

QUALITY ASSURANCE SURVEILLANCE PLAN (QASP)

For

OPERATION AND MAINTENANCE SERVICES

At

IRS Cincinnati Center Covington, KY

Table of Contents

A. QASP & CONTRACT ADMINISTRATION DUTIES AND RESPONSIBILITIES.....	3
B. QUALITY ASSURANCE SURVEILLANCE PLAN.....	4
C. SURVEILLANCE INSPECTION METHODS.....	5
D. CHOOSING SURVEILANCE INSPECTION METHODS.....	8
E. ACCEPTABLE QUALITY LEVEL.....	8
F. EVALUATION PROCEDURES.....	8
G. QASP REPORTS AND CONTRACT PAYMENT DEDUCTIONS.....	9
H. NON-CONFORMING SERVICES AND SUPPLIES AND REWORK PROCESS.....	10
ATTACHMENT: SAMPLE CONTRACT REQUIREMENTS INSPECTION REPORT.....	13

A. QUALITY ASSURANCE SURVEILLANCE PLAN (QASP) & CONTRACT ADMINISTRATION DUTIES AND RESPONSIBILITIES

Background and Purpose

This QASP is designed to be in accordance with the FAR subparts 37.6 and 46.4. Briefly, Quality Assurance (QA) is a program undertaken by the Government to provide some measure of the quality of goods and services purchased from a Service Provider (SP). To accomplish this, the Government must develop and implement a system that will ensure the quantity and quality of the goods and services received comply with the requirements of the contract. This QASP is designed to assist the Contracting Officer's Representatives (COR) and Mechanical Work Inspectors (MWI's) or other designates in conducting the Government's QA program. Lastly, the QASP was established to ensure consistency in contract administration of Operation and Maintenance Services at the Internal Revenue Cincinnati Service and Child Care Center Covington, KY

Note: This Quality Assurance Surveillance Plan (QASP) is provided for information only and will not be a part of the resulting contract. The government has the right to change or modify the method of surveillance and related inspection procedures at its discretion.

The completed Performance Requirements Summary Table (PRST) by the contractor with the portion of required service to total contract price (Exhibit E-1) will become a part of the resultant contract.

1. Contracting Officer (CO)

The Contracting Officer (CO) has the authority to administer all aspects of the contract. The Contracting Officer will delegate many aspects of the day-to-day contract administration duties to the COR and MWI's. However, certain contractual actions such as certification of invoices, negotiation and issuance of contract modifications, resolution of Contractor claims and disputes, issuance of Contractor nonconforming supplies or services, reports, issuance of cure notices, issuance of show-cause letters, termination of the contract, contract deductions, and contract close-out will be retained by the Contracting Officer.

2. Contracting Officer's Representative (COR)

- a) The COR serves as the local day to day onsite manager of the overall contract administration effort for the contract. The COR represents the Contracting Officer and functions as the Contractor's primary point of contact for the overall contract effort. The COR oversees the overall contract administration effort. If additional services are necessary, the COR will prepare, review, and/or oversee the preparation of a Performance Work Statement (PWS) and Independent Government Estimate (IGE) that will be used by the CO to solicit a proposal from the Contractor. The COR may assist the CO in negotiations with the Contractor. The COR is responsible for ensuring all contract interpretations are consistent with the Contracting Officer's interpretation prior to advising the Contractor. The CO makes the final determination on all disputes in contract interpretations.
- b) The COR reviews the monthly contract progress reports provided by the Contractor and determines rating levels of the Contractor performance for the overall contract effort. The COR also recommends the appropriate payment to the CO based on the recommendation from the evaluation of the Contractor's overall performance each month. The Contracting Officer determines the final payments authorized to the Contractor for each fixed-price monthly payment based on his/her final QASP report determination and other relevant contract considerations.
- c) Maintain a complete Contract File Management Plan (CFMP).

