



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
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IN REPLY TO

NAVSEAINST 9078.2
Ser 05Z/024
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NAVSEA INSTRUCTION 9078.2

From: Chief Engineer, Naval Systems Engineering Directorate,
Naval Sea Systems Command

Subj: NAVAL SHIPS' CRITICAL SAFETY ITEM (CSI) PROGRAM TECHNICAL
REQUIREMENTS

Ref: (a) NAVSEAINST 9078.1, Naval Ships' Critical Safety Item
Program, Non-Nuclear, 1 May 2007
(b) NAVSEAINST 5400.95D, Waterfront Engineering and
Technical Authority Policy
(c) NAVSEAINST 5400.97C, Virtual SYSCOM Engineering and
Technical Authority Policy, 27 November 2006
(d) Initial Critical Safety Item (CSI) Determination for
Ships, Submarines and Deep Submergence Systems (DSS),
NAVSEA 05 ltr, Ser 05Z/034, 14 Aug 2007
(e) NAVSEA 0924-062-0010, Rev C, Ch-3; Submarine Safety
(SUBSAFE) Requirements Manual
(f) NAVSEA 0948-LP-045-7010, Rev 3; Material Control
Standard
(g) NAVSEA SS800-AG-MAN-010/P-9290, Rev A; System
Certification Procedures and Criteria Manual for Deep
Submergence Systems
(h) NAVSEA T9044-AD-MAN-010; Requirements Manual for
Submarine Fly-By-Wire Ship Control Systems
(i) NAVSEA Technical Standards Procedures for
Qualification, 16 October 2007
(j) Provisioning, Allowance and Fitting Out Support
(PAFOS) Manual, NAVSEA Tech Spec 9090-1500

Encl: (1) Definition of Terms
(2) CSI Determination Process
(3) CSI Identification Process
(4) CSI Specification/Standard/Drawing Review Process
(5) CSI Source Approval Process
(6) CSI Sourcing/Provisioning Process
(7) CSI Oversight Processes

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1. Purpose. To establish the technical requirements, procedures and processes for implementing the Naval Ships' CSI Program, as required by reference (a). This instruction specifies requirements, procedures, and responsibilities for the determination of items as CSIs, CSI identification, CSI specification/standard and drawing review, source approval, sourcing and provisioning, and oversight of CSIs.

2. Implementation. Each organization cited within shall implement this instruction in accordance with reference (a).

3. Scope. This instruction applies to NAVSEA's Technical Warrant Holders (TWHs) including NAVSEA's warranted Waterfront Chief Engineers, Program Executive Officers (PEOs), Ship Program Managers and Acquisition and Logistics organizations that are associated with the procurement of Naval Ships' CSIs and services for CSI repair, modernization or overhaul. This instruction applies to in-service repair and includes new construction of Naval Platforms when elements are contractually invoked by the building specifications.

4. Background. As part of the Federal Acquisition Reform Act of 1996, Congress repealed 10 U.S.C. 2383 which gave DOD technical authority over procurement of ship CSIs. Congress stated the repeal was to help DOD shift reliance on outdated military specs and standards to modern industrial manufacturing methods that would ensure quality in critical spare parts. NAVSEA has since reduced the number of prequalification requirements and military specs and standards, eliminated most quality assurance billets, and contractually required contractors to provide quality control and assurance functions. As a result, NAVSEA detected a serious trend of nonconforming material issues in critical safety parts since 1996 and determined that a change in the quality control policy for ship CSIs was warranted. Section 130 of the John Warner National Defense Authorization Act for Fiscal Year 2007 re-established technical authority over procurement of ship CSIs lost under the Federal Acquisition Reform Act of 1996. Reference (a) detailed NAVSEA policy, responsibilities, coordination, and awareness in the procurement, modification, repair, and refurbishment of ship non-nuclear CSIs. This instruction details the technical requirements and procedures for implementing the ship CSI program.

5. Definitions. Specific definitions for terms used throughout this instruction are in enclosure (1).

6. Policy. This instruction provides the technical policy in support of the Naval Ship CSI Program. The technical policy encompasses six distinctive elements: CSI Determination, CSI Identification, Specification/Standard/Drawing Review, Source Approval, Sourcing and Provisioning, and Oversight. Each is a unique process and is documented in enclosures (2) through (7). While SEA 04P manages the CSI Program, SEA 05 is the technical authority for all aspects of the CSI Program and shall be involved in all technical decisions unless delegated in accordance with reference (b) or (c), as applicable.

a. CSI Determination. TWHs shall review ship assemblies, components, piece parts, hardware, software, and support equipment to determine which are CSIs in accordance with the procedure and criteria specified in enclosure (2). The Product Data Report and Evaluation Program (PDREP) CSI database is the central repository for items formally determined to be CSIs. Access to the database is granted by contacting the PDREP CSI Database Program Manager.

b. CSI Identification. Upon determination that an item is a CSI, technical documents and associated Integrated Logistics Support (ILS) data shall clearly identify CSIs and critical characteristics. Additionally, unique identification marking requirements for manufacturer traceability must be determined by the component/system TWH. The documented process for CSI Identification is located in enclosure (3).

c. Specification/Standard/Drawing Review. The TWH shall ensure that their specifications, standards, drawings, and any supplemental quality requirements clearly define the technical and quality requirements for each CSI. Technical documents shall contain all critical characteristics, critical processes, and inspection points and other quality assurance requirements that affect form, fit or function, or change the chemical composition and/or mechanical properties when needed to ensure successful procurement or repair/overhaul of CSIs. Technical Data Packages (TDPs) are excluded from the specification/standard/drawing review imposed on TWHs. The documented process for Specification/Standard/Drawing Review is located in enclosure (4).

d. Source Approval. Sources (e.g., suppliers, distributors, contractors, vendors and Designated Overhaul Points (DOPs)) that are contracted to provide CSIs or services to repair, maintain, overhaul or modernize CSIs shall be approved by NAVSEA's TWHs. Warranted technical authority for source approval at Naval

Shipyards and Supervisors of Shipbuilding and Regional Maintenance Centers (RMCs) is the Waterfront Chief Engineers. Technical responsibility for source approval for CSI contracts may be delegated by the component/system TWH. Source approval performed by NAVSEA warranted technical authorities at NAVSEA's Field Activities, and formally delegated engineering agents (such as NAVSEALOGCEN), shall be formally documented via the PDREP CSI database. Component/system TWHs shall be immediately notified electronically when source approval is accomplished by a delegated engineering agent or warranted Waterfront Chief Engineer for CSIs under the cognizance of a component/system TWH. The documented process for Source Approval is located in enclosure (5).

e. Sourcing/Provisioning. NAVSEA Maintenance Activities shall obtain CSIs from the stock system whenever available. Stock system inventories are an available option for Prime Contractor maintenance and new construction.

(1) Procurement Activities shall procure CSIs and services for repair, overhaul or modernization of CSIs from approved sources. This includes items being procured for replenishment of stock system inventory, and support of work packages for NAVSEA's Field Activity maintenance.

(2) When a Provisioning Team identifies CSIs that are not organically supported by the stock system, those items must be acquired from approved sources.

(3) The documented processes for Sourcing/Provisioning, including alternate acquisition options, are located in enclosure (6).

f. Oversight. The component/system TWHs shall be fully engaged to support program assessments that will ensure that the CSI program and processes are technically sound. Component/system TWHs shall also ensure that the approved sources and technical documentation associated with CSIs are periodically reviewed to provide the desired confidence in CSIs. Oversight includes on-site evaluations of suppliers that are to be conducted in accordance with reference (a) and integrated with Defense Contract Management Agency (DCMA) Navy Special Emphasis Operations (NSEO) Contract Management Organization (CMO) participation. Each component/system TWH shall personally participate in at least one supplier audit per year. Oversight participation by DCMA NSEO CMO is limited to commercial suppliers, not government owned organic facilities.

Component/system TWHs may delegate participation to engineers within their technical pyramid for additional audits of on-site suppliers. The documented process for oversight is located in enclosure (7).

g. TWH Controls and Metrics.

(1) Human Capital Digital Dashboard (HCDD) database is NAVSEA's system for tracking TWHs, the scope of their cognizant area, support network, and technical tools and standards.

(a) The component/system TWH shall enter all CSI specifications, standards and technical documents into the HCDD. CSI specifications, standards and technical documents shall be reviewed and assessed in HCDD by each responsible TWH.

(b) The Quality Assurance Representative (QAR) assigned by DCMA for each CSI source shall be included in the component/system TWH's HCDD support structure pyramid.

(2) Reviews and Management Operating System (MOS) utilization.

(a) Each component/system TWH with CSI responsibilities shall establish a plan for review of specifications, standards, and drawings for CSIs entered under their cognizance in HCDD. This plan should be based on the highest expected return on effort based on problems encountered or opportunity to save cost. The component/system TWH shall obtain approval for his/her plan from the cognizant Deputy Warranting Officer (DWO). The approved plan shall be tracked as a priority "2" MOS item with specified due dates. Each component/system TWH with CSI responsibilities and MOS access shall generate a priority "2" MOS action item(s) by January of each year to review CSI specifications and standards that will become due for review during the current calendar year.

(b) Each component/system TWH with CSI responsibilities and MOS access shall generate a MOS action item(s) to review CSI source approvals in accordance with enclosure (7) of this instruction.

(c) Each component/system TWH with CSI responsibilities and MOS access shall generate a MOS action item(s) to perform audits of CSI approved sources in accordance with enclosure (7) of this instruction.

h. Information Technology (IT). NAVSEALOGCENDET Portsmouth developed the CSI database in the PDREP to support the Navy Ship CSI Program in accordance with reference (a). The CSI database shall list all CSIs and approved/disapproved sources as directed by SEA 05. The CSI Database Program Manager, using reference (d), shall access the Federal Logistics Information System (FLIS) and the Weapon System File (WSF) to populate the CSI database. The PDREP CSI Database Program Manager shall ensure the database is updated regularly to provide customers access to real-time data. Access may be granted and training obtained by contacting the PDREP CSI Database Program Manager. For access granted to CSI sources, the database shall clearly display a notification that:

(1) The list does not constitute endorsement of the product, supplier, or other source by the Government.

(2) The sources listed have been approved under the latest applicable specification, drawing, or standard in effect at the time of approval.

(3) The list may be amended without notice based on addition/removal of CSIs or approval/disapproval of CSI sources.

(4) The listing of a product or approved supplier does not release the approved supplier from compliance with the specifications.

