following steps are to be taken:<br>(1) Contact the PCO and request the buying activity provide technical support. If the technical skill is not available at the buying activity:<br>(2) Contact the DCMD staff for the technical skill. If the technical skill is not available:<br>(3) Contact the other DCMDs. If the technical skill is not available:<br>(4) Contact other government agencies. If the technical skill is not available, consider hiring a technical consultant |
| 3. Initiate Secondary Surveys | All PAS team members should be advised, during PAS distribution, if it is determined that a significant part of the work or service should be subcontracted by the prime offeror to a secondary place of performance, a secondary PAS may be warranted. The PSM should be notified immediately in these instances. The PSM should notify the requesting activity to determine if the secondary is warranted. The PSM should coordinate with other CMO elements as appropriate if a secondary is initiated. The PSM should alert the supporting CMO by phone to establish a date for secondary input and follow-up with a PAS package. The PAS log should be annotated to reflect that a secondary PAS has been initiated. |
| 4. Distribute PAS Package | (a) The factors requested on the SF1403, Section III should determine the functional specialists needed to conduct the PAS.<br><br>(b) The PSM should prepare a package of information for each functional specialist that includes the SF1403, the complete solicitation or the portion of |

the solicitation relating to their functional task, identification of the team leader, the date assigned and the date the report is due to the PSM. If electronically sending solicitation, PSM shall ensure all receivers have access or else send the package via a different medium.

(c) Personnel assigned to PAS teams should be at the journeyman level. Interns and entry-level personnel should participate in a training status only. Skills and number of people required on the team should be based on the factors marked in Section III, SF1403. The Team Leader/Lead Acquisition Technical Specialist/Functional Supervisor should determine which functional specialists should perform the PAS.

(d) The packages should be delivered to the teams in the most expeditious manner to minimize delay and allow the assigned specialist(s) maximum time to prepare for the survey. The PSM should forward a copy of every PAS request to the cognizant Administrative Contracting Officer (ACO). If the ACO has information that could impact on the evaluation of the offeror (i.e., recent audit information, systems review, or adverse development), appropriate comments/recommendations should be forwarded to the PSM.

5. Prepare for the Preaward Survey

The team members performing on the PAS request should prepare themselves by following a general preparation guideline. The following is a guideline and is not to be considered all-inclusive:

(a) Review PAS Package: Prior to the pre-evaluation meeting, each team member should complete a review of the solicitation and determine the extent of their participation. Determine if there is an overlap with other functional areas and be prepared to discuss at the Pre-Evaluation Meeting.

(b) Familiarize oneself with item: During the review of the PAS package, gain general familiarization pertaining to the item/service, specification, requirements and specified procedures.

(c) Determine Team Suspense Date Feasibility: Team members are responsible for completing the survey by original pre-determined suspense dates set by the PSM. If a conflict to the original team suspense date is determined, notify the team leader and PSM immediately.

(d) Review Historical Files: Determine if previous PASs have been conducted. Evaluate any data for usability in conjunction with the current PAS. If sufficient data is on file to preclude an on-site survey for the specific element, coordination with the team leader at the pre-evaluation meeting should indicate that a Fast Form PAS for the element should be sufficient. The PAS team leader should coordinate this with the PSM.

(e) Coordinate Survey Efforts: Determine if the team leader has set a time for the Pre-Evaluation Meeting. All PAS team members should make every effort to be present during the original on-site visit to the prospective contractor's facility. Separate visits by functional specialists increase burden and cost and should be discouraged.

6. Responsibilities of

The Industrial Specialist is normally assigned as the PAS Team Leader

PAS Team Leader

whenever Production Capability or Technical Capability is a factor to be evaluated. The Supervisor/Team Leader of the Operations Team assigns a PAS Team Leader. The PAS team leader is responsible for the overall conduct of the survey and should:

(a) Ensure that each specialist involved reviews the solicitation. Any differences between the government's solicitation and the firm's offer, if a part of the package should be resolved prior to any plant visit.

(b) Ensure that any and all information, which is available within the CMO, is analyzed and appropriate portions of the PAS are completed prior to conducting the plant visit.

(c) If it is determined by the PAS team leader that the team lacks the technical skill to properly evaluate one or more factors, additional resources within the CMO should be used whenever possible. Contact the PSM if no CMO resources are available.

(d) If Buying Office participation is indicated, the following guidance is applicable:
(1) Responsibilities: DCMA is responsible for the conduct of PASs in plants under its cognizance. Participation in these surveys by Contracting Officer Technical Representatives (COTR) is encouraged in those cases where their specialized expertise should enhance the overall quality of the survey. When a buying office indicates a desire to assign technical representation to the team, the offer should be accepted.
(2) Roles: The role of COTRs are that they are a part of the PAS team and should participate under the direction of the PAS team leader. They should provide written comments to the PAS team leader in time to permit the team leader to review prior to departure. This policy should be made clear to the COTRs prior to their participation as members of the team. DLA Form 1684, Preaward Survey Report Technical Support Evaluation, is to be provided to the COTRs for use in reporting findings and recommendations.
(3) Resolution of Disagreement: Every effort should be made by the PAS team leader to resolve any differences of fact and judgment that may surface between the buying activity and the DCMA team members. Unresolved differences should be promptly escalated within the CMO and the buying activity until resolved. In those rare cases where resolution of the problem cannot be effected, the report should reflect the findings and judgment of the DCMA position and should include a full disclosure of the divergent view and the rationale for the DCMA position.

(e) Arrange for the teams visit to the offeror's facility and establish a firm date for the on-site visit. The offeror should be advised of the purpose and scope of the survey. The offeror should be asked, normally in writing, to provide only information that is consistent with the intended depth and scope of the survey. The offeror should be asked to have the documents required for the survey prepared and available for the team at the start of the survey.

(f) If a team member can pick up information for other functional specialists and avoid the necessity of separate trips, they should do so. Interface and communication between team members is vital for a successful survey.

(g) The team leader should lead the pre evaluation, on-site and post evaluation meetings.

7. Conduct Pre-Evaluation Meeting

Once a PAS site visit date has been established, a pre evaluation meeting with government surveying personnel (including PCO participants, if any) should be held. This can be conducted by telephone if necessary. The meeting is to establish each member's area of responsibility, resolve differences and finalize plans for the performance of an effective and efficient on-site survey. During this initial meeting, communication between team members should be emphasized. PAS team members should be reminded of their authority to ask any questions they deem pertinent to the solicitation requirements including verification of personnel through payroll records. It is important to stress that survey findings by one functional specialist which may impact upon another function shall be brought to the attention of appropriate PAS team personnel. Obvious adverse conditions noted during the conduct of the PAS should be reported. For example, if health/safety hazards are suspected, a detailed descriptive narrative should be included in the PAS report. The possibility of reporting health/safety hazards, environmental pollution violations and similar findings to appropriate Federal, State and local authorities should be considered. The team members should be advised not to discuss the findings of the on-site meeting with the offeror.

8. Review Interview Techniques

(a) Conducting the Interview.Repeatable success in any endeavor does not happen by accident. Usually, preparation breeds success. Nothing makes up for not being prepared and being prepared can make up for a lot. PAS interviews and reporting techniques are no exception. Keys to a good interview include: Fact-finding, planning, developing questions before the interview, reading body language and developing follow-up questions and taking nothing for granted. Following are suggestions for preparing for an interview, conducting the interview and some "Do's and Don'ts":

(b) Planning and Fact-finding is that portion of the process where the government analyst seeks to gain a complete understanding of the solicited requirements and identify specific areas of concern. Fact-finding includes review of the source documents and discussion with both the customer and/or the offeror prior to the conduct of the PAS process.

(c) Suggestions:
(1) Identify and prioritize discussion items and concerns.
(2) Be thorough and methodical - stay on track.
(3) When clarification is required, ask the person who prepared the source document.
(4) Probe and question until you are satisfied with the response.

(d) Questions: Prepare and ask questions which should provide a response consistent with your query. Be careful not to ask ambiguous, open ended or leading questions such as: "Are you familiar with the contract requirements?", "You have a copy of the solicitation, don't you?" or "You have read and thoroughly understand the requirements don't you?" Remember ambiguous questions could ultimately lead to an ambiguous response.

(e) Interview Suggestions: There are no dumb questions. Establish a rapport with the person you are interviewing. Question the person with discrete, clear questions and listen to the response. Assess their response for validity while taking sensible notes and observing the interviewee's behavior. Be certain to ask the obvious questions concerning legal requirements then follow-up with verification questions such as: "Please explain the DPAS Ratings, and how you apply them", "Does your company observe the Drug Free Work Place Act?" "May I see the company procedures and policy?" Avoid confrontational discussions with prospective offeror personnel. If you find yourself in this type of situation, efforts to defuse the situation shall be pursued. Maintain your objectivity and confidence, be relaxed and professional.

9. Perform Preaward Survey

(a) Introduce team members at the beginning of the on-site meeting. Discuss the terms of the solicitation and information desired for the PAS. Advise the offeror that the government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract. If applicable, DPAS, Privacy Act and Drug Free Work Place requirements should be discussed during the beginning of the meeting. The on-site evaluation should address those functional areas that have been specified in the SF1403 and any other areas that are identified by the Customer. Contractor presentation of objective evidence of capabilities is acceptable, however, physical verification of plant facilities, equipment and operations should be accomplished and not assumed. If documentation or evidence of capability requested is not made available at the time of the on-site survey, the prospective contractor may be given a specific period of time at the discretion of the PSM and/or Customer to acquire and provide the requested documentation or evidence of capability.

(b) After team members complete their on-site review, a team conference should be held at the customer's facility to exchange information and to ensure a coordinated report. If questions still exist concerning the offeror, the team should meet with the offeror to verify the information. The purpose of this meeting is solely to verify information concerning the offeror's capability and not to discuss possible reasons for a negative recommendation. The team should not provide any comment to the offeror concerning the recommendation. Caution should be exercised when discussing the various aspects of the survey with the offeror to ensure the offeror understands the PAS recommendation to the PCO is made by DCMA, however, the award/no award decision is made by the PCO. Under no circumstances should copies of the PAS or working papers be left with the offeror. Every effort should be made to assure the PAS team is in agreement prior to leaving the offeror's facility. If appropriate, conduct an exit interview with offeror personnel to clarify any open action items

(c) FAR 9.103(c) require that a prospective contractor shall demonstrate affirmatively his responsibility. If an offeror refuses entry into his firm or withholds information required to conduct a PAS, the following actions should be taken:

(1) The PSM should be notified immediately.
(2) The PSM should immediately notify the PCO of the offeror's refusal to participate in the PAS and that a no award recommendation should be made.
(3) If the PCO requests cancellation of the PAS, the log should be so noted and the PSM should keep a written account of the reasons for the cancellation.
(4) If the PCO requests that a PAS be completed, Factor 20H should be marked UNSAT and a narrative should be written detailing the offeror's unwillingness to demonstrate his responsibility. All other factors should not be marked, and a no award recommendation should be made.

