



United States
Department of
Agriculture

August 10, 2001

DDOD-100
EOD-82
BCD-11

Farm and Foreign
Agricultural Services

Farm Service Agency

Kansas City
Commodity Office
P.O. Box 419205
Kansas City, Missouri
64141-6205

NOTICE TO THE TRADE
ALL DOMESTIC AND EXPORT SUPPLIERS
TOTAL QUALITY SYSTEMS AUDIT AND
NEW CONTRACT ELIGIBILITY REQUIREMENTS

This Notice is to announce intended changes in the Total Quality Systems Audit (TQSA) program that the Farm Service Agency (FSA) currently uses as a method of supplier verification for food assistance program contracts. Notice to the Trade DDOD-56/EOD-49, dated June 3, 1999, provides specific details, initial minimum requirements, and the TQSA Supplier Guidelines, which also can be found at the TQSA website <http://www.fsa.usda.gov/daco/pdd/tqsa.htm>. FSA is making the following major changes to the TQSA Supplier Guidelines, TQSA Report Form TQ-003, and the contract eligibility of offerors to submit bids:

- Update the TQSA Fee Schedule to adjust the hourly fee to \$94.00 per auditor hour to recover actual program costs (Attachment A).
- Adjust the Frequency Level (FL) charts to remove references to TQSA scores below 80 and frequency levels IV and V (Attachment A).
- Update the TQSA Report Form TQ-003 checklist to include Element 4.21 Customer Satisfaction. This element is taken from the new ISO 9000:2000 and pertains to the measurement of customer satisfaction and the retrieval of customer input for use in the continuous improvement processes of the suppliers (Attachment B).
- Amend the applicable commodity announcement terms and conditions for eligibility of offerors as follows:
 - A result of "0" in any element of Form TQ-003 would preclude participation in commodity purchase programs until such time corrective action is determined, implemented, and verified as effective. (Element scoring: 0 = one (or more) questions with a result of "0," or four or more questions with a result of "M".)

- Offerors shall be allowed to offer only from plants that have received an audit score of at least 80 points (exclusive of "0" in any of the above elements). Supplier contracts awarded prior to October 1, 2001, will still require plants to maintain a TQSA score of 70 or higher until the contract has been completed.

Changes to the contract eligibility requirements of offerors will become effective with contracts awarded on or after October 1, 2001. Adjustment of the TQSA hourly fee and changes to the TQSA Frequency Levels will be effective for audits performed on or after October 1, 2001. Implementation of TQSA Report Form TQ-003, Element 4.21 Customer Satisfaction, will become effective for audits performed on or after October 1, 2002.

For additional information or comments regarding changes to the TQSA Suppliers Guidelines and Form TQ-003, please contact Timothy Mehl, USDA, FSA, KCCO, WLED at (816) 926-6417, Fax (816) 926-1774 or e-mail tpmehl@kcc.usda.gov. For additional information or comments regarding the new contract eligibility requirements, please contact the Kansas City Commodity Office marketing specialist responsible for your product.

/s/ Steven Miteff

for
George W. Aldaya
Director

Attachments

Attachment A

TQSA Fee Schedule

Audit Type	Administrative Fee	Per Auditor Hourly Rate	Minimum Number of Auditors	Estimated Time per Auditor
Baseline	NC	NC	2	20 hours
Full	\$500.00	\$94.00	2	18 hours
Surveillance	NC	as applicable*	1	4 hours
Destination	NC	as applicable*	1	< 4 hours

NC = No Charge

* The supplier is subject to the per auditor hourly rate of \$94 if audit is conducted as a result of supplier noncompliance.

Level Designations and TQSA Frequency Levels

TQSA Score	Frequency Levels (FL)	Number of full audits during a 12-month cycle
90-100	I	1
80-89	II	2
Below 80	III	by supplier request only

Attachment B

**Element 4.21
Customer Satisfaction**

Questions	Assessors Notes	Results
1. Does the supplier have a procedure for conducting customer satisfaction surveys? (ISO 8.2.1)		
2. Is there a written procedure for compiling, analyzing, and acting upon information contained in customer feedback data, reflecting the level of customer satisfaction? (ISO 7.2.1)		
3. Does the supplier incorporate customer satisfaction measures into continual improvement efforts? (ISO 8.4)		
4. Does the supplier have a procedure to gather information from end users where their product is used as a component of a product or when the end user is not the purchasing agent? (ISO 8.2.1)		
5. Is there a procedure for retrieving, analyzing, and acting on customer feedback and customer complaint data? (ISO 7.2.)		
6. Are there effective arrangements for communicating with customers in relation to: a) product information; b) inquires, contracts, or order handling; including amendments; and c) customer feedback, including customer complaints? (ISO 7.2.3)		
ANY ADDITIONAL SUPPLIER QUALITY SYSTEM REQUIREMENTS TO BE VERIFIED ONSITE		

Note: Customer Satisfaction - To make certain that all the efforts of the vendor actually results in satisfied customers. This will require the vendor to search out and put to use information that reflects the degree of satisfaction being experienced by their customer. This element emphasizes the need to measure customer satisfaction as an indicator of overall system performance.