BUY AMERICA

PRE-AWARD & POST DELIVERY AUDITS

A Guide to Conducting

FTA BUY AMERICA AUDITS

of

Rolling Stock Purchases

STEVE POLICAR
King County Metro

PROCUREMENT & MATERIALS
MANAGEMENT LEARNING ZONE

APTA EXPO
PUBLIC TRANSPORTATION'S PREMIER SHOWCASE

BUY AMERICA PRE-AWARD & POST-DELIVERY AUDITS

Overview

The Essential Elements

Planning the Audit

Conducting the Audit

TMC / DC / SUPPLIER CERTS
FINAL ASSEMBLY

Buy America Certifications

Questions & Answers

The Essential Elements of Buy America Audits

- **Domestic Content** - the cost of components and subcomponents produced in the USA must be > 60% of the cost of all components of the transit vehicle, and these 'domestic' components must be manufactured in the USA.
- **Final Assembly** LOCATION, ACTIVITIES, COST
- **TVM certificate(s)** must sign & submit the appropriate Buy America **with their bid/proposal/BAFO**.
- **Recipient** must complete and sign two separate sets of **certificates** one for the pre-award audit and one for the post-delivery audit.
- Recipient must conduct Pre-Award Audit and Post-Delivery **Audits**.

BUY AMERICA AUDIT PLAN

DO THE DUE DILIGENCE

Go There

Stay Awhile

Look Around

Walk Around

Ask Questions

Phone a Friend

Get Your Feet Wet & Your Steel-Toe Boots Dirty

PLANNING THE AUDIT

KNOW BEFORE YOU GO

KNOW THE BUY AMERICA RULES

PRE

- Know what vehicle type(s) your client is seeking.
- Know the RFP, tech specs, A/E's, optional equipment.
- Know the TVM's proposal, pricing pages, tech summaries.

POST

- Know everything you learned from the **PRE.**
- Know what vehicle type(s) your client actually purchased.
- Know what A/Es and optional equipment were actually installed.
- From pre to post – know all change orders to determine impact on TMC and Buy America domestic content.

PLANNING THE AUDIT

WAY BEFORE YOU GET THERE

- COMMUNICATE with TVM
  - CALL and introduce yourself and explain your mission.
  - EMAIL an audit notification letter that includes a list of information needed to facilitate the audit.
  - PROTECT the confidentiality of proprietary information.

PLANNING THE AUDIT

WAY BEFORE YOU GET THERE

- CLEARLY ESTABLISH YOUR EXPECTATIONS
  - TVMs MUST BE TOTALLY READY FOR THE AUDITOR
  - COMPLETE, CURRENT AND ACCURATE INFORMATION
  - FULL COOPERATION - FULL ACCESS
  - POINT OF CONTACT
  - KEY DOCUMENTS SENT IN ADVANCE OF VISIT

DOMESTIC CONTENT

2 PART TEST

- **> 60%** Domestic Content - cost of components and subcomponents produced in the USA must be > 60% of the cost of all components of the transit vehicle.
- **MFG'D IN USA** For a component to be of domestic origin, more than 60% of the subcomponents of that component, by cost, must be of domestic origin, and the manufacture of that component must take place in the United States.

60% of What?

>60% of the Total Material Cost for each vehicle type

NOT >60% of the selling price!!

Contract deliverables not assembled into the end product

***DO NOT COUNT*:**

Spare Parts

Special Tools

Tech Pubs

Warranty

Delivery

TOTAL MATERIAL COST

TMC is the cost of all materials, components, subcomponents, parts, nuts and bolts that go into the manufacturing of your vehicle.

- ❑ Is the TMC as presented by the TVM reasonable?
- ❑ Did the TVM capture all the right costs?
- ❑ Review breakdown of cost elements underlying the selling price.

- ❑ **UNDER CERTAIN CIRCUMSTANCES, THE TOTAL MATERIAL COST MUST INCLUDE COSTS OTHER THAN MATERIAL COSTS.**

TOTAL MATERIAL COST

INTERNALLY MANUFACTURED PARTS

Parts internally manufactured by the TVM must be included in total material cost.

The cost of the internally manufactured part must include labor, overhead and profit on top of material cost.

THINK CAR SHELL or BUS CHASSIS.

Adjust TMC if necessary.