10. Conduct Post Evaluation Meeting

The PAS team leader should conduct a post evaluation meeting, telephonically if necessary, with all team members. Team members should discuss and exchange information gained during the on-site survey. All factors affecting final report recommendations should be discussed prior to the conclusion of the meeting. Conflicting information should be resolved before submission of final reports to the PSM. Unresolved issues should be elevated to the PSM.

## G.Prepare Functional PAS Reports

(The current version of the PAS Software is be used in preparation of all reports)

1. Technical Evaluation

(a) MAJOR FACTOR A--Technical Capability (SF1404)--An assessment of the offeror's Plan of Performance (POP) as it relates to key management and technical personnel to determine if they have the basic knowledge, experience and understanding of the requirements necessary to produce the required product or provide the required service. Adequate technical and/or management resources must be available during the period of performance in the event of an award. This factor should be rated satisfactory or unsatisfactory.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(1) During review of the solicitation, the technical specialist should identify any peculiar technical requirements that require specialized skills, training or education.
(2) NOTE: If, during the course of the evaluation, it is determined that a considerable level of effort is to be performed by a subcontractor, contact the PSM for coordination regarding a possible Secondary PAS request.

(b) Evaluate the Contractor's Technical Capability. While conducting the survey, the following are examples of factors to consider:
(1) Determination of the offeror's understanding of the requirements of the solicitation to include: Technical Data Package (TDP), i.e., specifications, drawings, software, contract data items, etc.
(2) Does the offeror have the necessary technical/management personnel onboard? If not, can the offeror reasonably obtain additional personnel (e.g.,

new hires or consultants)?
(3) Does the offeror have the technical knowledge in specialized areas such as: special tooling, test equipment or software development? Has he kept current with new technology?
(4) Is background information available on key personnel, listing their experience, education and other qualifications which reflect their potential for successfully performing the proposed contract? [i.e., Does the offeror have previous experience on same (identical) or similar (in that like processes, product functions, FSCs, etc. were involved) items/services? Explain the similarity.]
(5) Has any adverse information been uncovered which bears on the integrity of the prospective contractor or management personnel being evaluated? If so, notify the PSM.

(c) Analyze Facts. After conducting the survey and making the necessary inquiries, analyze the data/information provided to determine if the prospective contractor has the capability to comply with the technical requirements of the proposed contract. The absence of any particular facet of the technical requirements is not necessarily cause for a negative determination. If the prospective contractor has demonstrated the ability to acquire the necessary technical expertise, a positive determination can be made.

(d) Preparing the SF1404
(1) Paragraph 1 of the report should contain an introductory paragraph that addresses the date, location and describes the purpose of the PAS, i.e., item description, First Article requirements, schedules and any specific concerns of our customer. List prospective contractor, buying activity and DCMA participants at the survey. When applicable, a statement should be made that the Privacy Act Statement, Defense Priorities and Allocation System (DPAS) and the applicable Drug Free Workplace Act has been discussed and understood by the offeror.
(2) Paragraph 2 should include comments regarding company background.
(3) Paragraph 3 should detail the offeror's POP with respect to the technical requirements of the proposed contract or item classification.
(4) Paragraph 4 should analyze the offeror's technical capability, including any technical capabilities the prospective contractor lacks. Comment on the prospective contractor's efforts to obtain the needed technical capabilities. Identify key personnel and summarize resume information in the narrative including names, qualifications/experience and length of affiliation with the prospective contractor. If the solicitation requires a specific skill, provide copies of certifications, licenses and resumes to substantiate the requirement.
(5) Paragraph 5 should be a summary based on the analysis of the offeror's POP and data/information provided. A recommendation for award, partial award or no award should be made regarding the prospective contractor's technical capability.

2. Production Evaluation

(a) MAJOR FACTOR B--Production Capability (SF1405)--An evaluation of the offeror's ability to plan, control and integrate manpower, facilities and other resources necessary for successful contract completion. This includes

assessing and reporting on the following: The offeror's Plan of Performance (POP); Organization /Management; Plant Facilities and Equipment; Materials and Purchased Parts; Production Control/Work Planning Control System; Subcontracting; Labor Resources; current contract performance and past 12 months historical ability to complete contracts in accordance with the original delivery schedule.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(b) NOTE: If, during the course of the evaluation, it is determined that a considerable level of effort is to be performed by a subcontractor, contact the PSM for coordination of a Secondary PAS request.

(c) Evaluating the Contractor's POP. Evaluate the prospective contractor's POP. This sub factor should be rated as satisfactory or unsatisfactory. The POP should identify, as a minimum, exactly what the prospective contractor should do in-house, what if anything should be subcontracted, who the subcontractors are, when the subcontract processes should be completed, where and who should conduct required tests, who should produce the CDRL items and who should assemble, test, package and ship the solicited item. The plan should encompass all phases of the production process that should take place from contract award through delivery of all contractual items. The POP should coincide with milestone charts and be supported by vendor commitments.

(d) Evaluating the Contractor's Ability to Plan and Control. Evaluate the prospective contractor's ability to plan, control and integrate manpower, facilities and other resources necessary for successful contract completion. The following is typical guidance to be used when evaluating the prospective contractor's POP:
(1) What types of production processes are involved?
(2) Has the offeror produced same (identical) or similar (in that like processes, product functions, FSCs, etc. were involved) items/services? Was a quality product produced on time?
(3) Are the offeror's plant layout, manufacturing processes and techniques adequate to complete the proposed contract?
(4) Has the offeror developed a realistic time-phased milestone plan which considers: lead time from administrative processing of orders; ordering and receipt of materials; subcontracting; in-house machinery; plant rearrangement as required; assembling, processing, painting, testing, inspection, packaging, and transportation; and other pertinent operations?
(5) Does the offeror have the ability to plan and schedule performance as it relates to solicitation requirements?
(6) If it is found that the offeror cannot meet the delivery schedule required by the solicitation, a no award recommendation should be made. The production specialist should identify the schedule the offeror can meet in the narrative portion of the SF1405.
(7) Plant Loading (government and commercial work) is an important

consideration when determining ability to meet the required schedule. The production specialist should use professional judgment and analysis of all available contract information, including Customer provided data, to compare production plans with current plant loading conditions.

(e) Evaluating Plant Facilities and Equipment. Evaluate the offeror's availability of facilities and the types and quantity of equipment to satisfactorily produce the required items and meet the proposed contract delivery schedule. Following is guidance to be used in analysis of Section II and III of the SF1405, plant facilities and equipment:
(1) Is adequate space for offices, engineering, laboratory, manufacturing, inspection and storage available?
(2) Are heating, lighting, water and power supplies, and alternate power and fuel source available and adequate?
(3) Does the offeror own or lease the facilities? If leased, does the lease cover the proposed performance period?
(4) Are additional plant facilities and equipment required? If the offeror does not have the required plant facilities and equipment, have firm plans been made for their acquisition? The team must make an assessment of the offeror's ability to acquire the facilities/equipment to perform in accordance with the proposed delivery schedule.
(5) If significant capital expenditure or other unusual expense is evident, coordinate with the financial specialist. This coordination should be addressed in the production narrative.

(f) Evaluating Purchasing Procedures. Purchasing procedures are required to determine the existence of a capability for identifying requirements for vendor materials and supplies and placing subcontracts in advance of need. Following is typical guidance to be used in analysis of Section IV of the SF1405, purchasing procedures:
(1) Has a Contractor Purchasing System Review (CPSR) been performed and, if so, has any significant deficiency identified been corrected?
(2) Does the offeror use effective purchasing procedures, including a system for vendor and subcontractor selection and follow-up? Consultation with the cognizant Quality Assurance Representative (QAR) may be necessary.
(3) Have plans been made and verified for vendor items, especially long lead items, to ensure that the delivery schedule can be met?
(4) Vendor commitments usually result from a Request for Quotation (RFQ) from a proposed prime or subcontractor. The RFQ identifies exactly what the proposed prime or subcontractor expects from the vendor. The vendor commitment should be responsive to the RFQ. A valid vendor commitment should contain, as a minimum; a current date, be good through a specified period, terms of sale, delivery period and identify the product and specification to which the product is to be manufactured, tested, packaged and shipped. The production specialist should use professional judgment in their review and evaluation of vendor commitments or their adequacy.
(5) The production specialist should verify the delivery schedules of subcontracted components essential to performance on the proposed contract. If the subcontractor is outside the geographical boundary of the CMO conducting the PAS, and if there is reason to doubt subcontractor performance, assistance from the CMO having cognizance of the

subcontractor should be requested. DCMA CMOs should render timely assistance when requested.

(g) Evaluating Personnel. An evaluation of the offeror's personnel resources necessary to satisfy solicitation requirements and any other concurrent workload. The following guidance should be used in the analysis of labor resources data from section V of the SF 1405:
(1) How many people are required by skill classification (Engineers, machinists, welders, etc.) for all ongoing workload plus those required for the proposed contract?
(2) What sources were used to verify that personnel should be available at time of award (i.e., verification of payroll records, etc.)?
(3) If new personnel are to be hired, what type of training should they receive?