(5) Use of the list for advertising or publicity is permitted; however, it must not be stated or implied that a particular supplier is the only source approved, or that the Government in any way recommends or endorses the suppliers listed or their products.

i. Exception. As delineated in the NAVSEA Organization Manual, the Deputy Commander for Nuclear Propulsion, SEA 08, is responsible for all technical matters relating to nuclear propulsion of U.S. Naval ships and craft, including all aspects of integration of the nuclear plant into the ship system. Nothing in this instruction detracts in any way from these responsibilities. Accordingly, SEA 08 will be consulted in all matters relating to, or affecting, nuclear propulsion plants and associated nuclear support facilities.

7. Responsibilities. This section provides responsibilities and describes the interdependent relationships between SEA 05 and

other organizations as they relate to the technical functions required for the CSI Program.

a. SEA 05. SEA 05 is responsible for the design/technical integrity and operational safety, suitability, and effectiveness of shipboard systems and equipment. SEA 05, as the Technical Authority Warranting Officer, maintains overall technical authority and is responsible for ensuring a TWH is assigned for each CSI. SEA 05 delegates technical authority to the assigned TWHs. SEA 05 responsibilities also include:

(1) The authority to delegate technical responsibilities to engineering agents with demonstrated competence to act within a prescribed technical authority framework as delineated in references (b) and (c). The delegations of authority and responsibility must be in writing and reviewed periodically to ensure the level of authority is commensurate with the level of competence and organic technical disciplines represented in the delegated organization. Delegations must clearly define all limitations and boundaries that the agent is authorized to perform in.

(2) The determination of Ship CSIs and the approval of suppliers of Ship CSIs.

(3) Providing technical assistance to the DCMA NSEO CMO, supporting CSI product lines and commodities to ensure maximum reasonable product quality.

(4) Providing the applicable CSI requirements electronically to NAVICP for provisioning and procurement systems to support NAVICP procurement of CSIs.

b. Procuring Activities (SEA 02, Naval Shipyards with contracting authority through SEA 02, Fleet Industrial Supply Centers (FISCs), NAVICP, RMCs, etc.).

(1) Procuring Activities are responsible for the contracting actions to support and in furtherance of the CSI Program. They shall comply with Federal Acquisition Regulation (FAR) and Department of Defense Federal Acquisition Regulation Supplement (DFARS). These Activities shall enter into contracts for CSIs, and services for repair, maintenance, modernization, and overhaul of CSIs only from sources that are approved by SEA 05 TWHs or their delegated alternates, in accordance with enclosure (6).

(2) Procuring activities shall publish notice in the Federal Business Opportunities when the need arises to solicit new sources for CSIs or the services for CSIs. This is contingent on forecasting accomplished by NAVICP and the Naval Shipyards during the Project planning phase. The notice shall include the type(s) of CSIs anticipated for projected solicitations and the criteria imposed on new sources to become approved as shown in paragraphs 6.b.(1)(a) through (d) of enclosure (5).

c. Naval Shipyards and Regional Maintenance Centers (RMCs).

Naval shipyards and RMCs:

(1) Order CSIs from the stock system whenever available for maintenance of Navy assets.

(2) Are authorized to approve/disapprove potential offerors as CSI sources in accordance with enclosure (5) (Warranted Waterfront Chief Engineers exercise this authority as the local TWHs).

(3) Ensure technical documentation and material ordering documents indicate items that are CSIs.

(4) Conduct Procurement Quality Assurance (PQA) oversight of contracts to ensure local purchase CSIs or services for repair, maintenance, modernization and overhaul of CSIs, are with approved sources as cited in enclosure (6).

(5) Invoke Government Source Inspection (GSI) on all Naval Shipyard or RMC procured CSIs.

(6) Initiate Quality Assurance Letters of Instruction (QALIs) as determined locally or as recommended in PDREP CSI database by the TWH.

(7) Participate in oversight of CSI sources as needed.

d. Supervisors of Shipbuilding (SUPSHIP). SUPSHIP manages NAVSEA contracts for new construction and for maintenance of Navy assets by a prime contractor (i.e., Northrop Gruman Newport News; General Dynamics, Electric Boat Division). Responsibilities include:

(1) Ensuring CSIs or services for repair, maintenance, modernization and overhaul of CSIs are provided by approved

sources by accessing the PDREP CSI database. When CSIs or services are exclusively manufactured, performed or produced by a prime contractor, SUPSHIP shall ensure the prime contractor is an approved source. The prime contractor may be approved by the warranted SUPSHIP Waterfront Chief Engineer.

(2) Ensuring prime contractors or Shipbuilders (new construction) have a Supplier Approval Process adequate to support the NAVSEA CSI Program, or the Shipbuilder must obtain CSIs or services for CSIs from a Navy approved source. This does not override the responsibility of the prime contractors and shipbuilders to conduct oversight of their sub-tier sources.

(3) Approving/disapproving potential offerors as CSI sources in accordance with enclosure (5) under the Chief Engineer's authority as a TWH.

(4) Ensuring technical documentation and material ordering documents indicate items that are CSIs.

(5) Conducting Procurement Quality Assurance (PQA) oversight of contracts to ensure local purchase CSIs or services for repair, maintenance, modernization and overhaul of CSIs, are with approved sources.

(6) Initiating Letters of Delegation (LODs) as recommended in the PDREP CSI database by the TWH or as determined locally.

e. NAVICP. In addition to responsibilities designated under the Procuring Activities in paragraph 7.b above, NAVICP is responsible for referring issues requiring technical evaluation of CSIs to the TWH or their delegated engineering agent. NAVICP shall also:

(1) Ensure technical documentation (including Technical Data Packages (TDPs) and material ordering documents indicate items that are CSIs.

(2) Conduct Procurement Quality Assurance (PQA) oversight of contracts to ensure local purchase CSIs or services for repair, maintenance, modernization and overhaul of CSIs, are with approved sources as cited in enclosure (6).

(3) Invoke GSI on all contracted CSIs.

(4) Initiate Quality Assurance Letters of Instruction (QALIs) as determined locally or as recommended in PDREP CSI database by the TWH.

(5) Participate in annual assessments conducted by SEA 04P as requested.

f. NAVSEALOGCEN. NAVSEALOGCEN shall disposition ship non-nuclear CSI non-conformances only within the level of technical responsibility delegated from SEA 05 to act as its engineering agent. NAVSEALOGCEN shall also:

(1) Perform approval of unapproved sources of Level I/SUBSAFE and other CSIs contracted by NAVICP in accordance with enclosure (5) when formally delegated by a TWH.

(2) Participate in annual assessments conducted by SEA 04P as requested.

(3) Provide IT support for the Naval Ship CSI Program and provide CSI database user training and access to the database upon request.

g. Ship Design Managers (SDMs). SDMs shall participate in the CSI Determination Process for modernization, overhaul and new construction programs. In accordance with enclosure (2), SDMs review the CSI definition, any established CSI determination criteria, and consult the component/system TWH as necessary to determine when an item should be a CSI. Concurrence with any new CSI determination criteria is obtained from the component/system TWH.

h. Program Executive Offices (PEOs). For new ship designs PEOs shall support SEA 05 during the design process for new ship classes to determine when new items are CSIs, and are responsible to ensure that new CSIs have the appropriate material control programs for those items.

i. NAVSEA Ship Program Managers (PMs). NAVSEA's PMs shall participate on Provisioning Teams to identify CSIs that are not organically supported by the stock system.

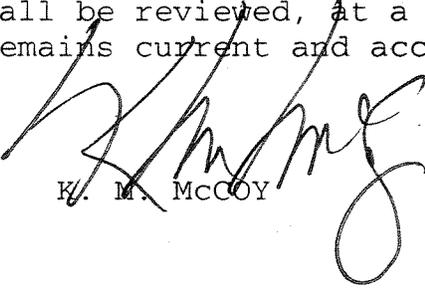
j. Defense Contract Management Agency (DCMA) NSEO Contract Management Organization (CMO). DCMA can only participate in on-site reviews where there is existing government work or if a pre-award survey is determined. When DCMA participates, the following applies.

(1) DCMA coordinates on-site reviews of sources seeking approval to provide CSIs to NAVSEA as requested by the component/system TWHs. DCMA also provides direct in-plant government oversight of CSIs, prior to authorization of shipment. These responsibilities include coordinating facility inspections, process surveillance and process/product audits to assess and assure commercial activity's compliance to contract quality and technical requirements, including their ability to produce CSIs, and their proper control and disposition of nonconforming product prior to acceptance. DCMA is also responsible for conducting and reporting the results of specific independent inspections invoked by Quality Assurance Letters of Instruction (QALIs) from Procuring Activities to verify critical attributes. DCMA shall provide the TWH any changes in QAR assignments.

(2) QARs shall complete assessments in HCDD within 2 weeks of notification.

k. NAVSEA 04P. Director of Supplier Product Quality (SEA 04P), is responsible to support the TWH oversight of CSI sources, either prior to approval or as part of the TWHs periodic reviews. In accordance with reference (a), SEA 04P is also responsible for conducting annual program assessments with support from SEA 05, SEA 07Q, NAVICP, NAVSEALOGCEN and DCMA.

8. Review. This instruction shall be reviewed, at a minimum, every three years to ensure it remains current and accurate.


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Puget Sound)
FKP8 SUPSHIP (Bath, Groton, Gulf Coast, Newport News)
FKP21 Sea Logistics Center

Defense Contract Management Agency (DCMA)

DEFINITIONS of TERMS

Alternate Source. For the purposes of this instruction, an alternate source is an identified and approved manufacturer or source (government or contractor) of parts, assemblies or support equipment, other than the prime contractor (major Shipbuilder) or OEM sources, proven capable of supplying identical part numbered CSIs.

Approval Process. The process of selecting a CSI source that has met the approval requirements to: manufacture CSIs, provide CSIs as a distributor, or provide services for repair, maintenance, overhaul or modernization of CSIs.

Critical Characteristic. Any feature of a CSI such as dimension, tolerance, finish, material, material property or assembly, manufacturing or inspection process or operation, that if non-conforming, missing, or degraded may cause the failure or malfunction of a CSI.

Critical Process. As determined by the component/system TWH, any process, operation or action performed on a Ship CSI that serves to establish a critical characteristic (such as welding, soldering, machining, polishing, cleaning, or assembling) or confirm that a critical characteristic is within drawing or specification compliance (such as, testing, measurement, or non-destructive evaluation).

Critical Safety Item (CSI). Any ship part, assembly, or support equipment containing a critical characteristic whose failure, malfunction, or absence of which could cause a catastrophic or critical failure resulting in loss of, or serious damage to, the ship, or unacceptable risk of personal injury or loss of life.

Disposal. The process of removing product from intended service by reutilizing, transferring, donating, selling, destroying, or other actions to ultimately disposition property. The process may require removal of markings of recognizable significance to align with the NAVSUP P-409 MILSTRIP/MILSTRAP Desk Guide for appropriate Demilitarization Codes.

