

**SUBPART 246.8—CONTRACTOR LIABILITY FOR LOSS OF OR DAMAGE TO
PROPERTY OF THE GOVERNMENT**

(Added May 6, 2014)

**246.870 Contractors' Counterfeit Electronic Part Detection and Avoidance
Systems.**

246.870-1 Scope. This section—

(a) Implements section 818(c) of the National Defense Authorization Act for Fiscal Year 2012 (Pub. L. 112-81); and

(b) Prescribes policy and procedures for preventing counterfeit electronic parts and suspect counterfeit electronic parts from entering the supply chain when procuring electronic parts or end items, components, parts, or assemblies that contain electronic parts.

246.870-2 Policy.

(a) *General.* Contractors that are subject to the Cost Accounting Standards (CAS) and that supply electronic parts or products that include electronic parts and their subcontractors that supply electronic parts or products that include electronic parts, are required to establish and maintain an acceptable counterfeit electronic part detection and avoidance system. Failure to do so may result in disapproval of the purchasing system by the contracting officer and/or withholding of payments (see [252.244-7001](#), Contractor Purchasing System Administration).

(b) *System criteria.* A counterfeit electronic part detection and avoidance system shall include risk-based policies and procedures that address, at a minimum, the following areas (see [252.246-7007](#), Contractor Counterfeit Electronic Part Detection and Avoidance System):

- (1) The training of personnel.
- (2) The inspection and testing of electronic parts, including criteria for acceptance and rejection.
- (3) Processes to abolish counterfeit parts proliferation.
- (4) Processes for maintaining electronic part traceability.
- (5) Use of suppliers that are the original manufacturer, sources with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer or suppliers that obtain parts exclusively from one or more of these sources.
- (6) The reporting and quarantining of counterfeit electronic parts and suspect counterfeit electronic parts.
- (7) Methodologies to identify suspect counterfeit electronic parts and to rapidly determine if a suspect counterfeit electronic part is, in fact, counterfeit.

Defense Federal Acquisition Regulation Supplement

Part 246—Quality Assurance

- (8) Design, operation, and maintenance of systems to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts.
- (9) Flow down of counterfeit detection and avoidance requirements.
- (10) Process for keeping continually informed of current counterfeiting information and trends.
- (11) Process for screening the Government-Industry Data Exchange Program (GIDEP) reports and other credible sources of counterfeiting information.
- (12) Control of obsolete electronic parts.

246.870-3 Contract clause.

(a) Except as provided in paragraph (b) of this section, use the clause at [252.246-7007](#), Contractor Counterfeit Electronic Part Detection and Avoidance System, in solicitations and contracts when procuring—

- (1) Electronic parts;
- (2) End items, components, parts, or assemblies containing electronic parts; or
- (3) Services where the contractor will supply electronic parts or components, parts, or assemblies containing electronic parts as part of the service.

(b) Do not use the clause in solicitations and contracts that are set-aside for small business.