(h) Evaluation of Delivery Performance. Past performance is an evaluation of the offeror's overall past performance, with added emphasis given to performance on items like or similar to the bid item. The following guidance should be used in the analysis of section VI--Delivery Performance Record of the SF1405 and section VII--Related Previous Production. The evaluation of this factor includes professional judgment in addition to statistical analysis. The following criteria are general guidelines:
(1) In accordance with FAR 9.104-1(c), to be determined responsible, a prospective contractor shall have a satisfactory performance record. When an offeror has a history of failing to deliver a conforming product in accordance with the prescribed delivery schedule through no fault of the government and there has been no proven corrective action taken, the offeror should be given a no award recommendation on the factor of production capability based upon a failure to demonstrate the requisite record of satisfactory past performance. Termination for default shall be considered to be failure to deliver in accordance with the terms of the contract. As regards the use of unilateral purchase orders in the performance evaluation: a unilateral purchase order may be used in the statistical population when it can be proven that the contractor accepted the order. A unilateral order does not become a contract until the contractor acknowledges acceptance of the order. Therefore, absent of documentation confirming acceptance by the contractor, unilateral orders should not be considered. The specialist relies on contractor and government documentation together with good business judgment in determining whether to include unilateral purchase orders in the statistical equation.
(2) Since contracts can not be considered delinquent until deliveries are due, current performance is not always a good measure of an offeror's performance. Performance on closed contracts should be the prime consideration when assessing a prospective contractor's performance.
(3) Analysis of a prospective contractor's performance to the original delivery schedule on contracts and contracts completed in the previous 12 months is a crucial evaluation factor as it relates directly to a prospective contractor's "probability of success" on the pending procurement.
(4) Identification, detailed description of the basic cause(s) and analysis of the root causes of all contractual delinquencies, identification of corrective action taken by the prospective contractor and an assessment of whether the corrective action has corrected the root causes is of utmost importance.

Recently developed, implemented plans for corrective action should not override an unsatisfactory performance rating if no objective evidence indicates the plan is working.
(5) Statistical
a. Past 12 months performance on closed contracts/line items.

1. How many contracts/line items were delinquent at some time during the contract life to the original contract delivery schedule?
2. How many contracts/line items were completed in a delinquent status and what is the time range of the delinquencies to the original contract delivery schedule?
3. Who is responsible for the delays?
4. What are the root causes of the delays?
5. What was the corrective action taken and when?
6. Has the corrective action been documented?
7. Has the corrective action been effective (i.e., prospective contractor is meeting revised delivery dates or dates of new contracts, etc.)?
8. If the offeror has had limited government experience, has performance in commercial orders for like or similar items been considered? Evaluations of commercial work should follow the same guidance as government work. This may require the production specialist to contact commercial customers for performance data.

b. Performance on same or similar items.

1. Has the manufacturer had experience on the same or similar items? Provide this performance record, if available.
2. Are there any active contracts on hand for the same or similar items? What is their status?

c. Sound judgment should be used to evaluate whether a prospective contractor's history with unilateral purchase orders should be used in a PAS as an indicator of past performance on government contracts. When the government uses a purchase order as an offer to enter into a unilateral contract, a prospective contractor has no obligation to the government unless he elects to perform, thereby accepting the offer. The failure to perform a unilateral purchase order does not necessarily demonstrate a prospective contractor's failure to perform a government contract if the prospective contractor has chosen not to accept the government's offer. On the other hand, if a prospective contractor accepts a purchase order by initiating performance but then fails to complete work, this fact may be pertinent to his performance history. CMO rationale in support of management judgments concerning the relevance of a prospective contractor's experience with unilateral purchase orders shall be adequately documented in the PAS report.

(6) The primary use for section VIII, Current Production, is to determine if the offeror has enough open capacity to successfully produce the offered item.
(7) Our customers expect DCMA PAS team members to always consider other DoD and Non DoD Federal contract backlog in their assessments. Workload at other agencies should be considered when making a

recommendation on the production factor of the SF1405. The in-house work from commercial and government agencies could impact performance. Every attempt should be made to obtain this data. If an offeror is becoming over burdened, it is naive to believe the offeror should always provide the status of work not being administered at the DCMA.
(8) Modifications issued to extend deliveries or cancel awards due to the offeror's inability to deliver should always be considered by the PCO as unacceptable business practices. Any offeror showing this history should be considered unsatisfactory on past performance. The Production Analyst should make every effort to ascertain this information prior to performing the PAS.

(i) Analyze Facts. After conducting the survey and making the necessary inquiries, the data/information provided should be analyzed to determine if the prospective contractor has the capability to comply with the production requirements of the proposed contract. The absence of any particular facet of the production requirements is not necessarily cause for a negative determination. If the prospective contractor has demonstrated the ability to acquire the necessary skills, facilities, equipment, etc., an award recommendation should be made. Absent of this demonstration, a no award recommendation should be made.

(j) Preparing the SF1405. Section I - Narratives reference the applicable section of the Standard Form in chronological order.
(1) Paragraph 1 should contain an introductory paragraph that addresses the date, location and describes the purpose of the PAS, i.e., item description, First Article requirements, schedules and any specific concerns of our customer. List prospective contractor, buying activity and DCMA participants at the survey. If appropriate, a statement should be made that the Privacy Act Statement, Defense Priorities and Allocation System (DPAS) and the applicable Drug Free Workplace Act have been discussed and understood by the offeror.
(2) Paragraph 2 should explain, in narrative format, the prospective contractor's POP. This sub factor should be rated as satisfactory or unsatisfactory. References should be made to milestone charts and other documents supplied by the offeror, how the prospective contractor plans to meet the contractual delivery requirements. The POP should identify, as a minimum, exactly what the prospective contractor should do in-house, what if anything should be subcontracted, who the subcontractors are, when the subcontract processes should be completed, where and who should conduct required tests, who should produce the CDRL items and who should assemble, test, package and ship the solicited item. The plan should encompass all phases of the production process that should take place from contract award through delivery of all contractual items. The POP should coincide with milestone charts and be supported by vendor commitments. If any other factor evaluations do not appear to support the prospective contractor's POP, this factor should be rated unsatisfactory.
(3) Ability to Plan and Control. Paragraph 3 should, in narrative format, describe the prospective contractor's ability to plan and control production. This sub factor should be rated as satisfactory or unsatisfactory. This should include reference to such factors as: lead time for administrative processing

of orders; materials ordering and receipt; subcontracting; in-house machinery; assembling, processing, painting, testing, inspection, packaging and transportation; and other pertinent operations that affect the performance of the proposed contract from receipt through final delivery of the end item. This is substantiated using milestone charts, subcontractor and vendor commitments and all other pertinent objective evidence.

(4) Ability to Meet the Required Delivery Schedule. Paragraph 4 should, in narrative format, describe the offeror's ability to meet the required delivery schedule. This sub factor should be rated as satisfactory or unsatisfactory. Paragraph content should report the factual evidence from the offeror which fully supports timely delivery of a conforming product. Evidence should include: Milestone chart support by vendor and/or bank commitments; satisfactory performance record and evidence of open capacity; sufficient personnel, plant and equipment or the ability to obtain them in time for production. Absent of supporting data, this factor should be rated unsatisfactory.

(5) Management, Production and Inspection. Paragraph 5 should describe the relationship between Management, Production and Inspection. This sub factor should be rated as satisfactory or unsatisfactory. Narrative should address the type of organization, i.e. informal or formal (line, line and staff, etc.) Attach an organizational chart if available. (Section IX)

(6) Production Control/Work Planning Control System (PCS/WPCS). This sub factor should be rated as satisfactory or unsatisfactory. Paragraph 6 should describe the offeror's PCS/WPCS in terms of:

a. Historical effectiveness as it relates to current and past performance (i.e., identification of contract delinquencies, root causes and corrective action).

b. The proposed contract.

c. Total production during performance of the proposed contract. How often are production/work status meetings held? Who are the attendees? Is the system flexible enough to allow "Management by Exception?" If the PCS has a history of being deficient and has not been corrected, so state this in the narrative and rate as unsatisfactory.

(7) Plant Facilities and Equipment. Paragraph 7 should summarize plant facilities and equipment and describe any unique requirements and/or conditions (Section II and III). This sub factor should be rated as satisfactory or unsatisfactory. When completing Section III of the SF1405, the type and quantity of manufacturing equipment required for the proposed contract should be included. A complete listing of the offeror's plant equipment may be attached. The specialist should comment on the appropriateness of the equipment and facilities proposed for use. A no award recommendation should be made when resources and facilities are not in place and the offeror historically has not honored commitments to acquire resources and facilities.

(8) Materials, Purchased Parts and Subcontracts. Paragraph 8 should describe the results of the verification of long lead items listed in Section IV, Part 1. This sub factor should be rated as satisfactory or unsatisfactory. Summarize the Material Control and Purchasing System indicating whether they are currently operational and meet the needs of the proposed contract

(Part 2, Section IV).
(9) Personnel. Guidance for SF1405 Section V. Paragraph 9 should include an analysis of personnel required for performance of the solicited item or service. This sub factor should be rated as satisfactory or unsatisfactory. Except for the simplest tasks requiring minimum resources, personnel requirements--quantity, classification, and skill level--should vary with each contract phase. Consequently, quantitative data included in section V is of little value without detailed narrative explanation. The narrative should include a detailed breakout by specific skill (program manager, design engineer, lathe operator) of:

a. Personnel required for the proposed contract.
b. Total personnel required for all ongoing contracts (government and commercial) plus proposed contract.
c. Personnel on board.
d. Additional personnel required. The narrative should also include an evaluation of the offeror's plan to recruit and train personnel, if necessary.

(10) Current and Past 12 Month Contract Performance. This sub factor should be rated as satisfactory or unsatisfactory. Paragraph 10 should include narrative concerning performance on pages 5 and 6 as follows:

a. The current performance narrative should summarize that information entered on page 5, Block 1, items A through E to include reasons for delay. Contractor caused delays should be explained as to the reason and corrective action that is or is not being taken. Analysis of this factor should include: total number of open contracts; total number due at the time of the survey; and the number and root causes of delinquencies to the original contracted delivery schedule.
b. The past 12 month performance narrative should address the information entered on page 6, Block 3, items A through D to include reasons for delay. Contractor caused delays should be explained as to the reason for delay, corrective action determined and if it has been implemented. If the corrective action has been implemented, state when the corrective action was implemented, if it is quantifiable and the improvements realized as a direct result of the corrective actions.
c. A delivery performance evaluation should be entered on page 6, block 4 and Section 1 Narrative.

(11) Paragraph 11 should be a summary concluding narrative statement. The summary statement should identify all areas of the production capability assessment that supports the award, partial or no award recommendation of the specialist. For example, if a no award is recommended due to a record of unsatisfactory performance, the summary statement would identify the offeror's failure to demonstrate the requisite record of satisfactory performance on government contracts as the primary supporting reason and possibly the failure to demonstrate the ability to meet the required delivery schedule based on a failure to meet previous government obligations.

3. Quality Assurance Evaluation

(a) MAJOR FACTOR C-- Quality Assurance Capability (SF1406)-- An assessment of the offeror's capability to comply with the QA requirements as set forth in the solicitation. This should involve an evaluation of the offeror's POP as it relates to the QA system. This includes evaluation of the quality requirements of the solicitation and historical quality data.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(b) During review of the solicitation, the quality specialist should identify specific quality related requirements such as military or commercial standards for product integrity, workmanship standards, reliability requirements, configuration control specifications, etc.