Engineering Change. A change to the current approved configuration documentation of an item at any point in the life cycle of an item.

Engineering Change Proposal. The documentation by which a proposed engineering change is described, justified and submitted to the Technical Authority for approval.

Failure. An event, or state of inoperability, where a part or system does not fully perform its intended function when operationally used. The condition may be intermittent or constant, but in all cases, non-conforming to specifications.

Federal Logistics Information System (FLIS). An Automated Data Processing (ADP) system designed to provide a centralized data bank in support of the Department of Defense, Federal Civil Agencies, and foreign countries participating in the integrated logistics support program.

First Article. Pre-production models, initial product samples, test samples produced to ensure a manufacturer's capability to meet full specification requirements.

First Article Test (FAT). Contractually required testing and inspection of a supplier's pre-production, production, or "production representative" specimens to evaluate a manufacturer's ability to produce conforming product prior to the Government's commitment to receive subsequent production items. First Article Testing is product specific and does not assess manufacturing process controls nor does it assure the effectiveness of the manufacturer's quality program.

Government Source Inspection (GSI). GSI is independent oversight performed by a government representative (usually a DCMA Quality Assurance Representative (QAR)) to assure that those unique product quality and system elements, identified by the Contracting Agency as important, are observed and evaluated.

Legacy Programs. Programs such as the Level I Material Control Program, SUBSAFE Program, Deep Submergence Systems, Submarine Fly-by-wire Ship Control Systems which are fully established with systematic process, technical and quality controls built in to provide increased confidence in material integrity. This includes procurement quality assurance, receiving inspection and material control from receipt through installation. These legacy programs also require Objective Quality Evidence (OQE) for certified test reports traceable to the material, and records control.

Modification. For the purposes of this instruction, any alteration, addition, or change to the approved configuration of

a CSI. Routine maintenance, system testing, and temporary instrumentation of a system or component to assess performance is exempted from this instruction unless the assessment requires the equipment to remain installed during operational use.

NAVSEA Field Activities. Includes Naval Shipyards, Supervisors of Shipbuilding, Naval Sea Logistics Center, Naval Surface Warfare Center, Naval Undersea Warfare Center and Submarine Maintenance Engineering, Planning and Procurement (SUBMEPP) Activity.

Navy Special Emphasis Program (NSEP). NSEP is a list of six programs that are supported by the Navy Special Emphasis Operation which is a customer focused contract administration organization.

Non-conformance. The failure of a system or component to conform to specified requirements. A non-conformance differs from an engineering change in that it does not involve a change in design, just a change in configuration for the specific ship. Other terms are often used synonymously to describe non-conformances. These terms are also used to identify the written document requesting and documenting approval for operation of the system or component with the known non-conforming condition (Deviation, Waiver and Departure from Specification).

Objective Quality Evidence (OQE). Any statement of fact, either quantitative or qualitative, pertaining to the quality of a product or service based on observations, measurements, or tests which can be verified. (Evidence will be expressed in terms of specific quality requirements or characteristics. These characteristics are identified in drawings, specifications, and other documents which describe the item process or procedure.)

Original Equipment Manufacturer (OEM). For the purposes of this instruction, an OEM is the activity that performs the physical fabrication processes that produce the deliverable part or other items of supply for the prime contractor. An OEM must produce the CSI (or specific part thereof) within their facility and have full process control responsibility in order to meet the definition in the context of CSIs.

Oversight. Oversight is the independent verification of compliance to requirements.

Pre-award Survey. An independent quality and technical review of a prospective source to ensure the source is capable of

satisfactorily supplying goods or services contracted by the government. It includes a review of records and facilities to evaluate processes, procedures and performance.

Prime Contractor. A commercial activity contractually engaged to design and/or build and deliver complete platforms, systems, or equipment. Often a prime contractor is a point of assembly and integration of other prime contractor's systems and government furnished equipment.

Product Data Reporting and Evaluation Program (PDREP). PDREP is an automated system for obtaining product deficiency and quality information on materials provided to the Navy. PDREP is a web based application that provides Internet access to many different types of reports available to Navy users. This data is used to provide contracting personnel, procurement quality assurance personnel and TWHs with past performance information so that contractors' performance history is identified prior to source selection. This data also provides program managers and other interested personnel the opportunity to proactively identify negative quality trends to reduce the probability of component failures.

Product Quality Deficiency Report (PQDR). The SF 368 form or format used to record and transmit product quality deficiency data. PQDRs are categorized upon submittal by the originator based on the criticality of the deficiency. PQDRs are categorized in accordance with Navy and Marine Corps PDREP Manual NAVSO P-3683B.

Provisioning. The process of performing the technical and logistical planning necessary to establish the item support plan, piece-by-piece or assembly-by-assembly; establishing the minimum levels of maintenance, i.e., Organizational, Intermediate, or Depot (O, I, or D) necessary for repair/overhaul; identifying the kind and type of support responsible for repair/overhaul; identifying the kind and type of support equipment requirements, handbooks, manuals, and other maintenance publications; determining the basic factory and field training requirements; and providing for the establishment of inventory management records.

Qualification Requirement. A government requirement for testing or other quality assurance demonstration, including the source approval process described in Enclosure (5), that must be completed before award of a contract.

Qualified Products List (QPL). A list of products that have met qualification requirements stated in the applicable military, federal, or non-government specifications, including appropriate product identification and test or qualification reference with the name and plant address of the manufacturer and distributor, as applicable.

Quality Assurance Letter of Instruction (QALI). A QALI is a formal document initiated by a contracting activity that provides essential requirements and instructions for contracted materials to be independently verified and accepted by a government representative prior to shipment.

Repair. Necessary preparation, fault correction, disassembly, inspection, replacement of parts, adjustment, reassembly, calibration, or tests accomplished in restoring items to serviceable status.

Safety. Freedom from those conditions that can cause death, injury, occupational illness, damage to or loss of equipment or property, or damage to the environment.

Special Material Identification Code (SMIC). A SMIC is a two position alpha or alphanumeric code that is assigned to certain National Stock Number (NSN) items which require quality control, technical design or configuration control and/or special controls for procurement, receipt, inspection, test, storage, and/or issue. The SMICs currently authorized are listed and defined in NAVSUP P-485, Appendix 14. When a SMIC is assigned to a NSN item, the SMIC will be suffixed to the NSN in all supply documents and records.

Specification-Based Qualification Requirement. A unique requirement, such as first article tests, imposed via a specification, with which manufacturers must demonstrate compliance to become a qualified source.

Technical Data. Data required for the accomplishment of the logistics and engineering processes in support of the contract end item. It includes drawings, operating and maintenance instructions, provisioning information, specifications, inspection and test procedures, engineering and support analysis data, special purpose computer programs, and other forms of audiovisual presentation required to guide personnel in the performance of operating and support tasks.

Technical Data Package (TDP). A technical description of an item adequate for supporting an acquisition strategy, production, engineering and logistics support. The description defines the required design configuration and procedures required to ensure adequacy of item performance. It consists of all applicable technical data such as drawings and associated lists, specifications, standards, performance standards, quality assurance requirements, software and packaging details.

Traceability. The ability to directly link an item to objective quality evidence that the item supplied was manufactured and/or maintained in full compliance with the specifications, drawings, storage, packaging, and handling requirements, and other associated requirements as required. When required, the additional documentation is necessary to allow the government to trace items back through the manufacturing process in the event of item failure. When specified by contract, the traceable manufacturing process records are to be retained and/or provided, including date and place of actual manufacturing, and verification of all aspects of material, manufacture, special processing, personnel qualifications, assembly and test, non-destructive testing, inspection, installation, and repair. Traceability can be accomplished by physically marking or tagging (only when formally authorized by contract, specification or drawing) items with serial codes that directly relate to certified records (tests and inspection reports) displaying the same unique serial codes. The process of establishing traceability must be integrated into the manufacturing process such that traceability exists from the time the operation is performed until final shipboard installation, at which time the traceable nomenclature is documented on an installation record.

Verification. For the purposes of this instruction, verification is performance of an independent review of data to ascertain compliance with contractual requirements. Compliance is determined by a review of discrete certification test data (chemical analysis and/or physical tests) of a test specimen.

Waiver. Approval requested/granted after discovery of a non-conformance.

Weapon Systems File (WSF). The WSF is a repository for information provided during the provisioning process. Equipment configuration, inventory management, maintenance significant parts, and technical coding are examples of information that may be entered into the WSF during the provisioning process.

CSI DETERMINATION PROCESS

1. The CSI Determination Process will occur for one of three scenarios: for existing material, upon receipt of a request for a determination from a NAVSEA Field Activity or other contracting Activity such as NAVICP, or during new design. TWHs may also identify items that should be considered for determination as CSIs.

a. The Field Activity's local Engineering Department shall submit a recommendation and supporting justification to the component/system TWH to review an item for determination as a CSI. Requests for TWH CSI determination shall include the following information (as applicable):

- (1) Item name.
- (2) Drawing number and revision.
- (3) Drawing item number.
- (4) Part number or NSN (if applicable).
- (5) Ship system.
- (6) Ship location.
- (7) Product form.
- (8) Material.
- (9) Item's function.
- (10) High level design considerations.
- (11) Failure modes & consequence.
- (12) Intended service conditions.
- (13) Rationale for designation as ship CSI.

b. The component/system TWH shall evaluate the item to the CSI determination criteria in paragraphs 3 and 4 of this enclosure.

c. An item meeting the determination criteria is a CSI.

2. The following are ship critical safety items (CSIs) as initially established via reference (d):

a. Level I components and materials specified in reference (f).

b. Items meeting the definition of Material Control Division A (MCD-A) per reference (g).

c. Submarine Flight Critical Components (SFCC) specified in reference (h).

d. Submarine Pressure Hull and Support Structure material (HY-130, HY-80/100, and HSS) as defined by and controlled in accordance with NAVSEA T9074-AD-GIB-010/1688 as required by reference (e).

e. Components within the Level I boundary but are excluded from Level I requirements per Section B 2.9 of reference (f). These components are acquired and maintained using material programs which meet the intent of Level I.

f. Other items identified as ship CSIs in accordance with paragraph 4 below.

3. The following definitions and criteria shall be used for determination of CSIs:

a. Definitions.

(1) Critical Safety Item (CSI). The definition of a CSI is provided in enclosure (1).

(2) Loss of ship. The ship or submarine is on the ocean bottom unable to surface.

(3) Serious damage to a ship. The damage to the ship requires it to be taken out of service, under any operating condition, to make repairs.

(4) Unacceptable Risk of Personal Injury. An injury received immediately as a result of the failure, which results in either a life threatening injury or severe permanent disability.