3. Mechanical Work Inspectors (MWI's)

- a) The MWI's play a key role in quality performance and surveillance. They serve as the primary reviewer and examiner of work performed by the Contractor. Their reports and inspections are critical to the success of the O&M Contract. The COR relies on the performance of the MWI's to ensure the Contractor is providing quality services and materials and is meeting contract requirements. The MWI's perform most of the actual day-to-day contract surveillance and inspections, and accurately reports the findings to the COR (in verbal and written format) for inclusion into the monthly QASP report to be furnished to the CO. Some of the key quality assurance surveillance duties of MWI's include:
- 1) Perform inspections of O&M and additional services work as required by this QASP. Make recommendations to the COR for acceptance of contract work deliverables and contract administration actions such as contract deductions, issuance of nonconforming supplies or services notices and/or letters of commendation. These recommendations may be forwarded by the COR for documentation and discussions with the CO so action can be taken with the Contractor.
 - 2) Assist the COR in identifying necessary technical changes to the contract, preparing SOW's and IGE's, preparing quality assurance reports, documenting Contractor performance, maintaining day-to-day inspection work files (CFMP), and bringing any significant contract issues to the attention of the COR.
 - 3) The MWI's have no authority to direct or allow the Contractor to deviate from contract requirements or to issue modifications directly to any of the Contractor's personnel. All necessary contract changes that the MWI deems necessary will be coordinated and approved by the COR and CO in advance. The CO will approve and issue all official contract modifications deemed appropriate in coordination with the COR.

4. Customers

Customers are the recipients of services furnished by the Contractor.

B. QUALITY ASSURANCE SURVEILLANCE PLAN

This Quality Assurance Surveillance Plan (QASP) will focus on the level of performance required by the PWS, rather than the methodology used by the contractor to achieve that level of performance. The principal method of surveillance will be by unscheduled inspections of selected tasks as they are performed.

- 1) The QASP is a contractual management tool that is used to ensure that the supplies and services acquired conform to the contract requirements and the contract's quality and quantity requirements in a uniform basis. The major categories of services to be performed are:
 - a) Phase-In/out (one time 30 day period of performance)
 - b) Facility Operations
 - c) Water Treatment
 - d) Service Calls
 - e) Preventive Maintenance
 - f) Additional Services
- 2) This QASP comprehensively defines procedures to be followed by the Government to ensure achievement of required performance standards. The Government monitors work performance through the COR and MWI's for the overall contract effort. The QASP comprehensively guides the activities of the COR and MWI's. The Contractor is obligated by the contract to perform all of the services as described in the PWS to an Acceptable Quality Level (AQL) as described in the QASP.
- 3) The Contractor is directly responsible to the Contracting Officer and performs contract work under the direction of the Contracting Officer. However, the Contracting Officer (CO) has delegated the day-to-day technical oversight and administration of the contract to the COR and MWI's. The COR will be the Government CO's on-site representative for this contract and will be the CO's main representative for the overall contract effort and for contract issues covering these services.