(c) NOTE: If, during the course of the evaluation, it is determined that a considerable level of effort is to be performed by a subcontractor, contact the PSM for coordination regarding a possible Secondary PAS request.

(d) Evaluate the Contractor's Quality Assurance Plan of Performance. Evaluation of the offeror's QA POP should include the following:
(1) A review of the QA organizational structure including organizational chart(s) if available, to determine the QA officials, their respective responsibility and organizational freedom to correct quality deficiencies.
(2) The prospective contractor should have all quality requirements in place or demonstrate the ability to implement necessary changes to satisfy the quality requirements as stated in the solicitation. A QA plan or quality manual is usually the method used by the offeror to demonstrate their QA intentions.
(3) A determination of whether the prospective contractor understands all of the technical requirements of the contract including drawings, specifications, TDP and marking requirements, Contract Data Requirements List (CDRL) items, etc. Usually a discussion involving specific technical requirements of the contract should demonstrate the prospective contractor's understanding.
(4) A determination of the prospective contractor's intent to use reconditioned or government surplus material during the performance of the contract.
(5) A determination of whether the prospective contractor should require unusual assistance from the government. This includes government assistance for engineering, inspection, testing, etc. that is provided in the government's interests beyond normal contractual requirements.
(6) A determination of the number of skilled and non-skilled Quality Control, Inspection and Test Personnel. Ascertain if additional personnel should be hired and evaluate the prospective contractor's plan.
(7) Determine the Inspection to Production Personnel Ratio. This ratio is the relationship of the total number of skilled and semiskilled quality personnel in block 6 to the total number of skilled and semiskilled production employees. Coordinate with the production specialist as necessary
(8) A determination of the availability and adequacy of the following: (If applicable)

a. Inspection and Test Equipment, Gauges, Instruments and

Software Tools (Calibrated).
b. Calibration/Metrology Program (Documented).
c. Written Procedures/Instructions for inspections, tests, process controls, etc.
d. Document Control Practices assuring current Specifications Drawings etc. are used.
e. A system for prospective contractor selection of inspection and test characteristics.
f. Controls for the selection of qualified suppliers.
g. Controls for assuring the quality of purchased materials (Receiving Inspection).
h. A system for material control, identification, segregation, maintenance, etc.
i. Controls for maintaining government furnished property.
j. In-process Inspection Controls (Control of tools, special processes, etc.).
k. A system for timely identification and correction of deficiencies to prevent recurrence.
l. Controls to assure proper Packaging, Packing, and Marking (Bar Coding).
m. Quality Control Records (Inspection, Test, Corrective Action, Calibration, etc.)
n. Controls for investigation and correction of customer complaints (PQDR's etc.),
o. Reliability and Maintainability program.
p. Computer Software QA Program (Deliverable and Nondeliverable Software).
q. Internal Audit Program.
r. Statistical Quality Controls.

(9) A determination of whether the prospective contractor has produced and/or serviced the same (identical) or similar (in that like process, product functions, FSCs, etc. were involved) product(s).
(10) A review of the prospective contractor's quality performance records for the past 12 months to determine compliance with QA requirements and level of customer satisfaction. This should include a review of Product Quality Deficiency Reports (PQDR's), Internal and External Corrective Action Requests (CARs), Field Failure Reports etc.
(11) A determination of the prospective contractor's fulfillment of commitments to correct deficiencies noted on previous surveys. Reviewing previous survey files if available can make this determination.
(12) Vendor commitments usually result from a Request for Quotation (RFQ) from a proposed prime or subcontractor. The RFQ identifies exactly what the proposed prime or subcontractor expects from the vendor. The vendor commitment should be responsive to the RFQ. A valid vendor commitment should contain, as a minimum; a current date, be good through a specified period, terms of sale, delivery period and identify the product and specification to which the product is to be manufactured, tested, packaged and shipped. The quality specialist should use professional judgment in their review and evaluation of vendor commitments or determination of their adequacy.

(e) Analyze Facts. After conducting the survey and making the necessary inquiries, the data/information provided should be analyzed to determine if the prospective contractor has the capability to comply with the Quality Assurance requirements of the proposed contract. The absence of any particular facet of the quality requirements is not necessarily cause for a negative determination. If the prospective contractor has demonstrated the ability to acquire the necessary skills, equipment etc., a positive determination can be made.

(f) Prepare the SF1406
(1) The SF1406 form should be used to submit survey findings, conclusions and recommendations. The narrative section should contain an introductory paragraph that addresses the date and location of the survey and describes the purpose of the survey. Include a list of prospective contractor, buying activity and DCMA participants. A statement should be made indicating the Privacy Act Statement has been discussed and understood by the offeror. A statement should be included identifying the current level of quality at the offeror's facility.
(2) All SF1406 forms shall provide detailed narrative descriptions substantiating the recommendation. For each response in Section III, a narrative supporting comment shall be included in the Section I Narrative. The entire survey should be completed even if sufficient cause is found during the survey to warrant a no award recommendation. Based on the analysis of the data/information provided, an award or no award recommendation should be made regarding the prospective contractor's quality assurance capability.

4. Financial Evaluation

(a) MAJOR FACTOR D--Financial Capability (SF1407)--The objective of the financial survey is to make a determination that the offeror has or can obtain adequate financial resources to acquire needed facilities, equipment, materials, etc., necessary for successful completion of a specific contract. In determining an offeror's financial capability, the analyst shall understand the contractor's financial plan of performance (POP). Adequate financing is one of the most important prerequisites for successful contract performance.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(b) Conduct Survey
(1) Analysis of the offeror's financial condition is best evaluated by securing the offeror's most current financial data. The price analyst should request from the offeror the following types of information for analysis:

a. Financial Statements - balance sheet and income statement for current period and two prior fiscal years.
b. Financial Arrangements - resources to be used in support of contract performance such as internally generated funds, outside financing, or combination of both.
c. Government Financial Aid - list of contracts with unliquidated

progress payments by contract number and unliquidated amount or any other type financial aid currently being obtained from the government.
d. Sales - current backlog and forecasted sales for an eighteen-month period (segregated between government and commercial work).

(2) It is important that the financial statements be consistent and have integrity. Should the analyst detect irregularities in the offeror's financial data the irregularity as well as its effect on the financial statements should be reported to the appropriate official (i.e., Preaward Survey Manager).
(3) The price analyst should review the prospective contractor's financial statements (the current period and two prior fiscal years) as a basis in determining the contractor's financial capability. The offeror's financial data should include a *certification statement* as to the accuracy and completeness of the financial information. Financial statements audited by an independent Certified Public Accountant (CPA) should be considered satisfactory without the government seeking further certification from the offeror. Financial statements which are compiled or reviewed by a CPA or prepared by the offeror's accounting personnel should be *certified* by an officer of the company using the following sample certification statement:

*Sample Certification Statement*

"This is to certify that to the best of my knowledge and belief the financial data and the accompanying notes to the financial statements are accurate and complete as prepared from the company's general accounting records, and that the descriptions and amounts herein accurately reflect the company's financial status as of (Date.)"

Date _____

Signed _____

(c) Analyze Facts and Write Report
(1) The analyst should evaluate the financial statements as to profitability and adequacy of the solvency ratios and working capital. The previous information should be reflected in Section III, Balance Sheet/Profit and Loss Statement, of the SF1407 and summarized in Section I, Recommendation. The price analyst should provide comments in the narrative concerning the offeror's financial ratios as compared with industry standards.
(2) If the offeror provides consolidated financial statements for review of a subsidiary where the level of ownership is greater than 50%, DLA Form 619 or DLA Form 621, Guaranty Agreement for Corporate Guarantor, (form number dependent upon the number of government contracts involved) should be completed by the offeror and submitted to the price analyst as part of the final report. All corporate guarantors should be required to submit a statement from their corporate counsel stating whether the corporate guarantor has the authority under the laws of the State in which the company is incorporated and pursuant to its charter to enter into such an agreement.

This statement accompanies the guaranty agreement. Guaranty agreements are not required of divisions.

(3) DLA Forms 619 and 621, Guaranty Agreement for Corporate Guarantor, can be modified for use by sole proprietors or partnerships. Before acceptance of a modified agreement, the analyst should seek a determination of legal sufficiency from DCMA Counsel.

(4) The offeror should provide the price analyst information detailing the company's financial arrangements if resources other than internally generated funds are to be used as a means of financing contract performance. This information is included in Section IV, Prospective Contractor's Financial Arrangements, of the SF1407 and summarized in Section VI, Block 1.

(5) When the offeror requires additional funds (outside financing) to enhance financial capability, the price analyst should evaluate the prospective contractor's method of financing.

(6) Should the offeror's financial performance of the proposed solicitation be dependent upon new or additional bank financing, the price analyst should request the lending institution to complete the following:

*Bank Commitment Letter*

In the event (name of prospective contractor) is awarded a contract pursuant to Solicitation No. _____ (IFB, RFP, OR RFQ No.) in the amount of $_____, we should extend to (name of prospective contractor) such financing not to exceed $_____ for the performance of said contract.

It is understood that the government should rely upon this commitment in making an award of the above contract to (name of prospective contractor).

Sincerely,

_____

If the Bank Commitment Letter is modified by the lending institution, the price analyst should request that DCMA Counsel review the letter to ascertain that a qualification to the commitment has not resulted from the change.

(7) The Assignment of Claims clause must be listed in the solicitation as defined by the Assignment of Claims, FAR 52.232-23 prior to any execution. All assignments shall comply with the conditions listed in FAR 32.802.

(8) Should the offeror note the intent to assign a contract to a lending institution in order to secure working capital for contract performance, the intent should be summarized in Section VI, Block 1, of the SF1407 and noted in the narrative of the financial analysis. The price analyst should request the following from the assignee:

*Assignment of Claims*

In the event (Company Name) is awarded a contract pursuant to Solicitation Number (insert applicable #) in the amount of $_____, we will, upon assignment

by (Company Name) to the bank of all claims or moneys due or to become due from the United States government under the proposed contract, advance to (Company Name)working capital not-to-exceed $_____, for the performance of said contract.

It is understood that the government will rely upon this commitment in making an award of the above contract to (Company Name).