You have completed the first audit step - **assessing the veracity of the total material cost.**

TVM'S DOMESTIC CONTENT WORKSHEET

COMPONENT	Mfgr	Country of Origin	% of Component Cost	% of Total Material Cost
Subcomponent				
A/C SYSTEM		USA		
Condenser	Co. A	USA	18%	
Evaporator	Co. B	USA	21%	
Flux capacitor	Co. C	USA	16%	
I/O module	Co. D	USA	9%	
Control Panel	Co. E	USA	6%	
% of US CONTENT			**67%**	
Subcomponents - Other	various	Foreign	33%	
			100%	**4%**

AUDITOR'S CALCULATION OF DOMESTIC CONTENT

- GO AFTER THE LOW-HANGING FRUIT FIRST.
- REVIEW THE INVOICES/QUOTES for HIGH TICKET ITEMS
  e.g. ENGINE; TRANSMISSION; A/C SYSTEM; AXLES; PASSENGER SEATS.
- DO A THREE WAY MATCH
  1. DOMESTIC CONTENT WORKSHEET
  2. BoM
  3. INVOICE/QUOTE
- REPEAT UNTIL YOU HAVE TESTED **THE VEHICLE'S DOMESTIC CONTENT WELL IN EXCESS OF 60%.**

SAMPLE SUPPLIER INVOICE

BUS ENGINE SUPPLIER, INC. 220 Garvey Drive **Columbus, OH 43215 USA** Phone (999) 999-9999				**SALES INVOICE** INVOICE #9999X **DATE: 9-29-2014**	
SOLD TO: TRANSIT BUS BUILDER 19820 Main Street **Mississauga, Ontario L5E 9Z9** **CANADA**				**SHIP TO:** TRANSIT BUS BUILDER 710 Airport Way **Oriskany, NY 13424 USA**	
	QTY	**DESCRIPTION**	**PART #**	**UNIT PRICE**	TOTAL
	10	ISL 330HP HYB	ISL330H	$ 15,000.00	$ 150,000.00

AUDITOR'S CALCULATION OF DOMESTIC CONTENT

- THE INVOICE SUBSTANTIATES THE COST OF THE ENGINE.
- THE INVOICE, BOM AND DOMESTIC CONTENT WORKSHEET MATCH.
- YOU CALCULATE THE ENGINE'S DOMESTIC CONTENT TO BE 5% OF TOTAL MATERIAL COST, SUBJECT TO FURTHER VERIFICATION.
- WHERE THIS ENGINE IS MANUFACTURED?

NOW TURN TO SUPPLIER'S BUY AMERICA CERTIFICATE

AND ITS PIVOTAL VALUE EMERGES

SUPPLIER'S BUY AMERICA CERTIFICATE

THE SUPPLIER'S CERT WILL TELL YOU WHERE THEIR COMPONENT IS MANUFACTURED & CORROBORATE DOMESTIC CONTENT

- The supplier's certificate of Buy America compliance is a certification signed by the supplier certifying that the items supplied meet Buy America requirements.
- Review the attributes of the supplier's certificate to determine if the listed component is manufactured in the USA and to corroborate the domestic content as reported on the TVM's domestic content worksheet.
- You have completed the 'further verification' task by confirming the domestic content and identifying the manufacturing location.

SUPPLIER'S BUY AMERICA CERTIFICATE

Supplier: **XYZ AIR CONDITIONING SYSTEMS**
Address: 77 Sunset Strip Joplin, Missouri Phone: FAX:

The above named supplier does hereby certify that greater than 60% of the cost of the components supplied to TRANSIT BUS BUILDER INC., in support of the manufacture of the HYBRID BUSES, is of domestic (US) origin (reference: 49 CFR Part 661 - Buy America Requirement). For a component to be of domestic origin, more than 60% of the subcomponents of that component, by cost, must be of domestic origin, and the manufacture of the component must take place in the United States. Itemized below are the primary sub-components of the following product (component) supplied to TRANSIT BUS BUILDER CO.

Component Supplied: **AIR CONDITIONING SYSTEM**

Sub-component Description	**% of US origin**	**Location of Manufacturing City and State**
Evaporator	72%	Del Rio, Texas
Condenser	68%	Flint, Michigan
I/O Module	61%	El Paso, TX
Flux Capacitor	91%	Hollywood, CA

If the components do not meet the greater than 60% domestic content requirement , please indicate what percentage is of domestic origin. Domestic % _____.

