

SECTION E
INSPECTION AND ACCEPTANCE

E.1 INSPECTION AND ACCEPTANCE

E-2 FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

<http://www.arnet.gov/far/>

FAR SOURCE	TITLE	DATE
52.246-2	INSPECTION OF SUPPLIES - FIXED PRICE	AUG 1996
52.246-4	INSPECTION OF SERVICES - FIXED PRICE	AUG 1996
52.246-16	RESPONSIBILITY FOR SUPPLIES	APR 1984

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CLIN 0001 and CLIN 0002 - Inspection and acceptance will be performed at destination in accordance with the CDRL.

If exercised, CLIN 0003 - Inspection and acceptance will be performed at destination in accordance with the CDRL.

If exercised, CLIN 0004 and CLINS 0012 through 0019 - The ship will be inspected and accepted by the Contracting Officer or the duly authorized representative at the Contractor's facility shown below:

_____ VT Halter Marine, Inc. _____
(Name of Facility)

_____ 900 Bayou Cassotte Parkway _____
(Street Address)

_____ Pascagoula, MS 39581 _____
(City, State and Zip Code)

Shore-based spares will be inspected and accepted at a destination determined by an authorized representative of the Government in accordance with the SOR and the inspection and acceptance provisions of this contract.

On-board spares will be inspected and accepted at the Contractor's facility by the Contracting Officer or the duly authorized representative of the Government in accordance with the SOR and the inspection and acceptance provisions of this contract.

As ordered, CLIN 0005 - Additional spare and repair parts, special tools and support and test equipment will be inspected in accordance with the inspection, acceptance provisions of this contract and accepted at a location to be designated in each order by the Contracting Officer or the duly authorized representative of the Government.

As ordered, CLIN 0006 - Outfitting materials will be inspected and accepted at the Contractor's facility by the Contracting Officer or duly authorized representative of the Government in accordance with the SOR and the inspection and acceptance provisions of this contract.

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If exercised, CLIN 0007 and CLIN 0008 - The Additional Government Requirements effort will be inspected and accepted at the Contractor's facility or a location to be designated in each order by the Contracting Officer or duly authorized representative of the Government in accordance with the requirements in SECTION C of this contract entitled "ORDERING ITEMS."

If exercised, CLIN 0009 - Special Study Reports will be inspected and accepted at a location to be designated in each order by the Contracting Officer or duly authorized representative of the Government.

If exercised, CLIN 0010 and CLIN 0011 - The Government Material Installation Support effort will be inspected and accepted at the Contractor's facility or a location to be designated in each order by the Contracting Officer or duly authorized representative of the Government in accordance with the requirements in SECTION C of this contract entitled "ORDERING ITEMS."

E-4 QUALITY ASSURANCE SYSTEM

(a) The Contractor shall utilize a Quality Assurance System that assures that all items presented for acceptance by the Government fully comply with the requirements of this contract and SOR. The Contractor shall provide a Quality Assurance plan that documents the system. Existing Quality Assurance Systems that are certified to ISO 9000 are acceptable. Other systems shall be submitted to the Government for approval prior to implementation. The system shall be initiated after contract award and continue throughout the life of the contract. The system shall consist of sequential inspections which document defects, provide for timely correction of deficiencies, identify deficient areas and recommend solutions to systemic problems. The system shall assure the quality of items presented to the Government whether manufactured or processed by the Contractor, or procured from Subcontractors or vendors. The requirements of this requirement are to be used in conjunction with the "INSPECTION" requirements and other tests and inspections required in the SOR.

(b) The system shall be totally integrated into all areas of the Contractor's operation including design and production. The system shall also apply to all tests required by this contract and SOR.

(c) If during the course of the contract, modifications to the Quality Assurance System are planned, for any reason, the Contractor shall submit revisions of the plan to the ConRep for approval within 30 days of identification of the need for a change.

E-5 CORRECTION OF REJECTED OR DEFECTIVE SUPPLIES (CLIN 0004 ONLY)

(a) Supplies rejected as nonconforming prior to Preliminary Acceptance and any Contractor responsible defects discovered during the guarantee period shall, at the election of the Government, be replaced or corrected either by the Government or the Contractor. The term "defects" as used in this provision includes any and all defects, deficiencies, deteriorations, and failure(s) in the vessel. The guarantee period is defined in the clause entitled GUARANTY PERIOD in SECTION E of this contract. Supplies which have been rejected or required to be corrected shall be removed or, if permitted, or required by the Contracting Officer, corrected in place by and at the expense of the Contractor promptly after notice, and shall not thereafter be tendered for acceptance unless the former rejection or requirement of correction is disclosed. If the Contractor fails to either promptly remove, correct, or replace supplies as required, the Government may:

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(1) remove, correct, or replace such supplies and equitably reduce any fixed price, or if it is established under a fixed-price incentive contract, the total final price of this contract; or

(2) terminate this contract as provided in the clauses in SECTION I of this contract entitled DEFAULT.

(b) Unless the Contractor corrects or replaces such supplies within the contract delivery schedule, the Contracting Officer may require their delivery and equitably reduce any fixed price, or, if it is established under a fixed-price incentive contract, the total final price.

(c) Under a fixed-price incentive contract prior to the establishment of the total final price, the cost of replacement or correction shall be considered as a cost incurred, or to be incurred, for the purpose of negotiating the total final price. After establishment of the total final price, all replacements or corrections shall be accomplished at no increase in the total final price.

E-6 LIMITATION OF CONTRACTOR'S LIABILITY FOR CORRECTION OF DEFECTS (CLIN 0004 AND CLINS 0012 THROUGH 0019 ONLY)

The Contractor's liability for the replacement or correction of defects discovered subsequent to Preliminary Acceptance (except for latent defects, breach of warranty and fraud or gross mistakes amounting to fraud) shall be limited to \$2,000,000.00.

E-7 PRELIMINARY ACCEPTANCE (CLIN 0004 AND CLINS 0012 THROUGH 0019 ONLY)

Upon satisfactory completion of (i) sea trials, (ii) correction of deficiencies and (iii) other requirements of this contract, the Contracting Officer or duly authorized representative of the Government will provide written preliminary acceptance of the ship at the Contractor's facility. The ship shall be considered to be delivered upon preliminary acceptance by the Government.

E-8 GUARANTY PERIOD

(a) As used in this contract, the term "defects" includes any and all defects, deficiencies, deteriorations, and failure in the vessel. There shall be a guaranty period for the vessel beginning at the time of preliminary acceptance and ending six (6) months after preliminary acceptance of the vessel, unless extended as provided in paragraph (b) below. Should OPTION CLINS 0020 or 0021 be exercised, the six (6) month guaranty period shall be extended to nine (9) or twelve (12) months, respectively.

(b) The guaranty period for the vessel shall be extended by the time during which such vessel is not available for unrestricted service by reason of any defects for which the Contracting Officer shall determine the Contractor to be responsible. During said period the vessel, after being fully equipped and in all respects complete and ready for service, may be finally tried by and at the expense of the Government under conditions prescribed by the Government. The Contractor must have personnel on board such vessel during such period, in accordance with the SOR. Such personnel shall have every reasonable opportunity to inspect the working of such vessel in all its parts but shall have no power to direct or control its operation.

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E-9 FINAL ACCEPTANCE (CLIN 0004 AND CLINS 0012 THROUGH 0019 ONLY)

The Contracting Officer or duly authorized representative of the Government will provide written final acceptance of the ship upon the expiration of its guarantee period.