- 4) The Contractor will receive technical guidance from and report technical issues to the COR and MWI's. The COR will delegate specific contract inspections and contract administration documentation responsibilities to the MWI. The MWI's will perform surveillance activities including inspections, checks, and other methods determined to ensure quality performance and products are delivered by the Contractor in accordance with the contract and/or QASP. The COR will provide oversight of contract activities. Inspections and checks performed by the MWI's will assist the COR in identifying the performance rating achieved by the Contractor for each major contract requirement.
- 5) The COR will base the rating (Satisfactory) on whether the performance has reached the Acceptable Quality Level (AQL) outlined on each report and is considered as satisfactory or whether the performance is less than the required AQL due to poor performance, non performance, or non conforming supplies or services which may result in an overall rating of unsatisfactory.
- 6) These results will be reported by the COR in writing to the CO on a monthly basis and may be reported to the Contractor local project manager when deemed appropriate. The COR will document all performance issues in accordance with the Contract Terms and Conditions on a monthly basis. This will include but is not limited to issuing a "rework" work order through the CMMS for corrective action to be taken by the Contractor when an inspection reveals a non-performance issue. The Contractor shall re-perform work that has been performed in an unacceptable manner provided that time allows it to be done before the end of the month or the frequency is due again (if a daily/twice a day/etc. requirement unsatisfactory inspection it is recorded as a unsatisfactory since the requirement will be due again so soon that there isn't sufficient time for a rework). If the Contractor re-performs the work in a satisfactory manner before the end of the month or its next frequency cycle (if it's due again before the end of that month) it will not be recorded as a performance issue on the QASP Inspection Requirements Report (Attachment) (see the QASP for specific information on the allowable re-work timeframes before a failure is recorded on the QASP Inspection Report). However, if it is not satisfactorily completed by the end of the month and is still considered a nonperformance issue the Contractor is still expected to perform the task in a satisfactory manner even though it was recorded on the monthly QASP Report as a failure. Failure to correct the nonperformance issue could result in the IRS having another Contractor perform the services and deducting the associated cost from the Contractor's monthly invoice as well as the deduction that's taken on the monthly QASP for the performance issue. .
- 7) In Summary the QASP:
 - a. Documents the means and methods by which the Government intends to implement Quality Assurance (QA) for a contract.
 - b. Provides the COR and MWI's with:
 - (1). A systematic plan for surveillance of the Contractor's work.
 - (2). The methods for collecting information necessary to evaluate the Contractor's performance and justify contract administration actions such as final acceptance of contract work performed or rejection of work performed resulting from nonconformance and/or unsatisfactory performance.
 - (3). A basis for documenting the official contract files concerning the Contractor's performance and quality of the work.

C. SURVEILLANCE INSPECTION METHODS

There are five surveillance methods that can be used to evaluate the contract work: Planned Sampling Inspection, 100% Inspection, Customer Complaints, Unscheduled Inspections, and Random Sampling Inspections.

1. Planned Sampling Inspections

Planned sampling is based on evaluating a portion of the work as the basis for appraising the Contractor's performance. Samples are selected based on a subjective rationale with the sample size being arbitrarily determined by the COR. Planned sampling is useful when population sizes are not large enough or homogeneous enough to make random sampling practical.

a. Sample Size

The COR and/or MWI' documentation should include: rationale for selection of specific work occurrences, sample size requirements, and impact on services that receive little or no evaluation.

b. Planned Sampling Analysis of Results

At the end of the monthly rating period, the COR will summarize the surveillance data and compute the Acceptable Quality Level (AQL) rating per task.

c. Acceptable Quality Level (See paragraph 5. E)

d. Population

The population is determined by how many times the service is expected to be provided during the surveillance period (population).

e. Criteria for Use

- 1) Consider for medium populations where 100% inspection is too costly or manpower is inadequate.
- 2) Can be used for unscheduled services, if the work can be inspected at a later time after performance.
- 3) Consider for requirements whose importance does not justify the cost of 100% inspection.
- 4) If used consistently, it will provide adequate trends in overall Contractor performance.
- 5) Use where the requirement is critical enough not to rely on the Validated Customer Complaint method.

2. 100% Inspection

100% Inspection is an evaluation method that requires complete 100% inspection of a major contract requirement as shown in the PRST. The AQL analysis for 100% inspection will be based on 100 % inspection of all work.

a. Criteria for Use

- 1) Use when the service population is small.
- 2) Apply to critical services with major mission impact, where inspection of each and every occurrence is important.
- 3) Use when it is important to have a precise measurement of the Contractor's level of performance.

- 4) Not well suited for large populations.

b. Acceptable Quality Level (See paragraph E)

3. Unscheduled Inspections

- a) Unscheduled Inspections will be used where the requirement is not critical and therefore does not require a planned inspection approach. In some cases, a requirement with few work occurrences and few locations can be inspected by Unscheduled Inspection, but only if it is a relatively non-critical requirement and does not require inspection immediately upon completion.
- b) Unscheduled inspections may also be used to further identify how far ranging problems may be which has been previously identified using planned sampling, or customer complaints. When a problem is identified in the performance of a requirement, additional unscheduled inspections may be performed to identify if the problem exists in more than the one location previously inspected and will provide additional information to the COR and Contracting Officer in instituting contract administrative actions. All items of work that are found to be unsatisfactory by the MWI's will be identified to the COR and could result in a service call being issued, a rework order being generated, or turned over to the Contracting Officer for action.

