

PART I – THE SCHEDULE

SECTION E

INSPECTION AND ACCEPTANCE

E.1 FAR 52.246-3, INSPECTION OF SUPPLIES – COST-REIMBURSEMENT (MAY 2001)

(a) *Definitions.* As used in this Clause—

“Contractor’s managerial personnel” means any of the Contractor’s directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of—

- (1) All or substantially all of the Contractor’s business;
- (2) All or substantially all of the Contractor’s operation at a plant or separate location where the contract is being performed; or
- (3) A separate and complete major industrial operation connected with performing this contract.

“Supplies” includes but is not limited to raw materials, components, intermediate assemblies, end products, lots of supplies, and, when the contract does not include the Warranty of Data clause, data.

- (b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the supplies, fabricating methods, and special tooling under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.
- (c) The Government has the right to inspect and test the contract supplies, to the extent practicable at all places and times, including the period of manufacture, and in any event before acceptance. The Government may also inspect the plant or plants of the Contractor or any subcontractor engaged in the contract performance. The Government shall perform inspections and tests in a manner that will not unduly delay the work.
- (d) If the Government performs inspection or test on the premises of the Contractor or a subcontractor, the Contractor shall furnish and shall require subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.

- (e) Unless otherwise specified in the Contract, the Government shall accept supplies as promptly as practicable after delivery, and supplies shall be deemed accepted 60 days after delivery, unless accepted earlier.
- (f) At any time during contract performance, but no later than 6 months (or such other time as may be specified in the contract) after acceptance of the supplies to be delivered under the contract, the Government may require the Contractor to replace or correct any supplies that are nonconforming at time of delivery. Supplies are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with contract requirements. Except as otherwise provided in paragraph (h) of this clause, the cost of replacement or correction shall be included in allowable cost, determined as provided in the Allowable Cost and Payment clause, but no additional fee shall be paid. The Contractor shall not tender for acceptance supplies required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.
- (g)
 - (1) If the Contractor fails to proceed with reasonable promptness to perform required replacement or correction, the Government may—
 - (i) By contract or otherwise, perform the replacement or correction and charge to the Contractor any increased cost or make an equitable reduction in any fixed fee paid or payable under the contract;
 - (ii) Require delivery of undelivered supplies at an equitable reduction in any fixed fee paid or payable under the contract; or
 - (iii) Terminate the contract for default.
 - (2) Failure to agree on the amount of increased cost to be charged to the Contractor or to the reduction in the fixed fee shall be a dispute.
- (h) Notwithstanding paragraphs (f) and (g) of this clause, the Government may at any time require the Contractor to correct or replace, without cost to the Government, nonconforming supplies, if the non-conformances are due to—
 - (1) Fraud, lack of good faith, or willful misconduct on the part of the Contractor's managerial personnel; or
 - (2) The conduct of one or more of the Contractor's employees selected or retained by the Contractor after any of the Contractor's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.

- (i) This clause applies in the same manner to corrected or replacement supplies as to supplies originally delivered.
- (j) The Contractor shall have no obligation or liability under this contract to replace supplies that were nonconforming at the time of delivery, except as provided in this clause or as may be otherwise provided in the contract.
- (k) Except as otherwise specified in the contract, the Contractor's obligation to correct or replace Government-furnished property shall be governed by the clause pertaining to Government property.

**E.2 FAR 52.246-5, INSPECTION OF SERVICES – COST REIMBURSEMENT
(APR 1984)**

- (a) Definition. "Services," as used in this clause, includes services performed, workmanship, and material furnished or used in performing services.
- (b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services under this Contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the Contract requires.
- (c) The Government has the right to inspect and test all services called for by the Contract, to the extent practicable at all places and times during the term of the Contract. The Government shall perform inspections and tests in a manner that will not unduly delay the work.
- (d) If any of the services performed do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, for no additional fee. When the defects in services cannot be corrected by re-performance, the Government may:
 - (1) Require the Contractor to take necessary action to ensure that future performance conforms to contract requirements; and
 - (2) Reduce any fee payable under the Contract to reflect the reduced value of the services performed.
- (e) If the Contractor fails to promptly perform the services again or take the action necessary to ensure future performance in conformity with contract requirements, the Government may:

- (1) By contract or otherwise, perform the services and reduce any fee payable by an amount that is equitable under the circumstances; or
- (2) Terminate the Contract for default.

E.3 INSPECTION

Inspection of all items under this contract shall be accomplished by the DOE Contracting Officer's Representative (COR) identified by the CO as responsible for the product, report, or service being delivered, or any duly authorized DOE representative as designated from time to time by the CO in writing. Primary inspection will be conducted at the Idaho site, but inspection may occur at other DOE sites or the contractor's location. Inspection criteria used to determine whether the contractor has met the requirements of the contract include, but are not limited to: compliance with Federal and state regulations, NRC, OSHA, DOE Directives and Standards, regulatory agency agreements, and the goals and objectives set forth in Section C. Inspection of services rendered will be conducted in accordance with FAR Clause 52.246-5, Inspection of Services-Cost Reimbursement, and inspection of supplies rendered will be in accordance with FAR Clause 52.246-3, Inspection of Supplies-Cost Reimbursement.

E.4 ACCEPTANCE

- (a) Acceptance: Acceptance of all work and effort under this contract (including contract "Deliverables") shall be accomplished by the CO, or any representative designated by the CO in writing. Primary acceptance of the contract requirements will be at the Idaho site; however, acceptance may occur at other DOE locations or at the Contractor's location. Acceptance criteria which acknowledge items, services and deliverables conform to the applicable contract quality and quantity requirements include: compliance with Federal and State Regulations, NRC, OSHA, and DOE Directives and Standards, Regulatory Agreements, and the performance requirements set forth in the contract, including the "Schedule Milestones, Annual Milestones, Performance Incentives: Acceptance Criteria and Definitions" set forth in Section B.
- (b) Acceptance – Declaration of Physical Completion: Upon physical completion of the contract requirements as set forth in the Performance Work Statement, the Contractor shall prepare a letter declaring that the work has been physically completed. After submittal of the letter, DOE will have 14 business days to concur on the contractor's declaration. If DOE non-concurs with the contractor's declaration, DOE will provide the contractor with a list of material deficiencies within 30 days of DOE's notification of non-concurrence, and provide a schedule for correcting those deficiencies. Following the Government's notification, the contractor shall correct all identified deficiencies and submit a Final Declaration of Physical Completion. The CO will determine final acceptance within 14 business days after submission of the Final Declaration.