

SECTION E - Inspection and Acceptance

INSPECTION OF SUPPLIES (NOV 2004) (BE-001)

(a) The Contractor shall provide and maintain an inspection system acceptable to the NAFI covering supplies under this contract and shall tender to the NAFI for acceptance only supplies that have been inspected in accordance with the inspection system and have been found by the Contractor to be in conformity with contract requirements. As part of the system, the Contractor shall prepare records evidencing all inspections made under the system and the outcome. These records shall be kept complete and made available to the NAFI during contract performance and for as long afterwards as the contract requires. The NAFI may perform reviews and evaluations as reasonably necessary to ascertain compliance with this paragraph. These reviews and evaluations shall be conducted in a manner that will not unduly delay the contract work. The right of review, whether exercised or not, does not relieve the Contractor of the obligations under the contract.

(b) The NAFI has the right to inspect and test all supplies called for by the contract, to the extent practicable, at all places and times, including the period of manufacture, and in any event before acceptance. The NAFI shall perform inspections and tests in a manner that will not unduly delay the work. The NAFI assumes no contractual obligation to perform any inspection and test for the benefit of the Contractor unless specifically set forth elsewhere in this contract.

(c) If the NAFI performs inspection or test on the premises of the Contractor or a subcontractor, the Contractor shall furnish, and shall require subcontractors to furnish, at no increase in contract price, all reasonable facilities and assistance for the safe and convenient performance of these duties. Except as otherwise provided in the contract, the NAFI shall bear the expense of NAFI inspections or tests made at other than the Contractor's or subcontractor's premises; provided, that in case of rejection, the NAFI shall not be liable for any reduction in the value of inspection or test samples.

(d) When supplies are not ready at the time specified by the Contractor for inspection or test, the Contracting Officer may charge to the Contractor the additional cost of inspection or test. The Contracting Officer may also charge the Contractor for any additional cost of inspection or test when prior rejection makes reinspection or retest necessary.

(e) The NAFI has the right either to reject or to require correction of nonconforming supplies. Supplies are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with contract requirements. The NAFI may reject nonconforming supplies with or without disposition instructions.

(f) The Contractor shall remove supplies rejected or required to be corrected. However, the Contracting Officer may require or permit correction in place, promptly after notice, by and at the expense of the Contractor. The Contractor shall not tender for acceptance corrected or rejected supplies without disclosing the former rejection or requirement for correction, and, when required, shall disclose the corrective action taken.

(g) If the Contractor fails to promptly remove, replace, or correct rejected supplies that are required to be removed or to be replaced or corrected, the NAFI may either

(1) by contract or otherwise, remove, replace, or correct the supplies and charge the cost to the Contractor or

(2) terminate the contract for default. Unless the Contractor corrects or replaces the supplies within the delivery schedule, the Contracting Officer may require their delivery and make an

equitable price reduction. Failure to agree to a price reduction shall be a dispute.

(h) The NAFI shall accept or reject supplies as promptly as practicable after delivery, unless otherwise provided in the contract. NAFI failure to inspect and accept or reject the supplies shall not relieve the Contractor from responsibility, nor impose liability on the NAFI, for nonconforming supplies.

(i) Inspections and tests by the NAFI do not relieve the Contractor of responsibility for defects or other failures to meet contract requirements discovered before acceptance. Acceptance shall be conclusive, except for latent defects, fraud, gross mistakes amounting to fraud, or as otherwise provided in the contract.

(j) If acceptance is not conclusive for any of the reasons in paragraph (j) hereof, the NAFI, in addition to any other rights and remedies provided by law, or under other provisions of this contract, shall have the right to require the Contractor-

(1) at no increase in contract price, to correct or replace the defective or nonconforming supplies at the original point of delivery or at the Contractor's plant at the Contracting Officer's election, and in accordance with a reasonable delivery schedule as may be agreed upon between the Contractor and the Contracting Officer; provided, that the Contracting Officer may require a reduction in contract price if the Contractor fails to meet such delivery schedule, or

(2) within a reasonable time after receipt by the Contractor of notice of defects or nonconformance, to repay such portion of the contract as is equitable under the circumstances if the Contracting Officer elects not to require correction or replacement. When supplies are returned to the Contractor, the Contractor shall bear the transportation cost from the original point of delivery to the Contractor's plant and return to the original point when that point is not the Contractor's plant. If the Contractor fails to perform or act as required in (1) or (2) above and does not cure such failure within a period of 10 days (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from the Contracting Officer specifying such failure, the NAFI shall have the right by contract or otherwise to replace or correct such supplies and charge to the Contractor the cost occasioned the NAFI thereby.