Sincerely,

_____

In the event the offeror's outside financing is an established line of credit with a financial institution, the price analyst should verify the credit line with the lending institution, as well as the amount available for use.

(9) The terms and agreements between the lender of funds and the offeror will be analyzed. If, for example, the solicitation has a Progress Payment Provision and if the credit report reveals encumbered inventory the price analyst should report this per the SF1407 and recommend to the contracting officer that a Subordination Agreement, DLA Form 620 or DLA Form 622, (form number dependent upon the number of government contracts involved) be obtained from the party alleged to have first claim to the inventory in the event the prospective contractor is awarded the contract and elects to receive progress payments (title issue). Should the agreement be modified in any form, the analyst should seek a determination of legal sufficiency from DCMA Counsel.

(10) The offeror should be required to provide the price analyst with information pertaining to financial aid currently being obtained from the government. A list of contracts with unliquidated progress payments containing the contract number and the unliquidated amount should be forwarded to the analyst. The analyst should verify the contractor's data with DCMA's data (MOCAS) and include the information in Section V, Block 3 of the SF 1407. The price analyst should ascertain whether the offeror is included on the Consolidated List of Contractors Indebted to the United States (see FAR 32.108). If the offeror appears on the aforementioned list, an appropriate comment will be provided in the report of recommendation.

(11) The analyst should also request a credit report on the offeror from a commercial organization (e.g., Dun & Bradstreet, Standard & Poors) together with corporate divisions that may be providing financing. Each DCMD is responsible for obtaining the necessary credit analysis services. Include the credit report number in Section VI, Business and Financial Reputation, Block 3 and explain in narrative form the credit rating found in the summary analysis section of the credit report. The payment summary section of the credit report reflects payment information (i.e., how timely the prospective contractor meets its obligations) from trade creditors which should be included in Section VI, Block 2 of the SF1407.

(12) The offeror should be asked to disclose any outstanding liens or judgments against the company. Liens and judgments can be found under UCC Filings in the credit report. The analyst should investigate information

concerning liens and judgments contained in the report which conflict with that provided by the contractor. Contradicting information could be an integrity issue and therefore, a basis to consider a recommendation of no award with rationale clearly stated in the narrative. Liens and judgments are noted in Section VI, Block 6. The analyst should make an evaluation of the financial impact of any outstanding claims against the prospective contractor.
(13) Current backlog and an eighteen month projected sales figure, segregated between government and commercial work, should be provided to the price analyst by the offeror. The offeror's current backlog, along with forecasted sales is contained in Section VII, Sales. Such information is used in determining whether the prospective contractor's financial resources are adequate to support new work and sustain continued performance of in-house commitments.
(14) Other factors to be considered in conducting financial capability are capital outlay and contract type. For example, if an offeror requires additional equipment to perform a contract, the financial impact (capital investment) of acquiring the needed equipment should be evaluated. Contract type determines the need for an offeror maintaining an adequate accounting system in accordance with the FAR. If the solicitation is cost type, fixed price redeterminable, or fixed price with progress payments an audit of the offeror's accounting system should be requested of the cognizant Defense Contract Audit Agency (if an accounting system review has not been accomplished within the last year). An adequate accounting system is one of the prerequisites to a contractor receiving progress payments.

(d) Conducting Capability/General Purpose Surveys
(1) Capability or general purpose surveys differ from financial capability reviews in that a request for a capability survey is a request for financial information on a firm when there is no solicitation. These surveys are used to identify potential sources. Preaward procedures and guidance should be followed in performing capability/general purpose surveys; however, surveys do not require the same amount and type of financial data as do the financial capability reviews. For example, there is no need for bank commitment letters or guaranty agreements since there is no solicitation.
(2) Because there is no solicitation the SF1407 should not contain a recommendation regarding award or no award, rather the price analyst should provide a financial range of capability. The range should be based on the professional judgment of the analyst and should vary based on type of contract and scope of work.
(3) The completed and signed SF1407 for financial capability reviews and capability surveys should be forwarded to the PSM for inclusion into the final report.

5. Accounting System Evaluation

MAJOR FACTOR E--Preaward Survey of Prospective Contractor-Accounting System (SF1408)-- An assessment by the DCAA of the adequacy of the offeror's accounting system. Normally, an accounting system review is requested when conditions such as progress payments or a cost or incentive type contract is contemplated. Requests for accounting system reviews should be processed on behalf of the DCMA by DCAA. Prior to requesting audit assistance, the PSM or Financial Analyst should review the offeror's miscellaneous file or other records to determine if a current SF1408 (less than

1 year old) is available. If available, the PSM or Financial Analyst should contact the cognizant DCAA office to determine if the information is current and valid. The PSM or Financial Analyst should request written concurrence. If a current SF1408 is not available, the PSM or Financial Analyst should request DCAA to conduct an accounting system survey and complete an SF1408.

6. Government Property Control Evaluation

(a) OTHER FACTOR A-- Government Property Control (DLA 20 A) -- An assessment of the offeror's capability to manage and control government property. If the PAS involves a new prospective contractor with no past involvement with government property, the assessment should be limited to evaluating the prospective contractor's knowledge of property management regulations, availability of storage space, physical safeguards and any special requirements of the solicitation. The scope and extent of the evaluation may vary depending on the type and quantity of government property involved. If the PAS involves a prospective contractor who has an approved property control system, the assessment should confirm the status of the property control system.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(b) Evaluate the Contractor's Property Control System
(1) During review of the solicitation, the property specialist needs to identify specific government property requirements in order to determine whether the prospective contractor's current property control system is sufficient to meet the requirements of the proposed contract.
(2) NOTE: If, during the course of the evaluation, it is determined that a considerable level of effort is to be performed by a subcontractor, contact the PSM for coordination regarding a possible secondary PAS request.
(3) Evaluation of the offeror's Property Control System should include the following:
a. A review of the cognizant property administrator's records to determine the existence and/or status of the prospective contractor's government property control system, i.e., Is the system approved?
b. A review of the adequacy of the existing property control system to satisfy the requirements of the proposed contract, i.e., Procedures are in place, the type of government property under the proposed contract is not of a different type than what is already in the prospective contractor's possession?
c. In the absence of an already approved property control system, the following inquiries should be made:

1. Does the prospective contractor have written property control procedures?
2. Does the prospective contractor have an acquisition process for recording purchases of government property?
3. Does the prospective contractor have adequate storage space to prevent commingling of government and company owned material?

4. Does the prospective contractor provide any plant and storage

area fire protection?
5. Is the prospective contractor's plant secured during regular and non-business hours?
6. Does the prospective contractor provide adequate safeguarding and security for government property. Storage areas including those designated for sensitive property?
7. Are housekeeping practices within the plant consistent with normal industry standards?
8. Does the prospective contractor have adequate handling practices?
9. Does the prospective contractor use a receipt and issue system for material issued to production?
10. Does the prospective contractor use a consumption record to account for material?
11. Does the prospective contractor have an inventory system to verify on-hand balance of property at anytime during the life of the contract?
12. Does the prospective contractor have a system to report, dispose and control other than scrap and excess transfers?
13. Does the prospective contractor have a system to inform the Government Property Administrator of completed contracts and to furnish a representation certification?
14. Is the prospective contractor aware of his responsibilities for risk of loss and damage to government property from the time the property is delivered to the prospective contractor to the time it is returned by the prospective contractor to the government?
15. Is the prospective contractor aware of his reporting requirements to the PCO in the event of any deficiencies or delays in furnishing government property?
16. Is the offeror aware of his responsibility to inspect/assure any government property identified as Government Owned Equipment is in an acceptable/usable condition when received and is responsible for assuring the equipment is in usable condition when returned to the government?

(c) Analyze Facts. After conducting the survey and making the necessary inquiries, the data/information provided should be analyzed to determine if the prospective contractor has the capability to comply with the government property control requirements of the proposed contract. The absence of any particular facet of the property control system is not necessarily cause for a negative determination. If the prospective contractor has demonstrated the ability to acquire the necessary skills, equipment, etc., a positive determination can be made.

(d) Prepare A Narrative Report
(1) The results of the government property survey should be recorded in a narrative format using DLA form 20A and should include an introductory paragraph which addresses the date and location of the survey and describes the purpose of the survey. Additionally, a list of prospective contractor, buying activity and DCMA participants should be included. A statement should be made indicating the Privacy Act Statement has been discussed and

understood by the offeror.
(2) All reports shall provide detailed narrative descriptions substantiating the recommendation. The entire survey should be completed even if sufficient cause is found during the survey to warrant a no award recommendation. Based on the analysis of the data/information provided, an award or no award recommendation should be made regarding the adequacy of the prospective contractor's property control system.

7. Transportation Evaluation

(a) OTHER FACTOR B -- Transportation (DLA 20B) -- An assessment of the offeror's capability to comply with the laws and regulations applicable to the movement of government material or overweight, oversized, hazardous cargo, etc. This part gives guidance on assessing the offeror's knowledge and ability regarding the transportation requirements of the solicitation. Since delivery of material to the customer in a timely and usable fashion is a goal of the procurement system, the inability to effectively accomplish movement of material may delay delivery or even result in nondelivery, thus impacting contract administration effort. The DCMA Transportation element is, by virtue of its expertise, well qualified to evaluate transportation capabilities and is responsible for participating as required in the PAS Program.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(b) Identification of Requirements
(1) The designated transportation specialist should review the specifications, terms and conditions of the proposed contract. This information along with the prospective contractor's performance history under previous contracts should be used to determine the degree of participation necessary by the Transportation element.
(2) The decision to participate in the survey by means of either an on-site visit or Fast Form PAS should be based upon a review of the following criteria:

a. Performance of an on-site review generally is indicated when:
1. The prospective contractor's past performance has been unsatisfactory.
2. The prospective contractor has had no previous experience in military traffic management procedures.
3. Transportation functions involve movement of sensitive, classified, hazardous, oversized or overweight cargo.
4. When, in the opinion of the specialist, an on-site visit is necessary to update the DLA Form 358, Contractor's Transportation Facilities Data.
b. Fast Form PASs should be performed in lieu of on-site reviews when the factors cited above do not apply. The team leader or PSM should be notified when the decision has been made to conduct a Fast Form PAS.

