

# Source Approval Information Booklet

## Competition Management Office U. S. Army TACOM Warren

Sources Sought/Market Surveys

Subcontracting Opportunities

### What is Source Approval?

The U.S. Army Tank-automotive & Armaments Command (TACOM) buys a huge array of spare parts to support our combat and tactical vehicle fleets. Most of these parts have completely detailed technical data packages (TDP) that allow unrestricted procurement from any competent source. This is the ideal situation envisioned by the **Competition in Contracting Act of 1984 (CICA)**. However, TACOM also buys many parts for which little or no technical data is available for procurement. The procurement of these parts is restricted to, **"approved"** sources of supply that have previously demonstrated their ability to produce the restricted part. The CICA also provides for those types of parts by requiring the buying activity, i.e. TACOM, to seek new sources for these non-competitive parts and give interested suppliers an opportunity to demonstrate their capability to produce such parts. At TACOM-Warren the implementation of this CICA requirement is called the Source Approval Program.

The Source Approval Program provides a way for a supplier to compete for business on spare parts that had previously been sole source or restricted source. To do this the onus is on the supplier, whom we will refer to as the **"offeror"**, to demonstrate that their part is equal to or better than the part TACOM is currently purchasing. Generally this demonstration takes form in two phases, the Source Approval Request (SAR) package and then the qualification test phase. The SAR must be completed and approved before the qualification test can begin. The qualification test must be completed and approved before an offeror can be eligible for award. Once the offeror has gained approval of his item then the offeror must compete head to head with the other approved sources. This is important: Source Approval only grants a supplier the opportunity to compete, it does not guarantee award of a contract.

Source approval is not easy. It requires the commitment of the offeror to produce the SAR and in most cases, fund the qualification test. It requires the offeror to initiate and follow-up the process. It requires the offeror to provide data, clarifications, revisions and answers when the TACOM engineering staff evaluates the SAR and qualification test. On the TACOM's side, the obligation is to promptly and objectively evaluate all SARs and qualification test results. The opportunity to rework or retest is to be afforded the offeror

when appropriate. The success of any Source Approval effort is dependent on an open and cooperative relationship between the offeror and TACOM.

Source Approval takes time. It takes the offeror time to develop a complete SAR package. Generally the TACOM engineering staff is allowed **60 days** to evaluate the SAR then the qualification test must be performed. Depending on the requirements of the qualification test, this test can be quite lengthy. Evaluation of the qualification test can take up to another **30 days**. If rework or retest is involved it is easy to see that the normal time frame for Source Approval runs from nine months to a year.

**The Competition Management Office (CMO) is charged with being the steward of Source Approval.** The CMO receives all SARs and does the initial review of them. The CMO identifies the proper engineering organization and tasks them to evaluate the SAR and coordinate the qualification test. If other functional areas, such as Quality Assurance or Maintenance, need to be involved, the CMO includes them. If the process bogs down or needs to be expedited, the CMO is there as the offeror's representative in the process.

**The Source Approval program is the capstone of the competition enhancement programs administered by the CMO.** Source Approval serves the business community by providing an avenue for manufacturers and suppliers to tap a market that has little competition. Source Approval serves TACOM by introducing price competition into the procurement process, thereby, generating savings. It is a win-win program that allows TACOM to work closely and cooperatively with suppliers to find solutions to our spare parts needs.

## **What Source Approval Is Not**

Source Approval bears a very close resemblance to the ***Qualified Products List (QPL) or Qualified Manufacturers List (QML) programs***, but they are, in fact, distinctly different. QPLs and QMLs are for items that have specific qualification and quality requirements identified and the Government has already developed a written qualification test plan. Except for the need to control the manufacturing source because of some critical need, these items would be completely competitive build-to-print items because they have complete TDPs. However, items in the Source Approval program do not have complete technical data. Some crucial manufacturing or quality detail is missing and this prevents the item from being fully competitive. Furthermore, the Government has not, in most cases, developed a qualification test plan for the item. Only the current producer(s) knows how to make the item. **The QPL /QML program is administered by the TACOM Research, Development & Engineering Center (TARDEC) (see Appendix A).**

Frequently the CMO receives information packages on new items or technology that may have military application. Although these submittals are of interest to TACOM, they are not Source Approval candidates. Source Approval Requests must be for items that are already in the Army logistics system and have had a National Stock Number or Military Part Number assigned to them. In other words, they are parts that are already being used in

TACOM's vehicle fleet. New product or technology information should be sent to TARDEC's National Automotive Center: Items that are being purchased on the basis of full and open competition and have complete TDPs are not Source Approval candidates.

