

**44.305-3 Withholding or withdrawing approval.**

(a) The ACO shall withhold or withdraw approval of a contractor's purchasing system when there are major weaknesses or when the contractor is unable to provide sufficient information upon which to make an affirmative determination. The ACO may withdraw approval at any time on the basis of a determination that there has been a deterioration of the contractor's purchasing system or to protect the Government's interest. Approval shall be withheld or withdrawn when there is a recurring noncompliance with requirements, including but not limited to—

- (1) Cost or pricing data (see 15.403);
- (2) Implementation of cost accounting standards (see 48 CFR chapter 99 (Appendix B, FAR loose-leaf edition);
- (3) Advance notification as required by the clauses prescribed in 44.204; or
- (4) Small business subcontracting (see subpart 19.7).

(b) When approval of the contractor's purchasing system is withheld or withdrawn, the ACO shall within 10 days after completing the in-plant review (1) inform the contractor in writing, (2) specify the deficiencies that must be corrected to qualify the system for approval, and (3) request the contractor to furnish within 15 days a plan for accomplishing the necessary actions. If the plan is accepted, the ACO shall make a follow-up review as soon as the contractor notifies the ACO that the deficiencies have been corrected.

[48 FR 42388, Sept. 19, 1983, as amended at 59 FR 67043, Dec. 28, 1994; 62 FR 51271, Sept. 30, 1997]

**44.306 Disclosure of approval status.**

Upon request, the ACO may inform a contractor that the purchasing system of a proposed subcontractor has been approved or disapproved, but shall caution that the Government will not keep the contractor advised of any changes in the approval status. If the proposed subcontractor's purchasing system has not been reviewed, the contractor shall be so advised.

[62 FR 12719, Mar. 17, 1997]

**44.307 Reports.**

The ACO shall distribute copies of CPSR reports; notifications granting, withholding, or withdrawing system approval; and Government recommendations for improvement of an approved system, including the contractor's response, to at least—

- (a) The cognizant contract audit office;
- (b) Activities prescribed by the cognizant agency; and
- (c) The contractor (except that furnishing copies of the contractor's response is optional).

[62 FR 12719, Mar. 17, 1997]

**Subpart 44.4—Subcontracts for Commercial Items and Commercial Components**

SOURCE: 60 FR 48249, Sept. 18, 1995, unless otherwise noted.

**44.400 Scope of subpart.**

This subpart prescribes the policies limiting the contract clauses a prime contractor may be required to apply to any subcontractors that are furnishing commercial items or commercial components in accordance with Section 8002(b)(2) (Public Law 103-355).

**44.401 Applicability.**

This subpart applies to all contracts and subcontracts. For the purpose of this subpart, the term "subcontract" has the same meaning as defined in part 12.

**44.402 Policy requirements.**

(a) Contractors and subcontractors at all tiers shall, to the maximum extent practicable:

- (1) Be required to incorporate commercial items or nondevelopmental items as components of items delivered to the Government; and
- (2) Not be required to apply to any of its divisions, subsidiaries, affiliates, subcontractors or suppliers that are furnishing commercial items or commercial components any clause, except those—

(i) Required to implement provisions of law or executive orders applicable to