a. Criteria for Use

- 1) Use for low priority requirements.
- 2) Use to supplement other inspection methods to further identify the scope and causes of problems with provided services.

b. Acceptable Quality Level (See paragraph E)

4. Validated Customer Complaints

Customer Complaints constitutes a surveillance method based on customer awareness, timeliness in completing customer service calls, and customer satisfaction ratings. Customers notify the ERC and/or COR and/or MWI's when there is a case of perceived poor performance, untimely performance, or non-performance. Upon notification, the COR and/or MWI's investigate the report and, if valid, document the performance problem, thereby validating the complaint.

a. Criteria for Use

Use this method where the customer:

- 1) Is the direct recipient of the service and is aware of service levels required.

b. Documenting Customer Complaints

Normally customer complaints are received from the ERC or directly from the customer to the COR and/or MWI's. If the complaint is from the ERC in a service call ticket format the Contractor shall address the issue by opening a new ticket if one does not already exist for the performance issue in the CMMS. If a ticket already exists in the system, the Contractor will notify the COR and wait for instruction as to how to address the performance issue (the COR may need to validate the complaint before giving direction to the Contractor). Subsequently, those customer complaints that are received by the COR or MWI will be documented by the MWI in the CMMS as a re-work order, or a request (by email) for the Contractor to generate a service call ticket will be made if it is a new performance issue. The following information should be recorded on the work order that is associated with the customer complaint in the CMMS database:

- 1) Date and time of complaint
- 2) Source of complaint - organization and/or individual
- 3) Nature of complaint (narrative description)
- 4) Contract reference of complaint related services
- 5) Valid complaint (Yes or No) (Validation)
- 6) Date and time Contractor is informed of complaint
- 7) Action taken by Contractor and date ticket is closed
- 8) Signature of the person (MWI) validating the Complaint

c. Customer Complaint Validation

- 1) Only validated complaints are allowable as described above. In order to validate a customer complaint, the COR and/or the MWI must physically review the performance in reference against the standard in the Contract. The complaint is validated only if the performance standard was not met.
- 2) If the contract standard was met, then the MWI will discuss the complaint with the customer and the standards of performance that are expected and the complaint will not be counted as a non-conforming service or supply in evaluating the performance of the Contractor.

5. Random Sampling Inspections

Random Sampling shall be used when some part but not the entire Contractor's performance is to be evaluated. The Random Sampling level of inspection may be normal, reduced, or tightened. These levels only pertain to Random Sampling and may be adjusted by the COR based the Contractor's performance. All changes in the number of Random Samples analyzed for the Tasks will be documented by issuance of revised Sampling Guides addressing the new sample size to be implemented.

D. CHOOSING SURVEILLANCE INSPECTION METHODS

The Government reserves the right to use any of the above-defined surveillance inspection methods as it deems appropriate: Planned Sampling Inspections, Unscheduled Inspections, Validated Customer Complaints, 100% Inspections, or Random Sampling Inspections. These methods are selected based on several factors including population size, relative work importance, and service times.

E. ACCEPTABLE QUALITY LEVEL (AQL)

- a. The AQL is the level of performance of the contract requirement the contractor shall perform for the particular contract requirement to be considered acceptable and rated as satisfactory as defined in the PRST.
- b. The AQL is determined by the number of inspection completed within each month times the maximum allowable degree of deviation from the requirement determines the acceptable quality level. There shall be no more than the number of defects allowed by the Performance Requirements Summary in the performance of this required service. Defective performance in excess of the AQL is "Unsatisfactory".
- c. The AQL may trigger payment deductions to be determined by the Contracting Officer, and in certain cases, negotiations with the Contractor. In addition, the AQL is also the threshold below which other contract actions will be taken (cure notices, show cause letters, termination, etc. as deemed appropriate by the Contracting Officer). In short, it is a Government QA tool to determine when performance is acceptable and when performance needs improvement and/or further contract administrative actions.