(c) Conduct the Survey
(1) Performance of on-site Reviews. When performance of an on-site review is required, the assigned specialist should make every effort to participate as a

member of the PAS team and to schedule his/her facility visit to coincide with that of the team. When this is not possible for scheduling or other reasons, the specialist should so advise the team leader or PSM, and make alternative arrangements with the prospective contractor. In conducting the transportation survey of the prospective contractor's facilities and capabilities, the specialist should:

a. Become thoroughly familiar with all factors, terms and conditions bearing on transportation or facility requirements prior to the actual plant visit. Where requirements appear incomplete, inappropriate or erroneous, the specialist should subsequently seek clarification or correction from the PCO activity through the PSM.
b. Thoroughly discuss with key prospective contractor personnel pertinent contractual requirements, transportation documentation procedures and norms, export documentation and routing procedures, proper training of transportation personnel and all other transportation factors appropriate to the proposed contract.
c. Determine the necessity or desirability of a Postaward Conference.
d. Obtain information to update, as necessary, the DLA Form 358.

(2) Performance of Fast Form PASs. After determination that direct transportation participation in an on-site review is not necessary, the specialist should perform a Fast Form PAS of the prospective contractor's capabilities, based upon DLA Form 358 and other capability data, and the correctness and completeness of transportation requirements and terms contained in the IFB/RFP. The PAS team leader or PSM should be notified of the Fast Form PAS and when needed, furnished an outline of transportation factors and terms to be verified by other members of the PAS team in discussions with the prospective contractor. Delegated instructions should be limited, however, in number and scope since extensive instructions indicate the need for on-site surveillance.

(d) Preparing the Report. The specialist should use professional judgment and analytical skill when developing the report. The findings, prepared on the DLA form 20B, should include adequate narrative remarks, to substantiate prospective contractor's capability or inability to perform and to identify specific requirements or terms in the proposed contract. An award or no award recommendation should be made. A copy of the report is maintained in the Transportation element

8. Packaging Evaluation

(a) OTHER FACTOR C -- Packaging (DLA 20C) -- An assessment of the offeror's ability to meet all contractual packaging requirements, including preservation, unit pack, packing, marking (PPP&M) and unitizing for shipment so that the end item is protected during shipping and storage. The DCMA Packaging Specialist makes a significant contribution in the effort to protect end item integrity by evaluating the offeror's understanding of PPP&M requirements, packaging Plan of Performance (POP), packaging program, packaging materials and equipment, materials handling equipment, subcontractor effort, packaging discrepancy history, etc. Since the packaging of material represents a key ingredient in total contract performance, it is essential

that capabilities be evaluated relative to the offeror's packaging program.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(b) Specialist's Preparation and Requirements Identification
(1) Receipt and Review of PAS Request. When a request for PAS is received from the PSM, the specialist should examine the technical requirements of the proposed procurement data package. The specialist should examine all applicable referenced specifications and drawings. Through this, the specialist should determine whether an On-site or Fast Form PAS is appropriate. The initial document review should include, but is not limited to, consideration of the following factors:

a. History of offeror's performance under prior contracts, i.e., capabilities as reflected in a previously prepared DLA Form 1095, Contractor Packaging Capability Review, discrepancy reports, and other documentary evidence.
b. All elements listed on the PAS packaging form pertaining to packaging.
c. Identification of peculiar or unusual requirements.
d. Packaging requirement codes.
e. Clauses in section D of the solicitation.
f. Drawings or microfiche with packaging instructions.
g. Commodity specification references.
h. References to commercial or military hazardous material regulations.
i. Supplemental packaging instructions (SPI).
j. DLA master solicitations.
k. FAR and DFARS clauses.
l. Level(s) of protection.

(2) Type of Survey. Generally, standard commercial packaging is acceptable if there is no additional charge or a minimal packaging charge by the prospective contractor. When commercial packaging is specified as a requirement in an IFB or RFP, and the packaging capability factor has been requested by the procuring office on the SF1403, the specialist should determine if a Fast Form PAS should be performed in lieu of an on-site survey. The following conditions should be considered:

a. The nature of the proposed procurement is such that delivery of a tangible item is not a requirement, thus negating any need for packaging capability.
b. The simplicity of packaging requirements does not warrant a plant visit.
c. The offeror's known packaging competency or that of his designated packaging subcontractor is of such a high order (relative to the packaging requirements of the proposed contract) that a plant survey would serve no useful purpose. In this instance, however, contact with the offeror may be appropriate to verify all major variable factors such as continued employment of key packaging

personnel, operating presence of packaging equipment and availability of applicable revisions of specifications. (It is noted with regard to PAS actions that the DLA Form 1095 is not intended to be the sole basis for performance of Fast Form PASs in lieu of plant survey. Data from the DLA Form 1095 should be considered in conjunction with reports of discrepancies and technical assists, and other information in determining whether an adequate evaluation can be accomplished at the desk.)
d. If an on-site visit is deemed unnecessary, the contractor's proposed packaging should be described in the Remarks block of the PAS request, SF1403. This is particularly important when ASTM 3951 or commercial packaging is specified.

(c) Conduct On-Site Survey
(1) Plant Visits. If, after initial review of the proposed contract, a physical plant survey is considered necessary, the date/time of performance should be coordinated with the PSM to coincide with the visit of other PAS team members. When, for substantial reasons, it is not possible to schedule a combined plant visit with the PAS team, the analyst should make separate arrangements with the offeror. The DLA Form 1095 should be prepared or updated as necessary during the visit to include, as a minimum, those items on the form applicable to the survey.
(2) Purpose. The purpose of the visit, to evaluate the prospective contractor's capability to perform the PPP&M requirements of the solicitation, should be made clear to the offeror as early as possible to allow time for preparation. The burden of responsibility is on the prospective contractor to explain or show how they intend to meet the requirements.
(3) Interview of offeror. Offeror shall explain the following areas:

a. Brief history of prospective contractor packaging program.
b. Have offeror locate PPP&M requirements in solicitation.
c. Task offeror to produce copies of specifications.
d. Have offeror detail how they intend to meet PPP&M requirements.
e. Allow offeror to conduct plant tour, with emphasis on packaging area, materials, equipment, materials handling, housekeeping, etc.

(d) Analyze Facts. The specialist shall use professional judgment and analytical skills to assemble the relevant facts and circumstances that surround a particular prospective contractor's packaging effort and measure these against the criteria set forth in the solicitation, packaging data sheet, military standards or specifications, etc. Considerable thought and attention should be given to the prospective contractor's operation, plan of performance for accomplishing packaging, and the requirements of the solicitation/survey request prior to writing the packaging capability report.

(e) Prepare Report
(1) The results of fact finding developed by the specialist while preparing for and during the on-site visit should be evident in the survey report, with the narrative portion providing an evaluation and highlighting key areas of the DLA 20C form. Reports shall be objective and based upon current and factual

information. This form should subsequently be forwarded to the PSM to support all items of the SF1403 which pertain to packaging capability. An award or no award recommendation should be made and shall be supported by the facts and careful analysis. A Fast Form PAS should not be used to support a negative recommendation. The file copy of all reports should be retained in the prospective contractor's performance folder. Information noted during the course of a survey that reflects a need for Postaward Orientation or improvement to specified packaging requirements should be annotated in the appropriate blocks of the DLA Form 20C for specialist follow-up with the ACO, PCO or QAR as appropriate.
(2) The packaging capability report, whether done as a Fast Form or on-site survey, should contain as a minimum, the following information:

a. Name and location of offeror.
b. Date of on-site survey.
c. Date of survey report.
d. Offeror's plan of performance for accomplishing packaging.
e. Offeror personnel contacted.
f. Applicable specifications.
g. Item nomenclature.
h. Completed checklist.
i. Narrative evaluation.

(3) General purpose and capability surveys forwarded by the PSM should be performed in the same manner as the preawards involving solicitations, but recommendations for award or no award should be omitted. A statement in the narrative should rate the prospective contractor as satisfactory or unsatisfactory with regard to packaging capability, per the requirements of the survey request.

9. Industrial Security Evaluation

(a) OTHER FACTOR D -- Security Clearance (DLA 20D) -- A determination that the offeror's facility security clearance is adequate and current. (When checked, this factor should be referred to the Defense Security Service [DSS]). The level of the facility's security clearance, as certified by the cognizant Office of Industrial Security DSS, should be provided in the narrative portion of the PAS report. An unsatisfactory finding should be clearly explained in the narrative portion of the PAS report.
(b) If classified information, arms, ammunition, or explosives (AA&E) are involved (as identified and categorized in DoD 5100.76-M) and Factor 20D of the SF1403 has been checked, the following should be considered:

(1) Contact the Buying Activity: The PSM or his designee should contact the Buying Activity and determine if they should be participating in the survey.
(2) Determine the Level of Security: The buying activity should be asked to determine if an on-site should be required.
(3) Determine the Risk Category: If the solicitation has not identified the Risk Category, request the buying activity determine and furnish the required category. DSS should not perform an on-site survey without this information.
(4) Determine the Required Safeguarding: Furnish DSS with the offeror's facility code, Company Name, and address. DSS should

research their files and determine the offeror's safeguarding capabilities.
(5) Request Hard Copy: Request DSS forward a hard copy of the rating, to be included in the final report.

(c) Solicitations involving AA&E outside the scope of DoD 5100.76-M should not be forwarded to DSS Industrial Security Office.

(d) The PSM should include in the Manager's Comments or in the DLA form 20D a narrative regarding the offeror's security clearance and safeguarding capability as reported by DSS.

10. Plant Safety Evaluation

(a) OTHER FACTOR E -- Plant Safety (DLA 20E) -- An assessment of the offeror's ability to comply with safety requirements specified in the solicitation. When this block is checked, a copy of the complete solicitation package should be provided to the responsible Specialized Safety Manager (SSM) and a narrative report obtained. Request for Factor E evaluations on solicitations not containing specific safety requirements should be challenged by the PSM. The objective of a safety PAS is to determine if the prospective contractor has the ability to perform the proposed work according to the safety requirements in the contract. The DCMA SSM makes a valuable contribution in the effort to avoid or minimize disruptions in contract performance by assessing the prospective contractor's plan of performance for the solicited item, safety organization, safety history, knowledge, experience, site plan, facility, equipment, personnel, training, etc.

The government is not obligated to prove that the offeror can or cannot perform. It is incumbent upon the offeror to demonstrate the capability to perform in accordance with the terms and conditions of the proposed contract.