(End of clause)

INSPECTION OF SERVICES (NOV 2004) (BE-002)

(a) The Contractor shall provide and maintain an inspection system acceptable to the NAFI covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the NAFI during contract performance and for as long afterwards as the contract requires.

(b) The NAFI 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 NAFI shall perform inspections and tests in a manner that will not unduly delay the work.

(c) If the NAFI performs inspections or tests on the premises of the Contractor or a subcontractor, the Contractor shall furnish, and shall require subcontractors to furnish, at no increase in contract price, all reasonable facilities and assistance for the safe and convenient performance of these duties.

(d) If any of the services do not conform to contract requirements, the NAFI 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 NAFI 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.

(e) 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 NAFI may-

(1) By contract or otherwise, perform the services and charge to the Contractor any cost incurred by the NAFI that is directly related to the performance of such service; or

(2) Terminate the contract for default.

(End of clause)

INSPECTION OF CONSTRUCTION (NOV 2004) (BE-003)

(a) Definition. "Work" includes, but is not limited to materials, workmanship, and manufacture and fabrication of components.

(b) The Contractor shall maintain an adequate inspection system and perform such inspections as will ensure that the work performed under this contract conforms to contract requirements. The contractor shall maintain complete inspection records and make them available to the NAFI. All work shall be conducted under the general direction of the Contracting Officer and is subject to NAFI inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of the contract.

(c) NAFI inspections and tests are for the sole benefit of the NAFI and do not-

(1) Relieve the Contractor of responsibility for providing adequate quality control measures;

(2) Relieve the Contractor of responsibility for damage to or loss of the material before acceptance.

(3) Constitute or imply acceptance; or

(4) Affect the continuing rights of the NAFI after acceptance of the completed work under paragraph (i) below.

(d) The presence or absence of a NAFI or Government inspector does not relieve the Contractor from any contract requirement, nor is the inspector authorized to change any term or condition of the specification without the contracting Officer's written authorization.

(e) The Contractor shall promptly furnish, without additional charge, all facilities, labor, and material reasonable needed for performing such safe and convenient inspections and tests as may be required by the Contracting Officer. The NAFI may charge to the Contractor any additional cost of inspection or test when work is not ready at the time specified by the Contractor for inspection or test, or when prior rejection makes reinspection or retest necessary. The NAFI shall perform all inspections and tests in a manner that will not unnecessarily delay the work. Special, full size, and performance tests shall be performed as described in the contract.

(f) The Contractor shall, without charge, replace or correct work found by the NAFI not to conform to contract requirements, unless in the public interest the NAFI consents to accept the work with an appropriate adjustment in contract price. The Contractor shall promptly segregate and remove rejected material from the premises.

(g) If the Contractor does not promptly replace or correct rejected work, the NAFI may (1) by contract or otherwise, replace or correct the work and charge the cost to the Contractor or (2) terminate for default the Contractor's right to proceed.

(h) If, before acceptance of the entire work, the NAFI decides to examine already completed work by moving it or tearing it out, the Contractor, on request, shall promptly furnish all necessary facilities, labor, and material. If the work is found to be defective or nonconforming in any material respect due to the fault of the Contractor or its subcontractors, the Contractor shall defray the expenses of the examination and of satisfactory reconstruction. However, if the work is found to meet contract requirements, the Contracting Officer shall make an equitable adjustment for the additional services involved in the examination and reconstruction, including, if completion of the work was thereby delayed, an extension of time.

(i) Unless otherwise specified in the contract, the NAFI shall accept, as promptly as practicable after completion and inspection, all work required by the contract or that portion of the work the Contracting Officer determines can be accepted separately. Acceptance shall be final and conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or the NAFI's rights under any warranty or guarantee.

(End of clause)

RESPONSIBILITY FOR SUPPLIES (NOV 2004) (BE-004)

(a) Title to supplies furnished under this contract shall pass to the NAFI upon formal acceptance, regardless of when or where the NAFI takes physical possession, unless the contract specifically provides for earlier passage of title.

(b) Unless the contract specifically provides otherwise, risk of loss of or damage to supplies shall remain with the Contractor until, and shall pass to the NAFI upon

(1) Delivery of the supplies to a carrier, if transportation is f.o.b. origin; or

(2) Acceptance by the NAFI or delivery of the supplies to the NAFI at the destination specified in the contract, whichever is later, if transportation is f.o.b. destination.

(c) Paragraph (b) of this section shall not apply to supplies that so fail to conform to contract requirements as to give a right of rejection. The risk of loss of or damage to such nonconforming supplies remains with the Contractor until cure or acceptance. After cure or acceptance, paragraph (b) of this section shall apply.

(d) Under paragraph (b) of this section, the Contractor shall not be liable for loss of or damage to supplies caused by the negligence of officers, agents, or employees of the NAFI acting within the scope of their employment.

(End of clause)