



*Counterfeit Parts DFARS
252.246-7007/7008*

What Does It All Mean?

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CQSDI Training Workshop, Session 1





DFARS 252.246-7007

1. Training of personnel

2. Risk-based Inspections and tests

3. Process to abolish counterfeit parts proliferation

4. Process for maintaining part traceability

5. Precedence to use OCMs and OCM Authorized Suppliers

6. Reporting and Quarantine of suspect and counterfeit parts

7. Methodology to detect suspect parts

8. Design, Operations and maintenance for detection and avoidance

9. Supply chain flow-down of requirements

10. Process for keeping continuously informed

11. Process for screening GIDEP reports and other information

12. Obsolescence Management

*** 7008 Enhancements**



Program Deployment

1. Implement A Strict DMSMS Program

2. Manage your End of Life notices

3. Control ID Purchases, OEM/OCM or Franchised sources only, make it hard to purchase from IDs

4. Assure engineering change and remanufacturer assessments are conducted prior to authorizing ID purchases

5. Control Your Independent Distributors and Suppliers

6. Define state of the art authenticity inspection and test requirements

7. Track and Document Lessons Learned

8. Impound and Report any Counterfeit Parts

9. Influence Your Customers To Support Re-Design Efforts

10. Educate Your Workforce And Subcontractors

7008 Enhancements



- **Risk-based Inspections and Tests, Contractor vs. Government responsibilities defined**
 - Contractor responsible for authenticity testing when parts cannot be traced back to the OCM
 - Contractor authenticity records required, must make these records available to the government
 - Government responsible for the authentication of acquisitioned parts
- **Traceability, Significant Enhancement that Addresses the System vs. Specific Documentation**
 - Requirement is to have a system that enables tracking of the electronic part from the manufacturer to product acceptance
 - Basic material and inventory controls
 - Does not mean space level traceability requirements
 - No longer required to maintain certification and traceability documentation developed by the manufacturer
 - Can maintain trace only from the OCM's Authorized/Franchised Suppliers, traceability does not have to be C of Cs
 - No longer required to identify the name and locations of supply chain intermediaries



7008 Enhancements



- **Contracting Officer (CO) Approval vs. Notification**

- The DFARS has no written conditions for obtaining contractor approval of DFARS violations
- However, a contractor cannot purchase electronic parts from their “contractor-approved suppliers” if the parts are still in production or available from the OCM or their authorized suppliers
 - This by default leads to an approval or contractual communication process if parts are needed to support critical schedules, impacts from OCM stop shipments, etc.
- Notifications to the CO are required for:
 - Use of non-contractor approved sources
 - Use of suppliers that refuse the flow-down of these DFARS requirements
 - Use of parts comingled with unconfirmed new parts

So What Does It All Mean?



So What Does It All Mean?

That All Departmental Disciplines Understand Their Roles and Responsibilities

Corporate Policy 602

Roles and Responsibilities

The divisions of L-3 have incorporated the counterfeit risk mitigation process into their current business process in compliance with Policy 602.

Quality Responsibilities



Roles

Roles Continued

Quality is responsible for:

- Ensuring division compliance with this policy
- Ensuring their division develops internal procedures consistent with this policy