F. EVALUATION PROCEDURES

a. Unscheduled inspections and other methods of inspections may be conducted at any time. Performance defects observed during will be documented on an inspection report. Inspectors may observe performance of any tasks at any time that work is being performed and evaluate performance of the work requirements.

A "Satisfactory" (SAT) or "Unsatisfactory" (UNSAT) rating will be assigned to each task inspected, based on the Performance Criteria per the PWS. The work requirement tasks reasonably unavailable for inspection will be rated neutral. A brief description of observed defects or actions taken will be explained on the Inspection Report.

Customer Complaints: The Inspector will record and attempt to validate each customer complaint received. Only complaints validated by the inspector will be documented as an observed defect.

b. Documented Defects: Copies of documented performance defects will be provided to the Contractor within 24 hours and validated by the COR. Performance defects represent a loss in value to the Government and are subject to payment deductions.

c. At the end of the month, the COR will summarize the results of the inspections; compare the number of satisfactory performance ratings to the AQL for each work requirement and review documented defects, determine if monitoring needs to be increased, and, calculate recommended payment deductions for documented defects in accordance with the "Payment Adjustment Clause" in Section E.

G. QASP INSPECTION REPORTS AND CONTRACT DEDUCTIONS

- 1) Deductions, while related to the Quality Assurance Surveillance Plan (QASP) evaluation are a separate and distinct contract administrative action. Deductions from the contract will be based upon the COR's analysis and the MWI's inspections which will document nonconforming services or supplies in the *Monthly QASP Summary Report* regardless of the inspection method executed.
- 2) Nonconforming supplies or services are recorded for each work occurrence that either is not performed or is performed unsatisfactorily and is incorporated into the COR *Monthly QASP Summary Report* and documented in the COR's contract file. For all methods of surveillance, deductions for only the inspected/observed and documented nonconforming services or supplies are appropriate. Simply stated, the Government should not pay for a product or service not received, or received in an unsatisfactory condition. However, appropriate specific inspection and performance documentation of each nonconforming supply or service must be captured before deductions are executed.
- 3) COR Monthly QASP Summary Report
 - a) The overall Monthly QASP Summary Report will be generated by the COR from data extracted from the MWI's monthly inspection report(s) and CMMS reports and will be furnished to the Contracting Officer each month. This report will also be the basis for determining the Contractor's deductions and performance rating. The COR will review all of the data provided in the MWI's monthly inspection report(s) and CMMS reports and ensure that all reports reflect consistent and accurate evaluations for the appropriate Checksheet elements with adequate documentation to support the resulting AQL rating for each task.
 - b) Should errors be discovered by the COR in the Monthly MWI inspection report(s) and/or the CMMS reports, the COR shall request that the individual reports be modified to ensure the accuracy in rating Inspection Report.
 - c) Monthly contract payment deductions will be taken for any task AQL ratings less than the AQL identified with each of the associated checksheets. Each rating lower than the AQL percentage required by a given task will reduce the monthly contract payment amount.
 - d) Subsequently, the COR's Monthly QASP Summary Report (with the supporting MWI and CMMS reports and documentation enclosed) will be provided to the Contracting Officer (CO) for his/her

review and approval. After reviewing and approving the contents of the report, the CO will formally issue the report to the Contractor for comment.

- e) The Contractor's Project Manager will have 5 work days to respond to the findings of the Monthly QASP Summary Report. If the Contractor agrees with the report, the Contractor may generate a voucher for the amount identified by the Contracting Officer in the final QASP report issued to the Contractor for the previous month's services.
- f) If the Contractor disputes the finding in the report, the Contractor's Project Manager shall provide a written response documenting the rationale for disputing each of the nonconforming services or supplies cited in the report. After taking into consideration the findings identified in the Monthly QASP Summary Report and any relevant and timely Contractor performance documentation provided by the Contractor's Project Manager, the CO will make a final determination and inform the Contractor and COR of the appropriate voucher amount that can be submitted for payment.
- g) If the Contractor and CO is still not in agreement on the appropriate voucher amount, the Contractor shall issue a voucher as directed by the Contracting Officer and may seek additional payment via the disputes clause in the contract.

