Federal Acquisition Regulation

42.1104 Surveillance requirements.

(a) The contract administration office determines the extent of production surveillance on the basis of (1) the criticality (degree of importance to the Government) assigned by the contracting officer (see 42.1105) to the supplies or services and (2) consideration of the following factors:

(i) Contract requirements for reporting production progress and performance.

(ii) The contract performance schedule.

(iii) The contractor’s production plan.

(iv) The contractor’s history of contract performance.

(v) The contractor’s experience with the contract supplies or services.

(vi) The contractor’s financial capability.

(vii) Any supplementary written instructions from the contracting office.

(b) Contracts at or below the simplified acquisition threshold should not normally require production surveillance.

42.1105 Assignment of criticality designator.

Contracting officers shall assign a criticality designator to each contract in the space for designating the contract administration office, as follows:

<table>
<thead>
<tr>
<th>Criticality Designator</th>
<th>Criterion</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Critical contracts, including DX-rated contracts (see subpart 11.6), contracts citing the authority in 6.302-2 (unusual and compelling urgency), and contracts for major systems.</td>
</tr>
<tr>
<td>B</td>
<td>Contracts (other than those designated “A”) for items needed to maintain a Government or contractor production or repair line, to preclude out-of-stock conditions or to meet user needs for nonstock items.</td>
</tr>
</tbody>
</table>