

Part I – The Schedule

Section E

Inspection and Acceptance

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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” include 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 tests 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 six (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 FAR 52.246-11, Higher-Level Contract Quality Requirement (Dec 2014)

- (a) The Contractor shall comply with the higher-level quality standard(s) listed below.

Quality Assurance Program (QAP) compliant with DOE O 414.1D, Change 1, *Quality Assurance*, for all facilities and activities. Additionally, nonreactor nuclear facilities (as defined in 10 CFR 830, *Nuclear Safety Management*, Section 830.3, *Definitions*) must be compliant with 10 CFR 830, *Nuclear Safety Management*, Subpart A, *Quality Assurance Requirements*. The Contractor shall utilize the Contractor Assurance System (CAS) per DOE O 226.1B, *Implementation of Department of Energy Oversight Policy*, to monitor and evaluate all work performed under this Contract, including work of subcontractors, to ensure work performance meets the applicable requirements for environment, safety and health, including quality assurance and integrated safety management; safeguards and security; cyber security; and emergency management.

The QAP must describe how the quality assurance criteria from DOE O 414.1D, Change 1 and 10 CFR 830, Subpart A are satisfied. The Contractor shall use voluntary consensus standards in the development and implementation of the QAP, where practicable and consistent with contractual and regulatory requirements. Where appropriate, the Contractor must use a graded approach to implement the QAP that is commensurate with hazards, lifecycle of facilities and other risks. The basis of the graded approach utilized shall be documented, and submitted to DOE for approval.

- (1) For Hazard Category 1, 2, and 3 nuclear facilities:

- (i) Existing facilities, or new facilities and major modifications to existing facilities achieving Critical Decision 1 (CD-1) prior to May 8, 2013 may continue to use the consensus standard cited in the DOE-approved QAP.
- (ii) New facilities and major modifications to existing facilities achieving Critical Decision 1 (CD-1) use ASME NQA-1-2008 with the NQA-1a-2009 addenda (or a later edition), *Quality Assurance Requirements for Nuclear Facility Applications*, Part I and applicable requirements of Part II. Note: where NQA-1, Part II language uses the terms “nuclear power plant” or “nuclear reactor”, these terms are considered equivalent to the term “nuclear facility.”
- (iii) Consensus standard(s) that provide an adequate level of quality assurance and meet the intent of paragraphs (ii) above may be used. The QAP must document how the selected consensus standard is (or a set of consensus standards are) used, as well as how the selected consensus standard(s) is appropriate.

- (2) For other activities and facilities (e.g., less than hazard category 3, non-nuclear, or chemically hazardous), the Contractor shall use, in whole or in part, appropriate standards. Examples of appropriate standards include:

- (i) American Society of Mechanical Engineers [ASME] NQA 1-2008 with the NQA 1a 2009 addenda (or later edition), *Quality Assurance Requirements for Nuclear Facility Applications*, Part I and applicable requirements of Part II;

- (ii) ASME NQA 1-2000, Quality Assurance Requirements for Nuclear Facility Applications, Part I and applicable requirements of Part II.
 - (iii) ANSI/ISO/ASQ Q9001-2008 (or later edition), Quality Management System: Requirements; and
 - (iv) ANSI/ASQ Z 1.13-1999 (or later edition), Quality Guidelines for Research.
- (b) The Contractor shall include applicable requirements of the higher-level quality standard(s) listed in paragraph (a) of this clause and the requirement to flow down such standards, as applicable, to lower-tier subcontracts, in—
- (1) Any subcontract for critical and complex items (see 46.203(b) and (c)); or
 - (2) When the technical requirements of a subcontract require—
 - (i) Control of such things as design, work operations, in-process control, testing, and inspection; or
 - (ii) Attention to such factors as organization, planning, work instruction, documentation control, and advanced metrology.

E.4 DOE-E-2001 Inspection and Acceptance (Oct 2014)

Inspection and acceptance of all items under this Contract shall be accomplished by the Contracting Officer in accordance with the clause entitled FAR 52.246-3, *Inspection of Supplies – Cost-Reimbursement* (May 2001), and FAR 52.246-5, *Inspection of Services – Cost-Reimbursement* (Apr 1984). If the Contracting Officer assigns this responsibility to the Contracting Officer's Representative or another representative of the Government, the Contracting Officer shall notify the Contractor in writing.