(5) Loss of life. In terms of the CSI Program, an individual is deceased as a direct result of a component/system failure.

b. Criteria. For items meeting CSI Determination Criteria, ensure stock numbers with SMICs are established and designated as a CSI.

(1) The determining factor for designating an item as a CSI is the consequence of failure, not the probability that the failure or consequence would occur.

(2) When determining whether an item is a CSI, shock loading and loss of mission capability are to be ignored.

(3) The TWH shall determine the analysis methods and evaluation techniques used to question the system, subsystem, assembly, component, piece part, hardware, software, or support equipment to identify items as "potential CSIs". Suggested analysis techniques may include Risk Assessment per MIL-STD-882, Failure Modes Effects and Criticality Analysis (FMECA) per MIL-STD-1629, Hazard Analysis, or other analytical tools.

(4) When determining the consequences of failure, the engineer conducting the evaluation shall assume the equipment is being operated in accordance with approved operating and casualty procedures.

(5) Only those parts necessary to maintain the functionality of the item are to be considered as possible CSIs. (e.g., label plates and fasteners that attach the label plates to the item are not CSIs).

(6) Assume a single failure occurs in the location that would result in the greatest consequence to the ship, assembly, component, part, hardware, software, support equipment or personnel.

(7) If strength is degraded due to single failure, determine if progressive failure occurs by evaluating the remaining items utilizing the original load condition.

(8) Evaluate the consequence of failure under the most severe condition at which the item is designed to operate.

4. For items other than those designated as CSIs in 2.a. thru 2.f above; ship assemblies, components, parts, hardware,

software, and support equipment shall be reviewed by the TWH to determine if the assembly, component, part, hardware, software, or support equipment is a CSI in accordance with the following:

a. Ship Design Managers (SDMs) shall conduct a review of the ship systems for each class under their cognizance to identify those systems requiring further review for CSIs. The review shall be conducted as follows:

(1) The systems for each class shall be identified.

(2) Interfacing systems for each system shall be identified.

(3) For each system, the system's function, interfacing function with other ship systems, and system failure modes shall be identified.

(4) Question each system to determine if system failure would result in loss of, or serious damage to the ship, or unacceptable risk of personal injury or loss of life using the criteria in paragraph 3 above.

(5) For those systems where system failure could result in loss of, or serious damage to the ship, or unacceptable risk of personal injury or loss of life, forward the SDM analysis to the component/system TWH for CSI determination.

b. The component/system TWH shall conduct a review of the system subassemblies, components, parts, hardware, software, and support equipment forwarded by the SDM to identify which are ship CSIs. The review shall be conducted as follows:

(1) Identify the system performance requirements and intended service conditions.

(2) Identify the system subsystems, hardware elements, software elements, and support equipment.

(3) For each subsystem, the subsystem's function, interfacing function with other ship systems, and subsystem failure modes shall be identified.

(4) Question critical subsystems to determine if subsystem failure would lead to loss of, or serious damage to the ship, or unacceptable risk of personal injury or loss of life, using the criteria specified in paragraph 3 above.

(5) For those subsystems where subsystem failure could result in loss of, or serious damage to the ship, or unacceptable risk of personal injury or loss of life, review the subsystem to determine which components, hardware, software, or piece parts within the subsystem and which subsystem support equipment are ship CSIs as follows:

(a) If the component/system TWH is cognizant of the subsystem and support equipment drawings, the system/component TWH shall conduct the subsystem and support equipment review by repeating steps 3.b.1) thru 3.b.5) for the subsystem and support equipment instead of the system.

(b) If the component/system TWH is not cognizant of the subsystem or support equipment drawings, the component/system TWH shall forward the system review to the cognizant subsystem, component, mechanical, or structural TWH for determination of CSIs within the subsystem and support equipment. The component/system TWH shall conduct the subsystem and support equipment review for the subsystem and support equipment drawings under his cognizance by repeating steps 4.b.1) thru 4.b.5) for the subsystem, component, part, hardware, software, and support equipment.

(c) If an item is identified as an item whose failure would result in loss of, or serious damage to the ship, or unacceptable risk of personal injury or loss of life using the criteria specified in paragraph 3, the item shall be designated as a "potential CSI".

(d) For items identified as "potential CSIs", the component/system TWH shall answer the following questions:

1. Does the item's failure require a combination of failures to occur in the same or in a separate system to create the item's failure scenario?

2. Do backup systems or workarounds exist in the event the item fails?

3. Does the item's failure have non-catastrophic impact on a personnel (i.e., result in injury that is not life threatening or severely disabling) or on ship performance (i.e., result in non-severe damage to the ship)?

4. Does watch stander response/knowledge or system response prevent loss of, or serious damage to the ship, or unacceptable risk of personal injury or loss of life due to the item's failure?

If the answer to each of the questions in 4.b.(5)(d) 1 thru 4 is "no", then the item shall be designated as a CSI.

5. For items identified as CSIs, the TWH shall identify the critical characteristics of the CSI. The test for determining a critical characteristic is a positive response to the following question: Will the non-conformance, absence, or degradation of the characteristic being evaluated, in and of itself, result in failure of the item which results in loss of, or serious damage to the ship, or unacceptable risk of personal injury or loss of life?

6. The TWH shall document the rationale for identifying an item as a CSI and for designating a characteristic as a critical characteristic as follows:

a. For CSIs:

(1) For items in 2.a thru 2.f, listing SUBSAFE, "Level I", "Deep Submergence Systems Scope of Certification" "Material Control Division A" or "Submarine Flight Critical Components" (as applicable) is sufficient ship CSI rationale.

(2) For all other CSIs, the TWH shall identify the following:

(a) The governing consequence of failure - identified by listing "loss of ship," "serious damage to the ship," "unacceptable risk of personal injury," or "loss of life."

(b) The technical basis (i.e., failure conditions/ scenario) for the governing consequence of failure listed.

b. For critical characteristics: For each CSI critical characteristic, the TWH shall identify why the characteristic is necessary to prevent the listed consequence of failure.

c. Rationale shall be factual and to the point so technical justification is readily apparent.

7. For new construction, the Design Agent (DA) shall conduct the CSI and critical characteristic review in accordance with the criteria and procedures specified in paragraphs 2 thru 6 above as modified below:

a. In lieu of the SDM, the DA system engineer shall conduct the system review and shall forward the results to the SDM for approval.

b. In lieu of the system/component TWH, the DA system engineer shall conduct a review of the system subassemblies, components, parts, hardware, software, and support equipment developed or specified on drawings under their cognizance for CSIs and critical characteristics. For items identified as CSIs and critical characteristics, the review results shall be forwarded to the component/system TWH for approval.

c. For items not developed under the DA system engineer's cognizance, the DA system engineer shall forward the system review to the cognizant DA component engineer, mechanical engineer, or structural engineer for their review.

d. In lieu of the cognizant subsystem, component, mechanical, or structural TWH, the DA component engineer, mechanical engineer, and structural engineer shall review the subsystems, components, parts, hardware, software, and support equipment developed or specified on drawings under their cognizance for CSIs and critical characteristics.

8. For items identified as potential CSIs, the item and its critical characteristics shall be reviewed by the component/system TWH for final recommendation to be designated as a CSI. The cognizant Deputy Warranting Officers shall concur with adding any item to the established list of CSIs. Any disputes shall be adjudicated by the Chief Engineer.

9. The TWH shall record the rationale for CSIs in the PDREP CSI database managed by the Naval Sea Logistics Center (NAVSEALOGCEN). CSI record documentation shall include:

- a. Item name.
- b. Drawing number and revision.
- c. Drawing item number.
- d. Part number or NSN (whichever is applicable).

- e. Governing consequence of failure (when applicable).
- f. Rationale for designation as ship CSI.
- g. Critical characteristics.
- h. Corresponding rationale for each critical characteristic.
- i. Analysis method(s) used in determining CSI & critical characteristics.
- j. SMIC.
- k. Rationale for removal as ship CSI (when applicable).

10. Administrative actions to support the CSI Determination Process for CSIs:

a. The component/system TWH shall task the cognizant Provisioner/Technician to:

- (1) Assign each CSI a stock number with a SMIC.
- (2) Catalog the item as a CSI in the FLIS.
- (3) Update associated TDPs with the critical characteristics.

b. The component/system TWH shall ensure NAVSEALOGCENDET Portsmouth updates the CSI list in the PDREP CSI database.

11. A component/system TWH is authorized to revalidate any item and shall recommend disestablishing its CSI designation when the item previously determined to be a CSI is later evaluated not to meet the established CSI determination criteria. The TWH shall document the rationale for disestablishing a CSI designation, removing the CSI designation from any associated technical documentation, and withdrawing or canceling any CSI qualification requirement in a specification. The cognizant Deputy Warranting Officers shall concur with removing any item from the established list of CSIs. Any disputes shall be adjudicated by the Chief Engineer.

CSI IDENTIFICATION PROCESS

1. Upon completion of the CSI Determination Process of enclosure (2), CSIs shall be identified in design documents and Integrated Logistics Support (ILS) data to ensure they are easily recognizable.

a. Drawings and associated technical data being developed or updated for new and replacement items shall clearly identify that the item is a CSI. Each CSI shall be labeled as a "Critical Safety Item" or "CSI" on all drawings and in all applicable technical documentation. Drawings and technical data shall identify the critical characteristics, critical processes, and inspections and other quality assurance requirements applicable to each CSI. Specific critical characteristics and critical processes may be indicated on drawings by the CSI symbol defined in ASME Y14.100-2004, and the following drawing note: "Material line items referencing this note are Critical Safety Items (CSI) and are to be handled IAW NAVSEAINST 9078.2", with the CSI symbol placed in the note area in accordance with ASME Y14.100-2004.

b. Where a legacy drawing for a CSI does not clearly identify that it is a CSI, or does not clearly identify the CSI's critical characteristics and processes, the component/system TWH shall require an update to the technical documentation or determine that existing documentation is sufficient and that other protections are in place to ensure procurement or repair/overhaul of the item in the appropriate manner (e.g., there is a suitable source control drawing or non-deviation drawing or attachment developed to provide the CSI information that is required to direct an update of the drawing).

c. It is the responsibility of the component/system TWH to ensure that sufficient identification of each CSI is included in the technical documentation (drawings, item specifications, etc.) and ILS data products to support all aspects of the Ship CSI life cycle (i.e., procurement, provisioning, repair, overhaul, modernization and disposal).

d. Critical characteristics, critical processes, and inspection points and other quality assurance requirements shall be identified on the appropriate technical document or invoked commercial specification or drawings when a commercial specification is used.

e. Legacy programs such as those specified in reference (a) and shown in Table 1, shall be used to their fullest extent and wherever possible to manage and control CSIs. CSIs shall be uniquely identified, such as by National Stock Numbers (NSNs) with a supplemental 2-digit Special Material Identification Code (SMIC). Some of the SMICs used by legacy programs are shown in Table 1. Items under a legacy program shall be marked and controlled for unique traceability as specified by the legacy program and paragraphs 1.a and 1.b. Unique markings for a CSI not under a legacy program shall be determined by the component/system TWH. Submarine program managers shall determine the need for any unique submarine item markings for CSIs, with concurrence of the component/system TWH.