## *How to Identify a Source Approval Candidate?*

As described earlier, the Source Approval process has two phases, the SAR evaluation and the qualification test performance, but actually, the first step in the process is the identification of a good candidate. There are a variety of ways that interested parties can find Source approval candidates, but the most common ways are through solicitations for bid, the [Competition Advocate's Shopping List \(CASL\)](#), the [Advance Procurement Planning List \(APPL\)](#) and Market Surveys. A brief description follows:

- **Solicitations For Bid:** These are a buying agencies normal announcement of an intention to buy an item. They appear in the Commerce Business Daily newspaper and on TACOM's Acquisition Center Home Page. They will identify items that are non-competitive and, therefore, Source Approval candidates. However, since they are actual buys in progress, there is usually not enough time to do Source Approval for the current buys. The CMO encourages interested parties to submit SARs for these items for future buys.
- **CASL:** This is a list of non-competitive spare parts put out by the CMO to identify items that TACOM will be buying in the future. It is the definitive list of Source Approval candidates. The intention is to have this information available to industry early enough that offerors can avoid the time problems that prevent Source Approval from being effective during live buys. The CASL has NSN, MPN and Weapons System information as well as three years of projected procurement.
- **APPL:** This is a sister list to the CASL. Identical to the CASL in format and information content, it identifies spare parts that TACOM is planning to buy. For the most part the APPL contains completely competitive items that are not Source Approval candidates. However, there are some restricted parts appearing on the APPL that may be good Source Approval candidates. If you have the CASL and APPL together, you have an almost complete forecast of TACOM's spare parts buys.
- **Market Surveys:** If a non-competitive item is not on the CASL or APPL and TACOM intends to buy it in the future then a, "Source Sought" notification will appear in the Commerce Business Daily. This notification invites interested parties to contact TACOM about the opportunities for Source Approval on the particular item. Once a potential item is identified how does one determine if this item is something that is worthwhile? The CMO will assist an offeror in collecting the necessary information to make an informed decision. The CMO can provide procurement history, technical data, engineering points of contact or any other information that is freely available to the public. We cannot provide proprietary or Privacy Act

information. Information regarding actual solicitations or awards is the domain of the Contracting Officer and may be available from the Acquisition Center. Some information not available from the CMO may be available through the **Freedom of Information Act (see Appendix A)**.

The CMO administers a program called the Replenishment called the Replenishment Parts Purchase or Borrow Program (RPPOB) that allows offerors to buy sample parts to aid in the development of a SAR. More information on the RPPOB is available in Appendix B, but in a nutshell, through the RPPOB offerors can buy parts for reverse engineering, comparison testing or any other reason related to competition enhancement. Because items that are good candidates for Source Approval lack adequate tech data for procurement purposes, it is impossible to re-inspect these items if loaned. For this reason, loans of spare parts are rare and outright sale of RPPOB items is the rule.

## *What are the Source Approval Request Package Requirements*

The most important step in the Source Approval process is the production of the Source Approval Request package, SAR for short. The SAR will contain information that does three things. First, it describes the offeror's general manufacturing capabilities and capacity to produce the selected part. Secondly, it establishes the exact manufacturing processes and practices that will be employed in the manufacture of the selected parts. Finally, it describes the qualification testing procedures that will demonstrate that the item so produced will meet all form, fit and functional requirements. The SAR must be detailed enough to allow the TACOM Engineering organization to determine the likelihood that an acceptable part will be produced by the methods described in the SAR.

## *All SARs must contain the following information:*

**1. Cover letter.** A letter explaining the offeror's intention of becoming an alternative source of supply for a particular item. Identification of the offeror as a small business or corporate affiliations and the Contractor and Government Entity Code (CAGEC) is desirable. The letter must identify the item by NSN or MPN. If the item is the subject of a live buy, please include this information so that the CMO can coordinate efforts with the Acquisition Center.

**2. Brochure or a Synopsis of Offeror's Capability.** A description of the offeror's manufacturing operations and capabilities. Usually any corporate literature or brochures are adequate.

**3. Manufacturer/Supplier Statement.** A brief statement that certifies that the offeror will perform all or most of the manufacturing operations required

for production of the selected part. If the offeror plans to submit the product of another manufacturer, the offeror must so state and identify to company where the actual manufacturing will be done.