AUTHORIZED SIGNATURE: NAME: TITLE: DATE:

FINAL ASSEMBLY

3 KEY ELEMENTS

1. LOCATION
2. ACTIVITIES
3. COST

RECIPIENT MUST CERTIFY AT PRE-AWARD AND AT POST-DELIVERY VEHICLES MEET FINAL ASSEMBLY REQUIREMENTS.

FINAL ASSEMBLY LOCATION

FINAL ASSEMBLY MUST TAKE PLACE IN THE USA.

PRE-AWARD AUDIT STEPS :

1. Is the **proposed** final assembly facility located in the USA?
2. Visit the **proposed** location at the on-site visit.

POST-DELIVERY AUDIT STEPS :

1. Is the **actual** final assembly facility located in the USA?
2. Visit the **actual** location at the on-site visit.

FINAL ASSEMBLY ACTIVITIES

PRE-AWARD AUDIT STEPS: BUS & RAIL

- ❑ WALK AROUND - OBSERVE - ASK QUESTIONS - TAKE NOTES.
- ❑ Gain an understanding of the TVM's manufacturing process and flow before heading to the production floor to observe final assembly activities.
- ❑ Build a checklist to guide and document your observations of final assembly activities actually taking place on the floor of the plant.
- ❑ Check off each item as you walk around the assembly line and observe the activities.

FINAL ASSEMBLY ACTIVITIES

POST-DELIVERY AUDIT STEPS: **BUS & RAIL**

- ❑ Go there with your checklist in hand.
- ❑ Walk the line while your vehicles are on the production line.
- ❑ Check off each applicable item as you walk the line.

FINAL ASSEMBLY COST

SMELL TEST or DETAILED AUDIT?

- The FTA rules require the TVM to report the cost of final assembly.
- This is the TVM's cost of accomplishing all of the applicable final assembly activities in the FTA's prescribed list.
- TVM should report the cost of labor associated with performing the FTA-prescribed set of final assembly activities and should be exclusive of any material cost, overhead, engineering, mark up, fees, profit.

Audit Steps are the same for Pre-Award and Post-Delivery Audits.

ROLLING STOCK CERTIFICATIONS

Recipient Certificates for Buy America

Buy America [Audit] Certificate

Purchaser's Requirements Certificate

FMVSS Certificate

FMVSS CERTIFICATION DOES NOT APPLY TO ROLLING STOCK THAT IS NOT A MOTOR VEHICLE such as RAIL VEHICLES ref.§663.43 (b).

One set must be completed for pre-award audit and another set for post-delivery audit.

RECIPIENT **must sign each certificate.**

ROLLING STOCK CERTIFICATIONS

Buy America Certificate

The Buy America Certificate states you conducted an audit that consisted of a review of documentation which identified:

1) component and subcomponent parts of the buses ***to be*** purchased;
2) country of origin;
3) cost of components and subcomponents; and the
4) location of the final assembly point, activities that ***will take place*** at final assembly, and the cost of the final assembly.

ROLLING STOCK CERTIFICATIONS

Purchaser's Requirements Certificate

PRE-AWARD

SPEC CHECK

TECH CHECK

BUCK CHECK

ROLLING STOCK CERTIFICATIONS

Purchaser's Requirements Certificate

POST-DELIVERY

SPEC CHECK

INSPECTOR ON-SITE

INSPECTOR'S TESTS & REPORTS

BUY AMERICA PRE-AWARD & POST-DELIVERY AUDITS
ROLLING STOCK CERTIFICATIONS

FMVSS CERTIFICATE

@ PRE & POST

TVM PROVIDES CERTIFICATE TO RECIPIENT STATING VEHICLE(S) PURCHASED COMPLY WITH FMVSS.

RECIPIENT PREPARES CERTIFICATE FOR ITS FILES STATING THAT TVM PROVIDED FMVSS CERTIFICATE.

@ POST ONLY

RECIPIENT CONFIRMS FMVSS STICKER IS ATTACHED TO EACH BUS.

FMVSS IS N/A TO RAIL VEHICLES ref. §663.43 (b)

ROLLING STOCK CERTIFICATIONS

TVM Certificates

- ❑ Buy America Certificate for Rolling Stock
- ❑ Buy America Certificate for Steel & Manufactured Products (where applicable)
- ❑ FMVSS (if applicable)
- ❑ Pre-Award & Post-Delivery Audit Certificate

TVMS & RECIPIENTS please note:

THE TVM CERTIFICATES MUST SUBMITTED WITH THE BID

THE BUY AMERICA AUDITOR

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