Table 1

SMIC	Associated Program	Unique Characteristic
Q3	Level I / SUBSAFE	Items in support of LI/SS
Q5	Level I / SUBSAFE	Items in support of LI/SS
L1	Level I	
C1	Level I (O2N2)	Special Cleaning/Packaging
S1	Level I	Surface Ship specific
D4	DSSP	Material Control Division - A (MCD-A, MCD-B and MCD-C)
DG	DSSP (O2H)	Special Cleaning/Packaging
D0	DSSP / Level I (O2H)	Special Cleaning/Packaging
H2	Hull Structural	Items in support of LI/SS
P1	Periscopes	Items in support of LI/SS
P2*	Propulsion Items	
P3	Propulsion Items	AERP, Shaft Refurbishment Program
SW	Fly-by-Wire	SSN-21 Class
VU	Fly-by-Wire	SSN-774 Class
CP	O2N2 Service	Special Cleaning/Packaging
VG	O2H Service in support of LI/SS	Special Cleaning/Packaging items in support of LI/SS

*propulsion items that are assigned a SMIC of X_ indicate items managed by NAVICP for the Naval Nuclear Propulsion Program and do not require assignment of a P2 SMIC.

Note: For SMIC D4, only MCD-A items are determined to be CSIs.

f. TWHs shall provide necessary information on parts that meet CSI criteria to NAVSEALOGCENDET Portsmouth for loading into the PDREP CSI database. This is a single comprehensive list of all CSIs that can be referenced by procurement activities.

CSI SPECIFICATION/STANDARD AND DRAWING REVIEW PROCESS

1. Component/system TWHs shall identify specifications, standards and drawings for CSIs under their cognizance and ensure they clearly define technical and quality requirements for each CSI. Each component/system TWH shall review his/her specifications and standards for CSIs at a frequency consistent with the required review periodicity for the specification or standard.

2. When essential to ensure successful procurement or repair/overhaul of CSIs, technical documents (e.g., drawings, sketches, APLs) shall contain the critical characteristics identified via enclosure (2), critical processes, inspection points, and other quality assurance requirements that affect form, fit, or function, or change the chemical composition and/or mechanical properties. Including these items will identify the most essential reviews a DCMA QAR should conduct on CSIs.

a. New drawings for CSIs under the cognizance of a TWH shall contain attributes in paragraph 2 above prior to issue.

b. The component/system TWH shall determine if legacy drawings require immediate revision. Otherwise, they shall be updated during the next revision cycle or as determined by the component/system TWH.

3. The component/system TWH shall review all specifications and standards for CSIs under their cognizance.

a. Determine if the specification contains unique source or product qualification requirements. When such specification-based qualification requirements exist, determine if they are sufficient to provide confidence in supplier performance and/or product quality. A satisfactory specification-based qualification requirement requires no revision to the specification.

b. When an existing specification-based qualification requirement is inadequate and needs enhancement, the component/system TWH shall submit a request to revise the specification via reference (i). A justification request to the Department Standardization Office (DepSO) (SEA 05M2) is not needed when revision of an existing specification-based qualification requirement is needed.

c. When the addition of a specification-based qualification requirement is necessary, the component/system TWH shall analyze the criticality of the CSI and determine the qualification requirement needed. The component/system TWH shall submit both a request to revise the specification in accordance with reference (i) and a justification request to the DepSO (SEA 05M2).

d. Following the TWH determination that a unique qualification requirement is not needed for a given specification, a revision to the specification is not required.

CSI SOURCE APPROVAL PROCESS

1. The CSI Source Approval Process is a methodical approach for reviewing, analyzing and evaluating potential sources of CSIs and/or the services for modification, repair, overhaul and modernization of CSIs. The source approval process requirements contained herein are not intended to restrict competition, but rather to ensure that proposed sources are capable of consistently producing acceptable CSIs, and services for CSIs, while maintaining competition. Approval of CSI sources is by authority of NAVSEA's TWHs in accordance with reference (a). Technical responsibility to grant source approval following the processes in this enclosure may be delegated by a component/system TWH as needed to support the Navy's mission. Source approval accomplished by a delegated engineering agent or warranted Waterfront Chief Engineer, shall be formally documented and forwarded to the component/system TWH.

2. Sources may satisfy the qualification requirements associated with CSIs in the following ways. Sources on a Qualified Manufacturer's List (QML) or Qualified Products List (QPL), evaluated with satisfactory results by the component/system TWH, are considered approved to deliver CSIs. In order to become qualified to furnish a CSI, sources not on a QML or QPL must demonstrate compliance with any applicable specification-based qualification requirements before award of a contract. If no specification-based qualification requirements apply, sources must be approved in accordance with the source approval process described in this enclosure.

3. All CSI sources regardless of historical status shall be evaluated by a TWH or designee for approval. This includes existing sources that have been contracted for and previously delivered CSIs, new sources with past performance history in PDREP Automated Information System (AIS) and new sources with no past performance history in PDREP AIS.

a. Following TWH evaluation, sources may be approved to deliver CSIs or services for CSIs by Federal Supply Class (FSC), specification/drawing and nomenclature.

b. When it is determined a source's approval requires reevaluation for expansion beyond the original approval scope, notify the TWH via PDREP CSI database. For example, if a source is approved for globe valves and later seeks approval for ball valves, electronic recommendation may be made via the PDREP CSI database without submittal of another SAR. Upon receipt of the

recommendation the TWH may either expand the approval based on the original evaluation or may require additional data from the source to facilitate evaluation for approval.

4. Component/system TWHs or designees shall evaluate the potential sources for approval and inclusion on the list of approved CSI sources initially, and periodically within a three-year period, for retention on the CSI list of approved sources.

5. During the source approval process, the TWH may determine a site visit is required to support evaluation. A site visit may include: a full scale source audit with checklists, a pre-award survey with a capability survey or any other oversight the TWH or designee deems appropriate. Site visits shall be coordinated through the local DCMA QAR when an existing government contract is in place or a pre-award survey is determined. Include representatives from NAVICP and Field Activities as applicable to ensure full cross-functional participation.

a. Site visits completed satisfactorily with no documented deficiencies provides TWHs qualitative and quantitative data to support source approval. Upon approval, the TWH shall update the PDREP CSI database with the approved source.

b. When site visits are completed and the source is determined acceptable, and minor deficiencies are documented, the source may be approved for the subject CSI(s). The TWH shall update the PDREP CSI database with the approved source and consider invoking a QALI.

c. When site visits are conducted and deficiencies are documented that require resolution, the deficiencies are submitted by DCMA QAR to the source via a Corrective Action Request (CAR) for resolution. The TWH shall review and concur with the CAR response(s) and determine if the response is acceptable, acceptable with conditions imposed on the source, or unacceptable. An acceptable response with no conditions, coupled with the other evaluation criteria in this enclosure, renders the source approved. When an acceptable response is received, but conditions are needed to provide assurance that the source's product will meet quality and technical requirements, a QALI must accompany the contract to specify any additional inspection requirements. QALI requirements shall be entered into the PDREP CSI database by the TWH or designee. Sources with unacceptable responses are not to be approved. The TWH or designee shall update the PDREP CSI database with a status of either approved or disapproved, as applicable.

6. The source approval process for existing sources is detailed in sub-paragraph 6.a below. For approval of new sources refer to sub-paragraph 6.b of this section.

a. Existing Sources. Existing sources are sources that currently deliver or have delivered CSI products or services within the past 5 years. This includes unapproved sources that have been awarded contracts for CSIs and delivered acceptable products in emergency situations. These sources have past performance data in the PDREP AIS available for analysis. Following satisfactory analysis or verification of applicable elements within this section, existing sources are "grandfathered" as approved sources by Federal Supply Class (FSC), the specification/drawing and nomenclature.

(1) The source approval process for existing sources begins when an Activity identifies a need to seek approval of a potential source. The Activity seeking approval shall verify the potential source has delivered CSIs in the last 5 years. Potential sources that haven't delivered CSIs in the last 5 years shall require submittal of a SAR and will be evaluated via the criteria for new sources in paragraph 6.b of this enclosure. For existing sources, the requesting Activity shall review quality data in sub-paragraphs (a) through (g) below and submit an electronic recommendation for approval via the PDREP CSI database.

(a) Past performance data in PDREP AIS, such as Material Inspection Reports (MIRs), Product Quality Deficiency Reports (PQDRs), vendor audit reports, and the quality and delivery rating of Red/Yellow/Green (R/Y/G).

(b) Engineering Referrals and Approved Engineering changes.

(c) Information regarding technical capability.

(d) Supplier Audit Program (SAP) audit results.

(e) Test results as required by the specification such as First Article Tests (FAT) or production tests.

(f) Information regarding proprietary products.

(g) Other data from sources such as the Procurement Advisory Listing (PAL) Report, Supplier Audits, Process Audits,

NAVSEA SUBSAFE or DDS Functional Audits or other independent audits.

(2) Upon receipt of the recommendation, the TWH or designee shall verify the source has delivered CSIs in the last 5 years and review the source's profile. If quality data supports approval (i.e., positive quality history based on OQE), the TWH or designee shall determine if a site visit in accordance with paragraph 5 above is needed.

(3) Sources with a "Green" quality rating in PDREP shall be considered by the TWH for approval with no further action. A site visit in accordance with paragraph 5 may be recommended by the TWH prior to approval for "Green" rated sources that have documented quality problems (e.g., PQDR trends, DCMA Joint Audit significant findings) listed in the Sources' Profile.

(4) Sources with a "Yellow" quality rating in PDREP must be thoroughly analyzed to determine if the data supports a site visit by DCMA, the TWH or designee in accordance with paragraph 5. Otherwise, the source may be approved by the TWH with conditions that may be formally addressed via a QALI.

(5) Sources with a "Red" quality rating in PDREP are typically not approved unless otherwise determined by the TWH. In cases where an item is proprietary or there are other mitigating circumstances, the source may be approved pending a site visit in accordance with paragraph 5 and evaluation using criteria in paragraph 5. The site visit will be conducted with concurrence of the Deputy Warranting Officer (DWO). Following the evaluation, the TWH shall perform a risk analysis and update the PDREP CSI database.