NOTE: Should additional government QA inspections be required due to the Contractor's performance in providing nonconforming services, supplies and/or do to the rework process, the Government reserves the right to reduce the monthly contract payment by the actual cost to the Government to re-inspect contract work that has been inspected and found to be NONCONFORMING SERVICES AND SUPPLIES.

H. NON-CONFORMING SERVICES AND SUPPLIES AND REWORK PROCESS

1) This section is included in the QASP to provide guidance and information to the Contractor, COR and MWI personnel regarding this process, if it becomes necessary to implement it. FAR 46.407, Nonconforming Supplies or Services clause has been adapted to provide instruction to the government personnel as follows:

(a) The contracting officer will reject supplies or services not conforming in all respects to contract requirements (see [46.102](#)). In those instances where deviation from this policy is found to be in the Government's interest, such supplies or services may be accepted only as authorized in this section.

(b) The contracting officer will give the contractor an opportunity to correct or replace nonconforming supplies or services when this can be accomplished within the required delivery schedule. Unless the contract specifies otherwise (as may be the case in some cost-reimbursement contracts), correction or replacement must be without additional cost to the Government. Subparagraph (e)(2) of the clause at [52.246-2](#), Inspection of Supplies -- Fixed-Price, reserves to the Government the right to charge the Contractor the cost of Government re-inspection and retests because of prior rejection.

(c) (1) In situations not covered by paragraph (b) of this section, the contracting officer will ordinarily reject supplies or services when the non-conformance is critical or major or the supplies or services are otherwise incomplete. However, there may be circumstances (e.g., reasons of economy or urgency) when the contracting officer determines acceptance or conditional acceptance of supplies or services is in the best interest of the Government. The contracting officer must make this determination, based upon:

- (i) Advice of the technical activity that the item is safe to use, and will perform its intended purpose;
- (ii) Information regarding the nature and extent of the non-conformance or otherwise incomplete supplies or services;
- (iii) A request from the Contractor for acceptance of the nonconforming or otherwise incomplete supplies or services (if feasible);
- (iv) A recommendation for acceptance, conditional acceptance, or rejection, with supporting rationale; and
- (v) The contract adjustment considered appropriate, including any adjustment offered by the Contractor."

- 2) The COR must furnish this data to the contracting officer in writing, except that in urgent cases it may be furnished orally and later confirmed in writing. Before making a decision to accept, the Contracting Officer must obtain the concurrence of the activity responsible for the technical requirements of the contract and, where health factors are involved, of the responsible health official of the agency concerned.
- 3) If the non-conformance is minor, the COR may make recommendations to the CO who will make the final determination whether or not to accept or reject the work.
- 4) The COR will assist the Contracting Officer in discouraging the repeated tender of nonconforming supplies or services, including those with only minor non-conformances, by appropriate action, such as rejection and documenting the Contractor's performance record.
- 5) When supplies or services are accepted with critical or major non-conformances as authorized in paragraph (c) of this section, the Contracting Officer may modify the contract to provide for an equitable price deduction or other consideration. In the case of conditional acceptance, amounts withheld from payments generally should be at least sufficient to cover the estimated cost and related profit to correct nonconforming supplies or services and complete unfinished work.
- 6) The COR must document in the contract file the basis for the amounts withheld. This data will be provided to the Contracting Officer by the COR. For services, the Contracting Officer can consider identifying the value of the individual work requirements or tasks (subdivisions) that may be subject to price or fee deduction. This value may be used to determine an equitable adjustment for nonconforming services.
- 7) However, when supplies or services involving minor non-conformance are accepted, the contract need not be modified unless it appears that the savings to the Contractor in fabricating the nonconforming supplies or performing the nonconforming services will exceed the cost to the Government of processing the modification.
- 8) Notices of rejection of work will be done in the CMMS using the re-work process with the rationale for rejection of work documented on the re-work request. The notification shall be furnished promptly to the Contractor. Promptness in giving this notice is essential because, if timely nature of rejection is not furnished, acceptance may in certain cases be implied as a matter of law and untimely notification may preclude the Contractor from re-performing a given service. The following notification timeframes shall be followed by the IRS COR's and MWI's:
 - a) Tasks with frequencies of daily or more often (i.e. twice/day): "within 2 hours after receipt of the work order ticket from the Contractor in the CMMS."
 - b) Tasks with frequencies of Weekly: "within 1 day after receipt of the work order ticket from the Contractor in the CMMS."
 - c) Tasks with frequencies of Monthly or less frequently (i.e. quarterly, semi-annual, annual): "within 2 days after receipt of the work order ticket from the Contractor in the CMMS."
 - d) Service Call tickets: "within 1 work day after receipt of the work order ticket from the Contractor in the CMMS."
 - e) Additional Services: "within 2 work days after receipt of the work order ticket from the Contractor in the CMMS."
- 9) Rework Process
 - a) The preferred way to resolve known non-conforming services or quality supplies/materials is to request performance (if unperformed initially), or re-work (if performed unsatisfactorily).
 - b) The primary mission of the Government's inspection is not to deny payment to a Contractor but to receive the desired services in a quality and timely manner. A requirement with timeliness as a performance requirement may not be reworked if time doesn't allow for it. For example, if a twice a day task is not successfully completed the first time there may not be substantial time for the Contractor to re-work the task before it is due to be performed again, therefore no credit can be given for that non conformance work being performed.
 - c) On a case-by-case basis, the COR may agree to allow deferments for up to a maximum of 30 calendar days for work not performed and or needing to be reworked due to non-

