Attachment 5

**QUALITY SYSTEMS MANAGEMENT VISITS & PRODUCE QUALITY AUDITS**

A. Unannounced Quality Systems Managements Visits (QSMVs):

1. The DLA Troop Support Quality Audit personnel may conduct unannounced Quality Systems Management Visits ("QSMVs") to review the Contractor's compliance with the terms of the contract. The visits will be scheduled as a result of unsatisfactory ratings received during Troop Support Produce Quality Audits, customers' complaints, requests from the Contracting Officer, or as deemed necessary by the Government. QSMVs may include visits to subcontractors, growers, and/or suppliers/food distributors used by the contractor. If DLA Troop Support deems it necessary to conduct an on-site visit with a subcontractor, grower, produce supplier, and/or food distributor used by the contractor, the contractor shall make arrangements for these visits.

2. During the QSMV the Government will review/verify the Contractor's implemented Quality Program and several or all of the following areas (this list is not inclusive) as deemed necessary: The methods and procedures used to comply with the terms of the contract; condition of storage facilities; product shelf-life management; inventory in-stock (age of product and condition, labeling, product rotation, etc.); product substitutions; control of material targeted for destruction/disposal as a result of DLA customers' returns including DLA Troop Support's audit results and recalls; review of paperwork for product destroyed/condemned including but not limited to product rated Blue/Red, as described below, during the last DLA Troop Support quality audit, customer, returns, etc.; Contractor's notification of product recalls (product rated Blue/Red/other reason), etc; contractor's response to customer returns/issues, and contractor's visits to customers. The QSMV may also include unannounced visits to DLA Troop Support customers serviced by the Contractor. When the Troop Support Produce Quality Audit Team arrives at the Contractor's facility, the Contractor must provide the following: a copy of the current Produce Catalog for DLA customers and an inventory list of all items intended for DLA customers (identifying quantities by item, label/brand/Grower name , items Not-in-Stock, etc.) by commodity and sorted by warehouse location.

3. The Contractor's proposal will be incorporated by reference into the contract. The Contractor will be responsible for complying with its proposal. Procedures and processes set forth in the Contractor's proposal may be used as standards for a QSMV. If there is any conflict between the contract (which incorporates the solicitation) and the Contractor's proposal, the contract governs.

4. The Contractor must take corrective action to address any concerns identified as a result of the QSMV. Concerns identified during the QSMV, or Contractor failure to take corrective action in response to QSMV findings, may be grounds for terminating the contract. The Government may, at its discretion, take other action to correct the concerns identified during the QSMV such as but not limited to another QSMV or Special Produce Audit. Such action will not eliminate the Government's right to terminate the contract should the identified concerns or Contractor's failure to take corrective action continue.

B. Produce Quality Audits:

1. Basic Audits:

(a) The DLA Troop Support Produce Quality Audit Program covers all produce items listed in the Contractor's catalog (fresh, fruits and vegetables, fresh-cut products, etc.) and functions as a Service and Quality Assurance check for DLA Troop Support customers to ensure customers are receiving safe produce of an optimum quality level. The audit objectives focus on the following:

(i) Contractor's adherence to contractual requirements.

(ii) Compliance with the specified US Grade Number 1 quality or better.

(iii) The quality level of the products supplied is satisfactory and uniform.

(iv) There is no product misrepresentation or unapproved substitution.

(b) The Produce Quality Audit objectives are accomplished utilizing the expertise of the USDA Agricultural Marketing Service ("AMS") Fresh Products Branch personnel and DLA Troop Support Quality Auditors. Representatives from the above agencies form the DLA Troop Support Produce Quality Audit Team.

(c) Each Contractor will undergo an audit at least once per contract period (i.e. each Tier). The Audits are conducted as a product cutting. The average cost of one Produce Quality Audit is approximately $1,000.00 (product cost only). The Contractor is expected to provide samples of the Government's choice at a cost of approximately $1,000.00 per audit. The Contractor is required to provide the following support to the DLA Troop Support Produce Quality Audit Team: personnel and equipment to select separate/move/discard audit samples, control of samples while at the Contractor's facility and during the audit. Additional cost may be incurred by the Contractor if additional produce samples are selected due to initial audit failure or customer complaint or if the Contractor's facility does not have a facility/kitchen or the equipment needed to perform the audit and/or space to accommodate customers attending the audit. NOTE: The Government reserves the right to conduct an unannounced QSMV in lieu of an audit or a follow-up audit if deemed in the best interest of the Government.

2. Audit Process:

(a) Typically, the Contractor will be given advanced notice of 60 calendar days of an impending audit. Notwithstanding this, the Government reserves the right to conduct unannounced Produce Quality Audits or QSMVs as necessary.