(6) TWHs, designees, and Procurement Activities shall ensure potential source(s) are not on the Excluded Parties List System (EPLS). Sources on the EPLS may not be considered for approval.

(7) Sources that have not supplied CSIs in the last 5 years and existing disapproved sources must submit a Source Approval Request (SAR) as a new source to NAVSEA if they wish to be evaluated for approval as a CSI source. The SAR is discussed in paragraph 9 and will include data listed in attachment (1) of this enclosure. Expansion of a source's existing approval may be processed by submitting an electronic recommendation via the PDREP CSI database in accordance with paragraph 3.b.

b. New Sources. New sources are sources that have not delivered CSIs or associated CSI services. There are two distinct types of new sources: those that have had government contracts for other products and have past performance data in PDREP and those that have never had a government contract and thus no past performance data in PDREP.

(1) Evaluate new sources with past performance data in PDREP AIS for approval using the applicable elements of paragraph 6.a.(1)(a) through 6.a.(1)(g) above. New sources with no Navy past performance data and no previous Navy contracts must be evaluated to specific criteria cited below for approval as a CSI source. This may require a site visit in accordance with paragraph 5, by a team organized and lead by the component/system TWH or designee.

(a) Performance Capability. The source demonstrates ability to satisfactorily produce CSIs, or satisfactorily perform services for modification, repair, overhaul and modernization of CSIs in accordance with specification requirements. Any FATs or production lot tests must be shown to meet the requirements of the procurement specification(s).

(b) Quality Management System. The source must have an effective Quality Management System in place that is comparable to the requirements of MIL-I-45208, MIL-Q-9858 or ANSI/ISO/ASQ Q9001 or other DoD approved specification.

(c) Quality Performance. The source has a positive quality history that is based on OQE from its customer's quality system data. OQE is defined in enclosure (1) as derived from legacy program requirements codified in NAVSEA 0948-LP-045-7010, Material Control Standard, and the Submarine Safety (SUBSAFE) Requirements Manual, NAVSEA 0924-062-0010.

(d) Delivery Data. The source has a positive product or performance delivery history which is based on OQE from its customer's delivery data. Delivery data is a peripheral data point and should not be solely used as the basis for source approval or disapproval, but may be viewed as an indicator of the source's ability to meet its commitments.

Note: For new sources with no historical quality performance and delivery data, the TWH shall document approval/disapproval based on risk analysis and other available data obtained during the site visit. QALIs may be invoked to provide assurance that the source will comply with contract requirements.

(2) There are two entry points for new sources to become approved: a potential source's response to a FEDBIZOPPS announcement, or requests for approval prior to or during the solicitation process.

(a) Upon determination that new source approval is necessary, NAVSEA shall inform potential sources of basic approval criteria, which include submittal of a Source Approval Request (SAR). Refer to paragraph 9 of this enclosure.

(b) The source submits the SAR to NAVSEA for review and approval.

(c) The TWH accesses the PDREP CSI database for any associated data and conducts a technical evaluation of the SAR.

(d) The SAR is categorized as either being from an actual manufacturer, a similar item supplier or a distributor.

(e) The TWH shall involve subject matter experts as needed to support the technical evaluation.

(f) Upon completion of the SAR evaluation, and review of the historical data in PDREP and results of site visits that may be conducted, the TWH shall record in the PDREP CSI database that the source is either disapproved or approved for an individual CSI or a family of CSIs. A family of CSIs is based on the FSC, the specification/drawing and nomenclature. The complexity of the item and its specification's scope will dictate the extent of approval for potential sources.

(g) Any discrepancies or concerns shall be documented in a disposition letter and sent to the source with the results of the review.

7. Naval Shipyards or other SEA 05 approved organic Designated Overhaul Points (DOPs) are approved Alternate Sources.

8. The NAVSEA 05 CSI Manager shall develop, and revise as needed, a "Naval Sea Systems Command Source Approval Request Brochure" (e.g., modeled after the NAVICP, Philadelphia Source Approval Information Brochure for Spares" that supports the NAVAIR Aviation CSI Program). The brochure shall be electronically posted, in accordance with standard protocol, via www.neco.navy.mil for potential sources to access. The brochure shall include the list of data elements in attachment (1) of

this enclosure, which a potential source must submit for consideration of approval.

9. The source approval evaluation criteria that the TWH will consider in a determination of whether a potential source should be approved as a CSI source shall include as applicable:

a. Adequacy of technical and quality information provided by the potential source.

b. Critical characteristics and processes identified by the potential source.

c. Adequacy of capabilities of the potential source and subcontractors/sub-vendors.

d. Quality assurance and inspection requirements that the potential source will use to ensure performance of items. The potential source shall be able to test results and adequately demonstrate that the items produced meet the applicable specifications. This is a verification that the potential source's quality assurance/oversight processes provide reasonable assurance that the items will conform to specified requirements. (The lack of an adequate quality assurance program will preclude the potential source's approval.)

e. Adequacy of facilities (may be verified via in-plant source evaluations by NAVSEA or procuring activity personnel).

10. For any evaluation of a potential source for approval, the TWH may choose to convene a panel of subject matter experts to conduct the approval determination. If convened, the panel will perform and document the evaluation using the information submitted by the potential source, the Government information provided by the procuring activity, and/or the PDREP database, as appropriate. During the evaluation process, NAVSEA evaluators may contact the potential source only to correct or clarify minor discrepancies. If the Procuring Activity has not already performed an on-site source evaluation, the TWH may also request that an on-site source evaluation be performed to complete the TWH's evaluation.

11. After all the data has been reviewed, the TWH will consider all comments and recommendations of any other reviewers and make a decision, based on guidance of this instruction and professional engineering judgment, whether the potential source (either an existing or new source) should be approved or

disapproved. The TWH shall document the rationale for this decision, ensuring that there are adequate, controllable quality assurance provisions and that the critical characteristics specified are complete and technically adequate. The TWH shall enter his/her approval determination in the PDREP CSI database and file a copy of the rationale for this decision in the PDREP CSI database. Disapproval decisions require the concurrence of the cognizant Deputy Warranting Officer.

a. If, in reviewing a source for approval, a TWH determines a need for additional technical and/or quality oversight, the TWH shall enter into PDREP CSI Module the specific concerns identified and the necessary action to address the concerns. A QALI shall be issued through the procuring contracting officer and the associated contract. Letters of Delegation (LOD) shall be issued via the SUPSHIP Quality Assurance Office as necessary.

b. NAVSEA 05 shall prepare the approval or disapproval rationale, and NAVSEA will issue a notification letter to the potential source. The letter shall state either that the source is approved to provide the CSI to the Navy, or that the source is disapproved.

c. If the potential source is approved, the notification letter shall provide information obtained from the TWH listed below. The letter also shall notify the approved source that it will be entered into an electronic database list of approved CSI sources.

(1) The results of the evaluation.

(2) The conditions under which approval is granted:

(a) The item(s) or service(s) for which the source is approved.

(b) Any restrictive conditions that must be verified via oversight by DCMA QAR for active contracts in accordance with QALIs prior to delivery.

(c) Inclusion on the list of approved CSI sources does not guarantee acceptance of the product in any future purchase nor does it constitute a waiver of the requirements of the specifications or the provisions of any contract.

(d) The list of approved CSI sources applies only to products produced in, or processes used in, the plant specified in the notification letter.

(e) The source's approval applies to specifications or drawings, amendments or revisions in effect at the time of evaluation for the source's products or processes.

(f) The source's approval applies only to the scope of approval (FSC, specification/drawing, nomenclature) determined by the TWH as delineated in the letter.

(g) SEA 05 shall be notified of any intended change(s) to the approved source's product(s), process(es), material(s), construction, design, manufacturer's part number, CAGE code, facilities, product line or location, or any other matter impacting the source's approval.

d. If the potential source is disapproved, the notification letter shall state that the potential source has failed to become approved and shall provide the specific reasons why approval was not attained and any discrepancies or concerns. The notification letter shall state that the potential sources shall remain disapproved for the CSI products or services until such time as the potential source corrects any discrepancies and concerns and has been determined by NAVSEA to meet the approval requirements.

e. The approval or disapproval notification letter shall be provided promptly to the potential source requesting to be approved.

12. There shall be periodic reviews of sources, supplier quality programs and CSI product quality as follows:

a. A TWH has the authority at any time to revisit any approved source to ensure continued compliance with the elements and criteria set forth in paragraphs 6.a and 6.b of this enclosure. Sources found to be non-compliant shall be considered disapproved.

b. The TWH shall revalidate all sources on the list of approved CSI sources in a three-year period to ensure that they remain technically capable and quality compliant to deliver CSIs or services.

c. Any approved source that has not delivered CSIs, for which it was approved, within five years of an anticipated solicitation, shall undergo a complete re-approval.

d. SEA 04P and/or the procuring activity shall support the SEA 05 re-approval process by assessing the effectiveness of the CSI source's quality system.

e. The quality of any CSIs delivered to the Navy shall be periodically reviewed using existing NAVSEA programs and processes, such as PDREP and the Supplier Audit Program.

13. An approved source may be removed from the list of approved CSI sources by the TWH at any time for any of the following: quality failures, non-conformance to contract requirements, testing failures, results from periodic reviews or reevaluations, failure to meet the conditions of approval contained in the source's letter of approval, or any other information that may negatively impact the quality or acceptability of CSIs provided by the approved source. The TWH shall obtain concurrence of the DWO when a source is to be removed from the list of approved CSI sources. THWs shall update the PDREP CSI database for the source as "Disapproved." NAVSEA shall notify in writing any approved source of its determination to remove the source from the list of approved sources and file a copy of the formal notification letter in the PDREP CSI database. The removal letter shall include:

a. A statement that NAVSEA has determined that the source shall be removed from the list of approved sources.

b. The specific reasons why the source was removed, including any noted discrepancies or concerns.

c. A statement that the potential source shall remain disapproved for the subject CSI until such time as all the following are completed:

(1) The potential source clears the discrepancies and concerns.

(2) The potential source resubmits a SAR for approval.

(3) The potential source has been re-evaluated and determines to be fully compliant with requirements.

(4) The potential source receives a letter of approval from NAVSEA.

14. Whenever there are fewer than two approved sources on the CSI list of approved sources NAVSEA shall publish periodic public notices (e.g., FedBizOpps and NECO websites) and state that the Navy is actively seeking additional sources for specific CSI NIINs. Sources of specific proprietary CSIs are excluded from this requirement.

