RESOLVE CONTRACTOR NONCONFORMANCES FOUND DURING SURVEILLANCE

Using CARs and CAPs

Surveillance activities enable us to identify issues with the contract. When we identify and work with the contractor to resolve issues, we use our problem-solving skills to provide Detection to Prevention (D2P)! Corrective Action Requests (CARs) and Corrective Action Plans (CAPs) are tools we use to document and resolve issues.

CAR Level	CAR Issues and When to Develop a CAP
I	• Issued for noncompliances that are minor in nature, are promptly corrected by the contractor, and present no need for root cause determination or further preventive action. • Issued to the contractor's management who is responsible for the corrective action process policy for correcting the cited noncompliance. While the contractor must correct the noncompliance, further actions are not required regarding the specific noncompliance. • Includes small issues such as typos, or those that can be corrected on the spot. • Documented in the system, but a contractor's written response is not required.
II	• Most common CAR Level. Issued for noncompliances that are not promptly correctable, warrant root cause analysis and preventive action or need action by the contractor to determine if other products / services are affected. • Requires the contractor to investigate the reason for the nonconformance and develop and present a CAP to the Government in writing.
III	• Issued to the contractor's management who is responsible for the company or business segment to call attention to a serious noncompliance, a significant deficiency, a failure to respond to a lower level CAR, or to remedy recurring noncompliance. • A written response from the contractor is required. It may result in initiation of available contractual remedies, such as reductions of payments, cost disallowances, revocation of Government assumption of risk of loss, or business management systems disapprovals, etc. • Requires the contractor to investigate the reason for the nonconformance and develop a CAP.
IV	• Involves a higher-level review that includes the buying command and management. • Issued to the contractor's segment or corporate management when the contractual noncompliance(s) is of a serious nature or when a Level III CAR has been ineffective. • A written response from the contractor is required. • Results in a mandatory review of available contractual remedies, such as cost disallowance, reduction or suspension of payments, revocation of Government assumption of risk of loss, business system disapproval, or suspension of product acceptance activities. • Requires the contractor to investigate the reason for the nonconformance and develop a CAP.
Notes	The functional specialist should: • Document noncompliance(s) in accordance with DCMA policy. • Escalate the CAR level as appropriate if the noncompliance becomes systemic. • Issue a delay notice when we see that the delivery schedule may be jeopardized. Any functional specialist can do this although it is often the industrial specialist.

NOTE: CARs may contain information that contractors consider trade secrets, confidential, and/or proprietary. No CAR shall be released to anyone outside the Government without a careful analysis of the information to prevent improper release. Violation of the statutes or regulations protecting such information can result in criminal fines or other penalties including disciplinary action up to and including removal from Federal service.

Examples and Potential Findings During Surveillance

Function	In General	At Independent Projectiles, Inc.
Quality Assurance (QA)	Use a process-based approach for auditing the supplier's quality management system, reviewing processes, and accepting products or services (i.e., assuming ownership) on behalf of the U.S. Government. Witness and verify testing of product final lots. • If the test fails, issue a CAR that may result in a delay for final acceptance. • If product cannot be accepted, it won't get out of the door! In that case, inform the IS of a possible delivery delay, so proper action can be taken. • Ensure contractor doesn't cut corners as they try to meet their schedule.	Identify potential nonconformances and/or issues that may lead to items that don't meet requirements of the contract such as: • The casing on the ammunition must be within a certain tolerance. If the contractor's machines aren't calibrated correctly, the ammunition won't be within tolerance and in compliance. • The contractor has propellant (gunpowder) in stock that is three months out of date. Ask: Did their receiving inspection verify and record the expiration dates for the propellant? What are their shelf life control procedures?

Manufacturing – Industrial Engineer (IS)	Usually responsible for surveilling manufacturing, collecting, and analyzing supplier performance data to determine risks and possible schedule delays that might result in a cost overrun. Actions include:
	• Look at the in-progress activities and determine if the product will be delivered on time or if a delay exists.
	• Assess what the contractor is saying about the delay and validate its accuracy.
	  ○ Notify the customer of suspected delays.
	  ○ Discuss the issue and corrective actions with the contractor if EN, QA, or any other function communicates an issue that may affect the delivery, cost, or performance of the product.
		Identify a potential backlog of the product line and determine what could cause a bottleneck. Two possible issues:
		• One of the machines may be producing slower than the other machine.
		• Contractor may not be following the DPAS requirements and may be giving precedence to commercial work over Government, or to lower priority Government work.

Engineering (EN)	Assess compliance with contractual terms for: • Schedule • Cost • Technical performance – design, development, and production in accordance with FAR (may be training or coordination issue) Issue a CAR for a configuration management issue. (e.g., QA discovers a dated technical drawing and follows up with EN who finds the contractor has a potential configuration management issue. The contractor responds to the CAR with a CAP. DCMA evaluates the CAP and verifies its implementation. EN asks: Was the wrong drawing used? Is this a symptom of a systemic issue? Do they have a configuration management problem? What is the impact? This situation could result in a backlog.	Focus is on potential performance issues: • A critical component may need to be replaced with another component because the original may cause a misfire. • The contractor may be using an outdated drawing.

Examples and Potential Findings During Surveillance

Function	In General	At Independent Projectiles, Inc.
Contracting	• Assesses contract performance • Issues any level of CAR	Is the contractor: • Providing deliverables in accordance with the contract? • Communicating any issues that could affect cost or the delivery schedule? • Exercising their option for progress payments and providing accurate progress estimates? • Billing correctly? • Using the correct lines of accounting for payment? • Using adequate business systems?
All Functional Specialists	Other DCMA functions such as software, property, and transportation also issue CARs and could be assigned to both a Contract Management Team (CMT) or a Program Support Team (PST).	Based on these potential findings consider contacting the ACO who will make a determination such as: • Withhold payment • Issue a contract modification • Meet with the Procuring Contracting Office (PCO), etc.