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IN REPLY REFER TO DLSC-POA
PROCLTR 99-04

MAY 17 1999

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Government Source Inspection (GSI)

On September 24, 1997, the Acting Under Secretary of Defense (Acquisition and Technology), directed the Military Departments and DoD Agencies to review all GSI supply items to be bought in FY 98 and FY 99, and eliminate unnecessary GSI requirements. In FY 98, DLSC alone reviewed 344,747 proposed buys and changed the Contract Technical Data File (CTDF) requirements from source inspection to destination inspection on 132,600 of these items (38.5 percent). However, according to DLA Office of Operations Research and Resource Analysis (DORRA) research, in FY 98 there were 71,264 buys that were coded as destination inspection in the CTDF, but the contracts required GSI. This large number of instances where GSI is invoked when there is no technical reason for doing so needs to be reduced. The primary causes for imposing GSI were found to be due to contractor request, the use of existing Basic Ordering Agreements (BOAs)/Long-Term Contracts (LTCs), and buys for Foreign Military Sales (FMS).

The solicitation provision, Evaluation Factor for Source Inspection (DLAD 52.213-9001), should be included in solicitations for items identified in the CTDF as requiring destination inspection. The evaluation factor has been changed to $250 for all solicitations. Attachments 1 through 4 reflect changes in the solicitation provision and the prescriptions for its use. This evaluation factor should be applied for every delivery for which the contractor requests GSI that is not required by the CTDF. As LTCs normally have multiple deliveries, the number of deliveries should be estimated, identified in the solicitation, and multiplied by $250 to determine the evaluation factor.

The contracting officer should attempt to negotiate inspection and acceptance terms as coded in the CTDF in the contract. In addition, contracting officers should modify existing LTCs and BOAs having remaining delivery periods of 2 or more years to bring inspection and acceptance terms into consonance with the coding of the CTDF. We are not addressing contracts for FMS at this time, pending resolution of payment issues.

This PROCLTR is effective immediately and expires upon incorporation of the attachments in the DLAD, but in no event later than 1 year from its date of issue. The point of contact is Mr. Gregory Ellsworth, DLSC-POA, DSN 767-1369.

William J Kenny

WILLIAM J. KENNY
Executive Director
Procurement Management

Attachments

Federal Recycling Program Printed on Recycled Paper

SUBPART 13.1 – GENERAL

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13.106-90 Other solicitation issues.

(a) Evaluation of simplified acquisitions/quotations involving source inspection. The provision at 52.213 -9001, Evaluation Factor for Source Inspection, shall be inserted in ***all*** simplified acquisition solicitations for items identified in the Contract Technical Data File (CTDF) as requiring destination inspection. ***It shall be exercised for the acquisition of items normally requiring destination inspection (see FAR 46.402 and 46.403),*** when source inspection is ***specified*** for offerors ***under either of the following conditions: the offeror has*** a history of delivering nonconforming material on destination assigned contracts/purchases; ***or the offeror insists that inspection be performed at source, despite the Government's determination that source inspection is unnecessary.*** When source inspection is ***to be performed under either of these conditions,*** the contracting officer shall exercise the provision at 52.213-9001 and add ***$250*** to that offeror's quoted price. If multiple source inspections are required, the evaluation factor will be multiplied by the number of inspections required, and that figure will be added to the offeror's quoted price.

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SUBPART 14.2 – SOLICITATION OF BIDS

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14.201-8 Price related factors.
(a)(90) [This paragraph pertains only to those contracting offices that have decided, in accordance with 15.604, to use this source inspection evaluation factor coverage.] The provision at 52.213-9001, Evaluation Factor for Source Inspection, shall be inserted in solicitations when the conditions at 13.106(90)(a) exist. The coverage at 13.106-90(a) applies regardless of the dollar value of the acquisition.

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SUBPART 15.6 – SOURCE SELECTION

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15.605 Evaluation Factors.

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(b) (93) When a determination has been made in accordance with 15.604 to utilize the evaluation factor coverage at 13.106-90(a) and when the conditions set forth in 13.106-90(a) exist, the provision at 52.213 -9001, Evaluation Factor for Source Inspection, shall be inserted in solicitations. The coverage at 13.106(90)(a) applies regardless of the dollar value of the acquisition.

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SUBPART 52.2 – TEXTS OF PROVISIONS AND CLAUSES

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52.213-9001 Evaluation factor for source inspection.
As prescribed in 13.106-90(a), 14.201-8(a)(90), and 15.605(b)(93), insert the following provision:
EVALUATION FACTOR FOR SOURCE INSPECTION (MAY 1999) - DLAD
This solicitation contemplates an award based on destination inspection. However, source inspection will be required for those offerors to whom formal notification thereof has been issued prior to the closing/opening date for receipt of offers under this solicitation ***and allowed for offerors who make their offers contingent on source inspection.*** Accordingly, an evaluation factor of ***$250*** will be added to the offeror's quoted price, for each source inspection required, for purposes of determining the most advantageous offer received - price and other factors considered. Nothing in this provision affects the right of the Government to perform or waive source inspection on any resultant order/contract.
(End of provision)

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