

**Section E** **Inspection and Acceptance**

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1 FAR 52.246-4 Inspection of Services--Fixed-Price (Aug 1996) applies to CLIN0001-CLIN0007

2 FAR 52.246-5 Inspection of Services--Cost Reimbursement (Apr 1984), applies to CLIN0009

3 AR 52.246-6 Inspection of Services--Time-and-Material and Labor Hour (May 2001), applies to CLIN0008

E.1 FAR 52.246-4 Inspection of Services -- Fixed-Price (Aug 1996)

- a. *Definition.* "Services," as used in this clause, includes services performed, workmanship, and material furnished or utilized in the performance of 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 times and places 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 the Government performs inspections or tests on the premises of the Contractor or a Sub-Contractor, the Contractor shall furnish, and shall require Sub-Contractors to furnish, at no increase in Contract price, all reasonable facilities and assistance for the safe and convenient performance of these duties.
- e. If any of the services do not conform with Contract requirements, the Government may require the Contractor to perform the services again in conformity with Contract requirements, at no increase in Contract amount. When the defects in services cannot be corrected by reperformance, the Government may--
  1. Require the Contractor to take necessary action to ensure that future performance conforms to Contract requirements; and
  2. Reduce the Contract price to reflect the reduced value of the services performed.
- f. If the Contractor fails to promptly perform the services again or to take the necessary action to ensure future performance in conformity with Contract requirements, the Government may--
  1. By Contract or otherwise, perform the services and charge to the Contractor any cost incurred by the Government that is directly related to the performance of such service; or
  2. Terminate the Contract for default.

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 reperformance, 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 52.246-6 Inspection -- Time-and-Material and Labor-Hour (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 any one plant or separate location where the Contract is being performed; or

3. A separate and complete major industrial operation connected with the performance of this Contract.

“Materials” includes data when the Contract does not include the Warranty of Data clause.

b. The Contractor shall provide and maintain an inspection system acceptable to the Government covering the material, fabricating methods, work, and 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 materials furnished and services performed under this Contract, to the extent practicable at all places and times, including the period of performance, and in any event before acceptance. The Government may also inspect the plant or

plants of the Contractor or any Sub-Contractor engaged in 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 Sub-Contractor, the Contractor shall furnish and shall require Sub-Contractors 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 or reject services and materials at the place of delivery as promptly as practicable after delivery, and they shall be presumed accepted 60 days after the date of delivery, unless accepted earlier.

f. At any time during Contract performance, but not later than 6 months (or such other time as may be specified in the Contract) after acceptance of the services or materials last delivered under this Contract, the Government may require the Contractor to replace or correct services or materials that at time of delivery failed to meet Contract requirements. Except as otherwise specified in paragraph (h) of this clause, the cost of replacement or correction shall be determined under the Payments Under Time-and-Materials and Labor-Hour Contracts clause, but the "hourly rate" for labor hours incurred in the replacement or correction shall be reduced to exclude that portion of the rate attributable to profit. The Contractor shall not tender for acceptance materials and services 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, and if the replacement or correction can be performed within the ceiling price (or the ceiling price as increased by the Government), the Government may --

i. By Contract or otherwise, perform the replacement or correction, charge to the Contractor any increased cost, or deduct such increased cost from any amounts paid or due under this Contract; or

ii. Terminate this Contract for default.

2. Failure to agree to the amount of increased cost to be charged to the Contractor shall be a dispute.

h. Notwithstanding paragraphs (f) and (g) above, the Government may at any time require the Contractor to remedy by correction or replacement, without cost to the Government, any failure by the Contractor to comply with the requirements of this Contract, if the failure is 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 and to the same extent to corrected or replacement materials or services as to materials and services originally delivered under this Contract.

j. The Contractor has no obligation or liability under this Contract to correct or replace materials and services that at time of delivery do not meet Contract requirements, except as provided in this clause or as may be otherwise specified in the Contract.

k. Unless 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.4 Inspection

Inspection of all products, reports, or services under this Contract shall be accomplished by the Contracting Officer or designee. The Contract requires the Contractor to maintain acceptable internal procedures, claims processing and Contract compliance, and provides the Contracting Officer, COR or designee the authority to review the Contractor's internal controls/procedures and files that relate to this Contract at any time.

Quality assurance reviews will examine the daily operations of the Contractor to include, but not limited to, claimant customer service, written and oral communications, check disbursement, mail handling, and file maintenance. The Contractor shall allow access to the COR and other designated personnel to perform quality assurance reviews at any time during the term of the Contract.

#### E.5 Acceptance

Acceptance of all work and effort under this Contract (including "Reporting Requirements," if any) shall be accomplished by the Contracting Officer or COR.