(b) Receipt of PAS Package.
(1) When the SSM receives PAS requests which involve technical disciplines in which they do not have specific training or extensive experience, they should immediately notify the District SSM. The District SSM should ensure that qualified personnel are made available to assist in performing the surveys. The District SSM may call upon their own District resources or those of the procuring activity. This is specifically intended to cover highly technical areas requiring specific knowledge not sufficiently covered by a certification area or specific products or processes unfamiliar to the analyst.
(2) When a proposed acquisition does not contain a required FAR/DFARS safety clause/requirement or contains an unwarranted safety clause, the procuring activity should be informed through the PSM and requested to provide instructions on performance of the survey

(c) Preaward Safety Surveys of Subcontractors
(1) If, during the PAS, the SSM learns that a significant portion or a highly hazardous portion of operations covered by the safety clause and requirement is to

be performed by a subcontractor, the PSM should be informed immediately. Secondary PASs should normally be requested for these proposed subcontractors by the primary PSM. When secondary PASs are performed, final recommendation should be dependent upon the combined results of both primary and secondary surveys. This policy does not generally apply to proposed subcontractors, including ammunition and explosives manufacturers, providing commercially produced items, materials or supplies commonly available on the open market unless sole source, critical to DoD readiness or a danger to other DoD interest. If a secondary PAS of a specific subcontractor is not requested for the above reason, a specific statement of that fact and the reason for the decision should be included in the PAS report.
(2) In accordance with DFARS 252.223-7002, offerors are required to include in their proposal a list of all proposed ammunition and explosives subcontractors and other places of performance. This provides the buying activity the option of requesting Safety PASs of both prime and subcontractors simultaneously. If the buying activity exercises this option, the SSM surveying the prime does not need to request secondaries. The report of survey, if the reports of such secondaries should be submitted directly to the buying activity, may be finalized without the results of secondary surveys. The PAS report should note when this situation exists.
(3) DFARS 252.223-7003, Change in Place of Performance, Ammunition and Explosives, requires that prime prospective contractors obtain the contracting officer's approval of any changes in subcontractors or other places of performance after the award of contract. If this occurs, SSMs may be requested by the PCO/ACO to perform general plant capability surveys of the proposed new places of performance. Such surveys should be performed and documented in the same manner as regular Safety PASs, with the exception that no recommendation for award is required.

(d) Fast Form PASs. Fast Form PASs are acceptable on prospective contractors and subcontractors currently under scheduled surveillance as an alternative to on-site PASs when justified by historical data and current documented knowledge. Fast Form PASs may be performed under the following circumstances:
(1) Ammunition and Explosives. When solicitations involve ammunition and explosives, Fast Form Safety PASs may be performed when:

a. There is no significant change in type of work to be performed.
b. Change in quantity and/or type of ammunition/explosives should not cause quantity-distance or compatibility violations.
c. No new or modified equipment/facilities are required.
d. Previous on-site survey of the prospective contractor was conducted within the frequency established, all significant safety violations were resolved, and information contained in the survey report remains current.
e. No adverse impact on other DCMA administered contracts is anticipated.

(2) Other Solicitations. Fast Form PASs of prospective contractors not manufacturing or using ammunition/explosives and currently under surveillance may be performed when:

a. There is no significant change in type of work to be performed or facilities to be used.

b. There is no significant change in safety requirements.
c. Previous on-site safety surveillance was performed within the frequency established, all safety violations have been resolved, and information contained in the report of survey remains current.
d. No other adverse impact on other DCMA administered contracts is anticipated.

(e) SSM's Preparation and Requirements Identification. The following is the first step in the survey protocol and should be conducted for all safety surveys, whether accomplished on-site or as a Fast Form PAS:
(1) Review of Bid Package. A thorough review of the bid package is essential for performance of an adequate PAS. Specialized Safety personnel should obtain, when possible, a complete copy of the solicitation package prior to visiting the prospective contractor's facility and review it in its entirety. When packages are not available, the prospective contractor's copy may be used; however, this should be avoided since it decreases time available for review and increases time necessary in the prospective contractor's facility.
(2) This review should include the following:

a. Verification of the inclusion of specific safety clause and or requirements invoked for the purpose of protecting the government's interest. Familiarization with the mandates of the clauses or requirements may include researching referenced documents and publications.
b. Determination if other requirements are included. These may be included in DD Form 1423 data item descriptions, statements of work, technical drawings, data sheets and referenced publications (i.e., technical orders and manuals, military standards, government manuals and regulations and other Federal regulations).
c. Familiarization with both the item to be procured and/or work to be performed. This should require, where applicable, a review of all technical drawings, statements of work, hazard classification of all items (both in-process and finished), type and quantity of explosives, government Furnished Materials or Explosives (if any) and the Hazardous Component Safety Data Statements (HCSDS). Identify requirements peculiar to the solicited item during this part of your review.
d. Familiarization with transportation, property disposition and disposal requirements when ammunition, explosives or hazardous materials are involved.

(3) Frequently much of the data requiring review is contained on medium other than printed copy. All pertinent data shall be obtained and reviewed.
(4) This early review should provide the SSM with the product, work, process and material knowledge necessary to begin determining if the prospective contractor can perform the contract work in compliance with safety requirements.
(5) Review of Historical Data. All Specialized Safety historical data applicable to the prospective procurement should be reviewed prior to the survey. This includes review of past survey and visit reports, facility data sheets, mishap reports, waivers of safety requirements, site plans, licenses and prior PASs.

(f) Conduct On-site Survey
(1) The safety portion of the survey should be conducted in conjunction with the PAS team designated by the PAS manager to enhance exchange of information and cause minimal disruption of prospective contractor operations. The survey shall result in a clearly stated determination of the prospective contractor's ability to perform the proposed work in compliance with the clauses and requirements of the contract.
(2) It is the responsibility of the prospective contractor to affirmatively demonstrate the capability to perform. To do so, the prospective contractor shall provide demonstrable proof of capability. General statements or signed letters of intent do not constitute demonstrable proof unless supported by documented information. The government is not required to discover capability when the prospective contractor fails to demonstrate it.
(3) The evaluation process should include the following, as a minimum:

a. Safety History. Prospective contractor's past safety experience shall be reviewed and should include when applicable:
1. Other Agencies' Reports. Reports of past surveys by Federal, state, or local safety, fire prevention, or regulatory authorities that may impact DoD operations should be reviewed. These authorities may be contacted directly if information is not available through the prospective contractor. It should be determined if any discrepancies, violations, etc remain open.
2. Mishap History. Annual OSHA accident summary sheets should be available and insurance records should reflect property damage mishaps. Review should be geared toward mishaps affecting past, current, or proposed DoD contracts.
3. Waivers and Exemptions. Determine if prospective contractor was granted exemptions or waivers on existing DoD contracts and what the terms of these are. See below, PAS Reports paragraph 11, for further guidance.
4. Operational Experience. The prospective contractor's past experience with similar or related work should be reviewed. Experience on previous government contracts should be reviewed to evaluate the prospective contractor's ability to perform similar types of work and to comply with required regulations.

b. Current Status. A review of the prospective contractor's current safety posture should be conducted. This should include where applicable:
1. Safety Program. The potential effectiveness of the overall program to assure contractual compliance should be evaluated. This includes such items as management support, organization, and training.
2. Current Facilities. The size, construction, fire resistance, and protection, utilities, etc., of each building should be reviewed. Current compliance with existing regulations, codes, requirements and with proposed contract requirements should be specifically addressed. This includes current compliance with specific proposed ammunition and explosives or other contract facility requirements. This review should be concentrated on facilities to be used for proposed work and should include facilities that would potentially impact contract related facilities in case of mishap.

3. Current Operations. If work is similar to that proposed in the bid package, current compliance with proposed safety requirements should be evaluated.

c. Contractor Proposals. While the prospective contractor's historical and current safety posture is important, the offeror's proposed plan of performance required by the bid package are the most critical elements in determining capability. The following elements should be addressed specifically:
1. Contractor Knowledge. Prospective contractor should demonstrate a thorough knowledge of contract safety requirements and the hazards and protective measures associated with the solicited products or services.
2. Proposed Operations. Prospective contractor proposals for manufacturing processes, tests, storage, handling, transportation, disposal, etc., should be evaluated for compliance with contract requirements. Specific hazards should be identified and proposed methods of control evaluated.
3. Personnel and Training. Determine how many personnel are anticipated for new operations. Training to be provided should be evaluated.
4. Facilities and Equipment. If new facilities and equipment are required, determine if these should meet the contract requirements. In cases where contracts contain facility and equipment standards, these should be addressed specifically, e.g., ammunition and explosives, aircraft hangars, etc. The prospective contractor's ability to provide these new facilities and equipment before production begins should also be evaluated.
5. Licenses/Permits. If proposed contract work requires the prospective contractor to possess Federal, state, or local licenses or permits, determine if these are currently possessed or acceptable applications can be submitted.
6. Subcontractors. If the prospective contractor proposes to subcontract a portion of contract work that is hazardous in nature, capability to verify subcontractor(s) compliance with safety requirements of the contract should be evaluated. Prime prospective contractors are responsible to the government for compliance with contractual terms wherever work is to be performed. See paragraph above, PAS of Proposed Subcontractors, for additional information.

(g) Analyze Facts. The SSM should use judgment and analytical skills to assemble the relevant facts and circumstances that surround a particular prospective contractor's operation and measure these against the criteria set forth in the solicitation, safety clauses, statement of work, drawings, HCSDS, etc. Considerable thought and attention should be given to the prospective contractor's operation, plan of performance and the requirements of the solicitation prior to writing the survey report.