**4. Complete Set of Drawings.** All drawings necessary for the production of the item, including forging/casting drawings and data, must be part of the SAR. If the item is a safety/mission critical part, the drawings will be annotated with the critical safety identifier and identify those specific characteristics that are critical (i.e. dimension, material, composition, finish, etc.). If the drawings contain proprietary information, they should be marked accordingly for proper handling.

**5. Quality System Documentation.** Provide a description of the quality assurance system that will be used in the manufacture of the part. Copies of quality program documentation (e.g. MIL-Q-9858, MIL-I-45208. ISO, etc) should be provided.

**6. Special Processes & Materials.** If the item requires special manufacturing processes or materials that are difficult to control or acquire, these processes and materials must be identified and a plan for controlling them must be described. Sub-contractors and vendors must be identified. Examples of the kinds of processes that must be accounted for are, castings/forging, plating/coatings, some kinds of welding, or exotic metals such as gold, titanium or depleted uranium.

**7. Qualification Test Plan.** This is the most important requirement in the SAR because it is a detailed explanation of how the offeror is going to demonstrate that his version of the selected item will work as well as or better than the current version of the item. The test plan should identify all procedures and equipment as well as the location testing will be done. If the testing is to be done at an Independent testing laboratory, the offeror should identify the proposed vendor so that TACOM's quality staff can evaluate the vendor's capability. Generally a test plan cannot be developed without the assistance of the TACOM engineer. By contacting the CMO an engineering point of contact can be established for this purpose. If military vehicle testing is required, the TACOM engineer can assist in making testing arrangements.

If the offeror happens to already actually manufacture the item for the vehicle system OEM or the OEM's sub-contractors, the SAR process can be shortened considerably. By adding copies of the OEM's purchase orders and shipping document to the SAR, the qualification test can sometimes be waived at the discretion of the engineer. Information identifying the item, such as cross-references to the OEM's part number and the military part number or NSN will also speed up the evaluation. As soon as the offeror has developed his SAR he should submit it to the CMO at the following address:

**US Army TACOM  
AMSTA-AQ-C (Mail Stop 309)  
Source Development Officer  
6501 E. 11 Mile  
Warren, MI 48397-5000**

The CMO will assign a unique control number to the SAR and then review it for completeness. The SAR must contain all of the items listed above or it will be returned without action. Once logged in with a control number the CMO identifies the engineering organization responsible for the item and then transfers the SAR to the engineer. After this step the CMO will acknowledge receipt of the SAR in a letter to the offeror and identifies the engineering point of contact. All correspondence and communication about the technical requirements of the SAR should be between offeror and TACOM engineer. This eliminates the CMO as an unnecessary intermediary in this phase of the process. However, in the event of a process breakdown the CMO is always available to arrange meetings, demonstration or otherwise assist the offeror in his Source Approval efforts.

The true evaluation of the SAR begins when the TACOM engineer receives the SAR. The engineer will review the SAR drawings and compare them with the TACOM tech data for the item, if any. If quality assurance or maintenance personnel need to review the SAR the engineer will get them involved in the process. The test plan will be examined for sufficiency. More than likely, the engineer will have questions about the SAR. If the engineer detects any deficiencies in the SAR he (or she) will contact the offeror for clarifications or corrections. Depending on the engineer this may be done over the phone or via letter. Face to face meetings can also be arranged through the CMO.

If the SAR meets the approval of the engineer, he will then authorize the offeror to conduct the qualification test. The ideal situation is to have the testing done at an independent lab that then sends the test results directly to the engineer. Other arrangements are allowable at the discretion of the engineer. If the test requires the use of military vehicles, the engineer may refer the offeror to the Army testing facilities at Aberdeen, MD or Yuma, AZ. Many of our vehicles are in continuous testing the proving ground personnel can provide the offeror with test and fee schedules when asked.

The burden for bearing the cost of qualification testing is placed squarely on the shoulders of the offeror (see Federal Acquisition Regulation Sub-Part 9.2). TACOM is committed to helping the offerors reduce costs where possible. The SAR allows for creativity and flexibility in the test plan. If cost saving measures such as "piggy-backing" are possible then the engineer can take it into consideration. The Source Approval process is a cooperative venture.