(b) The DLA Troop Support Produce Quality Audit is typically a two (2) day process. Day One is devoted to sample selection at the Contractor's warehouse and performance of the USDA's Good Agricultural Practices ("GAP") & Good Handling Practices ("GHP") Audits. Day Two encompasses the performance of the actual Produce Quality audit.

(c) Upon arrival at the Contractor's facility (Day One), the Lead Auditor will provide a list of items identified for evaluation and the samples will be selected by a USDA-AMS' Auditor. The Lead Auditor will accompany the USDA-AMS during the performance of the GAP/GHP Audits.

(d) Items selected for evaluation will be segregated from the Contractor's regular inventory and appropriate procedures shall be used to maintain the integrity of the samples. Evidence that the Contractor has replaced or tampered with samples, or otherwise interfered with the audit samples and/or audit process will result in the Contractor failing the audit. One or more audit failures may be grounds for terminating the contract.

(e) During the Produce Quality Audit (Day Two), the DLA Troop Support Lead Auditor will assign an item rating based on compliance with or departure from stated requirements in the DLA Troop Support NSN catalog and the specified US Grade Standard. Items will also be audited to determine compliance with the Berry Amendment, as applicable, approved source requirements, FDA Retail Food Code, USDA Warehousing Standards, Good Manufacturing Practice, additional provisions of the Code of Federal Regulations and other applicable standards.

(f) Failure to meet the specified US Grade Number quality, deviations from the required contract or stock number requirements, and other noted deficiencies will be color coded and classified based on the severity of departure from requirements as follows:

(i) Contractor Product Audit Ratings (Color Coded):

a. **ACCEPTABLE (GREEN)** = Acceptable. No deviations from the contract or the item description stock number requirements.

b. **MINOR NONCONFORMANCE (YELLOW)** = Not fully acceptable. A Minor nonconformance is a deviation from the contract or the item description stock number requirements. This minor nonconformance is not likely to materially reduce the usability or serviceability of the item for its intended purpose and, depending on the defect, or affect is its condition and/or the continued storage of the item for further use. Products that meet the specified US Grade but exhibit product defects (decay, spoilage, skin breakdown, etc.) likely to continue affecting the condition of the product and continue deteriorating during storage and/or effecting good product if defective units are not removed from cases/containers. Examples of other minor nonconformance: Cataloging issues; Minor or workmanship/fabrication violations (fresh pre-cut products); Minor weight violations; Minor deviations from packing, packaging, labeling and marking requirements that would not necessitate a regulatory market suspension or affect DLA Troop Support's ability to recall the item. **ACTION REQUIRED:** Produce with defects (decay, spoilage, skin breakdown etc.) that will continue deteriorating or condition/defects that will affect the condition of good product during storage requires attention from the contractor such as reworking and removing defective product while in-storage or prior to delivering to customers. Minor nonconformance that will not change or further deteriorate (scars, size, weight, etc.) while product is in-storage or when delivered to the customer may be tolerated by the customer for a short period of time (until the contractor receives a new product at OCONUS but for no more than 30 days at CONUS locations).

c. **MAJOR NONCONFORMANCE (BLUE)** = A major nonconformance, other than critical, is a deviation from the contract, the item description stock number and/or failure to meet the specified US Grade requirements. This major nonconformance is a deviation that materially affects or is likely to have a major effect on the serviceability, usability, condition and/or continued storage of an item for further use. Examples of major nonconformance's: Grade failures; Domestic source/regulatory/approved source violations; Wrong item; Major workmanship/fabrication violations (pre-cut items); Major weight violations; Item shelf life/ expiration date violations; Not latest season pack/crop year violations; Items that exhibit temperature abuse, and/or other off condition that although not likely to result in hazardous or unsafe conditions, the defect and/or combination of defects materially affect the item serviceability for its intended purpose; and/or major deviations from packing, packaging, labeling and markings that would necessitate a regulatory market suspension or have a major effect on DLA Troop Support 's ability to recall the product. **ACTION REQUIRED:** The contractor is required to STOP ISSUE of the item immediately, unless otherwise approved by the Contracting Officer.

d. **CRITICAL NONCONFORMANCE (RED)** = A critical nonconformance is a deviation that judgment and experience indicate consumption of the item is likely to result in hazardous or unsafe conditions for individuals. An item will receive a Red Rating if it contains a critical defect(s) that involve food safety issues such as wholesomeness, foreign material, contamination or adulteration issues that judgment and experience indicate consumption of the item is likely to result in hazardous or unsafe conditions for individuals. Examples of critical nonconformance's: Items with food safety concerns are those items that exhibit contamination, foreign material, and/or other conditions that render an item unfit for human consumption. **ACTION REQUIRED:** Contractors are required to immediately STOP ISSUE of the product and notify DLA Troop Support customers to return or

dispose of the product in question, and notify grower/supplier/distributor of the product (if applicable).