15. NAVSEA must, before establishing a specification-based qualification requirement or a requirement for SAR approval, for a CSI or family of CSIs, furnish notice through FedBizOpps of:

a. Intent to establish a qualification requirement.

b. The specification number and name of the CSI, or, for a family of CSIs, a description of the family of CSIs that is sufficient to alert prospective sources that they must be qualified in order to furnish products within that family of CSIs.

c. The name and address of the activity to which a request for the information and opportunity to be qualified should be submitted.

d. The anticipated date that the agency will begin awarding contracts subject to the qualification requirement.

e. A precautionary notice that when a product is submitted for qualification testing (in the case of a specification-based qualification requirement), or a SAR is submitted for approval, the applicant must furnish any specific information that may be requested of the manufacturer before testing will begin.

f. The approximate time period following submission of a product for qualification testing (in the case of a specification-based qualification requirement), or submission of a SAR, within which the applicant will be notified that its product has passed or failed qualification testing, or that its SAR has been approved or disapproved.

SOURCE APPROVAL REQUEST (SAR) DATA

1. Information required from manufacturers, producers, and distributors of CSIs:
 - a. Name of the potential source.
 - b. CAGE code.
 - c. Subject part number.
 - d. National Stock Number (NSN).
 - e. Identification of the system(s) in which the item is used.
 - f. Information establishing whether the potential source has previously manufactured or delivered an identical (subject) item.
 - g. Information establishing whether the potential source has previously manufactured or delivered similar items.
 - h. The potential source's quality manual. (Note: the lack of an adequate quality control program will preclude approval as a CSI source).
 - i. A synopsis of the potential sources' quality program capabilities and reporting system and how its quality system is applied to the Ship CSIs that it is proposing to supply, including identification of the quality program in use.
 - j. A brochure or a synopsis outlining the potential sources' capabilities, facilities, experience, and a list of all equipment used in the production, manufacture, or distribution of the subject item, with the accuracy, size, capability, and precision of the identified equipment.
 - k. Records of qualifications of the potential source's key personnel.
 - l. Subject Item Drawings. A potential producer or manufacturer shall provide technical data required to assemble and test the subject item. This shall include drawings (casting, forging, detail, and assembly), parts list(s), and any unincorporated Engineering Change Proposal (ECP) or Design Change Notice (DCN). If applicable, the subject item drawings

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shall include references to materials, processes, specifications, and data relating to mandatory inspections and inspection intervals.

m. Subject Item Specifications.

(1) The potential source shall provide a complete listing of specifications identified on the subject item drawings and provide a copy of the title page of each military and Government specification. The specification title page will be used to verify that the potential source possesses all the required specifications. For all commercial or non-Government specifications or standards, the potential source shall provide the title, specification number, date, and revision information, and names of the developer and owner of the specification.

(2) A potential distributor's submittal is limited to specifications related to material control, traceability, packaging, preservation, and handling.

n. Subcontractor/Sub-vendor Information. The potential source shall identify and provide a list of any critical processes/products that are subject to subcontracts. The potential source shall provide names, telephone numbers, CAGE codes, and addresses of all subcontractors/sub-vendors to be used for critical subcontracted processes/products. The process/procedure for control and approval of critical subcontracted processes/products shall also be provided.

o. Illustrated Parts Breakdown (IPB). The potential source may provide an illustrated parts breakdown drawing for the Ship CSI. If provided and applicable, it shall list associated part numbers, and number of units required per system. It shall detail the physical location of the part in the next higher assembly.

p. Difference between Subject and Similar Items. If the potential source is requesting approval on the basis of its ability to provide items of similar manufacturing complexity, the potential source must identify the specific differences in materials, coatings, design, manufacturing processes, operating environment, etc., between the similar item and the subject item.

q. Similar Item Drawings. If the potential source is requesting approval on the basis of its ability to provide items of similar manufacturing complexity, the potential source shall

provide information detailing the design, manufacture and production of the similar item(s). This information includes drawings (casting, detail, and assembly), configuration, and parts list(s). This information on the similar items should contain the same quality of information as the Subject Item Drawings.

r. Prior Purchase Orders and Shipping Documents. The potential source shall provide copies of prior purchase orders from the Government or shipbuilders for the subject Ship CSI or similar items. The potential source shall state when it last produced the subject item or an item of similar complexity. It is important that documented performance is recent in order to adequately reflect the current manufacturing capabilities of the potential source.

s. Process/Operation Sheets (OP Sheets). The potential source shall provide a detailed step-by-step account of the procedures necessary in the proper sequence to manufacture the subject or similar item. The sheets shall include operation number, description, tolerance (specification), location, subcontractors/sub-vendors, and any other pertinent information necessary to control manufacturing operations.

t. Inspection Methods Sheets (IMS). The potential source shall provide the actual inspection sheets it has used in production of the subject or similar item including characteristics to be inspected, special instructions, acceptability limits, inspection tooling/method, and frequency.

u. Critical Characteristics and Processes. The potential source shall identify critical characteristics and processes necessary for the manufacture of the subject item unless defined on applicable drawings and associated specifications. If the critical characteristics and processes are on an applicable drawing or associated specifications, the potential source should highlight their location to make them clearly recognizable.

v. The results of any prior testing done on its Ship CSI or similar items, such as first article test results.

w. The results of the latest survey performed by a Government agency. Surveys include on-site pre-award surveys, post-award surveys and special surveys.

x. A summary of quality deficiencies experienced by the potential source in the past three years during repair, overhaul, and maintenance activities.

y. A certification of possession of, or access to, all required special tooling and inspection equipment, proof of calibration, and/or special tooling/test equipment current to latest drawing revision. If "equivalent" tooling is to be utilized in lieu of the tooling specified, a complete technical description of the tooling is required, and must be sufficient to determine equivalency. The potential source shall specify the availability of in-house test equipment, and state whether any test equipment has to be furnished by the Government, purchased, or built. The potential source shall indicate if no special tooling or inspection equipment is required.

2. For Activities performing repair, overhaul, maintenance or modernization of CSIs, the following information shall be provided:

a. Name of the potential repair, overhaul, modernization or maintenance Activity.

b. CAGE code.

c. Subject part number.

d. National Stock Number (NSN).

e. Identification of the system(s) in which the item is used.

f. Information establishing whether the potential source has previously repaired, overhauled, modernized or maintained an identical (subject) item.

g. Information establishing whether the potential source has previously repaired, overhauled, modernized or maintained similar items.

h. The quality manual of the potential source requesting approval (the lack of an adequate quality control program will preclude approval as a CSI repair, overhaul, or maintenance activity).

i. A synopsis of the potential sources' quality program capabilities and reporting system and how its quality system is

applied to the Ship CSIs that it is proposing to repair, overhaul, modernize or maintain, including identification of the quality program in use.

j. A brochure or a synopsis outlining the potential sources' capabilities, facilities, and experience, and a list of all equipment used in the repair, overhaul, or maintenance of the subject item, with the accuracy, size, capability, and precision of the identified equipment.

k. Qualifications of the potential source's key personnel.

l. Evidence that the potential source has the appropriate technical data required to repair, overhaul or maintain, and test the subject item. This shall include publication number, revision and date of the technical data package.

m. Subcontractor/Sub-vendor Information. Names, telephone numbers, CAGE codes, and addresses of all subcontractors/sub-vendors to be used by the potential source and subcontractors'/sub-vendors' part numbers, if applicable. The potential source shall identify any critical processes that are the subject of subcontracts, and capabilities of the subcontractors.

n. Identification of acceptance test/inspection procedures the source intends to incorporate, to include independent test labs (including name) the source intends to use.

o. Difference between Subject and Similar Items. If the potential source is requesting approval on the basis of its ability to repair, overhaul, modernize or maintain items of similar complexity, the potential source must identify the specific differences in tooling, processes, testing, part function, facilities, etc., between the similar item and the subject item.

p. Specify if test/repair procedures require development or modification.

q. Prior Purchase Orders and Shipping Documents. The potential source shall provide copies of prior purchase orders from the Government or shipbuilders for the repair, overhaul, modernize or maintenance of the subject Ship CSI or similar items. The potential source shall state when it last repaired, overhauled, modernized or maintained the subject item or an item of similar complexity. It is important that documented

performance is recent in order to adequately reflect the current capabilities of the potential source.

r. Critical Characteristics and Processes. The potential source shall identify critical characteristics and processes necessary for the repair, maintenance or overhaul of the subject item unless defined on applicable drawings and associated specifications. If the critical characteristics and processes are on an applicable drawing or associated specifications, the potential source should highlight their location to make them clearly recognizable.

s. A detailed repair, overhaul, modernization and/or maintenance plan that addresses all processes that control, produce, or affect a critical characteristic(s) or critical process(es). Plans must list all processes/steps in the proper sequence, facility requirements, and include all special processes.

t. The results of any prior testing done on the Ship CSI or similar items that it has previously repaired, overhauled or maintained.

u. The results of the latest survey performed by a Government agency. Surveys include on-site pre-award surveys.

v. A summary of quality deficiencies experienced by the potential source in the past three years during repair, overhaul, modernization and maintenance activities.

w. A certification of possession of, or access to, all required special tooling and inspection equipment, proof of calibration, and/or special tooling/test equipment current to latest drawing revision. If "equivalent" tooling is to be utilized in lieu of the tooling specified, a complete technical description of the tooling is required, and must be sufficient to determine equivalency. The potential source shall specify the availability of in-house test equipment, and state whether any test equipment has to be furnished by the Government, purchased, or built. The potential source shall indicate if no special tooling or inspection equipment is required.

x. Certification of sources' rights to use the technical data (for the subject item) signed by a person authorized to represent the subject item vendor. If proprietary data is involved, the source shall provide a signed statement from the owner of that data that gives the source the right to

specifically use the data. This requirement also applies to the use of data the Government possesses but does not have the right to use in competitive repair, maintenance, modernization or overhaul.

CSI SOURCING/PROVISIONING PROCESS

1. Sourcing. Sourcing is an integral part of the acquisition process for CSIs and services for repair, overhaul or modernization of CSIs. It is the acquisition of products or services from an outside supplier. CSI's shall be sourced or provisioned from approved suppliers using processes below.

2. NAVSEA Activity and Navy Stock System acquisition. The sourcing process begins when a work package identifies the need for material acquisition and proceeds as follows:

a. The ordering Activity shall initiate a requisition (e.g., Job Material List (JML)). The requisition for locally purchased materials shall include a full description of the item, CSI identification and a requirement for Government Source Inspection. The initiator of the requisition for local purchases shall also access the PDREP CSI database for approved sources and include sources.

b. The requisition is forwarded to the applicable Procuring Activity (e.g., SEA 02, NAVICP, FISC, etc.). The Procuring Activity will then initiate and electronically post a solicitation from the requisition. The solicitation shall include at a minimum a CSI Provision as shown in Attachment (1) of this enclosure.

c. Proposals from approved sources and/or proposals with accompanying SARs from unapproved sources are received by the Procuring Contracting Officer (PCO).