(h) Prepare Safety/Indemnification Reports and Supporting Documentation.
(1) An award or no award recommendation should be made. The Preaward Safety Survey report and supporting documentation should substantiate this final

recommendation. Each applicable element of the survey process, whether a Preaward or Indemnification survey, should be specifically addressed. General statements on satisfactory or unsatisfactory mishap histories, facilities, etc., are not acceptable unless supported by specific examples or instances.
(2) Report Content. PAS reports, utilizing DLA form 20E, whether accomplished as on-site surveys or as Fast Form PASs, should contain, as a minimum, the following information and should be provided to the PSM for inclusion in the final Preaward package:

a. Name and locations of prospective contractor facility(s) surveyed.
b. Solicitation number, PAS serial number, procuring activity, item/service nomenclature, and safety requirements included.
c. Date of survey.
d. Date of report.
e. Name of surveyor.
f. Personnel contacted, government and prospective contractor.
g. Type and quantity of government property (current and proposed) at facility, if critical in nature, or potentially exposed to hazards.
h. General description of prospective contractor's business (type of business, size, etc.).
i. General description of work required by prospective contract including types and quantities of hazardous materials involved.
j. Safety history, see paragraph j(5)(c)1 above. Specific comments on past surveys, mishap history, waivers and exemptions, and operational experience are required. If no records exist, so state.
k. Current safety status. Observed deficiencies should be described and referenced to current or proposed contract requirements or both, as applicable. Prospective contractor's proposed corrective action should be documented. The existence of waivers on existing contracts does not negate a deficiency for Preaward purposes. Waivers are limited to the individual contracts and may not be accepted or granted on new contracts.
l. Proposals. The report should contain specific descriptions of how the prospective contractor proposes to accomplish each aspect of contract work (plan of performance), the specific hazards involved, and safety controls to be incorporated. New facilities, personnel, procedures, etc., should also be addressed in the same way, where applicable. An evaluation of these proposals should be included. If subcontracting is planned and safety is involved, action taken under subcontracting paragraph above, should be included.
m. Conclusion. A clear statement should be included, fully substantiated by facts in the report, that the prospective contractor is/is not capable of performing contract work in compliance with contract safety requirements.
n. Recommendations. A specific recommendation for award or no award should be stated. A contingent recommendation is not acceptable.

o. Other Comments (as applicable).
1. If recommendation is no award but the prospective contractor proposes alternate means of meeting requirements, waivers, or acceptance of existing conditions, these should be evaluated. This

should provide the buying activity all the information needed to make a final determination on award.
2. If a postaward conference is recommended, the request should be clearly stated and justification provided.

p. Distribution. A copy of each Preaward Survey report (desk or on-site) should be sent to the District Flight Operations, Specialized Safety and Environmental office.

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| 11. Environmental/ Energy Evaluation | (a) OTHER FACTOR F -- Environmental/Energy Considerations (DLA 20F) -- An evaluation of the offeror's ability to meet specific environmental/ energy requirements contained in the solicitation. When this factor is checked and the solicitation does not contain specific environmental/energy requirements, the PSM should contact the PCO and clarify the requirement.<br><br>(b) When a request for a PAS contains environmental requirements, DCMA comments, on DLA form 20F, should be limited to whether Federal, State or local government lists the prospective contractor as a violator. A written statement should accompany any reporting of such violations from the environmental agency reporting the prospective contractor as a violator.<br><br>(c) A certified environmental specialist can only conduct evaluations requiring specific expertise. The PSM is responsible for determining the availability of certified personnel.<br><br>(d) When participating in the PAS, the environmental specialist may refer to the recommended procedures shown in Plant Safety Evaluation (above). |
| 12. Flight Operations /Flight Safety Evaluation | (a) OTHER FACTOR G -- Flight Operations/Flight Safety (DLA 20G) --An evaluation of the offeror's ability to meet specific Flight Operations/Flight Safety requirements in the solicitation. When this factor is checked, evaluation assistance should be requested from the cognizant Flight Operations and Specialized Safety Office. Participation by the Flight Operations and/or Specialized Safety element is required if ammunition and explosives, as defined in DFARS 223.370-4, Safety Precautions for Ammunition and Explosives, are involved and when aircraft operations are involved. This is in addition to the QA participation in the survey. DLA form 20G should be used to submit survey findings and recommendations.<br><br>(b) When participating in the PAS, the Flight Operations/Flight Safety specialist may refer to the recommended procedures shown in Plant Safety Evaluation (above). |
| 13. "Other Factors" Evaluation | OTHER FACTOR H -- Other(DLA 20H)-- This factor is checked when an assessment of other than Major Factors A-E and Other Factors A-G is desired. When Factor 20H is checked, the desired information should be explained in the "Remarks" section of the SF1403. All remarks/comments should be annotated on the DLA 20H form |

## H. Preparing the Final Report

1. Reviewing the Report

(a) Discretionary Supervisory Review. As determined appropriate at the CMO level, a review by the first level supervisor above the functional specialist may be required. The supervisor should review the PAS report to insure proper completion of required reports and inclusion of all appropriate information.

(b) PSM Review
(1) PSM review of individual team member reports is to ensure the facts and rationale fully support the conclusions and recommendation. The PSM's final report should clearly and completely synopsize the salient factors supporting the final recommendation. The PSM review should result in resolution of differences in most cases.
(2) The PSM should review the total report to address areas such as those listed below:

a. Does the content of the survey report reflect an understanding of the latest guidance (FAR, DFARS, PAS Guidebook, and other functional manuals)?
b. Does the financial analysis clearly show whether the offeror has sufficient assets to perform in accordance with the terms and conditions of the solicitation?
c. Is the report responsive to the request? Were all pertinent factors evaluated? Was SF1403, section III, block 20H, adequately addressed?
d. Was the depth of analysis performed consistent with the complexity and dollar value of the items being procured?
e. Are the conclusions and recommendations reasonable and supported by PAS findings and narrative? Is the logic in the report trackable, and would a third party be reasonably expected to reach the same conclusions?
f. Is the report written in concise language, free of emotionalism; and does it reflect professionalism and objectivity?
g. Has the impact of the findings in one functional area been considered by other functional elements? For example, if the Quality section addresses shortage of special test equipment, was it addressed in the Production section, or if the Production section mentions vendor problems because of failure to pay bills, was the impact of this failure considered by the financial analyst?
h. Are option quantities, in-house work, and possible future awards considered when the offeror's capacity and ability to meet the schedule are determined?
i. Does the PSM's summary adequately cover the important aspects of the survey and arrive at a logical conclusion for an award/no award recommendation?
j. When a secondary survey is involved, is the supporting CMO report an integral part of the overall PAS report? Are the secondary findings adequately evaluated and given due consideration in arriving at an award/no award recommendation?

2. PSM Evaluation of

Each factor should be evaluated on its own merit. Each block shall be marked satisfactory/unsatisfactory based on the findings for that specific factor. If any factor

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| Factors. | rated satisfactory has a potentially adverse bearing on another factor, an explanation should be included in the narrative detailing the interrelationship between the affected factors. A determination that any factor is unsatisfactory should result in a recommendation for no award. As stated in FAR 9.103(c), a prospective contractor shall demonstrate affirmatively his responsibility, including, when necessary, that of proposed subcontractors. |
| 3. Summarizing the Survey | The PSM is the PAS approving official. After reviewing all functional reports to ensure the facts and rationale fully support the conclusions and recommendation, Section III of the SF1403 indicating Satisfactory or Unsatisfactory ratings for each factor evaluated is to be completed by the PSM. The overall recommendation is based on the collective factor ratings. An unsatisfactory determination for any factor evaluated results in a no award recommendation. An overall narrative summary detailing the survey findings that clearly and completely synopsize the salient factors supporting the final recommendation is completed utilizing the PSM Comments form. |
| 4. Mailing the Survey | Once the PAS is completed, the final recommendation should be phoned into the customer as a preliminary "heads-up". During this notification the PSM should determine which mode of return (i.e. FAX, Express Mail, SIS (electronic transmission), etc.) is appropriate to support the customer's ability to proceed with the procurement process. |

## ABBREVIATIONS AND GLOSSARY

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| AA&E | Arms, Ammunition and Explosives |
| ACO | Administrative Contracting Officer |
| ADD | Actual Delivery Date |

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| ADP | Automatic Data Processing |
| C&T | Clothing & Textile |
| CMO | Contract Management Office |
| CAS | Contract Administration Services |
| CDRL | Contract Data Requirements List |
| CFE | Contractor Furnished Equipment |
| CLIN | Contract Line Item Number |
| CoC | Certificate of Competency |
| COTR | Contracting Office Technical Representative |
| CPSR | Contractor Purchasing System Review |
| DCAA | Defense Contract Audit Agency |
| DCMA | Defense Contract Management Command |
| DCMD | Defense Contract Management District |
| DCN | Document Control Number |
| DFARS | Defense Federal Acquisition Regulation Supplement |
| DID | Data Item Description |
| DLA | Defense Logistics Agency |
| DLAD | Defense Logistics Agency Directive |
| DLAM | Defense Logistics Agency Manual |
| DLAR | Defense Logistics Agency Regulation |
| DLSC | Defense Logistics Services Center |
| DoA | Department of Agriculture |
| DoC | Department of Commerce |
| DoD | Department of Defense |
| DoDAAD | Department of Defense Activity Address Directory |
| DoT | Department of Transportation |
| DPAS | Defense Priorities and Allocation System |
| DSS | Defense Security Service |
| DPSC | Defense Personnel Support Center |
| FAR | Federal Acquisition Regulation |
| FDA | Food and Drug Administration |
| FDD | Final Delivery Date |
| FMS | Foreign Military Sales |
| FOB | Free On Board |
| FOIA | Freedom of Information Act |
| FY | Fiscal Year |
| GBL | Government Bill of Lading |
| GFE | Government Furnished Equipment |
| GFM | Government Furnished Material |
| GFP | Government Furnished Property |
| HCSDS | Hazardous Component Safety Data Statements |

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| IASM | Industrial Analysis Support Manager |
| ICA | Industrial Capability Assessment |
| IFB | Invitation for Bid |
| ILRO | Industrial Labor Relations Officer |
| IPP | Industrial Preparedness Planning |
| IPPP | Industrial Preparedness Planning Program |
| IPR | Industrial Plant Representative |
| IS | Industrial Specialist |
| ISS | Industrial Security Specialist |
| MOCAS | Mechanization of ContractAdministration Services |
| MOD | Modification |
| NIB | National Institute for the Blind |
| NISH | National Institute for the Severely Handicapped |
| NSN | National Stock Number |
| PAS | Preaward Survey |
| PSM | Preaward Survey Manager |
| PCO | Procuring Contracting Officer |
| PCS | Production Control System |
| PIIN | Procurement Instrument Identification Number |
| POP | Plan of Performance |
| PQDR | Product Quality Deficiency Report |
| PR | Purchase Request |
| QA | Quality Assurance |
| QAR | Quality Assurance Representative |
| R&D | Research and Development |
| RFP | Request for Proposal |
| SBA | Small Business Administration |
| SBS | Small Business Specialist |
| SIS | Supplier Information Service |
| SPIIN | Supplemental Procurement Instrument Identification Number |
| ST | Special Tooling |
| STE | Special Test Equipment |
| TAG | Technical Assessment Group |
| TDP | Technical Data Package |
| WPCS | Work Planning Control System |
| WWW DCMA Main Page | http://www.dcmc.dla.mil (this site is subject to change without notice) Access to this page will allow access to various links on the World Wide Web which includes access to the Supplier Information Service (SIS). |