(ii) Notes:

a. **MAJOR NONCONFORMANCE (BLUE)** = In OCONUS locations only, the Contracting Officer may approve continued issue of the product because of location extenuating circumstances and on a case-by-case basis. This approval is depending on the type and severity of the deviation/defect, the DLA Troop Support Quality Lead Auditor (lead Auditor that performed the audit) recommendation, customer approval, and if the substitute of equal/higher quality is Not-in-Stock at OCONUS location. Continue issue of the item may require and include contractor screening/rework of the nonconforming product (removal of defective product) and follow-up Government inspection/audit to verify action taken by the contractor (at no cost to the Government for inspection/travel costs). At CONUS/OCONUS locations, only the Contracting Officer, **NOT** the customer or the Lead Auditor, has the authority to accept wrong items (not meeting item description cited in DLA Troop Support catalog or not meeting the specified US Grade cited in the contract, etc.). The Rating assigned to the item WILL NOT be changed by the Lead Auditor because of acceptance with a waiver/rework/repair of the product in question. The DLA Troop Support Food Safety Office at the request of the Contracting Officer, may issue a restricted (to DLA Troop Support customers only) a Hazardous Food Recall for all those items originating from an unapproved source and distributed to DLA Troop Support customers.

b. **CRITICAL NONCONFORMANCE (RED)** = The DLA Troop Support Food Safety Office will issue a Hazardous Food Recall for all critical nonconformance's involving items with food safety concerns that render an item unfit for human consumption or may present a health hazard for DLA Troop Support customers. If applicable, the Contracting Officer should suggest growers/suppliers of the item to review shipping documents to ensure the same item was not delivered to other DOD customers.

3. Contractor Audit Preparation:

(a) The Contractor is responsible and will bear all costs for the facility and the equipment/supplies used during the audit. Immediately upon receipt of the audit notification, the Contractor shall make arrangements to use their normal product cutting room/kitchen (if adequate) or find another facility for the audit. If there is no space available at the Contractor facility or the space is inadequate other arrangements must be made by the Contractor. The room must be equipped with running water. To ensure accurate weight of audited items, it is highly recommended that scales used during the audit are calibrated within the 60-day notification period and an applicable set of test weights are available to verify scale accuracy. A digital scale capable of weighing small items and a scale capable of weighing full cases are required. Cleanup of the cutting area/room and continuous cleanup of equipment will be the Contractor's responsibility. The Contractor must contact the Lead Auditor to discuss the location, adequacy of the facility, and equipment available as soon as possible but no later than 45 Calendar days prior to the audit. The following is the list of equipment/supplies needed:

(i) Storage area to store samples selected (approximately 2 pallets).

(ii) Chill storage area for samples that require refrigeration (approximately 2 pallets).

(iii) Tables for conducting the audit and demonstration.

(iv) Sinks/wash area equipped with sanitizing soap for cleaning knives and equipment.

(v) Water jet spray attachment for the sink.

(vi) Calibrated Scales/Test Weights: One small digital scale able to record product weights in both ounces and grams and capable of measuring down to the nearest hundredth is preferable and a set of test weights with a recommended weight range of 1.0 ounce to 1 pound; and, one scale able to record product weights for full cases with an approximate weight range of 0 - 100 lb and capable of measuring down to the nearest tenth is preferable and a 25 lbs test weight.

(vii) Cart to move samples around.

(viii) Cutting boards (two or three).

(ix) Large trash cans with bags.

(x) Power hook-up for 2 computers.

(xi) Access to a copy machine.

(xii) Miscellaneous supplies: Paper towels; large heavy-duty plastic trash bags; one box of large latex gloves; paper flip chart/easel with markers (RED, BLUE, ORANGE, GREEN, BLACK); cellophane tape; binder clips; and a stapler.

(xiii) Optional but considered highly desirable: Cloth towels and floor covering to maintain clean and sanitary floor areas.

4. Sample List / Selection of Samples:

(a) Sample List/Selection of Samples the DLA Troop Support Lead Auditor will provide a list of sample items upon arrival at the Contractor's facility. Two-case sample for each item will be selected. An on-hand inventory quantity report (i.e. number of cases on hand) should be developed for each item after receipt of the list. Warehousing assistance will be required to pull and prepare samples for the audit. Assistance with moving samples from the storage areas to the audit area and also continuous removal of items after review will be required on audit days. Some samples may require refrigeration; an area will need to be provided for sample storage. All samples must be stored in a controlled environment to protect from temperature abuse or tampering. Fruit and Vegetable commodities will consist of 8 - 13 samples (2-case/ shipping container per item) randomly selected per each commodity depending on last audit acceptability rating for each commodity. The entire contents of the two-case samples will be examined during the audit. Additional samples may be selected at the request of the Contracting Officer at his/her discretion.