Policy 602 Roles and Responsibilities

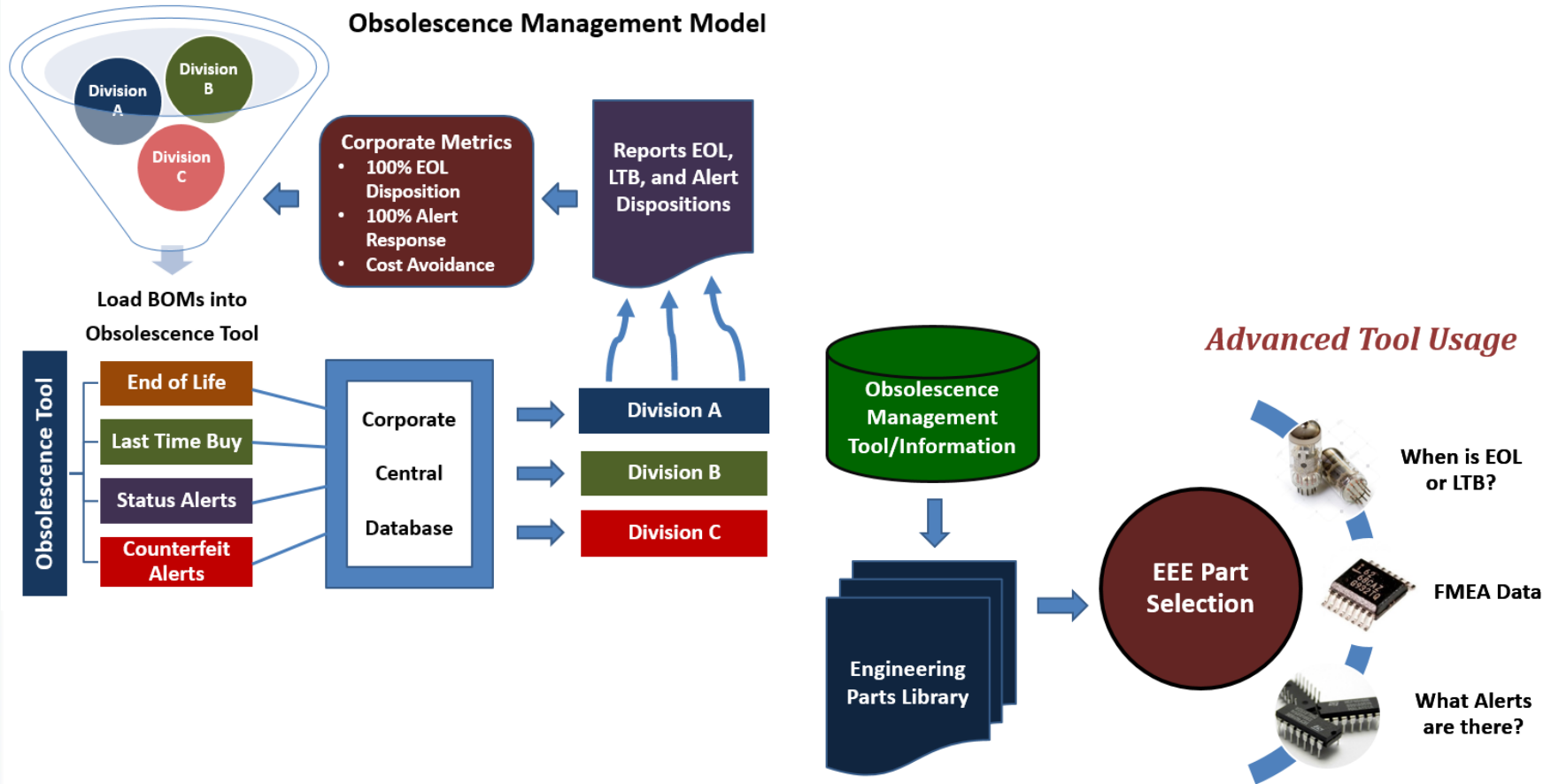


Quality

The First Time. Every Time.

So What Does It All Mean?

That You Deploy An Enterprise Obsolescence Management Program



The sooner you know your exposure to obsolescence, the sooner you can avoid costs of significant engineering changes and sustainment while decreasing risks of counterfeit parts

The First Time. Every Time.



So What Does It All Mean?

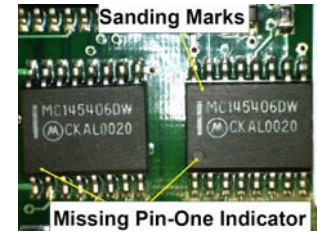
- **That your Counterfeit Parts Program documents a precedence to purchase parts from OCMs and OCMs Authorized Suppliers**
- **Program should address additional controls when using sources that purchase parts exclusively from the OCM or the OCM's authorized suppliers**
 - Audits or surveys to assure these suppliers follow all the right procurement rules to assure proper traceability controls
 - Secure the traceability yourselves with delivered parts
- **That use of your Contractor-approved Suppliers are more than a quick approval of adding them to your Approved Supplier List (ASL)**
 - They should have a good history of procuring authentic, complaint parts on the independent market
 - Verify risk mitigation processes and authenticity inspection and test methods through physical or third party surveys/certifications to industry standards

So What Does It All Mean?

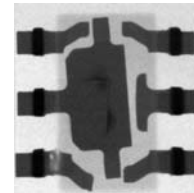


That You Deploy Advanced Mitigation Processes

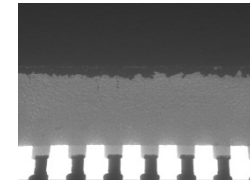
- 100% Visual Inspection
 - Top method for identifying counterfeit parts for blacktopping, remarking, and handling damage
 - Addresses sprinkles, counterfeits hidden amongst good parts



- 100% X-Ray
 - Missing, wrong, and tampered die



- Scanning Electron Microscopy (SEM)
 - Blacktopping undetected by visual inspection
 - Lapping, sand-blasting, and contaminates from remarking



- Die Verification and Blank Testing
 - Detects tampering or installation of counterfeit dies and micro electronics
 - Assures parts are not programmed with unauthorized, malware software



- Hard Drive SMART and Blank Testing
 - Assures hard drives are new and have not been programmed or used, includes tracing serial numbers to mfg. information
 - Assures hard drives do not contain malware

