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Contracting

FIRST ARTICLE MANAGEMENT

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OPR: HQ AFMC/PKP (Mr. John Berg)

Certified by: HQ AFMC/PKP
(Mr. Charlie Williams)

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This instruction implements Air Force Policy Directive 64-1, *The Contracting System*. It establishes policies and procedures for application of first article inspection and approval requirements in contracts, and for managing contracts that specify the use of Federal Acquisition Regulation (FAR) Subpart 9.3, *First Article Testing and Approval*. It applies to all AFMC units utilizing first article inspection requirements in contracts, including those for foreign military sales. This instruction does not apply to the Air National Guard or US Air Force Reserve units and members.

SUMMARY OF REVISIONS

This revision corrects references to superseded documents and eliminates the requirement for local procedures to implement this document.

1. Policy:

1.1. Detailed policy on the use of first article inspection can be found in FAR Subpart 9.3, *First Article Testing and Approval*. Use first article inspection to verify that the contractor can provide an item manufactured to a qualified design. This applies to vendors as well as manufacturers; however, do not use first article requirements for products normally sold in the commercial market (as specified in FAR Subpart 9.304). Any first article solicitation or purchase document must contain detailed technical requirements and adequate quality assurance provisions to ensure that the contractor is capable of furnishing or manufacturing the item. This information is normally defined in the configuration product baseline.

1.2. Base the decision to require first article inspection on careful consideration of the following (as specified in FAR Subpart 9.302): technical aspects, cost of first article inspection, safety risk, impacts to delivery schedule, and other pertinent factors. First article is not the procedure used to qualify new

or modified designs. FAR Subparts 9.2 and 46.4 address qualification requirements and contract quality assurance requirements.

1.3. For first article inspection at contractor facilities, buying organizations should, when feasible, use Defense Contract Management Command Contract Administration Services (CAS), with a Quality Assurance Letter of Instruction (QALI) or Memorandum of Agreement (MOA).

1.4. Delegate contract administration according to Department of Defense FAR Supplement 242.203.

2. Field Activity Responsibilities. The commander, vice commander, or executive director of each center and the director/deputy director of Air Force Office of Scientific Research shall implement this instruction. It is the goal of this command to complete all first article inspections within an average of 75 workdays from receipt of the first article at the supply point of the government testing facilities through approval/disapproval by the testing organization. All organizations will strive to meet this goal by scheduling resources and work assignments to accommodate prompt accomplishment of tasks associated with first article inspection.

2.1. Product Directorates and System Program Offices:

2.1.1. The Responsible Systems Engineering Authority (RSEA) is responsible for the following actions which may be delegated to the equipment specialist, item manager, first article manager, system engineer, or other functional area as appropriate:

2.1.1.1. Specify whether first article inspection is required using AFMC Form 761, **AMC/AMSC Screening Analysis Worksheet**. Consider impacts on cost, delivery dates and risk to the government of foregoing testing (including safety considerations). Give special attention to items with a history of excessive product or quality deficiency reports, or for which a Government Industry Data Exchange Program alert has been issued.

2.1.1.2. Review the specified first article inspection requirements to ensure the correct instructions for the required inspections are included in the purchase request (PR) according to AFMCI 23-102, *Purchase Request (PR) Operations*.

2.1.1.3. Initiate the AFMC Form 260, **First Article Requirements**, and attach it to the AMC/AMSC Screening Analysis Worksheet. Document the rationale for requiring first article inspection in the "Remarks" block. Specify whether first article inspection will be done by the government or the contractor on the AFMC Form 260; identify the detailed requirements to which the first article will be subjected and reference the applicable configuration baseline specification; and specify whether Alternate I and/or Alternate II of FAR 52.209-3 or -4 are applicable. Consider Alternate II, if forgings or other long lead time items are required. The contracting officer (CO) will make the final determination regarding the use of Alternate II based on a review of contractor records and accounting systems.

2.1.1.4. When AFMC does not have engineering responsibility, ensure RSEA inputs to AMC/AMSC Screening Analysis Worksheet and AFMC Form 260 are complete, and necessary information is provided to the CO. Coordinate all engineering decisions with the government agency having engineering responsibility.

2.1.1.5. Prepare and attach the QALI or MOA to the PR package if first article inspection will be done by the contractor and CAS support will be required. Provide necessary information to the buyer or CO for specifying inspection and acceptance locations if testing will be done at

other than the manufacturer's facility (e.g., independent laboratory).