conforming substandard performance of the services performed if time allows before the next performance of the task is required.

10) Deductions for Rework by Other Than the Contractor

In the event "rework" services are accomplished by other than the Contractor, deductions may be made in accordance with FAR 49.402-6, Repurchase against Contractor's Account and the following procedures:

- a) When the supplies or services are still required after termination, the contracting officer shall repurchase the same or similar supplies or services against the Contractor's account as soon as practicable. The contracting officer shall repurchase at as reasonable a price as practicable, considering the quality and delivery requirements. The contracting officer may repurchase a quantity in excess of the undelivered quantity terminated for default when the excess quantity is needed, but excess cost may not be charged against the defaulting Contractor for more than the undelivered quantity terminated for default (including variations in quantity permitted by the terminated contract). Generally, the contracting officer will make a decision whether or not to repurchase before issuing the termination notice.
- b) If the repurchase is for a quantity not over the undelivered quantity terminated for default, the Default clause authorizes the contracting officer to use any terms and acquisition method deemed appropriate for the repurchase. However, the contracting officer shall obtain competition to the maximum extent practicable for the repurchase. The contracting officer shall cite the Default clause as the authority. If the repurchase is for a quantity over the undelivered quantity terminated for default, the contracting officer shall treat the entire quantity as a new acquisition.
- c) If repurchase is made at a price over the price of the supplies or services terminated, the contracting officer shall, after completion and final payment of the repurchase contract, make written demand on the Contractor for the total amount of the excess, giving consideration to any increases or decreases in other costs such as transportation, discounts, etc. If the Contractor fails to make payment, the contracting officer shall follow the procedures in Subpart 32.6 for collecting contract debts due the Government.
- d) If rework inspections are required and performed by the Government COR or MWI's due to poor or incomplete work performance, the Government may effect a deduction in the monthly contract payment equal to the actual cost to the Government to perform each additional inspection and all associated administrative costs.

11) Deduction Payment Computation: See Section E, Deductions

a) Documented Defects: **Within 24 hours of validation by the MWI, copies of documented performance defects will be provided to the Contractor.** Performance defects represent a loss in value to the Government and are subject to payment deductions. Refer to Section E, Deductions

b) At the end of each month, the MWI will compare the number of unsatisfactory ratings to the AQL for each Service Requirement (if Random Sampling is applicable); summarize the results of the inspections; calculate recommended payment deductions for documented defects; and recommend modification of the level of inspection accordingly to the COR.

C) Recommended payment deductions will be taken in accordance with "Deductions" as specified in Section E, Application of Criteria for Deduction (Non-Performance) for all documented defects (to include Validated Customer Complaints) and will be calculated as specified in Section E of the contract.