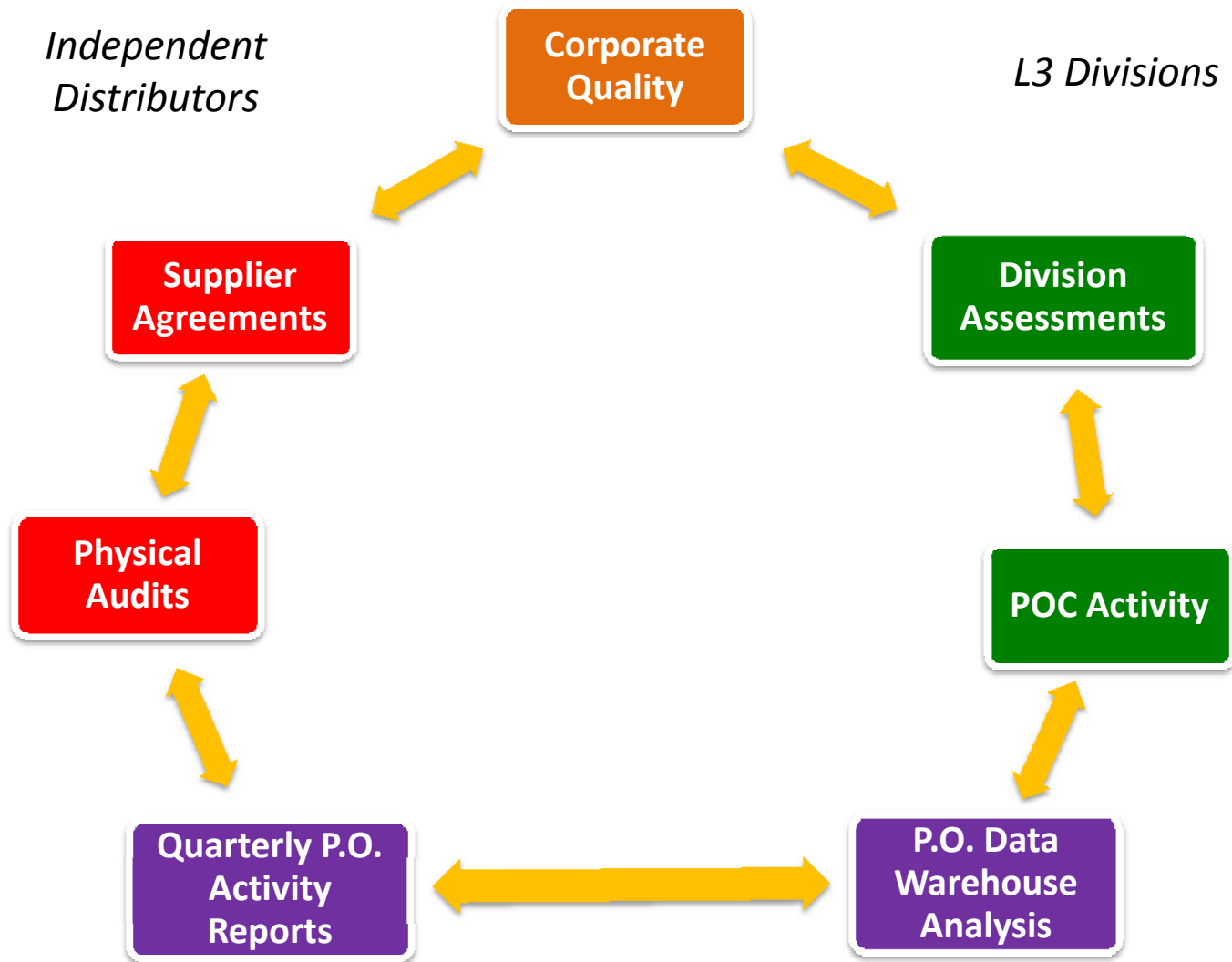


The First Time. Every Time.



So What Does It All Mean?

Assure Policy/Program Compliance



Quality

The First Time. Every Time.



So What Does It All Mean?

Measure Policy/Program Compliance

Program Element	Description	Score
DMSMS	Loading 100% of BOMs & addressing EOLs	1
DMSMS	Data is an integral part of the proposal process	0
Engineering	Engineering is actively engaged in finding alternate solutions when obsolete parts are identified	2
Engineering	Design changes and use of re-mfg. rationale is documented	1
Supply Chain	System limits P.O.s to Independent Distributors	2
Supply Chain	System documents traceability to OEMs/OCMs, franchised distributors and <u>approved</u> IDs	2
Quality	Audit program encompasses your company, IDs, CMs, and critical suppliers	0
Quality	Measurement system monitors ID P.O. activity, suspect incidents, audits, industry reports, and lessons learned	1
Training	Program addresses company and supplier training	2

0 = **Non-Compliant**

1 = **Partial Compliance**

2 = **Fully Compliant**

The First Time. Every Time.