2.1.1.6. Provide first article inspection requirements documentation (e.g., drawings, test plans, etc.) to the inspection activity for their use in completing the required testing/inspection.

2.1.1.7. For J041 on-line remote system processing, ensure appropriate code is entered in the first article indicator field to identify specific first article requirements. See AFMCMAN 64-104, *Acquisition and Due-in System (ADIS) (J041)*, Volume 1, Attachment 3, Page 59.

2.1.1.8. Determine if government facilities have the capacity and capability to do the inspections, if government is responsible for inspection. Schedule those facilities to perform the inspection. Ensure the government facilities have the appropriate technical information.

2.1.1.9. Provide assistance in obtaining the necessary support for first article inspection and/or testing at the government facility responsible for the first article inspection.

2.1.1.10. Obtain coordination on testing requirements and schedule milestones from the responsible government test facility. Enter the name, office symbol and telephone number of the test organization point of contact in the remarks block of the AFMC Form 260.

2.1.1.11. Annotate (on the AFMC Form 260) the necessary time for inspection report review and track milestones to ensure established schedules are met. If schedules cannot or will not be met, notify appropriate RSEA and the CO of schedule slippage and the reason for slippage, including a new estimated date of completion.

2.1.1.12. Provide the CO with estimated costs for first article government inspection (AFMC Form 260, block 9G). Estimated costs should include labor costs for government personnel to monitor and conduct tests (locally or at designated test facility), purchase of special tools or test equipment, transportation cost of first article to test site (excluding contractor expense), and any other applicable government costs. For contractor testing, include the cost of government evaluation of test reports.

2.1.1.13. Coordinate efforts of materiel receiving and testing activities, when informed of first article receipt or pending delivery, to ensure inspections are completed within schedule.

2.1.1.14. If first article fails to meet requirements, determine the impact on supply support. Consult with all affected activities and make a recommendation to the CO. Recommendation may include: conditional approval, pending corrective action; disapproval with required reinspection; or contract termination.

2.1.1.15. Provide status and disposition instructions for first articles, after completion of government testing, as follows:

2.1.1.15.1. First Article Approved (Not Destroyed in Testing). When the contract provides for the first article to be considered as part of the scheduled delivery quantity, arrange for appropriate acceptance signature on the DD Form 250, Materiel Inspection and Receiving Report. The item shall be tagged as serviceable and forwarded to Central Receiving for placement in storage condition code A or returned to the contractor, if the approved first article is to be used as a manufacturing standard. Send written notification of satisfactory completion of first article inspection and the evaluation of the test results to the procuring CO with a copy to the RSEA.

2.1.1.15.2. First Article Destroyed or Left Installed After Government Testing. Provide a

letter to the CO stating the disposition of the first article or, if applicable, a certificate of destruction. Forward a copy to the center supply organization.

2.1.1.15.3. Conditional Approval. Provide a list of all discrepancies, which must be corrected, an engineering assessment of the contractor's ability to provide the item, and the rationale for conditional approval, to the CO. Annotate the disposition of the first article on the appropriate tag (serviceable, unserviceable, return to contractor), and arrange for acceptance signature on DD Form 250. Conditional approval is discouraged unless it is in the government's best interest (i.e., deficiencies are minor in nature and do not affect form, fit or function). Follow-up to ensure contractor correction of deficiencies is cost effective.

2.1.1.15.4. First Article Rejected or First Article Inspection Report Not Approved. Notify the RSEA and the CO of the reasons for the rejection or disapproval and provide the following information:

2.1.1.15.4.1. Document inspection results, including all discrepancies, whether they are critical, major or minor.

2.1.1.15.4.2. Detailed description of the discrepancies and a recommendation regarding whether the contractor should be permitted to submit another article for inspection (considering cost and schedule). If failure appears to be due to incorrect, inadequate, or incomplete government data, so state.

2.1.1.15.4.3. An itemized listing of the actual government test and evaluation costs associated with the first article to enable the CO to determine that the costs are properly chargeable to the contractor.

2.1.1.16. Advise the CO of required changes if the first article inspection identifies specification/ drawing deficiencies or inadequacies in the contract technical requirements. Provide corrections to the CO as soon as possible to ensure timely modifications to the contract. Inform the CO and RSEA of estimated impact on delivery schedule and price.