(1) PCOs review proposals from approved sources and verify the source's approval status via the PDREP CSI database.

(2) PCOs review proposals from unapproved sources and shall ensure that a determination is made by the TWH that a prospective source or its product meets or can meet the requirement to obtain approval through the SAR process prior to the date specified for award of a contract. In performance of these responsibilities, PCOs may contact SEA 05Z13 as needed to determine the appropriate TWH for evaluation of the SAR.

d. When an approved source is not available, is unapproved or may not be approved in time to meet schedule demands of the customer, the following applies:

(1) The Procuring Activity and customer explore other acquisition options (e.g., an approved alternate source may locally manufacture the item, the item may be obtained from another Field Activity, or a waiver may be submitted to the TWH to authorize award to a disapproved source).

(2) The Procuring Activity is authorized to execute an emergency procurement procedure in accordance with the Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS), and with notification to the TWH. Upon receipt of acceptable products the activity that executed the emergency procurement may submit a recommendation for source approval via the PDREP CSI database. Submitting and processing a SAR is optional for unapproved sources during an emergency procurement of CSIs.

(3) An independent Procurement Quality Assurance (PQA) review shall be conducted by the local Quality Assurance (QA) organization. This review includes:

(a) Review of the contract package in accordance with the specific material program requirements (e.g., Level I Material Program).

(b) Review of the potential sources quality history in PDREP when data is available. This includes analysis of the supplier's quality rating (Red/Yellow/Green), audit results, Product Quality Deficiency Reports (PQDRs) and delivery data.

(c) Recommendation for a Pre-award Survey to be conducted.

(d) Recommendation to either award or not award the contract.

(e) Initiation of a Quality Assurance Letter of Instruction (QALI) when needed to provide the Government added confidence that the material or service provided is in full compliance with the contract upon delivery. The QALI identifies unique attributes or inspection points that the DCMA QAR will verify at source.

(4) Upon receipt of the recommendation from the PQA review, the PCO will award the contract based on the recommendation to award the contract, with or without conditions. The PCO may override the recommendation for Pre-award Survey or No Award, with TWH concurrence.

e. When a source is unapproved and the SAR will likely not be evaluated in time to meet the contract award date, the TWH shall still evaluate the SAR in accordance with enclosure (5) and notify the PCO.

f. When solicitation proposals are received from approved sources or the source is approved in time for contract award, an Activity's PQA shall perform standard material program functions on the potential awardee. Upon receipt of the recommendation from the PQA review, the PCO will award the contract based on the recommendation to award the contract, with or without conditions.

g. If the PQA recommendation is No Award, the PCO shall explore other acquisition options as stated in paragraphs 2.e.(1) and 2.e.(2).

3. Prime Contractor (Shipbuilder) Maintenance.

a. PEOs and PMs that develop work packages for Shipbuilders (Prime contractors) that perform maintenance (repair, overhaul or modernization) of NAVSEA assets shall include a requirement that the Shipbuilder must be an approved source to install CSIs identified via the work package and shall use only approved CSIs for sub-contractor work. To demonstrate the Shipbuilder's ability to deliver quality CSIs from approved sources, the Shipbuilder must have an adequate Supplier Approval Process to support the NAVSEA CSI Program, or the Shipbuilder must obtain CSIs from a Navy-approved source.

b. The PCO issuing contracts for Prime Contractors' maintenance of Navy assets shall ensure the contracts include language cited in paragraph 3.a above.

c. The Supervisor shall ensure the Contractor's Supplier Approval Process is adequate for CSIs. The Supervisor shall notify the PCO, SDM, and the appropriate PEO/PM when the contract for Prime Contractor maintenance does not contain the language required by paragraph 3.a. above.

4. Prime Contractor (Shipbuilder) of new Navy Platforms. SDMs shall ensure ship specifications require the Shipbuilders to be an approved source of CSIs cited in the ship specification. To demonstrate the Shipbuilder's ability to deliver quality CSIs from approved sources, the Shipbuilder must have an adequate Supplier Approval Process approved by the TWH, to support the

NAVSEA CSI Program, or the Shipbuilder must obtain CSIs from a Navy approved source.

5. Provisioning. Provisioning is the detailed process of performing the technical and logistical planning necessary to establish item support plans, piece by piece or assembly by assembly; establishing the minimum levels of maintenance (O, I, or D) necessary for repair/overhaul; identifying the kind and type of support equipment requirements, handbooks, manuals, and other maintenance publications; determining the basic factory and field training requirements; and providing for the establishment of inventory management records.

a. Chapter 4 of reference (j) provides the detailed Provisioning process. As stated in the PAFOS Manual, all new equipment, modifications or alterations to existing equipment must be logistically supported. Provisioned equipment may either be Contractor Furnished Equipment (CFE) provided by a shipbuilder, or Government Furnished Equipment (GFE) procured by the Government for installation. All equipment determined by a TWH as a CSI must be provided by sources that are approved by the TWH. GFE may include:

- (1) Non-development Items (NDIs).
- (2) Commercial Off-The Shelf (COTS) Items.
- (3) Developmental Items.
- (4) Commercial Item.

b. A key component of logistic support is the development of a Provisioning Team. The Provisioning Team is typically comprised of representatives from the Acquisition Program Manager's (APMs) office, the Program Manager (PM), the Technical Support Activity (TSA), NAVICP and the Manufacturer.

c. APMs shall ensure that any manufacturers or contractors are either approved CSI sources or they must be approved prior to any procurement action. To seek approval, unapproved sources of CSIs must submit a SAR in accordance with enclosure (5).

d. PMs shall consult with the component/system TWH through the TSA to determine if any provisioned equipment is a CSI, if not already designated as such. As the Provisioning Parts List (PPL) is developed, it shall clearly indicate any parts that are CSI. The PPL is used to develop Allowance Parts Lists (APLs).

An Interim Support Items List (ISIL) is a "preliminary" PPL and is used for parts that may be required for interim support. Items on ISILs must also clearly indicate any CSIs.

e. Engineering Data for Provisioning (EDFP) shall identify CSIs and their critical characteristics. The EDFP must provide the Acquisition Method Code (AMC) and the Acquisition Method Suffix Code (AMSC).

f. The TSA submits all initial provisioning and subsequent APL updates/corrections to NAVICP via the Interactive Computer Aided Provisioning System Client-Server (ICAPS C/S). This will ensure that key technical data will be loaded into the WSF. The TSA shall input into ICAPS C/S, the appropriate demilitarization codes in accordance with guidance in reference (a).

g. NAVICP provides for total life-cycle support for designated systems/equipment. NAVICP uses the Provisioning Technical Documentation (PTD) to: catalog the items in the FLIS, develop allowance lists, and order retail and wholesale material. For spares computations, once it has been determined that an item will be organically supported, the item must be identified, cataloged, and purchased for future availability.

h. Program Executives Offices and Procuring Activities shall ensure that any procurement contracts for equipment or provisioning services shall include NAVSEA's standard CSI contract clause shown in attachment (1) of this enclosure.

CSI ACQUISITION PROVISION

GOVERNMENT SOURCE APPROVAL REQUIRED PRIOR TO AWARD

The Government must approve prospective sources for the subject item prior to contract award, because the item or service for the item is a Navy Ship Critical Safety Item (CSI). The time required for approval of a new source is normally such that award cannot be delayed pending approval of a new source.

If you are not an approved source, you may submit, together with your proposal, the information detailed in the Source Approval Request (SAR) to NAVSEA. The SAR identifies quality and technical data required to be submitted based on your company's experience, if any, in production of the same or a similar item. The SAR is available at www.neco.navy.mil.

Offers received that have not provided all data required by the SAR will not be considered for award under this solicitation. Please note, if evaluation of a SAR submitted hereunder cannot be processed within the time frame required by the Government, award of the subject requirement may continue based on acquisition or fleet support needs.

CSI OVERSIGHT PROCESSES

1. The technical community plays a vital role in assuring compliance with CSI Program requirements. The component/system (TWHs) shall be actively engaged in CSI product and source oversight, which includes: verification of the accuracy of technical data, participation in on-site reviews at CSI suppliers and final review of the audit reports. The other element of oversight is support for the annual CSI Program Assessment, led by SEA 04P in accordance with reference (a).

2. Product and Source Oversight.

a. The component/system TWH identifies CSIs associated with the warranted area and validates the Information Handling System (IHS), FLIS and WSF catalog data. When errors are observed in the catalog data:

(1) Notify the Item Manager/Techncian/Provisioner of the applicable procurement activity to correct the discrepancies.

(2) Verify the data has been corrected.

b. The TWH shall identify sources for CSIs in the PDREP CSI database.

(1) If listed sources are disapproved, oversight is not applicable unless the subject CSI is obtained from the source via waiver.

(2) A source not listed as approved is either new, or unapproved and pending approval, in accordance with the Source Approval Process of enclosure (5).

c. Component/system TWHs shall establish a schedule to periodically review performance of approved CSI sources under their cognizance.

(1) Review past performance data from the PDREP CSI database and ensure the data supports continuation of the source's approval.

(2) If data is negative, the TWH may disapprove the source(s). Follow paragraph 2.d(4) of this enclosure when disapproving a previously approved source

d. DCMA conducts scheduled audits of all suppliers listed on the NSEP Procurement Advisory List (PAL) Report. Component/system TWHs shall participate annually in at least one audit of approved CSI sources listed on the PAL report.

(1) The component/system TWH or his/her designee is a team member on the audit.

(2) Upon completion of the audit, the component/system TWH shall review and concur in the audit report.

(3) Sources maintain "approved" status when audits are satisfactory with no documented findings or if findings are documented and the audited source provides an acceptable response.

(4) Unsatisfactory audit results and unsatisfactory responses to audit findings render sources as disapproved. Component/system TWHs disapprove sources as follows:

(a) Update the PDREP CSI database for the source as "Disapproved."

(b) Draft a formal letter documenting the rationale supporting disapproval.

(c) Obtain concurrence from the cognizant DWO and forward the letter to the Procuring Activity for the contracting official to issue a notification letter to the disapproved source.

(d) The Procuring Activity shall notify the disapproved source and file a copy of the formal notification letter in the PDREP CSI database.

3. CSI Program Oversight. SEA 04P will assemble a team to conduct an annual assessment of the CSI Program. The team will consist of SEA 05 TWHs, SEA 05U7, SEA 04XQ, DCMA, NAVSEALOGCEN and NAVICP. The team shall identify program deficiencies and improvement opportunities.