**Note:** Certification/Documentation - To avoid delays/questions during the audit, the Contractor should ensure that ALL products intended for DLA Troop Support's customers are derived from Approved Sources and meet the Berry Amendment requirements (unless otherwise is excluded in the contract or authorized by the Contracting Officer). The Contractor should obtain and have certification/documentation available during the sample selection (preferable) and/or during the audit should the Lead Auditor need to review documentation to verify compliance.

5. Audit Results:

(a) The audit results are performance indicators that will be used in conjunction with a Contractor's past performance. DLA Troop Support considers 85% acceptability for each commodity (fresh fruits and vegetables) as the minimum standard for acceptable performance. Contractors will be given a detailed report on each product reviewed. It will be the Contractor's responsibility to take immediate action to correct any deficiency uncovered during the audit. Corrective action must include action to address the deficiency and the system which allowed the deficiency to occur. Audit failures and/or failure to take corrective action may be grounds for terminating the contract.

6. Follow-Up Audits:

(a) Follow up audits may be scheduled within a one-year period of the initial audit or sooner as deemed necessary by the Government. Grounds for follow-up audits include but are not limited to failure to obtain an acceptable rating (<85%) in one or more commodities, repetitive failures, and customer complaints. All samples, audit facility, and equipment/supplies needed for the follow-up, same as indicated above for the initial audit, are to be at the expense of the Contractor. During a follow-up audit only the commodity that failed the initial audit (scored <85%) will be audited. Also, a commodity that had an unreasonable number of items not-in-stock (more than 50% of items listed in the Contractor's catalog were NIS) during the initial audit, may also be audited during a follow-up. If the follow-up audit is for failure of the USDA-AMS' GAP or GHP Audits or other non-product issue, no product will be audited during the follow-up audit.

7. Audit Failures:

(a) As noted herein, audit failures and/or failure to take corrective action may be grounds for terminating the contract. The Government may, at its discretion, take other action to address the audit failure such as, but not limited to unannounced QSMVs and/or follow-up audits. Such action will not eliminate the Government's right to terminate the contract should the deficiency or system which allowed the deficiency to occur remain uncorrected.

C. Markings:

1. Code Dates:

(a) Products, as applicable, shall be identified with readable open code dates clearly showing the Use by Date, Date of Pack (DOP), Expiration Date, Manufacturer Sell-by-Date, and/or similar marking. The Contractor/packer's product label shall clearly identify the item(s) shelf life information (using an open code date on the exterior of each case, if required or applicable). Fresh-cut products bags must be marked with the appropriate shelf life from the Date of Production (DOP).

2. Traceability Requirements for Contractors, Contractor's Suppliers Re-Packaging and Re-Labeling Products:

(a) All fresh fruits and vegetables must be able to be traced back to the grower/supplier of the product. If the Contractor or the Contractor's distributor/supplier removes the produce from the grower/packer's original packaging/shipping container and re-packages/re-labels an item, documentation must be maintained to trace that item back to the grower/packer in order to verify domestic origin, approved source as applicable, and/or in case of a hazardous food recall or an item is rated Red/Critical during a DLA Troop Support Produce Quality Audit. The Contractor shall maintain or request from its suppliers documentation/certificates containing the following information: item nomenclature, name of establishment/grower, location, country of origin, date of production/pack ("DOP"), lot number, etc. If packaging of the item occurred in more than one establishment throughout the supply chain, documentation for each item must also be maintained / provided at each of those establishments. These records must maintain traceability of the item to the extent that an item can be traced back to the original grower/packer of a product. In addition; the Contractor

shall maintain records of quantities and when and where the re-packaged/re-labeled item(s) were shipped. The Contractor must be able to show/provide DLA Troop Support Produce Quality Audit Team the documentation for samples selected during Produce Quality Audits or Unannounced QSMVs. It is the Contractor's responsibility to notify and ensure that its suppliers understand and comply with this requirement. The above requirements are necessary in the event of a Hazardous Food Recall (i.e., ALFOODACT) of potentially hazardous product when a recall is issued by a Regulatory Agency and for the Contractor to isolate suspected items in order to notify customers in an expeditious manner whenever products are rated "Red/Critical" during a DLA Troop Support Produce Quality Audit. The above requirements serve two main purposes:

(i) To protect DLA Troop Support 's customers and expeditiously notify them in case of accidental or intentional tempering/contamination and/or to prevent consumption of unsafe/hazardous Produce; and

(ii) To maintain traceability of re-packaged/re-labeled products in order to verify country of origin, approved source requirement during the shelf life cycle of a pre-cut/packaged product in the Contractor storage and during the customer's receipt/storage of the product and be able to expedite the recall process for all suspected products intended for DLA Troop Support customers.