2.1.2. Systems Engineering Authority. PRs valued at \$25,000 or less, which specify first article inspection, will be evaluated and the need for first article will be validated by RSEA at least one level higher than the requesting authority. First article inspection should not be requested when the first article is the only deliverable item of its type on the PR.

2.2. Contracting Responsibilities:

2.2.1. Function as the field focal point for first article inspection as follows:

2.2.1.1. When PRs are received which identify first article inspection requirements, incorporate appropriate requirements (as specified in FAR Subpart 9.306) in solicitations and contracts, including the schedule for first article submission, first article test reports (if required), and contractor or government milestone schedules. Add 5 workdays for processing and mailing results to the schedule for completing government evaluation specified on the AFMC Form 260.

2.2.1.2. When contractor inspection is designated, determine whether Alternate I and/or Alternate II of FAR Subpart 52.209-3 are applicable based on a review of contractor records and ensure appropriate contract administration delegations have been included.

2.2.1.3. Provide a copy of all contracts/ modifications containing first article test requirements

(and all pertinent correspondence) to the RSEA, at the same time they are sent to the contractor.

2.2.1.4. Notify the contractor and Contract Administration Office upon receipt of the engineering organization's notification of first article approval, conditional approval or rejection. Include authorization to begin production with the approval notification, when applicable. When conditional approval is authorized, identify the deficiencies which must be corrected before delivery of production items. When the first article has been rejected with approval for resubmission, indicate the reason for rejection, desired schedule for resubmission, and the estimated additional cost to the government for additional testing. When resubmission is authorized, the CO should require an equitable reduction of contract price for any change of the delivery schedule and additional testing/approval costs. When the first article has been rejected without approval for resubmission, send the reasons for rejection with the notification of possible termination action. Unless otherwise provided for in the contract, removal and disposition of an item failing first article inspection is at the contractor's expense. Provide disposition instructions for failed first articles to the item/system manager or first article manager and distribution or supply activity within 15 workdays after notification of test failure.

2.2.1.5. Ensure reasonable delivery dates are negotiated and that proper consideration is received from the contractor if the first articles or contractor prepared test reports are delinquent.

2.2.1.6. Manage all first article contracts; monitor all first article delivery/inspection schedules, and follow up on all delinquencies. Use bimonthly ADIS reports to track each first article contract delivery requirement and update to reflect any changes in contract delivery schedules. Notify the RSEA when first articles or test reports will not be delivered according to the terms of the contract.

2.2.1.7. Maintain a list of all first article contracts and appropriate management information (such as contract number, delivery dates, testing schedule, special inspection requirements, etc.). Listing should be maintained at an appropriate level within the organization to ensure effective tracking and contract administration.

2.2.1.8. Entry of appropriate code in the J041 first article indicator field will facilitate management of delivery/inspection requirements. Reference AFMCMAN 64-104, Volume 1, Attachment 3, for available codes.

2.3. Distribution and Supply Responsibilities. Establish procedures to ensure control over the receipt and processing of first article items according to the Master MOA dated 10 April 1991, between the Defense Logistics Agency and the Department of the Air Force and with local agreements. Include the following requirements:

2.3.1. Expedite delivery of the items to the appropriate location as determined by engineering.

2.3.2. Notify the CO and RSEA when first articles are returned from the inspection activity. Process items for storage or return to the contractor as directed by the CO.

2.3.3. Process serviceable items (condition code "A") to accountable records after receipt from the inspection organization. Unserviceable items (condition code "J") will be processed for release via shipment to the contractor after direction is provided by the CO.

2.3.4. Refer to AFM 67-1, USAF Supply Manual, volume III, part two, chapter 4, for additional detailed instructions pertaining to first article receipt processing.

2.4. Maintenance and Inspection Facilities Responsibilities:

2.4.1. Provide technical support, to include first article inspection, when requested.

2.4.2. Immediately notify the RSEA and CO if difficulties or delays are expected to prevent completion of first article testing according to the established schedule, and provide expected completion date.

2.5. Safety Office. Provide technical support to first article inspection to ensure compliance with established safety and operational requirements.

3. Form Prescribed. AFMC Form 260.

RICHARD H. ROELLIG, Major General, USAF
Director of Contracting