After the qualification test is completed, the engineer evaluates the results. If the results show a failure to meet the requirements, the offeror will be allowed to take corrective action and retest if he so desires. There are no time limits on Source Approval as long as the part remains in the logistics system. If the part passes the qualification test the engineer

notifies the offeror and the CMO that he has passed the qualification test and is now to be considered an approved source for that item. If the part has a TACOM drawing and part number associated with it, the engineer will generate an Engineering Change Proposal (ECP) that will add the offeror's name, part number and CAGEC to the drawing. If there is no TACOM drawing associated with the item, the engineer sends a memo to the TACOM Cataloging office with directions to add the offeror's name; part number and CAGEC to the logistics database cross-referenced to the NSN of the item. Once these actions have been accomplished, any future solicitations for bid for that item should be automatically sent to the offeror. If a live buy is in process during this time, the ECP or database entry might not be timely enough for the Acquisition Center to be notified. In this case a memo from the engineer to the buyer identifying the offeror as a new, approved source of supply will be adequate to include the offeror in the bidding.

Once the offeror has passed the qualification test, the engineer has cut the ECP and the database has been updated, what's next? All of this effort has been directed to this point, the point at which the offeror can now compete with the previous supplier. At this point the offeror must sharpen his pencil and respond to the solicitations with his best offer. Source Approval provides no guarantees of contracts, only the opportunity to compete in a market that has only a few competitors. May the best offeror prevail!

## **Appendix A: Sources of Information**

1. Freedom of Information Act (FOIA):  
USA TACOM  
FOIA Office  
Attn: AMSTA-AQ-A/FOIA  
Mail Stop 318  
Warren, MI 48397-5000  
(586) 574-8099
2. Technical Data Requests:  
USA TACOM  
Attn: AMSTA-TR-E/PROC, (Mail Stop 270)  
Warren, MI 48397-5000  
(586) 574-8075
3. [National Automotive Center/ TARDEC](#)  
USA TACOM  
NAC  
Attn: AMSTA-TR-N, Mail Stop 289  
Warren, MI 48397-5000  
(856) 574-6387
4. [TACOM Ombudsperson:](#)  
USA TACOM  
Attn: AMSTA-AQ-C (Mail Stop 309)

Warren, MI 48397-5000  
(586) 574-6597 ... (586) 574- 5020 fax

5. **Competition Management Office:**  
USA TACOM  
Source Development  
Attn: AMSTA-AQ-C, (Mail Stop 309)  
Warren, MI 48397-5000  
(586) 574-6597 / 6547  
(586) 574-5020 fax

## **Appendix B: The Replenishment Parts Purchase or Borrow Program (RPPOB)**

The RPPOB program allows Source Approval offerors an opportunity to buy or borrow the item from the Government. The offeror may use the sample for reverse engineering, comparison testing or any other way to assist in developing a SAR. The item must be in stock and must be a TACOM managed item. The RPPOB can only be used for developing competition; it cannot be used to get samples for production purposes. An offeror wishing to obtain an item should send a letter or fax to the following address:

**USA TACOM**  
**RPPOB Program Officer**  
**Attn: AMSTA-AQ-C (Mail Stop; 309)**  
**6501 E. 11 Mile**  
**Warren, MI 48397-5000**  
**Phone: (586) 574-5207**  
**FAX: (586) 574-5020**

The letter should be on corporate letterhead and explain that the item is necessary to develop a Source Approval Request package. It should also contain the nomenclature and NSN of the item desired. Because the items that are suitable for Source Approval lack complete technical data, TACOM does not always have sufficient information to completely re-inspect items. For this reason loans are very rare in the RPPOB. Sales are the rule and all sales are final, TACOM will not buyback or otherwise accept an item in return. Consumable items cannot be loaned at all under TACOM policy. If an offeror wishes simply to inspect an item, arrangements can sometimes be made at a Depot or other Army facilities for the offeror to view an item. Viewing at the Depot sometimes incurs an expense for the handling of the item. Please contact CMO personnel for special arrangements.

Sales or loans under the RPPOB are made under a written sales or loan agreement containing the following conditions:

1. The offeror is a prospective supplier of the item.
2. The sale/loan is in the interest of the national defense.
3. Transfer of the item to a third party is prohibited.
4. Transfer of technical data derived from the item will not be transferred to a third party without Army consent.
5. The Government shall not be held responsible for damage to the property of the offeror or other or for personal injuries to the offeror's officers, agents, servants or employees or to other persons arising from an incident to sell or loan Government material.
6. For loans the offeror will be required to post a security deposit equal in value to the cost of the item plus administrative charges. Administrative charges may include costs to develop re-inspection criteria if necessary.
7. All sales are final.
8. All sales/loans require the approval of the Director of the Acquisition Center. This approval shall be obtained by using a written determination prior to executing the sales or loan agreement.

[Market Survey](#)